



Proteger

bens,

conquistas

e

projetos

# 2016 Integrity Program



## Integrity Program Opening

The BB Seguridade is inserted in a legislative framework dedicated to the normatization of relationship between public and private entities in Brazil, particularly the Bidding Law (8,666 / 1993), the Money Laundering Combat Law (9,613 / 1998), Anti-Corruption Law (12,846 / 2013), the Decree that regulated it (8,420 / 2015) and the State-Owned Companies Law (13,303 / 2016).

The Anti-Corruption Law and Decree 8.420 / 2015 demanded from legal entities the need to develop an Integrity Program in their corporate environment, which consists, within the scope of a legal entity, in the set of internal integrity mechanisms and procedures, auditing and incentive to the denouncement of irregularities and in the effective application of codes of ethics and conduct, policies and guidelines aimed at detecting and remedying deviations, fraud, irregularities and illegal acts against public, national or foreign public administration.

In this sense, the Company is formalizing its Integrity Program as a commitment to good corporate governance practices, transparency and a promotion of ethical, integral and responsible conduct in compliance with the laws, regulations, standards and guidelines of its business.

The spread of commitment to ethics and integrity allows the Company to achieve sustainable results. We know that ethical and integrity conduct is based on an individual responsibility, so we reinforce our behavior through Company values, codes, policies and regulations.

### Our strategic drivers:



Reliability



Innovation



Customer Respect



Feeling of Owner



Simplicity

**Mission: "Protect assets, achievements and projects"**

**Raul Francisco Moreira**  
**Chairman of the Board of Directors**

**Marcelo Augusto Dutra Labuto**  
**Chief Executive Officer**

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## The Company

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In April 2013, was held the secondary public offering of the shares of BB Seguridade, listed on the Novo Mercado of BM & FBOVESPA, a segment that gathers the companies that meet the highest corporate governance requirements in the Brazilian market.

The BB Seguridade, controlled by Banco do Brasil, operates in the insurance, pension, capitalization, reinsurance and dental care plans, through private partnerships, in conjunction with BB Seguros, its wholly-owned subsidiary, as well as in product distribution through its brokerage firm - BB Corretora, which has a 20-year exclusivity agreement with Banco do Brasil, in force since January 2013.

In the insurance segment, the Company operates through the strategic alliance signed in May 2010, for a period of 20 years, between BB Seguros and Mapfre Group. The BB Mapfre Insurance Group is structured in two holding companies - BB Mapfre SH1 Participações and Mapfre BB SH2 Participações and operates in the Brazilian insurance market, especially in the segments of people, elementary and vehicle insurance, marketing its products through the distribution network of Banco do Brasil and independent brokers.

In the pension plan segment, BB Seguridade, through BB Seguros, operates through Brasilprev, in partnership with the Principal Financial Group. Brasilprev mainly markets private pension solutions, with emphasis on PGBL and VGBL products, occupying a prominent position in its market, being one of the three largest private pension companies open in Brazil. The joint operation started in 1999 and was renewed in 2010 for a period of 23 years.

In the capitalization segment, BB Seguridade, through BB Seguros, together with Icatu Hartford and Aliança da Bahia, operates through Brasilcap, being one of the market leaders.

In the reinsurance segment, BB Seguridade, through BB Seguros, has a stake in IRB-Brasil, since August 2013.

In the segment of dental care plans, BB Seguridade works in conjunction with Odontoprev, through Brasildental. The joint operation, signed as a joint venture, began in 2014 with a 20-year term.

BB Seguridade's corporate governance system is formed by: (i) Shareholders' Meeting; (ii) Board of Directors, composed of six members, among them, one appointed by minority shareholders; (iii) Collegiate Board of Directors, composed of four Executive Officers, one of which is a Chief Executive Officer; (iv) Fiscal Council, of a permanent nature, composed of three full members and respective alternates.

In addition, the governance system comprises two statutory advisory committees to the Board of Directors, being: (i) the Related Party Transactions Committee, composed of three members, among them, an independent member, whose affirmative vote is a condition for approval of certain transactions; And (ii) the Audit Committee, composed of four effective members, one of whom shall be jointly appointed by the Board of Directors representative of the minority shareholders and three members appointed by the other Board Members. Within this system, decisions are made in a collegiate manner, respecting the limits established by law or bylaws.

The BB Seguridade staff is composed exclusively of employees assigned by Banco do Brasil, by reimbursing costs, allowing the acceptance of trainees and, in special cases defined by the Board of Executive Officers, the contracting of outsourced services for a fixed term. The Company currently has 157 employees, which are located in Brasília and São Paulo.

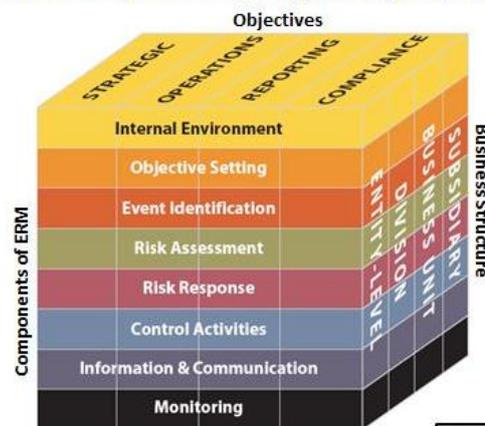
The Company recognizes its employees as the main assets in achieving its business strategy and mission and therefore maintains a People Management Policy approved with the guidelines and principles related to the management of its functional body.

## Presentation of the Integrity Program

The Company adopts the corporate risk management model Enterprise Risk Management (ERM), published by COSO<sup>1</sup>, aiming to stimulate the methodological integration of the areas of risk management and internal controls and compliance and seek to align with the best practices adopted by the market, offering greater security to shareholders and other interested parties regarding the preservation of short, medium and long-term results.

