Annual Letter of Public Policies and Corporate Governance 2021

BB Seguridade Participações S.A.

Fiscal year 2020

BB SEGUROS

Summary

General Identification

In accordance with article 8, items I and VIII of Law No. 13.303, dated June 30, 2016, the Board of Directors subscribes to this Public Policy and Corporate Governance Annual Letter ("Annual Letter") for fiscal year 2020.

CNPJ/MF (Corporate Taxpayer Registration) 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 a government-controlled private company
Controlling Shareholder: Banco do Brasil S.A.
Corporate Type: Corporation
Type of Capital: Publicly Held
Scope of Operation: National
Business Sector: Holding Company
Investor Relations Officer: Rafael Augusto Sperendio Phone: (11) 4297-0730. E-mail: ri@bbseg.com.br
Independent Auditors: Deloitte Touche Tohmatsu Auditories Independentes Representative: Roberto Paulo Kenedi. Phone: (21) 3981-0611. E-mail: rkenedi@deloitte.com.br
Members of the Board of Directors who subscribe to the Annual Letter
Carlos Motta dos Santos - Chairperson of the Board CPF (Individual Taxpayer Registration Number): 933.876.287-49
Mauro Ribeiro Neto - Vice-Chairperson of the Board. CPF: 096.002.066-79
Isabel da Silva Ramos. CPF: 016.751.727-90
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Márcio Hamilton Ferreira. CPF: 457.923.641-68
Ricardo Moura de Araújo Faria. CPF: 369.027.051-00
Directors
Márcio Hamilton Ferreira - Chief Executive Officer. CPF: 457.923.641-68
Rafael Augusto Sperendio - Investor Relations and Finance Officer. CPF: 320.788.058-40
Pedro Bramont - Strategy and Technology Officer. CPF: 008.472.469-22
Marcelo Lopes Lourenço - Commercial, Marketing and Clients Officer. CPF: 867.820.021-91
Release Date: June 18, 2021

Public Policies and Corporate Governance

The purpose of this Annual Letter is to explain BB Seguridade Participações S.A.'s commitments to achieve public policy objectives. ("BB Seguridade" or "Company"), with a clear definition of the resources to be used for this purpose, as well as the disclosure of relevant information, especially regarding activities developed, control structure, risk factors, economic and financial data, management comments on performance, corporate governance policies and practices and description of the composition and remuneration of the management, in accordance with the provisions of items I, III and VIII of article 8 of Law no. 13.303/2016. This information is detailed below.

1 - Corporate Structure

The corporate structure of BB Seguridade Participações S.A. on 05.03.2021 is presented in the figure below:

	Shareholde	Shares	Interest
Banco do Brasil	1	1,325,000,000	66.25%
Treasury shares	1	3,342,858	0.17%
Free Float	300,533	671,657,142	33.58%
Foreigners	838	502,268,755	25.11%
Legal entities	3,080	60,843,965	3.04%
Individuals	296,615	108,544,422	5.43%
Total	**300,535**	**2,000,000,000**	**100.00%**

2 - Public Policies and the public interest underlying business practices

BB Seguridade is a holding that concentrates its investments in the insurance, open pension, capitalization, and dental care plan sector through private partnerships in companies maintained by its wholly-owned subsidiary, BB Seguros Participações S.A. (“BB Seguros”). The Company also distributes these products through BB Corretora de Seguros e Administradora de Bens S.A. (“BB Corretora”).

The activities developed by BB Seguridade and its controlled companies enable the exercise of functions of relevant collective interest foreseen in articles 5 and 6 of Banco do Brasil's Articles of Incorporation.

Banco do Brasil, BB Seguridade's controlling shareholder, 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 line with the permission contained in art. 1 of Law 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, article 37, caput).

