

BRASILPREV

2012
Annual Report



From
Generation
to
Generation

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ABOUT THIS REPORT

This 2012 Annual Report contains our consolidated financial information in its entirety from January 1st, 2012 to December 31st, 2012 as well as our social and environmental initiatives during such fiscal year.

This document encompasses all our operations, which extend across the Brazilian territory, and continues the previous FY 2011 report, which was published on April 30th, 2012. This document, whose contents were internally determined, is based on information that was gathered and obtained from our respective departments as well as on the consent of our executive committee, our advisory committee, and our board of directors. We intend to present this relevant information to clients, shareholders, employees, suppliers and society at large in a clear and objective way in line with the principles of transparency and good governance that guide all of our operations.

With the Generation from Generation theme, the 2012 Annual Report shows real-life client stories that believe in Retirement plans as a means to achieve their life plans and, what's more, impart such knowledge to their families over the generations.

Have a good read!

To learn more about our 2012 Annual Report, please contact comunicacao_corporativa@brasilprev.com.br online.

This publication does not contain significant changes concerning our business structure. Any potential adjustments to data and measurement methods are stated where the information is presented.

A MESSAGE FROM THE EXECUTIVE BOARD

Solidity, innovation, and specialization in line with a qualified staff focused on sustainable results are some of the factors that helped us perform very well in 2012, thus ensuring a place among the biggest retirement trustees in Brazil.

At the end of the fiscal year, we had BRL 18.2 billion in revenue, a 55.7% gain over the industry's 31.5%. Our assets under management, distributed across a portfolio with over 1.6 million clients, reached BRL 67.6 billion. We finished the year with a net profit of BRL 484 million, a 25.5% increase over 2011, and since 2008 we have been leading the industry in net deposits.

We had the industry's best-performing investment accounts, according to rankings by Standard & Poor's and the Center for Financial Studies of the Getulio Vargas Foundation at São Paulo (FGV-SP, acronym in Portuguese), which are respectively published by *ValorInveste* and *Você S/A* magazines. According to those surveys, our accounts were rated five, four, and three stars, which exceeds the market average and is a testament to the optimal profitability with which we provide our clients.

Throughout the year, we have striven to improve our processes, products, and services to provide our clients with outstanding solutions. To this end, we have started to deploy a new technological platform, which will integrate the processes and functionalities of plan management systems. In addition, faced with an economic scenario of lower interest rates, we have developed a new product portfolio, which will be rolled out in early 2013.

Still in 2012, we bought all the shares of Mapfre Nossa Caixa as a result of Banco do Brasil's acquisition of Banco Nossa Caixa, which added more than 85,000 clients and BRL 425.7 million in assets to our equity. At the end of 2012, Banco do Brasil announced its plans to establish BB Seguridade, a company that will go public in 2013 and aims to bring the bank's insurance, retirement, and capitalization operations under one roof.

As for the community, we are still supporting educational and jobs programs and we have reinforced our commitment to the Global Compact, a corporate citizenship initiative to build a more just and inclusive society.

In the next few years, we believe the industry will grow strongly because people are now giving more and more importance to long-term investments and financial planning. Faced with this scenario, we expect to achieve above-average growth and intend to be the leading IRA trustee in Brazil, admired for our contribution to the sustainable development of the Brazilian people and the country. To do this, we will keep our focus on offering solutions that meet the needs of all our clients so they can achieve their life plans regardless of goal or age.

We would also like to take this opportunity to thank the dedication and hard work of our employees, Banco do Brasil, and the Principal Financial Group, all of whom contribute to our success story on a daily basis.

The Executive Board

Tranquility

From generation
to generation

“

“As a child, I traveled to another city, where my mother kept all her savings in a bank. She and my father really emphasized the importance of having a reserve for financial security. I grew up with this teaching, and as soon as I could, I got pension plans for my children and grandchildren. It is a demonstration of affection to offer the tranquility of this investment and to create in them the habit of saving for the future.”

Mario Ernesto Massaglia, 67, is the grandfather of Beatriz, 9, and both are Brasilprev clients.

”

ORGANIZATIONAL PROFILE

Corporate Profile

Established in 1993, Brasilprev Seguros e Previdência S.A. is one of the three largest IRA trustees in Brazil and the only one that specializes in this segment. Based in São Paulo and operating all across Brazil, we are a privately held corporation, a spin-off from a partnership between two major shareholders, BB Seguros Participações S.A., which belongs to the Banco do Brasil conglomerate, and PFG do Brasil Ltda., the Brazilian branch of the Principal Financial Group. With the aim of providing our clients with financial-security solutions and high-quality services to enable their life plans, we sell retirement plans to individuals and corporations in the Plano Gerador de Benefício Livre (PGBL, acronym in Portuguese) and the Vida Gerador de Benefício Livre (VGBL, acronym in Portuguese) categories, the Brazilian counterparts of traditional and Roth individual retirement accounts, respectively.

We have been recording above-average growth and we consistently outperform our results. Among other factors, such performance is a reflection of a swift and effective management, the credibility and experience of our shareholders, the partnership with Banco do Brasil to distribute our products, and our committed associates. This is also a direct result of the outstanding yield we provide our clients as well as our groundbreaking development of plans and services.

In 2012, our portfolio reached 1.6 million clients, out of which 89% were individuals – children and teenagers were 38% - and 11% corporations. Revenues from retirement plans amounted to BRL 18.2 billion, which represents a 56% increase over the previous fiscal year, which ranked us second in PGBL and VGBL revenues. We finished the year with BRL 67.6 billion in assets under management, a 37.4% gain over 2011, as well as a net profit of BRL 484 million, a 25.5% increase over the BRL 385.7 million from the previous year.

To meet the needs of our clients, we rely on a modern dynamic structure with a staff 503 strong, the Banco do Brasil distribution network, with over 5.300 branches all across Brazil, to sell our products, as well as the support and know-how of our shareholders.

Shareholder Profile

Banco do Brasil

With over 200 years of experience in the Brazilian financial market and operations in 24 countries, Banco do Brasil was the first banking institution in Brazil and is currently the biggest financial organization in Latin America. With business-oriented efforts to promote the economic growth of Brazil with sustainable practices, Banco do Brasil has its own network, with over 5,300 branches, and the largest number of automated teller machines in Latin America, with over 44,000 units. Banco do Brasil relies on the hard work of its 122,000 professionals to meet the needs of over 58 million clients and manage 37 million checking accounts and BRL 1.15 trillion in assets.

www.bb.com.br

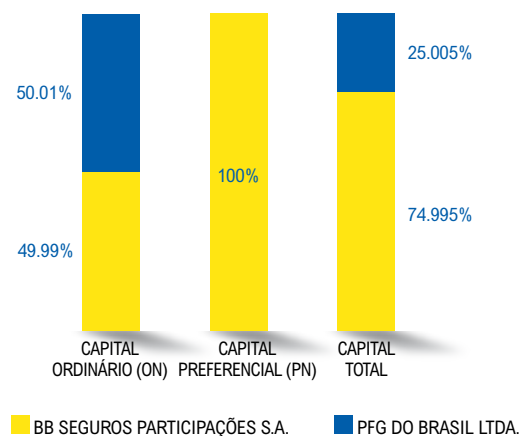
Principal Financial Group

A global leader in retirement and investment management products, the Principal Financial Group offers a wide range of financial solutions, such as investment services, retirement plans, as well as medical and life insurance policies, to its clients, which include individuals, corporations, and institutions.

Established in 1879 and as a Fortune 500 company, the Principal manages more than USD 403 billion in assets and serves 18.3 million clients worldwide, with offices in Asia, Australia, Europe, Latin America, and the United States. A Brasilprev shareholder since 1999, the Principal is traded on the New York Stock Exchange (NYSE) under the ticker symbol PFG and, for ten years in a row, has been considered by Computerworld one of the 100 companies to work for.

www.principal.com

Shareholding Structure



Mission statement, core values and vision statement

Mission Statement

To provide our clients with financial-security solutions and high-quality services to enable their life plans.

Vision Statement

Our core values make up the culture of an organization and, at Brasilprev, they are divided into two groups that aim to help employees accomplish our mission and vision.

Core Values

Our core values make up the culture of an organization and, at Brasilprev, they are divided into two groups that aim to help employees accomplish our mission and vision.

Our Commitments are the obligations we contract and the promises we make to our strategic audiences:

- Integrity;Quality;
- Development;
- Sustainable Results;
- Focus on the Client.

Our Way means how our associates are supposed to act and behave. They are:

- Committed;
- Partners;
- Entrepreneurs;
- Positive;
- Innovative.

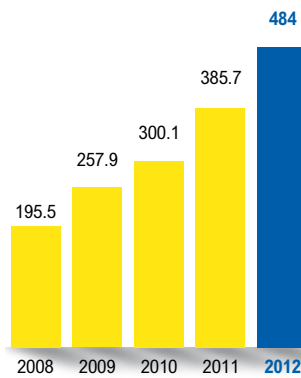
Mr. Mário e Ms. Lídia with their grandchildren, Beatriz, Laura Cristina and Pedro Henrique. All of them are Brasilprev clients.



KEY PERFORMANCE INDICATORS

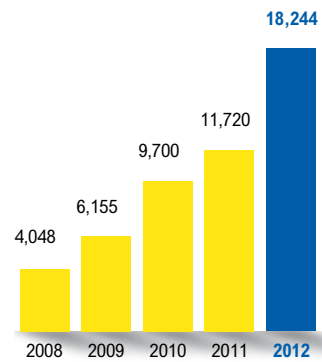
Net income

(in Millions of BRL)



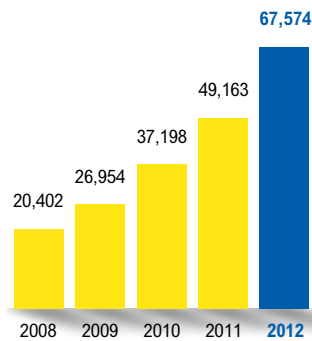
Deposits

(in Millions of BRL)



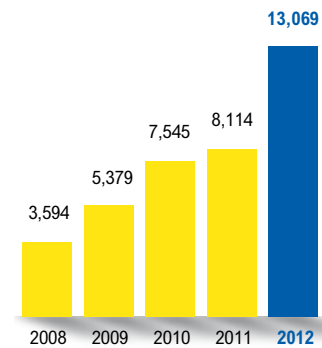
Assets Under Management

(in Millions of BRL)



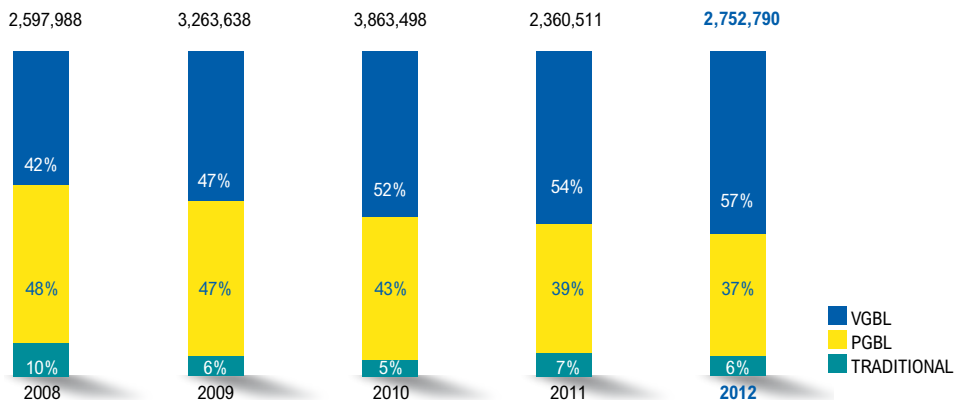
Net Deposits

(in Millions of BRL)

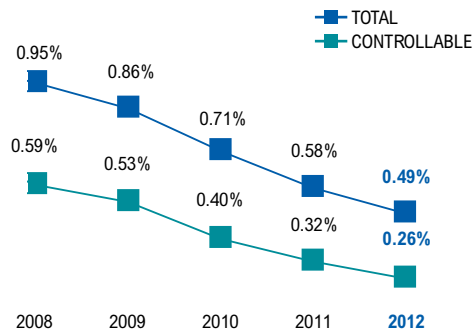


Source: Quantum Axis

Agreements by Products



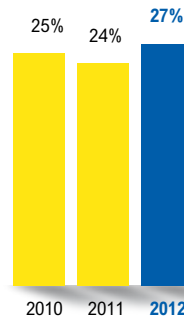
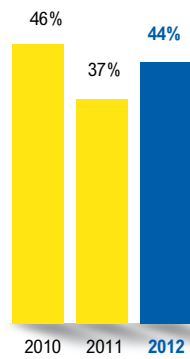
Administrative Expenses/ Average AUM



