

FAMA Investimentos

Stewardship Report

Third Quarter 2021

Introduction

In this report you will find FAMA's main stewardship efforts in the 3rd quarter of 2021, divided as shown below (the summary contains some quick links to the main subtopics):

1. PRIVATE ENGAGEMENTS

2. VOTING OVERVIEW

3. INTERNAL INITIATIVES/UPDATES

- ✓ **BEST FOR THE WORLD – WORKERS CATEGORY**
- ✓ **INVESTOR STATEMENT IN SUPPORT OF RESILIENT, LOW-CARBON TRANSITION POLICIES**
- ✓ **TNFD FORUM MEMBERS**
- ✓ **ALIGNED ACCOUNTABILITY PROJECT**

4. ADVOCACY

ARTICLES BY FABIO ALPEROWITCH

- ✓ **“CELEBRATING THE CREATION OF ESG IS ERASING ITS MEMORY AND COMPROMISING ITS FUTURE” – AG ESTADO/BROADCAST (JUL/21)**
- ✓ **“IPCC: 3.949 BLANK PAGES?” – AG ESTADO/BROADCAST (AUG/21)**
- ✓ **“WHO DOES THE AMAZON BELONG TO?” – ESTRATEGIA ESG (SEP/21)**

EVENTS

INTERVIEWS

NEWS

PODCASTS

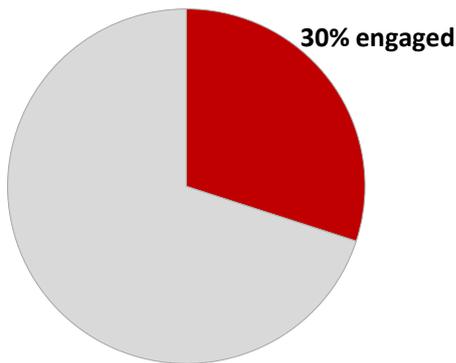
ESG CLASSES

OTHERS

1. Private Engagements

During the third quarter of 2021, we engaged with seven portfolio companies and three other companies from outside our portfolio.

% of AuM covered by engagements
(only portfolio companies)



Top engagement topics

1. Climate Change/GHG emissions reduction
2. ESG Strategy

Main channels

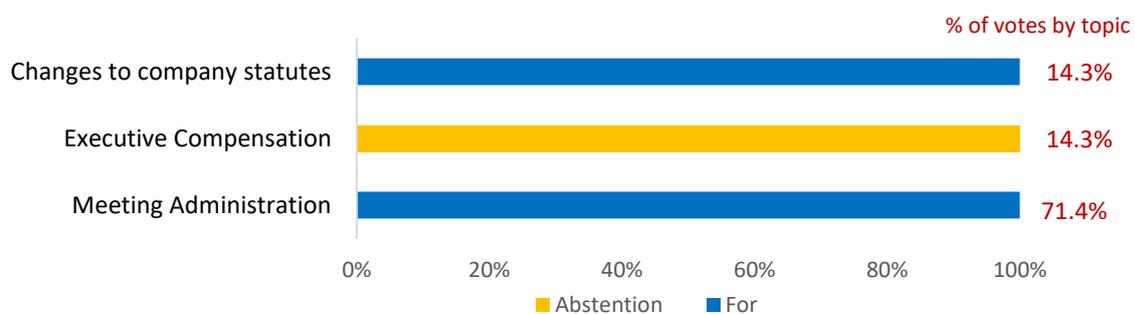
1. Video Call
2. E-mail

2. Voting Overview

During the third quarter of 2021, we voted in 100% of the AGM/EGM (Annual General Meetings/Extraordinary General Meetings), totaling three meetings and nine proposals. Of those proposals, two were yes/no votes and are not counted in the statistics below.

