

# The Value of Being PREVI

Report 2012



**CAIXA DE  
PREVIDÊNCIA**  
DOS FUNCIONÁRIOS  
DO BANCO DO BRASIL

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# Message from the Board of Directors

PREVI is a pioneer institution that offered social security benefits to Banco do Brasil employees even before the creation of the Official Social Security in our country, a fact that is already part of our history and makes us very proud. But in 2012 PREVI faced the need to reinvent itself to remain strong and continue offering peace of mind to its participants. In a new scenario for the country, with low interest rates, planning and working in an effective manner to maintain or even build upon historical achievements was the main challenge handled in 2012.

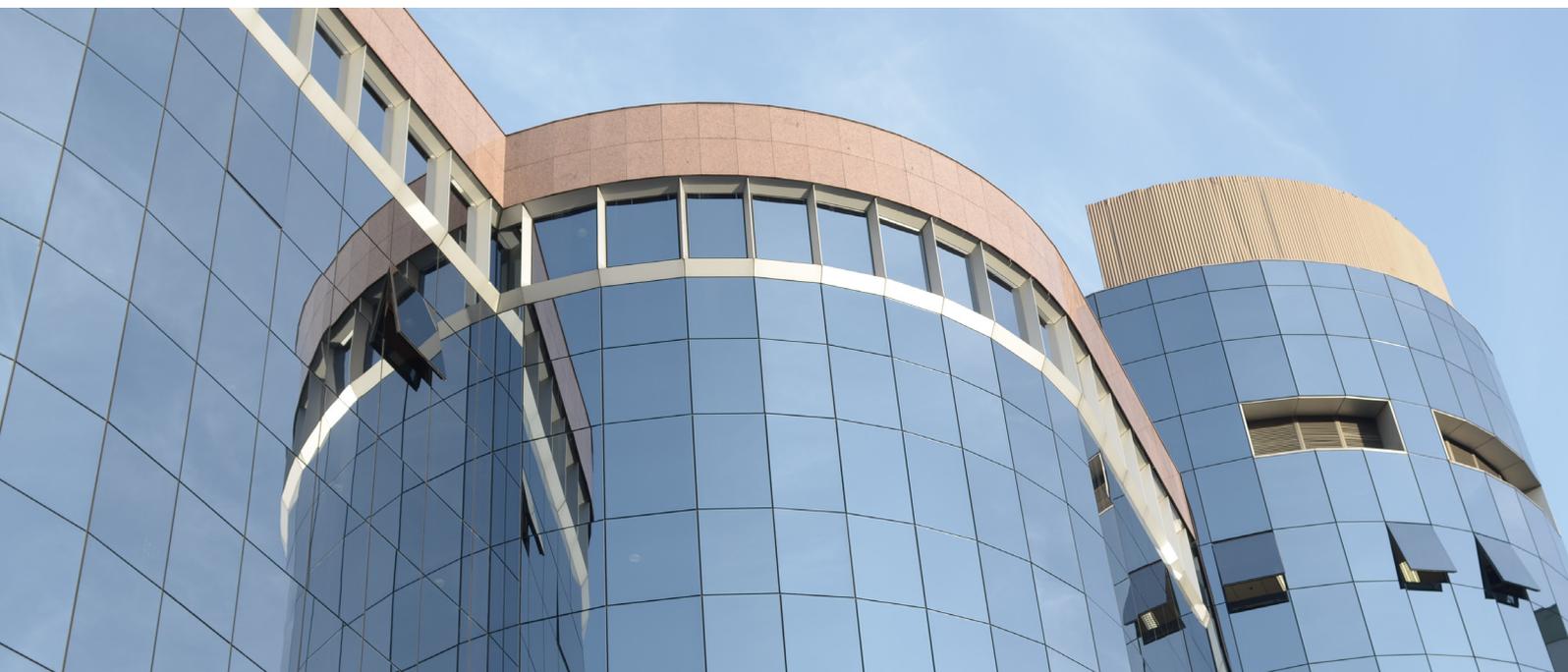
And the achieved results confirm that we are on the right path. Even with the turbulence in the international economy and the changes in the Brazilian economy, we were able to surpass the established profitability goals for the benefit plans. In Plan 1, we closed the year of 2012 with a surplus, enabling us to maintain for another fiscal year the Temporary Special Benefit (BET) and the suspension of participant and sponsor contributions. In the 2012 fiscal year, including BET, PREVI paid R\$8.4 billion in benefits. In Future PREVI, we continue to break participation records, seizing good investment opportunities and enabling its equity to grow strongly.

Confirming our pioneer status and our capacity to anticipate trends, the year also proved past decisions right, as PREVI was not caught by surprise regarding the need for reduction of actuarial interests, imposed by legislation. The institution

had already planned for this need in 2007, when it started the reduction process. Currently, the rate is at 5%. Adopting this same strategy of prudence, the Deliberative Council approved in December a reduction from 5.5% to 5% in the actuarial interest rate for the Future PREVI Plan.

Regarding investments, we have intensified the diversification strategy, with important actions in the fixed income portfolio and expansion in the participation of real estate assets. We bring to attention the review of the Governance Code, incorporating new market needs and defining what PREVI expects from companies in which it holds equity participation. Another relevant initiative to enable us to face the new economic challenges and seize future opportunities was the approval of the possibility of direct investment in foreign countries.

As for sustainability, PREVI continues to follow the values prescribed in PRI (Principles for Responsible Investment) in the formulation of its investment strategies. In 2012, PREVI was mentioned on a study by the Social Security Department of the International Labor Organization (ILO) as one of the four case studies considered as best practices in responsible investment. We can say that this was the theme for 2012, which showed the need for us to reinvent ourselves, but also brought recognition for the adjustments required to continue to ensure peace of mind to participants.



# PREVI

Created in 1904, PREVI arose even before the institution of public social security in Brazil. Today, it is the biggest pension fund in the country and one of the most important funds in the whole world

Headquartered in Rio de Janeiro, PREVI – Social Security Fund for Banco do Brasil Employees is a non-profit closed complementary social security entity, designed to guarantee benefits in addition to the official social security benefits to employees and former employees of Banco do Brasil, employees of PREVI's own staff and its beneficiaries. Created in 1904, PREVI arose even before the creation of public social security in Brazil. Today, with its nearly 200 thousand participants, it is the biggest pension fund in the country, and also the biggest in Latin America. Classified as part of the complementary social security system of closed entities, PREVI is regulated by the National Superintendence of Complementary Social Security (Previc), which regulates closed entities, with participation limited to groups of professionals linked to companies, unions, or class entities.

PREVI resources come from the personal contributions (from participants) and sponsor contributions (from Banco do Brasil and PREVI). The entity efficiently manages these resources by investing in the stock market, real estate and public or private securities, in order to ensure that the benefits continue to be paid and the commitments towards participants are followed. The vast majority of the institution's employees are selected directly from Banco do Brasil's staff, and this is an important advantage: in the management of investments and administration of plans, there is an excellent level of commitment and responsibility, as each person is also a participant of PREVI and therefore works towards their own future. As a result of this commitment, PREVI became one of the top investors in the country, reaching the position of 27<sup>th</sup> top pension fund in the world (in equity), according to a study by American publication Pensions & Investments (regarding the base year of 2011).

PREVI currently holds approximately 25% of the assets of the whole Brazilian complementary social security system. As a signatory of the Principles for Responsible Investment (PRI), a global voluntary initiative of institutional investors aimed at social responsibility, sustainability and governance, the entity is a reference of best practices in its segment, both in Brazil and in the world.

**25%**

of the assets of  
complementary  
social security  
in Brazil are held  
by PREVI

**196,503**

number of PREVI's  
participants in 2012

## Mission

Manage benefit plans, with effective administration of invested resources, seeking the best solutions to secure the social security benefits, in order to contribute to the quality of life of participants and their dependents, while trying to meet their expectations and those of sponsors.

## Values

PREVI performs its management guided and motivated by ethical principles expressed by the following values:

- » Responsibility, commitment, social and environmental responsibility;
- » Solidarity;
- » Quality, competence, excellence, creativity, professionalism;
- » Ethics, honesty, integrity;
- » Transparency;
- » Citizenship, democracy.