Asset Growth – PGBL & VGBL

CAGR 40% - 2010 - 2012

CAGR 25% - 2010 - 2012



Brasilprev

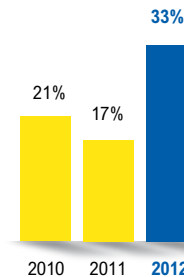
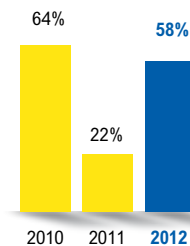
Mercado

Source: Fenaprevi

Deposit Growth – PGBL & VGBL

CAGR 39% - 2010 - 2012

CAGR 25% - 2010 - 2012



Brasilprev

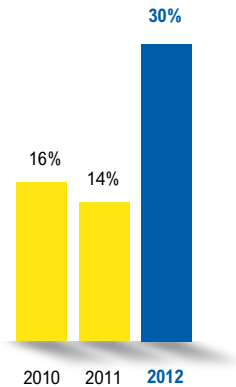
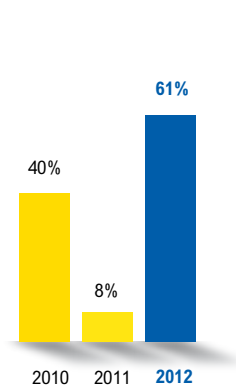
Market

Source: Fenaprevi

Net Deposit – PGBL & VGBL

CAGR 32% - 2010 - 2012

CAGR 22% - 2010 - 2012



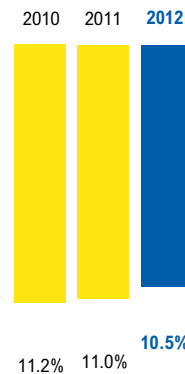
Brasilprev

Market

Source: Quantum Axis

Withdrawal Rate for PGBL & VGBL

The Lower the Better



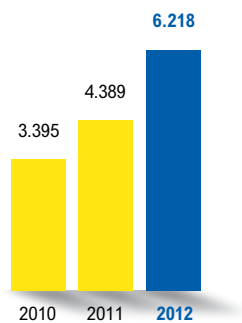
Brasilprev

Market

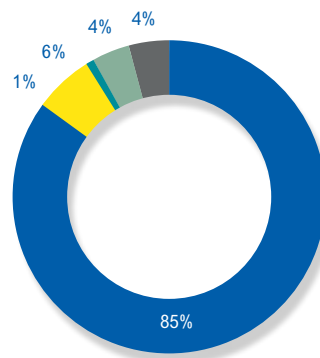
Source: Fenaprevi

Value-Added Annual Distribution

(in Millions of BRL)

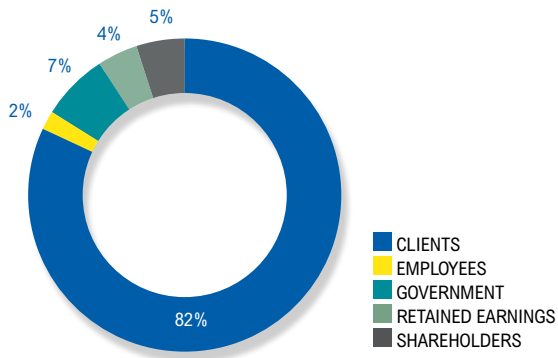


2012 DVA

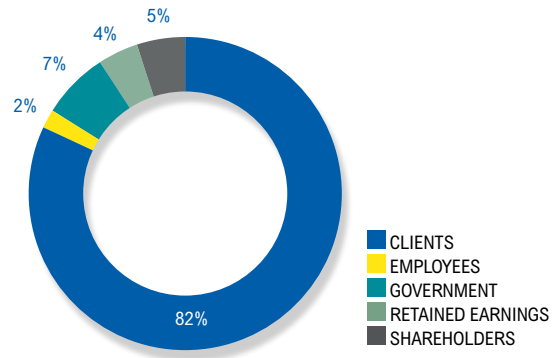


- CLIENTES
- COLABORADORES
- GOVERNO
- LUCROS RETIDOS
- ACIONISTAS

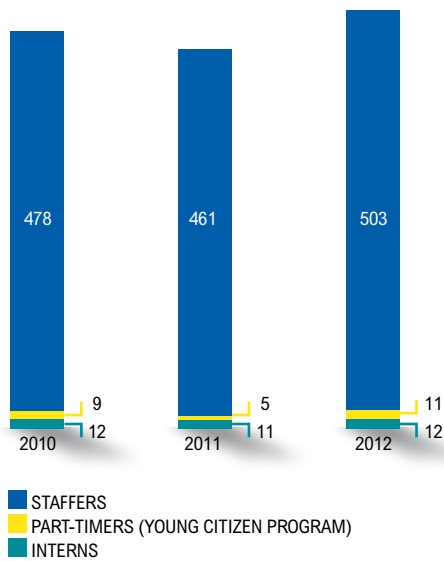
2011 DVA



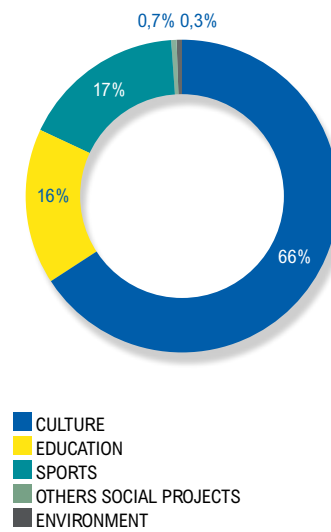
2010 DVA



Employees by Type of Contract



Distribution of Social and Environmental Investments



DIVERSITY AMONG EMPLOYEES ⁽¹⁾

	2010	2011	2012
Women	49.0%	48.0%	47.0%
Black, Brown, or Biracial Employees	7.7%	8.4%	11.1%
Asian	5.2%	5.2%	4.7%

(1) Staffers Under the Brazilian Labor Laws (CLT)

Financial Education

From generation
to generation

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“As soon as I had contact with the concepts of financial education, I got a Brasilprev plan for me and one for Rafaela. At only two years old, she already has a piggybank, because I want her to have this knowledge from an early age, and to know how to make good choices when she grows up. The security offered by the product can guarantee a future for her.”

Douglas Luccena, 33, is the father of Rafaela, 2, and both are Brasilprev clients.

”

STRATEGY

Economic Overview

The major economies focused on economic-reactivation alternatives in 2012. Tax hikes and rises in unemployment were among the hot-button issues to be solved in developed countries. Such effects are a reflection of the international crisis, which has made an impact on both the global and the Brazilian economy. As a response to a worse-than-expected growth for the period, economic policies tried to reduce the impact of the meltdown on the Brazilian economy.

At the monetary level, the most important initiatives include a reduced prime rate (the SELIC rate), which reached its lowest level (7.25% a year), with inflation under control, and they resulted in a historically low real interest rate (2%). At the tax level, measures such as tax breaks for key economic activities and temporary tax cuts were adopted. Last but not least, the Brazilian government took steps to boost investments in infrastructure and bolster the Brazilian productive capacity.

Such state of affairs constitutes a new business environment in Brazil, which, albeit challenging, is an opportunity to make new key investments in the sustained growth of the Brazilian economic activity.

Industry Performance

In 2012, the Brazilian retirement market continued to show strong growth rates, just like the previous years.

According to December 2012 data from the Brazilian Retirement and Annuity Federation (FenaPrevi, acronym in Portuguese), the industry's total revenues experienced a 31.5% year-to-date increase, which was significantly driven by the VGBL, whose revenues reached BRL 59.6 billion, a 37.3% gain over the previous fiscal year (BRL 43.4 billion). In turn, the Plano Gerador de Benefício Livre (PGBL, acronym in Portuguese) raised BRL 7.4 billion, a 7.6% increase over the same period in 2011 (BRL 6.9 billion). At the end of the year, the industry had BRL 338.6 billion in assets, a 25.8% gain over 2011.

Strategic Analysis

After 19 years in the retirement industry, we reconcile dynamism and innovation with the maturity and expertise of our shareholders, who have over three centuries of experience and leadership. With the aim of constantly improving our processes and looking for solutions that suit the profile of our clients, we have been exceeding our goals with a consistent performance and delivering outstanding returns well above the market average to our clients.

In order to achieve our vision of being the leading company in the industry, we established goals that aim to ensure growing and sustainable results in our strategic roadmap. These goals consist of delivering superior value to our shareholders by offering them consistent financial results from fund management efforts in the long run, to our clients by using consultative selling, and to our employees by supporting the development and constant search for improvement and effectiveness.

In 2012, as the 2010 and 2011 efforts unfolded and resulted in a revisited organizational identity, including our mission statement, our core values, our and vision statement – the basis for our planning –, we started reviewing our corporate and functional competencies to ensure compliance with our core values. This is slated for implementation in 2013.

Also, during this period, we bought all the shares of Mapfre Nossa Caixa on July 31st, 2012, the cash settlement date, and we transferred these clients to Brasilprev throughout the year. All in all, we added 85,000 clients and over BRL 425.7 million in assets under management to our portfolio.

In the second half of 2012, we started a technological platform enhancement project, which includes the integration of processes and functionalities of plan management systems. This initiative, which involves a multidisciplinary team, is slated for completion in 2016 and will enable the consolidation of the different systems that are currently used for managing our businesses in order to simplify procedures and improve the scale and effectiveness of legacy system management.

In order to achieve our vision of being the leading company in the industry, we established goals that aim to ensure growing and sustainable results in our strategic roadmap.

Prospects

The year 2013 starts with an expected improvement in the external economic scenario, which was significantly impacted by the crisis in the last few years. Brazil is expected to stabilize the interest rate and keep the inflation rate below the target.

The job market has been giving hints that it will remain strong and favor people's access to income as well as good consumer conditions. In parallel with an increased purchasing power, Brazilians, who have been experiencing a better life expectancy, have shown that they are increasingly aware of the importance of and the need for financial planning and long-term savings, thus reinforcing the attractiveness of our retirement products.

The segment as a whole, which has been going through a challenging time due to low interest rates, is expected to experience consistent two-digit growth rates, just like what has happened in the last few years, considering it is a very valuable tool for long-term investments.

As the only retirement-specific company, we will continue to play a leading role in our niche market while striving to keep results and growth rates above the market average and have both PGBL and VGBL products evolving positively. The most important 2013 initiatives include the release of a new product portfolio, which will feature simplification, client loyalty, flexibility, competitiveness, and the right amount of protection for our clients and their families.

On November 26, 2012, Banco do Brasil disclosed relevant facts about an authorization from its board of directors to start assessing the establishment of a company called BB Seguridade. This company will include, among others, our retirement operations and intends to bring all the BB insurance operations under one roof, which is supposed to happen throughout 2013.



Douglas and his daughter Rafaela

Products and Services

Products

As the only retirement-specific company in the Brazilian market and in line with our groundbreaking profile, we have been offering outstanding products to the community to raise awareness of the importance of long-term savings and enable life plans.

To this end, we rely on a number of products to meet the needs of individuals with several profiles and businesses of all sizes. Currently, we provide our clients with two categories of plans: the Plano Gerador de Benefício Livre (PGBL, acronym in Portuguese) and the Vida Gerador de Benefício Livre (VGBL, acronym in Portuguese) categories, the Brazilian counterparts of traditional and Roth individual retirement accounts, respectively, which are taxed differently (a progressive tax table that can be offset or a definitive regressive tax table, according to the Brazilian laws). Deposits by clients are invested in innovative accounts that seek to serve a wide array of investor profiles. There is the option of allocating 100% for fixed-income funds or investing up to 49% in variable-income securities for monthly contributions starting at BRL 25.00, the lowest amount for a retirement plan in the Brazilian market.

Brasilprev Júnior

Meant for children and teenagers, we released our Brasilprev Júnior plan in a groundbreaking fashion and, shortly thereafter, it became a major retirement segment in Brazil. This product was designed to meet the needs of parents to ensure their children's education, a course abroad, or even fund for these young people to be able to start their own businesses.