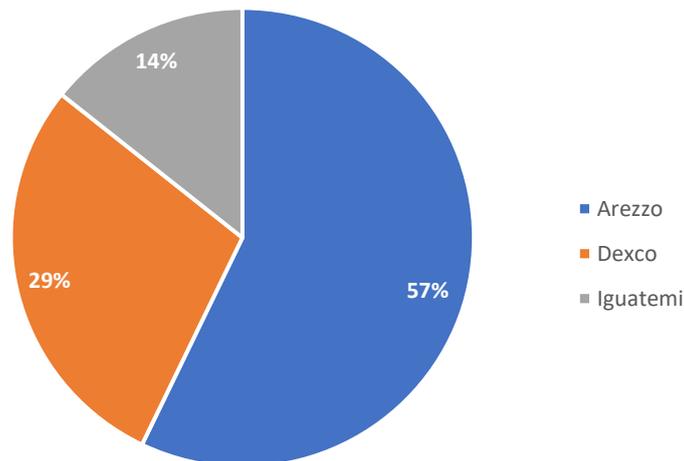
From a total of seven proposals voted, we abstained from voting on 14% and voted in favor of 86% of them.

Voting Activity per Topic



From the proposals voted, 71% were “Meeting Administration”, followed by “Changes to company statutes” and “Executive Compensation” each representing 14% of the votes. There were no votes related to other matters.

Proposals voted by company



In total, 57% of the proposals voted were related with Arezzo, 29% with Dexco and 14% with Iguatemi.

For 100% of the votes in which we abstained from voting, we communicated the rationale of our decision privately to the companies.

3. Internal Initiatives/updates

✓ Best for the world – Workers category

We were recognized as "Best for the World" by Sistema B, as we are among the 5% best in the world (in the group of B companies of similar size) with the best performance in the "Workers" category according to our B Impact Assessment (BIA). This recognition demonstrates our commitment to our employees, who represent our most valuable asset, and recognizes our practices and policies that aim to create an ideal work environment that meets the needs of all of them.

To know more about the Best for the World awards, please click [here](#).

✓ **Investor Statement in Support of Resilient, Low-carbon Transition Policies**

We expressed our support to the Statement, the first of its kind in Brazil, along with other investors representing R\$837 billion in assets under management, among them asset managers, hedge funds, pension funds, insurance companies and family offices.

The statement emphasizes the need for collaboration between the private and public sectors to work towards a low carbon economy and calls on Brazilian public entities to devote immediate attention to the regulation of national and global carbon markets, to the implementation of net-zero targets by 2050 with intermediate ones, to the strengthening of the economic, fiscal and environmental infrastructure to combat illegal deforestation and to stimulate sustainable investments and an appropriate low-carbon transition.

For more information about the statement, please click [here](#).

✓ **TNFD Forum Members**

In 2020, we were one of the few asset managers invited to join the informal working group of the TNFD (Taskforce for Nature-related Financial Disclosures). An initiative of two UN bodies (UNDP and UNEP-FI), in addition to Global Canopy and WWF, that aims to launch a series of recommendations on how to measure and disclose nature-related financial risks.

The aim of the initial group formed by 62 global institutions, including 6 governments, 17 think-tanks and 39 private institutions in the financial system, including FAMA Investimentos, was to discuss the risks associated with nature loss and how we could translate them into useful, easily understood and comparable information for investors, so it could catalyze action and redirect financial flows towards nature-positive activities.

Today we extend our support as Forum members of the initiative, joining a consultative group of over 250 organizations which make themselves available to support the work and mission of the taskforce, and to offer technical and practical expertise and market experience to develop the framework.

For more information about the TNFD Forum, please click [here](#).

✓ **Aligned Accountability Project**

We are currently working with 10 other leading financial institutions worldwide on a project led by Global Canopy, ZSL and Trase that aims to create a dataset with key deforestation data and metrics to help financial institutions better measure and manage their deforestation-related risks.

The working group has representatives from FAMA Investimentos, Allianz, Axa, BlackRock, BNP Paribas, Crédit Suisse, the International Business of Federated Hermes, HSBC, Lombard Odier, Grupo Santander and Storebrand Asset Management.