Figure 1. Corporate Risk Management - Integrated Framework

COSO Enterprise Risk Management (ERM) Cube

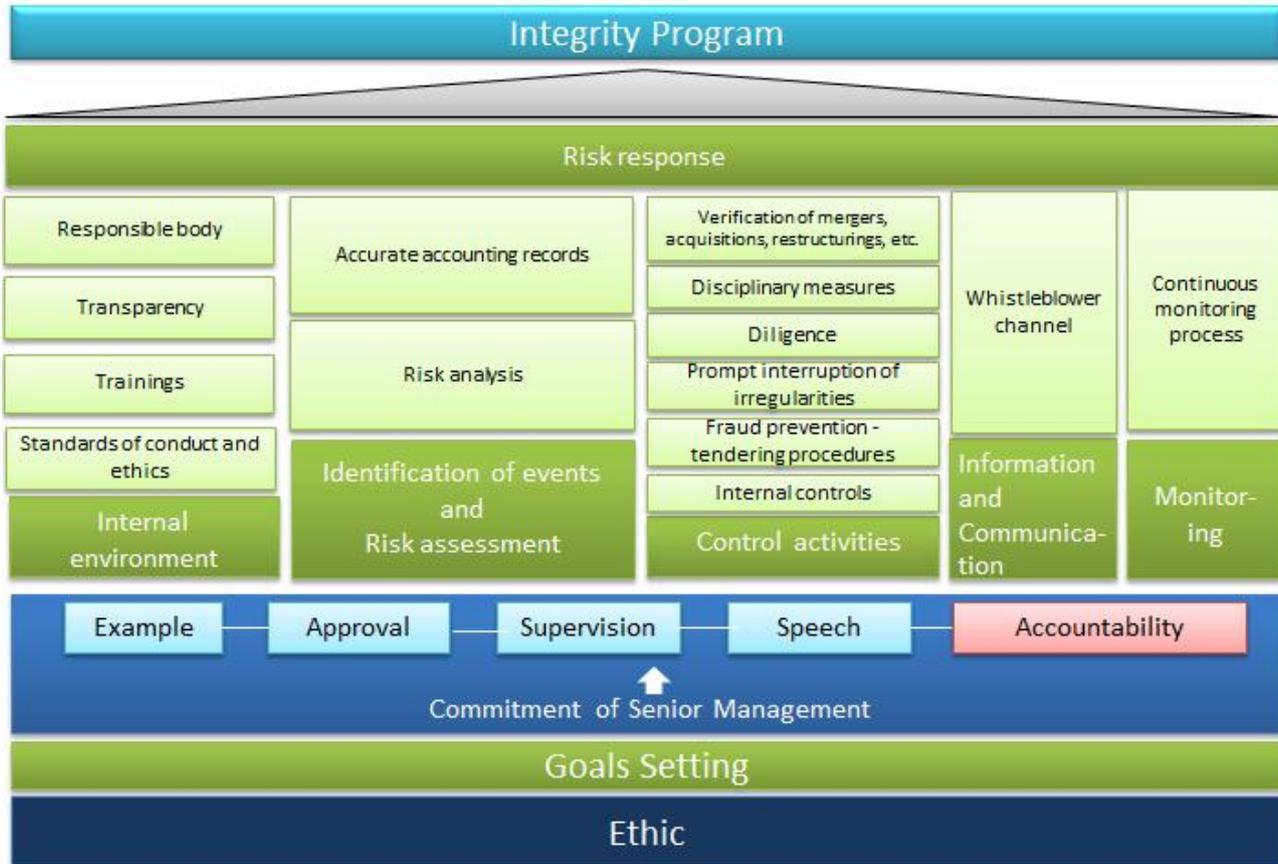


Source: COSO & IIA

The Integrity Program was defined by Decree 8.420 / 2015 as a set of internal mechanisms and procedures for integrity, auditing and incentive to report irregularities and in the effective application of codes of ethics and conduct, policies and guidelines aimed at detecting and healing deviations, fraud, irregularities and unlawful acts against the public, national or foreign administration.

In order to align the Company's Integrity Program with the risk management practices already adopted, an integration model was developed between ERM and the parameters of an Integrity Program defined in article 42 of Decree 8.420 / 2015.

Figure 2. ERM integrated with Article 42 of Decree 8.420 / 2015



Caption:

Paragraphs 8.420/15	Central Requirement	Components ERM
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Source: BB Seguridade, 2016.

Nowadays, BB Seguridade develops several actions and controls, which will be evidenced in this Program, in order to mitigate the risk that its employees or third parties will incur an eventual act of corruption, in accordance with the requirements of Decree 8.420 / 2015. In order to maintain a sound, ethical and transparent environment, the Company established a gradual action plan with the adoption of new integrity measures.

The Integrity Program covers BB Seguridade, its subsidiaries BB Seguros, BB Cor and BB Corretora, and presents current and developing practices dedicated to integrity and anti-corruption, in order to improve the maturity of risk management and compliance and the integrity of these companies.

## Internal environment

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### **Commitment of the senior management of the legal person, including the councils, evidenced by the visible and unequivocal support to the Program.**

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The ethical values are the basis of the Company permeating both strategy and business. The promotion of values is carried out by senior management in corporate and daily events through attitudes and posture aligned with these essential precepts. These values are discussed by employees in forums, available on the corporate intranet.

As a demonstration of the importance of preventing and combating corruption in its corporate environment, the Company's Board of Directors approved its Policy to Prevent and Combat Money Laundering, Terrorism and Corruption Financing and also this Integrity Program.

The Company has its fluency at all hierarchical levels as a principle that can be verified, for example, in the methods used to develop strategies, definition of indicators for the Work Agreement and in the practice of "Coffee with the President". In the latter, the advisors and managers have the opportunity to discuss, freely, with the Company's Chief Executive Officer, matters related to strategy, efficiency, risks and organizational climate.

Also, as a demonstration of the commitment of the senior management, quarterly, a meeting is held with the employees to discuss the results disclosed to the market. The presence of every functional body is stimulated through emails to the employees' corporate cash register, with adequate space reserve, management support and participation of the entire Collegiate Board.

#### **Ethics Committee**

The Company is implementing its Ethics Committee, with an advisory and independent nature, based on confidentiality, respect, maturity and equity to guarantee credibility in the resolution of complaints related to the work environment and the corruption reports.

