



2019 Annual **Sustainability Report**



Risk Management

GRI 102-11, 416-2

Key risks deriving from the Company's businesses are managed by different departments and envisage policies and strategies that allocate resources deemed as appropriated by Management. Policies and strategies are monitored by the Audit Committee, as per the decision of the Board of Directors and in compliance with OdontoPrev's Bylaws. Among the key risk factors mapped are amendments to the Brazilian laws and ANS rules, besides economic and market conditions.

The Company has a Risk Management Policy, which aims to establish guidelines related to corporate governance practices, risk management and internal controls, adopted under the terms of the applicable legislation and regulations, current corporate documents and good practices in these matters.

OdontoPrev's capacity of implementing its business strategy relies on several factors, among them: attract new clients, maintain the quality and the efficiency of its accredited network, and potentialize its brands. Factors, such as competition and changes in governmental rules may result in costs not being fully covered by fees effective at that time. Thus, the Company endeavors its efforts to define fees based on accurate estimates of its future costs of dental assistance, aiming at mitigating such risk.

Any amendments to the Brazilian tax laws may also impact OdontoPrev's businesses. The Company is subject to federal, state, municipal laws, and regulations of several governmental agencies relating to the protection of the environment, human health, and safety, especially, the ANS regulations, which enact rules, inclusive on dental plans. Should the effectiveness of these laws result in higher tax rates or new taxes relating to businesses, the financial condition and the Company's operational results may be adversely affected, to the extent that increases are not passed on to clients.

Political, economic and social events and the perception of risks in other countries, particularly in emerging economies, may adversely affect the Brazilian economy, OdontoPrev's businesses and the market cap of Brazilian securities, including shares issued by the Company, besides the power of restricting its access to the international markets. Crises in other emerging economies may inhibit investors' interest in securities issued by Brazilian companies, including OdontoPrev, which would adversely affect the Company's share price.