As the leading trustee in reserves for children- and teenager-oriented retirement plans since their inception, in 1997, we finished 2012 with over 526,000 clients in this segment and our deposits reached BRL 857.3 million.

Life Cycle

Reinforcing our commitment to innovation and pioneering in our products, in 2007, we created investment accounts with the Life Cycle concept. This product's main feature is the investment in fixed-income and variable-income securities, with gradual risk adjustment during the accumulation phase to ensure an increased yield at the start of the plan and provide clients with added security as the withdrawal date gets closer.

With a baseline of BRL 25.00 for children- and teenager-oriented plans and BRL 60.00 for individual

arrangements, Life Cycle is available for three periods: Life Cycle 2020, for those who wish to start their life plans between 2015 and 2025; Life Cycle 2030, for those whose target date is between 2026 and 2035; and Life Cycle 2040, for those who want to achieve their goals after 2036.

We finished this fiscal year with BRL 4.4 billion in assets in the Life Cycle accounts, which is 53% of the total existing funds in such retirement arrangements.

New Product Portfolio

In line with our groundbreaking profile, throughout 2012, we developed a new product portfolio, which will be rolled out in February 2013. These offerings stand out because they are now focusing on simplification, to make it easier for participants to understand our products; client loyalty, which provides clients with lower rates as their reserves evolve; increased flexibility, which allows one-time contribution plans to become plans with periodic deposits; competitiveness, with rates that are in line with the new economic scenario; and the notion of the right amount of protection for our clients and their families, since this gives them peace of mind for all of the plan's phases, since the one-time death benefit is adjusted as reserves grow.

Services

We take steps to establish best-in-class relationships with our clients, which then translate into increased satisfaction and improved loyalty. This is why we continuously invest in our interaction with these audiences and the development of facilities through multiple service options, such as the Brasilprev Portal, our call center, self-service channels throughout the Banco do Brasil network, among others. *(Please refer to the Clients section.)*

Concerned about raising awareness of retirement products and their purpose, we also provide useful information about the pros and differences of each product according to the participant's profile in our channels. *(Please refer to the Clients and Community sections.)*

Competitive Edge and Intangible Assets

The continuous improvement of systems and internal processes, training of employees, and the appropriate business management improvement measures with a focus on sustainable growth are some of the factors that have helped us get to the next level in business and intangible assets. Highlights include:

- **Strong Brand** – since our inception, we have been associated with Banco do Brasil, the biggest banking institution in Latin America, and the Principal Financial Group, the global leader in retirement and asset management, which allows us to access the deep knowledge and latest-generation technology developed in other markets. Both add attributes such as solidity, reliability, innovation and leadership to our operations;
- **Specialist** – we are the only company that specializes in retirement plans in the Brazilian marketplace. Our exclusive dedication to a single niche allows us to focus on activities that revolve around products, services, and investment management, which contributes to growth rates that are above the market average;
- **Groundbreaking Profile** – because innovation is a major driver of our identity and based on the international experience of the Principal Financial Group, we are known for releasing all new products in the Brazilian market, such as the Brasilprev Júnior plan (which is oriented towards children and teenagers), accounts with the Life Cycle concept, and individual arrangements that enable life plans and are not just for retirement;
- **Experts** – all of the 97 professionals that are a part of the consultative selling team rely on industry-specific knowledge and focus on the long term. They are certified to the CPA 10 and CPA 20 programs by the Brazilian Association of Financial and Capital Market Institutions (ANBIMA, acronym in Portuguese), which are geared towards professionals that devote their efforts to the sale and distribution of investment products;
- **Client Knowledge** – we rely on a database that contains the preferences, characteristics, and needs of our clients. When we cross this information, the system outlines a detailed profile of each segment to enable the design of new products and services in line with the demands of our audiences;
- **High Satisfaction Levels** – excellence in customer service and dedication to our clients are commitments we have made and these appear in different surveys about client satisfaction and the quality of our call center as well as polls with Banco do Brasil managers and corporate plan administrators that we conduct every year (*please refer to the Satisfaction Surveys section.*);
- **Capillarity and Accessibility** – we rely on the support of more than 5,300 Banco do Brasil branches in 5,400 Brazilian cities, which corresponds to 97% of all Brazilian cities, which help and make it easier to distribute our products. We also have flexible products that meet the needs of clients with different profiles, projects, and ages, and from all walks of life. For instance, take the Brasilprev Júnior plan, which starts at BRL 25.00 a month, the lowest contribution in the marketplace;
- **Client Loyalty** – through consultative selling and because we train our service staff, we boast withdrawal rates that are below the market average, which suggests a high level of satisfaction and, thus, client loyalty;
- **Certifications** – we count on the ISO 9001:2008 certification for Financial Management because of our separated cash flow management and cash settlement processes; for our internal, external, and supplier ombudsman offices; and for our call center, thus ensuring excellence in client service. The latter was also recertified by the Brazilian Self-Regulation Program (Probare) in the Code of Ethics and Management Maturity categories. (*Please refer to the Awards and Recognition section.*)



Douglas and Ana Paula, Rafaela's parents

Security

From generation
to generation

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“I want a quality life, and I wish the same for my daughters. I got Débora and Thays Brasilprev plans as a present, so they learn to look forward and have financial security. I struggled to provide quality education for both and I hope that this investment will contribute to their financial independence.”

Vera Lucia dos Santos Sant’Anna, 59,
is the mother of Débora, 28, and Thays, 27.
All of them are Brasilprev clients.

”

MANAGEMENT

Management Model

In line with our strategy, which intends to add value to our stakeholders and foster sustainable growth, our management model is structured around transparency, ethics, interdepartmental collaboration, and the adoption of effective practices and tools to empower our performance.

These initiatives include the following:

- **Joint Decision-Making** – our joint decision-making process takes place based on meetings between professionals from various departments to discuss specific topics, which increases the exchange of ideas and improves our effectiveness.
- **Multifunctional Groups** – these bring professionals with different roles together to seek their separate views from different standpoints to find points of convergence and solutions that best meet their shared organizational needs;
- **Casual Environment** – casual, functional, and open environments foster proximity and a sense of equality among all. In addition, it encourages team integration, commitment, and fast decision-making.
- **Shared Information** – our communication channels provide our employees with information about the insurance and retirement industry, our company, our products and services, as well as our corporate strategy and goals and allow them to participate and share information. With an objective and direct language to favor integration and a deep understanding of the scenario where we find ourselves, they awaken a sense of belonging and strengthen our internal culture.
- **Open Communications** – we not only wish to relay relevant everyday information from employees, we strive for open two-way communications with our internal audience. This is why we conduct organizational-climate surveys every year and this is why we have an internal ombudsman office and a compliance hotline, among other channels.
- **Opportunities** – our management model provides our employees with actual opportunities to grow within our organization and encourages them to seek excellence and enhance their performance.
- **Recognition** – for a business to be successful, a team of competent, experienced, and result-oriented professionals is key. Because we are aware that most of our success comes as a result of our talents, we have several programs in place to appreciate the dedication and high performance of our professionals.
- **Celebration** – celebrating through events, accolades, and commemorative occasions on important dates is our way to share our achievements and recognize outstanding performances.

In 2012, we created a managerial newsletter (*Radar Corporativo*) with features about the economy, the competition, our clients, our key corporate indicators, regulation trends, among other information, to support managers when they monitor the market and make the everyday decision-making process more assertive.

Our management model is structured around transparency, ethics, interdepartmental collaboration, and the adoption of effective practices and tools to empower our performance.

Management Tools

Searching for excellence in business management, meeting the needs of our stakeholders, and executing our strategic planning require us to use tools that back up and support our everyday operations. The main instruments we have adopted are:

- **Balanced Scorecard (BSC)** – we use this performance reporting, measurement, and management methodology to turn our strategies into clear goals and well-defined metrics. This guideline, which is available to all employees, helps each department establish its action priorities and related goals in a cascading process that reaches even associate-specific challenges;
- **Unified Database** – with the integrated database (BID, acronym in Portuguese), which manages the transactional information of clients, and the uniform people database (BUP, acronym in Portuguese), which compiles registration information, this tool enables the creation of boards containing strategic information, makes it easier to access and view the information, and helps the decision-making process. Slated for completion in 2011, the project finished the uniform people database deployment efforts in 2012 and continues to develop the integrated database;
- **Performance Cycle** – divided into seven stages, it ranges from the establishment of individual goals to the profit-sharing scheme to the definition of a personal development plan, which is connected with the final performance assessment of each employee, which enhances our performance. All staffers are required to participate in this process every year;
- **Data Base Marketing (DBM)** – DBM is a database that enables an analysis of client profiles in conjunction with our market intelligence and helps us pinpoint business opportunities. Based on the survey results, we are able to take action and design our products and services in the best way possible;
- **Process Management Office** – an internal structure that offers decision-making capabilities. It is in charge of mapping and analyzing processes across our departments;
- **Project Management Office** – it focuses on projects that are prioritized by the executive board and other competent committees. It expands the methodological support to define, map, and measure the performance of corporate initiatives. We use the enterprise project management (EPM) tool to follow up on the project portfolio, which allows us to get an overview of all the steps, the professionals involved, deadlines, and costs of each activity. Another tool is the Project Management Body of Knowledge (PMBok®), a set of project management practices that is used for establishing and managing portfolios;
- **Rolling Forecasts** – rolling forecasts enable us to run simulations for up to five quarters while identifying potential deviations and deficiencies. Such simulations support a more consistent and effective decision-making process going forward.

Vera and her daughters Débora and Thays



Satisfaction Surveys

Satisfaction surveys are instruments that allow us to identify the needs of our stakeholders, detect improvement opportunities, and validate practices, products, services, and other activities. These include:

- Client Satisfaction** – In collaboration with the Ethos Institute for Applied Research, this survey was conducted with 2,200 clients, including individuals and businesses from all over Brazil. The respondents' level of satisfaction with our products and services (only 7-10 scores were considered positive, on a scale of 0 to 10) was 80% for individuals from 83% in 2011 and 79% for businesses from 82% the previous year. The security of a strong brand associated with Banco do Brasil and the guarantee that retirement plans offer our clients in the future were among the positive aspects. In turn, increasing access and making plan information clearer were among the areas for improvement. We have been putting initiatives in place to address these issues. For 2013, we will keep focusing on improving and expanding our channels of communication with our clients (website, call center, and so forth).
- Call Center Satisfaction** – Just like previous years, in 2012 our call center had a high approval rating, according to the surveys that were immediately conducted after each call. In order to assess the quality of the services we delivered, half of the clients that contacted our channel responded to the survey and the average score we got was 9.4 on a scale of 0 to 10, just like the previous year.
- Manager Satisfaction** – The 1,300 Banco do Brasil managers are a very important audience for us, since most retirement plans are sold by the branches, which puts them on the front line between our clients and us. The 2012 survey concerning the managerial perceptions of the products, the services, and the quality of the support we provide them with showed that 94% of personal banking managers and 93% of corporate banking managers rated these categories 7 to 10 (on a scale of 0 to 10) from 95% for both in 2011.
- Satisfaction Survey with the HR Department of Corporate Clients** – Conducted with the heads of Human Resources of our corporate clients (a category in the business segment), in 2012, this survey showed us that 83% of these professionals were satisfied with the efforts of the analysts of our customized plans and gave them a score of 7 to 10 (on a scale of 0 to 10). In 2011, we recorded a 94% satisfaction rate. Conducted by an external consulting firm, this survey showed that we should improve our mean time to resolution. The highlights included the clarity of our message and the quality of the information as well as our willingness to answer any questions.
- Organizational Climate** – In order to assess the level of satisfaction of our internal audience with our corporate environment and management model, we conduct an annual organizational-climate survey with our staffers with the support of the Principal Financial Group. In 2012, the response rate was 89.3% and our target audience reported a satisfaction level of 76%, which was similar to the one we got the previous year (76.4%). When compared to 2011, our personnel management efforts, which include recognition, an appropriate balance between what is required from employees and what we offer them, and a sense of belonging, were given positive scores. As to the areas for improvement, compensation issues and technological advances were cited.



Vera and her daughters

Investment

From generation
to generation

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“More than thinking about a supplementary pension plan, I understood that social security is a smart way to invest my money. I got a Brasilprev Junior plan for Karina thinking of ensuring her education, but we have achieved this goal without needing to access this money. Today, I still think in the long run, and we always talk about the importance of using this feature in a conscious way to accomplish important projects.”

Monica Mithie Uezono Ishida, 53, is the mother of Karina, 17. Both are Brasilprev clients.