This Committee has among its functions: (i) to receive and investigate complaints; (ii) conduct prior research; (iii) to guide ethical conduct and (iv) to report cases determined to the competent decision-making bodies.

### **Standards of conduct, code of ethics, integrity policies and procedures, applicable to all employees and managers, regardless of position or function.**

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#### **Code of Ethics and Conduct**

Ethical culture and values are treated by the Company with equal importance to excellence, innovation and results. The defined behaviors patterns reflects the integrity and values required by it.

The Company formally establishes, with the approval of the Board of Directors, its Code of Ethics and Conduct, with accessible language, applicable to senior management, governance bodies, employees and third parties acting on behalf of the Company or representing it.

The Code of Ethics and Conduct addresses several issues, but the following are the topics: Conflict of Interest; Security and information processing; Gifts and favors; Responsibility of Senior Management and Governance Bodies; Relationship with Suppliers; Relationship with Government; Code Management; And Consequences of Noncompliance.

The Company makes available to its stakeholders the Code of Ethics and Conduct, through the corporate intranet and the internet, and annually, employees, members of top management and governance bodies read and agree electronically or physically. It is important to note that BB Seguridade's suppliers are also aware of the Code of Ethics and Conduct by contractual force.

Because BB Seguridade's employees come exclusively from Banco do Brasil, the controller of BB Seguridade, they also adhere to the Code of Ethics and the Standards of Conduct of that Institution.

In the Company it is prohibited to maintain, under immediate subordination, in position or function of trust, spouse, partner or relative up to the third degree in direct and collateral line.

It is up to the People Management Division to disclose, review, improve, apply and update the Code of Ethics and Conduct.

Candidates' nominations to serve on Boards of Directors and Fiscal Council, Audit Committees and technical committees consider criteria the technical competence, experience and unblemished reputation, as well as the ability to act diligently and independently, in addition to alignment with values and principles of Established in the Governance Policy.

## **Internal Policies and Regulations**

The Company has a set of policies and regulations that guide its performance. In the exercise of best governance practices, corporate documents are disclosed to the corporate intranet, among others, corporate documents:

- Bylaws;
- Norms, such as Competences; Management Dynamics - Technical Note; Execution of Payments; Asset Management; Financial Management; Budget and Budgetary Execution; Risk management; Technical Recommendation of Internal Controls and Compliance; Access Management; Business Continuity Management and Use of Computational Resources.
- Corporate Policies:

### **(i) Public disclosure**

#### □ Policy for Disclosure of Relevant Act or Fact

This Policy governs, within BB Seguridade and its subsidiaries, the disclosure of information that, by its nature, may influence a material act or fact.

#### □ Risk Management Policy

The purpose of this Policy is to establish the guidelines related to BB Seguridade's risk management, in accordance with the applicable legislation and regulations, covering two dimensions: (i) Risk management of BB Seguridade and its subsidiaries; And (ii) Risk governance of affiliated companies.

□ Governance Policy

This Policy aims to establish the guidelines related to the corporate governance practices adopted by BB Seguridade, by its subsidiaries, contemplating the relationship with its Affiliated Companies, in accordance with the legislation and applicable regulations, the current corporate documents and good practices of corporate governance.

□ Securities Trading Policy

This Policy aims to clarify the rules that must be observed to restrain and punish the use of privileged information about a material act or fact related to the Company (privileged information), for the own benefit of the persons linked by means of trading with securities issued by the Company, and to enunciate the guidelines that will govern, in an orderly manner and within the limits established by law, the trading of such securities.

□ Policy on Preventing and Combat Money Laundering, Financing Terrorism and Corruption

This Policy guides the Company's actions in relation to the prevention and fight against money laundering, terrorist financing and corruption. In this Policy, the Company reaffirms its commitment to the high standards of ethics, integrity and legality.

□ Information Security Policy

This Policy guides the management of information security, demonstrating the commitment of all employees and third parties to protect information assets.

□ Related Party Transactions Policy

This Policy defines objectively concepts about related parties and transactions with related parties. In this Policy, the guidelines are established to provide greater transparency to the terms and conditions of transactions with related parties, especially in relation to the current agreements with related parties that regulate the payment of brokerage commissions and reimbursement of expenses for provided services.

**(ii) Internal disclosure**

□ People Management Policy

This Policy establishes the guidelines and principles of people management in the Company in the pursuit of ensuring productivity at increasing levels; Recognize individual skills and competences; Stimulate self-development and personal and professional satisfaction.

□ Capital Management Policy

This Policy establishes the guidelines for the maintenance of capital compatible with the Company's operations and its exposures to relevant risks, notably with regard to the financing and application of resources, as well as systematizes the necessary decision-making process for this purpose.

□ Strategic Investment Policy

This Policy aims to: (i) establish parameters for the evaluation of investments and divestments, including minimum criteria to be evaluated for each investment category; and (ii) to systematize the decision-making process of BB Seguridade and its subsidiaries in relation to capital allocation, as well as to determine the types of investments and regulatory requirements.

□ Financial Investments Policy

The purpose of this Policy is to establish the criteria for allocating the Company's financial resources, regarding the nature and acceptable risks, in order to obtain return on capital compatible with the risks assumed in the investments, as well as to systematize the process of reporting on the performance achieved in the management of resources.

□ Promotions and Sponsorship Policy

This Policy presents the commitment to the best market practices on this subject, being governed by the general principles of meeting: (i) the ethical precepts, current laws and standards of the Company; (ii) be efficient to strengthen the Company's image; (iii) evaluate the promotions and sponsorship actions impartially, based solely on the Company's interests. In the Policy, the receipt of any benefits by the employees due to their power in the conduct of the promotion and sponsorship actions of the Company is forbidden.

Given the characteristics of the Company, the sponsorship actions, when carried out by means of an unenforceability, follow the criteria of article 25 of the Bidding Law (8,666 / 93) and are disclosed on the Company's website.Companhia<sup>1</sup>.

