

# FAMA Investimentos

Stewardship Report

Fourth Quarter 2021

## Introduction

In this report you will find FAMA's main stewardship efforts in the 4<sup>th</sup> 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**

- ✓ FAMA INVESTIMENTOS JOINS THE PARTNERSHIP FOR CARBON ACCOUNTING FINANCIALS
- ✓ 2021 CARBON FOOTPRINT REPORT
- ✓ FAMA INVESTIMENTOS SHORTLISTED AT THE ESG INVESTING AWARDS 2022

**4. ADVOCACY**

**ARTICLES BY FABIO ALPEROWITCH**

- ✓ ENERGY CRISIS, ESG AND COGNITIVE DISTORTION
- ✓ DEMYSTIFYING ESG: WHY WE SHOULDN'T LISTEN TO THE DELAY PROPHETS
- ✓ THE ESG THAT LIGHTS MINORITY BUT DASHES INVISIBLE PEOPLE

**SPECIAL EVENT**

- ✓ THE INVESTOR AGENDA - ACCELERATING GLOBAL INVESTOR ACTIONS FOR A NET-ZERO EMISSIONS ECONOMY – UNITED NATIONS CLIMATE CHANGE COP26

**EVENTS**

**INTERVIEWS**

**NEWS**

**PODCASTS**

**WEBINARS**

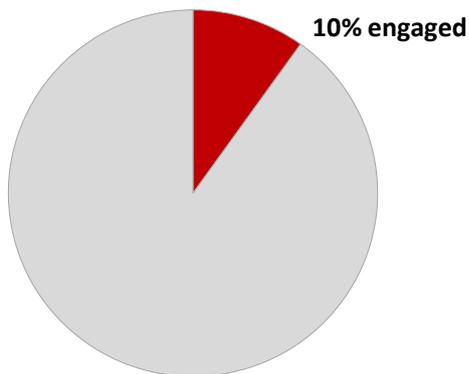
**ESG CLASSES**

**OTHERS**

## 1. Private Engagements

During the fourth quarter of 2021, we engaged with 2 portfolio companies and four other companies from outside our portfolio.

**% of AuM covered by engagements**  
(only portfolio companies)



### Top engagement topics

1. ESG Strategy
2. Environmental Management

### Main channels

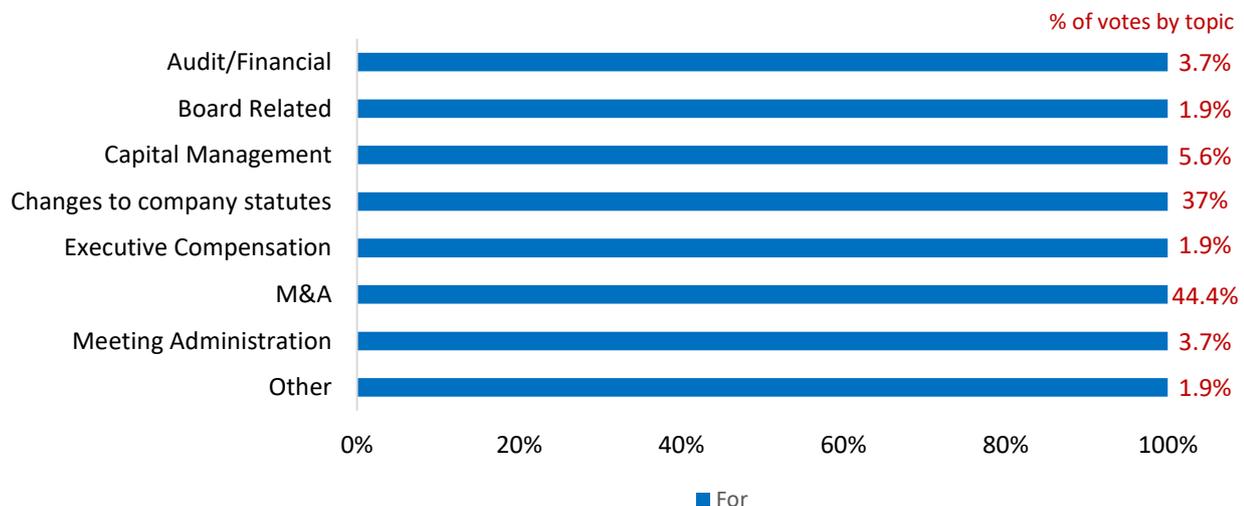
1. Video Call
2. E-mail

## 2. Voting Overview

During the fourth quarter of 2021, we voted in 100% of the AGM/EGM (Annual General Meetings/Extraordinary General Meetings), totaling eight meetings and fifty-four proposals.

