



Risk Management Policy

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Approved by the Board of Executive Officers
Prepared by Internal Audit

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1. PURPOSE

To present the concepts, guidelines and responsibilities of OdontoPrev Group's risk management policy, in order to clarify the process of risk identification, categorization, assessment, treatment and monitoring arising out of the business made by the Company and its controlled companies, categorized into strategic, image, legal, subscription, credit, market and operational risks.

2. SCOPE

This document applies to all of OdontoPrev Group's employees.

3. CONCEPTS

Managers: the Managers of OdontoPrev Group's business and support areas.

Senior Management: the CEO and his Officers.

Corporate Governance Councils and Committees: Fiscal Council, Board of Directors, Audit Committee, Clinical Audit, Internal Audit, Comptroller, Legal, etc.

Risk Appetite: the tolerance level to the risk that OdontoPrev Group's Board of Directors and Senior Management are willing to accept when defining and implementing the Company's business strategy.

Risk: the potential of continuing events or trends that may adversely affect the achievement of OdontoPrev Group's goals or procedures, causing financial losses, fluctuations in future revenues, impact on image, etc.

Risk Managers: all the Employees, including Managers and Officers, who are part of OdontoPrev Group's organizational structure (see section 4.1 below) are responsible for managing the risks to which OdontoPrev Group is subject, including identification, analysis and definitions of responses and implementation of corrective actions.

Strategic Risk: the possibility of implementing unsuccessful or inefficient strategies not achieving the expected goals and/or bringing about or increasing competition and further risks to which OdontoPrev Group is susceptible.

Image Risk: any events causing damages to OdontoPrev Group's reputation, resulting in impacts on the brand value.

Legal Risk: the possibility that creations, modifications or full or partial non-compliance with laws and regulations may cause image and financial impacts to the Group, and/or significantly affect the capacity of the Group to manage its business in an efficient manner. Capital risk falls within that category, referring to the fulfillment of minimum regulatory capital requirements for the segment, pursuant to enforceability criteria established by ANS (National Regulatory Agency for Private Health Insurance and Plans).

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Subscription or Insurance Risk: the risk arising out of any adverse economic situation contradicting the Group's expectations at the time of adopting its subscription policy (acceptance of risk / agreements), in addition to the existing uncertainties when estimating technical provisions, in which it may cause the events to be paid to be higher than the amount of compensations to be received. The fluctuation risk of dental costs is included herein.

Credit Risk: the measure of uncertainty related to the probability for any operation counterparty or bond issuer not to meet, either fully or partially, their financial commitments to OdontoPrev Group, under the originally agreed terms, generating financial losses.

Market Risk: the probability of losses to the Group caused by adverse movements of the market and/or variables changing the value of any asset or liability financial instrument, including interest rates, prices and exchange rate change. The possibility for the Group not to be able to efficiently meet its current or future obligations (liquidity) also falls within this category.

Operational Risk: the possibility of losses arising from failures, deficiencies or inadequacies of internal processes, personnel and technology (systems), or external events. Among the possible events, the following are included: issuance of incomplete, inaccurate or untimely accounting or tax reports; internal and external frauds; labor demands; business practices; damages to physical assets; failures in IT systems; and incidents entailing the discontinuance of the Group's business.

4. GUIDELINES

Since 1992, COSO (*Committee of Sponsoring Organizations of the Treadway Commission*), a non-profit entity created in 1985 in the United States of America, has been issuing several publications addressing models for the development, implementation and management of internal controls and corporate risks.

On the other side, IBGC (Brazilian Corporate Governance Institute), founded in 1995, fosters and disseminates the best corporate governance practices across Brazil. Based on materials issued by COSO and IBGC, OdontoPrev Group's risk management was structured upon five components.

4.1. Control Environment

The control environment is a set of standards, procedures and organizational structures providing the support base for further components of OdontoPrev Group's risk management structure.

The control environment has a pervasive and determining impact on the entire system.

The standards are the corporate policies applicable to the entire Organization or the Employees from certain areas, in addition to the regulatory documents issued by the regulatory agencies or Federal, State or Local laws. The processes are the procedures designed and adopted by several areas, aiming to maintain the Group's business operating under the principles of efficiency, effectiveness, ethics and integrity. Finally, the organizational structures include the Corporate Governance Councils and Committees, Senior Management, Management and Employees.