For more information about the Aligned Accountability Project, please click [here](#).
You can also watch a video with more details on the project [here](#).

4. Advocacy

Articles by Fabio Alperowitch

✓ **Article: “Celebrating the creation of ESG is erasing its memory and compromising its future” – Ag Estado/Broadcast (jul/21)**

Making an analogy with a British historian who said there was no holocaust and an American climatologist who denies the severity of climate change, the author addresses the risk of weakening the ESG agenda by focusing more on its historical revisionism or even denialism instead of focusing on its essence, to demand commitments and to thank the thousands of people who directly and indirectly brought us here.

In the author’s words "to say that ESG is new is an insult to the memory of all those who have dedicated themselves to the subject in the last centuries or decades".

For more information, please click [here](#) (PT)

✓ **Article: “IPCC: 3.949 blank pages?”– Ag Estado/Broadcast (aug/21)**

In this article, the author draws attention to the glaring silence of the financial market after the publication of the sixth edition of the IPCC Climate Change Report, which points out that there is a high probability that the planet will reach 1.5°C of warming by 2030 and the catastrophic effects unleashed by the higher temperature.

The author also highlights the incongruity of this lack of reaction given the growing concerns about the issue and asks that awareness be transformed into solid commitments and actions.

For more information, please click [here](#) (PT)

✓ **Article: “Who does the Amazon belong to?” – Estrategia ESG (sep/21)**

Evoking reflection, the author brings different perspectives on possible answers to the question that entitles the article. The text, which does not conclude with a single answer, addresses the misconception that the Amazon represents the "lung" of the world, the unparalleled preservation

of the land by indigenous peoples, as well as the opposite view of delay and impediment to development that it represents for a certain group of people.

Regardless of who owns it, the author emphasizes the common benefits that the Amazon offers, its potential economic and commercial growth allied to environmental preservation and social development.

For more information, please click [here](#) (PT)

Events

✓ **Event: 1st Congress on Taxation and Sustainable Development – hosted by Elas Discutem - (jul/21)**

FAMA Investimentos was invited to participate in the 1st Congress on Taxation and Sustainable Development which was centered on the Sustainable Development Agenda (SDGs) and the role of companies and governments. Much was discussed about the advancements and the opportunities, specifically for Brazil and the role of taxation, but also about the importance for companies to measure not just their contributions to the Sustainable Development Goals (SDG's) but also their negative impacts and transparency with stakeholders. Among the challenges, lack of data, transparency and standardization were mentioned.

If you would like to watch the event, please click [here](#) (PT)

✓ **Event: Summit “Blue-ing” the Circular Economy – hosted by Climate Smart Institute (jul/21)**

The three-day summit presented the urgencies and opportunities of the circular and blue economy, with cases that strengthened narratives, analyses that promoted opportunities for ESG investment and connections between solutions, businesses and investments.

During the panel “How to finance the Circular and Blue Economy?”, FAMA Investimentos addressed the issue of responsibility in the supply chain from an ESG perspective and highlighted that brands increasingly need to understand that responsibility goes beyond the “factory gate” bringing the COF x FOB rationale to the ESG world.

✓ **Event: Workshop Petróleo sobre Áreas de Fronteira Exploratória – hosted by Observatorio do Clima and WWF (ago/21)**

The event discussed the potential impact of ANP auctions for new oil exploration areas and brought in technical views of environmental impacts. FAMA Investimentos commented on the ESG reputational risk that is going unnoticed by many investors and tends to increase over time.

✓ **Event: 2021 Green Brazil Conference 2021 – hosted by Estadão (aug/21)**

FAMA Investimentos was invited to participate in this conference focused on sharing practical actions by companies and professionals with positive impacts on the planet and society.