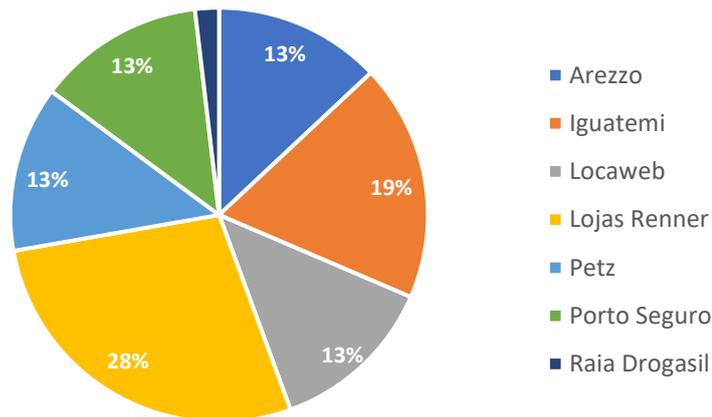
We voted in favor in 100% of the votes.

**Voting Activity per Topic**



From the proposals voted 44% were “M&A”, followed by “Changes to company statutes” representing 37% of the votes, “Capital Management” representing 6% of the votes, “Audit/Financial” and “Meeting Administration” each representing 4% of the votes and “Board Related”, “Executive Compensation” and “Other” each representing 2% of the votes.

**Proposals voted by company**



In total, 28% of the proposals voted were related with Lojas Renner, 19% with Iguatemi, 13% with Arezzo, Locaweb, Petz and Porto Seguro each and 2% with Raia Drogasil.

### 3. Internal Initiatives/updates

#### ✓ FAMA Investimentos joins the Partnership for Carbon Accounting Financials

FAMA Investimentos has joined the Partnership for Carbon Accounting Financials (“PCAF”) which is an open access collaboration platform for financial institutions worldwide that has developed a harmonized global standard, “The Global GHG Accounting and Reporting Standard for the Financial Industry”, to measure and disclose financed emissions as defined in the GHG Protocol.

This is the first global harmonized framework to measure and disclose greenhouse gas emissions financed by loans and investments. Currently, more than 190 banks and investors have subscribed to the PCAF initiative.

FAMA Investimentos has incorporated the PCAF standard for developing and disclosing its Carbon Footprint Report.

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

✓ **2021 Carbon Footprint Report**

In the second edition of FAMA Investimentos' Carbon Footprint Report, we present an overview of the current state of the fight against climate change, with an emphasis on the Brazilian context in relation to the required ambitions and their developments, external pressures, the carbon market, its impact on investments and how FAMA Investimentos is dealing with this issue through its commitments made on different topics.

As of 2020, there was a 55% drop in our portfolio's gross carbon footprint when compared to 2018, achieved either through the strong reduction in emissions for some of our portfolio companies or through the reallocation of positions. Compared to local benchmarks, the carbon footprint of FAMA Investimentos' portfolio was 83% lower than the Ibovespa's and 63% lower than the ISE's (B3 Corporate Sustainability Index).

Considering that some companies reabsorb a relevant part of the CO<sub>2</sub> they emit, as is the case of companies with forestry assets such as Klabin and Dexco, both part of our portfolio, the result was negative net emissions, which means that our portfolio absorbs more CO<sub>2</sub> than it emits.

Finally, we perceived that the vast majority of our portfolio companies for the last three years have managed to reduce their carbon intensity annually (based on the volume of revenues), and those that remained in our portfolio in these years reduced their emissions intensity, on average, by 18%.

We reiterate our commitment to investing in ethical and responsible companies that contribute positively to the Sustainable Development Goals.

To access our 2021 Carbon Footprint Report, please click [here](#).

✓ **FAMA Investimentos shortlisted at the ESG Investing Awards 2022**

We are pleased to announce that FAMA Investimentos is shortlisted in the category "Equities" of the renowned ESG Investing Awards 2022.

In its third edition, the ESG Investing Awards is devoted to assessing and evaluating the best companies involved in all areas of ESG investing across the globe. Global Markets Media, the host of the awards, celebrates ESG investing leaders in investment management, banking, research & ratings, among others.

Along with FAMA Investimentos, in the ESG Investment Fund: Emerging Markets Equities category are Cartica Management, Fisher Investments Europe, Franklin Templeton, Goldman Sachs Asset Management International, Heptagon Capital, JP Morgan Asset Management and Matthews Asia. The winner will be announced in February 2022.