## Future view

To be the best benefit plan administrator in Brazil, an international reference, with excellence proven by indicators in:

- » Asset and liability management practices;
- » Participant satisfaction;
- » Administrative costs (cost-benefit relationship);
- » Social and environmental responsibility;
- » Social security products and services;
- » Personnel policy.

Be something that participants, sponsors and employees can be proud of.

## Benefit Plans

PREVI works to ensure benefits to its participants above and beyond those of the Official Social Security. In this manner, it contributes to maintain the quality of life of participants and their corresponding dependents.

Benefit Plan 1 is the plan for Banco do Brasil employees hired until December 1997 and is

closed to new participants. Future PREVI, on the other hand, was designed for employees who joined BB and PREVI after December 24<sup>th</sup>, 1997. The Accumulated Reserve Funds (CAPEC, nest-egg plans) is a plan for Banco do Brasil and PREVI employees, designed to offer lump sum benefits for death and disability, plus the special lump sum benefit (spouse).



## Plan 1

Closed to new participants, Plan 1 has reported a gradual increase in the total benefits paid to its over 118 thousand participants. In 2012, over R\$ 8 billion were paid to 88,861 retirees and pensioners.

Plan 1 participants, both active and retired, contribute with a percentage of wages or complements; the sponsor contributes with the same amount. Plan 1 assets total R\$ 163.5 billion, with mathematical reserves (amount planned to

cover benefits) of R\$ 105.1 billion, a ratio of 156% between assets and reserves. These reserves are calculated monthly by the financial update regime, and the aforementioned amount corresponds to the one registered on 12/31/2012. The ensured benefits are a complement for planned retirement (by contribution time, anticipated or age) and non-planned retirement (disability). It also ensures the death pension complement for beneficiaries.

### PARTICIPANTS

	2009	2010	2011	2012
Assets	33,815	32,449	30,659	28,826
Retirees	64,043	64,361	65,036	65,784
External Assets*	932	916	840	829
External Retirees**	3,456	3,478	3,509	3,522
Pensioners	18,974	18,964	19,285	19,555
<b>Total</b>	<b>121,220</b>	<b>120,168</b>	<b>119,329</b>	<b>118,516</b>

\* Includes self-sponsored, Deferred Proportional Benefit, minimum pension and participants who still lack an option.

\*\* Includes self-sponsored, Deferred Proportional Benefit and minimum pension.

### PAID BENEFITS (R\$)

	2009	2010	2011	2012
PREVI*	5,884,175,156.50	6,194,828,011.66	9,045,819,173.89	8,423,228,164.55
INSS**	1,560,067,346.37	1,722,281,424.59	1,866,996,751.72	2,006,964,312.63
Banco do Brasil***	296,754,348.68	296,251,313.45	297,856,989.95	297,583,241.65
<b>Total</b>	<b>7,740,996,851.55</b>	<b>8,213,360,749.70</b>	<b>11,210,672,915.56</b>	<b>10,727,775,718.83</b>

\* PREVI Benefits Include the PREVI Complement + Deferred Proportional Benefit + Temporary Special Benefit (BET) and Sure Income Benefit + Benefits from Court Rulings.

\*\* Includes amounts forwarded by PREVI, through Payroll, as a result of the Prisma Agreement.

\*\*\* Banco do Brasil is responsible for paying benefits to the founding participants of PREVI, for obligations arising from labor claims, among others.



## Future PREVI Plan

A plan in its growth phase, Future PREVI has registered an increasing number of incoming participants. Enrollment of new hires in the plan went from 86% in 2004 to over 90% in 2010, reaching 93% in 2012.

Future PREVI is a voluntary participation plan, with contributions calculated as percentages of the wages of active participants, with the same contribution from the sponsor. Its assets total R\$ 3.8 billion, with mathematical reserves of R\$ 3.5 billion (108% ratio between assets and

reserves). Actuarial calculations were performed by the capitalization financial regime, for the planned and risk benefits. For the planned benefits of active participants, financial accumulation is performed. The offered benefits are the monthly income of planned retirement (according to the balance of the participant's accounts) and non-planned retirement (disability retirement complement). It ensures for the beneficiaries the complement of pension in case of death and monthly income (for retirees who receive planned income according to participant choice).

### PARTICIPANTS

	2009	2010	2011	2012
Assets	51,977	60,169	67,567	70,662
Retirees	72	103	128	157
External Assets*	4,671	5,748	6,346	6,773
External Retirees**	2	6	10	6
Pensioners	220	268	316	389
<b>Total</b>	<b>56,942</b>	<b>66,294</b>	<b>74,367</b>	<b>77,987</b>

\* Includes self-sponsored, Deferred Proportional Benefit, and participants who still lack an option.

\*\* Includes self-sponsored and Deferred Proportional Benefit.

### PAID BENEFITS (R\$)

	2009	2010	2011	2012
PREVI*	1,180,039.79	1,959,528.19	2,438,450.76	3,310,153.59
INSS	4,728,377.58	5,926,029.67	7,307,739.67	9,144,367.60
Banco do Brasil**	5,075.25	5,410.07	5,848.44	6,339.23
<b>Total</b>	<b>5,913,492.62</b>	<b>7,890,967.93</b>	<b>9,752,038.87</b>	<b>12,460,860.42</b>

\* PREVI Benefits include PREVI Complement (Risk Benefits) + Deferred Proportional Benefit.

\*\* Banco do Brasil is responsible for paying benefits arising from obligations resulting from labor claims.

# 2012 Highlights

In a year of significant changes on the economic scenario, PREVI reinforced engagement with its stakeholders and reaffirmed its leadership in the complementary social security system

In the year of 2012, many initiatives were launched with the purpose of reinforcing PREVI's commitment towards its various audiences. The entity's work as leader in the complementary social security segment also featured many highlights in the year, as did the institution's actions to adjust to recent changes in the economic and financial scenario.

## NEW CORPORATE GOVERNANCE CODE

In order to ensure better management and best governance practices in the companies in which it invests, the entity published in 2012 the new PREVI Code for Best Practices in Corporate Governance, an updated edition of the document created in 2004. Among the changes presented in the new Code is the inclusion of sustainability as one of the business directives, as initiatives in this area contribute towards the long-term survival and profitability of companies.

The new Code was presented to board members, resource managers, banks and investment funds at the 13<sup>th</sup> PREVI Corporate Governance Meeting, held on September 12<sup>th</sup> and 13<sup>th</sup>, in Rio de Janeiro.

## MOBILIZATION INITIATIVES

In its 13<sup>th</sup> edition, the Corporate Governance Meeting received a name change and an expanded audience. In previous editions, the event previously called Board Member Meeting was designed only for the board members elected with PREVI's support. In 2012, the PREVI Corporate Governance Meeting: Act to Transform involved, in addition

to elected board members, market agents such as resource managers, board members of other companies and executives.

In order to forge closer relationships with other relevant institutional investors in the national capital market, PREVI participated in the International Conference of ICGN (International Corporate Governance Network), held in the city of Rio de Janeiro in June 2012.

PREVI also actively participated in the United Nations Conference on Sustainable Development (Cnuds), Rio+20. The entity organized an international meeting between the biggest pension funds in the world and some of the companies in which they hold participation, so they could explain what they are doing in regards to responsible investments, with the goal of stimulating foreign participation in national businesses.

The capital of Rio de Janeiro was also the host in May, for the second time, of the Rio Investors Day, an event dedicated to big investors, gathering leaders of the main open capital companies in the country, plus representatives from the government and national and international institutional investors. Many companies in which PREVI has equity participation (Neoenergia, CPFL, Invepar, Vale, Ultrapar, Usiminas, Ambev, Petrobras and Itaú) discussed macroeconomic issues, infrastructure challenges and projects in Brazil and the role of the capital market, as well as the construction of a more sustainable world, in social, environmental and economic terms.

## COMMUNICATION SEMINAR

In November, PREVI and Banco do Brasil jointly conducted their communication seminars at the headquarters of PREVI, in the neighborhood of Botafogo, Rio de Janeiro. The event was attended by representatives of the Communications and Investor Relations areas of the companies in which equity is held, plus employees of the Communication and Marketing area of PREVI, employees of the Communication Centers of the Regional Superintendencies and Marketing and Communication Board of BB, among other guests.

