



**PORTO  
SEGURO**



# Annual Sustainability Report **2013**

Porto Socorro





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# Message from the President

In 2013, the Brazilian economy experienced moderate growth and rising inflation, with a currency under significant pressure. Despite this, rising family incomes, especially among the middle class, and the solid performance of the service sector in recent years, have continued to stimulate business activity. In the automobile sector, important for the Company because of its main business line (car insurance), internal sales of vehicles have remained strong. Despite the gradual elimination of tax incentives, new car sales reached 3.8 million units, making Brazil the world's 4<sup>th</sup> largest market, with an average annual growth rate of 6% over the last five years.

Over the past 10 years the Brazilian insurance market has grown at an average rate (CAGR) of 13% p.a., which is around three times more than average GDP growth. Earned premiums increased by 12% in 2013, and the industry still presents significant opportunities to increase penetration.

In the main business lines, penetration levels don't even reach one-third of their potential. This includes, for example, the automobile, life and pension and residential insurance segments.

Within this context, Porto Seguro has adopted a strategy of segmentation and differentiation through its brands Porto Seguro Seguros, Itaú Seguros de Auto e Residência and Azul Seguros. The Company's operations consist of its insurance, services and financial solutions businesses. Our results are driven by a focus on the quality of our services, customer service and the relationships with our customers, insurance brokers and partners, in addition to the use of sophisticated underwriting and risk management models.

In 2013, we obtained significant growth in premiums while the claims ratio fell, resulting from a strategy centered on profitable growth. Total revenue exceeded R\$ 13.5 billion (+15%) and earned premiums totaled R\$ 11.5 billion (+20%). Total claims fell by 5 p.p., and the combined index was 96.0%, representing our best result in the last six years.

In 2013, we reached the level of 4.7 million vehicles insured considering the Company's 3 brands, an increase of approximately 400 thousand units in the year. Such growth was



Fábio Luchetti  
Chief Executive Officer of Porto Seguro S.A.



driven in large part by performance in other states, which grew significantly more than the State of São Paulo, our primary market. These results are aligned with our goal of geographic expansion.

We also highlight the Azul brand and its price-based value proposition. Its car insurance premiums grew by more than 30% during the year, units insured increased 18%, and there was a significant reduction, 11 p.p., in the claims ratio. Continuing with the car insurance segment, the Itaú brand grew by more than 20% with a reduction in the claims ratio of nearly 6 p.p. These are the Company's best results since the association of Porto Seguro and Itaú in the fourth quarter of 2009.

In the elementary segments, earned premiums grew by more than 25%, with a 3 p.p. drop in the claims ratio. We highlight the Residential product, which registered a 30% increase in premiums and reached R\$ 600 million for the year.

We achieved a reduction in the administrative insurance expense index of nearly 1 p.p., resulting from our efforts to improve processes, investments in systems and improvements made to our management model. As a result, we recorded our best administrative insurance expense index in the last seven years.

The financial result from investments was lower in the period, driven by interest-bearing securities and equities, and due to the results obtained in 2012 (133% of CDI), which formed the basis for the comparison. Excluding pension fund resources, profitability was 6.3% for the year, corresponding to 79% of CDI.

Revenue grew by more than 30% in the financial and services companies, reaching R\$ 1.3 billion, with an ROAE of 21.7%. These results were driven in large part by lending transactions (credit card and financing). The share of the profit from the non-insurance businesses in the Company's total profit reached 19% in the year.

Within this context, recurring operating income from all of the Company's businesses increased by 109% (2013 vs. 2012), totaling R\$ 459 million, more than offsetting the lower financial result of the period. Annual recurring net income reached R\$ 711 million, with an ROAE of 16.5%.

The tax case related to the Company's questioning of payment of COFINS tax by the Companies Porto Seguro Companhia de Seguros Gerais and Porto Vida e Previdência was sustained during the year. The favorable judgment resulted in a significant gain, contributing an additional R\$ 702 million to the Company's net income (net of taxes and expenses). Including the gain from the tax case, total net income for 2013 reached R\$ 1.4 billion, with an ROAE of 25.7%.

Regarding investments and new initiatives in 2013, we inaugurated the new building at our head office complex and strengthened our operating structure through expansion of the automotive centers and claims servicing centers. In-line with our growth objectives for the Company, we constructed new branches in order to reinforce our commercial structure. Porto Seguro Serviços Avulsos initiated its activities, offering paid convenience services to both clients and non-clients, as did Porto Seguro Conecta, Porto Seguro's mobile telephone operator.

In the area of sustainability, we developed projects to minimize environmental impacts such as carbon emissions by providing the following services: Bike Socorro and Vistoria (small repair services performed by technicians on bicycles), Guincho Light (compact vehicles that produce less CO<sub>2</sub>), as well as specific actions focused on energy efficiency and the use of less harmful components in our Data Center. We also invested in projects that generate socio-economic opportunities for the entire productive chain, such as the Gerenciamento de Resíduos Automotivos (Automotive Waste Management program), the Oil, Cards and Batteries Recycling Programs and the Disposal Campaign for Service Providers that Support our Policyholders.

Finally, we would like to thank all of our insurance brokers, employees, contractors and partners for their dedication and commitment throughout 2013.

**Enjoy the Report.**



# Mission and Philosophy

“What good are skyscrapers if there are no more human souls to live in them”

*Érico Veríssimo*

## Mission

Our mission is to assume risks and render services through services to families that surpass expectations, guaranteeing speed at competitive prices, combining social and environmental responsibility.

## Philosophy

Porto Seguro is the group of people formed by its employees, managers, shareholders, brokers, service providers and business partners who, jointly and individually, are guided by the following values, examples and commitments: cooperation, transparency, justice and the attitude to serve with genuine interest are our fundamental values.

- The pursuit of perfection demands humility, determination and patience.
- Everyone has the right to participate and put forward their opinion through dialog in an egalitarian and ethical manner.
- Mistakes do happen and must be rectified immediately as an opportunity for learning, improvement and growth.
- Work must be performed with enthusiasm and seen as an opportunity for development.
- The dedication of each person should go beyond the responsibility of their job.
- One should not use their position for personal benefits, but maintain a posture of simplicity and unselfishness.
- It is our responsibility to provide simple, flexible, agile and integrated management.
- Prepare successors who are capable of expanding the Organization's horizons.
- Professional achievement should be the result of stimulus to self-development and the pursuit of fresh challenges.



# About the Report

The Annual Sustainability Report presents the most important events and achievements involving Porto Seguro (including all of the Group companies) from January 1 to December 31, 2013, from an economic, social and environmental perspective.

This is the first time that Porto Seguro's Report has been prepared in accordance with the reporting guidelines proposed by the Global Reporting Initiative (GRI), a non-governmental organization based in Amsterdam, the Netherlands. It offers a standard reporting format with consistent parameters so that the market can evaluate companies against their peers. It also allows companies to assess their own performance in relation to corporate sustainability, identifying strengths and weaknesses, establishing goals

and obtaining an integrated view of their operations. This represents another step towards increasingly more responsible and transparent management.

As part of the reporting model established by the G4 (GRI Guidelines released by the Organization in May 2013), to make the publication more relevant for users, on-line consultations were held with Porto Seguro's stakeholders to provide a basis for the report. This is done in order to understand the issues considered to be the most important for the long-term sustainability of the Company's business. The report seeks to elaborate on these topics in greater detail along the pages that follow.



# 2013 Highlights

## Results for the Year

- Growth of 15% in total revenue for the year compared to 2012, and 20% growth in earned insurance premiums.
- Recurring Net Income of R\$ 711 million in 2013, growth of 1% (without business combinations), and Total Net Income of R\$ 1,405 million for the year (including the gain on the COFINS tax case).
- Recurring ROAE of 16.5% (-0.8 p.p.) in 2013 (without business combinations) and total ROAE of 25.7% (including the gain on the COFINS tax case).
- Combined Insurance Index of 96.0% (-3.0 p.p.) for the year (2013x2012).
- Adjusting the results (pro-forma) to reflect neutral financial performance (100% of CDI), Recurring Net Income would reach R\$ 758 million (+23%) in 2013, with an ROAE of 17.6% (+2.3 p.p.).
- AE Index (administrative expenses) for insurance totaled 15.7% in 2013 (-0.9 p.p.).
- The Financial Result totaled R\$ 494 million for the year (-48% vs. 2012), with total profitability of 6.33% (79% of CDI) not considering the pension reserves.

## Innovation

### Porto Seguro Conecta

Porto Seguro launched the first mobile virtual network operator (MVNO) in Brazil. Under the MVNO model, Porto Seguro Conecta (Porto Seguro Connects) acts as an operator with its own brand, products and service channels, but uses the telecommunications infrastructure, engineering and IT of a traditional operator and business partners.

The operator has more than 140 thousand post-pay subscribers among Porto Seguro policyholders and M2M (machine-to-machine) dedicated communications services (used in tracking devices and monitored alarms, among others).

Currently, Porto Seguro Conecta continues its strategy of regional expansion, with activities in the cities of Jundiaí, Bragança Paulista and Greater São Paulo (11 area code) expected to commence in the first half of 2014.

### Help Desk for Smart TVs, Mobile Phones & Smartphones

Porto Seguro has expanded help desk services across the country to include support for additional types of electronic devices. In 2013, Auto policyholders were able to request services through Smart TVs (televisions that can also be used for internet browsing), mobile phones and smartphones.

### Five Years of Bike Socorro

With more than 100 thousand service calls performed, Bike Socorro (now known as Bike Serviços) is a service offered by Porto Seguro to Auto and Residential policyholders in which the main differential is the means of transport used to get to the client: a bicycle.



With a monthly average of more than two thousand service calls, Bike Serviços' 40 cyclists carry out simpler services such as recharging car batteries, changing tires and plumbing and electric services in homes.

In addition to being environmentally friendly, Bike Serviços (Bike Services) also provide operational benefits for Porto Seguro, including fuel economy, quicker commutes around the city and ease in finding parking at the customer's location.

### Projeto Azul Cultural

Initiated in the second half of 2013, the Projeto Azul Cultural (Azul Cultural Project) provides opportunities for the Company's employees to expand their knowledge of the arts and culture through visits to exhibitions, historical sites and other cultural excursions.

The events are held on Saturdays or Sundays, and each employee is allowed to bring a guest. The first events were tours of the National History Museum and Ilha Fiscal, both in Rio de Janeiro. In São Paulo, employees had the chance to visit the Pinacoteca do Estado, the city's oldest art museum.

### Partnership between Itaú Seguro Auto and the Rede Ipiranga

Itaú's Auto Insurance business entered into a partnership with the Ipiranga gas station network in order to provide more benefits to its customers. The initiative allows policyholders to earn points in Ipiranga's customer loyalty program "Km de Vantagens" when they purchase or renew car insurance with Itaú.

In addition to using the points for discounts on gas and other benefits available from the more than 60 partners of the Ipiranga Network, customers in the loyalty program can also exchange accumulated points for discounts on Car Insurance from Itaú.

### Support for the Campaign "Dirigir errado é coisa do passado!"

Porto Seguro supported the DER's (Highway Department) campaign to educate drivers about the main causes of accidents during the summer months. The "Dirigir errado é coisa do passado" ("Driving wrong is gone") campaign includes initiatives that warn about the dangers of speeding, importance of car maintenance before traveling and risks of consuming alcohol prior to driving, among others.

### Opening of the Edifício Barão - B Tower

The 11-story Edifício Barão (Barão Building) - B Tower was inaugurated at the end of March, the newest building at Porto Seguro's Headoffice Complex in the Campos Elísios neighborhood of São Paulo. The building is part of the Headoffice expansion project announced in 2011. In addition to employees already working at Headoffice, the new building will also be used by employees from areas previously located in the Barra Funda region.

The new building stands out as being an environmentally friendly structure, with windows designed to provide more clarity and require less internal heating, a self draining floor (that stores and reuses rainwater to irrigate the surrounding area), and elevators that reduce waiting times and the use of electricity, in addition to employing other water recycling systems. The building was designed to receive the International Leed Certification, which is awarded to structures that incorporate a number of different sustainable features.





# Awards and Recognition

## Top of Quality Brazil

Award presented by the National Company for Events and Research

## Corporate Hospitality

Award granted by the IBHE (Brazilian Institute of Corporate Hospitality)

## Most Admired Companies in Brazil

Award granted by Carta Capital magazine

## Trusted Brands

Recognition based on voting by readers of Seleções Reader's Digest Magazine

## The Right Stuff - first place in Services and Products/Insurer

Recognition in the annual ranking of Quatro Rodas magazine, published by Abril

## Most Admired Companies - insurance category

DCI Journal Award

## Companies that Best Communicate with Journalists - insurance category

Awards organized by Negócios de Comunicação Magazine

## Época Reclame Aqui

Joint award from Época Magazine and the Reclame Aqui (Complain Here) Portal given to Itaú Auto e Residência

## Top of Mind Internet - Financial/Insurer category

Awards organized by the UOL/Datafolha portal



## Awards and Recognition

### 10<sup>th</sup> Edition of the Brazil Insurer Award

Porto Seguro was elected Market Leader for Automotive, Lease Surety and Residential (Itaú Auto e Residência). The Company was also recognized for Best Overall Performance in the Insurance Market for Private Pension Plans, in addition to Best Performance in VGBL Individual Life, National Transport, Condominium, Diverse Risks and Personal Accident

### Sindirepa SP - Best of the Year

Awarded by the Association of the Vehicle Repair and Accessories Industry of the State of São Paulo

### Highest Rated Company in Occupational Medicine

Award granted by Bioqualynet HR Management Magazine

### Successful Brands Special - brands most remembered by consumers

Recognition in the special report published by Correio Popular Newspaper, Campinas (SP)

### Valeparaibano Newspaper's Topvale2013

1<sup>st</sup> place in the categories Regional Car Insurance in São José dos Campos, Jacarei and Taubaté; and Regional Property Insurance in São José dos Campos and Jacarei

### XIII Alvorada Trophy

Recognition for the RE Corporate Product: given by SINCOR/DF

### Hermes Paraná Trophy

Recognition for "Transportation" in the awards for the Paraná Insurance Market

### Apólice Magazine Award

National recognition for Best Insurance in the Transport sector

### 2013 XVI Performance Coverage Award

Granted for the RC Cargo Transport Portfolio



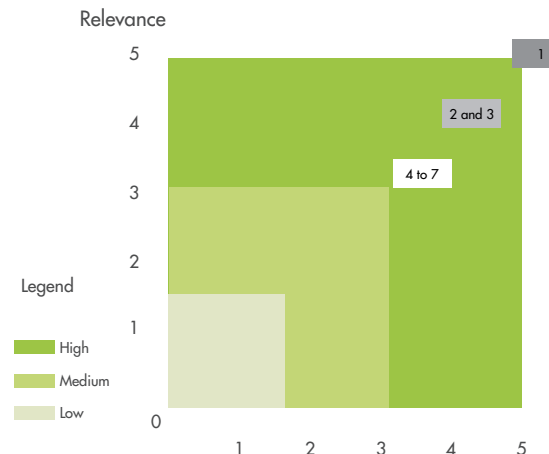
# Porto Seguro's Stakeholders

- Clients;
- Investors/shareholders;
- Market analysts;
- Brokers;
- Internal and external collaborators;
- Partner financial institutions;
- Governments and regulatory bodies;
- Civil Society Organizations focused on sustainability.

The stakeholder consultations resulted in the identification of seven key topics:

- 1 - Market presence
- 2 - Policy issuance
- 3 - Training
- 4 - Use of materials
- 5 - Energy
- 6 - Community
- 7 - Fraud

These topics served as the basis for building the materiality matrix shown below:



## GRI Indicators

The respective GRI indicators for each area were selected based on the key topics identified, and a highly committed work group (made up of employees from different areas of the Company), was responsible for obtaining the information used in preparing the Report.





# Corporate Profile



# Corporate Profile

Porto Seguro is a Brazilian insurance company that in addition to operating in the insurance segment through an extensive portfolio of brands and services, also offers (through its direct and indirect subsidiaries), financial solutions, residential services, monitoring, telecommunications and transportation services to individuals, families, businesses and governmental entities.

With its headquarters in the city of São Paulo and operations in Brazil and Uruguay (it is the leader in the auto and residential segments in Brazil and the second largest auto insurer in Uruguay), Porto Seguro has approximately

10 million customers and is recognized for the high level of service it provides to clients and brokers and for excellence in the quality of services delivered.

Since it was founded, Porto Seguro has built close relationships with its clients (by delivering humane and personalized services), allowing the Company to identify additional needs and to offer products and services that support its customers in their daily lives. This has made the Company an increasingly more important presence in the day-to-day lives of its clients, resulting in a continuously expanding portfolio built through a spirit of constant innovation.



# Timeline

**1945**

Founded by José Alfredo de Almeida, José da Cunha Júnior, José Andrade de Sousa and Amador Aguiar (directors and shareholders of Banco Brasileiro de Descontos, Bradesco), **Porto Seguro Cia. de Seguros Gerais** initiated its activities in the areas of insurance and reinsurance offering Fire, Transportation, Personal Accident, Civil Liability, Automobile and Theft coverages, among others.

**1947**

Opening of the first branch in Rio de Janeiro.

**1949**

The Company acquires **Rochedo Cia. de Seguros**, unifying the managements and forming **Grupo Segurador Porto Seguro**.

**1958**

Grupo Segurador Porto Seguro acquires the company **Renascença de Seguros**.

**1985**

The **Central Porto Seguro de Atendimento 24 Horas** (Porto Seguro 24 Hour Customer Service Center) is implemented, with a team available to handle occurrences of robbery, theft and collisions seven days per week.

**1972**

**Abraham Garfinkel** assumes a controlling stake in the Company and implements a strategy of making Insurance Brokers partners and key allies (one of Porto Seguro's main differentials until today). At the time, Porto was 44th on the ranking of insurance companies based on volume of retained premiums.

**1962**

Porto Seguro begins offering **Diverse Risk Insurance**, allowing it to offer additional coverages such as equipment and machinery, among others.

**1986**

Porto Seguro reaches 6<sup>th</sup> place on the ranking of insurance companies based on volume of retained premiums.

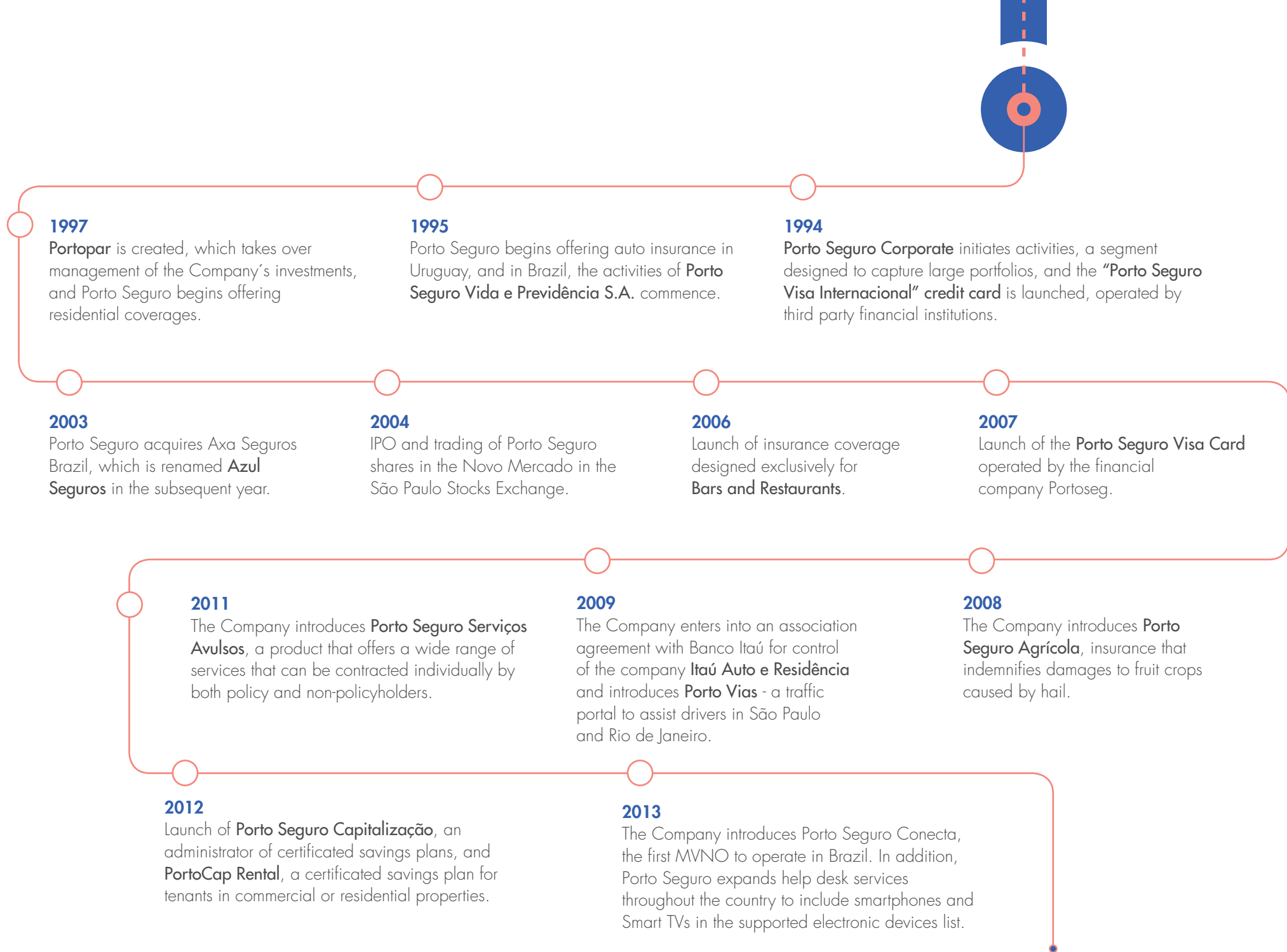
**1991**

The Company launches **Porto Empresa** and **Porto Residência**.

