BB Seguridade Participações S.A.

Annual Letter of Public Policies and Corporate Governance 2019

Base year 2018

Summary

General Identification

In accordance with article 8, item I and VIII, of Law No. 13.303, dated June 30, 2016, the Board of Directors subscribes this Annual Letter of Public Policies and Corporate Governance ("Annual Letter") referring to the fiscal year of 2018.

CNPJ/MF No. 17.344.597/0001-94. NIRE 5330001458-2
Head office: Setor de Autarquias Norte, Quadra 5, Bloco B, 3º andar, Brasília (DF)
Type of State-Owned Company: Subsidiary of mixed capital company
Controlling Shareholder: Banco do Brasil S.A.
Corporate Type: Joint-Stock Company
Type of Capital: Publicly Held
Scope of Work: National
Acting Sector: Private-Equity Firm
Chief Investor Relations Officer: Werner Romera Süffert Telephone: (11) 4297-0730. E-mail: ri@bbseg.com.br
Independent Auditors: Deloitte Touche Tohmatsu Auditores Independentes Responsible: Roberto Paulo Kenedi. Telephone: (21) 3981-0611. E-mail: rkenedi@deloitte.com.br
Members of the Board of Directors underwriters of the Annual Letter
Marcelo Augusto Dutra Labuto – Chairman of the Board. CPF: 563.238.081-53
Carlos Motta dos Santos – Vice Chairman of the Board. CPF: 933.876.287-49
Bernardo de Azevedo Silva Rothe. CPF: 776.890.627-68
Isabel da Silva Ramos. CPF: 016.751.727-90
Bruno Silva Dalcolmo. CPF: 083.953.547-38
Bruno Bianco Leal. CPF: 220.123.808-16
Arnaldo José Vollet. CPF: 375.560.618-68
Directors
Bernardo de Azevedo Silva Rothe - Chief Executive Officer. CPF: 776.890.627-68
Werner Romera Süffert – Chief Financial, Investor Relations and Equity Management Officer. CPF: 602.960.701-49
Pedro Bramont – Chief Strategy and Business Officer. CPF: 008.472.469-22
Reinaldo Kazufumi Yokoyama – Chief Commercial and Product Officer. CPF: 880.390.059-49
Date of Disclosure: May 29, 2019

Public Policies and Corporate Governance

The purpose of this Annual Letter is to clarify the commitments to achieve the objectives on public policy by BB Seguridade Participações S.A., with a clear definition of the resources to be used for this purpose, as well as the disclosure of relevant information, especially those related to activities developed, control structure, risk factors, economic-financial data, director's comments on performance, corporate governance policies and practices and description of the composition and compensation of the directors, in accordance with the provisions of items I, III and VIII of art. 8 of Law No. 13.303/2016. This information is detailed below .

1 - Ownership Structure

BB Seguridade Participações S.A. ownership structure, on 03.31.2019, is represented by the image below:

Shareholding Structure

	Shareholders	Shares	Interest
Banco do Brasil	1	1,325,000,000	66.25%
Treasury shares	1	3,398,833	0.17%
Free Float	87,734	671,601,167	33.58%

2 - Public Policies and public interest underlying the corporate activities

BB Seguridade's activity enables the exercise of the functions of relevant collective interest provided in art. 2 of the By-Laws of Banco do Brasil S.A.

Banco do Brasil, BB Seguridade's parent company, is an important agent of economic and social development for Brazil, which seeks, through its corporate purpose, to boost the economy and growth of the country, acting in support to the public administration in the promotion of improvement in several sectors. BB's business can be grouped into six segments: (i) Banking; (ii) Investments; (iii) Resource Management; (iv) Insurance, Social Security and Capitalization; (v) Means of Payment; and (vi) Other Segments.

In this context, the public interest underlying the activities of BB Seguridade, in compliance with the permission contained in art. 1 of Law No. 11.908/2009, is to allow BB to have an organization as efficient as possible regarding its interests in companies in the branches of Insurance, Social Security, Capitalization, Reinsurance, Dental Plans and Brokerage, from which several security products are offered to the Brazilian population, as well as materially supports BB to achieve its results. Thereby, the constitutional principle of Efficiency remains complied with (CF/88, Art. 37, head provision).