## In order to ensure better management and best governance practices in the companies in which it invests, the entity published the new PREVI Code for Best Practices in Corporate Governance

At the XVII Banco do Brasil Communication Seminar and II PREVI Communication Seminar, the following topics were discussed: "Sustainability and challenges for corporate communications" and "Excess and urgency in communication". Among the panelists were representatives of large corporations such as Vale, Ambev, CPFL Energia and BRF.

### REVIEW OF ACTUARIAL RATE

PREVI's pioneer position and capability to preempt trends have helped the entity to avoid being caught by surprise regarding the need for reduction of the actuarial rate. In Plan 1, the actuarial rate has been 5% for two years. As PREVI has accumulated consecutive surpluses, it was possible to use part of these resources to review the actuarial rate, ensuring better resilience for the plan. For Future PREVI, the Deliberative Council approved, in December, the reduction of the actuarial interest rate from 5.5% to 5% per year. The expectation, according to legislation, is to reduce it to 4.5% by December 2018.

### OPPORTUNITIES IN A NEW SCENARIO

The changes in the Brazilian economy in 2012, particularly the drop in the base interest rate and its resulting impact in the profitability of PREVI's public security portfolio, encouraged further diversification of the entity's investments, with a focus on real estate enterprises. Thanks to the positive expectations for the segment, PREVI expanded its investments in this area, following the parameters defined in the Investment Policy and strategic planning.

In 2012, the portfolio grew by approximately R\$ 2 billion, thanks to the rising value of real estate already included in the portfolio and the acquisition of new enterprises, such as the Matarazzo Tower, a commercial building under construction at Paulista Avenue (SP), one of the highest priced addresses in the country. The entity acquired 91% of the building, in which it will invest R\$ 345 million.

Another relevant acquisition for the company was the shopping center and one of the corporate towers of the City Park Condominium, to be built at Marginal Pinheiros, in São Paulo. The acquisition of these properties was negotiated for approximately R\$817 million, of which 90% will be paid with resources from Plan 1 and 10% with resources from Future PREVI.

At the end of December, PREVI signed the purchase of a 34.28% participation in the Iguatemi Esplanada Shopping, a project located between the cities of Sorocaba and Votorantim, in São Paulo. Approximately R\$ 28 million was invested in 2012, using resources from Plan 1, and the remainder will be spent until the end of the construction work, planned for October 2013. The entity and Iguatemi Empresa de Shopping Centers S.A. jointly own 72.3% of the Esplanada Shopping and 100% of the Iguatemi Esplanada Shopping, enabling management of the two enterprises as a single compound.

### NEW STRATEGIES FOR FIXED AND VARIABLE INCOME

In variable income, in which PREVI has a significant part of its resources, the strategy is focused on companies and sectors that distribute good dividends or that have high growth potential, considering the need for cash flow to pay the benefits of Plan 1. Investment in variable income is considered particularly appropriate for the Future PREVI Plan, whose participants are still in resource accumulation phase and can seize the opportunity presented by low share prices. In fixed income, an attempt was made to extend the portfolio maturity dates in order to keep the relationship between the period and benefit payments. This logic applies both to public securities and private ones.

With a focus on risk diversification and reduction, PREVI modified the Investment Policies, so that in 2013 they already plan for allocation of part of the resources of plans 1 (up to 0.30%) and Future PREVI (up to 1%) in foreign market assets.

# Responsible Investments

## Investment policies and strategies

PREVI's Investment Policies are reviewed annually, updating directives and measures that guide long term asset management. The integration of environmental, social and governance variables in the investment decision making process is aimed at mitigating the risks that could impact the profitability of the resources and hinder payment of benefits to the participants.

In order to define the Policy goals, it is necessary to consider the macroeconomic and sector scenarios, while evaluating long term cash flow, risk management and asset profitability

expectations. When a goal is established, the macro allocation percentages are defined according to the appetite for risk.

In addition, changes in the national economic scenario have interfered in the development of the Investment Policies for 2013-2019, which already include, for the first time, the possibility of foreign investments – initially in small amounts, so the entity can acquire the necessary expertise. Today, PREVI operates in the foreign market only through companies in which it holds participation.

### Constant risk evaluation

In order to verify the efficiency of risk management, prospective indicators were created to analyze future unfavorable situations. One of them is the Solvency Index, which measures the possibility of PREVI facing some kind of insolvency on the long term. This indicator is essential for building the Investment Policy, because it enables, for instance, evaluating the probability that the liabilities will become bigger than the assets, at a given time. Another potential indicator is the Non-Planned Divergence (DNP) Projection, which analyzes any misalignment between the future profitability of the plan and its actuarial goal.

PREVI's risk management is based on three pillars. The Quantitative pillar handles the formulation of metrics and methodologies. It is important for all areas to understand and evaluate in the same manner the various existing risk metrics, with precise tools that fit the process. The Processes pillar is essential for integration of the areas and to enable a holistic view – what is called Global Risk for PREVI. Lastly, the Communication pillar is related to process transparency and how risks are reported, whether between the many PREVI areas, or among the sponsor, participants, entities and other audience.

## Risk culture

The dissemination of the risk culture is one of the main objectives for the deployment of Risk Based Management at PREVI. In 2012, Risk Management conducted many presentations, in order to demonstrate the main risk management concepts and highlight the relevance of a detailed analysis of the risks to which the entity is exposed, while encouraging people to

reflect on how they deal with risks in their day to day activities. Over 300 people participated, close to 50% of PREVI's collaborator staff.

For 2013, PREVI plans to continue to encourage discussions about the topic in each area by creating a risk course for the Fundamental Class List (classes that new employees undergo to better understand the entity).

## PLAN 1

Mature, and therefore in growth phase for the volume of payments, Plan 1 needs better liquidity to ensure payment of the benefit. The trend is towards reduction of equity participations and other variable income investments, while increasing structured, real estate and fixed income investments, in order to diversify the portfolio and expand liquidity.

PREVI included in its Investment Policies the Social and Environmental Responsibility criteria, consolidating its positioning towards investments that take under consideration environmental, economic and social aspects

## MACRO ALLOCATION (%)

Segments	2011		2012		2013	
	Minimum allocation	Maximum allocation	Minimum allocation	Maximum allocation	Minimum allocation	Maximum allocation
Variable income	60	66	55.2	63.2	56.6	64.6
Fixed income	28	34	28.2	36.2	25.3	33.3
Real estate	2	5	2.5	6	3.8	7.3
Operations with participants	1.5	4	1	5	1.1	5.1
Structured investments	0	1	0	2	0	2
Foreign investments	-	-	-	-	0	0.3

The integration of environmental, social and governance variables in the investment decision making process aims the mitigation of risks that could impact the profitability of PREVI's resources

FUTURE PREVI

The newest benefit plan of the entity, Future PREVI is in resource accumulation phase, which enables a higher allocation of investments in variable income, thanks to the long term horizon for the start of benefit payments for most of its participants.

The Plan Investment Policy is based on studies and simulations that consider contribution time, contribution levels and investment return expectations. These three pillars guide the construction of the macro allocation of resources.

MACRO ALLOCATION (%)

Segments	2011		2012		2013	
	Minimum allocation	Maximum allocation	Minimum allocation	Maximum allocation	Minimum allocation	Maximum allocation
Variable income	0	50	0	50	0	50
Fixed income	25	95	0	95	21	95
Real estate	0	5	0	8	0	8
Operations with participants	5	15	5	15	5	15
Structured investments	0	5	0	5	0	5
Foreign investments	-	-	-	-	0	1

CAPEC

The Capec Plan is autonomous regarding the other benefit plans, consisting only of contributions from its participants. The amounts paid monthly by the participants are calculated in order to ensure a sufficient volume for payment of the benefits during the same fiscal year, without the need to generate reserves.

Considering Capec's structural characteristics, the Plan's resource allocation strategy seeks to provide return and liquidity to the resources, in order to fulfill the established commitments and enable improvements in the Plan's conditions.

