



# Annual Report

## **2015**

Abridged



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# Foreword

Transparency is a core value at PREVI. As a case in point, we were the first pension fund in Brazil to publish a Social Report in addition to our Annual Report, in 1998. Since 2011, we have compiled financial and sustainability information into a single document that reports on our performance and the performance of the companies and real estate developments in which we invest.

PREVI recently received Corporate Citizenship 2015 certification from the Regional Accounting Council of the State of Rio de Janeiro (CRCRJ). This is the third time we have won this accolade, which recognizes the quality of financial, social and environmental disclosures provided in the annual reports of organizations in Brazil.

We invite you to read this abridged version of our Annual Report, which is written in more objective language, while maintaining the depth of content. You can read the full version of the Report online or download a PDF file from <http://www.previ.com.br/quemsomos/relatorio2015/>.

## Creating value

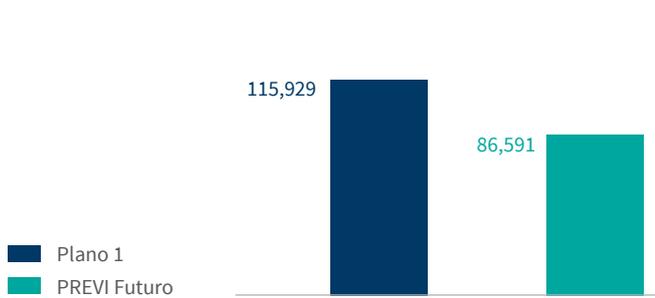
PREVI's mission is to "provide efficient, secure and sustainable benefits payments to members". According to our Mission statement, PREVI exists to provide members with supplementary pension benefits upon termination of employment or disability, or to provide their dependents with pensions in the event of their death. This requires a long-term vision and sustainable value creation. Find out below how we turn our capitals into value.

Type of capital	Source	How we use it to create value and fulfill our mission
Financial capital	Monthly contributions from participants and their sponsors (Banco do Brasil and PREVI)	Funds are invested in a diversified portfolio based on each plan's Investment Policy
Human capital	PREVI employees, seconded Banco do Brasil employees, third-party employees, interns and apprentices	Following a selection process that includes resume evaluation and behavioral interviews, professionals receive training in a continuing development process
Intellectual capital	PREVI employees are qualified and experienced in areas such as capital markets, finance and economics, and insurance and actuarial science	Their knowledge is used in calculating benefits and reserves and in making safer investments using risk analyses to protect Fund assets
Social capital	Our relationships with stakeholders, including members, pensioners and Banco do Brasil employees broadly. We also engage closely with financial market segments, supplementary pension organizations, participant associations, the companies in our investment portfolio, our real estate portfolio, and government and regulatory agencies at all levels	PREVI makes an effort to continually improve transparency in our relations with stakeholders. These efforts were enhanced in 2015 with the implementation of a new approach to relations with members and external stakeholders (read more in Stakeholder relations).

# Our performance in 2015

## 2015 headlines

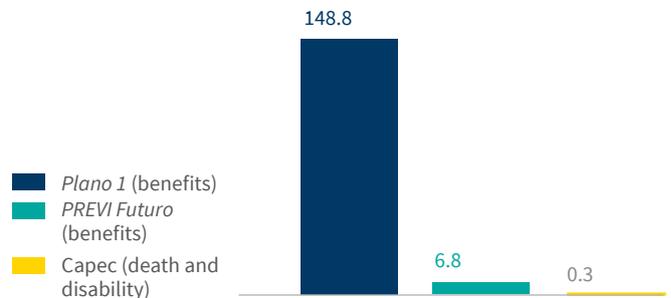
### All PREVI members\* in 2015



\*Includes active members, retirees and pensioners.

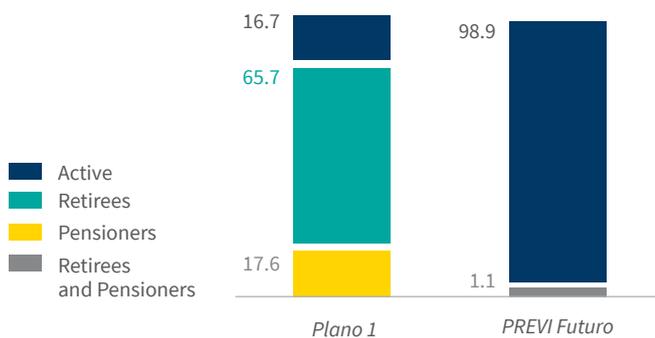
### Total assets by Plan

Assets (R\$ billion)



Our assets account for approximately **23.1%** of total pension fund assets in Brazil, according to data published by Brazilian pension fund regulator Previc for the third quarter of 2015.

### Plan composition (%)



### Benefits and pensions paid in 2015\* (R\$)

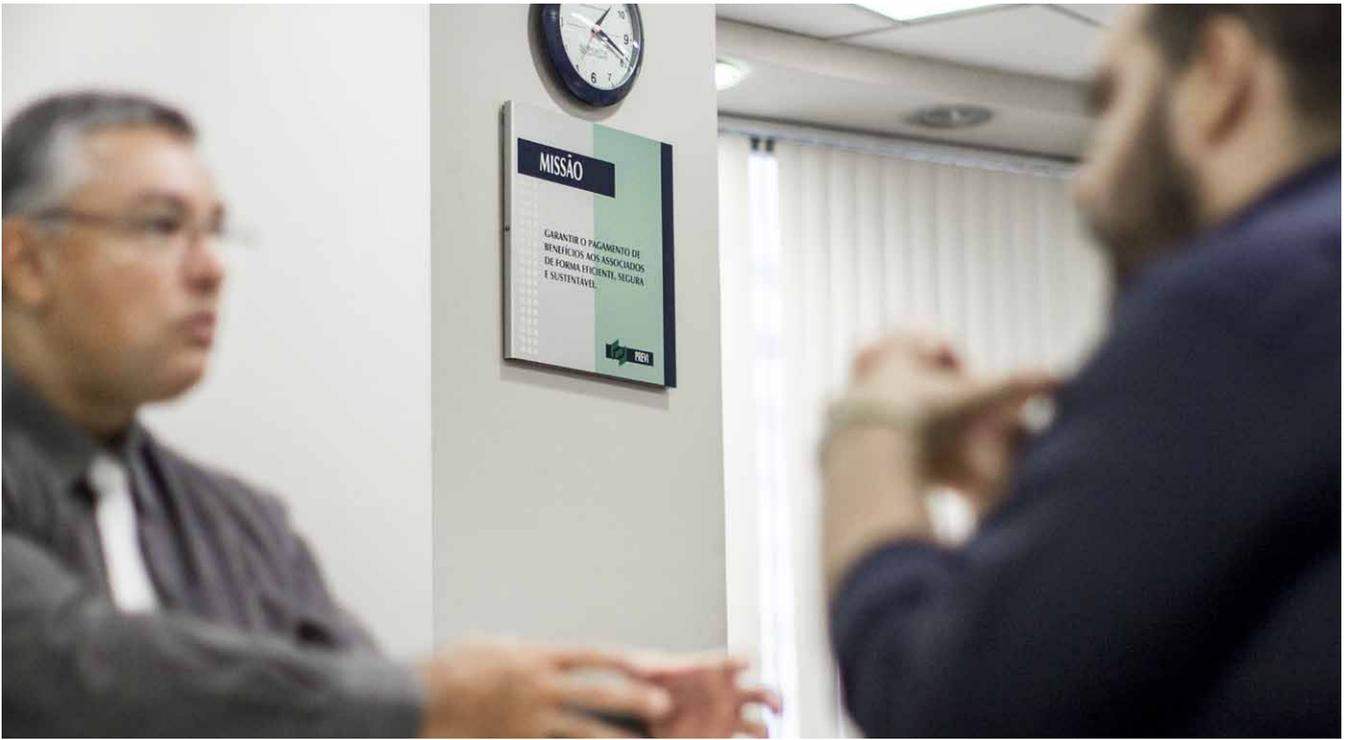


\*Includes INSS benefits processed through PREVI payroll and transfers that are the responsibility of Banco do Brasil.

### Total volume of transactions with members



Benefits paid by PREVI in 2015 accounted for about **36%** of the total benefits paid by Brazil's entire supplementary pension system.



## 2015 Highlights

Learn more about our accomplishments in 2015.



### New management

In February, the Executive Board appointed Gueitiro Matsuo Genso as Chief Executive. His term extends to May 31, 2018. In June, Banco do Brasil appointed Renato Proença Lopes to succeed Marco Geovanne as Equity Director. And finally, Marcus Moreira de Almeida was appointed by Banco do Brasil as Investment Director in November, replacing Márcio Hamilton Ferreira. Read more in Profile.