3 - Goals related to the development of activities that meet the objectives of public policies

BB Seguridade, aligned with the public interest of Banco do Brasil, enforcer of governmental public policies, supports the achievement of credit, foreign trade policies, as well as the promotion of agribusiness, offering security products suitable for these purposes.

The development of the insurance, social security and capitalization market, with the expansion of savings instruments at the disposal of the society and of the economic agents, as well as the spread of the financial culture and education, are perennial purposes of the Company.

Once BB Seguridade business strictly follows the market rules, upon compliance with the needs of the clients and with the appropriate return to its shareholders, including minority, there is no receipt of public money nor financial impact of the public interest in the Company's business.

With regard to the indication of pricing process and the rules applicable to rate fixing, BB Seguridade advises its parent BB Corretora and its affiliates Brasilseg, Brasilprev, Brasilcap, IRB and Brasildental, to take into consideration the income and costs structure of each product, aiming at the balance between value generation for the client and for the companies, offering products in competitive conditions and according to the best market practices.

4 - Funds for costing of public policies

BB Seguridade Participações S.A.'s operation is fully funded by cash generated by its operating revenues, which include income from investments in equity stakes and commission income.

5 - Internal Controls and Risks Management Structure

The Company has a set of risk management policies, including the Risk Management, Internal Controls and Compliance Policy, Policy on Prevention and Combating Money Laundering and Terrorism Financing and Corruption, and Information Security Policy, approved by the Board of Directors of management and disclosed on the website http://www.bbseguridaderi.com.br. Specific parameters for management of market, credit and liquidity risks are addressed in the Financial Investment Policy.

BB Seguridade's Risk Management Model proposes the alignment of the risk management structure with the internal control system, and uses as a theoretical reference the Three Lines of Defense Referential Model published by the Institute of Internal Auditors (IIA) in 2013, which recommends the management control as the first line of defense, the functions of risk control and compliance supervision as a second line of defense and independent evaluation as the third. Each of these three "lines" plays a distinct role within the organization's broader governance structure.

The first line of defense is formed by the managers and executors of the processes, also called risk owners, responsible for the identification, analysis, evaluation, treatment and monitoring of the risks to which the Company is subject, as well as for the maintenance of effective controls that mitigate such risks and ensure the achievement of the objectives set.

In the second line of defense, the risk management and control area assists and monitors the risk owner in managing risks, internal controls and compliance, in order to adapt them to the Company's risk appetite, and may recommend improvements.

In a third line of defense, the Internal Audit, with a high level of independence, provides governance bodies with assessments on the effectiveness of risk management and internal controls. This line is hierarchically subordinated to the Board of Directors1 and its activities are supervised by the Audit Committee (Coaud) of the Company.

It is worth highlighting the performance of the governance bodies, Board of Directors, Collegiate Board, Finance Committee and Audit Committee in the effective application of the Three Lines of Defense model in risk and control management.

In order to advise the management, the Company has: i) Finance and Investment Committee which, although not a statutory body, assists the Collegiate Board in matters related to the management and control of risks of the financial investment portfolio of the Company and its subsidiaries; ii) Reputation Risk Committee which, although not a statutory body, advises the Collegiate Board on issues related to reputation risk.

It is also highlighted, as best practices of risk management and controls adopted: Code of Ethics and Conduct applicable to all employees and members of Governance bodies, Integrity Program, Channel (called ethics and integrity Channel) for receiving complaints of non-ethical behavior and injurious acts defined in Law No. 12.846/13, definition of corporate authorities, lines of subordination and responsibility, segregation of functions and collegiate decision flow.

As a second line of defense, the Superintendence of Risks and Controls acts in the management of relevant corporate risks, monitoring of compliance, certification of internal controls and dissemination of risk culture, internal controls and compliance.

Among the activities carried out in relation to risk management, there are internal procedures for risk identification, occurrence and impact probability analysis, priority risk assessment, treatment, monitoring and reporting of results through periodic reports submitted to the Executive Board, Audit Committee and Board of Directors.

With regard to the management of internal controls and compliance, the Superintendence of Risks and Controls is responsible for systematically monitoring the activities carried out by the risk owners, so that compliance with the regulations and limits established and the effectiveness of internal controls can be assessed.

It is also under its responsibility the timely reporting and monitoring necessary to correct any deviations, as well as the dissemination of risk management culture, internal controls and compliance.