**1992**

Launch of **Porto Saúde** and **Porto Seguro Fiança Locatícia**, which guarantees rental payments to the insured landlords.





# Strategy and Competitive Advantages

Leader in car and residential insurance in the country's most important regions, Porto Seguro seeks sustainable growth and profitability through geographic expansion and customer loyalty by offering a diverse portfolio of products and high quality customer services.

To achieve its objectives for the segments in which it operates, Porto Seguro's strategy is based on four pillars:

## Segmentation

Operating under three brands in the insurance market, the Company serves different consumer categories (with each offering structured around the same principles of excellence and quality), but designed to meet the requirements and resource availability of each type of client, creating specific solutions for each category.

## Broker relationships and Customer Service

A critical component of the Company's strategy, its broker relationships are characterized by proximity and support, providing them with deep product knowledge and the flexibility and autonomy to develop business together with the customers. Furthermore, Porto Seguro promotes campaigns to encourage the strong performance of its brokers, rewarding them for generating value for the business.

Responding to customer's needs, listening to their demands and concerns, providing humane service at the time of a claim, offering a snack to policyholders while waiting to be attended by Porto Seguro during a stressful period, and the benefits included in the vast majority of the Company's products, among other factors, result in more loyalty among customers who use the Company's services because of a claim compared to those who do not.

## Products and Services Innovation

Close customer relationships and the Company's innovative DNA allow Porto Seguro to continuously expand its portfolio of products and services with innovative and synergistic solutions (generating cross-selling opportunities) that meet the different needs of its customers and add increasingly more value to the Group's brands.

## Selection Model and Risk Pricing

Pricing products with a focus on profitability, the statistical models and use of a robust database have resulted in a historical claims ratio below the average for the market.





# Group Companies

## **Porto Seguro Companhia de Seguros Gerais**

Established: 1945.

Segments: car, estate, lease surety and transport insurance.

## **Porto Seguro Vida e Previdência S.A.**

Established: 1986.

Segments: life insurance and private pension plans.

## **Porto Seguro Saúde S.A.**

Established: 1992.

Segments: corporate, SME and dental health insurance.

## **Porto Seguro Seguros Del Uruguay S.A.**

Established: 1995.

Segments: offers a wide range of insurance types.

## **Portopar Distribuidora de Títulos e Valores Mobiliários Ltda.**

Established: 1996.

Segments: asset management and financial advisory.

## **Porto Seguro Serviços Médicos Ltda.**

Established: 1996.

Segments: offers outpatient health services and develops and implements medical control and workplace health programs.

## **Itaú Seguros de Auto e Residência S.A.**

Established: part of the Porto Seguro Corporation since 2009.

Segments: offers car and residential insurance throughout Brazil.

## **Porto Seguro Proteção e Monitoramento Ltda.**

Established: 1998.

Segments: 24 hour monitoring of properties, monitored transportation and vehicle tracking.

## **Azul Seguros**

Established: 2004.

Segments: offers car and residential insurance.

## **Crediporto Promotora de Serviços Ltda.**

Established: 2007.

Segments: distributes Portoseg's products.



### **Porto Seguro Atendimento S.A.**

Established: 2009.

**Segments:** provides inbound and outbound telemarketing services, teleservices, call center and general customer service.

### **Porto Seguro Telecomunicações**

Established: 2010

**Segments:** provides telecommunications services.

### **Porto Seguro Serviços de Saúde S.A. (Portomed)**

Established: 2010.

**Segments:** manages private health care plans.

### **Porto Seguro Serviços Odontológicos S.A. (Porto Odonto)**

Established: 2011.

**Segments:** manages private dental care plans.

### **Porto Seguro Serviços Avulsos**

Established: 2011.

**Segments:** offers a wide range of services (document carriers, for home, for pets and for vehicles) that can be purchased on an individual basis by both policy and non-policyholders.

### **Porto Seguro Capitalização**

Established: 2012.

**Segments:** management and distribution of certificated savings plans.

### **Porto Conecta**

Established: 2013.

**Segments:** telephone operator under an MVNO model that provides services to Porto Seguro's policyholders and M2M communications.

### **BioQualynet**

**Established:** formed in 1995 and part of Porto Seguro since 2013.

**Segments:** provides workplace health and safety services to companies throughout Brazil.



# Products



Porto Seguro Auto  
more than  
**4.7 million** customers  
throughout Brazil.



## Insurance

### Vehicle

#### Porto Seguro Auto

A premium car insurance product offering a number of benefits and services for the vehicle and policyholder, including discounts in parking lots, repairs on home appliances, free technical support for computers, video games, smartphones and smart TVs, and free diagnostics in the Automotive Centers, among others.

#### Porto Seguro Auto Sênior

Introduced in 2012, **Porto Seguro Auto Sênior** is a product that provides more convenience, benefits and special services for policyholders over the age of 60 (such as special discounts on the deductible).

Benefits to policyholders include free transportation to medical appointments and exams, free document/object delivery and pick-up service, and installation and configuration of electronic equipment, among others.

#### *Other segments with special advantages and benefits*

Porto Seguro Auto also offers specific benefits for young people (ages 18-24), taxi drivers and policyholders with armored vehicles.

#### Porto Seguro Moto

An insurance product for people who get around on two wheels, providing coverage against accidents, fire and robbery, and a spare car in the case of an accident. It also includes additional benefits such as discounts on subscriptions to *Moto Adventure* magazine, exclusive automotive centers, tow trucks customized for motorcycles, in addition to discounts and services at repair shops.

#### Azul Seguro Auto

Car insurance at more competitive prices, offering 24 Hour Customer Assistance and other policyholder benefits such as towing, locksmith services, assistance should the vehicle run out of gas, help changing flat tires, taxi services (in accordance with the benefits purchased) and hotels, among others.

#### Itaú Seguro Auto

Car insurance that includes a spare car in the case of an accident, towing for third parties, discounts for Porto Seguro Automotive Centers, and exclusive benefits for Itaú clients such as discounts on the purchase and renewal of the policy, residential assistance including plumbing, glass repair, moving and furniture storage, kennel services, temporary roof covering and references for the performance of scheduled maintenance.

# Insurance

## Health and Dental

### Porto Seguro Saúde

Insurance for the corporate environment, with national referral network, outpatient, hospital and obstetrics coverage, illness prevention program, in addition to providing all the support necessary so the companies may carry out an efficient benefit management program.

Discounts at pharmacies, gyms and aesthetic clinics, travel assistance service, emergency services for residence and service at Portomed units are among the main benefits.

### Portomed

Guided by a principle of providing non-bureaucratic humane care, **Portomed Planos de Saúde** is a plan offering modern and well-equipped medical centers that provide a number of different services. It also offers Portomed Resolve, a general clinic consultation not requiring an appointment where a wide range of exams can be performed, in addition to the plan's authorized referral network.



### Seguro Odontológico

Intended for companies from four lives, **Seguro Odontológico** (Dental Insurance) coverage can be purchased for either all of the employees or only those choosing to enroll in the plan. In accordance with the plan

acquired, the policyholder can choose a dentist from within the referral network or request reimbursement if a dentist outside the plan's national network is used.



# Insurance

## Estate

### Seguro Itaú Residencial

Protects the policyholder's property against fire, lightning, robbery of valuables and damage caused by attempted burglary, among other types of claims. Upon purchasing residential insurance, the policyholder also receives other benefits such as emergency services (locksmith, electrician, plumber and glazier) and other complementary services (cleaning of gutters and water tanks, unclogging, removal of debris, among others).

- o *Concern for the environment*

Holders of **Seguro Itaú Residencial** (Itaú Residential Insurance) can also take advantage of "Environmental Services", which include the collection of items no longer used by the policyholder (such as furniture, electronics and appliances) to be disposed of in an environmentally friendly way or donated to charity. The insurance also offers "Environmental Orientation", which includes expert advice to help the policyholder implement responsible practices in the use of energy and water and waste recycling, among others. In addition, specialist support is offered for helping the policyholders make their homes more sustainable.

### Porto Seguro Residencial

**Porto Seguro Residencial** provides coverage that includes guarantees against events ranging from electrical damage, fire and robbery to civil liability. The insurance includes benefits such as veterinary care for dogs and cats, residential services (plumber, locksmith and appliance repairs, among others), free automobile check-ups, discounts for the policyholder and their families in restaurants, cultural events, taxis and for the purchase of appliances.

In addition to traditional residential insurance, the Company also offers **Seguro Residência**

**Veraneio, Seguro Residencial Simplificado** and **Seguro Apartamentos**, which are segmented products offering a combination of coverages and benefits to meet the specific needs of the policyholders.

### Porto Seguro Condomínio

Insurance for vertical or horizontal condominiums, either residential or commercial, mixed buildings, offices, doctor's offices, flats or apart-hotels, which provides coverage protecting the condominium, manager and employees, in addition to offering benefits such as free emergency services.



## Estate

### Porto Seguro Agronegócios

Divided into three product lines (orchard, vegetable and grain), the insurance provides coverage against fire, excessive temperature variations and other climatic risks.

### Porto Seguro Empresa e Multirrisco

Insurance designed for commercial and/or industrial establishments and service providers, offering coverage against fire, smoke and explosion, among other optional coverages.

In addition to the corporate insurance product, Porto Seguro offers targeted coverage options for businesses including **gyms, schools, aesthetics and beauty shops, bars and restaurants, hotels and lodges, dealerships, medical offices, pet shops and veterinary clinics**, in addition to **engineering risk and multi-risk insurance**, which cover the risk of the company being forced to stop its activities, suspend production or even cancel contracts due to unforeseen circumstances.



# Insurance

## Estate

### Porto Seguro Imobiliária

Property insurance with coverage against fire, explosions, smoke and optional coverages for loss or rental payments on the property, impacts from land vehicles, aircraft and other spatial vehicles, windstorms, cyclones, hurricanes, tornados and hail, electrical damage and turmoil (only on non-residential properties), in order to avoid possible losses by owners and unexpected expenses by tenants.

The insurance comes with a full benefits package offering many conveniences to the policyholder. The Standard plan offers routine locksmith repairs, installation of tetra keys, changing of locks and hydraulic repairs. In addition, the Total Plan includes the replacement of tiles, electrical repairs, unclogging, cleaning of water tanks up to four thousand liters and telephone services.

### Seguro para Equipamentos Portáteis

Insurance coverage for notebooks, smartphones, tablets, cameras and camcorders, which guarantees replacement of the equipment in the case of fire, lightning, explosion and impacts from land vehicles or aircraft. It also covers theft and electrical damage, offers an international guarantee and guarantees on accessories.

### Porto Seguro Eventos

Ideal for social, sporting, technical, promotional and religious events, held in open, semi-open or closed areas, **Porto Seguro Eventos** (Porto Seguro Events) offers coverage from the beginning of the event to the end, for both the insured party and third parties. Optional coverages offered include installation, assembly and disassembly, and civil liability coverage for beverages and food services, among others.



# Insurance

## Individuals and Family

### Porto Seguro Vida

Porto Seguro Vida is a product that guarantees the peace of the insured and his/her family, and may be contracted by people in good health conditions, aged between 16 and 64 years.

- **Vida Individual:** may be contracted by people in good health conditions, aged between 16 and 64 years, with options of capital between R\$20,000 and R\$1 million. The main benefits are discounts for non-smokers and women, 24-hour travel assistance and monthly prizes.

In addition to the Individual, Porto Seguro Vida offers Seguro de Vida Mais Mulher, Seguro de Vida Mais Simples, Seguro de Apoio Familiar, Seguro de Vida Pequenas e Médias Empresas, and Seguro de Vida em Grupo - with specific targeting options, such as condominiums employees, bars, restaurants, schools and collective bargaining labor agreements.

- **Seguro de Acidentes Pessoais Individual:** makes it possible to pay the capital insured to the insured herself/himself, in case of total or partial permanent disability by accident or to the recipient (s) in case of death of the insured.
- **Seguro de Vida Empresarial / Seguro de Vida em grupo:** can be tailored to each company, offering unique coverage and flexibility in the choice of capital and forms of contracting.
- **Vida Prêmio:** a redeemable life insurance that provides protection to the beneficiaries in case of death or to the client himself/herself in the event of total disability.
- **Porto Seguro Viagem:** peace of mind and protection in domestic or international trips, with personal accident coverage, trip cancellation or interruption, lost luggage. It offers benefits such as 24 hour medical and dental services, inter-hospital transfer, among others.





# Insurance

## Porto Seguro Previdência

Porto Seguro's pension products are a solution for individuals who want to accumulate resources for future projects, whether for maintaining their standard of living in retirement, paying for their children's education or investing in opening their own business. There are two main categories of products:

- o **Individual Pension**

A solution clients can use to diversify their long-term investments through a wide variety of investment funds, in addition to being able to deduct the contributions from their income tax (benefit for PGBL plans).

- o **Child Pension**

A solution for accumulating resources that can be used, for example, to provide an education for the children.



# Insurance

## Other Insurance

### Porto Seguro Aluguel

**Porto Seguro Aluguel** is lease surety insurance designed to benefit property owners, real estate agents and tenants. For the property owner, the collection of rent and accrued charges is guaranteed should the tenant not pay; the tenant is ensured a guarantor (in addition to benefits such as free labor costs for minor repairs to the rented property); and real estate agents are offered an analysis of tenant's documentation reducing the amount of work and costs involved.

### Porto Seguro Transportes

Designed for cargo transport or shipping companies, **Porto Seguro Transportes** offers five distinct products (transportes unificado, transportes embarcador, transportes mais simples, transportes nacional and transportes internacional), providing reliability and safety in the transport of goods and merchandise.

The policies cover a number of different risks, from collision and overturning of the transport vehicle to theft of the cargo, and offer exclusive benefits such as check points every 100 km (located on the country's main highways) and safeguarding and assistance with cargo in the case of an accident.

### Seguro Garantia

Designed to ensure compliance with contracts, the Seguro Garantia (Porto Seguro Contract Duties Warranty) offers indemnification for non-compliance with a wide range of contract types: construction and project execution, supply of goods, provision of services, customs, legal, administrative and labor.

The Contract Duties Warranty also complies with laws governing public bidding processes. These laws require companies to make a security deposit to participate in the bidding as a guarantee upon signing the contract. The coverage provides the flexibility necessary for these types of processes.

### Seguro Garantia Estendida

Seguro Garantia Estendida (Porto Seguro's Extended Warranty) coverage is an extension of the original manufacturer's guarantee on electrical and electronic products such as ovens, refrigerators, mobile phones and furniture, among others. This product, which includes the costs of labor and replacement parts for functional defects or malfunctions, allows policyholders to promise clients greater durability of the products purchased in their stores.



# Other Services

## Apps

- **Porto Vias:** a platform for obtaining information about traffic in the cities of São Paulo and Rio de Janeiro (free for both policyholders and non-policyholders) that calculates the best routes for users to take in order to avoid traffic. The software also sends alerts about car rotation days in addition to providing the addresses of Porto Seguro's automotive centers and offices, among other features. The App is available for IOS and Android, at the site [www.portovias.com.br](http://www.portovias.com.br) and as a widget for desktop use.
- **Vá de Taxi (Go by Taxi):** assists people looking for a taxi and taxi drivers by offering solutions for calling taxis and paying by credit card.
- **Porto Seguro App:** makes policyholder's lives easier when they most need it, with the possibility of making distress calls using the App and the ability to consult the benefits network.
- **Corretor Online Mobile (Online Mobile Broker):** an App that allows Porto Seguro's brokers to consult commissions, proposals and automobile claims processes.

## Centro Automotivo Porto Seguro

The centers offer mechanical, electrical and electronic services for vehicles (offered as a benefit to Porto Seguro Auto customers and as a separate service to non-policyholders), with emphasis on issues that affect safety. The service also includes installation of brake lights, crystallization of windshields, review of lights and headlights, in addition to a number of initiatives designed to prevent accidents. These include car mechanic classes for women, defensive driving classes for young people, traffic lessons for children and free diagnostics in relation to preventive and corrective maintenance. At the

end of 2013, there were approximately 170 automotive centers located throughout Brazil attending approximately 30 thousand vehicles per month.

## Centro de Atendimento Rápido (CAR)

Service centers designed to provide support for minor accidents where the car can still be used. The main benefit is the speed in which the required procedures can be performed to obtain vehicle repair authorization in the case of a claim. At the end of 2013, Porto Seguro had 70 CARs located throughout Brazil.





# Financial Products

## Credit Card

Available with the Visa, Mastercard (International, Gold, Platinum) or Visa Infinite Flag, the **Porto Seguro Credit Card** can be used for everyday purchases in Brazil and abroad. In addition to the conveniences and amenities a credit card accepted in thousands of establishments can offer, the Porto Seguro Credit Card provides a number of additional benefits. These include discounts on the purchase and renewal of Porto Seguro Auto, discounts on the deductible without having to redeem Points, facilitated payment in up to 10 interest-free installments at the Company's Automotive Centers, the exchange of points for products, residential, car and convenience services and airline miles, among others.

## Porto Seguro Financing

Offering conditions to purchase vehicles of all makes and models, both new and used, **Porto Seguro Financing** can be accessed easily and quickly, offering excellent customer service and competitive rates. The main advantages of the product are "2 in 1 Financing" (in which the customer can include the car and insurance payment in a single installment), document pick-up at home, free document

expeditor services, discounts on Porto Seguro Auto and points in Porto Seguro's Credit Card Customer Loyalty Program.

## Auto Refinancing

A solution for people who need money fast and don't want to give up their car, offering financing of up to 100% of the vehicle's value using it as a guarantee. **Auto Refinancing** offers advantages such as document pick-up at home and free document expeditor services, among others.

## Consigned Credit

An option for companies that would like to offer credit to their employees. **Consigned Credit** is a no-cost solution for companies under the Consolidated Labor Laws (CLT) with more than 50 employees, offering benefits such as flexible credit analysis and interest rates lower than overdrafts, credit cards and personal loans.

## Working Capital

A line of credit exclusively for companies, the product is ideal for supplementing the capital of an organization, investing to grow the business or even paying-down current liabilities.

## Porto Seguro Investimentos

For 16 years, Porto Seguro Investimentos specializes in asset management and is based on best market practices.

It manages the company's reserves and has been gaining a significant performance for the Company's results. With such experience, we began offering solutions for external clients, providing a varied range of investment funds that aim to meet the strategy, purpose and profile of each client, always watching their moment of life and their goals.





# Financial Products

## Consortium

Porto Seguro offers consortiums for the purchase of real estate and automobiles:

**Real Estate Consortium:** the client can purchase real estate (new or used, residential or commercial, on the beach or in the countryside), and even remodel, build or purchase land. The product includes advantages such as interest-free installments, up to 200 months to pay, monthly selections based on lottery and bidding processes, the possibility to use up to 30% of the credit as a bid and the ability to use FGTS (in accordance with FGTS regulations).

**Automobile Consortium:** there are a wide range of plans available for the purchase of new or semi-new cars, of any make or model, with 80 months to pay and credit ranging from R\$ 17 thousand to R\$ 104 thousand.

## PortoCap Rental

A certificated savings plan used as a rental guarantee that eliminates the need for credit analysis and proof of income when renting commercial or residential properties.

The product also benefits the property owner and broker who obtain the guarantees necessary to enter into the rental agreement free of risk. In the case of a default, the plan can be easily and quickly redeemed.

Contracted quickly and safely, **PortoCap Rental** is effective for 12 to 15 months, with the amount negotiated between the landlord and tenant. At the end of the contract, the tenant recovers 100% of the adjusted amount invested in the Savings Plan as long as it has not been used as collateral. In addition, the tenant participates in monthly drawings by the Federal Lottery with a prize of two times the value of the savings plan. The tenant also receives additional benefits such as free labor on emergency residential repair services.

## PortoCap Incentive

A certificated savings plan purchased by a company that wants to offer customer incentives, providing all of the benefits of a promotional campaign with flexibility and technical support provided over the entire initiative. The main benefits are that companies can consolidate their brand names, stimulate sales, create competitive advantages, and attract and retain customers.



# General Services

## Protection and Monitoring

**Porto Seguro Alarmes Monitorados** (Porto Seguro Monitored Alarms) include an electronic security system that can be used for the protection of homes, condominiums and businesses of all sizes. Skilled professionals provide support developing security strategies to ensure use of the most appropriate equipment given the characteristics of the property, which range from simple alarms to the most complex camera and access control systems.