Creation history and main corporate movements

BB Seguridade was incorporated on December 20, 2012, based on Article 1 of Law 11,908/09, which authorizes Banco do Brasil ("BB") to incorporate wholly-owned subsidiaries and controlled companies in order to fulfill the activities provided for in its corporate purpose.

Its creation was the result of a reorganization process in the area of insurance, pension plans, and capitalization securities started by its controlling shareholder in 2008, when it already had almost two decades of operations in these segments in a partnership model with specialized private entities. The main movements carried out, through its controlled companies BB Seguros and BB Corretora, in this period were:

a) In 2009, the renewal for a 23-year period of a partnership initiated in 1999 with the U.S. company Principal Financial Group for joint operations in the open pension plan segment, through the company Brasilprev Seguros e Previdência S.A. ("Brasilprev");
b) In 2011, an increase in interest in the capital of Brasilcap Capitalização S.A. ("Brasilcap"), a company in the capitalization securities segment, held in partnership with Icatu Hartford and Aliança da Bahia since 1995; and
c) In 2013, execution of an agreement between Banco do Brasil and BB Corretora de Seguros e Administradora de Bens S.A. ("BB Corretora"), a wholly-owned subsidiary of BB Seguridade, to sell insurance products in the controlling shareholder's distribution network for a period of 20 years.
d) Then, in order to promote the correct pricing of its insurance business by the capital market and demonstrate value to its shareholders, Banco do Brasil decided to go public with BB Seguridade.
e) In this context, on April 29, 2013, the negotiations of the company's common shares began in the Novo Mercado segment of B3 S.A., the most advanced in corporate governance standards. In total, 675 million common shares of BB Seguridade owned by Banco do Brasil were sold, in a 100% secondary offering that reached a financial volume of R$ 11.5 billion, being recognized as the world's largest IPO of that year according to the International Financing Review by Thomson Reuters.
f) In the dental care plan segment, the Company operates jointly with Odontoprev through Brasildental Operadora de Planos Odontológicas S.A. ("Brasildental"). The joint operation, in the form of a joint venture, began in 2014 and will extend for a period of 20 years.
g) In 2017, following the digital transformation trend of the insurance market, the Company established, through its subsidiary BB Corretora and in partnership with Principal Financial Group, Ciclic Corretora de Seguros S.A. ("Ciclic"). The company has its initial operations in the distribution of private pension plans, through digital channels, to serve clients outside the scope of Banco do Brasil. The joint operation, in the form of a joint venture, began in 2017 and will extend for a period of 15 years.

h) In 2018, the restructuring of the partnership maintained with MAPFRE was completed, with the interest held in the insurers that underwrote auto and large risks insurances, as well as in the insurers that underwrote risks for products distributed through the independent brokers structure, being sold to MAPFRE Brasil for R$ 2.4 billion. With this restructuring, BB MAPFRE began underwriting the life, loan protection, rural, housing, residential, business, and mass-market insurance risks only through the banking channel and eventually through the affinity channel. Regarding auto and large risks insurances, BB Seguridade is only active in distribution through BB Corretora. BB MAPFRE began to communicate under the Brasilseg trademark.

i) In 2019 the public offering with restricted efforts of secondary distribution of IRB-Brasil shares was carried out, resulting in the sale of all common shares owned by BB Seguros, producing a net gain of R$ 2.3 billion.

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

BB Seguridade, aligned to the public interest of Banco do Brasil, an agent for the execution of governmental public policies, supports the achievement of credit and foreign trade policies, as well as the promotion of agribusiness, offering insurance products suitable for these purposes.

Considering that the objective parameters set forth in Law 13.303/16 and Decree 8.945/16 determine that the company will only meet public policies that are provided for in a specific rule, regulation or instrument, BB Seguridade did not identify, in 2020, any action or project that could be conform to such criteria.

The development of the insurance, pension plan, and capitalization market, with the expansion of savings instruments available to society and economic agents, as well as the dissemination of financial culture and education are perennial objectives of the Company.

