



ANNUAL REPORT **2019** SUMMARY VERSION





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A teal-tinted photograph showing a man and a woman in a laboratory or office setting. The man is pointing at something off-camera, and the woman is looking at him. The image is partially obscured by the teal header and the white text.

Foreword

Operating on a long-term horizon requires us to be responsive to an increasingly fast-changing world. In 2019, our 115th year since inception, we redefined our Corporate Vision to make it more aspirational, comprehensive and aligned with the challenges and opportunities facing the Organization over the coming years. Our newly articulated Corporate Vision is to: “Set the standard for efficiency, sustainability and governance in managing private pension solutions”.

This Annual Report summarizes the progress we have made across all departments at Previ towards our new Vision, which was formalized in 2020. In this summary version of the Report, we review our key highlights in financial year (FY) 2019; the complete report, with additional details on each chapter, is available to download in PDF format on the Previ website.

We hope you find this report useful and informative.



MESSAGES FROM OUR LEADERSHIP

EXECUTIVE BOARD

Closed private pension entities exist to provide members with an additional source of income in the future. With this in mind, in 2019 we prepared to launch *Previ Família*, a solution designed to help participants plan for and protect their families' future.

In recent years, Previ has worked to enhance and strengthen communications, in line with our strategic objective to “Strengthen relations with members, providing solutions appropriate to each segment”. We have increasingly invested in digital solutions to engage more closely with members. The Previ app has proven to be an important engagement tool and now has new and improved self-service features, such as *Capec*, Salary Preservation and Income Tax Returns. The recent launch of our Previ Review YouTube channel and LinkedIn profile are additional examples of how we have strengthened communications with participants. Also as part of our efforts to build relations with members, we extended *Capec* protection to Banco do Brasil employees who have been onboarded from acquisitions.

In 2019 our Investment Policies were revised for the period 2020-2026, preparing the Fund for the current challenges of a low-interest economy by increasing investment flexibility. Our revised Investment Policies incorporate strategies that were already under development to provide additional options for investment segments, portfolios and benchmarks, based on ALM (Asset and Liability Management) assessments.

In *Plano 1*, as a portfolio de-concentration strategy, our net divestment strategy has been maintained and further expanded. In addition to reallocating part of newly unlocked funding to new equity investments that are likely to appreciate in value, we also invested in other segments such as Real Estate Investment Funds (FIIIs), Multimarket Funds and overseas investment funds.

In line with our strategy to “Maximize benefits and maintain balance under *Previ Futuro*”, we launched three new Lifecycle investment profiles in the year: 2030, 2040 and 2050. Each portfolio is ideally suited for a specific retirement horizon, allowing participants to better manage their account balances to achieve an optimal balance of risk and return on investments, according to their specific goals.

Technical studies completed toward the end of 2019 projected a reduction in expected yields on investments and the need to modify the actuarial assumptions for our plans in order to provide members with greater investment security. As a result, actuarial interest rates for *Plano 1* changed from 5% to 4.75% per annum. For *Previ Futuro* the change was from 5% to 4.62% per annum.

In 2019 we worked to prepare the Organization for current economic challenges by increasing investment flexibility and developing additional options for investment segments



As part of efforts to increase efficiency, we continued to pursue our Platforms program to modernize systems and implement improvements that will support our long-term sustainability. Also in 2019, an optimization project at our head offices completed a section of new office space that will deliver annual savings of R\$ 5.7 million in office expenses.

Previ has worked to build thought leadership in the pension fund industry on environmental, social, governance and integrity (ESGI) issues. As part of this, in 2019 we updated our Social and Environmental Responsibility Policy, now renamed as the Sustainability and ESGI Best-Practice Policy. We attended PRI in Person, a global conference of signatories of the Principles of Responsible Investment, and the 2nd Annual Climate and ESG Asset Owner Summit in New York. In addition: we revised our Integrity Program; we led the PRI Integrity Working Group; we subscribed to the ABRAPP Self-Regulation Code on Corporate Governance; and we made progress on racial and gender equity initiatives. These actions have further delivered on our commitment to strengthening our governance practices.

On a final note, in 2019 we reformulated our Corporate Vision statement to read: “Set the standard for efficiency, sustainability and governance in managing private pension solutions”. Our newly articulated vision is more aspirational, comprehensive and aligned with the challenges and opportunities ahead over the coming years. It is with an ambition for continual improvement, and an awareness of the importance of what we do for our nearly 200,000 participants, that we celebrate the results we achieved in 2019 and aspire to achieve in 2020.