For the monitoring of vehicles, Porto Seguro uses the DAF-V tracker with a system that allows the vehicle to be viewed over the internet, in addition to establishing and monitoring routes, times and speeds.

## Porto Seguro Conecta

A Mobile Virtual Network Operator (MVNO) that uses its own structure for customer service, sales and marketing and the telecommunications infrastructure, engineering and IT of a traditional carrier and its business partners.

At the end of 2013, the operator had more than 140 thousand post-pay subscribers among Porto Seguro policyholders and M2M (machine-to-machine) - used in tracking devices and monitored alarms, among others.

## Serviços Avulsos

In 2013, Porto Seguro began offering a variety of services (already provided to policyholders) on an individual basis to non-policyholders as well. Always providing special discounts to policyholders and **Cartão Porto Seguro** clients, the Company offers the following services:

- **Residence:** hydraulic and electrical installations, repairs of appliances, among others;
- **Vehicles** on-site assistance, vehicle removal and emergency door opening. In addition, uninsured vehicles may use the services of Porto Seguro Automotive Centers, which offer diagnostic and car repair services in a unique environment.
- **Clients (non-policyholders):** installation of wireless networks, technical support and configuration of desktops and notebooks, executive transport, document carriers, among others.
- **Pets:** transportation for dogs and cats to veterinary appointments, pet shop bathing appointments and kennels.

## Medical Services

**Porto Seguro Serviços Médicos** (Porto Seguro Medical Services) was introduced 18 years ago and provides health services on an outpatient basis and develops and implements medical control and workplace health programs.



It offers an integrated management system designed to help companies mitigate workplace risks and reduce the level of accidents, occupational illnesses and absenteeism by monitoring the risks to employees' health and managing actions designed to reduce accidents.



# Corporate Governance



# Corporate Governance

With a view towards developing long-term relationships with all of its stakeholders, Porto Seguro follows best practices in Corporate Governance, continuously reinforcing the principles of transparency, fairness and respect in all of its relationships.

Listed on the São Paulo Stock Exchange (BM&FBovespa) since 2004 under ticker symbol PSSA3, the Company's shares are traded on the Novo Mercado, a special segment of the Exchange reserved for companies that observe the highest level of corporate governance. Some of the main requirements are as follows:

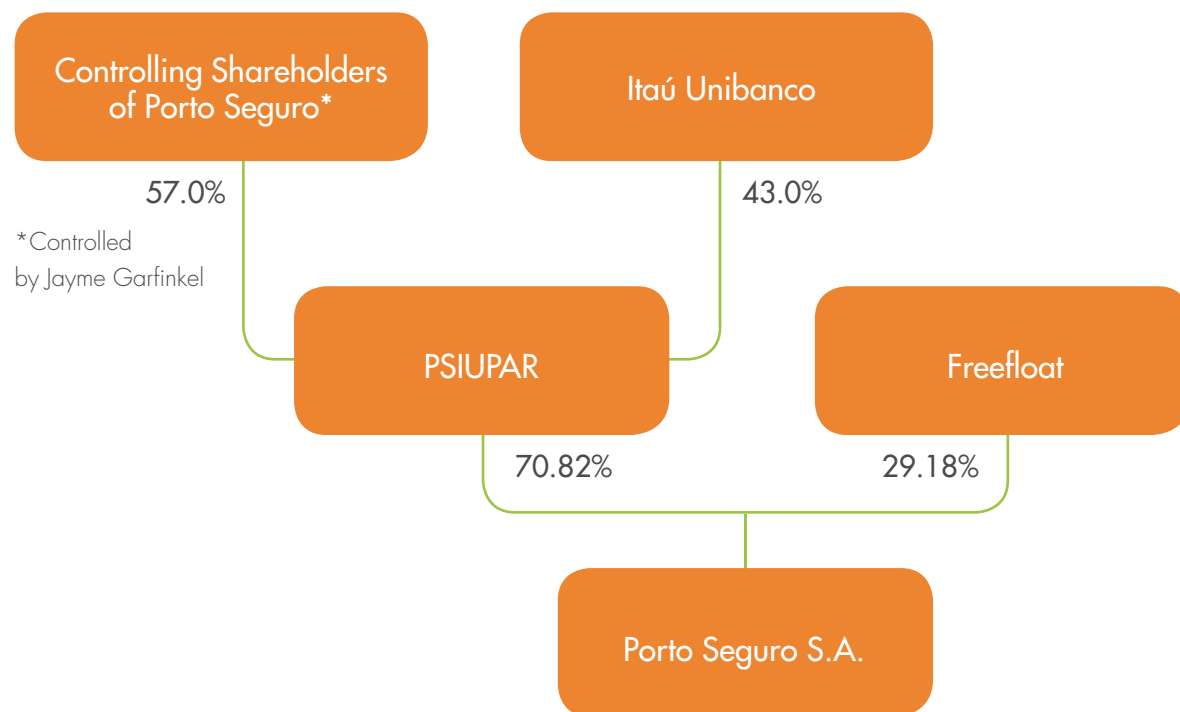
- Share capital comprised exclusively of voting common shares;
- If control of the company is sold, all of the shareholders can sell their shares for the same price (100% tag along);
- If a company is delisted or the contract with BM&FBovespa cancelled, it must make a public offer to repurchase the shares of all shareholders for at least their economic value;
- Board of Directors must have at least five members, 20% of them independent directors, with a maximum term of two years;
- Commitment by the company to maintain at least 25% of its shares in the market (free float);
- Comprehensive publication of financial information, including quarterly reports with a cash flow statement and consolidated reports reviewed by an independent auditor;
- Publication of annual financial statements in accordance with an internationally accepted accounting standard;
- Monthly disclosure of trading in the Company's securities by directors, officers and controlling shareholders.





# Structure

## Ownership Structure



Obs.: Porto Seguro S.A.'s subsidiaries are listed in the section Corporate Profile

## Shareholder Composition

The Company's share capital consisted of 323,293,030 common shares at the end of 2013, with a total market value of R\$ 9.6 billion.

Shareholder	Interest	Number of shares
PSIUPAR (1)	70.82%	228,941,890
Market	29.18%	94,351,140
Total	100%	323,293,030

## Investors

Porto Seguro invests on a daily basis in improving communication with its shareholders and investors through its Investor Relations (IR) area. The objectives of the area are to respond to these stakeholders quickly and to publish key information through the official communications channels so that all of the Company's stakeholders have access to information without bias.

# Administration



Porto Seguro's corporate governance structure consists of the bodies responsible for planning and operating the Company's businesses and overseeing the implementation of strategies, progress made towards achieving the desired results and compliance with legal requirements and best market practices.

## Board of Directors

The highest body in Porto Seguro's Governance structure is the Board of Directors. In accordance with the Bylaws, it must have between five and seven members and is responsible for establishing the Company's general policies, electing the directors, management oversight and approving certain transactions.

Board members are elected at the annual general meeting of the shareholders for a term of two years (with the right to re-election) and can be removed at any time by the shareholders. On December 31, 2013, the Board of Directors had seven members:

**Jayme Garfinkel | Chairman of the Board:** holds a degree in Civil Engineering from the Polytechnic School of the University of São Paulo

(1970), and a post-graduate degree in Business Administration from Fundação Getúlio Vargas (1975). Mr. Garfinkel joined Porto Seguro in 1972 as an Assistant to the Board of Executive Officers, becoming Vice President in 1978 and Chief Executive Officer in 2006, where he remained until 2012.

Mr. Garfinkel has been Chairman of the Board of Directors of Porto Seguro S.A. since it was created in 1997 and has also been Chairman of the Board of Directors and Chief Executive Officer of Porto Seguro Itaú Unibanco Participações S.A. ("PSIUPAR"), the parent holding company of Porto Seguro S.A., since its formation in 2009.

**Marco Ambrogio Crespi Bonomi | Vice-Chairman of the Board:** graduated in Economics from Fundação Armando Álvares Penteado (1978), Mr. Bonomi also completed executive financial courses at Fundação Getúlio Vargas (1982) and capital markets courses at New York University (1984). He is currently an Executive Vice President at Banco Itaú S.A., has been an Executive Director at UNIBANCO (União de Bancos Brasileiros S.A.) since November

2008, and Vice-President at ACREFI (National Association of Credit, Financing and Investment Institutions) since April 2004.

Was a member of the CNSP from 1987 to 1991 and President of the Union for Insurance and Capitalization Companies of the State of São Paulo from 1989 to 1990. Currently, he is the Chief Executive Officer of Fenseg (National Federation for General Insurance) and a Member of the Supreme Council of CNSeg (National Confederation for General Insurance, Private Pension and Life, Supplementary Health and Capitalization Companies).

**Casimiro Blanco Gomez | Board Member:** holds a degree in Accounting (1972) and Economics (1974) from the Economic Sciences University of São Paulo, with a post-graduate degree in Accounting (1980) from Fundação Getúlio Vargas. Mr. Gomez joined Porto Seguro as an accountant in 1974 and became Finance Director in 1983, serving as Vice President between 2000 and 2010. He was also a Vice President of Porto Seguro Vida, Azul Seguros and Porto Seguro Saúde, and a Diretor at Portopar and Porto Seguro Uruguay.



Mr. Gomez has been a Director since 1992 and was President of the Insurance Companies Union of the State of São Paulo from 2001 to 2003, in addition to being a member of the Accounting and Tax Committee of the Insurance and Capitalization Companies Union in the State of São Paulo and Fenaseg. Currently, he is Vice-Chairman of the Board of Directors of Líder dos Consórcios do Seguro DPVAT S/A and a Member of the Insurance Protection Council, both part of the National Insurance Confederation.

**Jorge Diamant Schulhof | Board Member:** holds a degree in Metallurgical Engineering from the Polytechnic School of the University of São Paulo (1969) and a post-graduate degree in Financial Administration from Fundação Getúlio Vargas (1972). Mr. Schulhof has 35 years of experience as a CFO and Superintendent in mining and metallurgy companies and the electronics industry, having served for 15 years as Director of Investor Relations for publicly-traded companies. Currently, he is a Member of the Board of Directors of Porto Seguro S.A. and Companhia Brasileira de Lítio S.A. and is an independent financial consultant focused on corporate financial restructurings.

**Caio Ibrahim David | Board Member:** graduated in engineering from Mackenzie University (1986-1990), with a post-graduate degree in Economics and Finance from the University of São Paulo (1992-1993), a Masters in Accounting, also from the University of São Paulo (1994-1997), and an MBA from New York University (1997-1999) with a concentration in Finance, Accounting and International Business. Mr. David is a current Member of the Board of Directors of the Company and has been a Member of the Board of Directors and Director at Itaú Unibanco Participações S.A., the Company's parent holding company, since May 2013. At Itaú Unibanco Holding S.A. and Itaú Unibanco S.A., he has been an Executive Director since May 2010, responsible for the Finance area.

**Fernando Kasinski Lottenberg | Independent Member:** holds a Law Degree from the University of São Paulo and Masters Degree in Philosophy & General Legal Theory and a Doctorate in International Public Law, both from the University of São Paulo. He is a practicing attorney in the area of corporate law.

**Pedro Luiz Cerize | Independent Member:** graduated with a degree in Business Administration from Fundação Getúlio Vargas and an MBA in Finance from the Brazilian Institute of the Capital Markets. Mr. Cerize has worked for the Socopa Brokerage firm, Fator and Banco BBA Creditanstalt. He is one of the founders and a manager at Skopos Administradora de Recursos. Mr. Cerize was first elected as a Member of the Board of Directors of Porto Seguro S.A. in 2008. Currently, he is an Independent Board Member for the companies CVI, OHL and COPEL.

## Board of Executive Officers

Consisting of at least three and at most six members, elected and removable by the Board of Directors at any time, the Board of Executive Officers is responsible for implementing the Board of Director's decisions and for the daily management of the Company.

The Board is comprised of a Chief Executive Officer, Executive Officer, Chief Financial Officer, IR Officer and General Counsel. Each Officer is elected to a one year term (and can be reelected), with individual



responsibilities determined by the Board of Directors. On December 31, 2013, the Board of Executive Officers consisted of four members:

**Fabio Luchetti | Chief Executive Officer:**

holds a degree in business administration from Santanna University (1996). Mr. Luchetti joined Porto Seguro Companhia de Seguros Gerais in 1984 as a collections assistant, assuming the role of Technical Manager in 1996. He took over as Premiums Officer in 2000. In 2006, he was appointed Executive Vice President, and in August 2012 he was elected the CEO of Porto Seguro S.A. and of the company's subsidiaries. He has been an Executive Officer in Porto Seguro Itaú Unibanco Participações S.A., Porto Seguro's parent holding company, since its formation in 2009. Mr. Luchetti has also held the position of Chief Executive Officer of Porto Seguro - Seguros del Uruguay S.A. since 2009.

**Luiz Alberto Pomarole | Executive Officer:**

graduated in business administration from Oswaldo Cruz University (1986), Mr. Pomarole joined Porto Seguro Companhia de Seguros Gerais in 1979 as an office assistant and assumed the role of Auto Acceptance Manager in 1988. He was named Head of Automotive

Products in August 2000 and has been a Vice President since March 2008. He is also an Executive Vice President for the following subsidiaries of Porto Seguro S.A.: Porto Seguro Vida e Previdência S.A. and Porto Seguro - Seguro Saúde S.A. since 2008, and Azul Companhia de Seguros Gerais since 2010. He is currently the Executive Officer of Porto Seguro S.A. and the Company's subsidiaries.

**Marcelo Picanço | CFO and IR Officer:**

holds a Masters in Business Administration from COOPPEAD (UFRJ) / Wharton School of the University of Pennsylvania and a degree in Electronic Engineering from the Aeronautics Technical Institute (ITA). Mr. Picanço joined the Company in July 2006 as Chief Financial Officer and Director of Portoseg (Financing and Cards) and Portopar (DTVM). Beginning in July 2011, he also assumed responsibility for Investor Relations and Strategic Planning. Prior to joining Porto Seguro, Mr. Picanço was a Director for Financial Services in the consulting firm Booz Allen Hamilton (currently Booz&Co), where he developed projects related to strategic positioning, design and organizational transformation for leading companies in Brazil and Latin America.

**Lene Araújo de Lima | General Counsel:**

began his career at Porto Seguro in the Legal Department in 1994. Mr. Lima was promoted to Manager in the Legal Department in 2001 and become General Counsel in June 2008. Mr. Lima has responsibility for the Legal, Unions, Fraud Prevention and Internal Controls areas. He is currently General Counsel of Porto Seguro S.A. and its subsidiaries Porto Seguro Companhia de Seguros Gerais, Porto Seguro Saúde S.A., Itaú Seguros de Auto e Residência S.A., Azul Companhia de Seguros Gerais and Instituto Porto Seguro. Mr. Lima is an Executive Officer for Portoseg S.A. - Crédito, Financiamento e Investimento, Portopar D.T.V.M Ltda, Porto Seguro Administradora de Consórcio Ltda, Portoserv Promotora de Serviços Ltda. and Portomed - Porto Seguro Serviços de Saúde S.A.. He is also Chairman of the Supervisory Board of Portoprev - Porto Seguro Previdência Complementar. He has a law degree with a concentration in Civil Law from COGEAE/PUC-SP and an International Executive MBA from FIA.

**Rosa Garfinkel:** Honorary President of the Company, a non-statutory position, in which she serves as guest of honor to promote Porto Seguro at institutional events.



## Supervisory Board

The Supervisory Board is independent from the Company's management and independent auditors. Its main responsibilities are to oversee the actions of management, offer opinions on certain proposals made by management that will be voted on by the General Assembly, examine the Company's financial statements and report to the appropriate governance bodies and General Assembly any instances of errors, fraud or crimes it may become aware of.

Brazilian corporate law requires companies to either install a permanent Fiscal Council or to establish the council in fiscal years in which it is required by the shareholders. The Company's Bylaws provide for a Supervisory Board of a non-permanent nature consisting of five members and an equal number of alternates.

The members of the Supervisory Board (when it is required), will be elected during the annual general meeting to a two-year term and may be reelected. For legal reasons, the Supervisory Board cannot include members of the Board of Directors or Board of Executive Officers, employees of the Company or their spouses or any relative up to the third degree of any member of Management.

## Audit Committee

The Audit Committee's main objective is to support the management of the Porto Seguro Group companies with respect to good corporate governance practices, ensuring transparency of the business to shareholders and investors.

The Committee is composed of at least three and at most five members elected by the Board of Directors to a term established by the Board. Reelection is permitted as long as the overall length of service does not exceed five years. Members are allowed to return to the Committee three years after the end of their previous term. Board Members may be elected to the Audit Committee provided they comply with all of the requirements and prohibitions necessary for the position as set forth in the Committee's Charter.

On December 31, 2013, the Audit Committee had three members:

**Evandro César Camillo Coura:** holds a degree in Electrical Engineering from the Military Institute of Engineering (1980) and a Masters Degree in Business Administration with a concentration in Management Control and Operations from the Federal University of Rio de Janeiro (1986). Mr. Coura was the Director of Risk Control and Management at Fibra Celulose S.A., President of Gaia Energia Participações and Chief Executive Officer and IR Officer for Grupo Rede - Empresas de Energia Elétrica.

**Alfredo Sérgio Lazzareschi Neto:** earned a bachelor's degree from Largo de São Francisco Law School, with a concentration in IT Law from the Harvard Extension School, Chicago-Kent College of Law and the University of Buenos Aires. He is a member of FIESP's CONJUR, a former member of the São Paulo Lawyers Association and Vice-Chairman of the OAB/SP Commission for the Capital Markets and Corporate Governance. Mr. Neto is author of the book "Lei das Sociedades por Ações Anotada", published by Saraiva.

**Ricardo Baldin:** holds an accounting degree from the University of Vale do Rio dos Sinos (RS), with university extension courses at Fundação Dom Cabral and Fundação Getúlio Vargas in the areas of administration and finance. Mr. Baldin has been an Executive Officer at Itaú Unibanco Holding S.A. and Itaú Unibanco S.A. since April 2009 and was previously an Auditor at PricewaterhouseCoopers, having spent 18 years as a partner. He was also the partner responsible for PWC's Financial Services Practice in South America, coordinating a wide range of projects in the region, including an assessment of Ecuador's Financial System. He also served as Director for the National Association of Finance Executives and was responsible for the financial institutions group of the Brazilian Institute of Independent Auditors.



## Compensation

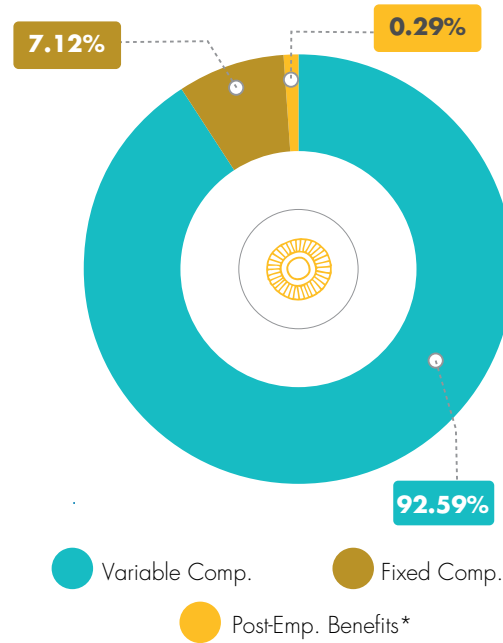
Porto Seguro’s compensation practices for members of the Board of Directors and Board of Executive Officers are based on a policy designed to attract, develop and retain professionals of the highest caliber. The policies are also designed to encourage them to achieve consistently superior results and to generate economic value for the shareholders in the short, medium and long-term.

The compensation packages consist of fixed and variable components, which are defined in accordance with a strategy that considers the Group’s internal consistency, external competitiveness and professional motivation.

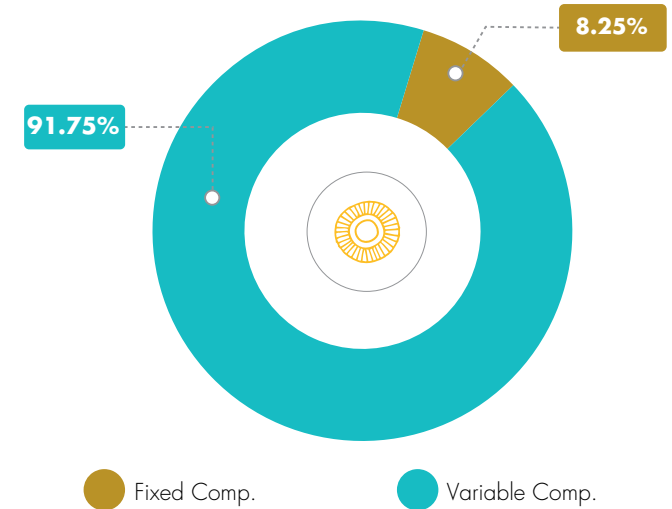
In-line with market trends, a majority of the compensation received by administrators comes from the variable component, linked to economic and operational performance and the sustainable development of the Company. Thus, the goals established by Porto Seguro for its professionals encourage projects that create long-term value, and not just meeting the short-term goals.