We are thrilled to be shortlisted, especially since we are the only Latin American manager running for the prize. This is yet another important recognition of our commitment to ESG Investing and the ethical rigor that underlies our processes and practices since our inception in 1993.

In line with our values and investment philosophy, we have endorsed several initiatives that at the same time force us to be consistent with our practices and open up space for exchanging knowledge and experiences around the sustainable development agenda.

To know more about our ESG commitments and initiatives, as well as other recognitions and transparency reports, please check out the ESG section of our website [here](#).

For more information about the ESG Investing Awards, please click [here](#).

## 4. Advocacy

### Articles by Fabio Alperowitch

✓ **Article: “Energy Crisis, ESG and Cognitive Distortion” – InfoMoney (oct/21)**

Amidst the blame attributed to ESG for the significant and abrupt increase in energy prices, Fabio Alperowitch, together with Roberto Attuch Jr., bring in the article several counterpoints that allow the reader to have a holistic view of the global scenario and that shows that ESG is not the villain, quite the opposite.

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

✓ **Article: “Demystifying ESG: Why We Shouldn't Listen to the Delay Prophets”– Invest News (oct/21)**

In this article, co-written with Hugo Bethlem (Chairman of the Brazilian Institute of Conscious Capitalism), the authors comment on the arguments brought by Hélio Beltrão on a series of articles published by Folha de São Paulo entitled “ESG Myths” where he defends Milton Friedman's ideas, which tend to prioritize the interests of shareholders over that of other stakeholders at all costs.

As a counterweight, the authors explain the company's interdependence with its different stakeholders, the need for companies to take responsibility for their negative impacts, as well as the importance of understanding that E, S, and G should not be considered in isolation.

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

To access a report by Capital Aberto exposing both arguments, please click [here](#) (PT)

✓ **Article: “The ESG that Lights Minority but Dashes Invisible People”– Revista Poder (nov/21)**

The Human Rights agenda, with few exceptions, has been distant from the financial market for many years. Recently, with the "arrival" of ESG, the social agenda, specifically the Diversity&Inclusion agenda, has gained importance; however, its performance is paradoxical.

While there is a legitimate concern about the lack of space for certain social minorities, such as women, offering a look at some of them to the detriment of others can accentuate the problem of those who were already excluded.

The author invites the readers to reflect by accepting that we are on a privileged position and work towards a true inclusion, that leaves no one behind.

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

## SPECIAL EVENT

### ✓ THE INVESTOR AGENDA - ACCELERATING GLOBAL INVESTOR ACTIONS FOR A NET-ZERO EMISSIONS ECONOMY – UNITED NATIONS CLIMATE CHANGE COP26 (NOV/21)

FAMA Investimentos was invited to participate in this panel at COP26 which was centered on the role of investors in the transition to a low-carbon emissions economy.

FAMA Investimentos highlighted the importance of not labeling the climate crisis as an environmental problem because it is much more than that. It is a social and ethical problem as we do not have the right to steal the future of the next generations. It also highlighted the lack of commitment of Brazilian investors who tend to leave the climate responsibility solely in the hands of the government.

Fabio was honored and humbled to represent Brazil and FAMA at such an important international gathering and was invited by Agência Estado, a major news agency, to publish an op-ed on his views about COP26, which you can read [here](#).

In his article **“Cop: Pop or Flop? Through a Brazilian Investor's Look”**, Fabio comments there were many expectations around COP26, mainly because the event was canceled in 2020, just at the time ESG gained the attention of the Brazilian financial market. However, the fragility of some commitments, as well as the absence of others, showed that certain interests still prevail over others and that the COP26 was not going to be sufficient to ramp up the climate agenda as imagined.

He also comments on his speech on The Investor Agenda panel, where he highlighted the social and ethical aspects of climate change, as well as the lack of engagement and commitment from the Brazilian financial market. He recalls Brazil's great climate responsibility and the need to work together.

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

If you would like to watch the Panel at COP26 in full, please click [here](#) (EN)

If you would like to watch specifically FAMA Investimentos' interventions, please click [here](#) and [here](#) (EN)

## Events

✓ **Event: Green Economy: Skills and Professions for a Sustainable World – hosted by IPÊ - Instituto de Pesquisas Ecológicas (oct/21)**

FAMA Investimentos was invited to participate in this event along with Claudio Padua (ESCAS/IPÊ), Joaquim Levy (former Brazilian Environment Ministry) and Carolina Santos Pecorari (AMBEV) to discuss how to accelerate and expand the green economy.