### **Internal Rules for Decision Making**

To the set of guidelines emanated by the policies, are added: (i) internal regulations of competencies, whose objective is to regulate the internal decision-making process, establishing the competencies and powers to be observed by BB Seguridade and its Subsidiaries; and (ii) The adoption of a collegiate system in decision-making, respecting the limits established by law or bylaws.

The issues addressed to the decision follow the Internal Management Dynamics Standard that determines the way in which these issues should be presented, with the objective of ensuring that all the issues brought to the decision are supported by analyzes that support the positioning of the managers, offering greater technical aspects involved in a decision.

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### **Standards of conduct, code of ethics, and integrity policies extended, when necessary, to third parties, such as suppliers, service providers, brokers and associates.**

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The Code of Ethics and Conduct also establishes guidelines regarding relationships with suppliers, partners and competitors. It is worth noting, in the relationship with suppliers, the requirement, safeguarding legal limitations, compliance with legislation and regulations regarding the prevention and fight against corruption and the observation by suppliers to respect the guidelines of the Code of Ethics And Conduct of the Company.

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<sup>1</sup> <http://www.bancodobrasilseguridade.com.br>Compras e Contratações>Contas Públicas>

This Code also applies to third parties who act or represent the Company. The contract drafts establish clauses that provide that contractors must know the Code of Ethics and Conduct of the Company and that they will be prevented from participating in any phase of the bidding process if they are declared unmanageable in any sphere of Government.

By means of the standard contractual draft, the Company requires the contractor to be obliged, for example, to carry out its activities in accordance with current legislation; Not to use, directly or indirectly, through its suppliers of products and services, illegal and / or slave-like work; Not using child labor; Observe and comply with the provisions of Federal Law 12.846 / 2013, including, but not limited to, the use of corrupt and / or unethical practices in order to obtain or give an undue advantage, directly or indirectly, to BB Seguridade; among others.

In addition, by contractual clause, issues regarding the use of the name of BB Seguridade and the condition of contractor in any business disclosure activities are regulated.

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## Periodic training on the integrity program.

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### **Ethics**

BB Seguridade uses the courses offered by Banco do Brasil's Corporate University - UniBB, which offers on-site and distance training, with a wide range of training related to ethics and corruption. The Company also adopts the requirement for ethical training in its Program, Welcome to BB Seguridade. Throughout 2017, specific training rules in ethics and corruption will be implemented for the career in the Company.

### **Risks and Compliance**

#### **Internal Certification**

In the scope of corporate risk management, the Company encourages employees at the managerial and technical levels to obtain certifications through the Internal Certification Program of Knowledge of Banco do Brasil, at least intermediate level, in Internal Controls and Operational Risk and Security Management, with the purpose of having more than 80% of the employees certified in both by December 2017. Currently, 79% of the employees have certification in Internal Controls and Operational Risk and 71% in Security Management in advanced level Or intermediate.

#### **Technical meetings and forums**

In the search for capacity building, the Company holds Technical Meetings and Forums on the subject, with the participation of senior management, members of the governance bodies, employees and representatives of the associated companies.

In October / 2016, a Technical Meeting on Integrity Program was held with the speaker Mrs. Patrícia Audi, who is currently in the Civil House as Secretary of the Economic and Social Development Council, one of the persons responsible for the implementation of the Guide for Business Integrity Program Statements - Guidelines for the Management of Integrity in Federal State Offices of the CGU and was attended by directors, members of the Audit Committee, employees officials and representatives of affiliated companies.

## Bulletins

The Company uses as internal communication instrument dedicated to the topics of risk management, integrity and compliance the Risk and Compliance Bulletins that are quarterly and deals with topics of interest of the Company in this field. This expedient has a laid-back layout with a clear and direct message to arouse employee interest.

## Anti-Corruption Combat

The Anti-Corruption Prevention and Anti-Corruption course is available on the UniBB Portal, which addresses the issue of corruption, presents Brazilian legislation and regulations and the main international legislation on the subject, aiming to raise awareness of the importance of preventing and fighting corruption . This training will compose the mandatory training grid from 2017 January.

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## Independence, structure and authority of the internal body responsible for implementing the integrity program and monitoring compliance.

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BB Seguridade is oriented to the generation of relevant, consistent and sustainable value to the interested parties. This purpose is maintained by a set of characteristics of the internal environment that are: (i) governance architecture; (ii) promotion of ethical values; (iii) recognition based on merit; (iv) structures of internal controls and compliance and risk management linked to statutory officer; (v) definition of responsibilities and authority with the segregation of functions appropriate to their size; And (vi) collegial adoption in the decision-making process in the definition of strategies and approval of proposals for the different businesses and strategic investments.

It is responsibility of the Board of Directors to approve the macro guidelines of the anti-corruption and anti-corruption process, annually or at any time, through the Anti-Money Laundering, Terrorism and Corruption Financing and Integrity Program.

The Board of Directors is responsible for overseeing and monitoring the BB Seguridade Integrity Program, seeking to promote employee engagement to encourage and reinforce commitment at all levels.

The Directorate of Governance, Risk and Compliance, attached to the Chief Executive Officer, exercises the monitoring and supervision role of the Integrity and Policy Program for Preventing and Combating Money Laundering, Financing Terrorism and Corruption, acting as interlocutor and Sponsoring, systematically interconnecting the processes, following the management of these processes according to risk, providing advice on the subject and disseminating the culture of prevention and fight against corruption.

Risk Management is responsible for the implementation of integrity and anti-corruption procedures, monitoring, improvement, guidance to the Company's affiliates on the subject and reporting through the Risk Management and Compliance Report.

The executive risk manager has the prerogative to determine any signs of fraud or failure in the Company, with the power to issue Internal Controls and Compliance Technical Recommendation, an instrument used by the Internal Controls and Compliance division to prescribe the adoption of actions by the managers of processes due to it weaknesses in compliance and / or performance detected in the Efficacy and Internal Control and Compliance Assessment - AECIC.