The principles of strategic alignment and risk sharing guide the scope definition and align the interests of the administrators with those of the Company and its shareholders. A significant portion of the compensation is linked to the Company’s results, as shown below:

Board of Directors



Board of Executive Officers



\* Postemployment benefits are available to Officers who sign-up for Porto Seguro’s Pension Plan through Portoprev. The benefits available are described in the Section “Employees” and are the same for the Officers as they are for other employees of the Group.



## Ethics

An intrinsic part of Porto Seguro's actions, from the Management team to employees and service providers, ethical behavior everyday is critical for maintaining the Company's greatest asset: the trust of its stakeholders.

Therefore, Porto Seguro maintains an Ethics Policy and Code of Conduct<sup>1</sup> that outlines the values and principles that must be observed in running the business, by all employees.

### Associations and industry organizations

Porto Seguro is a member of associations and industry organizations with the mission of stimulating development of the insurance market in Brazil and addressing ethical questions inherent to the market. These entities consist of:

- o Insurance Company Líder dos Consórcios do Seguro DPVAT - Assessoria;
- o Insurance, Pension and Capitalization Companies Union of the State of São Paulo;
- o APTS - São Paulo Association of Insurance Professionals;
- o ANSP - National Insurance Academy;
- o Fensaúde;
- o Fenaprevi; and
- o CNSeg.

<sup>1</sup> The Policy can be viewed at: [http://publisher.mzweb.com.br/portoseguro/web/arquivos/PortoSeguro\\_PoliticaEtica\\_dezembro2010.pdf](http://publisher.mzweb.com.br/portoseguro/web/arquivos/PortoSeguro_PoliticaEtica_dezembro2010.pdf)

## Fraud prevention

Porto Seguro is committed to preventing, identifying and combating fraud and risks related to Corruption and Money Laundering. To this end, the Company continuously improves its controls, supporting material and trainings, ensuring the constant alignment of its employees with the Company's ethical values.

All employees receive the Ethics Policy and Code of Conduct when they are hired, and subsequently, must participate in mandatory fraud prevention training. The courses are available through the Company's internal communications channels and electronically (intranet), always available for consultation purposes. In 2013, 1,704 hours were invested in fraud prevention training.

Porto Seguro has an Internal Audit function (part of the Frauds & Occurrences area) that analyzes all suspicious transactions, communicates with the appropriate bodies (following policies and procedures), issues reports and proposes penalties for those who commit fraud. It also makes suggestions for improvements in controls where frauds and/or systemic failures have occurred.



In accordance with the Ethics and Conduct Policy and Porto Seguro's internal policies, misconduct is not tolerated regardless of area, level in the organization, relationship with the Company and location. Penalties are applied in accordance with the severity of the occurrence.



## Conflicts of interest

One of the main areas covered by the Policy is conflicts of interest, which occur when an employee of the company influences, or has the potential to influence, a decision that results, or can result, in a personal gain, directly or indirectly, for the employee, a family member or any other third party instead of promoting the common good of the organization. To avoid these types of situations and maintain ethical relationships, the policy requires any relationship with the potential to generate a conflict to be declared prior to hiring an employee or contracting a service provider. Such relationships are submitted for an up-front evaluation by the Internal Controls area, which will determine the most appropriate course of action.

## Protection of information and confidentiality

Information is one of Porto Seguro's most important assets. In accordance with the Company's Ethics Policy and Code of Conduct, every employee is responsible for ensuring the completeness, accuracy and confidentiality of information that has not been authorized for release.

Confidentiality of information about Porto Seguro, its clients and other stakeholders must be rigorously safeguarded. To ensure such behavior, no external communications are permitted without the express authorization of the Board of Executive Officers. Information designed for major media outlets is evaluated by Porto Seguro's Institutional Marketing area and is subsequently released by a third party communications company.





# Sustainable Management



Porto Seguro  
Automotive Center



# Sustainable Management

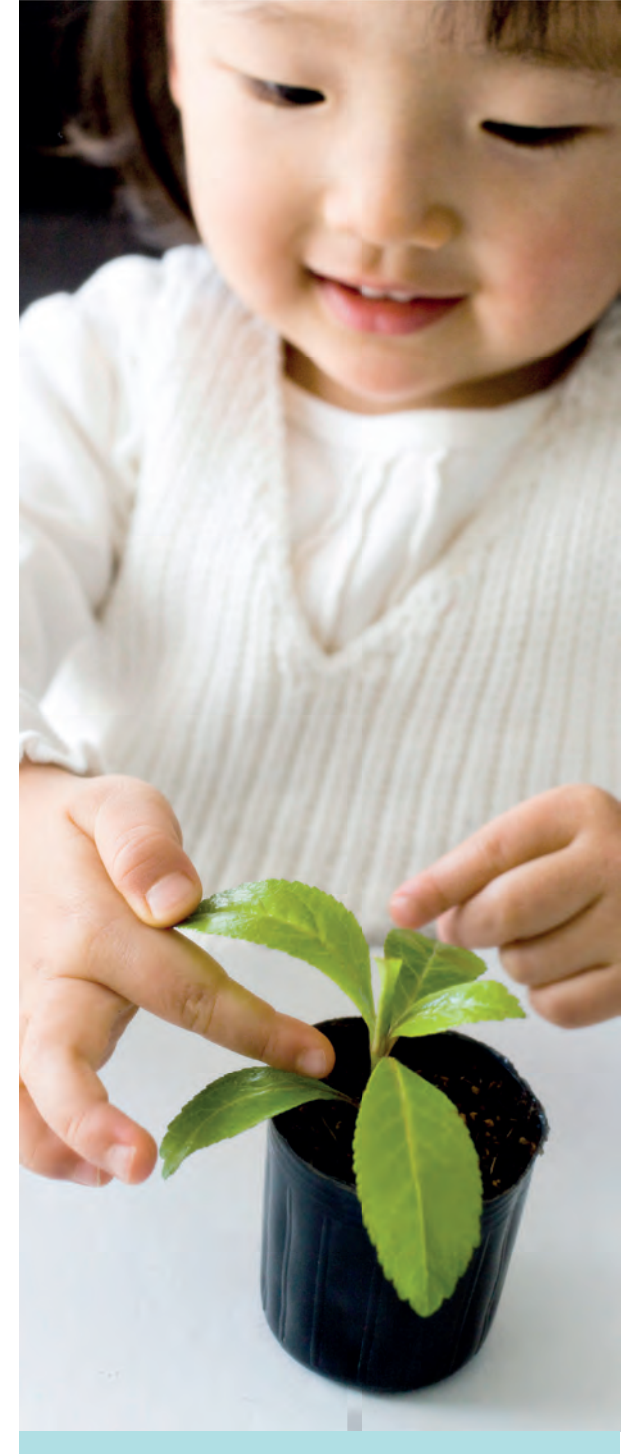
Porto Seguro believes the sustainability of its business to be directly linked to business performance, in addition to factors such as social justice, economic balance and cultural diversity.

Since it was founded in 1945, responsible social, environmental and economic behavior has always been part of the agenda with respect to Porto Seguro's corporate and business strategies. In 2012, the company signed on to the Principles for Sustainable Insurance (PSI), part of the United Nations Environment Programme Finance Initiative - UNEP FI, in partnership with CNseg (National Confederation of General Insurance, Private Pension and Life, Supplementary Health and Capitalization Companies), in order to encourage a culture of responsibility among the companies in the sector.

Because it is aligned with the PSI, Porto Seguro has adopted certain practices such as the

inclusion of socio-environmental clauses in service provider contracts and the training of and communication with employees and contractors about the importance of environmental, social and governance related topics. It has also integrated certain ESG (Environmental, Social and Governance) related requirements into the selection process for part of its supply chain.

In addition to following the policies and guidelines of the PSI, Porto Seguro believes that the sustainable development of the business depends on an understanding and control of business risks, management of the environmental impacts generated by the business and the social development of the regions in which it operates. The result of this is an environment that promotes development and the creation of value so that the company can continue growing.



# Social Management

## Employees

Porto Seguro's employees are the heart of its business. It is through them that the Company conducts its daily activities and interacts with customers. On December 31, 2013, Porto Seguro had 13,336 employees at its headquarters in São Paulo and in the 117 branches located throughout the country.

## Performance Management

In 2013, with a view towards more integration with HR Management, the Performance Management process was conducted using a new platform that combined the Objectives and Skills forms into a single worksheet. This resulted in a framework more focused on the employees' development.

The Performance Management process is conducted differently for staff vs. the leadership. At the end of 2013, the percentage of staff participating in the Performance Management process totaled 85%, while 10% of leaders participated in the process.

Functional level	Percentage of employees receiving a performance review*
Leaders	9.0%
Administration	58.9%
Commercial	3.5%
Operational	15.0%
Trainees	0.2%

\*Includes all Porto Seguro companies except for Portopar, Azul, Bioqualynet and Renova.

OBS: members of the Board of Executive Officers do not participate in the Performance Management Process.

## Training and Development

In 2013, in recognition of the importance of training and professional development, Porto Seguro invested about R\$ 5.5 million in providing financial support for university, post-graduate and language courses. An average of 1,346 employees received assistance during the period, representing about 10% of the workforce.

Investments were also made in development programs that included courses, lectures and seminars held either internally or at external institutions.

There were 134,051 hours dedicated to training activities, 8,679 participants, and close to R\$ 2.7 million invested considering distance learning and live courses for employees.

## Compensation and local hiring

In order to attract and retain the best professionals in the market, Porto Seguro offers compensation packages aligned with best market practices. The lowest salary paid by the Company is 1.1 times the country's minimum wage<sup>2</sup>.

Of the 132 professionals holding senior management positions in the Company (including managers, superintendents and directors), 53.8% were hired locally and work in their home cities.

<sup>2</sup> Considering the minimum salary of R\$ 678.00 at the end of 2013.



## Benefits

Designed based on continuous monitoring of employee's needs, in addition to complying with terms established in collective bargaining agreements and applicable legislation, the benefits offered by the Company play an important role in the retention process.

Looking outside the Company to keep up with best market practices is a key part of the area's activities, which is accompanied by the implementation of improvements to the Company's packages.

## Young Apprentice

Porto Seguro has been running the "Young Apprentice" program since 2003, which is a regulated<sup>3</sup> initiative allowing companies to hire young people between the ages of fourteen and twenty-four. Porto Seguro had 361 apprentices at the end of 2013, of which 293 were hired during the period. This is the result of partnerships with a number of different institutions, the most important of which is Social Vocational Education (ESPRO).

<sup>3</sup> Law No. 10.097 of December 2000 and Decree No. 5.598 of December 2005.

## Internship Program

Porto Seguro's Internship Program was created in 2009 with the goal of attracting and developing young talent. The program prepares participants to work in the Company's various areas aligned with Porto Seguro's culture and business.

The Program has a maximum duration of 18 months and is open to students attending a university recognized by the Ministry of Education (MEC), either public or private, whether or not they are employees of the Company. To apply for the Program, in addition to meeting the prerequisites, students must pass a rigorous selection process, including English tests, logical and analytical reasoning tests, group dynamics and interviews with HR and business managers.

During the Program, the students are accompanied by a Tutor, Mentor and Human Resources Analyst. They have the opportunity to get to know the different areas of the Company and can be hired upon completion of the internship.

Since the beginning of the Program, 102 interns have been hired (23 of them in 2013), who are actively participating in the development process and are scheduled to complete the program in 2014.

## Inclusion

Porto Seguro creates job opportunities for people with disabilities, contributing to their inclusion in society. At the end of the year, the Company had 379 employees in this category, with 82 of them hired during the period (30 of which were promoted).



## Quality of Life

Porto Seguro believes employee satisfaction to be linked to quality of life initiatives. Therefore, the Company encourages and supports good habits and promotes the health of all of its employees through events focused on physical and emotional well-being. During 2013, 23,255 people participated in the Quality of Life Program, as part of the following events:

- **Road Race Program:** introduced in December 2007, the group had 1,561 participants among employees and contractors. In 2013, the team participated in 13 races, including the São Silvestre.
- **Ballroom Dancing:** in partnership with a dance school, Porto Seguro offers special prices to employees and contractors (who are registered) for dance classes in an area provided by the Company. Classes are divided into three modules (over three months), and in 2013, there were 54 participants.
- **Macunaíma:** theatre classes for employees and contractors (who are registered) that stimulate creativity, the ability to speak in public and self-esteem. Porto Seguro subsidizes 50% of the cost of the basic course, which lasts three months. In 2013, there were 30 participants in the course.
- **Length of Service Celebration:** a tribute to employees with 10, 15, 20, 25, 30, 35 and 40 years of service in the Company. In 2013, 624 employees were honored throughout Brazil.
- **Year-end Celebration:** one of the most anticipated events of the year, employees come together in a single location to celebrate and commemorate the year's achievements. In 2013, 7,670 employees attended the event.
- **Office Workout:** a workout administered in the office by a physical education instructor that allows employees to perform targeted physical activities. Depending on the availability of each Area, classes are held two or three times per week and last between 10 and 15 minutes.



Porto Seguro also highlights the following partnerships:

- **Promotional fairs:** sale of a wide range of products from brands such as Natura, Avon, Boticário, Mary Kay and L'Oréal at special prices, in addition to the presence of craftspeople from the Casa Campos Elísios Melhor. During the bigger fairs (held on holidays such as Easter, Mother's Day, Father's Day, etc.), there is an average increase of nearly two thousand hits on each event's Quality of Life Page.
- **Amusement Park and Movie Tickets:** ticket sales with special discounts for Cinemark, Hopi Hari, Xuxa Park, Wet 'n Wild, Bowling and the São Paulo Aquarium. Tickets can be purchased every Thursday and Friday from 12:00pm to 3:00pm in the QV Area.
- **Buy Right:** on-line sale of appliances, cookware and electronics directly from the manufacturers (Consul, Brastemp, KitchenAid and Sony) with special prices and payment terms.
- **Shoe Repair:** general repair for shoes, bags, belts, etc., with special discounts and the support of a representative in the Quality of Life Area every Monday to pick-up and return items.



## Espaço Cultura e Lazer Porto Seguro

With the goal of offering integration, interaction, leisure and culture to its visitors, Espaço Cultura e Lazer Porto Seguro (Porto Seguro's Cultural and Recreation Area) is located in the Headoffice Complex and contains a library with a collection of over 10,000 items (including books, essays, magazines, CDs and DVDs), a social area, in addition to fitness, yoga and dance classes. The Area was visited by 161,511 employees and contractors in 2013, and the library signed-out 58,611 items.

## Social Services

Porto Seguro offers Social Services to support employees in dealing with critical situations such as hospitalization, death in the family, financial problems and leaves of absence, among others. Jointly seeking alternatives to resolve the employee's problem and facilitation of the bureaucratic processes are among the benefits provided by the Service.

## Workplace Safety and Medicine

Porto Seguro has a Workplace Safety team responsible for preventing illness and promoting employees' health. Through the environmental risk prevention and workplace health and medical control programs, the team accompanies the health of employees by monitoring occupational medical exams, complying with legal formalities, early detection of illnesses and determination of appropriate treatments.

The health mapping initiatives are a precursor to prevention campaigns that will be held by the Company, targeting general well-being and a reduction in absenteeism. In addition, the team assesses workplace risks and training activities, and together with Workplace Medicine, implements actions to continuously improve working conditions.



## Community

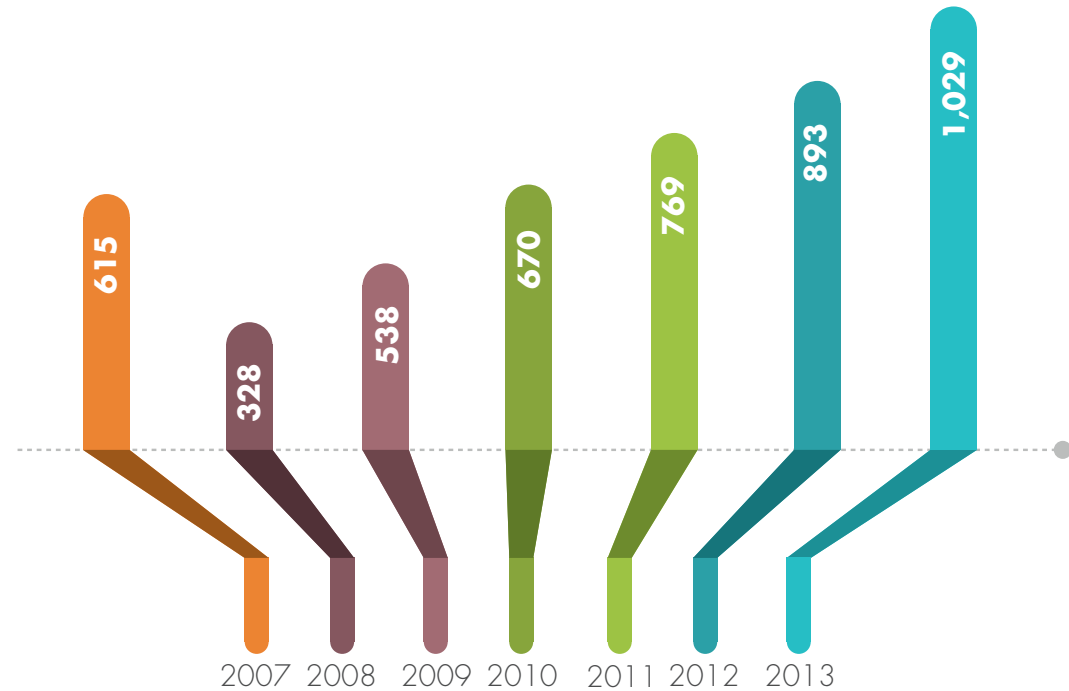
Porto Seguro contributes to the development of the communities in which it operates through initiatives linked primarily to education and vocational training. Through these efforts, it promotes and expands development opportunities in the lives of people, who in many cases, begin interacting with the company (whether as customers, employees or service providers). The result is an environment of less inequality and more value creation for the business.

In 2013, the Company's main initiatives in this area were as follows:

### Casa Campos Elísios Melhor

Casa Campos Elísios Melhor promotes education, vocational training and the creation of jobs and income for the low-income segment. It began its activities almost ten years ago in the same neighborhood in which Porto Seguro's headquarters are located. Today, it serves the entire city of São Paulo.

Results of the Casa Campos Elísios Melhor Program  
Course Graduates per Year





The Institution works with people from the ages of 16 to 60 who are socially vulnerable, providing three different types of services:

#### - Professional training courses

The Casa Campos Elísios Melhor's professional training courses are designed to offer improved socio-economic conditions by valuing individuals and offering access to employment. Among the courses offered are Computer, Concierge, Receptionist, Administrative, Mechanic, Body shop and Painting, Electric and Plumbing, Monitored Alarm Assistant, Tow Truck Assistant, Installation and Maintenance of Micros, Hairdresser and Manicure Assistant and Preparation for a First Job. In addition, it offers the "Friends of Insurance" course in partnership with the National School of Insurance. In 2013, 690 people were trained.

#### - Professional Training at the Branches

With consolidation of the volunteer program, the Branches now have an opportunity to implement professional training courses in the local communities. These courses are defined together with the business areas, which are responsible for identifying the needs in each market.

During 2013, 122 individuals enrolled in vocational training courses in the following Branches: Curitiba, Santos and Santana (São Paulo).

#### - Income generation

Casa Campos Elísios Melhor offers courses designed to create jobs and income to stimulate entrepreneurship in the local communities. The courses last five months and teach various types of crafts such as fabric painting, patchwork, fabric covering and biscuit.

In all, 339 people participated in the courses during 2013, and after the courses, the alumni are invited to participate in the fairs sponsored by Porto Seguro.

#### - Ação Educa - Children

The Ação Educa (Educate project) complements formal studies by providing educational workshops in sports, capoeira, dance, music, encouragement of reading and writing, crafts, computers and futsal for children and adolescents from the ages of 6 to 15. The objective of Educate is to make learning more fun through sports and cultural activities, arousing more interest in the basic notions of cooperation and citizenship. In 2013, the Program served 111 children residing near the Campos Elísios neighborhood.



## Associação Crescer Sempre

Associação Crescer Sempre (Always Grow Association) was created in 1998 based on observations made by Porto Seguro's Company and School Partnership Project (Educação em Parceria program), acting in Paraisópolis' public schools since 1991. The Project identified that students began the 1<sup>st</sup> grade without the preparation necessary to succeed, since Paraisópolis did not have any Pre-schools. Based on this need, the Association created a Pre-school initially attended by 150 children between the ages of 5 and 6.

Over the project's 15 year history, the Association has increased the number of students to up to 620 among the same age group. The scope of the project was expanded during this process in order to make the program more effective. It now also provides opportunities for the families of the children served, as vocational and High School courses were created to meet the needs of the families.

The Associação Crescer Sempre believes that education can only evolve through the motivation of everyone involved in the process and their commitment to do their best. To encourage these improvements, the Association offers the following programs: Pre-school, High School, Education in Partnership and Vocational Courses.

### o Pre-school

In 2013, 450 children from the ages of 4 to 6 were enrolled. The teaching methodologies used provide the conditions for intellectual, social, physical and emotional development, allowing the students to have experiences that will help shape their personalities and prepare them to perform well in subsequent years of schooling.