Since BB Seguridade's businesses strictly follow market rules, by meeting the needs of customers and with an adequate return to its shareholders, including minority shareholders, there is no receipt of public funds and no financial impact of the public interest on the Company's business.

Regarding the indication of the price formation process and the rules applicable to the setting of tariffs, BB Seguridade guides its controlled company BB Corretora and its affiliates Brasilseg, Brasilprev, Brasilcap and Brasildental, to consider the revenue and cost structure of each product, aiming at the balance between generating value for the customer and for the companies, offering products under competitive conditions and according to the best market practices.

4 - Resources to fund public policies

BB Seguridade Participações S.A.'s operations are fully funded by cash generated by its operating income from equity investments.

5 - Internal Control Structures and Risk Management

The Company has a set of risk management policies that include the Risk Management Policy, Internal Controls and Compliance Policy, Policy for The Prevention of and Fight Against Money Laundering and Terrorist Financing, Policy to Prevent and Fight against Corruption Policy and Information Security Policy, approved by the Board of Directors and disclosed at http://www.bbseguridaderi.com.br. The specific parameters for management market, credit and liquidity risks are approached 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 Positioning Statement 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 assessment as the third. Each of these three "lines" performs a distinct role within the organization's broader governance structure.

In 2020, it is worth highlighting the greater focus on business continuity management and risk events associated with information security due to the Covid-19 pandemic and adherence to remote work. Also, regarding the Compliance, actions were taken in order to comply with the provisions of the General Data Protection Law, CNSP Resolution No. 382 and SUSEP Circular Letter No. 612, which significantly impacted the insurance market.

For further information about the internal control structures and risk management, please access sections 4 and 5 of the Reference Form, the Management Report and the Company's Integrity Program, available at http://www.bbseguridaderi.com.br.

6 - Risk Factors

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

7 - Economic-financial data and comments on performance

As a holding company, BB Seguridade's net income is basically comprised of equity income, calculated based on the results of its investees, and the other operating and financial income and expenses of the Company.

Below, we present BB Seguridade's results for fiscal years 2020 and 2019:

Table 1 - Economic-financial performance | Income Statement - Controlling Shareholder's View

	Fiscal	Fiscal	Var.% s/2019
Revenue of investments in equity interests	**3,833,384**	**6,569,590**	**(41,6)**
Brasilseg Companhia de Seguros S A.	1,086,643	1,072,991	1.3
Brasilprev Seguros e Previdência SA	686,379	1,064,501	(35,5)
Brasilcap Capitalização S.A.	105,780	67,265	57.3
IRB Brasil Resseguros S.A.	-	118,791	-
Brasildental Operadora de Planos Odontológicos S.A.	17,702	14,485	22,2
BB Corretora de Seguros e Administradora de Bens S.A.	1,969,105	1,912,599	3,0
Other	(32,125)	2,318,958	-
Other Revenue and Expenses	(10,882)	(8,930)	21.9
Personnel Expenses	(11,602)	(10,812)	7,3
Administrative Expenses	(3,096)	(2,567)	20.6
Tax expenses	(3,645)	(9,236)	(60,5)
(Expenses) Other operating revenue	7,461	13,685	(45,5)
Financial Result	**37,295**	**143,472**	**(74,0)**
Financial Revenues	62,764	173,832	(63,9)
Financial expenses	(25,469)	(30,360)	(16,1)
Result before income tax and social contribution	**3,859,797**	**6,704,132**	(42,4)
Income tax and social contribution	(9,026)	(45,351)	(80,1)
Net profit	**3,850,771**	**6,658,781**	**(42,2)**

Detailed comments by the Officers on performance, as well as further information about BB Seguridade's economic and financial data are available in sections 3 and 10 of the Company's Reference Form, in the Management Report and in the Financial Statements published at the website http:/ /www.bbseguridaderi.com.br.