Some companies such as Nespresso, Agrobee, Rede Mulher Empreendedora and Kaeté Investments shared their experiences along with FAMA Investimentos. During the conference, it was also possible to discuss the impacts of connecting with nature since childhood, the relevance of concepts such as conservation and reparation, and the carbon market in a Brazilian stock exchange context (to watch specifically the panel in which FAMA Investimentos participates, go to minute 2:05:40).

If you would like to watch the event, please click [here](#) (PT)

✓ **Event: Social Impact | How to nurture higher quality relationships with all audiences? – hosted by Humanizadas/ICCB (sep/21)**

Based on the results of Humanizadas research, the event discussed the social agenda and the role of companies.

The guests, including FAMA Investimentos, brought examples of companies with differentiated social practices such as Nike, Natura and Magalu, discussed how to design a social impact strategy and the importance of focusing on internal stakeholders first.

Other topics such as robotization, artificial and social intelligence, the power of social media, diversity and future social impacts were part of the conversation.

If you would like to watch the event, please click [here](#) (PT)

✓ **Event: ESG corporate perspective – hosted by Instituto Ethos (sep/21)**

In celebration of Instituto Ethos' anniversary, a debate was held on ESG trends for the corporate world and the challenge of including more social agendas and a more domestic and less international agenda.

✓ **Event: Sustainable agenda post covid – hosted by Confiarse (Argentina) (sep/21)**

Introduction to ESG forecasts in Latam in the coming years and why companies should be concerned about these issues.

✓ **Event: B Lab - Driving Profit and Growth by Focusing on Purpose”– hosted by YPO and B Lab (sep/21)**

Event organized for YPO members and key associates to share insights about the the intricacies of ESG and B Corp certification, showcase purpose-driven practices of B Corp companies awarded as Best for the World by B Lab, among them FAMA Investimentos, and discuss why businesses that integrate CSR can expect good financial returns on their investments.

Along with FAMA Investimentos were Juan Pablo Larenas (B Lab Global), Christopher Marquis (Cornell) and Anne St. Peter (Global Prairie) as panelists and Carol Hansen (Tatonka Capital Corporation) as moderator.

Interviews

✓ **Interview with Estadão (jul/21)**

Wal Flor interviews Fabio Alperowitch about simple ways on how a citizen can identify and assess the negative impacts caused by a specific company and they both describe how a visit to the supermarket can serve as an assessment exercise and what to bear in mind when doing that exercise.

If you would like to read the interview, please click [here](#) (PT)

✓ **Interview with Estadão (jul/21)**

Cynthia Decloedt interviews Fabio Alperowitch about the new ISE (B3 Sustainability Index) methodology.

Fabio comments he sees an improvement in the index’s methodology, especially in terms of transparency, which consequently improves governance; however, he criticizes the lack of inclusion of the stakeholder’s vision in the elaboration of the index, which is based exclusively on the company’s vision.

He also questions the inclusion of high-impact industries such as fossil fuels or gambling in a sustainability index and argues it is essential for an index of this kind to have an exclusion filter.

If you would like to read the interview, please click [here](#) (PT)

For more information, please click [here](#) (PT)

✓ **Interview with Capital Reset (ago/21)**

Natalia Viri interviews Fabio Alperowitch about FAMA investimentos’ process and his motivations for being an ESG advocate.

During the interview, they make some comparisons with other managers about the investment process, comment on the systematization of processes, exclusion lists, corporate engagement and the balance of all these years of advocacy.

If you would like to read the interview, please click [here](#) (PT)

News

✓ **News: “Companies do everything to be ESG, even greenwashing; know how to distinguish what is fact ” – SpaceMoney (jul/21)**

The article looks into some of the benefits of incorporating ESG factors and how investors can identify if a company is practicing greenwashing.

Fabio Alperowitch comments that the general public and investors are not sufficiently prepared to analyze ESG practices and information and this leaves room for greenwashing. His advice is to seek information about the company to understand if there is consistency between its discourse and practice and if the company is focusing on what is most material for it.