### o High School

In 2013, 100 young people from the ages of 15 to 17 were enrolled. The curriculum follows High School requirements with 10 classes per day. Committed to the educational and intellectual development of the students and reinforcement of the school - family - community relationships, the Program contributes to developing citizens aware of their rights, duties and responsibilities.

### o Vocational courses

In 2013, with the increasing demand of the labor market for skilled workers, the following Vocational Courses were offered: Custodians, Access Controllers, Administrative Techniques, Building Maintenance, Waiters, Cleaning and Housekeeping, Reception and Customer Service, English and Insurance for Young People.



The program supported 420 young people and adults in the community of Paraisópolis and helped 82% of graduates obtain jobs.

### o Education in partnership

Bringing together the experience and commitment of the school community, qualified partners and the local Department of Education (Sul 1), 14 projects have been implemented in order to improve the quality of education offered by the public schools. During 2013, 5,105 students were assisted (ages 6 to 18) and 242 teachers.

The goal of the project is to identify the specific needs of each partner school and to develop, together with the institutions, projects that contribute to making learning more effective and meaningful for the students. For the students, the focus is on learning and getting along with others; for the teachers, on human development and continued technical training; and for the managers, on the joint management of all phases of the projects.



## Comunidade em Desenvolvimento

The Programa Comunidade em Desenvolvimento (Community in Development Program) includes projects targeted at the organized development of the region surrounding Porto Seguro's Headoffice Complex in São Paulo. The program is developed through the Company's dialogue with members of the community including store owners, social organizations, schools/daycare centers and residents, among others.

In 2013, it focused on security issues and quality of life in the region, which today faces challenges around drug trafficking and the large number of drug users. The Company participates in debates with the government and social institutions and coordinates a discussion network and improvement initiatives together with local store owners. In addition, the Program has enhanced socio-educational initiatives in the Moinho community (a needy population in the region), focused on art, culture and environmental awareness as a way of encouraging education, citizenship and drug prevention.

## Social well-being

In addition to the education and training programs, Porto Seguro develops projects that provide for the well-being and quality of life of its stakeholders. The main projects in 2013 are presented below.

**Volunteer Program:** Porto Seguro believes that it is necessary to stimulate, educate and offer a favorable environment for people to find the best way to serve as volunteers. Thus, the Program's strategy is to offer a number of different voluntary activities, both individual and collective, during or after work hours, with children, adults and senior citizens.

In 2013, there were 944 participants in the Program, translating into two thousand hours devoted to volunteering and 10,115 people being served by social organizations throughout Brazil. Specific actions included socio-educational workshops, educational seminars and leisure and quality of life activities.



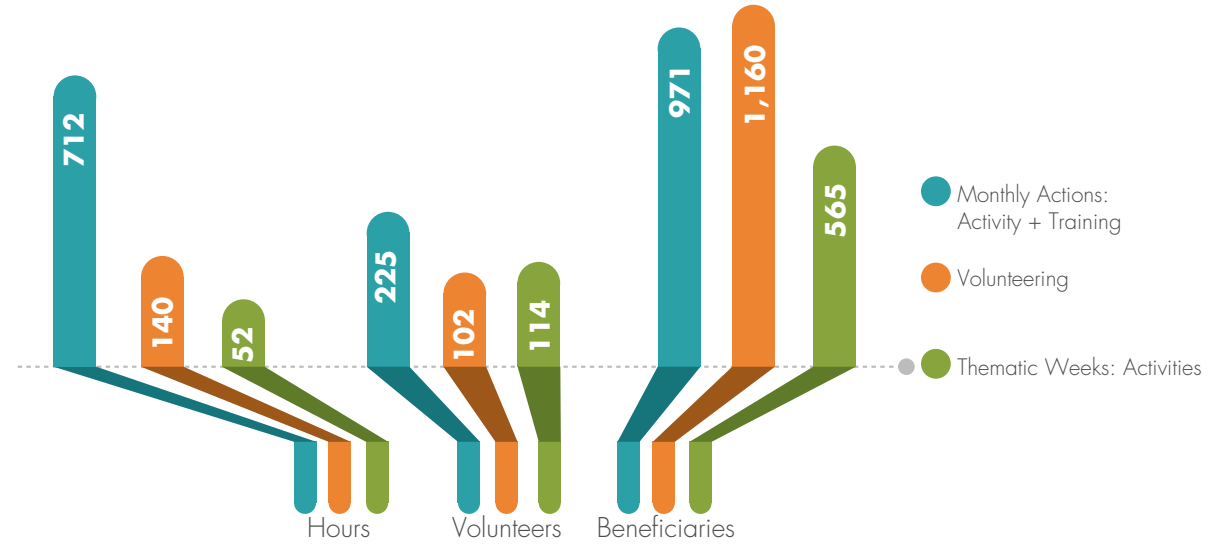
During the year, Porto Seguro developed the "If this street were clean" campaign. Together with 30 store owners from the region, meetings with a theme of "cleanliness" were held, culminating in October with a task force that cleaned up the neighborhood.





During the year, 41% of Branches participated in the activities of the Volunteer Program, benefiting a total of 7,389 people throughout the country

### Results of the Volunteer Program in 2013 - Headoffice (SP)



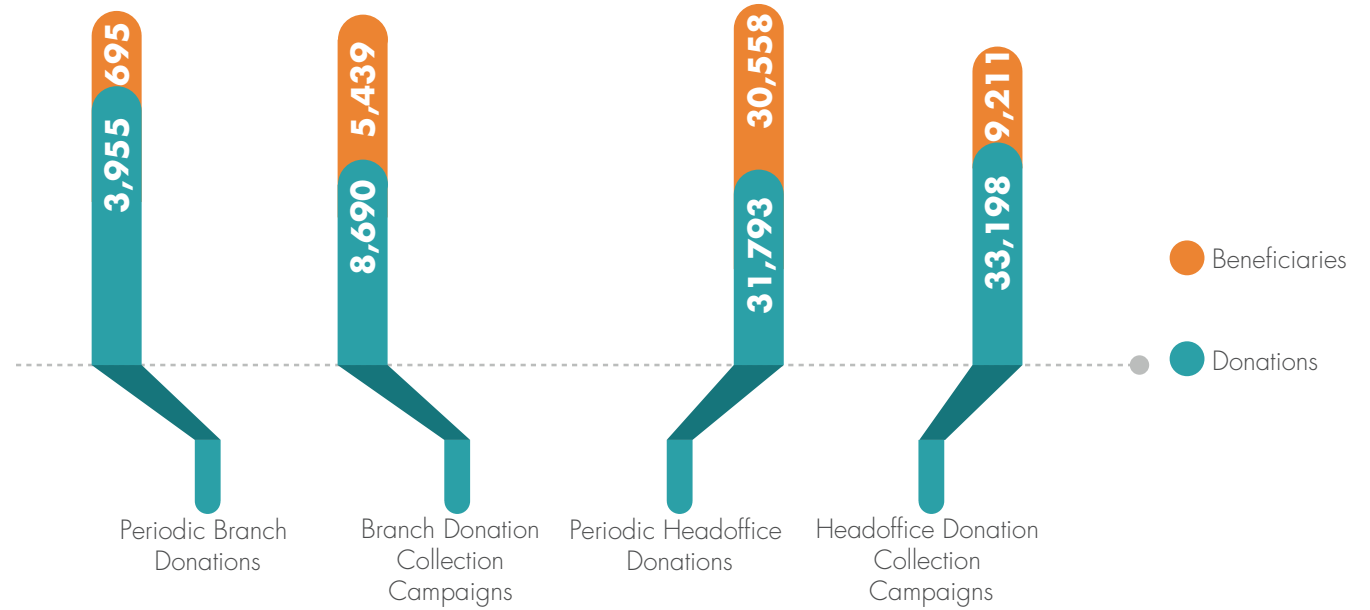
### Results of Volunteer Program in 2013 - Branches



**Donation campaigns:**

donation campaigns are held throughout Brazil during the year to support needy communities and institutions. In 2013, clothing, shoes, toys, school supplies, toiletries and food were among the items collecting, resulting in 77,636 donations, an increase of 17% over the prior year. A total of 45,903 people benefited from these campaigns at the 101 institutions supported by Porto Seguro throughout Brazil.

**Results of Donation Campaigns in 2013**





**Educating for sustainability:**

throughout the year, the Company implemented communication and education initiatives designed to educate internal and external stakeholders about the inclusion of

socio-environmental concerns in their daily lives, helping them to adopt sustainable processes, concepts and practices.

**Main sustainability awareness projects in 2013**

<b>Socio-environmental meetings</b>	Presentations and discussions on the topic, with 1,212 participants in 22 meetings in 2013.
<b>Visits to the Casa Campos Elísios Melhor</b>	There were 22 visits to the Institution by employees, contractors and brokers in 2013, with 122 participants.
<b>Eco-environmental Portals and Volunteer Skills</b>	Accessible by employees, the portals include updated material about environmental education, eco-efficiency, volunteering and citizenship. During 2013, average monthly hits on the portals totaled 2,748 and 2,016, respectively.
<b>Environment Week</b>	Held at the Company’s headquarters, the event addressed the importance of recycling, offered a variety of socio-environmental workshops and dynamics, and a fair with nine social organizations was held earning them R\$ 2.3 thousand through sales of their products.

**Ginástica na Praça:** The project offers fitness classes to a group of senior citizens in the Princesa Isabel Plaza in the Campos Elísios region. Classes are held on Mondays, Wednesdays and Fridays, from 7:45am to 8:30am, and in 2013, around 40 senior citizens participated in the project.

**Cultural Responsibility:** Porto Seguro sponsors shows and theater productions in order to recognize cultural initiatives produced in Brazil. The main criteria in determining which events to sponsor is innovation, and as a result, the Company invests in projects with originality and social relevance.

In 2013, the Company sponsored 25 projects through the Law for the Promotion of Culture. The most important productions were plays that included some of the biggest names in Brazilian theatre. Porto Seguro invested a total of R\$ 8,427,700.00.

**Private Social Investments:** In 2013, Porto Seguro invested R\$ 1.6 million in incentive laws, projects and social actions in the public’s interest (developed by organizations independent of the Company), focusing on education, professional development and the generation of income. These investments are continuously monitored to accompany the progress of the projects and the direct benefits provided to the public.



# Environmental Management



Porto Seguro manages the direct and indirect environmental impacts of its business in order to minimize them. This also has the effect of generating opportunities for the Company and the communities in which it operates. The Company continuously raises awareness about responsible environmental practices among its employees and business partners, resulting in the efficient use, disposal and reuse of resources.

## Eco-efficiency

Presented below are the main criteria adopted in the Company's environmental management process and the performance indicators monitored during 2013.

## Emissions

Porto Seguro has been a part of Brazil's GHG Protocol Program since 2011, which is a tool used by companies and governments throughout the world to measure, understand and manage greenhouse gas emissions (GHG).

The tool allows companies to build an inventory of their greenhouse gas emissions, which can be used to identify the source of scope 1, 2 and 3 GHG emissions and to calculate the equivalent amount of carbon emissions generated by their operations.

In 2013, in accordance with the GHG, Porto Seguro produced 3,226.44 tCO<sub>2</sub>e of scope 1 GHG from stationary, mobile and fugitive combustion; 2,927.34 tCO<sub>2</sub>e of scope 2 GHG from the use of electricity; and 15,530.13 tCO<sub>2</sub>e of scope 3 GHG from transport and distribution (upstream), waste produced by the business and business travel.

In 2013, considering all three scopes, the Company produced 1.57 tCO<sub>2</sub>e per employee, 0.00578595 of tCO<sub>2</sub>e per policy issued (considering the eight products that offer policies) and 0.00647619 of tCO<sub>2</sub>e per on-site service call, including towing services and repairs at policyholder's homes, among others.

Regarding biomass, considering all three scopes, Porto Seguro produced 2,706.40 tCO<sub>2</sub>e in 2013, a decrease of 16.9% compared to 2012.

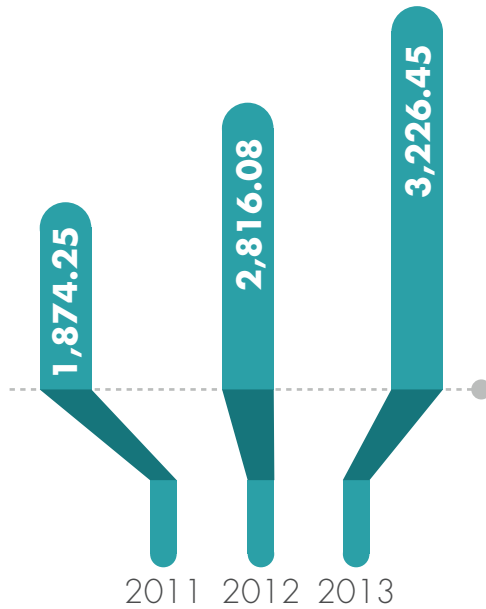
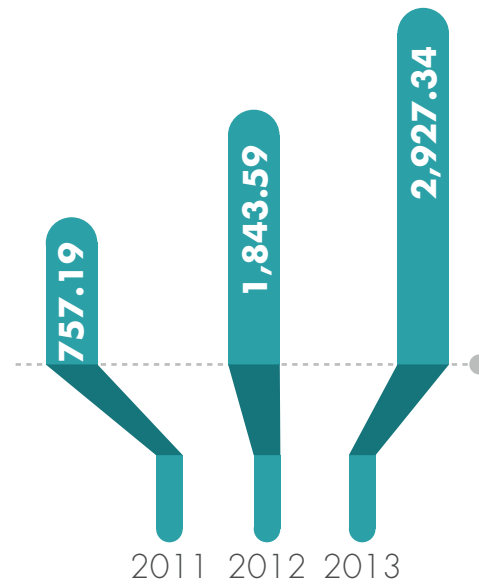
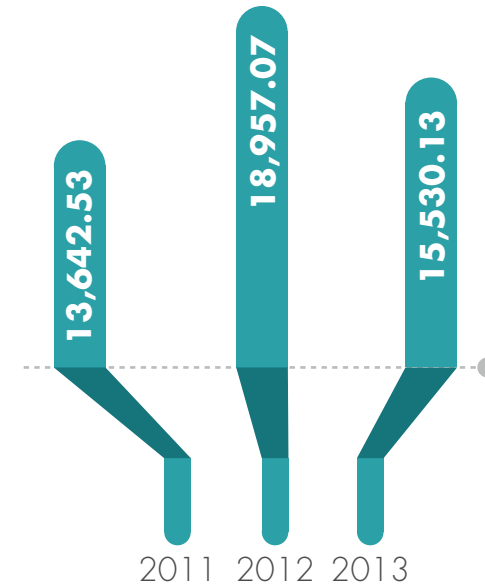
## GHG Emissions (Greenhouse Gases)

**Scope 1:** direct GHG emissions from sources that belong to the Organization or are under its control, such as, for example, the company's vehicles or vehicles under its control.

**Scope 2:** GHG emissions derived from the acquisition of electrical or thermal energy used by the Organization.

**Scope 3:** emissions arising from the Company's activities, but not from sources that belong to the Company or are under its control. Examples include the production of raw materials used by the Company, the transport of employees in vehicles not controlled by the Organization and emissions related to the final use of consumer goods sold by the Company.



Scope 1 GHG Emissions (in tCO<sub>2</sub>e)Scope 2 GHG Emissions (in tCO<sub>2</sub>e)Scope 3 GHG Emissions (in tCO<sub>2</sub>e)

In 2013, in addition to the reductions achieved through the environmental projects presented throughout this Section, Porto Seguro registered a drop in its GHG emissions through the use of Light Tow Trucks (smaller versions of traditional tow trucks) of 1,202.1 tCO<sub>2</sub>e. It also achieved a decrease in GHG emissions through the Bike Services and Bike Vistoria Projects, attending customer service calls on bicycle, of 15 tCO<sub>2</sub>e during the year.





### Destination of Materials

Porto Seguro’s Reverse Logistics area was created in 2010 to support, advise and send all materials no longer used by the Company for correct disposal, whether from obsolescence or scrap. These materials include computer equipment, furniture, wires, cables and items received in claims processes sent for recycling, sale, donation, compacting, disassembly, and when there are no other options, to a landfill.

Good for both the environment and the Company’s bottom line, Reverse Logistics recovered R\$ 850,486.17 in 2013, a 36% increase compared to 2012.

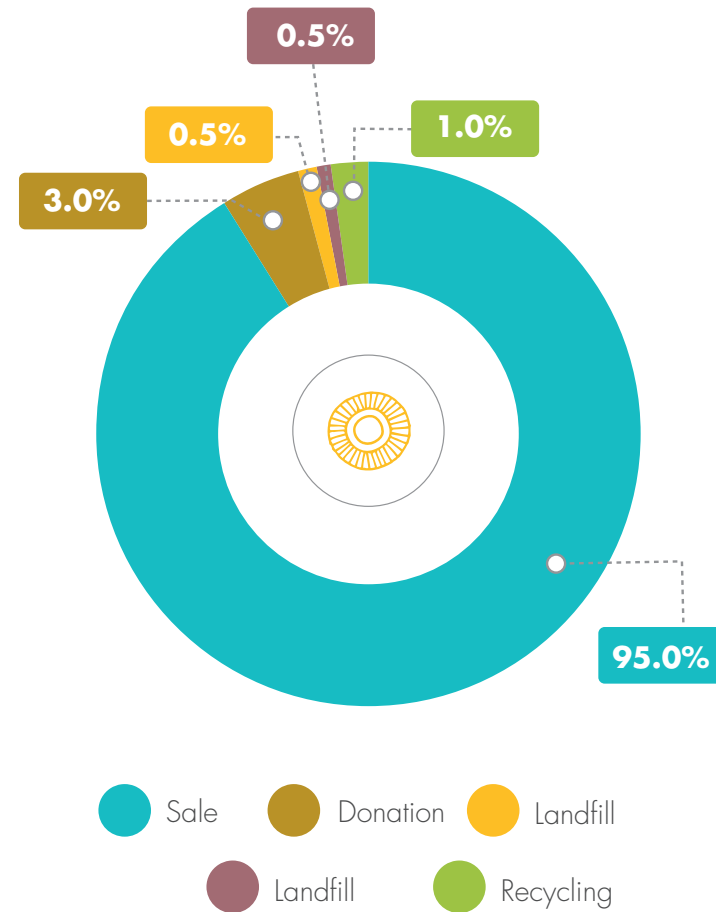
#### Materials most used by Porto Seguro:

Type of Material (renewable)	Units
Graphic Material	20,900*
Plastics and cardboard packaging (units)	15,530*
Uniforms for employees and service providers (units)	194,000*
A4 paper (packages)	55,104**
Fixtures	3,565*

\* Amount includes all branches.

\*\* Amount considers only Headoffice.

### Destination of Materials:



## Energy

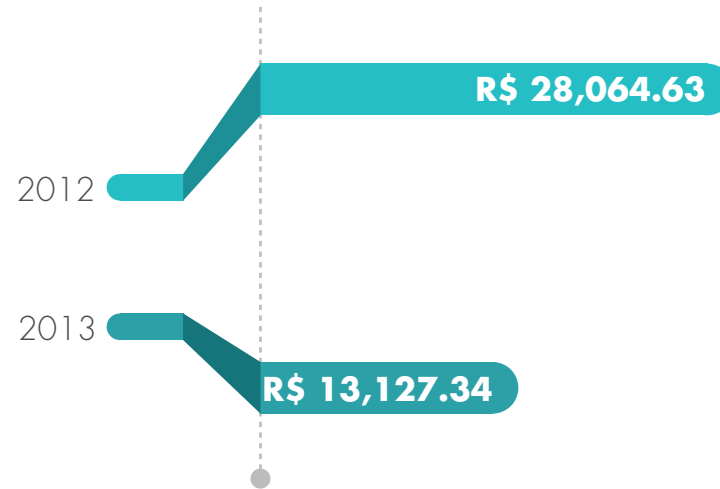
In 2013, direct energy consumption by Porto Seguro totaled 16.94 GWh<sup>4</sup>. The Company's indirect energy consumption totaled 43,407 liters of diesel fuel and 53 cylinders of Refrigerant Gas R22.

## Earth Hour

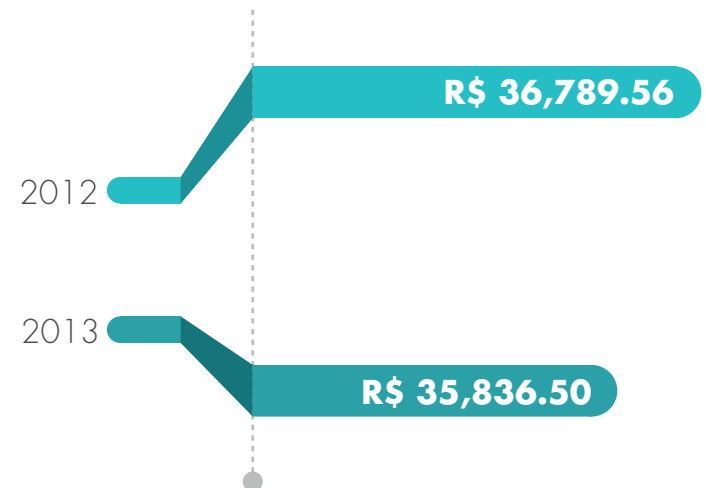
In order to use electricity more efficiently and educate employees about the responsible use of electricity, some of the lighting in Porto Seguro's buildings is turned off between 11:30am and 1:30pm. The initiative began in 2008, and last year, because of Earth Hour, 163,711.93 MWh were saved, resulting in an average savings of R\$ 52,387.81. This amount is equivalent to the average monthly consumption of 910 families residing in São Paulo.