MACRO ALLOCATION (%)

Segment	2013	
	Indexer	Maximum allocation
Fixed income	Selic	100

## Social and environmental responsibility policy

As a signatory of the Principles for Responsible Investment (PRI) since 2006, PREVI included in its Investment Policies the Social and Environmental Responsibility (SER) criteria, in order to disseminate this kind of practice, while consolidating its positioning towards investments that take under consideration environmental, economic and social aspects. In the year of 2011, PREVI received the Ecosofia award from the Brazilian Institute of Finance Executives (Ibef), in the Management category, for the process of building and implementation of its SER Policy.

Among its board members in companies in which it holds participation, PREVI constantly encourages

discussions about sustainability, including the use of the international report methodology of the Global Reporting Initiative (GRI), monitoring of greenhouse gas emissions through the Carbon Disclosure Project (CDP), as well as other principles for best practices in corporate governance. As the only Latin American representative at the PRI board, PREVI has encouraged collective mobilization in the Brazilian signatory network, in order to stimulate the issue of transparency.

In Brazil, approximately R\$ 344 billion in resources are under management of the 16 pension funds that participate in PRI, accounting for 64% of the complementary social security sector in the country.

## Investment decisions

One of the most important variables considered in investment decisions in 2012 was the search for liquidity, because attention must be given to the long term output cash flow. With the reduction in asset profitability, it was necessary to seek some options, such as the diversification in the investment portfolio.

As a result of the drop in the base interest rate in 2012, it was necessary to reevaluate scenarios in order to define what is strategic for the next years, and to expand the pool of investment alternatives offering profitabilities aligned with PREVI's needs.

For this purpose, the strategies defined for 2013 include: operating in international investments, something the entity already does through companies in which it holds equity participation; increased exposure to private credit securities with profitability and risk evaluation compatible with plan goals; expansion of investments in companies with significant growth potential through structured investment vehicles; and increased participation in the real estate area.

### DIVESTMENT POLICY

Since 2009, PREVI has been developing a Divestment Policy, in order to optimize resources invested in real estate enterprises. A decision was made towards selling real estate evaluated at up to R\$ 50 million, as management of real estate

units with a lower value generates the same cost. The participation of strategic investors, location and PREVI's own interest in the property were also analyzed. If none of these criteria were met, the property was included in the divestment portfolio.

When this policy was established, 26 properties were included in the divestment portfolio. Currently, only six remain, which will undergo interventions until they are placed for sale.

With the drop in asset profitability, particularly due to the reduction in the base interest rate, it was necessary to expand and diversify investments in real estate enterprises, which in recent years have experienced a significant increase in value, while offering the best profitabilities of PREVI's investment portfolio.

### RESOURCE ALLOCATION GOALS

In 2012, Plan 1 reached approximately 5.2% of its total equity invested in real estate, which corresponds to R\$8.6 billion in investments. Meanwhile, Future PREVI reached the mark of 2.4% of its resources, with a little over R\$ 88 million allocated in this segment. As a result, more challenging goals were established for the area: increase from 6 to 7.3% the allocation of resources in real estate in Plan 1 and in Future PREVI maintain this allocation at 8%, limit established by regulation agencies.

Some regions and decisions were defined as investment priorities, with a focus on high standard corporate buildings with environmental certification to renew the portfolio, while reducing investments in older buildings, acquired some time ago. Another goal was to continue allocating resources to shopping centers, both expansions and new enterprises, and to large logistics condominiums.

Regarding corporate properties, one of the strategies developed in 2012 was the investment in bigger enterprises designed for few users (or single users). At the start of 2009, PREVI had R\$ 3.3 billion invested in real estate, with approximately 72 addresses. At the start of 2012, the entity had accumulated R\$ 8.6 billion in investments, with 57 active addresses.

## Companies and enterprises in which participation is held

PREVI resources come, essentially, from personal and sponsor contributions. As the entity needs to consider the long term view in order to ensure payment of benefits, these resources are invested in company shares, real estate and securities, for the most part.

In addition to the search for liquidity, the strategies of companies and their relationship with sustainability principles are essential pillars to guide investments in companies. As PREVI actively participates in PRI, companies in which it holds participation are encouraged to adopt social and environmental responsibility practices.

Interaction with these companies is performed through permanent contact of PREVI analysts with the elected board members and representatives of the executive body. These interactions are conducted through live meetings, telephone contact, events (such as the Corporate Governance Meeting) and the PREVI Board Members room. The companies also fill out questionnaires of evaluation of sustainability practices, compliance with the PREVI Code of Best Practices in Corporate Governance, and Risk Management Evaluation.

All interactions are registered in an electronic system, specifically designed to analyze and track these companies in which participation is held. These interactions with board members and representatives of the companies, as well as the questionnaire results, function as a base for mobilization regarding governance, social and environmental issues.

### GOVERNANCE AND SUSTAINABILITY

In 2012, PREVI promoted the dissemination of topics related to sustainability aspects through chat sessions in the Board Member Room, with themes like "Governance Portal", "The relevance of CA in the corporate governance system" and "Manager Succession Program".

The goals for 2013 include continuing the work conducted at the PRI Mobilization Group, organizing the new edition of the PREVI Corporate Governance Meeting, organizing chat sessions in the Board Member Room and analyzing the received responses to the Questionnaire for Evaluation of Sustainability Practices. In 2012, PREVI interacted with 65 of the 110 companies in which it holds participation (59%), regarding environmental and social issues. As for environmental or social issues discussed in the companies in which PREVI holds participation with voting shares, the entity does not have a formally established voting policy. The positioning is built based on the company's best interests, based on the principles and recommendations of the PREVI Code of Best Practices for Corporate Governance, with support from Legal Counsel.

PREVI's shareholding participations are distributed across the many different sectors of the Brazilian economy. Thanks to the significance of the total invested capital and the quantity of participations, great responsibility is attributed to the entity in value generation and the paths taken by production segments in the country.

Below is a list of companies in which PREVI invests and the corresponding participation percentage.

MINING	
<b>Paranapanema</b>	<b>23.96%</b>
Biggest non-integrated maker of refined copper in Brazil, leader in the home market. Second biggest manufacturer of semi-finished copper products in Brazil. 	
<b>Vale</b>	<b>14.85%*</b>
One of the biggest private companies in the country and the second biggest mining company in the world. 	
ELECTRIC POWER	
<b>521 Participações</b>	<b>100%</b>
Holding in the energy sector with direct or indirect participation in other organizations, enterprises and consortiums. 	
<b>Neoenergia S.A.</b>	<b>49.01%</b>
One of the biggest groups in generation, distribution and marketing of electricity, whose main controlled companies are Coelba (BA), Celpe (PE) and Cosern (RN). 	
<b>CPFL Energia</b>	<b>31.01%</b>
One of the biggest Brazilian groups in generation, distribution and marketing of electricity. 	
<b>GTD Participações</b>	<b>21.63%</b>
Holding in the energy sector with direct or indirect participation in other organizations, enterprises and consortiums. 	
<b>CELESC</b>	<b>14.46%</b>
Holding of companies working in the areas of generation, transmission and distribution of electricity and distribution of natural gas in the state of Santa Catarina. 	
<b>Afluente Transmissão</b>	<b>2.29%</b>
Holding focused on studying, conceptualizing, building and operating projects for generation of electricity, transmission of electricity, and related services. 	
<b>Afluente Geração</b>	<b>2.29%</b>
Company controlled by the holding Neoenergia (87.84%), studies, designs, builds and explores electricity generation and transmission systems. 	

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\* Reflects direct participation (Future PREVI) and indirect participation (Plan 1), considering redeemable shares.

## RESPONSIBLE INVESTMENTS

<b>Coelba</b>	<b>2.29%</b>
Company in the Neoenergia group, services approximately 5.8 million customers in the state of Bahia.	
<b>COSERN</b>	<b>1.54%</b>
Company of the Neoenergia group responsible for distributing electricity to 1.074 million customers in 167 cities, which together account for a population of over 3 million people.	
<b>CEMIG</b>	<b>0.46%</b>
The company provides generation, transmission, distribution and commercialization of electrical power. It also invests in natural gas distribution, telecommunications and energy efficiency projects.	
<b>BANKING</b>	
<b>Banco do Brasil</b>	<b>10.38%</b>
Biggest financial institution in Latin America in asset volume.	
<b>Itaúsa</b>	<b>2.77%</b>
Holding controlling companies that work in several areas. Two of the controlled companies that stand out are Itaú Unibanco and Itaútec.	
<b>Itaú Unibanco Holding S.A.</b>	<b>1.9%</b>
Biggest private bank in the country and one of the 10 top banks in the world.	
<b>Bradesco</b>	<b>1.76%</b>
Second biggest private bank in the country in total assets.	
<b>FOOD AND BEVERAGES</b>	
<b>Ambev</b>	<b>2.89%</b>
Part of the biggest platform for production and marketing of beers in the world, AB InBev. Operates in 14 countries of the Americas.	
<b>BRF</b>	<b>12.19%</b>
Created from the association between Perdigão and Sadia, the company was born as one of the top global competitors in the food sector.	