### Novo modelo de relacionamento com os públicos

In 2015 we worked to build closer relations with participants and internal and external stakeholders by enhancing transparency and clarity in our communications. Some of our key initiatives in 2015 include meetings between management and participants, direct contact between PREVI technicians and participants in events organized by the sponsor and associations, our new Intranet site, which has improved integration across departments, and a redesign of Revista PREVI, now published as a modern on-line magazine. Read more in Stakeholder relations.



### Mais um canal para reclamações e denúncias

In November 2015, our new Ombudsman's Office was opened to receive escalated complaints and reports on concerns from employees, members, trade associations, the supplementary pension regulator and suppliers. The new channel was created ahead of potential new regulations in the supplementary pension market. Read more in Stakeholder relations.



### Revisão do modelo operacional de TI

Following a study prepared by independent consultants to identify opportunities for improved efficiency in our internal processes, in 2015 we initiated a comprehensive redesign of our Information-Technology (IT) governance model. Initiated in May 2015, the project aims to improve our IT efficiency, optimize processes, ensure our IT function and operations reflect industry best practice, improve our quality of delivery, and ultimately streamline service to our members. Read more in Stakeholder relations.



### New Vision, New Values

In 2015, we reformulated our Vision and Values which, alongside our Mission, are what set the tone of our management approach and long-term plans. Our new Vision is “To be the best benefit plan manager in Brazil, a world-class organization, and a source of pride for members, sponsors and employees.” Our Values are more succinctly defined: focus on members, ethics, respect, transparency, commitment and excellence. Read more in Profile.

### PREVI Futuro project delivered

The PREVI Futuro project provided a new benefit application system for PREVI Futuro plan members, which was rolled out in July. Initiated in 2012, the project automated part of the retirement and pension application and payment process. The result: faster processing and fewer risks for PREVI and our members. Read more in Benefits plan.

#### Awards and recognition in 2015

- PREVI was presented with an Abrapp National Social Security Award, in the “Governance” category
- PREVI’s new Intranet site won the Intranet Portal Award in the “IT Integration” category.
- Our paper titled “Corporate social responsibility at PREVI” won the Abrapp Sustainability Award.
- PREVI ranked 3<sup>rd</sup> in the 17th Abrapp Annual Report Awards (in the “Non-Business Organizations” category).
- A Previc/Abrapp Monograph award was presented to employees Bruno Maia and Victor Sodré for their paper “Pension plans: impacts on actuarial pension annuities from changes in family makeup.”
- PREVI was awarded an ENEF (National Financial Education Strategy) mark in recognition of the Social Security Advisory service provided by Member Services.
- A Pro-Gender Equality mark was awarded in the 5<sup>th</sup> edition of the Program.
- Corporate Citizenship Certification by the Regional Accounting Council recognized the quality of our financial, social and environmental disclosures.

## Economic overview

The year 2015 saw a steep downturn in Brazil's economy. Fiscal imbalance, high inflation and increasing uncertainty around the increase in domestic debt undermined investor confidence.

The need for economic adjustments led to considerable changes in economic policy. Initial plans to implement timely adjustments, through a combination of restrictive monetary and fiscal policies, were frustrated by the difficulty in passing fiscal measures due to the political crisis in Brazil.

Internationally, the hike in US interest rates, the Chinese economic slowdown – which affected prices for commodities such as iron ore and oil – and Brazil's loss of investment grade at Fitch and S&P, resulting in a flight of foreign capital, also contributed to fuel the crisis.

### How this affects PREVI

All segments of Brazil's economy have been affected by the crisis, and the supplementary pension market is no exception. High inflation, a persistent trend since 2012, directly affects the value of benefits paid to retirees and pensioners. It also increases the amount of funds, or the Mathematical Reserve, needed to cover our commitments to members over time. Inflation requires us to reserve additional funds to pay benefits in the future, both to pensioners and to currently active employees.

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The year 2015 saw a steep downturn in economic activity. But our mission is a long-term commitment, and PREVI will not neglect to pay benefits owed in the future on account of a passing crisis

Improving returns is crucial, but has been made difficult by the depressed economy. With much of our assets invested in equity, including equity in companies affected by internal (Petrobras, Sete Brazil) and external (Vale) circumstances, PREVI was adversely affected by the depreciation of publicly traded assets and by shrinking dividends on equity, an important part of the liquidity required to meet our liabilities. Our strategy has been to disinvest from equity over recent years and migrate to fixed income investments, which have been benefited by high interest rates.

### **Facing the crisis and planning for the long-term**

These circumstances led to a cyclical deficit at year-end 2015, for the first time since 2002. The unfavorable conditions required us to consume our Contingency Reserve, which was insufficient to replenish the Mathematical Reserve. But our mission to “provide efficient, secure and sustainable benefits payments to members” is a long-term commitment, and PREVI will not neglect to pay benefits owed in the future on account of a passing crisis. While the equity segment is currently underperforming, our equity portfolio consists of extremely solid assets with the potential to regain their proper value over the coming years.

Over many years in the recent past, this same portfolio delivered returns well above the actuarial targets and generated surpluses that have provided a number of benefits. Throughout eight years of surplus distribution, participants received approximately R\$ 20 billion in benefits. Some were incorporated into the plan, such as the 40% decrease in contributions in 2006, and the introduction of “special remuneration” and “proportionality” benefits. With the suspension of contributions from 2007, retirees and active employees were benefited by an additional R\$ 2.9 billion in benefits. The Special Temporary Benefit (BET) provided an additional R\$ 6.4 billion and also benefited pensioners.

PREVI’s active investment management approach includes sophisticated risk analyses techniques, portfolio diversification to match plan profiles, and the application of investment policies that ensure stability and our ability to meet commitments. This protects our reserves and ensures payments are timely made, even under adverse conditions.

# Message from the Executive Board



Throughout our 112 years of history and successive administrations, we have collectively built a solid asset base to provide members with retirement security. We traversed periods of calm and periods of instability, and remained firm in our purpose.

We know that the economy moves in cycles and that no crisis is forever. There are external factors that cannot be controlled, and it is precisely under difficult conditions that sound management is all the more valuable. And this is something that PREVI has always had. Our portfolio consists of high-quality assets and companies in the real economy that are going concerns.

We conduct detailed analyses of investment risks, which have on many occasions prevented us from investing funds in troubled businesses. We have a world-class governance framework in which the sponsor and participants are equally represented, and above all, we have a dedicated team of professionals with the technical capabilities to manage our investments.

PREVI actively manages factors over which we have control, reducing the impacts of adverse conditions. Since 2010, we have encountered difficulty in attaining the desired levels of returns. Global and domestic economies are facing difficult times. Companies in almost every industry have lost share value, partly affected by the exit of foreign capital, and this has also taken its toll on the returns of institutional investors such as PREVI. Despite our diversified portfolio, we have also been affected by the general economic downturn.

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It is precisely under difficult conditions that active management is all the more valuable. Our investments have the potential to create value in the future and many years are yet to come, in which we will reap the rewards of responsible investment

It is important to bear in mind that the current headwinds are cyclical, not structural. Our investments have potential for future value creation and we are under no imposition to dispose of assets that are momentarily underperforming. Despite the deficit at year-end 2015, PREVI has no liquidity concerns and we are fully capable of meeting our growing benefits payment commitments. Annual indexation by the INPC has significantly increased our expenses. Plano 1, in particular, has a life cycle that requires increasing disbursements, with almost all members now retired.

The unfavorable conditions last year must be considered in the context of the long-term horizon inherent to the pension system. In the past decade, strong economic growth combined with active fund management generated successive surpluses. Our history of good results, which have made PREVI an example of solidity, cannot be minimized. Many years are yet to come, in which we will reap the rewards of consistently responsible investment.

Managing PREVI's assets is a great responsibility to our 200 thousand members and their families, who rely on the fund to ensure a sustainable retirement. We work together every day to fulfil our vital mission and safeguard the interests of members.



# Profile

A summary of our market position, long-term direction and management approach.

## ABOUT PREVI

Founded in 1904 as *Caixa Montepio dos Funcionarios do Banco da Republica do Brazil*, and later renamed as *Caixa de Previdência dos Funcionários do Banco do Brasil*, PREVI is a non-profit, closed-end supplementary pension fund providing benefits additional to official social security to the employees and former employees of Banco do Brasil, to PREVI employees and to their beneficiaries.

Headquartered in Rio de Janeiro, PREVI employs 730 staff who manage Fund investments and benefit payments to participants and pensioners totaling 202,520 people at year-end 2015. Best-practice fund management has made PREVI a reference in Brazil and globally, and is overseen by the supplementary pension regulator, *Superintendência Nacional de Previdência Complementar (Previc)*.