They discussed how new professions emerge when companies start to look at responsibility in a different way and about the importance of considering the local context, as well as the interdependence and connection between environmental and social issues. FAMA Investimentos recalled that cultural transformation is much more important than KPIs, as these come later.

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

✓ **Event: ANBIMA Summit: Sustainability and diversity – hosted by ANBIMA Brazil Conference (oct/21)**

The event featured three panels: “A Brazilian ESG Agenda”, “Diversity in the Financial Market” and “ESG Investments”. FAMA Investimentos was invited to share the first one with Fernanda Camargo (Wright Capital) and Marco Gorini (Grupo Din4mo), mediated by Rosana Jatobá (journalist).

During the panel, they discussed how to urgently implement the ESG agenda in Brazil with a focus on social, climate racism, education, measurement and impact investing.

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

✓ **Event: ESG in practice – hosted by Cubo Itaú (oct/21)**

FAMA Investimentos was invited to participate in this event to talk about ESG and startups and good practices for entrepreneurs.

FAMA highlights ESG is not an exclusive agenda for large companies and how small and medium companies, even startups that have a strong focus on innovation, can adapt more easily their culture to be coherent with sustainability, delivering long-term value with reduced risks and costs.

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

✓ **Event: World Business Angel Investor Week (WBAW) – hosted by World Business Angel Investor Forum (oct/21)**

During the event, FAMA Investimentos had the opportunity to participate in the panel “The scenario of leadership in the post-pandemic world” and to debate on organizational culture with Renata Zanuto (Cubo Itaú) and Carol Romano (The Mind Factor).

✓ **Event: Brazil Windpower 2021 – hosted by BWP (nov/21)**

FAMA Investimentos was invited to debate the role of wind energy in the fight against Climate Change, along with Eduardo Satamini (Engie Brasil Energia), Clarissa Sadock (AES Brasil) and Carla Primavera (BNDES) with the moderation of Elbia Gannoum (ABEEólica).

✓ **Event: Roundtable on Environmental and Social Governance – hosted by Green Nation Worldwide (nov/21)**

Renamed Green Nation Worldwide, the event addressed several topics, including intense heat waves in large cities, urban river pollution, environmental racism, education in an unwritten future, Brazil and COP26 and the social entrepreneurship revolution.

FAMA Investimentos was invited to participate in a roundtable mediated by journalist Rosana Jatobá on social and environmental governance, together with Adriano Candido Stringhini (Sabesp), Lisa Lieberbaum (Ambev) and Maite Schneider (TRANSEMPREGOS).

✓ **Event: Abrisco Congress (Brazilian Association of Risk Analysis, Process Safety and Reliability) – hosted by Abrisco (nov/21)**

FAMA Investimentos was invited to participate in the third panel of the congress to debate on the risks of climate change with Dr Assuncion Lera St. Clair (DNV) and André Lucena (COPPEAD/UFRJ).

## Interviews

✓ **Interview with ESG Insights (nov/21)**

In this interview with Frederico Kling, Fabio shares his views on ESG in Brazil, explains why it has gained so much traction in recent years and outlines future prospects for the topic.

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

## News

✓ **News: “Angel' investors show that it is possible to reap dividends with social and environmental projects” – Carta Capital (oct/21)**

The article brings some of the work of Grupo Gaia, Vox Capital and FAMA Investimentos, three B Corp companies that combine profit with socio-environmental management and impact.

Fabio Alperowitch comments about the lack of debate and knowledge around topics such as Human Rights and the Environment, brings his opinion on the sudden interest in ESG and expresses his concern about greenwashing.

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

✓ **News: “Brazilian managers sign declaration for pro-climate measures”– Estadão (nov/21)**

The article summarises the IPC “Investor Statement in Support of Resilient, Low-carbon Transition Policies”, a first of its kind statement that emphasizes the need for collaboration between the private and public sector 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.

FAMA Investimentos supports the statement, along with other asset managers, hedge funds, pension funds, insurance companies and family offices.

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

✓ **News: “Market commitment to ESG at COP was meager, says Fama's Alperowitch”– Estadão (nov/21)**

The article summarizes some considerations made by Fabio Alperowitch concerning COP26, specifically to the lack of commitments by the financial market.

He comments on the role of the financial market in the climate agenda and the lack of robust commitments towards a low carbon economy, with initiatives such as the Net Zero Asset Managers (NZAM) or Science-based Targets Initiative (SBTi), as well as the lack of support for declarations that do not require formal commitments but that seek to externalize market concerns and make a call to the government on various issues related to climate management, such as the Global Investor Statement to Governments on the Climate Crisis or the IPC (Investors for the Climate) declaration.