4.2. Risk Assessment

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Any condition prior to the risk assessment is the establishment of strategic goals. The strategic goals are approved by the Board of Directors, in line with the mission, vision and risk analysis inherent to the operation, and the latter directs the tolerance level to the risk in the business performed by the several Group areas. The Senior Management, in turn, prepares and proposes the strategic goals and defines the actions pertaining to their implementation. At last, the Management and the Employees put the defined actions into practice.

In the normal course of business, OdontoPrev Group is susceptible to various risks. Identifying and assessing such risks allows the Group to avoid the most relevant ones from adversely affecting the fulfillment of the Group's goals, causing financial losses, fluctuations in future revenues, impact on image, etc.

Identifying risks is possible through control, information, communication and monitoring activities existing in the Organization. After identifying the risks, an analysis for their impacts is carried out by the Senior Management and/or Board of Directors, depending on the magnitude of each risk under analysis, aiming to determine whether they are under the same tolerance level as the Organization's risk. Such impact analysis of the risks is performed during the strategic planning procedure, or as soon as any new risk is identified (via ordinary or special meetings of the Board of Officers or Board of Directors).

The next step is the establishment of response actions to the risks, which may be:

4.2.1. Avoid or Eliminate the risk: decision of not involving with the business generating the risk in question or acting in order to remove the activity.

4.2.2. Accept the risk: in this case, the actions are to retain, decrease, transfer or explore the risk.

- In the "retaining" option, the risk is maintained in the current impact level, since it is understood that it is within the Group's appetite.
- However, in the "decreasing" option, actions are taken to minimize the current impact level of the risk.
- "Transferring" the risk is normally related to the use of insurances (the risk impacts are transferred, either totally or partially, to the insurer).
- At last, "exploring" the risk means to increase the exposure degree to the risk, to the extent that it may enable competitive advantages.

4.3. Control Activities

The control activities occur in every organizational level of the Group and encompass, without limitation, the review and approval of standards and procedures applicable to OdontoPrev Group's business; the establishment of function segregation in the activities; the performance of various conferences; the reviews and approvals of transactions, activities or procedures - operational or administrative; the limitation of authority per limited jurisdiction; the performance of reconciliations in general; the establishment of physical protection mechanisms for assets; the implementation of logical security in the systems; operational performance reviews; and especially, the monitoring of activities and procedures, in order to monitor existing risks.

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In general, the control activities are described under the policies and procedures and shall be followed by all Employees from all of the Organization's areas, in order to ensure that the business goals and the tolerance levels to the established risks are at all times met in the daily procedures of the Company and its Controlled Companies.

4.4. Information and Communication

Any information generated or obtained by the Group shall be relevant and high quality, so that the business goals may be achieved with low risks. However, communication is the continual process of providing, sharing and obtaining any information required for the proper performance of the activities designated for each individual pertaining to OdontoPrev Group. The proper communication of internal information ensures that the Employees receive clear messages from the Senior Management on the Company's strategy, its risk appetite and responsibilities of such Employees by maintaining a proper control environment. As for the external information, the structure for its communication was arranged and is maintained to ensure that the Organization receives all significant information from, and provides information to, the external parties in accordance with their expectations and requirements.

4.5. Monitoring Activities

As reported, the entire control environment is permanently monitored, in order to assess its effectiveness in detecting and controlling the risks, in addition to identifying new risks. The monitoring is performed by the Management, Senior Management, Corporate Governance Bodies and Independent Auditors.

An important part of control environment monitoring is the mapping activity of several operational procedures of the Group, seeking for detecting new risks and determining the effectiveness of the controls implemented for the known risks. The mapping comprises the legal, subscription, credit, market and operational risks. By mapping the procedures, the risks are identified, categorized, and assessed (i.e.: risks of extreme, high, medium or low criticality). These risk categorizations and assessments provide a "risk map" of the Organization, providing a facilitating mechanism for the decision-making process by the Board of Directors, Senior Management and Management, particularly concerning the "risk response" activity. This mapping and the follow-up on respective risk responses are performed by the Internal Audit. Another fundamental part of the control environment monitoring is the performance of regular internal and external audits.