## Our Differentiators

- *Segment leadership:* our funds under management at year-end 2015 accounted for 23% of total complementary pension fund assets in Brazil. PREVI concentrates approximately 7% of total members in Brazil and pays 36% of total benefits paid by Brazil's supplementary pension system.
- *Diversified and solid investments:* to ensure our benefit commitments are timely paid, our investments are diversified across segments such as equity, fixed income, real estate, structured investments and foreign funds. PREVI's assets have proven quality and sustainable value, and are sufficient to support our long-term plans.
- *Responsible management:* PREVI employees are mostly seconded by Banco do Brasil, our sponsor. They are responsible for managing funds which in the future will be the source of their own retirement benefits. This ensures they are diligent and responsible in managing assets. All senior management bodies are composed equally by Fund members and representatives of Banco do Brasil. This model has been adopted voluntarily by Previ and is not a legal requirement, with Brazilian regulations requiring equal representation only on the advisory and audit board. In addition, our by-laws require separation between the departments responsible for setting and for executing Investment Policy. Our Planning Department (responsible for policy setting) is headed by an elected director, and our Investment Department (responsible for execution) by an appointed director. These are a few examples of how segregation of duties ensures that all decisions are judiciously considered. In 2015, PREVI was presented with a National Social Security Award by the Brazilian Association of Closed-End Supplementary Pension Funds (ABRAPP) in recognition of effective governance practices.
- *Internationally active:* as one of the world's largest funds, PREVI is active in international forums on good practices in investment management, such as the Principles for Responsible Investments (PRI) and the International Integrated Reporting Council (IIRC).

## Benefits plans GRI G4-4

PREVI manages three plans: two continued benefit plans (*Plano 1* and *PREVI Futuro*), which provide supplementary benefits in addition to official social security benefits to members and dependents, and a death and disability benefit plan (Capec). Learn more about our benefits plans:

Plan	Characteristics	Status
<i>Plano 1</i>	A supplementary pension plan for Banco do Brasil employees hired up to December 23, 1997	Closed to new members. Approximately 80% of members have vested benefits
<i>PREVI Futuro</i>	A supplementary pension plan for employees joining Banco do Brasil and PREVI from December 24, 1997	Open to active employees and new hires at Banco do Brasil and PREVI. The plan is currently in the accumulation phase
Capec	A plan offering benefits upon death or disability	Open for membership to all Banco do Brasil and PREVI employees. All participants under 56 are eligible to join

Participants are also eligible to credit facilities (Plain Loans and Property Loans) and a Benefit Club with discounts and promotions. Read more about plan performance and key highlights in 2015 in Our performance in 2015 and Benefits plans. See the Information Panel on the PREVI website for historical data (since 2008) on benefits paid, number of participants and other plan information.

## Mission, Vision and Values

PREVI's Vision and Values were revised in 2015.

<p><b>Mission</b> To provide efficient, secure and sustainable benefits payments to members</p>	<p><b>Vision</b> To be the best benefit plan manager in Brazil, a world-class organization, and a source of pride for members, sponsors and employees</p>
<hr/>	
<p><b>Corporate Values</b></p>	<p>Focus on members; Ethics; Respect; Transparency; Commitment; Excellence</p>



## Stakeholder relations

2015 saw many new developments in our communication with participants, employees and other stakeholders, and investments in transparency and dialogue.

In 2015, PREVI implemented a new approach to relations with internal (employees) and external (participants and their dependents, trade associations, civil society organizations, companies in different segments and other) stakeholders. Our relations with stakeholders have become closer, more transparent and assertive.

## Participants

In early 2015, new guidelines were established for our relations with participants. The new relationship model has three components that can be deployed together or individually: an institutional model, in which directors or executive managers have more direct contact with participants through accountability lectures and meetings and discussions on subjects of interest to members; a Social Security education module, in which lectures are delivered about *Plano 1*, *PREVI Futuro*, Capec, Plain Loans and Property Loans; and a Member Services module called *PREVI Itinerante*, in which employees provide in-person service to members throughout Brazil.

### Institutional events

Activities within the institutional module began with a meeting in March between the Executive Board, members of the Audit Board and Advisory Board, and representatives of participant associations at the PREVI headquarters building. A number of topics of interest to members were discussed, such as benefit adjustments, clarification on investments and litigation. Other meetings throughout the year were attended by representatives from class associations.

### *PREVI Itinerante*

The *PREVI Itinerante* touring member services team stations at employee events and meetings based on audience characteristics such as their benefit plans, status (active or retired), age and proximity to retirement. In 2015, the *PREVI Itinerante* team provided on-site services to 2,115 members.

### Social Security education

*Mais PREVI*, a financial and social security education program, delivered a number of initiatives in 2015. *Mais PREVI* initiatives for PREVI benefit plan participants include presentations on the *PREVI Futuro* and Capec plans to new employees at induction events at Banco do Brasil, disseminating content on the Investment Profile Program, encouraging members to increase their contributions (for *PREVI Futuro* members) and preserve their participation wages, and delivering lectures and developing courses on Social Security basics. Other initiatives have also been conducted as a part of our new approach to relations with members.

In August 2015, PREVI initiated a series of lectures on *PREVI Futuro*. For these participants, the focus is on early planning to increase their account balances and their future retirement benefit.

2,115  
people serviced  
by the *PREVI*  
*Itinerante* team

## Pension Advisory Service

Our Pension Advisory Service is geared primarily to participants who are approaching retirement. Participants can schedule a date and time using a toll-free number (0800 031 0505 or 0800 729 0505) or via the Contact Us section of our website, to receive telephone advice from an expert on how to plan their retirement. After a primary analysis of the participant's situation, analysts provide tailored advice on any retirement supplementation options available from PREVI or the government. In 2015, over 3 thousand Social Security advisory sessions were held for *Plano 1* and *PREVI Futuro* participants.

Since 2013, all participants serviced by the Pension Advisory Service have received a service satisfaction questionnaire by e-mail. The voluntary survey shows a satisfaction rate of 99.75%.

99.75%  
member satisfaction  
with the Pension  
Advisory Service

### Participant Satisfaction Survey 2015

PREVI conducted a new edition of our Participant Satisfaction Survey in 2015. The survey used quantitative and qualitative methodology and interviewed 959 members (active, retirees and pensioners) during the second quarter, with the survey covering all of Brazil in the first method and four regions (Rio de Janeiro, Porto Alegre, Brasília and Recife) in the second. The results showed an overall satisfaction rate of 59%.

Member sentiment regarding PREVI was positive. 80.9% of respondents expressed positive expectations, confidence and security in relation to PREVI. The recommendation rate shows that 52.5% of respondents promote the PREVI brand (scores of 9 and 10), with 10.1% of respondents assigning scores of 0 to 6.

Also positive were the high satisfaction ratings for Plain Loans and customer service. 92.1% of respondents were familiar with, and 87.7% approved of, the Plain Loans product. Our Help Desk, the channel most frequently used by members to contact PREVI, was rated as good or excellent by 80.96% of respondents. Of respondents who said they had not contacted PREVI during the period, 86.4% replied that they had not done so because they had no need to.

## Internal stakeholders and management initiatives

To address the unfavorable economic environment more effectively, in 2015 PREVI undertook an internal reorganization that included a review of a range of processes and new ways of engaging with employees. Knowledge and talent management is among our strategic objectives, and this was reflected in progress made during the year. Read more below.

### **New operating and governance model and modernization of enterprise IT architecture**

An assessment made by independent consultants provided a number of recommendations that included a review of our Information-Technology (IT) operational and governance model and modernization of our enterprise IT architecture to improve efficiency and control over IT activities. In addition to upgrading our IT platform, which was largely developed about two decades ago, this initiative will implement new, best-practice working methods with a focus on efficiency and innovation. After these initiatives have been implemented, the IT department will have full capability to meet the internal demand of PREVI's business areas and departments, which will ultimately translate into better services to members.

### **Conecta, our new Intranet platform**

PREVI's new Intranet site came online in May. The new platform, called "Conecta", has been designed to enhance and facilitate connectivity and collaboration across PREVI and improve operational efficiency. With user-customizable views, a high level of integration between content areas, a modern layout and intuitive navigation, Conecta was presented with an award in the sixth edition of the Intranet Portal Awards. The foremost accolade in the social business segment in Latin America, the awards are organized by Instituto Intranet Portal.

## Enhanced communication and transparency

In addition to the initiatives within our new approach to engaging with members, in 2015 we implemented changes in the way we report on our activities, delivering on Corporate Values such as ethics, respect and transparency.