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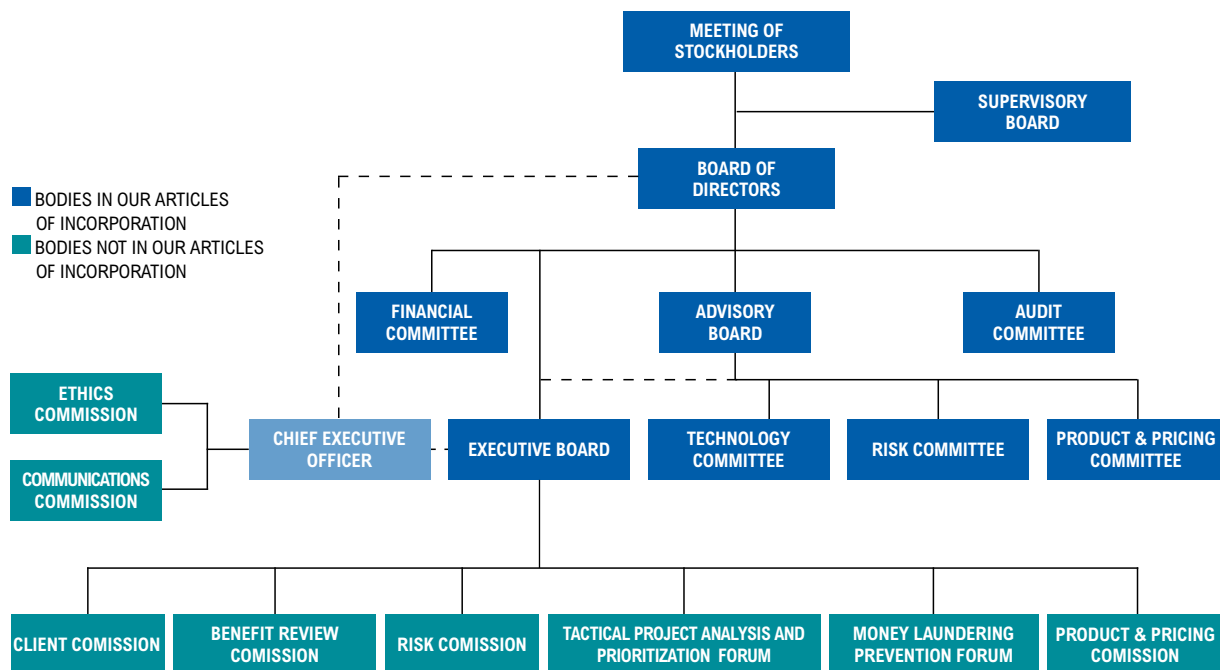
CORPORATE GOVERNANCE

Based on the guidelines of the Brazilian Institute of Corporate Governance (IBGC, acronym in Portuguese) and in line with the best industry practices, our corporate governance efforts are led by a specific department, which is responsible for designing the strategy, strengthening our governance practices, as well as promoting interaction and a close relationship between our middle and senior management. Our operations

prioritize ethics, respect, and fairness in our relationship with our stakeholders, corporate responsibility in the ordinary course of business, as well as transparency, reliability, and accountability.

Our governance structure relies on a number of committees and commissions, which aim to streamline and focus on our underpinnings.

Corporate Governance



Throughout this fiscal year, we made some changes to our management team: Sérgio Rosa stepped down in April 2012. During the transitional period, from May to September, Chief Commercial and Marketing Officer Miguel Cícero Terra Lima became our acting CEO and, in October, Ricardo Flores took over the company. In August, Nelson Katz became our Chief Planning and Control Officer. In September, Carlos Alberto Ismael Madi was appointed as Chief Financial and Investment Officer.

Meeting of Stockholders

As our chief deliberative body, the meeting of stockholders is composed of a representative from each shareholder, who come together once a year or on an as-needed basis on special occasions. Its main roles include analyzing, discussing, and voting on financial statements and deciding how net earnings and dividends should be apportioned. Furthermore, the meeting of stockholders must also elect the members of our supervisory board and approve the adjustment of our capital stock for inflation.

Supervisory Board

Permanently established with one-year terms, this body convenes every three months. It is composed of four incumbent supervisors and four substitutes, who are all appointed by the shareholders. They are tasked with investigating the actions and finances of managers as well as issuing important opinions, which are to be discussed during meetings.

Board of Directors

With no operational or executive attributes, our board of directors may draft, analyze, and approve corporate strategies, business policies, and decisions with a focus on quality, security, and consistency in the ordinary course of business. Likewise, it establishes our main business guidelines, monitors our results, and supervises our internal and external controls, especially when it comes to issues that are directly connected with risk management.

With three-year terms, eight directors and eight substitutes, including a chairman with no executive duties at the company, make up the board. Regular meetings take place every three months and special meetings occur on an as-needed basis. As policy, it favors the dynamic interaction with the executive board, thereby streamlining the decision-making process and meeting the expectations of our shareholders.

Financial Committee

In charge of proposing investment policies and guidelines, our financial committee, which was created to advise our board of directors, has five members (our Chief Executive Officer, two shareholder-appointed members, our Chief Financial Officer, as well as our Chief Planning and Control Officer) and convenes every month to analyze the performance of our investment portfolios, assess our Risk Management efforts, and prepare new investment policies, which will later be submitted to our board for approval.

Audit Committee

As ratified by the Brazilian Federal Board of Insurance (CNSP, acronym in Portuguese) Resolution No. 118/2004 on a permanent basis, it is incumbent upon this committee to take steps to improve our internal controls, assess our financial reports, follow up on the performance of our internal and independent auditors, and discharge its legal duties. In addition, it provides our stakeholders with a communications channel at our website. It is composed of three one-year-term members.

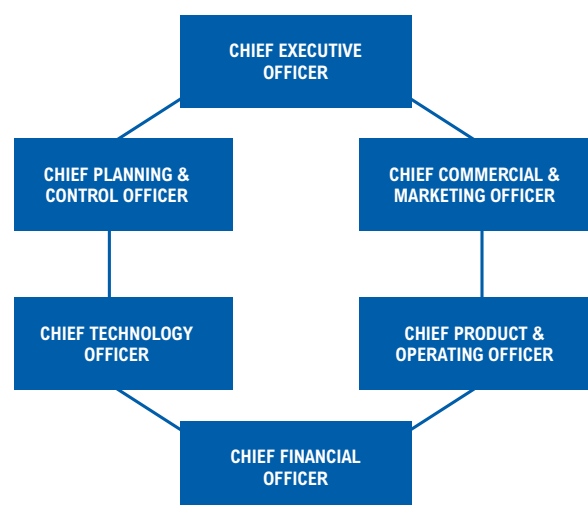
Advisory Board

Composed of our Chief Executive Officer and two shareholder-appointed members, our advisory board aims to investigate and discuss issues of interest to us. Moreover, it is tasked with advising the board of directors on the course of business.

This body relies on three subordinate committees:

- **Risk Committee:** composed of six members – the Chief Executive Officer, the Chief Financial Officer, the Chief Product and Operating Officer, the Chief Planning and Control Officer, and two other shareholder-appointed members –, this committee is tasked with assessing and following up on market, credit, liquidity, and systemic risks in issues that pertain to our risk management policies and guidelines;
- **Product and Pricing Committee:** composed of seven members (our Chief Executive Officer, our Chief Financial Officer, our Chief Product and Operating Officer, our Chief Planning and Control Officer, our Chief Commercial and Marketing Officer, and two other shareholder-appointed members), this body is tasked with supporting the advisory board with regard to our general product and pricing policies and guidelines;
- **Technology Committee:** composed of four members (our Chief Executive Officer, our Chief Technology Officer, and two shareholder-appointed members), it is tasked with supporting the advisory board with regard to our information technology management efforts.

Executive Board



Executive Board

This executive body is tasked with managing our company strategically and carrying out the guidelines that were established by our board of directors. It is composed of six members: the Chief Executive Officer, the Chief Commercial & Marketing Officer, the Chief Financial Officer, the Chief Technology Officer, the Chief Planning and Control Officer, and the Chief Product and Operating Officer. For the decision-making process, it relies on the support of the following commissions:

- **Ethics Commission:** this body aims to suggest the necessary actions and means to our senior managers to publicize, comply with, and enforce our code of ethics. It is also tasked with investigating any potential misconduct, proposing the appropriate measures to our managers, and managing our compliance hotline. It is composed of four members, two of whom were elected by our board for a one-year term;
- **Communications Commission:** composed of eight members, this commission aims to analyze our advertising campaigns, events, targeted-communication efforts, major personnel mobilization activities, and project sponsorships;
- **Client Commission:** the 10 members of this commission convene periodically to assess and submit activities and initiatives to our executive board to attain sustainable levels of satisfaction, client delight, and improved customer service, regardless of whether they are individuals or businesses;
- **Benefit Review Commission:** this deliberative body is composed of five incumbents and five substitutes, who are tasked with reviewing the denial and / or granting of disability retirement benefits that were purchased from us;
- **Risk Commission:** composed of 11 members and two permanent appointees, this commission advises our board on issues pertaining to the management and control of market, reputational, credit, underwriting, liquidity, strategic, operational, and legal risks;
- **Tactical Project Analysis and Prioritization Commission:** with six members, this commission aim to assess and submit investment and expenditure management proposals to our executive board for the planning and execution of tactical projects (with an emphasis on the continuous improvement of corporate, business, and supporting processes) as well as those that were not listed in the strategic project portfolio;
- **Money Laundering Prevention Forum:** with four members, this deliberative body deals with the communications with the Brazilian Financial Crimes Enforcement Network (COAF, acronym in Portuguese) concerning cases that are subject to Article 13, Group 2, item II of the Brazilian Federal Department of Insurance (SUSEP, acronym in Portuguese) Resolution No. 445/2012. This document addresses the prevention and fight against money laundering-related offenses.
- **Product and Pricing Commission:** this body supports and advises our board of directors in matters pertaining to the general policies and guidelines for our products and rates and is composed of six members.

Our governance is also supported by the following bodies and policies:

Audit Committee Hotline – this tool is available to all audiences via our website. This channel is devoted to audit committee inspection issues. All messages are confidential. If appropriate, the information is directly forwarded to our board of directors for analysis and, if needed, resolution purposes.

Compliance Hotline – all communications are confidential. This tool is available to all audiences and can be accessed by using our portal. Its purpose is to report questionable business practices, fraudulent activity, or unethical behavior by employees, clients, suppliers, and other partners. Any and all communications submitted to this hotline are forwarded to the Ethics Commission, which will then review the information and take appropriate action.

Code of Conduct – this document establishes the standards, rules, and behaviors that are expected of our staff. In line with our corporate culture, our code of conduct addresses issues that pertain to ethics, personal responsibility, professional secrecy, conflicts of interest, and other major aspects of employee behavior. It intends to create guidelines that will ensure professional relationships based on ethics, loyalty, justice, transparency, and trust with all the audiences involved. Our code of conduct is handed out to all managers and employees. Furthermore, it is available on our Intranet and our Governance Portal online.

Internal Controls, Compliance, and Fraud – in 2012, we remained committed to improving our operations to secure and streamline the necessary adjustments

to our internal processes and ensure that we meet the legal requirements of our industry.

The constant growth of our revenue and the number of assets under management also requires us to constantly improve how we monitor the risks inherent in the nature of our businesses, whether they are financial or not. In light of this, in 2012, we engaged the services of a team that specializes in the prevention and fight against fraud. This department aims to map the critical processes, identify any potential deficiencies in our controls, suggest improvements, and promote training and briefing sessions for our employees.

In order to improve our internal-control environment as well, we designed a training session on information security, which we gave to our internal audience and is now part of our mandatory training curriculum. Furthermore, all of our new employees have attended courses on our code of conduct, fraud prevention, and anti-money laundering and counter-terrorism financing, the latter of which is already compliant with the new rules that were established by the SUSEP Resolution No. 445/2012. Additionally, we have taken action to tell our employees how important these issues are.

Ombudsman Office – directly connected with our Chief Executive Office, our ombudsman office is an independent channel that was established to act as direct hotline to our senior managers. It focuses on guaranteeing rights and clarifying duties in contractual relationships according to the most stringent principles of impartiality and confidentiality.

It is available at our website and all of our stakeholders can access it. This body relies on seven experts that were certified by the Brazilian Ombudsman Association (ABO, acronym in Portuguese) and follow the principles of the International Ombudsman Association (IOA).