<sup>4</sup>The units monitored were Barão de Limeira 621/627; Barão de Piracicaba, 740; Barão de Campinas, 669; Cleveland, 415; Dino Bueno, 266 (Glete 52 B); Glete, 42/60 (Glete 52 A); Guaianases, 1.234/1.238; Rio Branco, 1489; Rio Branco, 1.564 - Ref. Rs 275; and Barra Funda I (R. Tagipuru 906).

### Savings in R\$ - Headoffice



### Savings in R\$ - Branches



## Home Office Project

Introduced at the end of 2012, Porto Seguro continued improving the Home Office Project during 2013. The objective is to improve employees' quality of life and to minimize the use of natural resources as part of their daily commutes.

At the end of 2013, 268 active employees participated in the Home Office project. As a result of the project, 410.5 thousand Kwh of energy was saved (equal to the amount used by 190 families residing in São Paulo), 71.5 tons of CO2 emissions were avoided and 1.6 million liters of water were saved

## Environmental Projects

Porto Seguro's environmental projects benefit all of its stakeholders either directly or indirectly. There are two types of environmental projects: **Environmental Education and Environmental Management Systems.**

## Environmental Education

Environmental Education aims to raise awareness among all of Porto Seguro's stakeholders (employees, brokers, contractors, suppliers, customers and the community at large) about the importance of socio-environmental questions and to encourage attitude changes in their daily lives. The main projects in this area include:

### Dom Bosco Shelter Project

Run by the Salesianos (Liceu Coração de Jesus) network, Dom Bosco shelter is home to a group of people that collect recyclable material. In doing this, they seek social reintegration through the collection of recyclable material in São Paulo's city center.

One of the main attributes of the Project is its socio-environmental integration. In addition to offering the collectors the opportunity to generate an income and for social inclusion, the Shelter encourages recycling, and therefore, prevents garbage from becoming discarded waste on city streets.



In 2013, Porto Seguro's volunteers held 18 meetings (breakfasts) with the shelter's residents. They contributed to the formation of a cooperative to make the collection process more effective, encouraging communication among the group, a spirit of cooperation and the organization and management of the waste collected. Furthermore, the project involves partnerships with establishments located in downtown São Paulo to expand the network of locations that provide material to the Group.

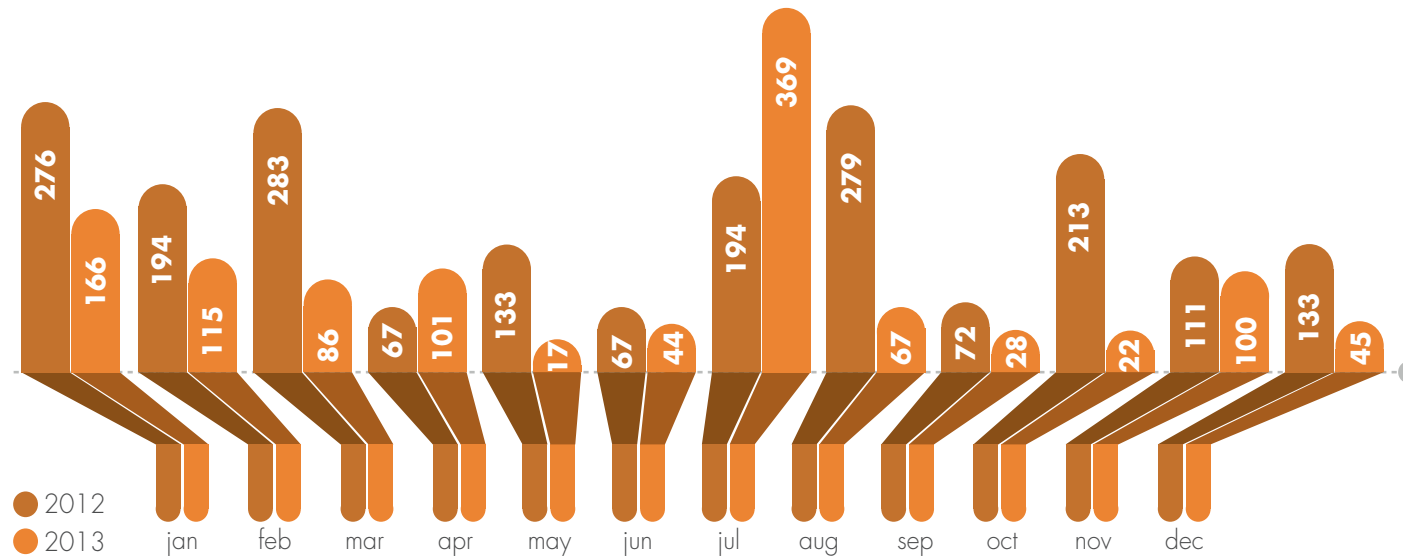


### Campaign for recycling cooking oil

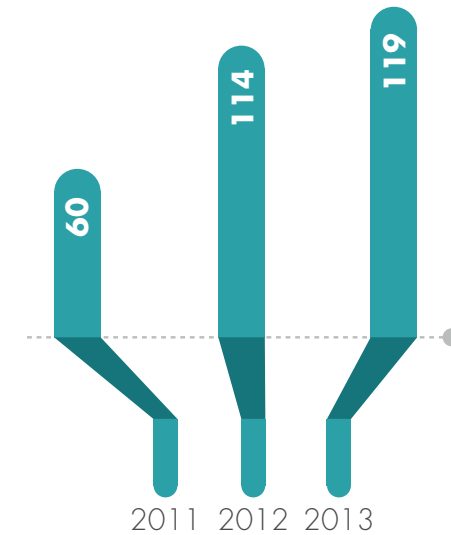
Porto Seguro’s Campaign for the Collection and Recycling of Cooking Oil has existed since 2008, with the primary objective of informing people about the hazards of its incorrect disposal. When properly collected,

cooking oil can be recycled and used in the production of biodiesel, a renewable fuel that is cleaner than regular diesel and indirectly used by Porto’s tow trucks. In 2013, 1,170 liters of cooking oil were collected.

Volume of Cooking Oil Collected (liters)



Number of participating branches

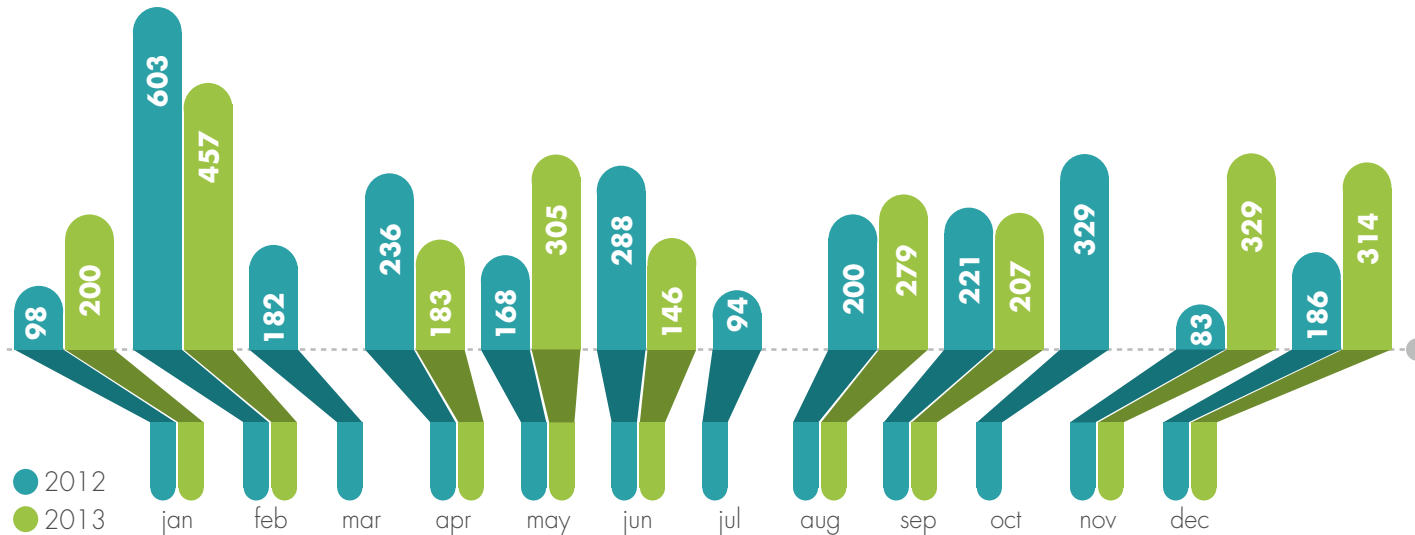


### Campaigns for recycling cards and batteries

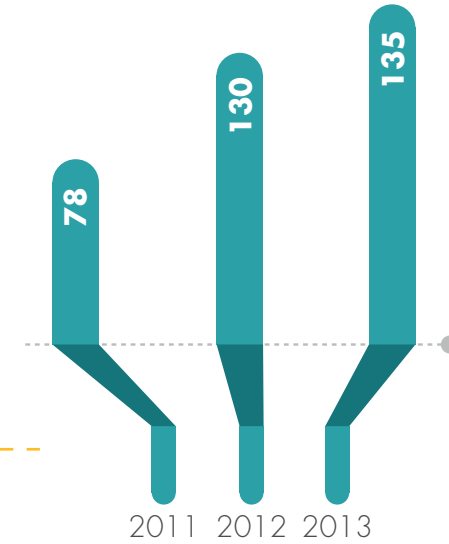
To prevent plastic and magnetic cards and batteries from being disposed of in landfills or open-air dumps (contaminating the environment), Porto Seguro's recycling campaign offers clients and non-clients collection services for this type of waste, complying with the National Solid Wastes Policy.

Materials collected during the campaign are sent to specialized recycling companies that have been approved by the Social and Environmental Responsibility area. The materials are reused in the manufacture of PVC pipes, conduits and plastics. In 2013, 2,420 kilos of electronic waste (cards, batteries, cords and cables, cell phones) were sent for recycling.

Card and Battery Volume (kg)



Number of Participating Branches



## Environmental Management System

The Porto Seguro Environmental Management System (EMS) identifies impacts of the Company’s activities on the environment, and provides for an up-front assessment of environmental impacts to identify policies and actions to eliminate or minimize them, complying with relevant legislation.

The EMS allows the Company to make environmental considerations a determining factor for new investments, new product development and other actions. It also makes continuous improvement of Porto Seguro’s environmental performance possible, minimizing pollutant gas emissions, encouraging responsible consumption of natural resources and the recycling/reuse of waste for reintroduction back into productive cycles. The main projects in this area include:

### Automotive waste management program

Porto Seguro continuously seeks ways to reduce the impact of its activities on the environment. First, the Company implemented sound environmental management practices in its operations, deploying selective collection systems in its units and holding campaigns to encourage appropriate practices.

As a next step, the Company looked for ways to make its partner’s businesses more sustainable. The Automotive Waste Management Program was born as a result, which encourages correct disposal of automotive scrap (excluding oil, paint, grease and solvents) from the Porto Seguro Automotive Centers (CAPS) and some of its referral repair shops.

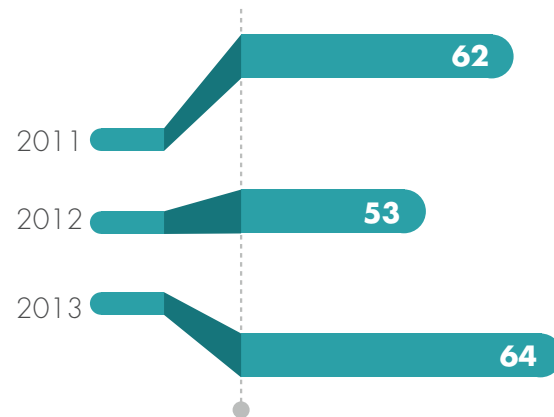
The program began in 10 repair shops from the referral network in São Paulo. By 2013, it had expanded to 35 repair shops and 56 CAPS in the states of São Paulo and Rio de Janeiro, demonstrating the importance of sustainable management practices to both clients

seeking certified garages and to Porto Seguro and its business partners. Initially, the waste management process considered only scrap, but in the next phases, also began covering the correct disposal of materials such as oil, paint and leftover dyes, in addition to water treatment.

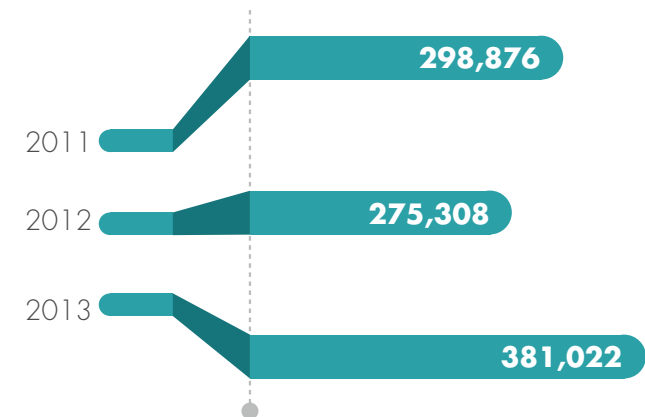
By 2013, as a result of the project, Porto Seguro has already been able to recycle more than 15.3 tons of cardboard, 23.3 tons of plastic, 4.1 tons of aluminum and 338.3 tons of iron.

All scrap collected is sent to Cooper Vira-Lata (a recycling cooperative), which also supports social inclusion and the generation of income.

No. of cooperatives



Scrap volume - kg



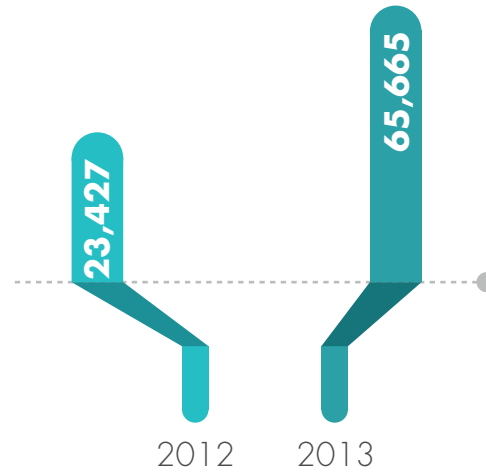
### Selective collection program

For Porto Seguro, at both its Headoffice complex and Branches throughout Greater São Paulo, responsible disposal of waste by all employees (separating organic from recyclable material), is one of the Company's main focuses in the area of environmental management.

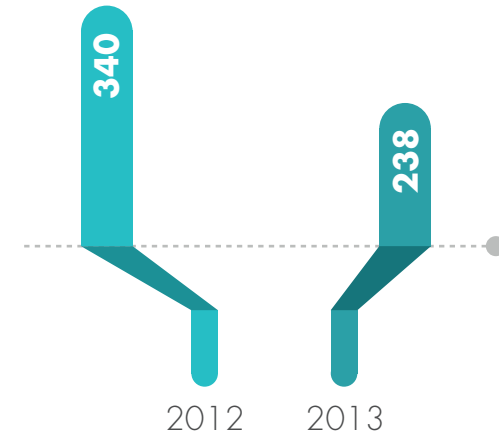
Under the Selective Collection Program, organic waste is sent to landfills while recyclable waste is sent to cooperatives for direct sale to businesses. The process results in the generation of employment, income and opportunities for social inclusion and transformation.

In 2013, as a result of the project, 104.9 tons of paper, 12.9 tons of cardboard and 12.5 tons of plastic were recycled.

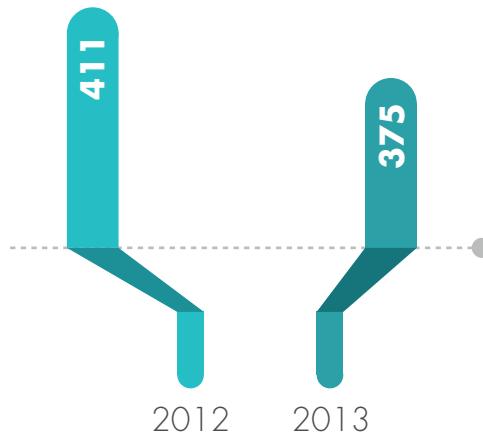
Recyclable Waste - Headoffice - Tons



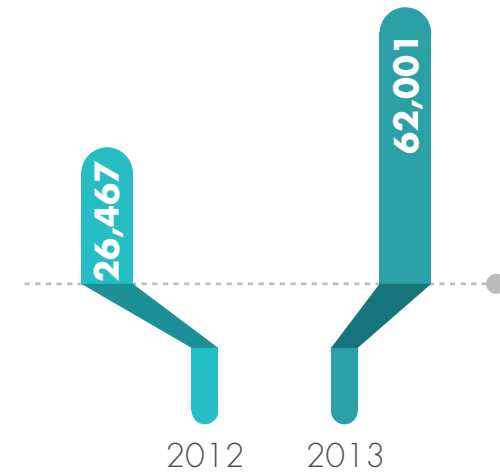
Organic Waste - Headoffice - Tons



Organic Waste - Branches and Reg. - Tons



Recyclable Waste - Branches and Reg. - Tons





# Operational and Financial Performance





# Operational and Financial Performance

## Operating Results - Insurance

Combined Index for Insurance 2013

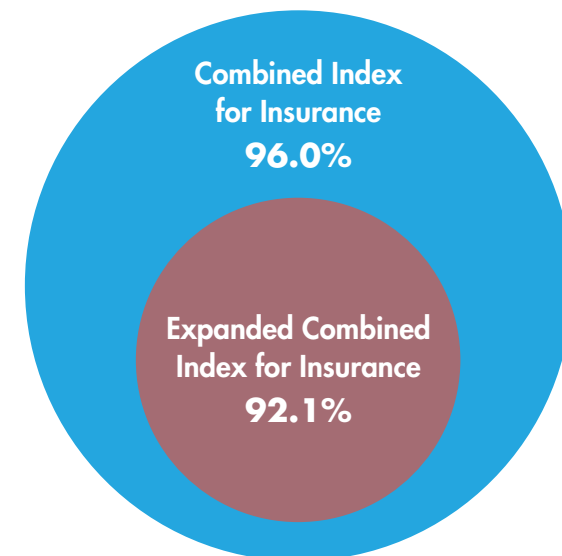
### Combined Index for Insurance

The combined index (2013 vs. 2012) was 3 p.p. lower due to a drop in the total claims, selling expense and administrative expense ratios, reaching 96.0% (compared to 99% in 2012).

The total claims ratio for the year fell 4.5 p.p. to 54.3%, primarily due to a drop in claims in the automobile (-5.5 p.p.) and estate (-2.7 p.p.) products.

### Expanded Combined Index for Insurance

The Expanded Combined Index (which includes financial results from the insurance business) increased 1.4 p.p. compared to the previous year, reaching 92.1%. The increase was due to lower financial income, partially offset by the improved operating results during the period.



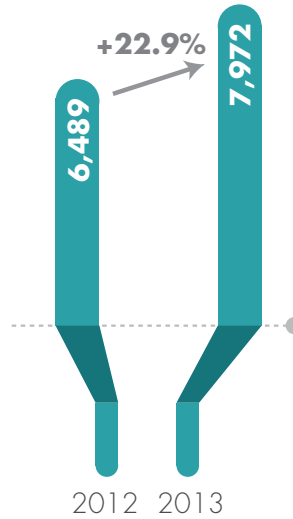
## Car Insurance

Earned premiums on Porto Seguro’s automotive portfolio totaled R\$ 4,202.5 million in 2013, an increase of 19.5% compared to 2012, driven mainly by a recovery in prices. The claims ratio fell 3.7 p.p. in the year due to a decrease in robberies during the period, particularly in the São Paulo metropolitan area.

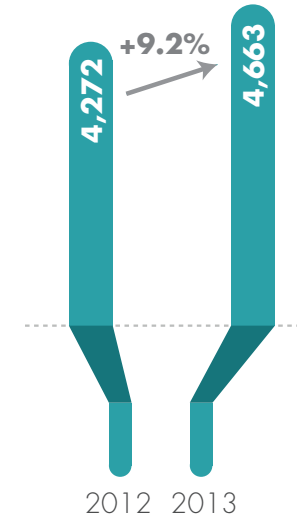
Azul Seguros recorded earned premiums of R\$ 1,767.7 million in the year, up 34.5% compared to 2012. This was due to a recovery in prices and an increase in the number of insured vehicles (the insured fleet grew by 17.8% compared to the previous year). The claims ratio fell by 11.1 p.p. to 60.4%, reflecting a recovery in pricing and improvements in the risk assessment criteria.