### Ombudsperson's Office

More than simply a new channel for interaction, the Ombudsperson's Office – which began operating in November 2015 – allows members to communicate complaints and concerns, which are investigated impartially and independently. The Ombudsperson was assessed and appointed by the Governance and Ethics Committee (consisting of members of the Advisory Board and guests) following a careful selection process. Available Monday to Friday, from 10 am to 4 pm, via the toll-free number 0800 729 0303, the Ombudsperson's Office is available to members, class associations, suppliers and employees. The new channel was created as a voluntary decision ahead of potential new legal obligations.

### Publishing the decisions of the Advisory Board

In May, we decided to publish on our website the matters discussed in the monthly ordinary meetings of the Advisory Board, our highest governance body. Participants, employees and other stakeholders now have more direct access to information from senior management, improving transparency and clarity. This includes decisions on the appointment of members of the executive board, discussions on strategy and policy, relevant new processes or programs and other matters, subject to any applicable confidentiality requirements.

### Performance Newsletter

PREVI launched a quarterly Performance Newsletter in 2015, providing summary information on quarterly results. Members can now track the performance of investments, changes in mathematical reserves (commitments), the current funded position (surplus or deficit) and other important information affecting fund performance during the period.

### A new *Revista PREVI*

A fully digital version of *Revista PREVI*, a key source of information and answers to questions about PREVI, geared especially to members, was launched in July 2015. In the 2015 edition of the Leadership Summit (Enlid), held in March, preliminary results were announced to PREVI employees and managers and other leadership from Banco do Brasil. Available at [www.revista.previ.com.br](http://www.revista.previ.com.br), *Revista PREVI* now also has a version designed for mobile devices. The new format provides additional content not available on the printed version, such as audio, videos, photos and infographics; the option to save the complete edition as a PDF; and a "Contact the editors" form, which is a direct channel for suggesting articles and providing feedback about the magazine.



## Benefit plans

Despite 2015 being a difficult year for the pension segment – and for the broader economy – our plans have remained solid and have the capability to meet their commitments.

Uncertainties in the macro-economic environment adversely affected the annual performance of our benefits plans. A major source of impact in 2015 was the increase in inflation. The National Consumer Price Index (INPC), which is used to calculate reserves, actuarial targets and benefits adjustments, ended 2015 at 11.28%, above the target forecasted by the Brazilian Central Bank at the beginning of the year. Inflation is reflected in annual adjustments of benefit payments and also requires PREVI to increase our Mathematical Reserves (the funds needed to pay benefits over time). When an increase in reserves is not offset by an increase in the funds securing payment of benefits (net assets), a pension fund is said to be in deficit. Our current deficit is considered cyclical, caused by negative performance due to specific market conditions such as the depreciation of assets in 2015, especially equity. Other factors having an adverse effect on performance included the remeasurement of assets at market value, including equity assets, and the underperformance of our primary investment segments compared with the actuarial target.

PREVI is prepared to generate sufficient cash flows to continue paying benefits normally to members over many years. Our long-term strategy, including Asset Liability Management and mechanisms such as a minimum cash balance – sufficient to timely and fully pay benefits over a period of six months, even in the worst-case scenario – ensures our commitments to participants will be met.

### **CNPC Resolution 22 and new solvency rules**

Since the entry into force of National Council for Pension Plans (CNPC) Resolution No. 22 on December 3, 2015, a new set of rules applies to the solvency (ability to pay future benefits to participants) of pension plans. Pension fund deficit remediation plans will now be based on Duration, a term used to indicate the average time for payment of benefits to participants. The new rules were discussed by Previc, Abrapp and the Ministry of Labor and Social Security, and have been followed closely by PREVI.

Under the previous rules, pension funds were required to fully eliminate their deficits regardless of whether there was an actual need to pay benefits. Mature plans already paying benefits to members for years were treated in the same manner as younger pension funds which had not yet begun to use their reserves to pay retirement benefits and pensions. Resolution 22 takes account of the duration of each plan in deficit. The deficit threshold beneath which elimination of the deficit is not required is now the percentage point equivalent to the duration in years minus 4. The rule requiring pension funds to submit complete deficit elimination plans for deficits exceeding 10% and/or persisting for three consecutive years was also abolished. Surplus distribution requirements remain unchanged, but the application of the requirements has been perfected to allow plans with a duration of less than 15 years to use their surpluses to create, or increase existing, special reserves. A Contingency Reserve – or surplus funds providing extra security to a pension fund – can be as much as 25% of the Mathematical Reserve, or up to a percentage calculated using a formula as a function of duration, whichever is less.

## Plano 1 Overview

*Plano 1* is a supplementary pension plan for Banco do Brasil employees hired up to December 1997. The benefits provided are a retirement supplement for planned retirement (based on contribution time, early retirement, or by age) and unplanned retirement (disability), and a death pension supplement for beneficiaries. Now closed to new members, *Plano 1* is currently in the distribution phase, in which benefits paid to participants tend to increase; this is a natural trend that is anticipated in our planning since within a decade, all plan members will be eligible to claim retirement benefits.

In 2015, contributions continue to be collected (from participants and the sponsor, Banco do Brasil) as established in the rules for *Plano 1*, as a means of replenishing reserves. Contributions had been suspended in 2007 when the fund recorded a surplus, but were reestablished in 2014. Benefit payments have increased more than average over recent years, as expected as a result of Banco do Brasil's Early-Retirement Program. Notably, PREVI's benefit payments stood at R\$ 9.43 billion in 2015, a record amount equivalent to approximately 36% of the total benefits paid by Brazil's entire supplementary pension system that year. As a result of the increase in benefit payments, combined with a decrease in investment returns (especially in equity) due to the economic downturn, *Plano 1* entered into deficit.

Based on the new deficit elimination rules, if *Plano 1* had a deficit of 8.1%, its Mathematical Reserve of R\$ 11 billion would not need to be adjusted. However, *Plano 1* was negative by R\$ 16.14 billion, equivalent to a deficit of 11.8% on the Mathematical Reserve.

This requires PREVI to prepare a plan to address the difference between the deficit and the threshold calculated based on duration. Before calculating the amount of the deficit to be eliminated, an adjustment is made to the pricing of federal government bonds held to maturity, as required by CNPC Resolution 16 of November 2014.

This resolution establishes that for any deficit or surplus, the difference between the price at which the securities traded on the date of purchase and the actuarial price under the plan must be determined. This difference is then deducted from or added to the result, if there is deficit, and deducted from the Special Reserve, for a surplus. In the case of Plano 1, R\$ 2.22 billion will be deducted from the negative results as the prices on PREVI's securities are 5% higher than actuarial prices.

The calculation is then as follows: the deficit (R\$ 16.14 billions) less the pricing adjustment (R\$ 2.22 billion), which yields an adjusted deficit (R\$ 13.91 billion). From the adjusted deficit, the legally acceptable threshold for Plano 1 (R\$ 11 billion) is deducted to yield the amount of deficit required to be eliminated (R\$ 2.91 billion).

A plan for eliminating the R\$ 2.91 billion deficit must therefore be prepared by the end of 2016. The plan must also be approved by the Advisory Board by December this year and implemented within 60 days of approval. Pursuant to applicable legislation (CGPC Resolution 26), the deficit remediation plan may include an increase in contributions, the creation of an additional contribution and/or a reduction of future benefits for active members. Amortization contributions can be linear or decremental, and must be made over a maximum period of 18 years.

R\$ 9.43  
billion  
in benefit payments  
in 2015

## Benefit ceiling

PREVI's governance bodies are currently considering a proposed ceiling for *Plano 1*.

## Participants

	2011	2012	2013	2014	2015
Active	30,659	28,826	25,849	23,981	18,658
Retired	65,036	65,784	67,630	68,395	72,586
Active external <sup>1</sup>	840	829	800	760	712
Retired external <sup>2</sup>	3,509	3,522	3,557	3,573	3,588
Pensioners	19,285	19,555	19,932	20,154	20,385
<b>Total</b>	<b>119,329</b>	<b>118,516</b>	<b>117,768</b>	<b>116,863</b>	<b>115,929</b>

<sup>1</sup> Includes self-sponsored participants, Deferred Proportional Benefit, Minimum Pension and participants which have not yet made an election.

<sup>2</sup> Includes self-sponsored participants, Deferred Proportional Benefit, and minimum pension.