The Internal Audit of BB Seguridade carries out, mainly: (i) audit work, periodical and independent; (ii) audit work provided for in legal acts; (iii) liability of irregularities; (iv) periodic reports to the Senior Management regarding the auditing process at BB Seguridade and its affiliated companies.

The processes that make up the Company's Integrity Program permeate the performance of all its technical areas, which promote actions to mitigate the risk of corruption in their respective areas of activity.

The Code of Ethics and Conduct of the Company clearly defines the obligation to provide reliable clarifications, within the established deadlines, to requests for information or interpellation carried out by auditing processes, internal controls and regulatory bodies.

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### **Transparency of the legal person regarding donations for candidates and political parties.**

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The Company prohibits donations to candidates and political parties.

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## **Event Identification and Risk Assessment**

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### **Periodic risk analysis to make necessary adaptations to the integrity program.**

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### **Risk Management**

The Executive Risk Management, subordinated to the Director of Governance, Risks and Compliance, is responsible for monitoring the integrity program and operational losses in the second line of defense.

The Company has a Risk Management Policy approved by the Board of Directors, which is reviewed annually or at any time, presenting the guidelines related to risk management in the Company and its subsidiaries and to the risk management of the associated companies.

In addition, quarterly, through the disclosure of results to the market, the Explanatory Note of Risk Management is disclosed. The Executive Risk Management also carries out periodic reports to the Collegiate Board and to the Board of Directors.

### **Risk Management Model**

The risk management model adopted by BB Seguridade is structured in lines of defense, which include integrated management between process managers (risk owners), risk management and compliance areas, Internal and External Audit, Fiscal Council, Audit Committee and Senior Management.

As a first line of defense, risk owners, who are the managers and executors of processes with responsibility and the authority to manage risks, manage risks and are responsible for implementing preventive and corrective actions that mitigate the weaknesses identified in processes and controls.

In the second line of defense, the areas of risk management and compliance help and monitor the risk owner in the development of processes and controls in order to adapt them to the Company's risk appetite.

In a third line of defense, Internal Audit, with a high level of independence, provides governance bodies with assessments on the effectiveness of risk management and controls.

The Company has a Legal Division with the objective of advising on the defense of Company's interests, monitoring the regulatory environment, proposing actions aimed at preventing and mitigating lawsuits and managing the relationship and meeting the demands of regulatory and supervisory bodies, seeking to mitigate the legal risk.

The Company has a Financial Committee which, although not a statutory body, advises the Collegiate Board on issues related to the management and control of risks of the financial investment portfolio of the Company and its subsidiaries.

BB Seguridade's governance structure also includes: (i) Audit Committee, a statutory body advising the Board of Directors, which is responsible for evaluating and monitoring the Company's risk exposures; and (ii) Related Party Transactions Committee, with attributions defined in the Bylaws that include approving all transactions with related parties considered relevant, as well as the revisions and rescissions of contracts between related parties, as defined in the Related Party Transactions Policy and the Internal Regulations of the Related Party Transactions Committee.

Figure 3. Defense lines



Source: BB Seguridade, 2016.

The model of deliberation adopted in the Company foresees the manifestation of the owner of the risks regarding the identification of the risks related to the proposals and the description of the mitigators that may exist.

The audit conclusions are reported to the managers of the processes evaluated at the end of the work and also to the Senior Management periodically.

The Company is exposed to significant risks arising also from the operation of the related companies. In this context, ongoing monitoring and evaluation of the exposures and the relevant risks in the associated companies are carried out, as stated in the Company's Risk Management Policy. Also, through governance, the related companies are oriented to the adoption of the best practices of risk management.

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### **Accounting records that fully and accurately reflect the transactions of the legal entity.**

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BB Seguridade is responsible for the disclosure of information to the market based on the needs of external users for purposes of economic decisions, in compliance with the requirements of regulatory and supervisory bodies. The information is provided with quality, transparency, veracity, completeness, consistency, fairness and timeliness, respecting the highest standards of corporate governance.

In the context of market information, the Reference Form, the financial statements, the notes and the Management Report are disclosed, and a channel is maintained to meet shareholders, analysts and investors through the Internet and the Investor Relations Department. The integrity of these instruments is verified by the owners of the risks as well as by the other lines of defense, independent audit, Audit Committee and Fiscal Council.

The Corporate Management and Investor Relations Department, through the Accounting Division, is responsible for coordinating the bookkeeping process, closing the balance sheets, reconciling and validating the accounting balances. The Director of Corporate Management and Investor Relations is also responsible for the disclosure of information regarding material acts or facts and other information to the investor market, although other managers are jointly and severally liable in cases of noncompliance with the rules that govern the disclosure of information to the market.

As an initiative for the evolution of business management, ERP (Enterprise Resource Planning) is being implemented in the Company, with the objective of improving and automating processes, including those related to bookkeeping and accounting disclosure.

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## **Control Activities**

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### **Internal controls that ensure the prompt preparation and reliability of reports and financial statements of the legal entity.**

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BB Seguridade's Management is responsible for establishing, maintaining and improving internal controls related to the financial statements, so as to enable these statements to be free of material misstatement.

The financial statements of BB Seguridade are comprised of information generated by the Company itself, arising from transactions processed in systems within the scope of Banco do Brasil and provided by the related companies.

The process of preparing the financial statements of BB Seguridade respects the segregation of duties and the competent powers for its approval and disclosure and uses internal control practices, which are organized in three lines of defense.

In relation to the information coming from Banco do Brasil, the transactions are processed in a large system and parameterized with double conference and segregation of function. In addition, the integrity of the systems is monitored by the Technology Department and by the Internal Controls and Compliance Department of that Institution.

Regarding the provision of information by affiliated companies, the Cascade Certification Model is adopted, aimed at the accountability of the administrators in the transfer of information to compose the Consolidated Financial Statements. By this model, the executives of the Companies declare that the information provided is true, complete, accurate and does not contain data and / or quotations that could mislead the investor.

The accuracy of the information is guaranteed by the system of internal controls and compliance and by the statutory of the respective Companies. It should be noted that the affiliated companies have Internal and External Audit, Audit Committee, with the exception of Brasildental, and Fiscal Council.