It is worth noting that our ombudsman office was acknowledged by the 2012 Brazil Ombudsman Awards, a ceremony held by Consumidor Moderno magazine with the support of the ABO and the Brazilian Association of Business-Customer Relations (ABRAREC, acronym in Portuguese). We were recertified to ISO 9001:2008, which ensures our quality excellence in our three service channels: Internal Ombudsman Office, External Ombudsman Office, and Supplier Ombudsman Office, were recertified to ISO 9001;

Mônica and her daughter Karina



Risk Management

We adopt the best practices to manage the risks inherent in the retirement and insurance industry. In this regard, we follow up on our levels of exposure and assess any imminent impact from unfavorable situations and adverse events. We also adopt control measures and high economic, financial, and actuarial security standards to preserve our solvency, our liquidity, and balanced benefit plans. To this end, we have been relying on a stringent asset-liability management (ALM) process for more than a decade.

The nature of our business exposes us to six particular risks:

- **Market Risk** – this consists of potential losses when faced with unexpected fluctuations in asset prices or a mismatch between indexes and the maturity dates of managed investment accounts and portfolios. In order to minimize such a risk, we use a more suitable set of metrics for the investment strategy of each portfolio or account and we manage the volatility of our assets;
- **Liquidity Risk** – this means potential losses stemming from inadequate funds to honor our obligations on their due dates. In order to reduce such a risk, we conduct cash flow studies on multiple scenarios, consider our best reinvestment options to maximize available funds, and define thresholds for liquid funds;
- **Credit Risk** – this represents potential losses if a counterparty fails to honor its financial obligations or its credit conditions deteriorate (rating downgrade). To avoid excessive risk exposure, our funds are only invested in partners that have a high-quality credit rating within clear frameworks and are subject to periodic economic and financial reviews;
- **Operational Risk** – this stems from potential losses due to inappropriate processes, error, information technology system failure, failed operations, fraud, and external events that harm our operations or physical assets. To mitigate this risk, we invest in improved procedures, processes, and tools and we map, monitor, and review each step of the job to identify new improvement opportunities. For future risk modeling efforts, all loss events that stem from

processes, systems, people, and external events are entered in a database;

- **Underwriting Risk** – this means potential losses stemming from the inappropriate use of actuarial methodologies or assumptions. It encompasses the following risks: acceptance, cancellation, longevity, mortality, morbidity, and product design. To control it, we have risk underwriting rules in place, follow up on developments periodically to avoid deviations, develop products with more topical features, stipulate reinsurance treaties to cover extreme disability and death events, and review technical provisions at least once a year, conducting consistency tests and actuarial recalculations to assess their appropriateness;
- **Legal Risk** – this addresses potential losses as a result of a failure to comply with legal aspects involving products, signed agreements, and regulatory, labor, tax, corporate, business, civil, criminal, and other obligations. To manage these risks, we rely on our experts and our structured processes to follow up on the reverberations in our products and internal processes.

Planning

From generation
to generation

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“My wife and I already had the Brasilprev plan, and when Ricardo was born, we got him one as well. We thought that, starting a long-term planning at that stage, we could secure our son’s future with only a little money every month. The idea is to use the investment ensure a good education for him, and we are using time to our advantage. We practice the exercise of saving together!”

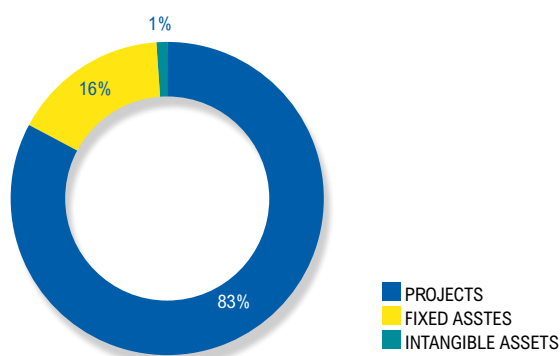
Claudio Emanuel Corrêa da Silveira, 49, is the father of Ricardo, 10, and both are Brasilprev clients.

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FINANCIAL ANALYSIS

Investments

In search of continuous improvement, we train our professionals and this adds value to our business as a specialty company and our corporate infrastructure. In 2012, our investments in the expansion of our operations were as follows:



Investments in projects exceeded BRL 13 million and they were mostly aimed at the sustainability of our businesses, our innovation efforts, and our competitive edge:

- 62.4% were invested in innovation projects, which enhance our products, services, or market positioning and boost our ability to do business and foster client loyalty;
- 34.5% were invested in business sustainability projects, which enable new processes, systems, and internal services to increase productivity, improve quality, and cut costs;
- 2.66% were earmarked for the legal department for adjustments to amended laws, adapted new products and / or services, the establishment of new internal controls and accounting standards;
- 0.42% were invested in the improvement of operational risk management and compliance tools and instruments, including the control of potential financial losses as a result of failed procedures, nonconformities, and fraud.

Asset Management

We rely on a team of financial experts that focus on analyzing and identifying the best fund allocation alternatives. With an emphasis on medium- and long-term strategies, we follow up on the behavior of all our accounts and portfolios on a daily basis. In addition, we incorporate the guidelines that were approved by our management team and our financial committee based on risk analyses, stringent asset allocation criteria, and assessments of macroeconomic scenarios.

We have been putting our effective medium- and long-term investment philosophy into practice for a long time and anticipating such changes in the market was one of the key factors that provided us with outstanding return rates and recognition in our industry.

This can be verified by the fact that, in 2012, our investment accounts were ranked high by Standard & Poor's and the Center for Financial Studies of the Getulio Vargas Foundation at São Paulo (FGV-SP, acronym in Portuguese), whose findings were published in ValorInveste and Você S/A magazines, respectively, according to which we had the largest amount of accounts with three, four, and five stars, a performance above the market average. We were also considered the best company in the Financial Sustainability Management category by ISTOÉ Dinheiro and we were among the highlights in Brasil Econômico's Investment Report – The Best Funds, which is based on data from the ANBIMA and the Brazilian Securities and Exchange Commission (CVM, acronym in Portuguese).

Such accolades are a reflection of the experience our professionals boast when managing retirement funds and supporting our shareholders as well as our successful partnership with BB DTVM, our fund administrator.

Diversification and New Investments

The entire process of establishing strategies and managing funds stems from the identification of investment opportunities with a moderate risk for us to diversify our portfolio and maximize any potential gains. This is why the new interest rate scenario poses new challenges to our managers, who search for the best return on longer-term investments in fixed-income securities and strive to create a well-structured portfolio around variable-income securities.

In 2013, we are looking at the possibility of entering the real-estate market not only via real-estate investment trusts or residential mortgage-backed securities, but with real estate itself as well. This pioneering initiative in the Brazilian market aims to give our clients a way of increasing the number of options they have to diversify their portfolios, with an expected higher long-term return rate. In addition to this initiative, we have been making efforts to develop an active bond market.

Governance in Asset Management

We start by adopting stringent criteria to make sure that our clients' assets are responsibly and competently managed in compliance with a controlled risk management process.

Our financial committee is tasked with establishing the investment strategies for an account or a family of accounts, which will be carried out by our experts as well as the BB DTVM professionals to provide our clients with outstanding return rates. Such strategies require us to analyze scenarios, sectors of the economy, and markets (fixed income, variable income, financial and capital markets) as rigorously as possible from every possible angle, including pros and cons, risks, opportunities, the future prospects of each account, and check that proposals are in line with the investment policy that was passed by our board of directors.

To us, the consistent performance of our investment accounts, combining return, risk control, medium/ long-term vision, and transparency, takes precedence over all other matters in the retirement industry.

BB DTVM

As a wholly-owned subsidiary of Banco do Brasil, BB DTVM has more than 25 years of market experience and is a leading company in the Brazilian investment fund and portfolio management industry. At the end of 2012, our equity exceeded BRL 435 billion, according to the Brazilian Association of Investment Banks

(ANBID, acronym in Portuguese) rankings. Since 2006, BB DTVM was also rated MQ1, the highest management quality rating, by Moody's Latin America, one of the main credit rating agencies in the world, after having its rating reviewed and upheld in 2012.

BB DTVM is also a signatory to the Principles for Responsible Investment (PRI), which advocate considering social, environmental, and corporate-governance issues when making investment decisions, and respects such guidelines in their capacity as our fund managers.

Families of Funds

We rely on five families of investment funds with different compositions, according to the type of plan chosen by clients, their profile, and the maturity dates they select to receive their benefits:

- **Fixed Income:** oriented towards clients that want a long-term return at a minimum risk, this fund aims to protect their wealth. With it, we invest in government bonds to make the most of an interest rate that is still attractive in the long run and corporate bonds to get a premium on the interest paid by government bonds;

To us, the consistent performance of our investment accounts, combining return, risk control, medium/long-term vision, and transparency, takes precedence over all other matters in the retirement industry.

The couple Marcia and Claudio with their son Ricardo



- **Balanced Fund 20:** it aims at a long-term return at a moderate risk with 15% to 20% of total investments in variable-income securities and 80% to 85% in fixed-income securities (government and corporate bonds);
- **Balanced Fund 49:** with a bold profile and long-term growth forecasts, up to 49% of funds are invested in variable-income securities and at least 51% in fixed-income securities (government and corporate bonds);
- **Balanced Fund 49D:** with a bold profile as well, the portion of funds earmarked for variable-income securities is invested in the shares of companies with a good history of dividend payout. Just like the previous one, 51% of funds are invested in fixed-income securities and up to 49% in variable-income securities;
- **Life Cycle:** considered the most cutting-edge investment concept in the retirement industry, it aims primarily to follow up on the life cycles of our clients. To this end, it adjusts fixed- and variable-income percentages over time to try and find a balance to get the best risk-reward ratio. Risks are commensurate with the selected date: if bold, there is more time to endure potential financial fluctuations; if conservative, the redemption date is closer. We have three categories in this family of funds, according to the timeframe to execute the life plans of clients: Life Cycle 2020, Life Cycle 2030, and Life Cycle 2040. At the end of 2012, we prepared our portfolio to start next year with the small-cap strategy for Life Cycles 2030 and 2040, which focus on investments in the shares of companies with lower market capitalization.

2012 Yield Table For Funds

NET RETURN / REFERENCE PERIOD: 12/31/2012				
	Management Fee	12 Months	24 Months	36 Months
FIX	3.40%	7.29%	16.80%	25.23%
FIX II	1.50%	9.34%	21.30%	32.52%
FIX III	3.00%	7.72%	17.73%	26.73%
FIX IV	2.50%	8.26%	18.91%	28.63%
FIX V	2.00%	8.80%	20.10%	30.56%
FIX VI	1.25%	9.61%	21.91%	33.52%
FIX VII	0.80%	10.10%	23.00%	35.31%
FIX A	0.95%	9.92%	22.58%	34.62%
FIX C	1.00%	9.88%	22.51%	34.51%
COMP 20	3.50%	6.89%	9.63%	15.29%
COMP 20 II	1.50%	9.05%	14.13%	22.43%
COMP 20 III	3.00%	7.41%	10.71%	16.99%
COMP 20 IV	2.50%	7.93%	11.80%	18.72%
COMP 20 V	2.00%	8.51%	12.99%	20.61%
COMP 49	3.00%	6.69%	2.76%	6.74%
COMP 49 II	2.00%	7.76%	4.84%	9.99%
COMP 49 D	2.00%	8.87%	17.89%	29.08%
COMP 49 D E	1.25%	9.68%	19.65%	31.97%
CYCLE 2020	2.00%	19.84%	21.72%	36.17%
CYCLE 2020 II	3.40%	18.18%	18.35%	30.56%
CYCLE 2020 E	1.25%	20.73%	23.53%	39.21%
CYCLE 2030	2.00%	19.26%	16.67%	28.35%
CYCLE 2030 II	3.40%	17.58%	13.40%	22.99%
CYCLE 2030 E	1.25%	20.14%	18.39%	31.20%
CYCLE 2040	2.00%	18.42%	13.28%	23.51%
CYCLE 2040 II	3.40%	16.76%	10.11%	18.36%
CYCLE 2040 E	1.25%	19.29%	14.94%	26.24%
MULTISPEC	1.25%	21.84%	22.08%	37.21%

Single-Investor Funds

	Management Fee	12 Months	24 Months	36 Months
FIX Z	0.85%	9.62%	22.31%	34.69%
RT RI	0.70%	9.47%	22.11%	33.67%
RT PE	0.80%	10.29%	22.10%	34.04%
RT 49 M	1.00%	8.91%	8.17%	15.13%
RT TH	0.80%	9.77%	17.39%	-

Results

Just like previous years, our performance in 2012 had positive results above the market average.