## Benefits paid (R\$)

	2011	2012	2013	2014	2015
PREVI *	9,045,819,173.89	8,423,228,164.55	9,246,889,979.12	8,394,631,290.07	9,432,736,801.82
INSS**	1,866,996,751.72	2,006,964,312.63	2,151,202,709.43	2,271,701,394.22	2,431,778,798.39
Banco do Brasil***	297,856,989.95	297,583,241.65	192,374,556.94	185,430,808.85	180,887,700.46
<b>Total</b>	<b>11,210,672,915.56</b>	<b>10,727,775,718.83</b>	<b>11,590,467,245.49</b>	<b>10,851,763,490.14</b>	<b>12,045,403,300.67</b>

\*PREVI Benefits include PREVI Retirement Supplement, regulatory benefits, BET and benefits deriving from court decisions. \*\*Includes amounts passed on by PREVI through payroll under the Prisma Agreement. \*\*\*Banco do Brasil is responsible for paying benefits to PREVI's founding members, for obligations originating from labor claims, and other obligations

## Funded position (R\$ billion)

	2011	2012	2013	2014	2015
Contingency Reserve	24.36	26.29	24.76	12.54	--
Special Reserve	0.31	1.01	--	--	--
Technical Deficit	--	--	--	--	16.14

## PREVI Futuro Overview

PREVI Futuro is a supplementary pension plan for Banco do Brasil employees hired after December 24, 1997. This is a voluntary plan which employees may join at any time during their career with the Bank. Three types of monthly retirement income are offered, in addition to supplementary retirement benefits due to disability and pension on death.

A number of initiatives were conducted in 2015 to increase membership of *PREVI Futuro*. Our new engagement approach has improved relations with Banco do Brasil employees, including members and nonmembers. *PREVI Itinerante* events have been used to demonstrate the benefits of the plan to employees who are not yet members. During the Leadership Summit (Enlid) alone, ten of the 41 employees in attendance became members. Throughout 2015, a total of 338 employees joined the Plan, and 74 former members renewed their membership.

Induction events and presentations by plan administrators to recently hired Banco do Brasil employees also continued in 2015. The percentage of newly hired employees becoming members in 2015 set a new record at 95.37%. In December, of the 148 newly hired employees, only one elected not to join *PREVI Futuro*.

Although the plan is currently in the accumulation phase, with most members still active, it also reported a deficit of R\$ 58.01 million in 2015. The calculation is made only for part of the funds, with only the Part 1 reserves (covering the payment of risk benefits such as pension on death and retirement due to disability) and benefits under Part 2 (planned retirement benefits) being taken into account.

The deficit was covered by the Risk Management Fund, which had a balance of R\$ 66.97 million.

### Benefits paid (R\$)

	2011	2012	2013	2014	2015
PREVI*	2,438,450.76	3,310,153.59	4,412,794.57	6,161,631.63	8,428,667.91
INSS**	7,307,739.67	9,144,367.60	11,633,177.11	14,243,282.67	17,279,076.09
Banco do Brasil***	5,848.44	6,339.23	6,827.43	6,971.92	8,060.02
<b>Total</b>	<b>9,752,038.87</b>	<b>12,460,860.42</b>	<b>16,052,799.11</b>	<b>20,411,886.22</b>	<b>25,715,804.02</b>

\*PREVI Benefits include PREVI Supplement (Risk Benefits) and the Deferred Proportional Benefit. \*\*Includes amounts passed on by PREVI through payroll under the Prisma Agreement. \*\*\*Banco do Brasil is responsible for paying benefits arising from labor claims.

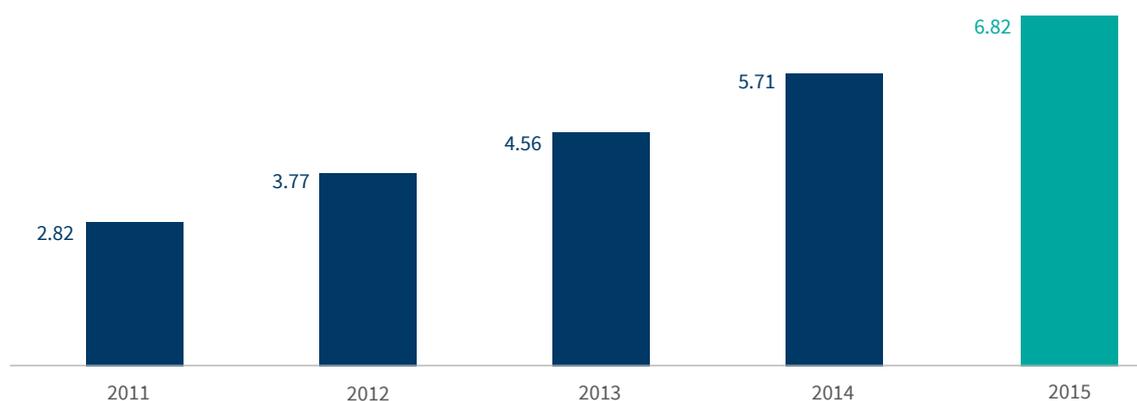
## Participants

	2011	2012	2013	2014	2015
Active	67,567	70,662	72,640	74,342	78,396
Retired	128	157	186	244	350
Active external <sup>1</sup>	6,346	6,773	7,142	7,217	7,222
Retired external <sup>2</sup>	10	6	11	17	28
Pensioners	316	389	476	535	595
<b>Total</b>	<b>74,367</b>	<b>77,987</b>	<b>80,455</b>	<b>82,355</b>	<b>86,591</b>

<sup>1</sup> Includes self-sponsored participants, Deferred Proportional Benefit, and participants which have not yet made an election.

<sup>2</sup> Includes self-sponsored participants and Deferred Proportional Benefit.

## Assets (R\$ million)



## Investment Profiles

Created in 2009, the *PREVI Futuro* Investment Profiles provide participants with greater discretion in managing the balance of their accounts and allow members to select an investment profile with an equity exposure that matches their expectations and appetite for investment risk. The program offers four different profiles, with equity exposure percentages defined annually by the Investment Policy for the plan, as follows: Conservative (0% to 10% equity); Moderate (20% to 30%); Aggressive (40% to 60%); and PREVI (30% to 50%). The investment profile election can be changed every 12 months, and it is important that users keep close track of their returns and consider the long-term outlook for their portfolios.

The fluctuation in equity assets, as denoted by the Bovespa index for the period 2013 to 2015, had a stronger effect on the PREVI and Aggressive profiles, due to their greater exposure to these assets. In making a comparison, in addition to the long-term objectives of the investments, members must take into account that the performance of each profile also depends on the performance of other types of investment and the level of risk.

### Profiles x indexes: cumulative returns 2013 to 2015 (%)

	TMS	Actuarial	Ibovespa	PREVI	Conservative	Moderate	Aggressive
2013	8.22	10.84	-15.50	2.74	6.02	4.35	2.61
2014	10.90	11.54	-2.91	6.52	11.83	9.03	6.08
2015	13.27	16.84	-13.31	1.31	9.32	5.04	-0.42
<b>Cumulative</b>	<b>32.39</b>	<b>39.22</b>	<b>-31.72</b>	<b>10.57</b>	<b>27.17</b>	<b>18.42</b>	<b>8.27</b>

Note: past results provide no assurance of future returns.

### Total members by investment profile/historical series of cumulative balances

Perfil	2012		2013		2014		2015	
	Members	Final balance (R\$)						
Agressivo	1,707	134,416,564.73	1,529	143,922,582.32	1,324	150,871,725.19	1,005	128,499,389.69
PREVI	71,170	3,257,068,941.76	71,988	3,806,930,707.02	72,430	4,661,355,642.13	70,642	4,980,228,306.43
Moderado	592	44,038,225.23	667	59,491,035.97	725	83,408,285.92	706	91,481,233.18
Conservador	3,966	245,521,638.72	5,598	418,827,107.47	7,080	675,532,413.81	13,267	1,457,610,063.30
<b>Total</b>	<b>77,435</b>	<b>3,681,045,370.44</b>	<b>79,782</b>	<b>4,429,171,432.78</b>	<b>81,559</b>	<b>5,571,168,067.05</b>	<b>85,620</b>	<b>6,657,818,992.60</b>

### Additional contributions

The basic contribution into PREVI Futuro is 7% of members' contribution salaries\* and this contribution is matched by the sponsor. Participants wishing to increase their contributions into the fund are permitted to make additional contributions designated as 2B and 2C.

2B contributions are linked to members' career progression and membership time. The percentage can vary from 1% to 10% of members' contribution salaries, based on their individual scores, and is monitored by the sponsor.

\*The monthly amount on which the contributions of active PREVI fund members are calculated. It is the sum of compensation payments, including health and safety hazard and night work bonuses

In December 2015, 43% of active plan members received the minimum score required for this type of contribution, and 89% of eligible members have used the maximum allowed percentage.