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OIL & GAS AND PETROCHEMICALS		
<b>Petrobras</b>		<b>2.79%</b>
Leader in the Brazilian oil industry, and one of the biggest energy companies in the world, operating in 28 countries.		
<b>Sete Brasil</b>		<b>2.8%**</b>
Investment company specialized in managing a portfolio of assets focused on the oil and gas sector and the offshore area in Brazil, particularly those related to Brazilian pre-salt.		
<b>Ultrapar Part.</b>		<b>5.94%</b>
The company works in the sectors of fuel distribution, through Ipiranga and Ultragas, chemical industry and the segment of storage for liquid bulk materials.		
INFRASTRUCTURE		
<b>Invepar</b>		<b>25.56%</b>
Road and railroad infrastructure company. It manages Metrô Rio (RJ) and the Guarulhos International Airport (SP), among other concessionaires.		
<b>ALL</b>		<b>3.94%</b>
Intermodal transportation logistics services company, with 21,300 km of railroads, 1,095 locomotives, 31,650 train cars and 1,000 road vehicles in operation.		
INDUSTRIAL GOODS		
<b>Tupy</b>		<b>35.6%</b>
Brazilian smelting company active in all continents, a reference brand in the global market of cast iron components.		
<b>FRAS-LE</b>		<b>21.97%</b>
Leader in Latin America, it is one of the biggest global manufacturers of products in the friction material segment, for application in automobiles, machinery, tractors, trains, subways, elevators and oil rigs.		
<b>Kepler Weber</b>		<b>17.56%</b>
Leader in its sector in South America, manufactures equipment for storing, processing and moving bulk materials.		
<b>Randon</b>		<b>6.79%</b>
Conglomerate with a broad product portfolio of commercial vehicles related to cargo transportation, whether by road, railroad or off-road.		

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\*\* Participation through Participation Investment Fund Sondas – FIP Sondas (2.8% of the quotas of FIP Sondas, using as reference date 11/20/2012).

## RESPONSIBLE INVESTMENTS

<b>WEG</b>	<b>2.05%</b>
Company specializing in manufacturing and marketing electrical motors, transformers, generators and paints.	
	
<b>STEELWORKS</b>	
<b>Forjas Taurus</b>	<b>24.4%</b>
Produces pistols, revolvers, rifles, air arms and police weapons. It exports its products to over 70 countries.	
	
<b>Usiminas</b>	<b>5.89%</b>
Leader in the Brazilian market of flat steel, it is active in seven Brazilian states and has the biggest flat steel metallurgy complex of Latin America.	
	
<b>Gerdau Metalúrgica</b>	<b>1.6%</b>
It is the holding that directly or indirectly controls all Gerdau companies.	
	
<b>Gerdau S.A.</b>	<b>0.66%</b>
Leader in long steel production in the Americas, it is one of the top vendors of special long steel in the world.	
	
<b>TELECOM / IT</b>	
<b>Fiago</b>	<b>51.89%</b>
Holding with significant participation in Telemar Participações S/A.	
	
<b>Invitel Legacy</b>	<b>19.99%</b>
Manages rights and obligations assumed by Zain, Invitel and Techold under the agreements established with organizations of the Telecom Italia group in 2007.	
	
<b>Jereissati Telecom</b>	<b>19.78%</b>
Controls organizations La Fonte Telecom S.A. and Iguatemi Empresa de Shopping Centers S.A., with investments in the telecommunications (Oi Group) and real estate sectors.	
	
<b>Jereissati Participações</b>	<b>18.42%</b>
Controls organizations La Fonte Telecom S.A. and Iguatemi Empresa de Shopping Centers S.A.	
	
<b>Newtel Participações</b>	<b>14.36%</b>
Participation in other organizations, such as real estate enterprises, and quota-holder in investment funds.	
	

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## RESPONSIBLE INVESTMENTS

<b>Telemar Participações</b>	<b>9.69%</b>
Holding of the group, managing Tele Norte Leste Participações (TNL); TNL manages the operators Telemar, in fixed telephony, Oi for cell phones and the Oi Internet provider.	
<b>Oi S.A.</b>	<b>3.28%</b>
Pioneer in the provision of convergence services in the country, with over 60 million customers in national territory, providing fixed and mobile telephony and data communication services.	
<b>Sul 116 Participações</b>	<b>11.17%</b>
Participation in other organizations, such as Investment Funds.	
<b>AVIATION INDUSTRY</b>	
<b>Embraer</b>	<b>7.83%</b>
One of the biggest aerospace companies in the world, produces airplanes for the segments of commercial, executive and defense aviation.	
<b>PAPER AND CELLULOSE</b>	
<b>Fibria Celulose S.A.</b>	<b>1.4%</b>
Biggest Brazilian manufacturer of paper and cellulose, with an annual output of 5,25 T of cellulose.	
<b>Suzano Papel e Celulose S.A.</b>	<b>0.92%</b>
Active in more than 80 countries, it is the second biggest global manufacturer of eucalyptus cellulose and regional leader in the paper market.	
<b>Klabin</b>	<b>0.07%</b>
Biggest manufacturer, exporter and recycler of papers in Brazil. Leader in the markets of papers and cards for packaging, also manufactures and markets wood logs.	
<b>CONSUMER GOODS</b>	
<b>Sauípe</b>	<b>100%</b>
Company that manages Costa do Sauípe, one of the biggest Brazilian resorts, located in the northern shore of the state of Bahia and including five luxury hotels and five inns.	
<b>Magazine Luiza</b>	<b>2.23%</b>
The retail chain is among the 50 most valuable brands in Brazil.	

## Social and environmental responsibility

Among the companies that received investments, 30 are part of the Index of Actions with Differentiated Corporate Governance (IGC) and 15 are part of the BM&FBovespa Corporate Sustainability Index (ISE), as of the first four months of 2012. The following are part of ISE: Bradesco, Banco do Brasil, BRF, Cemig, CPFL Energia, WEG, Fibria, Gerdau, Metalúrgica Gerdau, Itaúsa, Itaú Unibanco, Oi, Suzano Papel e Celulose, Ultrapar and Vale.

## PREVI encourages and supports the nomination of board members for participation in the administration and fiscal boards

### PARTICIPATION OF BOARD MEMBERS.

With the goal of contributing towards the management in companies in which it holds participation and ensure a better return for its investments, PREVI encourages and supports the nomination of board members for participation in the administration and fiscal boards. Currently, the entity supports board members occupying 226 positions, including full members and substitutes.

The process of selection for the board members appointed to work in the companies in which participation is held happens annually, and follows a series of criteria established in the Policy for Selection and Nomination of Board Members. The curriculums are registered on the PREVI site by the participants themselves, for verification of compliance with selection criteria and minimum score. The criteria are technical, including formal education, professional experience, experience in decision-making bodies and specific expertise, such as corporate governance, social and environmental responsibility and corporate strategy.

### CORPORATE GOVERNANCE

Corporate governance is a strategic topic for PREVI. It is one of the three main aspects for investment decisions, next to attractiveness and economic-financial situation of the potential asset. The set of practices recommended by PREVI helps optimize the performance of a company, protect investors, employees, debtors and other stakeholders, and facilitate company access to the capital market, while also providing a structure that clearly defines corporate goals, how to achieve them and how to track their performance, in order to contribute towards sustainable growth.