- **First in Net Deposits** – as the leading trustee in net deposits, which is total deposits plus any rollovers receivable less withdrawals and rollovers payable, since 2008, we excelled at this indicator, with BRL 13.07 billion (YTD). With BRL 13.07 billion, we gained 61% over the previous year, while the market grew by 30%;
- **Assets Under Management** – we ended 2012 with BRL 67.6 billion in assets under management, a 37,4% increase over 2011.
- **Ranked Second in PGBL and VGBL Deposits** – we finished 2012 as the runner-up in PGBL and VGBL deposits, with 26.5% of market share. In these categories, our deposits reached BRL 17.7 billion throughout the year, a 57.9% increase over 2011, which is above the market average (33.2%). Such growth was strongly driven by our VGBL product, whose deposits added up to BRL 15.7 billion, a 67.6% gain over the previous fiscal year, which is above the market average (37.3%). In turn, the PGBL raised BRL 2.1 billion, an 8.8% increase over the same period in 2011, while the market grew by 7.6%. Total deposits for the year (PGBL, VGBL, and traditional plans) worked out at BRL 18.2 billion, a 55.7% increase, which is above the market average (31.5%), which ended the year with BRL 70.4 billion;
- **Deposits by Segment** – for individuals, our total deposits added up to BRL 16.4 billion, a 60.8% increase over 2011, while the market grew by 37.6%. For businesses, we had a 35% gain over the previous fiscal year, which worked out at BRL 971.8 million, while the market fell 1%. For children- and teenager-oriented plans, we grew by 8.8%, which totaled BRL 857.4 million, while the market grew by 7.3%;
- **First in Rollovers** – with BRL 457 million in net rollovers, we finished the year ahead, with BRL 965 million in rollovers receivable against BRL 508 million in rollovers payable;
- We ended 2011 with a balance of BRL 2012 billion in technical reserves, a 38.8% increase over the previous year (BRL 67.3 billion);
- **Net Income** – at the end of FY 2012, our net income reached BRL 484 million, a 25.5% increase over 2011 (BRL 385.7 million).

As the leading trustee in net deposits, which is total deposits plus any rollovers receivable less withdrawals and rollovers payable, since 2008, we excelled at this indicator, with BRL

13.07
billion (YTD).

Statement of Value Added (SVA)

The value we add is a testament to our ability to generate wealth and shows the social effects of how these funds are distributed among our various stakeholders. The value added is calculated based on the difference between earnings from the sale of products and services and expenses stemming from the purchase of goods and services from third parties as well as depreciation and amortization costs.

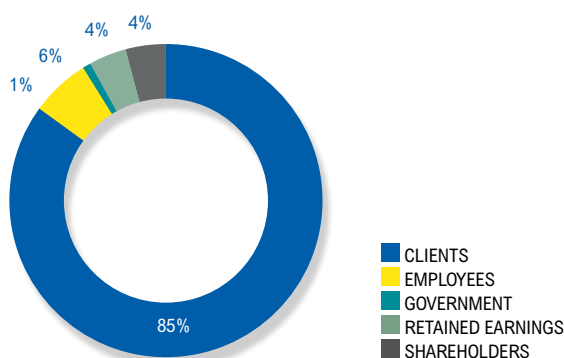
Our profit reinvestment and dividend payout policies are contained in our bylaws and were approved during a meeting of stockholders. Shareholders are entitled to dividends of at least 25% of our net income for the fiscal year.

In 2012, our value added worked out at BRL 6.218 million, a 41.7% increase over the previous year, with 84.6% for clients (yield from investment accounts), 6.4% for the government and the community (taxes and contributions), 1.2% for our employees, 3.9% for our shareholders, and 3.9% in retained earnings. (To learn more, please refer to our Statement of Value Added in our financial statements.)

Distribution of Value Added (in Thousands of BRL)

	2010 (IN THOUSANDS OF BRL)	2011 (IN THOUSANDS OF BRL)	2012 (IN THOUSANDS OF BRL)
TOTAL DISTRIBUTION OF VALUE ADDED	3,395,102	4,389,201	6,218,212
Personnel (Wages, Benefits, Payroll Taxes)	66,765	71,926	72,602
Government and Community (Taxes, Fees, and Contributions)	250,258	314,752	397,926
Clients	2,777,967	3,616,803	5,263,657
Shareholders (Dividends)	178,954	216,000	239,425
Retained Earnings	121,158	169,720	244,602

DVA 2012



Knowledge

From generation
to generation

“

“I learned early on from my parents to ‘always spend less than you earn’, to ‘not go into debt’ and to ‘not take a bigger step than you can’. I taught my children this too, and I’m happy to see that they absorbed these tips and fondly passed them on to my grandchildren. It is reassuring to know that we can all count on Brasilprev plans to implement large projects.”

Getulio José Martins Segalla, 62, is the father of 10 children and grandfather of Francisco, 1, and other 4 grandchildren. All of them are Brasilprev clients.

”

STAKEHOLDERS

In order to strengthen our relationships, add value to our stakeholders, and ensure the sustainability of our operations, we promote initiatives and have structures and channels of communication in place to address each stakeholder in a timely and effective manner. In line with our Active Life philosophy, all of our actions are based on our strategy and core values.

Geared towards our internal audience at first, after 2010, this concept grew stronger in our relationship with all of our stakeholders. Our Active Life approach suggests that there are four key drivers for people to be able to carry out their life plans. They are as follows: financial literacy, which shows that good fund management efforts are key to enable planning and execute life plans; quality of life, which is essential to be able to enjoy such achievements; entrepreneurship, the driving force that leads people to put their plans into practice and see bolder and bolder ideas through; and social responsibility, which allows our clients to enjoy such accomplishments in full while helping the community and the environment receive an appropriate treatment with sustainable projects in the long run

Shareholders

Ethics, respect, transparency, and fairness are principles that guide our relationship with our shareholders – Banco do Brasil and the Principal Financial Group – in search of sustainable and growing results. To this end, we invest in the continuous improvement of our operations to add value to our shareholders and other stakeholders year after year.

When we make important decisions, we rely on the support and backing from both conglomerates, who play a role in the decision-making process. Furthermore, we hold meetings of stockholders every year, during which shareholders discuss accountability issues, hold elections, approve amendments to the articles of incorporation, and take steps to enable a sustainable business expansion.

Ethics, respect, transparency, and fairness are principles that guide our relationship with our shareholders – Banco do Brasil and the Principal Financial Group.

Clients

When dealing with our clients, we focus on an outstanding performance in investment management and ensuring effective consultative support and conveniences. In line with the four Active Life drivers, to us, offering solutions that go beyond the financial aspect and actually help our clients enable their life plans is paramount. This is why we strive to provide our clients with clear educational information on our products and services through a wide range of channels of communication and a team of highly qualified professionals with a deep grasp of our business.

Every year, we constantly train our own sales force as well as the Banco do Brasil sales team, preparing them to close sales that meet the needs and expectations of our clients. We intend to ensure a good deal based on an informed decision and build an effective and long-lasting relationship while following up on our clients during all the phases of their lives. In 2012, around 8,000 Banco do Brasil managers participated in training sessions that addressed our retirement plans.

During this period, we spread the word about retirement concepts by using several channels of communication, including radio spots and YouTube tutorials. In addition, we sponsored the publication of the special retirement edition of *Você S/A* to bring readers information about retirement plans. Moreover, we have client service channels that include:

- **Call Center** – our clients notice the variety of communication channels we offer. When they started accessing these alternatives, the number of incoming calls at our call center decreased. In 2012, our call center was recertified to ISO 9001:2008 and Probare in the Code of Ethics and Management Maturity categories, a testament to the quality of our services, our concern for constantly improving our processes, and the effectiveness of the training we give our call center team. As a result, we got a very positive response in the satisfaction survey we conduct at the end of calls, which led to a 9.4 satisfaction average (on a scale of 0 to 10). During this period, our call center received 750,000 calls, a 26% decrease in the average number of incoming calls for the last three years;

- **Mobile Banking** – this is a smartphone application for Banco do Brasil account holders that enables them to learn more about our retirement plans. In 2012, the use of this application to make additional contributions generated deposits to the amount of BRL 4.6 million. All in all, 330,600 transactions were performed via mobile banking, a 156% increase over 2011;
- **Ombudsman Office** – this is an outreach channel whose actions are based on transparency, independence, autonomy, and impartiality. In general, it tries to address complaints by guaranteeing rights and clarifying duties in contractual relationships, thus adding value to our clients. In 2012, our ombudsman office was recertified to ISO 9001, which ensures the excellence of our quality standards;
- **Website** – our website contains services such as plan management tools, simulators, and an online consultant (a real-time client service capability to answer any questions our clients may have). Additionally, in 2012, we developed a permanent dedicated section to help people file their tax returns. The continuous improvement of this channel led to more than 1.2 million hits during this period. As for our secure area, which provides clients with account balances, account statements, wage and tax statements, among others, we had over 317,000 hits. The integration between the BB and Brasilprev portals allows our clients to check their retirement plans through different channels (self-service, Banco do Brasil website, Brasilprev website);
- **Short Message Service (SMS)**: – text messages are sent to the cell phones of our clients to follow up on their requests to check the state of their plans. Our clients highlighted this service in the satisfaction survey because of how quickly they got the information, which was objective and concise;
- **Banco do Brasil ATMs** – Banco do Brasil clients can get a statement of their retirement plans from the more than 44,000 automated teller machines available. During this period, nearly 233,000 tickets were processed.

In addition to these services, to strengthen our relationship with our clients, we also have a client relations program in place that holds several events with exclusive perks for invited clients. In 2012, we held around 100 events, which were attended by nearly 33,000 clients and prospects.

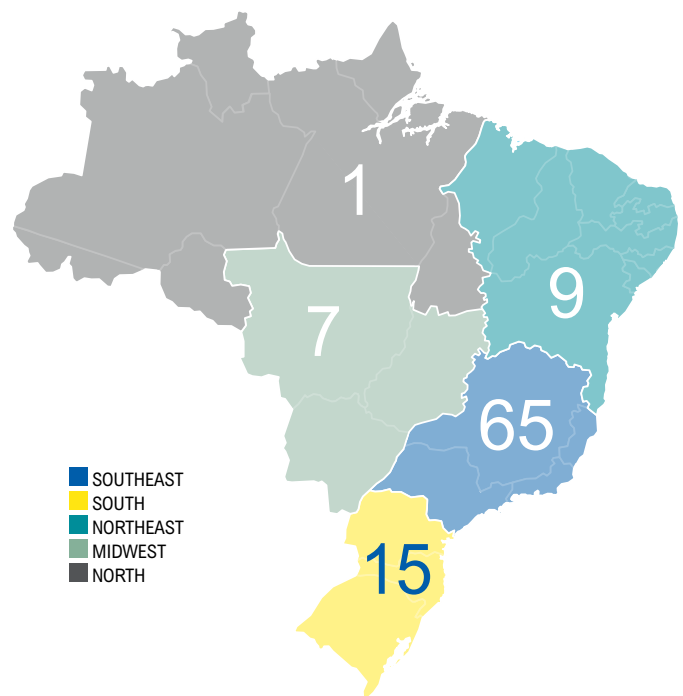
Corporate Clients

The highly qualified and customized service we provide our corporate clients is one of the factors that make us stand out from other trustees. We hold in-house workshops to educate our clients on retirement plans and product features and help them understand the importance of long-term savings. Moreover, we develop materials with our own visual identity to help spread the word about this topic in the internal channels of communication of our clients.

In 2012, we developed a microsite with informative and clear contents for employees with corporate plans so they would know how to proceed in case of separation.

During this period, our corporate clients also had access to the My Life Plan platform, an online financial-literacy course. The contents of this platform, which are periodically available, aim to diffuse notions of budget planning, interest rates, expenses, among other important financial concepts.