PREVI undertakes regular initiatives to raise awareness among participants of the importance of using opportunities to make 2B contributions under the plan, including meetings and information campaigns on the importance of contributing up to the maximum allowed percentage. 2B contributions are essential in building members' account balances and ensuring the benefits they will receive are compatible with their current pay.

Members may also make monthly or sporadic 2C contributions. These contributions are made exclusively by members (i.e. they are not matched by the sponsor).

2C contributions also increased in 2015: the number of sporadic contributions grew by 41.75% compared with 2014, and the volume of total contributions grew by 22.87%. The average number of participants making monthly 2C contributions increased by 123.97%. In 2014, an average of 517 participants contributed approximately R\$ 172 thousand per month, while in 2015, an average of 1,158 participants contributed approximately R\$ 300 thousand per month.

2C contributions are advertised periodically and especially when employees receive their 13th salary and profit-sharing bonus. PREVI also uses sponsor events and communication channels to emphasize the importance of additional contributions to increasing members' account balances.

# 95.37%

of newly hired  
employees in 2015  
joined *PREVI Futuro*



## Strategy and investments

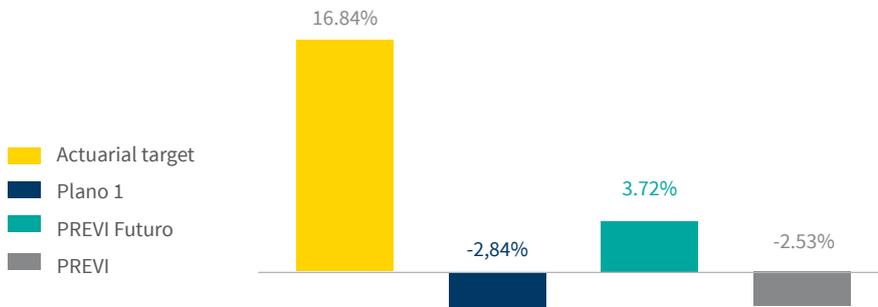
Learn more about our most important initiatives in 2015 to minimize the impact from the economic slowdown, and the medium and long-term strategic outlook.

In a year marked by political instability, slow economic growth, increasing inflation, the US dollar at an all-time high and significant market volatility, our focus was directed to implementing our Investment Policies, which set the direction for and frame our investment portfolio decisions. The assumptions established in our Investment Policy 2016-2022 remain unchanged in relation to previous policies (2015-2021), which projected two years — 2015 and 2016 — of economic instability and recession, with recovery projected from 2017.

Under these conditions, monitoring of risk exposure has been intensified. There is a growing need for liquidity for payment of increasing amounts of benefits. The divestment from equity continued in 2015, following careful assessments of market conditions to avoid destroying the value of cyclically depreciated assets. Fixed income opportunities were optimally leveraged in a year marked by high interest rates.

These adjustments were made with appropriate caution and with a focus on preserving plan assets and meeting long-term commitments to participants. The resulting performance in 2015, while not sufficient to offset the full effect of the economic downturn, was superior to the average performance of other supplementary pension funds in Brazil.

### 2015 Returns (%)



## Investment Policies and risk management

As in previous years, our Investment Policies were reviewed and approved by the Executive Board and Advisory Board, seeking a balance between risk and return and strict performance of Fund obligations to participants. The review process takes account of PREVI's Mission, each plan's risk appetite, investment objectives, asset composition policies, the investment management structure and performance assessments. Based on the review, a set of guidelines are established for strategic and long-term management

Investment decisions were made with appropriate caution and with a focus on preserving plan assets and meeting long-term commitments to participants

The new criteria adopted for the review process in 2015 included improved control points for the Executive Board, benchmarking between Brazilian and global investment segments, and the involvement of the Advisory Boards of Plano 1 and PREVI Futuro in formulating proposals and overseeing the execution of investment policies (2015-2021), which are available on the PREVI Intranet site.

Initiatives were implemented to disseminate the practice of continuously monitoring the application of investment policies by all PREVI departments through monthly reports published on the PREVI Intranet site and delivered

directly to executive managers. These efforts were followed by a review of the evaluation process for equity brokers and private equity funds providing services to PREVI, ensuring that asset management performance is measured more accurately. Work also officially began on a project to review and validate our macroeconomic models and develop new weighted and stress scenario and market, credit and actuarial risk assessment methods.

Segments	2014-2020		2015-2021		2016-2022	
	Minimum exposure	Maximum exposure	Minimum exposure	Maximum exposure	Minimum exposure	Maximum exposure
<b>PLANO 1 – Macro exposure (%)</b>						
Equity	53,52	61,52	53,45	61,45	47,90	55,90
Fixed income	27,62	35,62	27,75	35,75	32,20	40,20
Real Estate	5	7,5	5	7,5	5	7,8
Transactions with participants	1,27	5,27	1,2	5,2	1,7	5,7
Structured investments	0	1,5	0	1,6	0	1,6
Foreign investments	0	0,4	0	0,5	0	0,5
<b>PREVI FUTURO – Macro exposure (%)</b>						
Equity	0	50	0	60	0	60
Fixed income	21	95	21	95	21	95
Real Estate	0	8	0	8	0	8
Transactions with participants	5	15	5	15	5	15
Structured investments	0	5	0	5	0	5
Foreign investments	0	1	0	1	0	1
<b>Capec – Macro exposure (%)</b>						
Segment	Index	Maximum Allocation	Index	Maximum Allocation	Index	Maximum Allocation
Fixed income	Selic	100	Selic	100	Selic	100

## Risk and ALM

A priority in our strategic thinking in 2015 was improving our approach to assessing and mitigating the risks to which our investments are exposed, based on the risk, return and liquidity triad. As part of our efforts towards excellence in risk-based management, a Risk Policy was approved that establishes the concepts, principles and guidelines to be adopted in Fund management. Our Risk Management Function reviewed and document all processes to ensure they are better organized and integrated with Fund management. Efforts were made to ensure that credit risk management is better integrated with the Lending and Risk Management functions at Banco do Brasil. In governance, a managerial-level Risk Management Committee was created to integrate the different functions responsible for managing the primary risks that are monitored at PREVI. PREVI also created a Technical Risk Advisory Committee directly linked to the Advisory Board and consisting of Advisory Board members and the Planning Director. This Committee is responsible for conducting preliminary analyses of risk management matters submitted to the Advisory Board.

Our Asset & Liability Management (ALM) Committee has also been expanded. The Committee was created in 2014 with representatives from the Planning and Investments departments, who in 2015 were joined by representatives from the Equity and Social Security departments in monthly meetings to discuss and formulate recommendations. The now-enhanced ALM Committee has contributed significantly to the formulation of Investment Policies. In ALM management, over a thousand macroeconomic scenarios are taken into account in assessing investment performance.

Improving our approach to assessing and mitigating the risks to which PREVI is exposed was a strategic priority in 2015

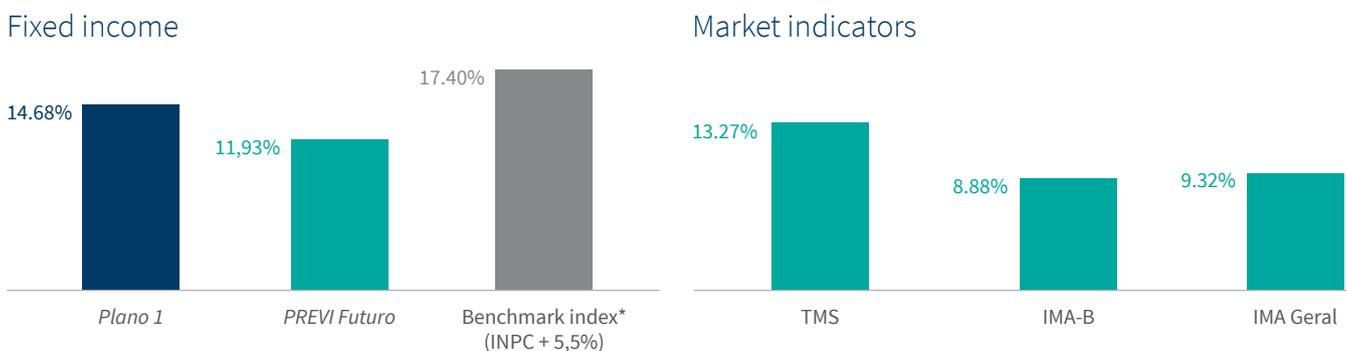
## Investment decisions in 2015

The macroeconomic environment described in the previous pages has required our decisions in 2015 to be made with caution and deliberation, carefully considering each plan's policies and specific needs (greater liquidity for payments under *Plano 1* and accumulation for *PREVI Futuro*).