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

✓ **News: “ESG bond advances with global pressure and management targets”– Valor Econômico (dec/21)**

The article analyzes the opinion of three Brazilian asset managers, including FAMA Investimentos, on the outcomes of COP26 and its impacts on the financial market.

Fabio Alperowitch comments on how pressure from different stakeholders can make companies comply with agreements to which they are often not signatories and on how large banks can accelerate the ESG agenda.

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

### Podcasts

✓ **Podcast: Gesner Oliveira and Artur Villela interview Fabio Alperowitch – Nem Negacionismo Nem Apocalipse (dec/21)**

In this podcast, Fabio Alperowitch talks about the balance of COP26 and his ESG perspectives as well as the role of companies in achieving the Paris Agreement objectives. Fabio highlights the importance of establishing science-based targets and intermediate targets with strong measures in place for guaranteeing real reductions. The podcast also touches on other topics such as ESG metrics, ESG investment professionals, Greenwashing, Greenium and ESG bonds.

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

### Webinars

✓ **Webinar: Pact for the Promotion of Racial Equity – hosted by PRI Brasil (nov/21)**

The PRI Brasil and FAMA Investimentos organized and coordinated a webinar to present to PRI Brasil signatories the recently launched Pact for the Promotion of Racial Equity (Pacto pela Promoção da Equidade Racial). Fabio Alperowitch, one of the founders of the initiative, moderated the panel which had the participation of Gilberto Costa (Pacto pela Promoção da Equidade Racial), Adriana Barbosa (Preta Hub), Denísio (Previ) e Elaine (Dow).

✓ **Webinar: Capital Markets and Inequalities – Challenges and Opportunities – hosted by IEA-RP/USP (nov/21)**

The purpose of the webinar was to bring together professionals and organizations that have promoted the democratization of the financial and capital markets to explored tools to reduce

inequalities. FAMA Investimentos participated along with Eduardo Moreira (Finapop) Laiz de Carvalho (Brasilprev) and João Paulo Pacífico (Grupo Gaia).

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

✓ **Webinar: 3rd ESG Forum – Investor & Company – hosted by ABRASCA, B3 and AMEC (dec/21)**

The Forum aims to bring together representatives of the financial market, experts on the subject and regulators to discuss the advances in sustainability in Brazil and prepare proposals for the implementation of best ESG practices in the country.

The third meeting specifically promoted an immersion in the CDP (Carbon Disclosure Project) standard to understand the challenges of companies when answering the questionnaire and data use by investors, as well as the possibility of integrating the CDP results in other standards and analyses.

FAMA Investimentos participated along with Rebeca Lima (CDP) and Tomas Carmona (SulAmérica).

## 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 fourth 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:

- Escola Politécnica da Universidade de São Paulo (Poli USP)
- Faculdade de Economia, Administração, Contabilidade e Atuária da Universidade de São Paulo (FEA USP)
- Fundação Getúlio Vargas (FGV)
- Instituto de Ensino e Pesquisa (Insper)
- Pontifícia Universidade Católica de Goiás (PUC Goiás)
- Skema Business School
- Universidade Presbiteriana Mackenzie
- Universidade Tecnologia Federal de Paraná (UTFPR)

## Others

- ✓ **Class:** Real ESG – Environmental module
- ✓ **Class:** Instituto Brasileiro de Ética nos Negócios – Programa Uniética 2021
- ✓ **Event:** [4th VIEX Environmental Congress](#)
- ✓ **Event:** Applied ESG - Rhetoric X Reality (Planejar)
- ✓ **Event:** [Climate policies from 2019 to 2021](#)
- ✓ **Event:** ESG and the Energy Transition (OHMRESEARCH)
- ✓ **Event:** [ESG Strategy – An eye on the COP26](#)
- ✓ **Event:** [ESG vs Impact: A New Asset Analytics Lens?](#)
- ✓ **Event:** [Floripa E-Summit - ESG Ampera Racing](#)
- ✓ **Event:** [Interweek ESG \(Banco Inter\)](#)
- ✓ **Event:** Moneyweek (EQI)
- ✓ **Event:** [What is the New Economy made of?](#)
- ✓ **Interview:** [TC Radio](#)
- ✓ **Other:** discussion with a small group about Instituto Ethos KPI's which are very relevant in Brazil.
- ✓ **Webinar:** Organica
- ✓ **Webinar:** ESG at FAMA Investimentos – Elas no Mercado Financeiro