Number of Business Consultants by Brazilian Region



Employees

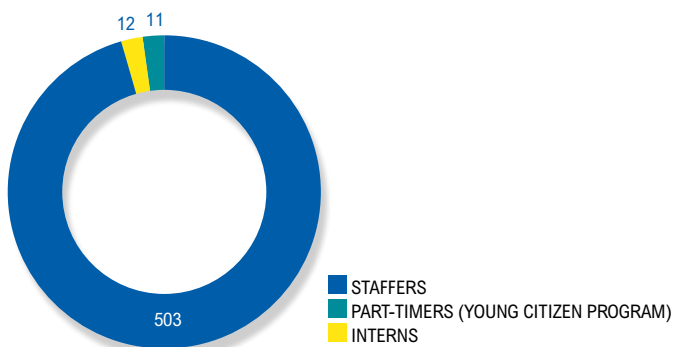
Strategically driven to be an excellent company to work for, we favor equal treatment between employees, we provide opportunities for professional development and growth at the company, we encourage the quality of life of our employees, and we promote a good organizational climate.

Throughout the year, we reviewed our corporate technical competencies to ensure compliance with our core values. Slated for implementation in 2013, this initiative comes as a result of the efforts we made

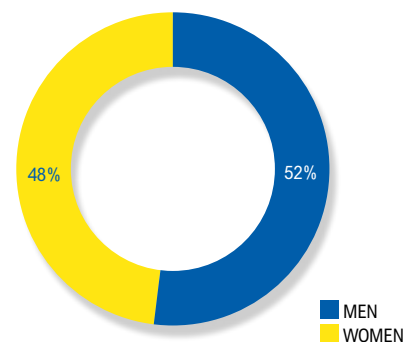
throughout 2010 and 2011, which led to a review of our corporate identity, composed of our mission statement, our core values, and our vision statement.

In 2012, our staff under the Brazilian Labor Laws was 503 strong, including 11 part-timers (participants of the Young Citizen Program), 12 interns, and 471 contractors. With the exception of interns, apprentices, and officers, 100% of our staffers work under the terms of a collective agreement.

Employees by Type of Contract



Management-Level Position by Gender



DIVERSITY AMONG EMPLOYEES (1)

	2009	2010	2011	2012
Women	51.0%	49.0%	48.0%	47.0%
Black, Brown, or Biracial Employees	5.2%	7.7%	8.4%	11.1%
Asian	1.0%	5.2%	5.2%	4.7%

(1) Staffers Under the Brazilian Labor Laws (CLT).

TOTAL NUMBER OF STAFFERS BY REGION

Northern Brazil	1
Northeastern Brazil	9
Southeastern Brazil	471
Southern Brazil	15
Midwestern Brazil	7

Benefits and Perks

In order to help our employees achieve their life plans, we offer our staffers a wide range of benefits and perks within the framework of our Active Life concept.

Personal & Professional Development

- Classes for future moms and dads;
- Active Life Special Moment (monthly events with several topics for employees);
- On-site and online development group;
- Volunteering Program

Health Benefits / Protection for Employees and Their Families

- Dental insurance;
- Benefits for child care and babysitting services, and children with special needs / disabilities;
- Burial insurance;
- Check-ups for executives;
- Occupational health initiatives;
- A wellness center that manages several health promotion programs;
- One-time benefit for death or disability;
- A follow-up program for employees with chronic diseases;
- Employee Assistance Program (EAP) (guidance to cope with psychological, financial and legal issues);
- Life insurance;
- Health insurance;
- Vaccination.

Quality of Life

- Races (perks to join footraces);
- Day off on birthday;
- Beauty center (manicure, cosmetic treatment, therapeutic massage);
- Lactation room (which encourages breastfeeding);
- Gourmet area;
- Fitness room;
- Wellness room;
- Vacation twice a year;
- Corporate wellness;
- Healthy hour (fruits, yogurt, and other healthy foods are delivered);
- Flexible Workdays
- Extended maternity leave and telecommuting for fathers;
- *Massage at work.*

Finance

- Food allowance;
- Commuter benefits;
- Meal allowance;
- A supplement to sick pay;
- Partnerships (discounts at partner businesses);
- Mortgage loans from Banco do Brasil (improved rates);
- Payday loans;
- Rewards and promotions (financial recognition);
- Nosso Brasilprev / Brasilprev Júnior arrangements (IRAs);
- A paycheck every fifteen days;
- Profit-sharing plan (PSP);
- BB auto insurance (discount);
- Online training in financial literacy;
- Transit pass.

Leisure

- Celebrations;
- Chill rooms;
- Draws.

For interns, benefits include health insurance, life insurance, meal allowances, and a transit pass. Teen apprentices get a transit pass and health insurance.

Nosso Brasilprev

Nosso Brasilprev is a retirement plan that was especially designed for our staffers, who may also choose plans with outstanding terms for their children. Available in the PGBL and VGBL categories, Nosso Brasilprev allows our employees to invest in the accounts that best suit their profiles, featuring exclusive management fees, no administrative charges, spousal support and child support for children under 21, and one-time death benefit fully covered by the company. Furthermore, we match the employee's contribution.

After three years as staffers, associates are entitled to 40% of the balance that we deposited and, after seven years, they are entitled to 100%. In 2012, our total contributions to the plans of our employees worked out at BRL 1,857,024.43, a monthly average deposit of BRL 154,752.04.

Professional Development

In order to improve the competencies of our employees, we offer them an annual on-site and online curriculum, which provides them with development and professional growth opportunities and helps us attract and retain our talents.

Based on results from our organizational-climate survey, our performance cycle, and consultative support meetings, this curriculum covers training in several fields of knowledge, which are divided into four axes of learning: Management and Leadership; Attitude; Business; and Technical.

During 2012, training-related activities focused on developing our managers, improving our organizational competencies (with at least one course for each competency); and expanding the range of our online programs, thereby meeting the increased demand and allowing professionals from other regions to access our training sessions and corporate culture as well. Overall, 289 training activities were carried out. For the next fiscal year, our Personnel Management Department intends to keep emphasizing the development of leaders and competencies.

Additionally, we have multiple specific programs in place, such as:

- **Scholarships:** these are meant for undergraduate and graduate education, MBAs, and language courses. In 2012, we granted scholarships to 78 employees, 65 of whom were new participants and 16 were continuing recipients. Grants covered from 50% to 90% of tuition costs and our total investment added up to BRL 685,000;

- **Internship Program:** established in 2012, this program features meetings between interns, their advisors, and representatives from our Personnel Management Department, which are held periodically to develop our organizational competencies and prepare improvement and innovation projects that can later be implemented in the field of activity of students. Throughout the year, we hired 20 interns, out of whom three were put on the payroll;
- **Young Citizen Program:** as a result of a partnership with the São Paulo State Government, this program offers placement opportunities to students from public schools with paid internships. During 2012, 15 young people benefited from this program, which is monitored by two experts – one from Personnel Management and the other from Social Responsibility –, who interview each of the apprentices on a monthly basis to review the program and conduct one-on-one follow-up sessions. In addition, these young people participate in the Volunteer Citizen Program, where our professionals teach them core classes for the professional and personal development of students. (To learn more, please refer to Stakeholders / Community section.)

We provide opportunities for professional development and growth at the company, we encourage the quality of life of our employees, and we promote a good organizational climate.

Manager Development

During the year, we promoted training sessions through our manager development program (MDP). This program has a specific methodology, which is structured around the support from an external consulting firm based on Ram Charan's concept of leadership pipeline. Oriented towards personnel management and self-knowledge, courses have 48 credit hours on-site, which are divided into three two-day meetings. With a focus on developing rookie managers, the MDP offers personnel management tools and contributes to activities in tune with our strategic goals;

Other training-oriented efforts included executive coaching sessions for managers. With a focus on developing leadership-related competencies, 10 professionals (10% of all our managers) participated in this program for six to eight months on average.

Other employee-oriented initiatives in 2012 include the following:

- **Corporate Library** – based on the Quality of Life pillar of our Active Life concept, we opened our corporate library in early 2012. With a collection of 1,500 works, this library acts as a hub for the diffusion and sharing of information, research, and book lending. This library's sections include foreign and Brazilian literature, technical books, managerial works, and DVDs. The library is open to our staffers, interns, apprentices, and Young Citizen Program participants, including consultants from other regions;
- **Vitrine Eletrônica** – renewed in 2012, our message board got a new layout and improved sections, such as Economy, Sports, and Region, to keep our employees posted on the latest Brasilprev developments and report the news;
- **Move It Challenge** – in 2012, we accepted the Move It Challenge, an initiative against the sedentary lifestyle and for physical activity. This initiative encouraged 32 groups, for a total of 220 participants, to exercise for a period of two weeks. At the end of the competition, 21,595,310 steps were recorded, which is like walking from the South Pole to the North Pole.

Suppliers

Strengthening and improving our relationship with our suppliers is a key portion of our business strategy. This is why we base our relationship on principles such as ethics, mutual respect, and transparency. Moreover, we provide interaction instruments that keep our actions in check, bring our stakeholders together, and maintain the quality of our channels of communication.

To conduct the supplier management process, since 2010, a multidisciplinary group composed of Procurement, Legal, Processes, and Social Responsibility professionals aims to work together to fine-tune our communications with this audience and develop actions with a focus on the alignment with our sustainability practices. These actions include the Meeting of Suppliers, an annual workshop to exchange experiences and information with these partners. On its sixth edition, this 2012 event delved into the retirement business and how important this audience is for us to accomplish our mission. Seventy-one professionals from 42 companies attended the meeting, with a 100% satisfaction rate.

Still during this period, the Supplier Group, in collaboration with Processes, reviewed the internal procurement rule. Based on these efforts, we were able to establish a wider scope of action, which was referred to as Supplier Management, whose main contribution was introducing certification criteria.

Other initiatives oriented towards this audience include an invitation to sign a voluntary pledge, which contains the initiatives we adopt, cherish, and recommend to encourage such partners to adopt the same practices, as well as periodic visits to such suppliers to check how these guidelines have improved. Since 2010, we visited the facilities of 25 suppliers, who also signed the pledge.

Furthermore, we offer our service providers an exclusive ombudsman office, which tries to enforce our principles of ethical behavior and transparency in our relationship with our business partners. And there is the Compliance Hotline, which receives complaints about nonconformities or failure to comply with the principles and rules contained in our code of conduct. All the information is treated with confidentiality and secrecy.

Community

As a company that essentially works with long-term fundamentals, we understand that doing business responsibly at the community level is part of our nature.

Our Social Responsibility strategy is in line with our Active Life philosophy, with practices that are mainly geared towards financial literacy, which is directly tied to our business. This year, we earmarked BRL 1.2 million for social projects in connection with the field of education with an emphasis on the development of young people and adults. Moreover, we contributed to cultural and sports initiatives to the tune of BRL 6 million.

As management guidelines for our relationship with the surrounding communities, we are also affiliated with the Ethos Institute for Business and Social Responsibility and the Child-Friendly Company Program of the Abrinq Foundation for the Rights of Children and Teenagers. Additionally, we have been supporting the Global Compact, a United Nations initiative, since 2008.

Privately-Funded Social Projects

- **A Breakdown of Life Plans:** In association with the Trevisan School of Business, we give free on-site lectures on financial literacy with an emphasis on the importance of financial planning and savings to achieve life plans. These lectures, which last an hour and a half on average, are given by college students, who receive specific training to become multipliers and are oriented towards young people from public and private schools, members of neighborhood associations, and other entities from the city of São Paulo and the ABC Region. After the event, attendees receive a summary of the contents that were presented and a link to access a monthly budget spreadsheet at our website. Since its inception in 2010, this project already held more than 540 meetings, benefiting over 25,000 people. In 2012 alone, 336 lectures were given.
- **Collective Water Project:** Completed in 2012, this project aimed to bring quality water to underprivileged people from Pernambuco State, Brazil and help them work in construction, thereby strengthening local businesses (whose main activities include the craft production based on the licuri palm tree) and enabling job creation, income generation, and an improved quality of life. All in all, we built 200 rainwater tanks (water quality was controlled by using an automatic disposal system), which benefited 213 families in the cities of Caetés, Itaíba, Manari, Pesqueira, and Serra Talhada, an area with the lowest municipal human

development index. In addition, we built 13 housing units with rainwater tanks for maroon families from Pesqueira as well as a place for community meetings.

The positive results of the project's first experience led to the beginning of the second phase, with a wider regional scope, where we invested BRL 50,000. We expect that, after 2013, five more cities in the area, for a total of around 1,100 people, will be benefited.