### Fixed income

The high basic interest rate provided good opportunities for investment in government securities in 2015, especially securities indexed to the IPCA (NTN-B). With a challenging economic outlook for 2016 and in order to mitigate the impact from the volatility of the government securities market on PREVI Futuro's quota value, the Fund reclassified part of the plan portfolio (R\$ 201.67 million) at the balance sheet date by transferring "marked to market" assets (priced daily based on market rates) to "held to maturity securities", for which daily returns will be determined based on the purchasing rate.

### 2015 Returns (%)



\*The benchmark index defined in the Investment Policies for Plano 1 and PREVI Futuro

## Equity

The economic downturn affected companies in all industries. Despite the diversification of our equity investments, the effects of asset devaluation took their toll on plan portfolios. The depreciation of share value, in terms of both trading prices and market value, reflects the current depreciation of underlying assets.

The Plan 1 portfolio assets which experienced the most significant depreciation were Vale / Litel, Banco do Brasil, Neoenergia, Petrobras, Bradesco and Invepar. The depreciation of these stocks represented an impact of R\$ 13.06 billion.

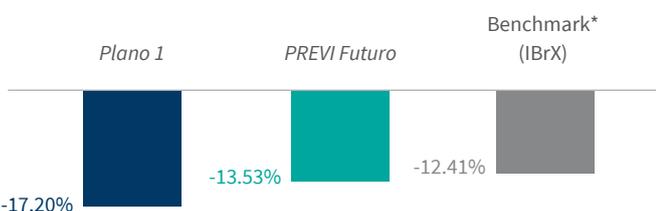
In PREVI Futuro, which currently has 26.39% of its assets invested in equities, the most depreciated stocks were Vale, Petrobras and Bradesco. This plan is in the accumulation phase and with more time to recover from any depreciation, its risk tolerance is greater.

The strategy of disinvesting from equity in Plano 1 was implemented gradually due to unfavorable selling conditions; following the period of volatility, the Ibovespa Index fell by a total of 13.31%, declining for the third consecutive year. Available opportunities (well priced securities with good liquidity) were leveraged and were sufficient to meet the disinvestment target for the year. In those companies in which PREVI has a controlling interest, the quantities of “free” shares were also reduced on a case-by-case basis.

Plano 1 is approximately 48.09% invested in equities. In 2010 the percentage was 64.5%. The reduction is largely due to the temporary depreciation of assets as a result of the economic crisis. While to a lesser extent, another factor contributing to the reduction in the percentage was the gradual and planned sale of assets over recent years, based on the Plan’s investment policy. In 2015 alone, a total of R\$ 3.8 billion was disinvested from equity.

## 2015 Returns (%)

### Fixed income



### Market indicators



\*The benchmark index defined in the Investment Policies for Plano 1 and PREVI Futuro

## Real Estate

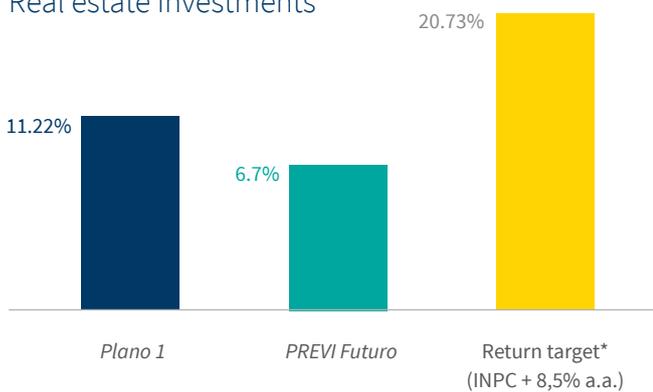
Brazil's two largest real estate markets – Rio de Janeiro and São Paulo – are currently depressed for different reasons: a decline in lease demand in Rio, and an oversupply of new properties in São Paulo, both of which have resulted in falling corporate lease prices. PREVI, which is significantly exposed to these markets, has worked actively to keep occupancy levels above the market average. With market conditions requiring caution, expenditure on improvements has been carefully considered.

At year-end 2015, our real estate portfolio was due to incorporate the newly built Matarazzo Tower in São Paulo, a corporate office building certified “AAA” by the Polytechnic School of the University of São Paulo (USP) for its superior automation systems, air-conditioning, elevators, power supply and plumbing systems, power generators and thermal and acoustic comfort. The lease has already been formalized and will begin to generate revenues in 2016.

Exposure to the shopping center market also expanded in 2015 with investments of PREVI Futuro assets in two projects – NorteShopping (RJ) and Shopping Vitória (ES), two well-established assets in which Plano 1 already held investments. The logistics park segment remained resilient, with an occupancy rate of 100% throughout the year.

## 2015 Returns (%)

### Real estate investments



\*The return target defined in the Investment Policies for Plano 1 and PREVI Futuro.

## Structured investments

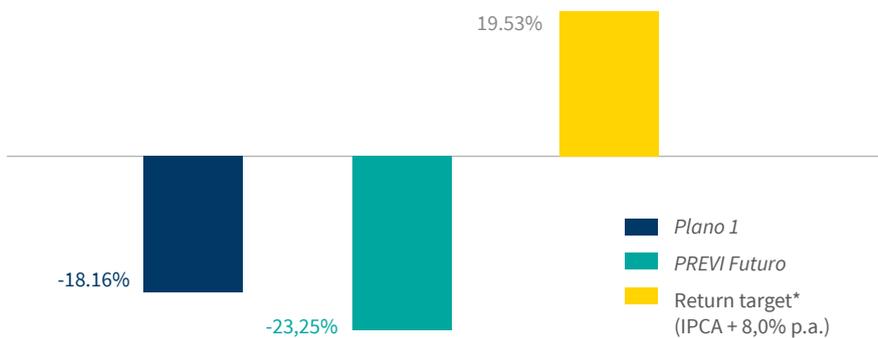
In 2006, PREVI initiated a new cycle of structured investments due to: i) important regulatory improvements which positively affected Brazil's institutional environment; ii) the strengthening of Brazil's stock market following Bovespa's creation of governance levels and an entry-level listing segment (Bovespa Mais); iii) the favorable economic environment, both domestically and globally; and iv) the lower interest rates in Brazil, which created a demand for a class of assets with higher risk and return trade-offs to achieve actuarial targets.

Termed as "private equity" and "venture capital", these investments provide funding for companies with high growth and profit potential. Private equity funds are usually structured as entities in which investors purchase shares which can only be redeemed in approximately eight to ten years after inception of the fund. These investments therefore have a medium to long-term horizon.

Plano 1 has 29 investment funds in the structured investment segment, which accounted for 0.6% of Plan funds at December 2015. Of these funds, 12 are in the investment period and provide no positive returns. PREVI Futuro had 18 funds accounting for 1.6% of plan assets at December 2015. As with Plano 1, 12 of these funds are currently in the investment period.

## 2015 Returns (%)

### Structured investments



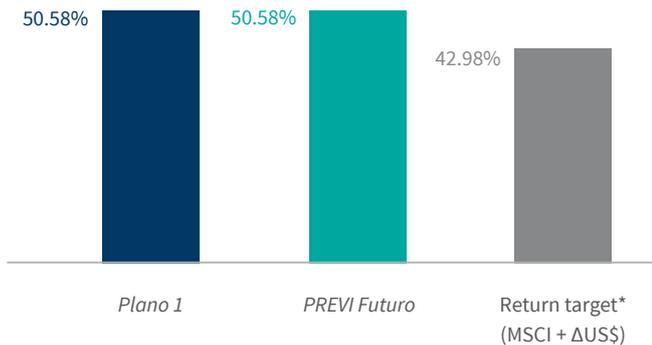
\*The return target defined in the Investment Policies for Plano 1 and PREVI Futuro

## Foreign investments

Foreign investments have been diversified into three funds with different indexes and compositions, but there were no changes in investment volume. While foreign-invested assets account for only a small share of PREVI's total assets, returns during the year have been positive, and with growing interest from other funds (potential partners), this sector is likely to grow in importance over the medium term.

### 2015 Returns (%)

#### Foreign investments



\*MSCI World Index + foreign exchange rate.

#### Going forward

Medium and long-term trends are determined by the characteristics of each plan and macro-economic conditions. Fixed income investments will remain attractive for as long as interest rates are likely to remain high. Plano 1 has equity disinvestment targets that should include a reassessment of the shareholders agreement with Vale and renegotiation of controlling shareholdings in some assets. This strategy is in line with our growing requirement for liquidity. Our real estate portfolio is likely not to be expanded due to depressed market conditions. PREVI Futuro should also adjust its weightings in equities in line with its tolerance to risk as a plan still in the accumulation phase, and expand its real estate portfolio.