About Previ

Previ (Caixa de Previdência dos Funcionários do Banco do Brasil) is the largest closed private pension entity in Brazil and one of the largest in Latin America. Our mission is to provide participants (Banco do Brasil and Previ employees) with benefits additional to official social security. Founded in 1904 and with headquarters in Rio de Janeiro, we celebrated our 115th anniversary in 2019.

HOW WE CREATE VALUE FOR PARTICIPANTS

Previ manages three benefit plans: two providing annuity payments—*Plano 1* and *Previ Futuro*—in which basic monthly contributions are matched by Banco do Brasil or by Previ (for Previ employees); and one providing a lump-sum payment—the Previ Death & Disability (*Capec*) Plan.

Founded in 1904 and with headquarters in Rio de Janeiro, Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) celebrated its 115th anniversary in 2019.



CORPORATE GOVERNANCE AND INTEGRITY

Read about the composition of our management bodies at <http://www.previ.com.br/a-previ/estrutura-organizacional/>

PROGRESS ON GOVERNANCE IN 2019

Audit Committee

In its first full year of activities, the Audit Committee continued its ongoing monitoring of internal controls, independent audit and internal audit activities, as well as engaging with our different departments and issuing recommendations on improvements to the Executive Board.

Information Security Policy

A new Information Security Policy was implemented at Previ in December 2018.

Review of committee roles

We revisited the composition, levels of authority and scope of decisions taken by our different decision-making bodies in order to empower and provide greater independence to executive managers, and streamline processes.

Self-Regulation Code on Corporate Governance

In November 2019 Previ subscribed to the second Self-Regulation Code issued by the Brazilian Association of Closed Private Pension Funds (ABRAPP), delivering on our commitment to upholding the highest standards of governance.





Strategy, planning and sustainability

As an annual exercise, in 2019 we reviewed the priorities set in our primary sources of strategic guidance: Previ's Strategic and Tactical Plan and Investment Policies. The review involved all departments across the Organization and was approved by the Governing Board.

Strategic objectives 2020-2024

Strengthen relations with members, providing solutions appropriate to each segment: communications, products and services targeted to the needs of different member profiles.

Achieve sustainability through efficient, effective and innovative management: process optimization and digitization, strengthened internal controls, and increased operating and budget efficiency.

Match assets to liabilities to maintain balance under *Plano 1*: diversify the variable income portfolio, improve liquidity and reassess risk appetite with a focus on plan health.

Maximize benefits and maintain balance under *Previ Futuro*: strategies to improve plan sustainability and generate returns matching members' risk profiles.



CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN INVESTMENTS

Our Corporate Social and Environmental Responsibility (CSER) Policy, originally issued in 2009, was revised in 2019. The new policy, now renamed as the Sustainability and ESGI Best-Practice Policy (ESGI stands for environmental, social, governance and integrity), is based on industry best practice and uses a leaner and principle-based model that has been reviewed by all departments at Previ and by ESGI experts.

PROGRESS ON CSER AND ESGI IN 2019

Sustainability Forum 2019

To strengthen our role as a champion of best ESGI practices in Brazil, in November Previ launched a Sustainability Forum that was held in its first edition in São Paulo and Rio de Janeiro.

Participation in the Annual Climate and ESG Asset Owner Summit (New York)

In September, Previ participated in the 2nd Annual Climate and ESG Asset Owner Summit, a UN-organized conference in New York during Climate Week.

Engagement around Integrity and other ESG aspects of the business

Along with other PRI signatories, Previ is leading a Working Group on Business Integrity Policies. In another initiative, we have worked with pension funds Petros (Petrobras), Valia (Vale) and Real Grandeza (FURNAS) to screen investment targets against environmental, social and governance criteria.

ESGI Champions Forum

In June 2019 we held our first forum of ESGI Champions—employees who have been trained to disseminate information about environmental, social, governance and integrity issues.





Investment policies and decisions

Our Investment Policies are formulated for a seven-year horizon and are annually revised. They are based on our Mission (“To provide efficient, secure and sustainable benefits payments to all of us, members”) and incorporate analyses of the macro economic environment to identify opportunities. The Policies approved in 2019 cover the period 2020-2026.