Volunteering Program

We encourage our volunteers by promoting internal and external actions and allow our employees to leave the workplace during office hours for up to eight hours a year to participate in volunteer projects. This program covers the following initiatives:

- **Volunteer Citizen:** volunteers teach classes on personal and professional development to young people aged 16-22 who participate in our Young Citizen Program. In 2012, 44 volunteers participated in this project, which served 15 young people;
- **Storytellers:** volunteers visit associations, social institutions, or public schools to tell stories to children to foster reading habits and promote a cultural education. This year, this project served 80 children aged 3-13 at the Brooklin Social Center and the Gotas de Flor com Amor NGO. Both these institutions are based close to us.
- **A Breakdown of Life Plans:** besides bringing lectures on financial literacy to the general public, we encouraged our employees to spread the word by giving lectures at surrounding institutions.

Our Social Responsibility strategy is in line with our Active Life philosophy, with practices that are mainly geared towards financial literacy.

We also developed internal mobilization campaigns and, in 102 days of activities throughout the year, we gathered over 3,200 items, including school supplies, books, and personal hygiene products, and we helped 11 institutions. The campaigns include:

- **Winter Clothing Drive:** as a traditional initiative for us, a fun competition between the guys and gals from our company gathered over 3,6 tons of clothes in 2012, a 25% increase over 2011. The garments we received were donated to Liga Solidária, Casa Jesus Amor, and the charity and orphanage of the Saint Peter Fourier Parish;
- **Christmas Campaign:** triple solidarity was the theme of the campaign, which aimed to introduce three charities: Lar Batista, the Francisca Franco Foundation, and the Children-Friendly Project. All in all, our employees gathered toys for 385 children and teenagers aged 0-17.

Socially Responsible Investments

In order to promote social development, we use some tax breaks to support culture, sports, and social projects.

During this period, our socially responsible investments worked out at BRL 7.2 million.

	NUMBER OF PROJECTS	AMOUNT (IN THOUSANDS OF BRL)
Rouanet Act (Arts and Culture)	13	BRL 4,843.9
Sports Act	1	BRL 1,201.0
São Paulo City Fund for Children and Teenagers (FUMCAD)	5	BRL 1,190.5

To support social projects with funds from the São Paulo City Fund for Children and Teenagers (FUMCAD, acronym in Portuguese), we prioritize initiatives that focus on education and job creation. In 2012, funds were earmarked for five projects, two new ones and three that already existed, but are being renewed. These will be developed in 2013.

- **Associação Programa Educar:** this institution offers teenagers a human and technical education through vocational courses that aim to prepare them for the job market as apprentices. We renewed our support for the association's programs for the third time in a row because of the important results they have been getting. In 2012, we sponsored a project for forklift truck technicians and auto mechanics to train around 40 young individuals;
- **Educators Without Borders:** we support the Ecosaberes – Sustainable Knowledge Development project, which aims to supplement the education of children and teenagers from Jardim Ângela, a São Paulo neighborhood. We renewed our support for this initiative, which aims to serve 80 children and teenagers;
- **Teen Recycling Institute (Reciclar):** this initiative provides at-risk teenagers with further education and training in the art of recycling paper to make free gifts and other corporate products. This program has been meeting the needs of 130 teenagers from the São Paulo neighborhood of Jaguaré since 2009.

The new projects we started supporting in 2012 include:

- **São Paulo Israelite Congregation:** the Training Project serves nearly 400 children and young people aged 4 or older, with daily activities and vocational training with a focus on the job market;
- **Imagemágica:** This vocational photography course trains young people aged 15-18 to help them enter the job market. Sixty young individuals from the surrounding communities will be benefited.

ENVIRONMENTAL PERFORMANCE

We are not only focused on ethics and transparency in the ordinary course of business. We also constantly strive for ways to reduce the environmental impact our operations cause while encouraging our stakeholders to adopt initiatives to the same end.

Based on the Global Compact, we are committed to environmental protection, one of the principles of the agreement, which guides the initiatives we carry out both internally and externally. In addition, since 2005, we have been supporting the Carbon Disclosure Project (CDP), a nongovernmental organization that seeks to promote a dialog between investors and corporations, and encouraging the collection of data about the sustainable practices of major corporations around the world.

We are also a signatory to the 2011 Global Investor Statement on Climate Change, a global investment initiative from the United Nations Environment Programme Finance Initiative (UNEP FI) that contains demands for governments to create development stimulus policies for a low-carbon society as a contribution to the sustainable development of nations.

During this period, we invested over BRL 12,000 in projects and actions that reinforced our efforts to incorporate the best environmental practices. In addition, we increased our controls and we improved our tools to investigate the impact of our operations on the environment.

Mr. José Getulio with his son Matheus and his grandson João. Three generations of Brasilprev clients.



Greenhouse Gas Management

Every year, we survey our direct and indirect greenhouse gas emissions based on the methodology of the Brazilian GHG Protocol program. Measurement is the first step to improve the fight against climate change. We have been taking action consistently to reduce our emissions. The survey is described in a two-pronged inventory:

- Direct emissions (use of fuel by generators and vehicles);
- Indirect emissions (power consumption, use of fuel when taking cabs and using courier services, air travel, and generation of organic waste).

In 2012, our total electric energy consumption was 3,635,920 kWh, which takes into account our headquarters and, partially, a building in the São Paulo neighborhood of Jabaquara, which is home to a portion of our call center as a contingency measure.

In 2012, our total emissions worked out at 633.6 tons of CO₂e, according to the below table:

SOURCE	2010	2011	2012
	EMISSIONS (TCO ₂ e)	EMISSIONS (TCO ₂ e)	EMISSIONS (TCO ₂ e)
ESCOPE 1			
Generators	0.69	-	2.4
Corporate Fleet	4.76	6.1	6.2
ESCOPE 2			
Electricity	106.05	70	171.9
ESCOPE 3			
Air Travel	329.18	367.6	408.6
Taxicabs and Motorcycle			
Couriers	27.17	14.4	22.9
Waste Generation	60.9 ¹	26.2	21.6
Total Emissions	528.75	484.3	633.6

(1) For our 2010 greenhouse gas emissions, the waste generation figure changed because we adjusted the emissions factor we used in the calculations.

To minimize our environmental impact, we are in charge of preserving a native forest in the city of Barra do Turvo (upstate São Paulo), with an area of nearly 15 acres.

Waste Disposal

In line with our ecoefficiency efforts, in 2012, we continued our waste sorting program. All recyclable materials were sorted and recycled by a contractor. Organic waste was sent to the Pedreira landfill in the city of Guarulhos (São Paulo State).

From 2011 to 2012, we improved our recyclable-waste controls considering only our volume instead of our entire headquarters.

TOTAL AMOUNT OF WASTE COLLECTED (BY WEIGHT, TYPE, AND DISPOSAL METHOD)

Type	2010	2011	2012	Recycling
Plastic (tons)	2.43	5.89	5.46	Yes
Paper and Board (tons)	12.65	18.35	14.54	Yes
Metal (tons)	0.19	0.46	0.28	Yes
Glass (tons)	0.02	0.07	0.03	Yes
Organic (tons)	57.98	24.92	20.6	No

AWARDS AND RECOGNITION

Throughout 2012, we were awarded important accolades that reinforced our efforts to delight our clients and grow sustainably. These include:

Reputation

- **Most Admired Company in the Industry** – for the fourth time (and the third time in a row), we were ranked first in *Carta Capital's* The Most Admired Companies category for the retirement industry;
- **Favorite Brand in the Industry** – for the tenth time in a row, we were the most remembered and favorite brand in the retirement industry, according to the *Marcas de Quem Decide* survey;
- **Top of Mind** – *Revista Amanhã* listed us as the company with most brand awareness in the retirement industry during the 2012 edition of Top of Mind – *As Marcas do Paraná*;
- **Best Annual Report** – our 2011 Annual Report won the 2012 edition of the Abrasca Awards in the Privately Held Corporations category.

Return

- **Best Market Performance** – according to a Standard & Poor's survey published by *ValorInveste*, 20 of our retirement plans were rated five and four stars, with the best market performance in this category;
- **Best in the Insurance Industry** – we were among the top three companies in the insurance industry according to a special edition of *Melhores da Dinheiro 2012*. This publication also ranked us as the best company in Financial Sustainability and among the top five companies in Corporate Social Responsibility and Innovation and Quality. In addition, we appeared among the top three financial companies in the Retirement Plans and Annuities segment in a special edition of *Valor 1000*. We also stood out in other industry-specific categories;
- **Best Funds** – we were listed as a highlight in *Relatório de investimentos: os melhores fundos*, a publication by *Brasil Econômico* that used data from the Brazilian Association of Financial and Capital Market Institutions (ANBIMA, acronym in Portuguese) and the Brazilian Securities and Exchange Commission (CVM, acronym in Portuguese) based on the performance of different fund categories, including retirement, from July 2011 to July 2012.

Services

- **Effective Call Center** – we were the first company in the financial market to obtain the PROBARE (Brazilian Self-Regulation Program) certification in 2010. In 2012, we were recertified in the Code of Ethics and Management Maturity categories; .
- **Quality of Ombudsman Office** – our ombudsman office was acknowledged by the 2012 Brazil Ombudsman Awards, a ceremony held at the tenth edition of the National Congress of Business-Customer Relations (CONAREC, acronym in Portuguese) by *Consumidor Moderno* magazine with the support of the Brazilian Association of Ombudsmen (ABO, acronym in Portuguese) and the Brazilian Association of Business-Customer Relations (ABRAREC, acronym in Portuguese). During the event, we were ranked among the top three companies in Brazil in 2012. In 2012, our three service channels, Internal Ombudsman Office, External Ombudsman Office, and Supplier Ombudsman Office, were recertified to ISO 9001;
- **Quality of Call Center** – our call center was certified to ISO 9001:2008, an acknowledgment that attests to the quality of the services this department provides.



Management

- **Top Industry Performance** – in association with Shopper Experience, we were granted The Companies That Most Respect Consumers award by *Consumidor Moderno* magazine in the Retirement category;
- **Recertified Financial Management** – in 2012, our Financial Management Team was recertified to ISO 9001:2008 for their separated cash flow management and cash settlement processes;
- **Top Five in Brazilian Central Bank Rankings** – we were among the highlights of the Brazilian Central Bank's Focus report. We were ranked fifth according to the medium-term consumer price index – general prospects;
- **Best Financial Performance** – we received the Segurador Brasil award, hosted by *Brasil Notícias Editora e Comunicação Empresarial*, in the Outstanding Performance in the Retirement Industry category because of our above-average performance;
- **Top 100 HR Providers of 2012** – for the third year in a row, we made it to the Top 100 HR Providers of 2012 list, which was prepared by *Gestão e RH*, because of the services we provided in the Benefits – Retirement Plans segment;

- **Top 100 Companies in OHDI** – we were among the top 100 companies in organizational human development index (OHDI) in 2012, a *Gestão e RH* initiative.

Products

- **Retirement Plan Highlight** – a survey by the Center for Financial Studies of the Getulio Vargas Foundation at São Paulo (FGV-SP, acronym in Portuguese), in collaboration with *Você S/A* magazine, gave five stars to four of our funds and four stars to six of our funds for both PGBL and VGBL products;
- **Excellence and Pioneering** – during this period, we won three prizes at the 12th Insurance Industry Awards, which is held by *Seguro Total* magazine. We were recognized for our outstanding performance in the Excellence: Pioneering and Leadership in Retirement Plans for Young People with the Brasilprev Júnior Empresarial product; Sales, Growth and Productivity in VGBL and PGBL Retirement Plans, and Assets and Net Deposits categories.

Mr. Getulio with his wife, children and grandchildren



CLIENTS IN THIS PUBLICATION

The 2012 Annual Report shows real-life client stories that believe in retirement plans as a means to achieve their life plans and, what's more, impart such knowledge to their families over the generations.

Mario Ernesto Massaglia, 67, is the grandfather of Beatriz, 9, and both are Brasilprev clients.

Douglas Luccena, 33, is the father of Rafaela, 2, and both are Brasilprev clients.

Claudio Emanuel Corrêa da Silveira, 49, is the father of Ricardo, 10, and both are Brasilprev clients.

Vera Lucia dos Santos Sant'Anna, 59, is the mother of Débora, 28, and Thays, 27. All of them are Brasilprev clients.

Monica Mithie Uezono Ishida, 53, is the mother of Karina, 17. Both are Brasilprev clients.

Getulio José Martins Segalla, 62, is the father of 10 children and grandfather of Francisco, 1, and other 4 grandchildren. All of them are Brasilprev clients.



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Customer Service

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