### **Segregation of duties**

Segregation of functions, the basic principle of internal control, consists in the separation of duties or responsibilities between different people within the process of execution, registration, review and authorization of the main activities. The principle is to mitigate deliberate or intentional risk, in the production of information and in decision-making.

In the Company, the preparation of the financial statements respects the segregation of duties and the competent powers for its approval and disclosure, as well as using the internal control practices organized in the three lines of defense, which include the integrated action between managers and process executors, area of internal controls and internal audit.

The Company has an adequate segregated structure for the management of internal controls in the preparation of the financial statements, which is composed of the following governance bodies:

- Collegiate Board: responsible for submitting to the Board of Directors, through the Chief Executive Officer, or its coordinator, proposals for its deliberation, in particular matters related to the Management Report, the accounts presented by the Board of Executive Officers and the Annual Financial Statements.
- Audit Committee: monitors the quality and integrity of the internal control mechanisms, the quarterly information, the interim financial statements and financial statements of the Company and the information and measurements disclosed based on adjusted accounting data and non-accounting data that add elements not provided in the Structure of the usual reports of the financial statements.

- Fiscal Council: an oversight body for actions taken by management, which is responsible for requesting clarifications or information from the management bodies, as well as the preparation of financial or accounting statements, as long as they relate to its audit function, and issue an opinion for referral to the resolution by the General Meeting General of Shareholders.

- Board of Directors: it manifests itself on the Management Report, the accounts presented by the Board of Executive Officers and the Annual Financial Statements.

- General Meeting: it is responsible for deliberating on the approval of accounts and financial statements of the Company, instructed with the opinion of the Fiscal Council.

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**Specific procedures to prevent fraudulent and unlawful acts in the context of bidding processes, in the execution of administrative contracts or in any interaction with the public sector, even if intermediated by third parties, such as payment of taxes, submission to inspections, or obtaining authorizations, permissions and certificates.**

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The Company's Code of Ethics and Conduct clearly specifies the expected conduct of senior management, members of the governing bodies, employees and third parties, regarding the relationship with the government, repudiating any unlawful act against public administration.

The bidding processes carried out by the Company are subject to the obligations contained in Law 8,666 / 93 and related legislation. The Company's purchasing and contracting regulations, as well as its internal regulations, are being developed in the Company. Internal regulations will also be developed to discipline the relationship with the public administration.

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### **Disciplinary measures in case of breach of integrity program.**

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The Company's Code of Ethics and Conduct provides the responsibility of the Company's employees, pursuant to the Employee's Availability Option of Banco do Brasil for BB Seguridade, in addition to the penalties established in the Company's internal regulations and the possibility of judicial accountability.

After the creation of the Ethics Committee at the Company, internal Disciplinary Control regulations will be developed, which will establish the procedures to be adopted for the determination of irregularities practiced by employees in violation of laws, Code of Ethics and Conduct, Policies and internal regulations of the Company, Leading to loss or exposure to risks, which will follow the terms of the Employees Availability Agreement of Banco do Brasil for BB Seguridade.

A disciplinary control is aimed at identifying the circumstances and consequences of the irregularities committed, as well as correcting and preventing new irregularities with the communication to the managers on the weaknesses identified. It begins with the finding of evidence of irregularity as a result of internal controls and denunciations, being conducted through a simplified procedure or a complete procedure (Disciplinary Action), and it is up to BB Seguridade to carry out the determination of the facts and send Banco do Brasil Analysis and judgment.

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## **Procedures that ensure the prompt interruption of irregularities or infractions detected and the timely remediation of damages.**

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The draft contract used by the Company provides sanctions and termination, if necessary, in the event of breach of any of the clauses contracted or of the declaration of inability of the contractor by any public administration body.

The Company may terminate the agreement, in accordance with the rules set forth in the standard contract, which states that termination may occur when the contractor: (i) is declared unpunished by any public administration body; (ii) use for their own benefit or for the benefit of a third party confidential information to which it has access by virtue of its contractual attributions; and (iii) perform acts harmful to the National Public Administration.

Thus, they form part of the administrative sanctions, through observance of administrative process and guarantee of contradictory and ample defense: (i) warning; (ii) fine; (iii) temporary suspension of the right to bid and contract with BB Seguridade and other companies of the BB Seguridade Conglomerate, for a period not exceeding two (2) years; (iv) an impediment to bidding and contracting with the Union and, in SICAF, for a period of up to five (5) years, or for as long as the reasons for the punishment continue or until rehabilitation is promoted before the authority that applied the penalty; and (v) declaration of inability to bid and contract with the Union for as long as the reasons for the punishment continue or until rehabilitation is promoted before the authority that applied the penalty.

Also, in the part of the administrative sanctions, the rules for the application of fines are established, including considering the percentages to be applied.

Regarding irregularities practiced by employees, the Company is regulating the disciplinary control, which should follow the terms of the Agreement of Availability of Employees of Banco do Brasil to BB Seguridade.

If it is verified, during the determination of irregularities, that there is evidence of violation of Law 12.846 / 2013 by a legal entity, the Company may institute the Administrative Accountability Process, which will be regulated as established in Law 12.846 / 2013 and regulated by Decree 8.420 / 2015.

Regarding the activities of Ombudsman's Office and Prevention and Combating Money Laundering and Terrorist Financing, the Company and Banco do Brasil entered into an Agreement in December 2012, in which BB was obliged, among other issues, to "Monitor the operations carried out by BB Seguridade, with the aim of detecting indications of money laundering and terrorist financing crimes."

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## **Appropriate diligences for contracting and, as the case may be, supervision, of third parties, such as suppliers, service providers, intermediary agents and associates.**

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BB Seguridade carries out its purchases and contracting through public bidding, in accordance with Law 8.666 / 93 and complementary legislation, observing, among others, the principles of legality, isonomy, impersonality, morality, publicity, linkage to the instrument And objective judgment.