8 - Policies and corporative governance practices

BB Seguridade's commitment to transparency in the relationship with the market and, in particular, with its minority shareholders, is ratified by its adhesion, since the IPO, to B3's Novo Mercado, which brings together the companies that meet the highest corporate governance requirements in the Brazilian market.

In 2020, BB Seguridade maintained its certification in the Highlight Program in State-Owned Companies Governance of B3, despite information on the discontinuation of the Program in 2021 by the Stock Exchange.

Moreover, although in 2020 there was no calculation of the Governance Indicator – IG SEST, there was no change in governance practice that would alter compliance with the best practices defined by SEST, which led BB Seguridade to the maximum score (10) in the indicator in 2019.

In 2020, the need for measures to prevent Covid-19 contagion due to the pandemic brought challenges and accelerated processes of improving governance of companies. At BB Seguridade, the system of meetings by videoconference was adopted, using virtual platforms for the governance bodies, which besides security, allowed greater agility in the decision making process, since the entire decision-making process became digital.

Among the improvements in the governance structure, we highlight the approval of sharing the structure of the Fiscal Council of BB Seguridade with its controlled companies, BB Seguros and BB Corretora, through the adoption of the single Fiscal Council regime with the controlling company. This measure, implemented in October 2020, seeks efficiency gains and greater synergy in inspection activities.

In 2020, the functioning and role of the three statutory advisory committees to the Board of Directors were also improved – Related-Party Transactions Committee, Audit Committee and Eligibility Committee, with improvements established in the Articles of Incorporation and bylaws.

On April 29, 2021, the General Shareholders' Meeting of BB Seguridade approved the revision of the Company's Articles of Incorporation to adapt them to the new Model Articles of Incorporation of SEST.

BB Seguridade has the following policies and programs that provide for good Corporate Governance practices: I- Governance, Appointment and Succession Policy; II- Risk Management, Internal Controls and Compliance Policy; III- Relevant Act or Fact Disclosure Policy; IV- Policy for The Prevention of and Fight Against Money Laundering and Terrorist Financing; V- Policy to Prevent and Fight against Corruption Policy; VI- Related-Party Transactions Policies; VII- Dividend Policies; VIII- Securities Trading Policy; IX- Integrity Program; X- Code of Ethics and Conduct; XI- Information Security Policy; XII- Privacy Policy and Personal Data Protection.

All documents mentioned are available at http://www.bbseguridaderi.com.br.

Further information on Corporate Governance is available in section 12 of the Company's Reference Form and in the Management Report, published at http://www.bbseguridaderi.com.br.

9 - Description of the composition and remuneration of the management

As provided for in BB Seguridade's Articles of Incorporation, in its article 10, the remuneration and other benefits of the members of the Management bodies is set annually by the Annual General Meeting – AGM, in compliance with the legal regulations. The values are defined based on market research, internal balance, responsibility, Company, and individual performance, among other factors. Total remuneration includes fixed remuneration, variable remuneration and benefits.

Detailed information about the composition and remuneration of the members of the Board of Directors, Executive Board, Fiscal Council, and statutory advisory committees of BB Seguridade can be found in sections 12 and 13 of the Company's Reference Form, pages 189 to 316, published at http://www.bbseguridaderi.com.br/pt/publicacoes-e-comunicados/fformularios-de-referencia.

Declaration of the Board of Directors

The Board of Directors of BB Seguridade Participações S.A. declares that it approved, on this date, the Public Policies and Corporate Governance Annual Letter, referring to the year 2020, in accordance with the provisions of article 8 of Law No. 13.303 of 06.30.2016 and in article 13 of Regulatory Decree No. 8.945 of 12.27.2016.

On June 18, 2021.

Carlos Motta dos Santos	Mauro Ribeiro Neto
Isabel da Silva Ramos	Arnaldo José Vollet
Claudio Xavier Seefelder Filho	Márcio Hamilton Ferreira

Ricardo Moura de Araújo Faria