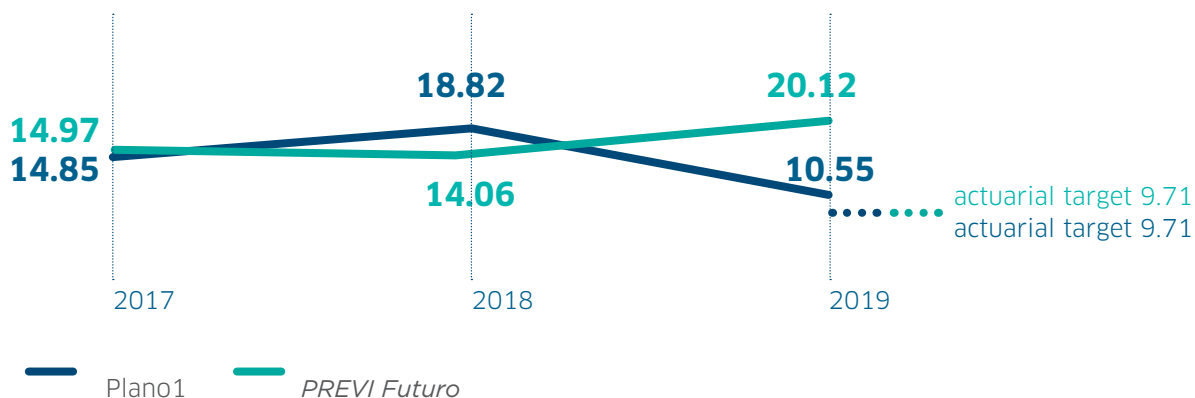
Third-Party Management Policy

In July 2019, a Third-Party Management Policy was approved for our different investment segments. The Policy sets out guidance on screening and monitoring providers of securities portfolio and investment fund management services.

Total returns in 2019

Detailed information about plan performance and investment allocations, including historical series, is available on our Dashboard (www.previ.com.br/painel).

RETURNS BY PLAN (%)





Our plans

Previ's plans had a positive and stable year in 2019, helped by more favorable economic conditions. Our plan management practices remain focused on our strategic objectives for plan sustainability and longevity.

PLAN MANAGEMENT HIGHLIGHTS

Some of the key adjustments implemented in plan management in 2019 included the following:

Reduced actuarial interest rates

In November the Governing Board approved a reduction of actuarial interest rates for *Plano 1* (from 5% to 4.75% per annum) and *Previ Futuro* (5% to 4.62%).

Voluntary Separation Program

Announced in July 2019, the Banco do Brasil Voluntary Separation Program aims to provide an incentive for voluntary termination at overstuffed business units. The initiative increased the average number of Previ participants applying for retirement, with approximately 2,000 new additions to payroll.

Entry to Disability Table

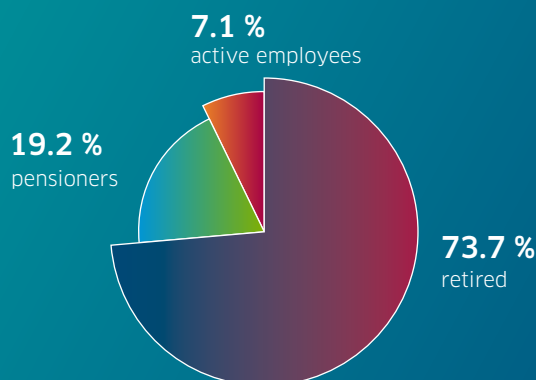
In 2019 Previ developed an Entry to Disability Table based on statistical studies and projections that will be used as an additional actuarial assumption in calculating benefit plan liabilities.



PLANO 1 HEADLINES

112,190

participants



R\$ 196.1

bn in total assets

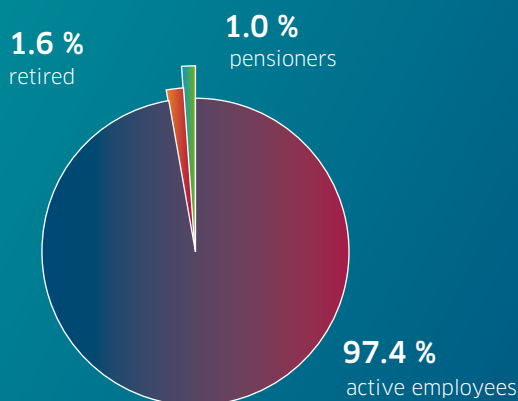
R\$ 12.6

bn in benefit payments

Previ FUTURO HEADLINES

85,171

participants



R\$ 19.4

bn in total assets

R\$ 34.6

mn in benefit payments

Capec HEADLINES

127,327

members

92.1 %

of Plano 1 participants
are members

40 %

of Previ Futuro
participants are members

R\$ 316.8

mn in benefit payments in
2019

R\$ 564.8

mn in total assets



Stakeholder engagement

In this chapter we summarize our most significant initiatives to engage with key stakeholder groups in 2019.