For more information on the internal control structures and risk management, please refer to section 5 of the Reference Form and the Company's Integrity Program, available at the website http://www.bbseguridaderi.com.br.

[1] Bylaws BB Seguridade Participações S.A (Art. 11 and 35)

6 - Risk Factors

For more information about the risk factors, please access section 4 of the Reference Form and the Company, available at the website http://www.bbseguridaderi.com.br.

7 - Economic-financial data and comments on performance

We, members of BB Seguridade's Executive Board, pursuant to CVM instruction 480/09, discuss in section 10 of the Reference Form the main aspects related to the Company. We declare that the information is true, complete and consistent.

Initially, in section 10.1, we comment on the financial and equity conditions of BB Seguridade, its capital structure, funding sources and levels of indebtedness. We also present the composition of the Balance Sheet - BP. The commented performance is based on the consolidated financial statements according to the IFRS (International Financial Reporting Standards), unless otherwise specified.

In section 10.2, we comment on the main variations and impacts on operating and financial income, including a summary analysis of the consolidated financial statements of the *holding* BB Seguridade.

In view of section 10.3, we describe the Company's introduction in the private dental care business through Brasildental; the corporate reorganization of BB E MAPFRE Insurance Group; the merger of BB Capitalização S.A.; the corporate reorganization of IRB Brasil-Re; and the merger of BB Cor Participações SA.

Then, in section 10.4, we comment on whether there are any exceptions or emphases in the independent auditors' report on the financial statements.

In relation to critical accounting policies, we highlight, in section 10.5, the fair value of financial instruments, *impairment* of available-for-sale financial assets, *impairment* of non-financial assets, taxes on profits, recognition and assessment of deferred taxes, provisions and contingent liabilities.

In section 10.6 and 10.7, we discuss the *off-balance sheet* items, as well as their natures and values.

In section 10.8, in relation to the business plan, we comment on the investment plan provided for by BB Seguridade.

In section 10.9, we discuss other factors that significantly influenced the Company's operating performance.

Detailed comments of the Officers on the performance, as well as more information about BB Seguridade's economic and financial data are available in Sections 3 and 10 of the Company's Reference Form, published on the website http://www.bbseguridaderi.com.br.

8 - Corporate governance policies and practices

BB Seguridade has the following policies and programs that provide good Corporate Governance practices: I - Governance, Appointment and Succession Policy; II- Risk Management Policy; III - Disclosure Policy Relevant Act or Fact; IV - Policy for Prevention and Combating Money Laundering, Terrorism Financing and Corruption; V- Related Party Transactions Policy; VI- Dividend Policy; VII- Securities Trading Policy; VIII - Integrity Program; IX - Code of Ethics and Conduct and X - Information Security Policy.

All these documents are available on the website http://www.bbseguridaderi.com.br.

Further information available in section 12 of the Company's Reference Form, published on the website http://www.bbseguridaderi.com.br.

9 - Description of the composition and compensation of the directors

As provided in the Bylaws of BB Seguridade, in Art. 10, compensation and other benefits of members of Administrative Bodies is annually set by an Ordinary General Meeting – AGO, according to legal deferrals. Values are set based on market research, internal balance, responsibility, Company and individual performance, among other factors. Total compensation comprises fixed compensation, variable compensation and benefits.

BB Seguridade has a Variable Compensation Program (RVA), governed by Law No. 6.404/76 and by the Company's Bylaws.

Further information on the compensation of the directors of BB Seguridade can be found in section 13 of the Company's Reference Form, published on the website http://www.bbseguridaderi.com.br.

Statement of the Board of Directors

The Board of Directors of BB Seguridade Participações S.A. states that it has approved, on this date, the Annual Letter of Public Policies and Corporate Governance ("Annual Letter") for the fiscal year 2018, in accordance with the provisions of art. 8 of Law No. 13.303 of 06.30.2016 and art. 13 of Regulatory Decree No. 8.945 of 12.27.2016.

On May 29, 2019.

Marcelo Augusto Dutra Labuto

Carlos Motta dos Santos

Bernardo de Azevedo Silva Rothe

Isabel da Silva Ramos

Bruno Silva Dalcolmo

Bruno Bianco Leal

Arnaldo José Vollet