Seeking continuous improvement for its management, PREVI launched the new edition of the PREVI Code of Best Practices for Corporate Governance, during the Corporate Governance Meeting held on September 2012, at the Windsor Barra Hotel in Rio de Janeiro. For the preparation of this document, whose first edition was published in 2004, surveys were conducted regarding the latest trends in Corporate Governance, as well as a broad debate in the Participation Board and among the PREVI internal audience. The Code also features contributions from institutions and professionals in the market, through consultation of external audiences.

## While regularly tracking the performance of companies, PREVI analysts verify the degree of compliance regarding practices recommended on the Code of Best Practices for Corporate Governance

### SUPPORT FOR BEST PRACTICES

One of the most significant changes implemented was the inclusion of the sustainability directive in corporate management. For PREVI, the topic must be at the root of investments and the entity's strategy should consider these principles as a way of seeking business longevity. The new Code reinforces the governance structures and the role of the Fiscal Board, recommending that companies disclose their information in an integrated manner.

The new PREVI Code of Best Practices for Corporate Governance is a crucial tool to enable these principles to be disseminated and learnt by the companies in which participation is held. They are encouraged to adopt social and environmental responsibility practices that will offer better business longevity, and thus better returns.

While regularly tracking the performance of companies, PREVI analysts verify the degree of compliance regarding practices recommended on the Code among the companies in which participation is held.

Among the indirect benefits resulting from the investments performed by the institution, the following are highlighted: economic development in very low income areas; attraction of local investments from the public and private sector; generation of jobs; development and attraction of local vendors; improvement of local infrastructure; impact on the demand for public services; environmental impact affecting the well-being of a community; real estate development in remote areas.

### INFRASTRUCTURE ACHIEVEMENTS

In 2012, many companies in which PREVI holds participation played important roles in relevant actions. Invepar (Investimentos e Participações em Infraestrutura S.A.), which controls seven roads in Brazil and MetrôRio, took an important step towards achieving its growth and Strategy

Plan: it won the bid for the concession of the Guarulhos International Airport, one of the most important in the country, for a period of 20 years. The revenue of the Invepar Group, according to financial statements from 2011, is approximately R\$ 660 million. This is the first experience by the federal government in offering airport concessions to the private initiative.

Vale obtained the environmental license from the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama) for the expansion of the Carajás Railroad (EFC), which connects mining operations in the Pará Valley to the seaport of Ponta da Madeira, in the state of Maranhão. The railroad expansion is part of the Carajá Serra Sul S11D project, the biggest in Vale's history, which is set to make 90 million metric tons of iron ore per year. The enterprise will receive a total investment of R\$ 19.5 billion (US\$ 11.4 billion) for expansion of the logistics infrastructure.

### MERGERS AND ALLIANCES

In this fiscal year, the merger process between Sadia and Perdigão was also concluded, leading to the creation of BRF. With a net revenue of R\$ 25.7 billion in 2011, BRF is one of the biggest global poultry exporters and is among the largest global food companies in market value. It accounts for over 9% of global exports of animal protein and is the only company in the sector with a distribution network covering the whole national territory.

The Oi Group established a strategic alliance operation with Portugal Telecom, resulting in its shareholder restructuring. The initiative ended with the consolidation of the shares of the group's companies in a single enterprise listed on level 1 of Corporate Governance of the Stock Exchange. The Differentiated Levels of Corporate Governance – levels 1 and 2 – are special listing segments developed towards a negotiation environment that encourages the interest of investors and a higher perception of value for the companies.



### EXPRESSIVE INVESTMENTS

Tupy concluded the acquisition of two foundries in Mexico, Cifunsa Diesel and Technocast, for US\$ 439 million. These acquisitions will enable Tupy to go international, becoming the biggest manufacturer of cast iron head and blocks in the world, while getting closer to its automobile industry customers based on North America.

With the contracting for a new batch of 21 rigs to be built for the long term drilling program, to be used mainly in the pre-salt wells, Sete Brasil Participações S.A. became the biggest owner of drilling rigs in the world. The company estimates the need for investments to build this additional batch of rigs at approximately R\$ 32 billion. Through a Participation Investment Fund (FIP Sondas), PREVI is a partner of the company, which has receivables in the amount of US\$ 75 billion and a fleet of 28 rigs.

### GREEN ENTERPRISES

Ecoefficiency and sustainability resources have helped to define the investment base. All enterprises acquired in recent years, including logistics warehouses, have environmental certifications. This initiative ensures efficiency

gains in building administration by reducing service charges and saving electricity and water, contributes to increased comfort for users, increases value perception for the asset and expands the attractiveness of the building for rental purposes.

The green real estate enterprises that received PREVI investments and were certified in 2012 are:

- » Birmann 21 Building in São Paulo, which became the first enterprise in PREVI's real estate portfolio and the fourth in Brazil to achieve Leed certification in Operation and Maintenance mode;
- » Eco Berrini Building, located in São Paulo, the property with the highest equity value in PREVI's portfolio. It achieved the Leed Platinum certification, the highest level for commercial office buildings granted by the NGO Green Building Council (GBC);
- » Marques dos Reis Building, in Rio de Janeiro, achieved the Leed Silver certification. Inaugurated in 1952, the building underwent a retrofit, a renewal process that integrated modern technology while maintaining the original architecture.

# GRI Index

The index below lists the GRI indicators included in the Report PREVI 2012. To read the answers in full (in Portuguese), please access the digital version of the report in <http://www.previ.com.br/quemsomos/relatorio2012/pt/home/index.html>

## PROFILE DISCLOSURES

Item	Description
<b>Strategy and Analysis</b>	
1.1	Message from president
1.2	Impacts, risks and opportunities
<b>Organizational Profile</b>	
2.1	Name of organization
2.2	Brands, products and/or services
2.3	Operational structure
2.4	Location of organization's headquarters
2.5	Countries in which organization operates
2.6	Nature of ownership and legal form
2.7	Markets served
2.8	Scale of organization
2.9	Changes in reporting year
2.10	Awards and certifications
<b>Report Parameters</b>	
3.1	Reporting period
3.2	Previous report
3.3	Reporting cycles
3.4	Contact details
3.5	Definition of content
3.6	Boundary of report
3.7	Scope of report
3.8	Basis for elaboration of report
3.9	Data measurement techniques and bases of calculations
3.10	Restatement of information
3.11	Significant changes
3.12	GRI summary
3.13	External assurance

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Item	Description
<b>Governance, Commitments, and Engagement</b>	
4.1	Governance
4.2	Identification of whether president of the highest governance body is also an executive
4.3	Independent members
4.4	Communication channels with board
4.5	Remuneration for sustainability
4.6	Conflicts of interest
4.7	Qualifications of members
4.8	Internal values, codes and principles
4.9	Board activities
4.10	Board self-assessment
4.11	Precautionary principle
4.12	Charters, principles and initiatives
4.13	Membership of associations
4.14	List of stakeholders
4.15	Identification of stakeholders
4.16	Stakeholder engagement
4.17	Stakeholder demands

## DISCLOSURES ON MANAGEMENT APPROACH

Item	Description
<b>Product portfolio</b>	
FS1	Policies with specific environmental and social components applied to business lines
FS2	Procedures for assessing and screening environmental and social risks in business lines
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting
FS13	Access points in low-populated or economically disadvantaged areas by type
FS14	Initiatives to improve access to financial services for disadvantaged people
FS15	Policies for the fair design and sale of financial products and services
FS16	Initiatives to enhance financial literacy by type of beneficiary

ECONOMIC PERFORMANCE

Item	Description
<b>Economic performance</b>	
EC1	Direct economic value
EC3	Pension plan
<b>Indirect economic impacts</b>	
EC8	Infrastructure investments
EC9	Indirect economic impacts

ENVIRONMENTAL PERFORMANCE

Item	Description
<b>Materials</b>	
EN1	Materials used
<b>Energy</b>	
EN3	Direct energy consumption
EN4	Indirect energy consumption
<b>Water</b>	
EN8	Water withdrawal by source
<b>Emissions, effluents and waste</b>	
EN18	Greenhouse gas emission reduction

SOCIAL - LABOUR PRACTICES AND DECENT WORK

Item	Description
<b>Employment</b>	
LA1	Work force profile
<b>Occupational health and safety</b>	
LA7	Occupational diseases, days lost and fatalities
LA8	Serious disease prevention programmes
<b>Training and education</b>	
LA10	Average hours of training per year