5. RESPONSIBILITIES

Fiscal Council	<ul style="list-style-type: none"> • To monitor the operational risk, with higher emphasis on accounting and tax reports, • To assess, where required by the shareholders, the Group's situation in relation to further corporate risks.
Board of Directors	<ul style="list-style-type: none"> • To ratify and monitor OdontoPrev Group's strategic goals. • To set out risk limits that the Group may face when conducting its business. • To monitor and reassess periodically the <u>strategic</u> and <u>image risks</u>. • To assess, when required by the Fiscal Council, Audit Committee or Senior Management, the Organization's situation in respect of further operational risks (i.e. legal, subscription, credit, market and operational). • To periodically reassess the adequacy of OdontoPrev Group's risk management strategy, supported by the Audit Committee.

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Audit Committee	<ul style="list-style-type: none"> To periodically monitor and reassess the legal, subscription, credit, market and operational risks, supported by the Internal Audit and Independent Audit. To follow-up on the implementation of the recommendations for the improvements and corrections of procedures and controls made by the Internal Audit, Independent Audit and the Committee itself, supported by the Internal Audit. To periodically review OdontoPrev Group's risk management strategy, informing the Board of Directors.
Senior Management	<ul style="list-style-type: none"> To prepare the strategic goals and define the strategies to implement the business goals approved by the Board of Directors, within the established tolerance level for the risks. To coordinate, with the Management, the initiatives for implementation of the strategic goals, at all times towards the compliance with the risk appetite as previously defined. To sponsor and support actions, activities and organizational structures to ensure that the control environment, control activities, information and communication at OdontoPrev Group remain appropriate for the efficient and effective risk management and to ensure that the strategic goals and risk appetite levels are being observed in the activities carried out on a daily basis by the Management and Employees. To identify risks in a preventive manner (i.e.: strategic, image, legal, subscription, credit, market and operational risks) and perform the necessary management by assessing the probability of occurrence and taking preventive and mitigating actions (response actions). To monitor the, strategic, image, legal, subscription, credit, market and operational risks, supported by the Management, Internal Audit and Independent Audit. To follow up, in a systematic manner, the defined actions for risk response, using its best efforts with the Managers to resume the tolerable levels within the agreed terms.
Management and Employees	<ul style="list-style-type: none"> To carry out the initiatives defined by the Senior Management for the implementation of the strategic goals set out by the Board of Directors, at all times in compliance with the fulfillment of the defined risk appetite. To carry out the control activities defined by the Group's policies/procedures, or required by the Senior Management or good management practices, ensuring a proper control environment. To properly generate relevant and high quality information, in addition to ensuring that the procedure of communicating such information, either internal or external, reaches the stakeholders in accordance with their expectations and requirements. To support the Senior Management in the preventive identification and risk management, communicating the identified risks and proposing preventive measures and response actions. To carry out the defined risk response actions, within the established terms. <p>Note 1: the responsibilities above apply to all OdontoPrev Group's Employees, including those areas that were particularly designed to manage specific risks.</p> <p>Note 2: the management coordination for each risk is carried out by the following areas:</p> <p><u>Legal Risk:</u> Legal (General), Investor Relations (CVM - Securities and Exchange Commission), Controllership (CVM, ANS and Federal Revenue Service), ANS Group (ANS) and Human Resources (Labor Law).</p>



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Subscription Risk: Clinical-Operational and Controllership Area.

Credit and Market Risks: Financial.

Operational Risks: All the Areas (risk management) and Controllership (accounting and inventory of operational losses).

Internal Audit

- To implement and carry out the mapping of legal, subscription, credit, market and operational risks, to assess its efficiency.
- To consolidate the risk mapping results by means of periodical reports presented to the Audit Committee (risk map), Senior Management (risk map and individual reports) and Management (individual reports).
- As required, to present OdontoPrev Group's risk map to the Board of Directors and Fiscal Council.
- To follow-up on the implementation of risk responses defined by the Senior Management and Management.
- To make the Employees aware of the relevance of risk management and responsibilities of each one in the said procedure.

Independent Audit

- To periodically assess the operational risk, with higher emphasis on accounting and tax reports.
- To assess OdontoPrev Group's internal control environment.



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