Since the beginning of the last decade, PREVI has reported to Previc on progress in disposing of part of its holdings in listed companies. A disinvestment plan has been prepared, and is regularly monitored by Previc, in which PREVI undertakes to decrease its holdings in certain companies (e.g. in accordance with Article 42 of CVM Resolution 3792 (September 24, 2009), which limits pension fund shareholdings in a given company to a maximum of 25%). In 2015, an understanding was reached with the regulator that any disposal of assets that are currently depreciated due to economic conditions would be ill-timed. The regulator has determined that a solution be reached for the disposal of assets, but without a defined deadline, in order to safeguard the interests of members.

## Investees

Throughout 2015, PREVI actively engaged with the companies in which we hold equity interests. In addition to regularly disseminating good practices and promoting greater transparency to support improvement in corporate governance at each company, based on the recommendations contained in the PREVI Code of Best-Practice Corporate Governance, we continually monitored our holdings and remained alert to opportunities to maximize returns and generate liquidity in our investments. The selection criteria for board members were also revised to prioritize candidates demonstrated to have appropriate professional experience and academic backgrounds.

Our real estate portfolio management efforts focused on maintaining low vacancy rates, and these efforts will continue into 2016. We have exercised our right to require facilities managers to improve the quality of services provided to tenants and have negotiated better contract conditions to reduce costs and improve sustainability.

### List of investees

Below is a list of our investees, our percent interest and their benchmark indexes.

Benchmark indexes are a tool to measure asset performance in a given dimension, such as sustainability or corporate governance. Positive performance against these benchmarks generally indicates a management approach that is more focused on a company's sustainability. The following indexes are listed: Corporate Sustainability Index (ISE); Special Corporate Governance Stock Index (IGC-X); BM&FBovespa Corporate Governance Trade Index (IGC-T); Special Corporate Governance Stock Index — Novo Mercado (IGC-NM); and Special Tag-Along Stock Index (Itag).

Company	Segment	PREVI Interest (%)	Constituent of ISE/IGC?
521 Participações	Electric utility	100.00	-
Aflunte Geração	Electric utility	2.29	-
Aflunte Transmissão	Electric utility	2.29	-
Ambev	Food & Beverage	2.43	-
Bradesco	Banks	1.45	IGC-X, ISE and IGC-T
Banco do Brasil	Banks	10.38	IGC-X, ISE and IGC-T
BRF	Food & Beverage	10.04	IGC-NM, IGC-T, IGC-X, Itag and ISE
Coelba	Electric utility	2.29	-
Cosern	Electric utility	1.54	-
CPFL Energia	Electric utility	29.45	IGC-X, ISE and IGC-T

Company	Segment	PREVI Interest (%)	Constituent of ISE/IGC?
Embraer	Aircraft industry	5.08	IGC-X, ISE and IGC-T
Fiago	Telecom & IT	51.89	-
Fibria Celulose	Pulp & Paper	0.70	IGC-X, ISE and IGC-T
Forjas Taurus	Steelmaking	4.08	-
Fras-le	Industrial goods	22.50	IGC-X
GTD Participações	Electric utility	24.45*	-
Invepar	Infrastructure	25.56	-
Invitel Legacy	Telecom & IT	19.99	-
Itaú Unibanco	Banks	1.59	IGC-X, ISE and IGC-T
Itaúsa	Banks	2.15	IGC-X, ISE and IGC-T
Jereissati Participações	Telecom & Shopping Centers	18.42	-
Jereissati Telecom	Telecom & IT	19.78	-
Kepler Weber	Industrial goods	17.48	Itag
Klabin S.A.	Pulp & Paper	0.11 **	IGC-X and ISE
Magazine Luiza	Consumer Goods	1.76	IGC-X
Metalúrgica Gerdau	Steelmaking	0.80	IGC-X, ISE and IGC-T
Neoenergia	Electric utility	49.01***	-
Newtel Participações	Telecom & IT	22.54	-

Note: position at December 31, 2015.

\*Reflects an indirect interest via BNY Mellon GTD Fundo de Investimento em Participações.

\*\*Interest held through 705,600 KLB N11 units.

\*\*\*Reflects a direct (22.24%) and indirect (26.77%) interest via BB Carteira Livre I.

Company	Segment	PREVI Interest (%)	Constituent of ISE/IGC?
Paranapanema	Mining	23.96	IGC-X
Petrobras	Oil, Gas and Petrochemicals	2.82	-
Randon	Industrial goods	6.80	IGC-X
Rumo Logística	Infrastructure	2.12	IGC-X, ISE and IGC-T
Sauípe	Hospitality	100.00	-
Sete Brasil	Oil, Gas and Petrochemicals	2.30****	-
Sul 116 Participações	Telecom & IT	10.91	-
Suzano Papel e Celulose	Pulp & Paper	0.41	IGC-X, ISE and IGC-T
Tupy	Industrial goods	26.19	IGC-NM and IGC-T
Ultrapar Participações	Petrochemicals	5.35	IGC-X and IGC-T
Vale	Mining	15.64*****	IGC-X and IGC-T
WEG	Industrial goods	0.07	IGC-X, ISE and IGC-T

Note: position at December 31, 2015.

\*\*\*\*Interest held via Fundo de Investimentos em Participações Sondas (FIP Sondas).

\*\*\*\*\*Reflects a direct (PREVI Futuro) and indirect (Plano 1) interest, including redeemable shares.

## Responsible investment

PREVI is one of the world's largest institutional investors and recognizes the importance of implementing best sustainability practices both internally and externally. Our Investment Policies include a requirement to monitor the social, environmental and economic impacts created by the companies in which we invest. We also closely monitor these impacts through surveys and questionnaires on management, risk and sustainability; by reviewing sustainability and annual reports; and through regular contact with the boards of directors and executive boards of investees. We continually encourage companies to adhere to best practices in corporate governance and observe international standards on monitoring environmental risks and on transparency in public communications.

Our concern in this regard is demonstrated in a number of ways. PREVI is prominently engaged in corporate social responsibility forums including the Principles for Responsible Investment (PRI, in which we are representatives for Latin America), the Global Compact, the Carbon Disclosure Project (CDP) and the International Integrated Reporting Council (IIRC). In Brazil, we are active members of trade associations such as the Brazilian Association of Private Closed Pension Funds (Abrapp) and actively participate in initiatives such as Ethos, a corporate social responsibility Institute.

### Discussions within PRI

The Principles for Responsible Investment (PRI) are a UN initiative that brings together institutional investors to disseminate global standards on excellence in governance and corporate sustainability. PREVI is the representative for Latin America. In 2015, Social Security Director Marcel Barros was the representative for Latin America on the initiative's Board of Directors and attended the Annual PRI Conference. Marcel was a member of the panel that launched the report "Complying with your fiduciary duty – a global roadmap for ESG integration".

In June, our headquarters building in Rio de Janeiro hosted a meeting with the head of PRI UK, Nikola Sobot, and other Brazilian signatories, such as investment funds Real Grandeza, Infraprev and Valia and Distribuidora de Títulos e Valores Mobiliários do Banco do Brasil (BB DTVM). Delegates discussed strategies and the initiatives being developed by PRI, as well as suggestions put forward by attending Brazilian institutions.

### 16th Corporate Governance Meeting

The 16th PREVI Corporate Governance Meeting was held in August under the theme "Developing Brazil's capital market: building alternatives for greater liquidity". The meeting was another significant contribution by PREVI to the discussion of material issues facing institutional investors.

### Activities at Abrapp

PREVI has been actively engaged in discussions on the future of the supplementary pension segment at the Brazilian Association of Private Closed-End Pension Funds (Abrapp). In 2015, PREVI was presented with the first Abrapp Sustainability Award for a paper titled "Corporate social responsibility at PREVI", which discussed our initiatives across the triple bottom line (governance, social, environmental and economic).

### Recognition from the Carbon Disclosure Project

Protecting the environment is among the sustainability concerns against which our investments in companies are assessed. As a member of the Carbon Disclosure Project (CDP) – the most important initiative in the global financial sector related to reducing climate change –, PREVI encourages the companies we invest in to respond to the CDP climate change questionnaire. In 2015, six companies in the PREVI portfolio – Cemig, Vale, Itaú Unibanco Holding, BRF, Ultrapar Participações and Itaúsa – were recognized by CDP for transparency in disclosures on managing climate change.

### Corporate Citizenship Certification

For the third consecutive year, PREVI received Corporate Citizen certification from the Regional Accounting Council of the State of Rio de Janeiro (CRCRJ) in recognition of our efforts in providing financial, social and environmental disclosures. Corporate Citizen certification encourages businesses of all sizes, segments and regions in Brazil to improve the quality of financial, social and environmental disclosures in their annual reports.