The automotive portfolio of Itaú Auto e Residência reached R\$ 2,001.6 million in 2013, 20.6% higher than 2012. This was due to a recovery in prices and increase in the number of insured vehicles. The claims ratio fell by 5.9 p.p., mainly as a result of the pricing adjustments.

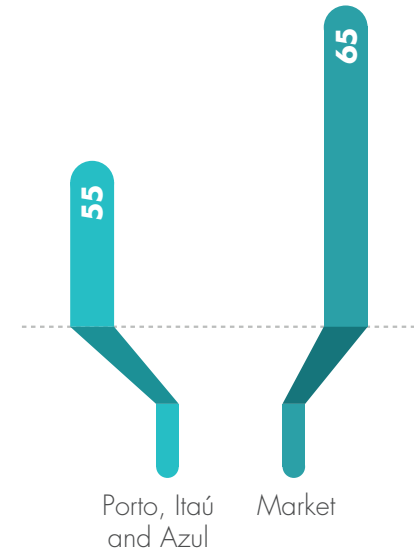
Growth in Car Insurance Premiums - (million)



Insured Fleet



Auto Claims Ratio - 2013<sup>1</sup> (%)



<sup>1</sup> Data available up to November 2013.  
Source: SUSEP

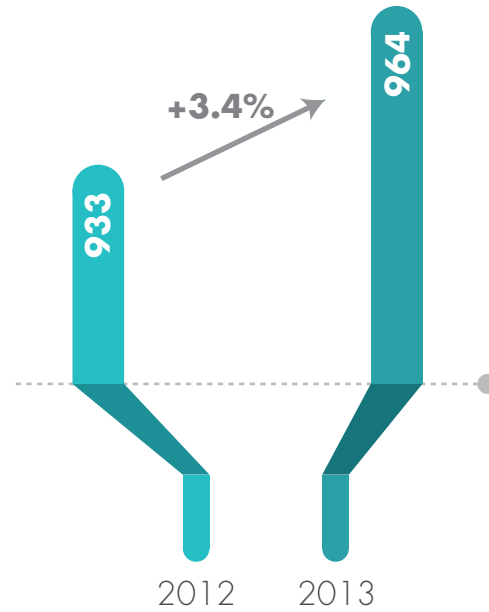


## Health Insurance

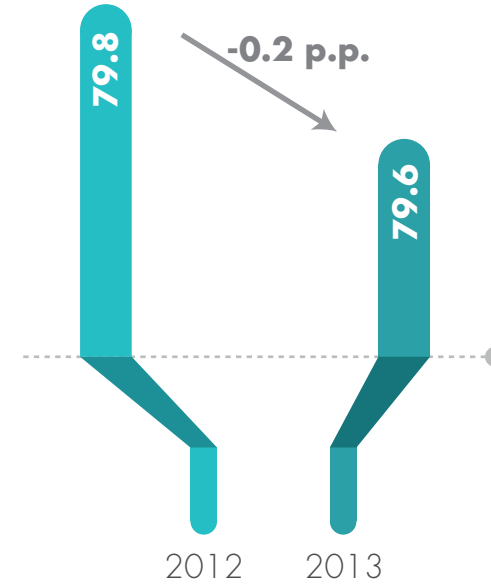
Health insurance premiums totaled R\$ 964.5 million for the year, a 3.4% increase compared to 2012. The increase was due to price adjustments, partially offset by a decrease in the number of insured lives and the winding-down of unprofitable contracts to improve margins. The average premium rose by 12% in 2013 compared to the prior year.

The claims ratio reached 79.6%, a drop of 0.2 p.p. due to the pricing adjustments.

Earned Premiums - Health Insurance (R\$ million)



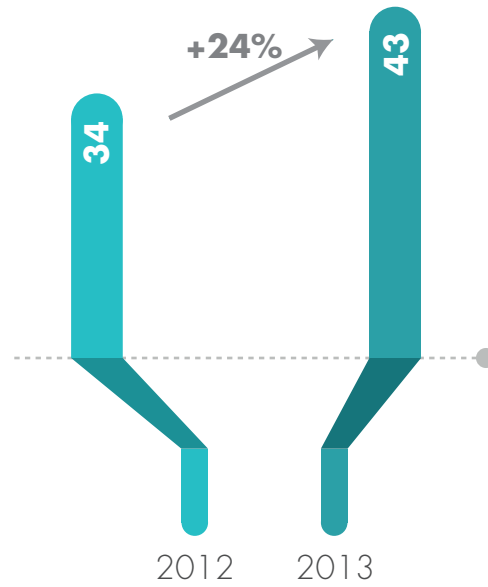
Claims Ratio % - Health Insurance



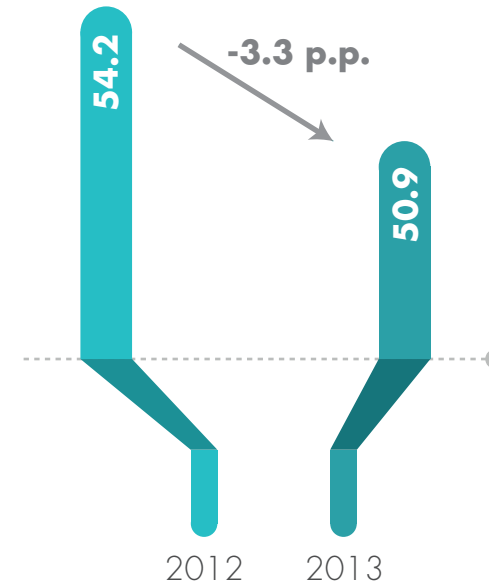
## Dental Insurance

Dental premiums totaled R\$ 42.6 million in 2013, an increase of 24.2% compared to the prior year. This was mainly due to a 37.6% increase in the number of lives insured, partially offset by a change in the product mix. Claims reached 50.9%, a drop of 3.3 p.p. due to a decline in usage rates.

Earned Premiums - Dental Insurance  
(R\$ million)



Claims Ratio - Dental Insurance



## Elementary Segments

Total premiums in the elementary segments were R\$ 954.1 million in 2013, an increase of 25.3% compared to 2012. This was primarily due to an increase in premiums from Residential products (Porto and Itaú), driven by increases in volume. The Porto brand residential product line introduced new coverages and segmented the product offering. It also intensified cross-selling with automotive products, providing support to the broker channels and contributing to improved business performance. Sales of the Itaú brand were driven by the banking channel.

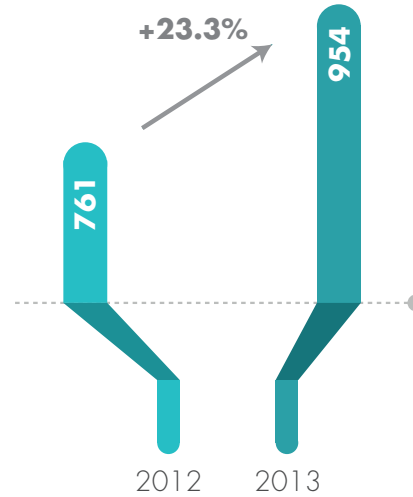
The claims ratio reached 31.7% for the year, a decrease of 2.7 p.p. compared to 2012. This was mainly due to a lower claims ratio on Itaú's Residential products.

## Individual Insurance (Vida Risco)

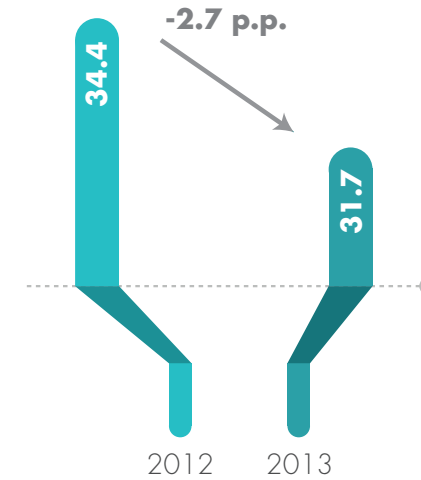
Earned premiums for individual insurance totaled R\$ 472.6 million in 2013, a decrease of 15.7% compared to 2012 due to a change in the product mix.

A 2.2 p.p. decrease in the claims ratio was the result of fewer claims in group life insurance.

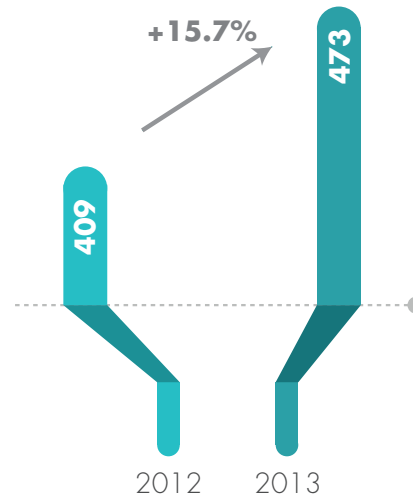
Premiums - Elementary Segments (R\$ million)



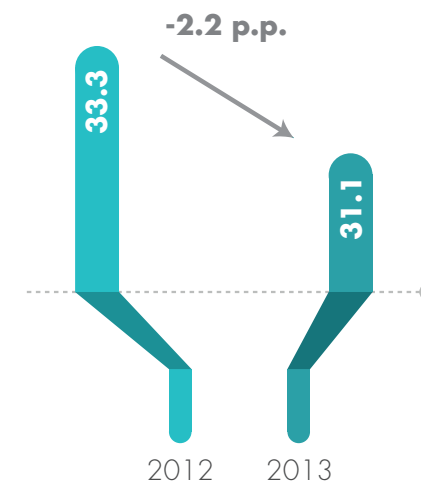
Claims - Elementary Segments %



Premiums - Individual Insurance (R\$ million)



Claims - Individual Insurance %

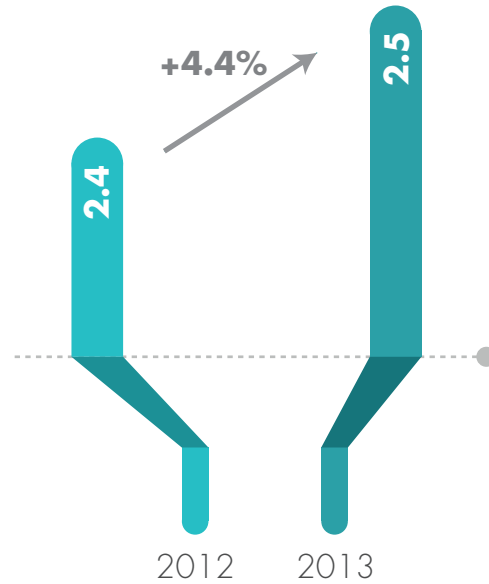


## Pensions

Pension plan contributions reached R\$ 346.3 million for the year, an increase of 6.9% compared to 2012. This was due to an increase in both contributions (PGBL) and premiums (VGBL).

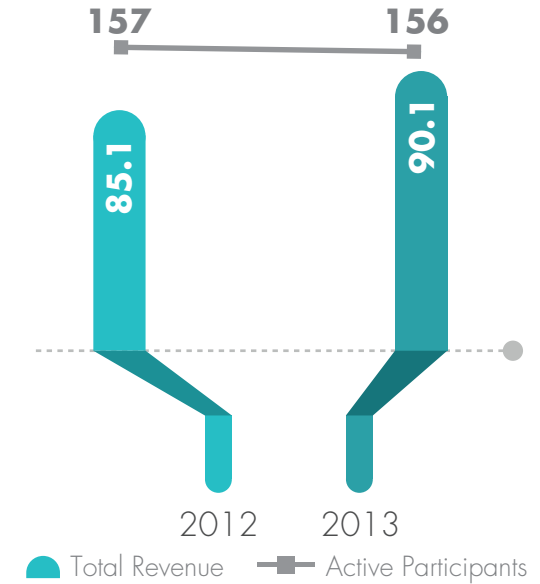
Assets under management totaled R\$ 2.5 billion at the end of 2013, an increase of 4.4% compared to the same period last year.

Evolution of Assets under Management<sup>1</sup> (R\$ billion)



<sup>1</sup> Pension Contributions + VGBL Premiums

Active Participants (thousands) and Total Revenue (R\$ million)\*



\* Pension Contributions + VGBL Premiums.





## Administrative Insurance Expenses

Administrative insurance expenses totaled R\$ 1.6 billion in 2013, an increase of 11.6% over the R\$ 1.5 billion registered in 2012. However, this increase was less than the increase observed in earned premiums during the period (11.6% vs. 17.8%, respectively).

The administrative insurance expense index reached 15.7%, a decrease of approximately 1 p.p. compared to 2012. This is the lowest rate recorded in the last seven years (despite the effects of SUSEP Circular 462/13 - "Policy cost").

The Company's cost management model and investments in improving processes and systems are contributing to the operational efficiency gains. This is part of Porto Seguro's strategy, which is to make continuous productivity gains without negatively impacting services provided to customers and brokers.

## Other Operating Income and Expenses - Insurance

Other operating income from insurance totaled R\$ 58.5 million in 2013, a decrease of 85.2% compared to the R\$ 394.3 million recorded in 2012. This was due to the reclassification of revenue out of policy issuance costs because of the change in regulation. The impact was mitigated by the transfer of revenue from initial policy issuance costs to insurance premiums and additional flexibility provided with respect to the reserves. This change allows for up-front receipt, not just 1/12 per month, in accordance with deferral of the policy (SUSEP Circular 462/13).

Other operating expenses for insurance totaled R\$ 469.8 million in the year, an increase of 7.1% compared to 2012, driven by an increase in policy administration costs and expenses for 24hr assistance.



# Operating Income

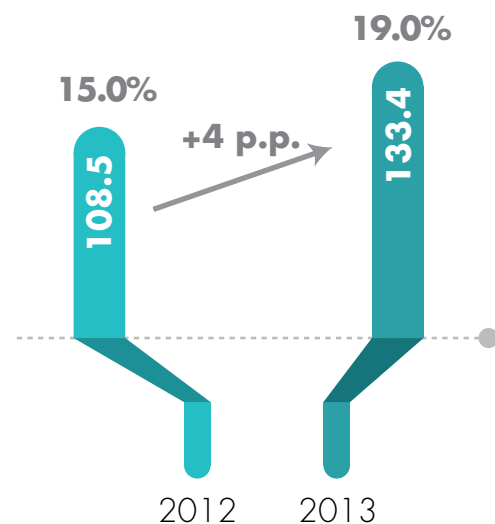
## Financial and Services Companies

Total revenue in the financial and services companies reached R\$ 1.3 billion in 2013, 29.5% greater than 2012, driven by increases in both service revenues and income from lending transactions (credit cards + financing).

The consolidated return on equity (ROAE) of the Financial and Services companies reached 21.7%, an increase of 0.8 p.p. compared to the prior year. This was primarily due to performance of the lending business, which compensated for expenses related to new businesses in their initial stage of operations (Porto Telecomunicações, Porto Serviços Avulsos and Porto Renova).

Profit generated by the Financial and Service companies represented 19% of the Company's total profit for the year, an increase of 4 p.p. compared to 2012, due primarily to the performance of the lending business (credit card + financing).

### Participation of Financial and Services Companies in Total Profit





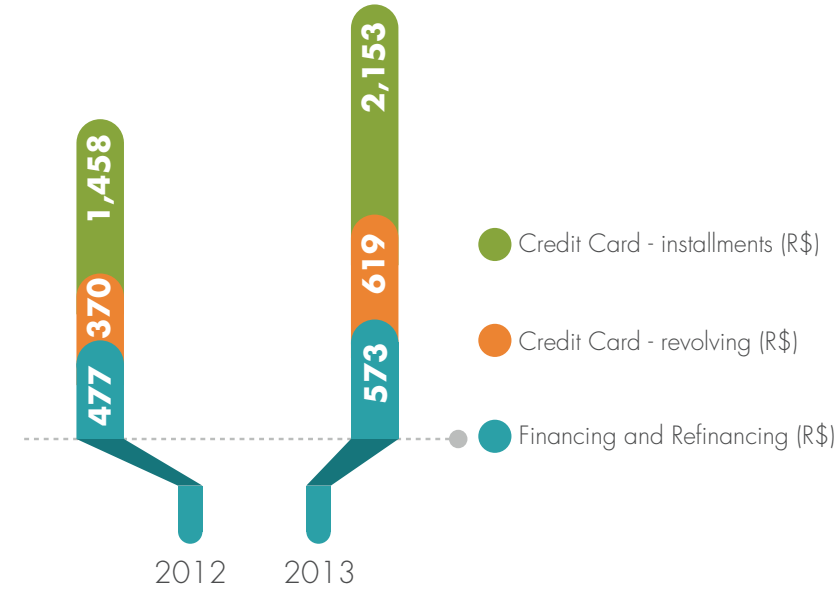
## Lending and Financing

Revenue from loans totaled R\$ 636.8 million in 2013, an increase of 23.7%. This was mainly due to an increase in credit card billings and the number of credit card clients, driven by new promotional campaigns and the introduction of a new label.

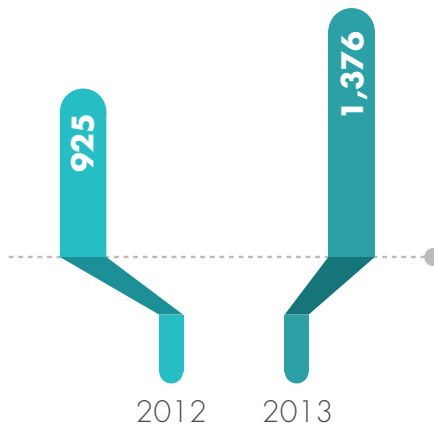
The default rate (over 90 days) was 5.1% at the end of the year, lower than the market average of 6.5% (source: Central Bank). Total loan defaults rose by 0.5 p.p. at the end of the period, consistent with the strategy and parameters defined by the Company.

The total loan portfolio reached R\$ 3.3 billion in 2013, with the largest part consisting of credit card installment transactions.

Loan Portfolio (R\$ million)

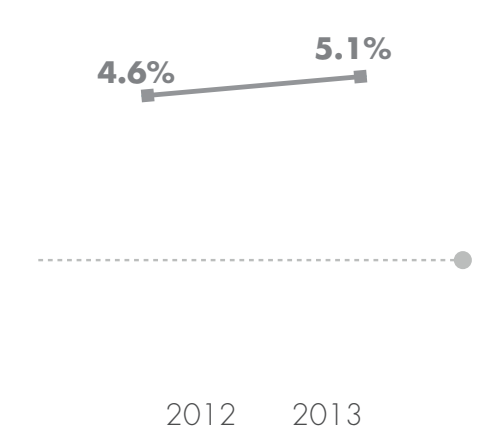


Credit Cards (thousands of units)\*



\*Cards suitable for use

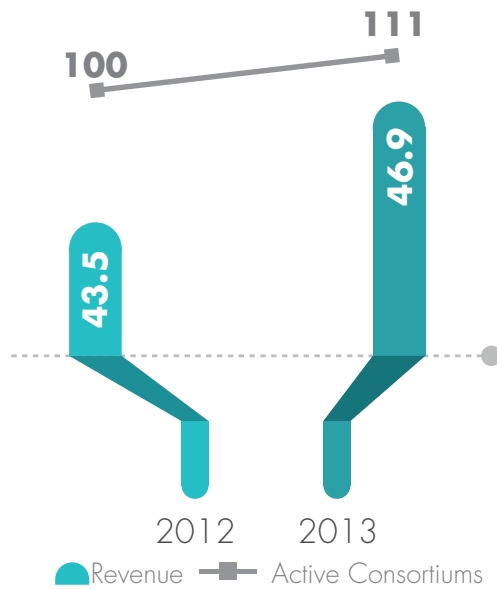
Defaults over 90 days



## Consortium

Service revenue from the consortium business totaled R\$ 184.3 million in 2013, an increase of 6.8%. This was primarily due to an increase in the number of customers, partially offset by a decrease in the average ticket due to a change in the product mix (more sales of automotive compared to real estate).

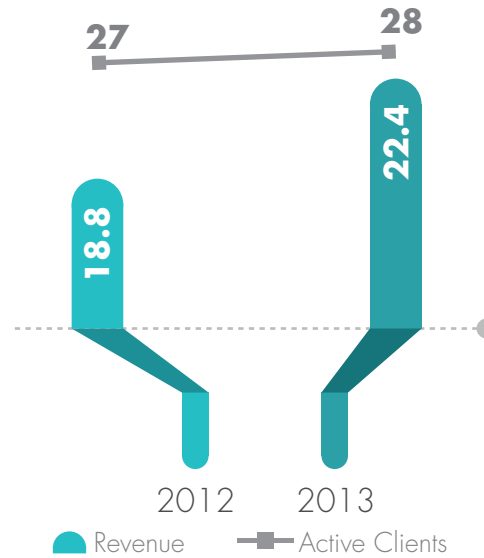
Total Revenue (R\$ million) and Active Consortiums (thousands)



## Protection and Monitoring

Revenues from services and sales of security equipment increased 8.5% in 2013 to R\$ 80.6 million, driven primarily by a change in the product mix to higher average tickets.

Total Revenue (R\$ million) and Active Clients (thousands)



# Financial Result

Financial revenue for the year totaled R\$ 740.9 million, a decrease of 44.1% compared to 2012.