PLANO 1 PARTICIPANTS

“Retirement pathways” workshops

In 2019 we organized workshops at three Banco do Brasil venues hosting *Previ Itinerante* events (in February in Curitiba; in May in Rio de Janeiro; and in October in Belo Horizonte).





Previ FUTURO PARTICIPANTS

Lifecycle Investment Profiles

Previ Futuro participants can choose between different Investment Profiles to modulate the percentage invested in variable income securities according to their risk appetite. In 2019, a Lifecycle option was introduced for *Previ Futuro* participants, with an additional three investment profiles based on when members intend to retire.

Previ for Participants

In addition to routine retirement advisory services, in 2019 Previ offered a course, titled Previ for Participants, geared to representatives of active employee and retiree associations and unions.

Atuaracing Game

Launched in November, our Atuaracing game for iOS and Android devices helps *Previ Futuro* participants in their “race” to the “finish line” of retirement.

My Future Day

Previ adopted October 11 as My Future Day—a day for Previ Futuro participants to think about how they can take an active role in shaping their benefit plans.

Other communication initiatives in 2019

Below are some of the most important developments in the year in participant service and engagement:

Previ APP

The Previ App for Android and iOS devices launched new features in 2019.

Previ REVIEW

Previ Magazine was superseded in 2019 by *Previ Review*, a fully digital, more accessible and more interactive publication.

Previ ON YOUTUBE AND LINKEDIN

We expanded our internet presence by making our YouTube channel one of our main repositories for educational content about subjects directly affecting members' lives. We also enhanced our focus on social media, with increased activity in our LinkedIn profile.

REPORTING ON PLAN RESULTS

In 2019, members of the Executive Board held plan performance presentations in 15 major cities: Rio de Janeiro, São Paulo, Brasília, Belo Horizonte, Porto Alegre, Salvador, Vitória, Curitiba, Florianópolis, Goiânia, João Pessoa, Recife, Fortaleza, Belém and Campo Grande.



MAIS Previ

The *Mais Previ* Pension and Financial Education Program supports our objective to “Strengthen relations with members, providing solutions appropriate to each segment”. The program comprises a suite of initiatives to provide information on topics such as private pensions, financial planning, home budget management and the features of Previ pans.

MAIS Previ HEADLINES – 2019



30,013

participants have completed online courses available from UniBB since the first course was launched in 2015.

1,793

people serviced through the *Previ Itinerante* program during external events in 2019.

2,604

retirement advice sessions held, including 579 for *Previ Futuro*

Approximately

73,300

informational mass emails sent out, encouraging recipients to increase their contributions to *Previ Futuro*.

INTERNAL STAKEHOLDERS

As of year-end 2019, Previ had a total workforce of 585 people, including Previ employees and personnel seconded by Banco do Brasil. Our People Management Policy establishes the limits of authority, duties and rights of each party in dealings between Previ and employees, and is supplemented by our Code of Ethics, Corporate Social and Environmental Responsibility Policy, Integrity Policy and Code of Conduct.

PROCESS IMPROVEMENTS

Plataformas Project

This is one of our flagship projects to modernize the IT platforms hosting our pensions, business management and member service systems. In 2019 we successfully completed the first wave of the initiative, with the launch of our new accounting system.

Solar farm project

In 2019 Previ signed an agreement to source electricity from a solar farm for our headquarters building. The solar farm will have a capacity to generate 1.6 Mwh per year of clean, 100% renewable electricity, enough for our headquarters' entire electricity requirement. After 15 years of using solar energy, Previ will have prevented 1,700 metric tons of CO² emissions. The solar farm is scheduled to come online in mid-2020.



CREDITS

This Annual Report 2019 has been published by Previ - Caixa de Previdência dos Funcionários do Banco do Brasil, with offices at Praia de Botafogo, 501, 3º e 4º andares, Botafogo, Rio de Janeiro (RJ) - CEP 2250-911 www.previ.com.br

Coordination

Marketing & Communications Dept. (ASCOM)

GRI consulting, writing, and web design and programming

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Images

Previ image bank

Revision

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