As part of the Company's procurement and hiring process, the claimant area is responsible for defining and approving the object / service to be hired. The bidding process is carried out by the technical area of Administrative Management, backed by legal opinions, and finally, after the signing of the contractual instrument, the inspection of the same is carried out by the claimant area by means of an act of designation of the fiscal of the contract. The payment of the good / service is carried out by the technical area of administrative management, however, the term of acceptance of the good / service is the responsibility of the claimant area, respecting the normative of competencies elevations.

During the qualification stage the competitors or suppliers are regularly checked for documents / vouchers related to legal qualification, technical qualification, economic and financial qualification and fiscal and labor regularity of the competitors.

The contract used by the Company provides penalties and termination, if necessary, in the event of breach of any of the clauses contracted, or the declaration of unfairness by any public administration body. In addition, clauses and declarations are established in the contracts, which require the future contractor to carry out its activities in a legal, ethical and committed manner with socio-environmental principles and observe compliance with the provisions of Law 12.846 / 2013 and the Code of Ethics and Conduct of Company.

In order to carry out the hiring, the Administrative Management area, subordinated to the Corporate Management and Investor Relations Department, performs consultations with the following registries: (i) National Register of Inedent and Suspended Companies - CEIS; (ii) National Register of Punished Companies - CNEP; (iii) List of TCU Inidomes; (iv) National Registry of Civil Convictions by Act of Administrative Improbability and Ineligibility (CNJ); And (v) the List of Companies Barred from Bidding with Banco do Brasil. Also, in the case of Non-profit Entities, the registry of non-profit private non-profit entities is consulted - CEPIM of the Transparency Portal.

In accordance with the principle of publicity, a summary of the purchases and contracting by the Company classified by the year of execution is provided on the Company's website, containing information on the number of the bidding process, the contracted object, quantity, contracted value, term Contract term and supplier information.

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**Verification, during mergers, acquisitions and corporate restructurings, the commission of irregularities or illegal acts or the existence of vulnerabilities in the legal entities involved.**

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According to the Bylaws of BB Seguridade, it is the responsibility of the General Meeting to deliberate on the transformation, merger, spin-off and incorporation of the Company, as well as the incorporation of shares issued by the Company, its dissolution, liquidation, election and dismissal of liquidators and approval of its accounts.

Furthermore, it is the responsibility of the Board of Directors to authorize the raising of loans or financing; Authorize the sale or encumbrance of assets of the Company's permanent assets; Authorize the provision of real or personal guarantees of any nature by the Company, in accordance with the amounts established by the Bylaws, in addition to approving the Company's Investment Plan.

The Company has formalized, with the Board of Directors, its Strategic Investment Policy, which contains the guidelines, limits and prohibitions regarding investment decision-making.

## Information and Communication

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### **Channels to denounce irregularities, open and widely disseminated to employees and third parties, and mechanisms designed to protect whistleblowers.**

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The Company is in the process of contracting its own channel of denunciations, which will allow the protection of the complainant, the receipt of anonymous denunciations and ensure the impartial assessment of the denunciations and its monitoring through the Ethics Commission. This channel will be open to the internal and external public for reception and treatment of occurrences related to internal ombudsman and denunciations that deal with indications of corruption.

The external ombudsman and the SAC (Consumer Service of the Company) are carried out by Banco do Brasil, according to an agreement entered into.

## Monitoring

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### **Continuous monitoring of the integrity program aiming at its improvement in the prevention, detection and combat of the occurrence of the harmful acts foreseen in art. 5 of Law 12,846 of 2013.**

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BB Seguridade adopts risk prevention in lines of defense, which include the integrated action between managers and process executors, internal controls area and internal audit, being an acknowledged effective model of communication and clarification of roles and responsibilities.

The Board of Governance, Risks and Compliance is responsible for conducting continuous monitoring of the Integrity Program and the result of this monitoring is reported to the Collegiate Board and to the Board of Directors through the Semiannual Report on Risk Management and Compliance.

The points of attention resulting from monitoring may be the subject of action plans so that identified weaknesses are corrected and the Integrity Program is updated according to identified needs.

The Governance, Risks and Compliance Board will also monitor and analyze inputs that may contribute to the improvement of the Integrity Program, based on investigations related to practices of harmful acts to public, national or foreign administration; Evidence of customer complaints; Audit reports; Information obtained from complaint channels and reports from regulatory or regulatory government agencies.

## Evaluations of Effectiveness of Internal Controls and Compliance - AECIC

The Internal Controls Compliance and Compliance Evaluation - AECIC is a step-by-step method to ensure that the results seek by the Company are supported by its operational activities.

The consistency of operational activities is tested in two dimensions that are compliance and performance. Compliance observes the adherence of current norms and practices to laws and regulations, and performance assesses the ability of a process to achieve its results safely and efficiently.

The first stage of the AECIC is to understand the business and the regulatory environment in which the Company is inserted because this understanding favors the choice of the most significant processes for generating results.

The evaluation of the compliance and the performance of processes defined as scope is performed through interviews, analysis of process documentation, verification of objective evidence on performance evaluation practices and continuous improvement and confrontation of existing practices versus those necessary for the predictability of delivery value and compliance with laws and regulations.

The results of the work are reported through the Internal Controls and Compliance Evaluation Report - RAECIC which includes, if identified, a description of weaknesses that may compromise the predictability of value delivery to stakeholders.

## Technical Recommendations of Internal Controls and Compliance - RTC

The Technical Recommendations on Internal Controls and Compliance - RTC formalize the relevant weaknesses found in the AECIC serving the purposes of transparency and accountability. The issuance of RTC takes place in accordance with conditions approved by the Company's Board of Executive Officers.

The process of issuing RTCs includes the assessment of criticality in accordance with the requirements of the Company's RTC Critical Matrix, which can be classified into a criticality level: A (High), B (Medium) or C (Low) guiding the speed with which mitigating actions should be implemented.

The Internal Controls and Compliance Division is responsible for the monthly monitoring of the issued RTCs and the quarterly report to the Collegiate Board.