For more information, please click [here](#) (PT)

✓ **News: “Companies go after endorsement of sustainable actions” – Estadão (jul/21)**

Amid many companies proclaiming themselves as sustainable, the B Corp seal has gained strength and is a good filter to identify companies with the highest sustainable corporate standards.

Sistema B, the organization responsible for the certification process, completed 10 years in Brazil and has already certified more than 200 companies in the country.

Fabio Alperowitch comments about the reasons for FAMA Investimentos to look for the certification and the details of the process.

For more information, please click [here](#) (PT)

✓ **News: “Greenwashing? 43% of companies in the Bovespa Index did not check ESG data in 2020” – Estadão (set/21)**

The article focuses on the results of a survey carried out by PwC and the Brazilian Institute of Independent Auditors (Ibracon) that sought to analyze the sustainability reports of companies that are part of the Bovespa index. The article highlights the lack of verification by an independent audit, of standardization in the presentation of data as well as in the frequency of publication.

Fabio Alperowitch comments that it is difficult to rely on those reports or to make comparisons as each company measures things in different ways and some don't even know what is more material and relevant to focus on.

For more information, please click [here](#) (PT)

✓ **News: “With an eye on generation Z, the market expands the offer of ESG funds” – O Globo (set/21)**

In recent years, the investment market has witnessed the entry of many young people under 30 years old who are looking for companies with a purpose when it comes to investing. Faced with this scenario, and taking into account that these young people have a strong bias towards sustainable companies, the offer of ESG products that tries to capture this customer has grown.

Fabio Alperowitch warns of the risk of greenwashing and recommends observing the manager's work model, whether it has commitments to the ESG agenda and whether it has certifications and seals that are not just self-declared.

For more information, please click [here](#) (PT)

To read a Forbes article that addresses the same topic, with participation of Fabio Alperowitch, please click [here](#) (PT)

Podcasts

✓ **Podcast: ESG - changes in social and environmental relationships in the post-pandemic world – Coral Fazendo ECO (jul/21)**

In its first episode, Rafael Feldmann invited Fabio Alperowitch and Ana Toni (Executive Director of Instituto Clima e Sociedade) to talk about ESG and its interaction with the third sector.

Starting with the concept of ESG, Fabio Alperowitch approaches other topics such as Green and Sustainability-linked bonds, the performance of Brazilian environmental agencies, the consequences for those who do not believe or incorporate ESG and other ESG perspectives.

If you would like to listen to the podcast, please click [here](#) (PT)

✓ **Podcast: Investing 3bi in companies with social and environmental causes – desNegócio (aug/21)**

In this episode, Fabio Alperowitch comments about FAMA's trajectory to become a certified B company, the essential role of culture and the importance of ESG in small and medium companies.

If you would like to listen to the podcast, please click [here](#) (PT)

ESG Classes

FAMA Investimentos has been ministering ESG classes for undergraduate and master students at different universities as well as high schools and institutions.

During the third quarter of 2021, FAMA Investimentos ministered classes on ESG at various academic institutions, giving an overall overview, bringing case studies and contextualizing the topic to the Brazilian reality, including:

- HSM University
- Instituto Brasileiro de Governança Corporativa (IBGE)
- Universidade Federal de Uberlândia (UFU)
- Universidade Federal do Rio Grande do Norte (UFRN)

Others

- ✓ **Course: Real ESG**
- ✓ **Event: ABIPLAST**
- ✓ **Lecture about ESG for Suzano's communication team – hosted by Brazilian Association of Business Communication (ABERJE)**
- ✓ [News: "Career and life should be one" – O Globo](#)
- ✓ [Podcast: ESG for investors – Sala de Negócios](#)
- ✓ [Webinar: ESG financial return – hosted by esolidar](#)
- ✓ [Webinar: ESG Investments: Criteria, Risks and Opportunities – hosted by FnP](#)
- ✓ **Webinar: Thera Investimentos**