SOCIAL - HUMAN RIGHTS

Item	Description
<b>Forced and compulsory labor</b>	
<b>HR6</b>	Child labour
<b>Forced and compulsory labor</b>	
<b>HR7</b>	Forced or slave labour

SOCIAL - SOCIETY

Item	Description
<b>Community</b>	
<b>S01</b>	Management of impacts
<b>Corruption</b>	
<b>S04</b>	Cases of corruption
<b>Public policy</b>	
<b>S05</b>	Public policy and lobbying
<b>S06</b>	Contributions to political parties

MANAGEMENT APPROACH - RESPONSIBILITY FOR PRODUCTS

Item	Description
<b>Marketing communications</b>	
<b>PR5</b>	Customer satisfaction
<b>PR6</b>	Adherence to standards - communication and marketing

# Accounting Statements

## BALANCE SHEET (IN THOUSANDS OF REAIS - R\$)

ASSETS	(Notes)	2012	2011
<b>AVAILABLE</b>		<b>531</b>	<b>82</b>
<b>NON-CURRENT</b>		<b>167,557,700</b>	<b>156,813,194</b>
Social Security Management	(5)	1,203,798	1,079,413
Administrative Management		111,445	98,184
Investments	(6)	166,242,457	155,635,597
Government Securities	(7)	10,266,319	10,934,907
Private Credit and Deposits	(7)	8,673,178	4,324,857
Shares	(8)	48,427,094	45,529,930
Investment Funds	(9)	84,497,535	83,162,107
Real Estate Investments	(10)	8,687,312	6,406,753
Loans	(11)	4,215,801	3,693,600
Real Estate Financing	(11)	1,472,515	1,581,658
Legal Deposits /Appeal Bonds	(15)	2,703	1,785
<b>PERMANENT</b>		<b>17,498</b>	<b>16,905</b>
Fixed		9,344	10,597
Intangible		8,154	6,308
<b>ASSET TOTAL</b>		<b>167,575,729</b>	<b>156.830.181</b>

The Explanatory Notes are part of the Accounting Statements.

## ACCOUNTING STATEMENTS

LIABILITIES	(Notas)	2012	2011
<b>OPERATIONAL RECEIVABLES</b>	<b>(14)</b>	<b>21,893,564</b>	<b>19,181,324</b>
Social Security Management		21,520,661	18,911,638
Administrative Management		13,639	6,790
Investments		359,264	262,896
<b>CONTINGENCY RECEIVABLES</b>	<b>(15)</b>	<b>1,912,090</b>	<b>1,885,501</b>
Social Security Management		1,781,652	1,778,033
Administrative Management		92,573	75,289
Investments		37,865	32,179
<b>EQUITY</b>		<b>143,770,075</b>	<b>135,763,356</b>
Plan Coverage Equity		135,924,985	124,641,087
Mathematical Provisions	(17)	108,630,080	99,975,841
Granted Benefits		91,559,441	85,127,884
Benefits to be Granted		31,280,689	28,022,478
(-) Mathematical Provisions to be Built		(14,210,050)	(13,174,521)
Technical Balance	(18)	27,294,905	24,665,246
Realized gains and losses		27,294,905	24,665,246
Accumulated Technical Surplus		27,294,905	24,665,246
Funds	(19)	7,845,090	11,122,269
Social Security Funds		6,458,214	9,843,633
Administrative Funds		824,222	765,450
Investment Funds		562,654	513,186
<b>TOTAL LIABILITIES</b>		<b>167,575,729</b>	<b>156,830,181</b>

The Explanatory Notes are part of the Accounting Statements.

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## ACCOUNTING STATEMENTS

### STATEMENT OF CHANGES IN EQUITY (IN THOUSANDS OF REAIS - R\$)

DESCRIPTION (Note 20)	2012	2011	Variation (%)
<b>A) Equity - start of fiscal year</b>	<b>135,763,356</b>	<b>136,243,241</b>	<b>(0.4)</b>
<b>1. Additions</b>	<b>22,115,162</b>	<b>15,427,285</b>	<b>43.4</b>
(+) Social Security Contributions*	3,195,773	2,951,906	8.3
(+) Positive Result of Investments - Social Security Management	18,558,289	11,433,668	62.3
(+) Reversal of Contingencies - Social Security Management	0	737,911	(100.0)
(+) Administrative Revenue	219,822	199,297	10.3
(+) Positive Result of Investments - Administrative Management	91,810	57,384	60.0
(+) Establishment of Investment Funds	49,468	47,119	5.0
<b>2. Destinations</b>	<b>(14,108,443)</b>	<b>(15,907,170)</b>	<b>(11.3)</b>
(-) Benefits	(13,767,952)	(15,681,742)	(12.2)
(-) Establishment of Contingencies - Social Security Management	(87,631)	0	0.0
(-) Administrative Expenses	(235,570)	(212,464)	10.9
(-) Establishment of Contingencies - Administrative Management	(17,290)	(12,964)	33.4
<b>3. Gains/Losses in Equity (1+2)</b>	<b>8,006,719</b>	<b>(479,885)</b>	<b>(1,768.5)</b>
(+/-) Mathematical Provisions	8,654,239	7,333,950	18.0
(+/-) Technical Surplus (Deficit) of Fiscal Year	2,629,659	(2,222,837)	(218.3)
(+/-) Social Security Funds	(3,385,419)	(5,669,370)	(40.3)
(+/-) Administrative Funds	58,772	31,253	88.1
(+/-) Investment Funds	49,468	47,119	5.0
<b>B) Equity - end of fiscal year (A+3)</b>	<b>143,770,075</b>	<b>135,763,356</b>	<b>5.9</b>

The Explanatory Notes are part of the Accounting Statements.

\* Net contributions, according to Attachment B of Resolution CNPC # 8, dated 10/31/2011.

## ACCOUNTING STATEMENTS

### STATEMENT OF NET ASSETS OF BENEFIT PLAN 1 (IN THOUSANDS OF REAIS - R\$)

DESCRIPTION	2012	2011	Variation (%)
<b>1. Assets</b>	<b>163,545,556</b>	<b>153,782,971</b>	<b>6.3</b>
Available	296	53	458.5
Receivables	1,927,508	1,760,865	9.5
Investments	161,617,752	152,022,053	6.3
Government Securities	9,824,462	10,513,502	(6.6)
Private Credit and Deposits	7,839,573	3,876,570	102.2
Shares	46,899,102	44,372,253	5.7
Investment Funds	83,204,382	81,966,478	1.5
Real Estate Investments	8,599,604	6,369,394	35.0
Loans	3,793,733	3,356,888	13.0
Real Estate Financing	1,454,193	1,565,183	(7.1)
Legal Deposits / Appeal Bonds	2,703	1,785	51.4
<b>2. Obligations</b>	<b>23,653,092</b>	<b>20,935,909</b>	<b>13.0</b>
Operational	21,835,294	19,126,750	14.2
Contingency	1,817,798	1,809,159	0.5
<b>3. Non Social Security Funds</b>	<b>1,282,108</b>	<b>1,190,803</b>	<b>7.7</b>
Administrative Funds	727,711	684,540	6.3
Investment Funds	554,397	506,263	9.5
<b>4. Unrealized gains/losses</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>5. Net Asset Total (1-2-3-4)</b>	<b>138,610,356</b>	<b>131,656,259</b>	<b>5.3</b>
Mathematical Provisions	105,150,551	97,420,089	7.9
Technical Surplus	27,294,905	24,663,593	10.7
Social Security Funds	6,164,900	9,572,577	(35.6)

The Explanatory Notes are part of the Accounting Statements.