## Harmful Acts Qualifying as Corruption

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The Company considers acts harmful to the public administration, national or foreign, in accordance with Law 12.846 / 2013, article 5, all those practiced by individuals, which infringe against national or foreign public patrimony, against principles of public administration or against commitments international agreements assumed by Brazil, thus defined:

I - Promise, offer or give, directly or indirectly, an undue advantage to a public agent, or the third party related to it;

II - evidently, finance, fund, sponsor or in any way subsidize the practice of the illegal acts provided for in this Law;

III - evidently, use of interposed individual or legal entity to conceal or disguise their real interests or the identity of the beneficiaries of the acts practiced;

IV - In relation to tenders and contracts:

a) Frustrating or defrauding, through adjustment, combination or any other expedient, the competitive nature of public bidding procedure;

b) prevent, disrupt or deface the performance of any act of public bidding procedure;

c) remove or seek to remove a bidder, through fraud or offering of an advantage of any kind;

d) Fraudulent public bidding or contract arising therefrom;

e) create, in a fraudulent or irregular way, legal entity to participate in public bidding or enter into an administrative contract;

f) To improperly benefit or improperly benefit from modifications or extensions of contracts concluded with the public administration, without authorization in law, in the notice of public bidding or in the respective contractual instruments; or

g) Manipulating or defrauding the economic-financial balance of the contracts entered into with the public administration;

V - obstruct the activity of investigation or inspection of organs, entities or public agents, or intervene in its activities, including in the scope of the regulatory agencies and the supervisory bodies of the national financial system.

In addition, in line with the main foreign laws, the FCPA and the UK Bribery Act, the Company also considers a qualifying act as corruption:

a) affect or influence any act or decision;

b) induce to carry out or cease to take any action in violation of its legal obligation;

c) obtain, maintain or direct business in an improper manner.

## **Governance of the Associated Companies in relation to the Integrity Program**

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The Company advises its representatives in the corporate governance bodies of its affiliates, in particular in the advisory committees to the Board of Directors, in the audit committees, in the administrative and fiscal councils on preventive and detective aspects related to the integrity program and to the prevention and fight against corruption. Also, technical exchanges between the affiliated companies, BB Seguridade and Banco do Brasil are promoted.

## Duration

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**The review of this Integrity Program is annual.**

## Deliberative Instance

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**Board of Directors.**

## Date of Last Approval by the Board of Directors

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**dd of mm of yyyy.**

## Glossary

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**For the purposes of this Program, the following concepts are considered:**

**Public administration:** Bodies and entities that perform the administrative activity of the State, in any of the Federal spheres; State, including the Federal District; and Municipal.

**Foreign public administration:** State body and entities or diplomatic representations of a foreign country, of any level or sphere of government, as well as legal entities controlled, directly or indirectly, by the public authority of a foreign country.

**Public agent:** Any person who exercises, even temporarily or without remuneration, by election, appointment, hiring or any form of investiture or bond, mandate, position, job or public function.

**Foreign public agent:** anyone who, even temporarily or without remuneration, holds a position, job or public function in bodies, state entities or in diplomatic representations of a foreign country, as well as in legal entities directly or indirectly controlled by the public authority of a foreign country or in international public organizations.

**Cascade certification:** this is the method used to highlight the manager's responsibilities regarding the provision of information and the adequacy of the internal controls adopted to ensure the reliability of the information contained in the Financial Statements and in the Reference Form.

**Collaborator:** a physical person belonging to the active staff of BB Seguridade.

**Conflict of interests:** in the form of law 12,813 / 2013, it is a situation generated by the confrontation between public and private interests, which could jeopardize the collective interest or improperly influence the performance of the public function.

**Corruption:** social relationship (personal, extra-market and illegal) that is established between two agents or two groups of agents (corrupt and corrupting), whose objective is the transfer of income within the society or public fund for the accomplishment of strictly Private.

Such a relationship involves the exchange of favors between the groups of agents and, generally, the remuneration of the corrupt occurs with the use of gratuity or any kind of pay-off, prize or reward<sup>2</sup>.

**Due Diligence:** Consists of the investigative analysis of information of an organization with the objective of identifying risks and opportunities for carrying out a business transaction.

**Financing terrorism:** According to the Federal Public Prosecutor's Office, it consists of the gathering of funds or capital to carry out terrorist activities. These funds may have legal origins - such as donations, gain from various legal licit economic activities - or illegal - such as those from criminal activities (organized crime, fraud, smuggling, extortion, kidnapping, etc.).

**Fraud:** any illicit, dishonest, cunning action that seeks to deceive someone.

**Money Laundering:** an expression referring to economic-financial practices whose purpose is to conceal or conceal the illicit origin of certain financial assets or assets so that such assets appear to be of a lawful origin or at least illicit origin is difficult to prove or prove. It is the same as giving frontage of dignity to money of illegal origin<sup>3</sup>.

**Integrity procedures:** Integrity and ethic initiatives, although not grouped in the form of a formally approved integrity program, are intended to prevent, detect and correct acts of corruption or fraud.

**Administrative Proceeding:** Process for unilateral rescission of the contract according to the provisions of article 78 of Law 8.666 / 93, to reimburse amounts related to damages caused to the Contractor by the contracted company and for the application of administrative sanctions against suppliers with contracts signed with the Banco do Brasil.

**Administrative Process of Accountability (PAR):** process to determine the administrative responsibility of the legal entity for the practice of harmful acts against the public administration.

**Integrity Program:** consists, within a legal entity, of internal mechanisms and procedures for integrity, auditing and incentive to report irregularities and in the effective application of codes of ethics and conduct, policies and guidelines with the objective of detecting and remedy deviations, fraud, irregularities and unlawful acts against public, national or foreign administration.

**Third:** Individuals who do not belong to BB Seguridade's active staff and legal entities that, in the interest of the service and contractual forecast or legal imposition, establish a relationship with BB Seguridade.

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<sup>2</sup> Source: <http://www.cgu.gov.br/Publicacoes>

<sup>3</sup> Source: <http://www.cgu.gov.br/Publicacoes>