The net financial result was R\$ 493.7 million in 2013, a decrease of 47.8% compared to the prior year.

The total investment portfolio (R\$ 9.1 billion) earned 4.39% (55% of CDI) in 2013. Excluding

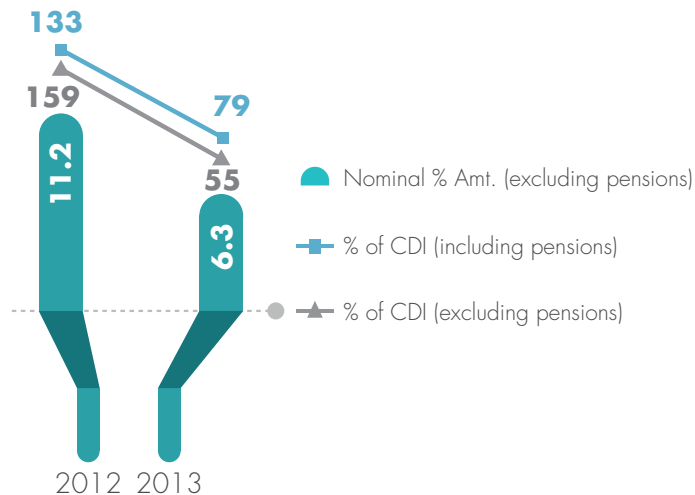
the pension fund technical reserves, the investment portfolio (R\$ 6.7 billion) generated a return of 6.33% (79% of CDI).

Profitability of the investment portfolio in 2013, excluding the pension fund reserves, was negatively impacted by investments in fixed-interest securities and equities due to acceleration of interest rate hikes and declining equity prices.

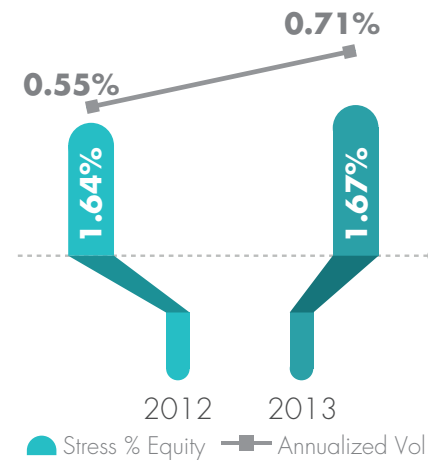
Volatility in financial asset prices (interest rates, currencies and stocks) picked-up during the year in both the domestic market, pressured by higher interest rates, and the global markets, pressured by foreign exchange rates, especially in emerging markets.

However, portfolio allocations were in-line with the Company's medium-term outlook for interest rates lower than those required by the market.

Trend in Profitability



Risk Utilization (excluding pensions)



# Investments and Capital Requirements

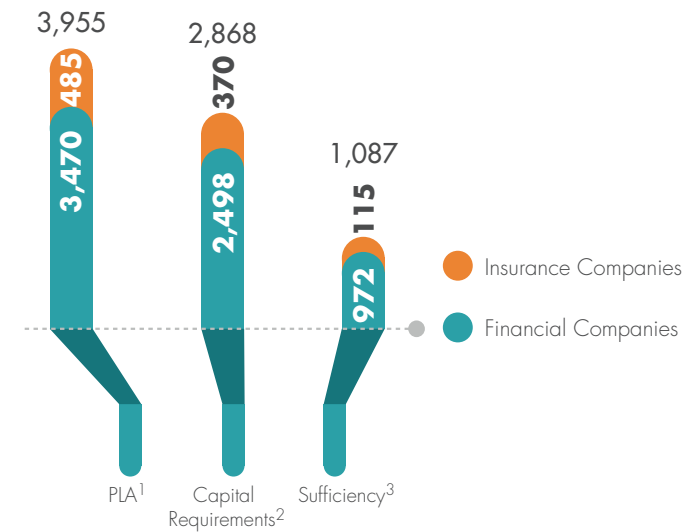
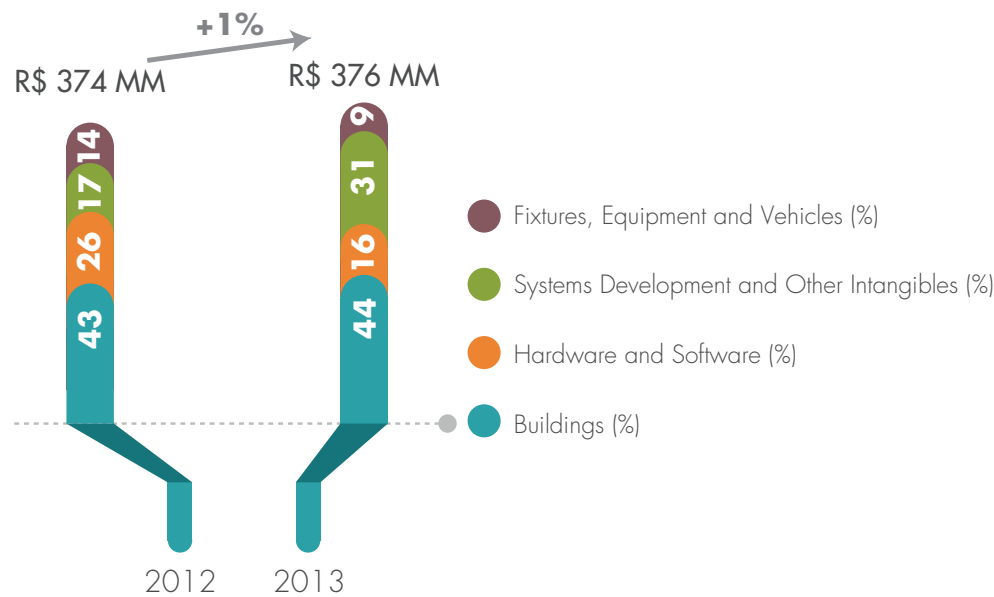
Porto Seguro invested R\$ 376 million in 2013, virtually unchanged from 2012. Investments were primarily used for the acquisition and renovation of buildings, such as the expansion of the head office complex

and remodeling of branches, automotive centers and claims service centers, in addition to the beginning of construction on the new Call Center and systems development (SAP and CRM, among others).

## Capital Requirements by type of company (R\$ million)

The Company has excess capital of R\$ 1.1 billion in relation to the regulatory capital requirements for insurance and financial companies.

### Investments (Capex) by Type



<sup>1</sup> PLA corresponds to the Shareholder's Equity of the company adjusted for additions and exclusions in accordance with specific regulatory requirements (SUSEP, BACEN and ANS)

<sup>2</sup> Capital requirements in accordance with regulatory requirements (SUSEP, BACEN and ANS)

<sup>3</sup> Represents the difference between the PLA and regulatory capital requirements.

# Historical Performance of Porto Seguro S.A.

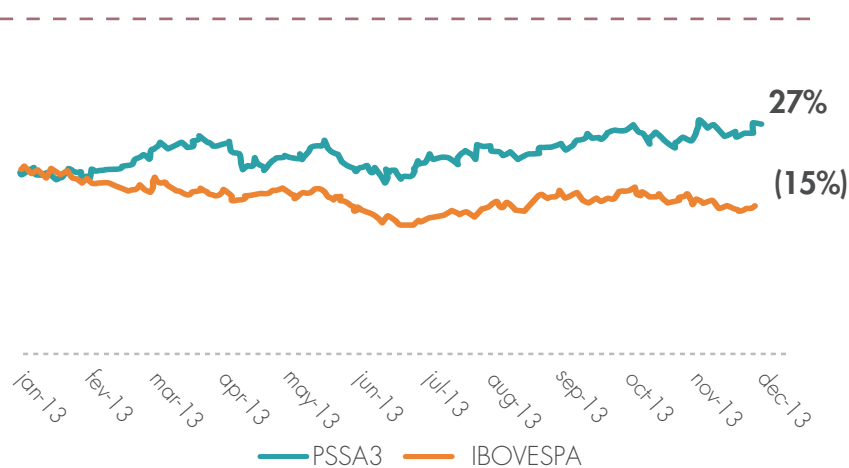


## Historical Variation\* PSSA3 vs. Ibov

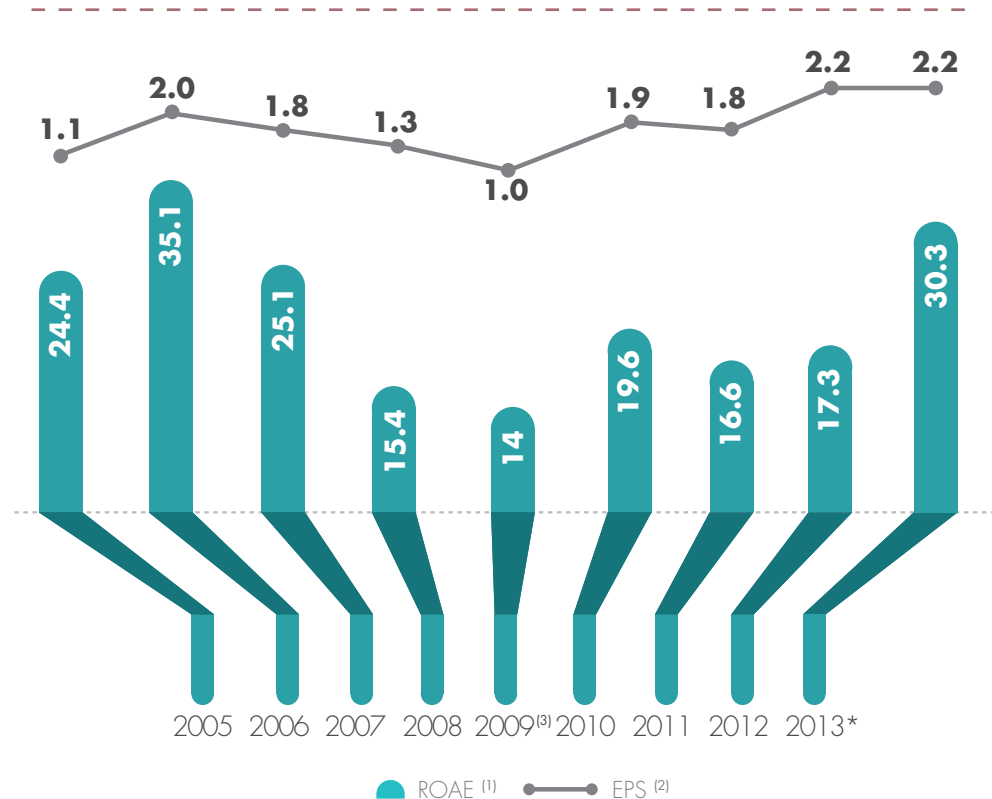
PSSA3	IBOVESPA
327%	114%

\* From the IPO (November 2004) through December 2013

## Performance of PSSA3 vs. Ibovespa last 12 months



## Profitability (w/o Business Combinations)



\* Result including the gain on the COFINS tax case. Without the non-recurring effect, ROAE would be 16.5%.

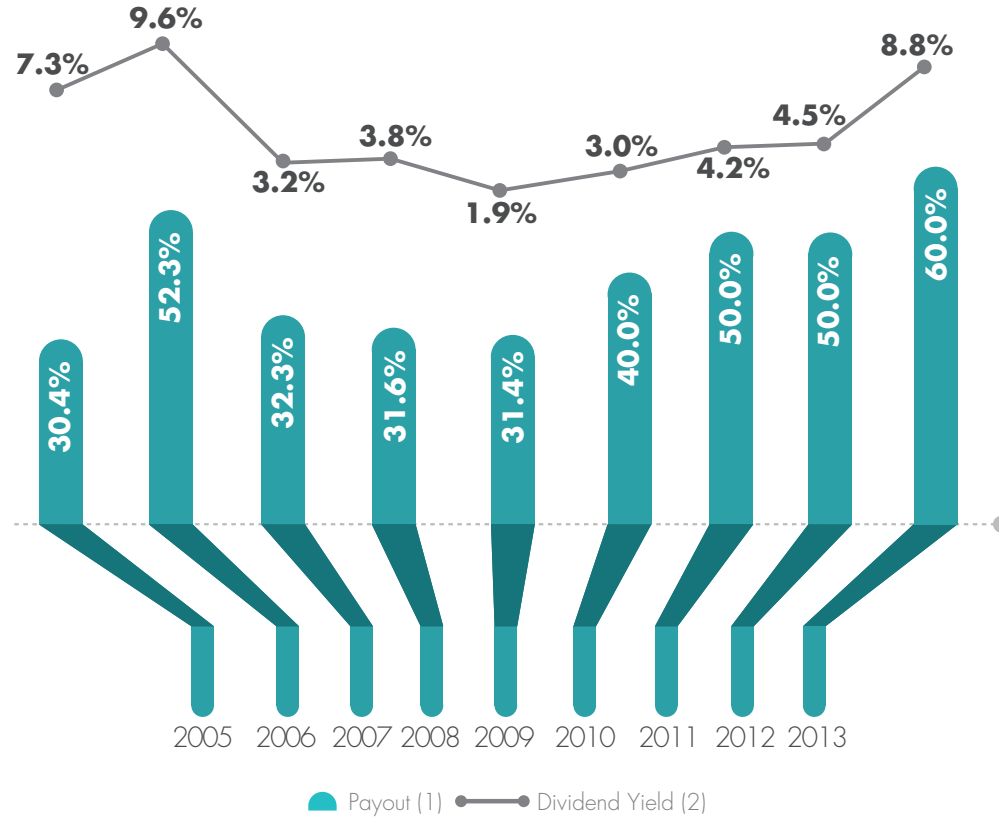
(1) Return On Average Equity (Without Business Combination)

(2) Earnings per Share in R\$ (Without Business Combination)

(3) Excluding the company Itaú Seguros for Auto and Home Insurance, which was acquired in August 2009.

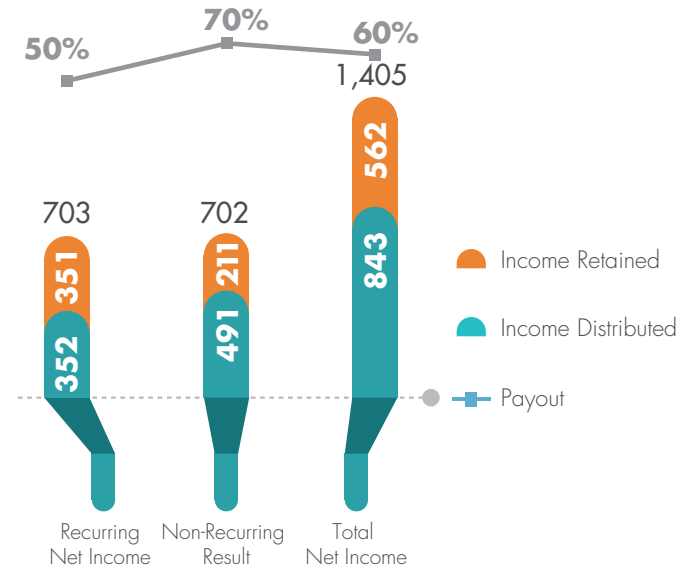


### Dividend Distributions



(1) Total dividends paid (Dividends + Interest on Equity net of Taxes) divided by Adjusted Net Income  
 (2) Amount of dividends in relation to the share price (Total Dividends paid divided by the Share Price on the last day of the year)

### Composition of 2013 Dividends (R\$ million)



# GRI Index



**PORTO  
SEGURO**



Profile 1. Strategy and Analysis		
GRI Indicators		Reference (pg.) / Direct Answer
1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization	1
2. Organizational Profile		
3	Name of the organization	11
4	Primary brands, products, and services	17 a 28
5	Location of the organization's headquarter	11
6	Number of countries where the organization operates	11
7	Nature of ownership and legal form	15 e 16
8	Markets served	11
9	Scale of the organization	11
10	Workforce profile	44
11	Percentage of total employees covered by collective bargaining agreements	100% of employees are covered by the Collective Bargaining
12	Description of the organization's supply chain	Information not available
13	Significant changes during the reporting period	5 e 6
Commitments to external initiatives		
14	How the precautionary approach or principle is addressed by the organization	A Companhia não adere ao princípio da precaução.
15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	37
16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body; participates in projects or committees; provides substantive funding beyond routine membership dues	37





### 3. Identified Material Aspects and Boundaries

17	List all entities included in the organization's consolidated financial statements	Information available in the Financial Statements of the Company: <a href="http://ri.portoseguro.com.br/portoseguro/web/conteudo_en.asp?idioma=1&amp;conta=44&amp;tipo=28857">http://ri.portoseguro.com.br/portoseguro/web/conteudo_en.asp?idioma=1&amp;conta=44&amp;tipo=28857</a>
18	Process for defining the report content and the Aspect Boundaries	4
19	List of all the material aspects identified in the process for defining report content	9
20	Aspect Boundary within the organization	9
21	Aspect Boundary outside the organization	9
22	Effect of any restatements of information provided in previous reports	There was no restatement of information provided in earlier reports
23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	This is the first report adhering to the GRI Guidelines published by Porto Seguro

### 4. Stakeholder Engagement

24	List of stakeholder groups engaged by the organization	9
25	Basis for identification and selection of stakeholders with whom to engage	4 e 9
26	Organization's approach to stakeholder engagement, including frequency of engagement	4 e 9
27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	9

### 5. Report Profile

28	Period for information provided	4
29	Date of most recent previous report	4
30	Reporting cycle	4
31	Contact point for questions regarding the report or its contents	87
32	"In Acordance" option the organization has chosen (Core or Comprehensive) and External Assurance	The Report is adherent to the "essential" option of G4
33	Description of scope and basis of any external assurance provided	The report has not undergone external assurance of data



<b>6. Governance</b>		
	<b>Governance structure of the organization and its composition</b>	
34	Governance structure of the organization, including committees	30 a 38
<b>7. Ethics and Integrity</b>		
56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethic	3, 37 e 38
<b>PERFORMANCE</b>		
<b>Dimension</b>	<b>ECONOMIC</b>	
<b>Aspect</b>	<b>Market Presence</b>	
EC5	Ratios of standard entry level wage compared to local minimum wage at significant locations of operation	44
EC6	Proportion of senior management hired from the local community at significant locations of operation	44
<b>Dimension</b>	<b>ENVIRONMENTAL</b>	
<b>Aspect</b>	<b>Use of Materials</b>	
EN1	Materials used by weight or volume	58
EN2	Percentage of materials used that are recycled input materials	58
<b>Aspect</b>	<b>Energy</b>	
EN3	Energy consumption within the organizat	59
EN4	Energy consumption outside of the organization	59
EN5	What is the the energy intensity ratio (ratio between energy consumption and revenue generation of the Company), by fue type, within and outside of the Company?	Porto Seguro does not measure this
EN6	What is the amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives?	59 e 60
EN7	What were reductions in the energy requirements of sold products and services? What initiatives have been developed for this?	Porto Seguro does not measure this



Aspect	Emissions	
EN15	Direct greenhouse gas (ghg) emissions (scope 1)	56 e 57
EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	56 e 57
EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)	56 e 57
EN18	Greenhouse gas (ghg) emissions intensity	56 e 57
EN19	Reduction of greenhouse gas (ghg) emissions	56 e 57
EN20	Emissions of ozone-depleting substances (ods)	Porto Seguro does not measure this
EN21	NOX, SOX, and other significant air emissions	Porto Seguro does not measure this
<b>Dimension</b> SOCIETY		
Aspect	Local Communities	
SO1	What is the percentage of operations with implemented local community engagement? What are the impacts and assessment of local development?	100% of the operation. More information from page 49 to page 55
SO2	What operations with significant actual and potential negative impacts on local communities?	49 a 55 e 60
Aspect	Anti-corruption	
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	37
SO4	Communication and training on anti-corruption policies and procedures	37
SO5	Confirmed incidents of corruption and actions taken	37



Dimension	SOCIAL	
Aspect	Occupational Health and Safety	
LA9	What was the average hours of training by employee, in 2013?	44
LA10	Does the Company has programs for skills management and lifelong learning for employees in the period of preparation for retirement? (eg? training on issues such as quality of life, psychological support, etc.) Describe.	Porto Seguro managers monitor the staff in moments of transition in order to support each in managing their personal and professional lives. On retirement, managers support employees for the transition to be peaceful and for the employee to remain motivated and committed to the work as much as with their personal projects
LA11	What is the percentage of employees receiving regular performance and career development reviews?	44



# Aknowledgments



Pet Residência



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## Publications and Information

All Company notices to the market, earnings releases and other market communications are simultaneously published on the CVM/Bovespa and the investor relations page of the Company's website ([www.portoseguro.com.br](http://www.portoseguro.com.br)), and are subsequently sent by e-mail to persons who have registered to receive electronic communications. The complete financial statements are published annually in the newspapers "O Estado de São Paulo" and the "Diário Oficial do Estado de São Paulo". Quarterly financial statements, press releases, presentations, notices to the market, and communications to shareholders are available on the investor relations page of Porto Seguro's website ([www.portoseguro.com.br](http://www.portoseguro.com.br)). Other information about the Company can also be obtained on the Bovespa ([www.bovespa.com.br](http://www.bovespa.com.br)) and CVM ([www.cvm.gov.br](http://www.cvm.gov.br)) websites.

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