## ACCOUNTING STATEMENTS

### STATEMENT OF NET ASSETS OF BENEFIT PLAN PREVI FUTURO (IN THOUSANDS OF REAIS - R\$)

DESCRIPTION	2012	2011	Variation (%)
<b>1. Assets</b>	<b>3,771,440</b>	<b>2,821,665</b>	<b>33.7</b>
Available	209	2	10,350.0
Receivables	77,319	61,553	25.6
Investments	3,693,912	2,760,110	33.8
Government Securities	440,755	420,395	4.8
Private Credit and Deposits	568,138	269,824	110.6
Shares	1,360,086	1,015,530	33.9
Investment Funds	796,835	663,815	20.0
Real Estate Investments	87,708	37,359	134.8
Loans	422,068	336,712	25.3
Real Estate Financing	18,322	16,475	11.2
<b>2. Obligations</b>	<b>15,390</b>	<b>21,726</b>	<b>(29.2)</b>
Operational	14,962	21,340	(29.9)
Contingency	428	386	10.9
<b>3. Non Social Security Funds</b>	<b>82,489</b>	<b>66,000</b>	<b>25.0</b>
Administrative Funds	74,232	59,077	25.7
Investment Funds	8,257	6,923	19.3
<b>4. Unrealized gains/losses</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>5. Net Asset Total (1-2-3-4)</b>	<b>3,673,561</b>	<b>2,733,939</b>	<b>34.4</b>
Mathematical Provisions	3,479,529	2,555,752	36.1
Technical Surplus	0	1,653	(100.0)
Social Security Funds	194,032	176,534	9.9

The Explanatory Notes are part of the Accounting Statements.

## ACCOUNTING STATEMENTS

### STATEMENT OF NET ASSETS OF BENEFIT PLAN CAPEC (IN THOUSANDS OF REAIS - R\$)

DESCRIPTION	2012	2011	Variation (%)
<b>1. Assets</b>	<b>152,521</b>	<b>143,466</b>	<b>6.3</b>
Available	12	17	(29.4)
Receivables	23,193	22,445	3.3
Investments	129,316	121,004	6.9
Government Securities	1,102	1,010	9.1
Private Credit and Deposits	36,478	31,323	16.5
Investment Funds	91,736	88,671	3.5
<b>2. Obligations</b>	<b>30,960</b>	<b>27,111</b>	<b>14.2</b>
Operational	29,669	26,444	12.2
Contingency	1,291	667	93.6
<b>3. Non Social Security Funds</b>	<b>22,279</b>	<b>21,833</b>	<b>2.0</b>
Administrative Funds	22,279	21,833	2.0
<b>4. Unrealized gains/losses</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>5. Net Asset Total (1-2-3-4)</b>	<b>99,282</b>	<b>94,522</b>	<b>5.0</b>
Social Security Funds	99,282	94,522	5.0

The Explanatory Notes are part of the Accounting Statements.

### STATEMENT OF CHANGES IN NET ASSETS OF BENEFIT PLAN 1 (IN THOUSANDS OF REAIS - R\$)

DESCRIPTION	2012	2011	Variation (%)
<b>A) Net Assets - start of fiscal year</b>	<b>131,656,259</b>	<b>132,754,214</b>	<b>(0.8)</b>
<b>1. Additions</b>	<b>20,630,397</b>	<b>14,429,500</b>	<b>43.0</b>
(+) Contributions	2,469,208	2,373,472	4.0
(+) Positive Result of Investments - Social Security Management	18,161,189	11,317,844	60.5
(+) Reversal of Contingencies - Social Security Management	0	738,184	(100.0)
<b>2. Destinations</b>	<b>(13,676,300)</b>	<b>(15,527,455)</b>	<b>(11.9)</b>
(-) Benefits	(13,549,811)	(15,488,585)	(12.5)
(-) Establishment of Contingency - Social Security Management	(86,796)	0	0.0
(-) Administrative Costs	(39,693)	(38,870)	2.1
<b>3. Gains/Losses in Net Assets (1+2)</b>	<b>6,954,097</b>	<b>(1,097,955)</b>	<b>(733.4)</b>
(+/-) Mathematical Provisions	7,730,462	6,790,315	13.8
(+/-) Social Security Funds	(3,407,677)	(5,663,780)	(39.8)
(+/-) Technical Surplus (Deficit) of Fiscal Year	2,631,312	(2,224,490)	(218.3)
<b>B) Net Assets - end of fiscal year (A+3)</b>	<b>138,610,356</b>	<b>131,656,259</b>	<b>5.3</b>
<b>C) Non Social Security Funds</b>	<b>1,282,108</b>	<b>1,190,803</b>	<b>7.7</b>
(+) Administrative Funds	727,711	684,540	6.3
(+) Investment Funds	554,397	506,263	9.5

The Explanatory Notes are part of the Accounting Statements.

## ACCOUNTING STATEMENTS

### STATEMENT OF CHANGES IN NET ASSETS OF BENEFIT PLAN PREVI FUTURO (IN THOUSANDS OF REAIS - R\$)

DESCRIPTION	2012	2011	Variation (%)
<b>A) Net Assets - start of fiscal year</b>	<b>2,733,939</b>	<b>2,183,993</b>	<b>25.2</b>
<b>1. Additions</b>	<b>996,690</b>	<b>591,710</b>	<b>68.4</b>
(+) Contributions	611,350	490,955	24.5
(+) Positive Result of Investments - Social Security Management	385,340	100,755	282.5
<b>2. Destinations</b>	<b>(57,068)</b>	<b>(41,764)</b>	<b>36.6</b>
(-) Benefits	(32,732)	(21,928)	49.3
(-) Establishment of Contingencies - Social Security Management	(46)	(282)	(83.7)
(-) Administrative Costs	(24,290)	(19,554)	24.2
<b>3. Gains/Losses in Net Assets (1+2)</b>	<b>939,622</b>	<b>549,946</b>	<b>70.9</b>
(+/-) Mathematical Provisions	923,777	543,635	69.9
(+/-) Social Security Funds	17,498	4,658	275.7
(+/-) Technical Surplus (Deficit) of the Fiscal Year	(1,653)	1,653	(200.0)
<b>B) Net Assets - end of fiscal year (A+3)</b>	<b>3,673,561</b>	<b>2,733,939</b>	<b>34.4</b>
<b>C) Non Social Security Funds</b>	<b>82,489</b>	<b>66,000</b>	<b>25.0</b>
(+) Administrative Funds	74,232	59,077	25.7
(+) Investment Funds	8,257	6,923	19.3

The Explanatory Notes are part of the Accounting Statements.

### STATEMENT OF CHANGES IN NET ASSETS OF BENEFIT PLAN CAPEC (IN THOUSANDS OF REAIS - R\$)

DESCRIPTION	2012	2011	Variation (%)
<b>A) Net Assets - start of fiscal year</b>	<b>94,522</b>	<b>104,770</b>	<b>(9.8)</b>
<b>1. Additions</b>	<b>195,550</b>	<b>164,719</b>	<b>18.7</b>
(+) Contributions	183,790	149,641	22.8
(+) Positive Result of Investments - Social Security Management	11,760	15,069	(22.0)
(+) Reversal of Contingencies - Social Security Management	0	9	(100.0)
<b>2. Destinations</b>	<b>(190,790)</b>	<b>(174,967)</b>	<b>9.0</b>
(-) Benefits	(185,409)	(171,229)	8.3
(-) Establishment of Contingencies - Social Security Management	(789)	0	0.0
(-) Administrative Costs	(4,592)	(3,738)	22.8
<b>3. Gains/Losses in Net Assets (1+2)</b>	<b>4,760</b>	<b>(10,248)</b>	<b>(146.4)</b>
(+/-) Social Security Funds	4,760	(10,248)	(146.4)
<b>B) Net Assets - end of fiscal year (A+3)</b>	<b>99,282</b>	<b>94,522</b>	<b>5.0</b>
<b>C) Non Social Security Funds</b>	<b>22,279</b>	<b>21,833</b>	<b>2.0</b>
(+) Administrative Funds	22,279	21,833	2.0

The Explanatory Notes are part of the Accounting Statements.

# Credits

## **Publishing**

PREVI – Department of Communications and Marketing

## **GRI consulting, text, and editing**

Report Sustentabilidade

## **Review**

Assertiva Produções Editoriais

## **Translation**

Estado da Arte Produções Gráficas Ltda.

## **Graphic design and layout**

Report Sustentabilidade

## **Pictures**

Vitor Peixoto

## **Typeface families**

### **Interstate**

Tobias Frere-Jones (1993-1994)

### **Stag**

Christian Schwartz (2005-2008)

## **Unit cost**

R\$ 1,55 (production costs / total number of PREVI's participants)