

# FAMA Investimentos

Stewardship Report

Second Quarter 2021

## Introduction

In line with our [Responsible Investment and Stewardship Policy](#) and to give more transparency on our initiatives and practices, we will publicly disclose this report with a summarized version of our full quarterly Stewardship Report, which has been restricted until now to specific stakeholders.

In this report you will find FAMA's main stewardship and advocacy efforts, as well as internal initiatives that took place in the 2<sup>nd</sup> quarter of 2021, divided as shown below:

### 1. PRIVATE ENGAGEMENTS

### 2. VOTING OVERVIEW

### 3. INTERNAL INITIATIVES/UPDATES

- ✓ 2021 GLOBAL INVESTOR STATEMENT TO GOVERNMENTS ON THE CLIMATE CRISIS
- ✓ CDP SBTi CAMPAIGN
- ✓ ESG ACADEMIC AWARD – FAMA INVESTIMENTOS

### 4. ADVOCACY

### ARTICLES BY FABIO ALPEROWITCH

- ✓ ARTICLE: "ESG CARBONCENTRIC" – FAST COMPANY
- ✓ ARTICLE: "THE REAL ROLE OF INSTITUTIONALS IN ESG" – INVESTIDOR INSTITUCIONAL
- ✓ ARTICLE: "BITCOIN: TOO GREEN OR NOT TOO GREEN" – FAST COMPANY
- ✓ ARTICLE: "ESG AND ITS FALSE DICHOTOMY" – AGÊNCIA ESTADO

### EVENTS

### INTERVIEWS

### NEWS

### PODCASTS

### WEBINARS

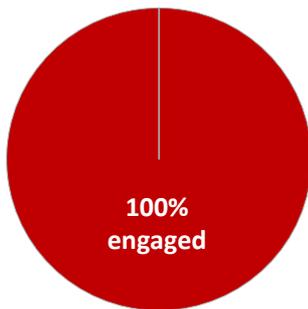
### OTHERS

### ESG CLASSES

## 1. Private Engagements

During the second quarter of 2021, we engaged with all portfolio companies and nine other companies from outside our portfolio.

### % of AuM covered by engagements



#### Top engagement topics

1. Climate Change/GHG emissions reduction
2. B Corp Certification

#### Main channels

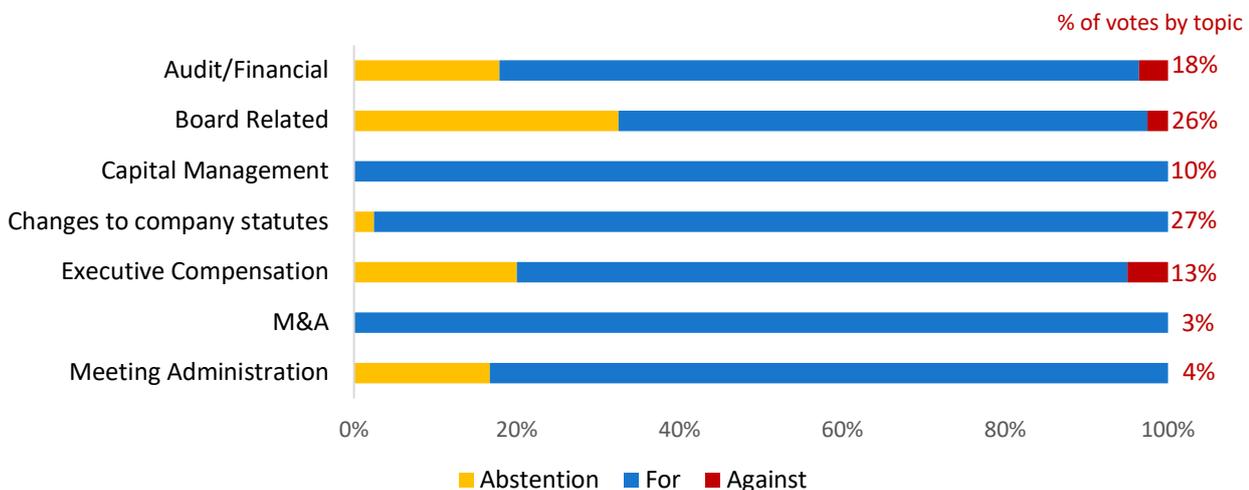
1. Video Call
2. E-mail

## 2. Voting Overview

During the second quarter of 2021, we voted in 100% of the AGM/EGM (Annual General Meetings/Extraordinary General Meetings), totaling twenty six meetings and two hundred and nineteen proposals. Of those proposals, fifty-eight were write-in votes or yes/no votes and are not counted in the statistics below. The statistics do not include neither a blank vote nor seven proposals where we did not have the right to vote.

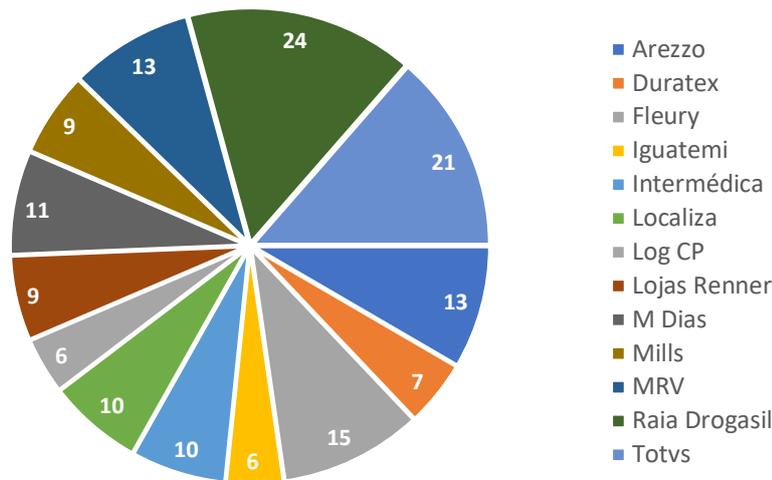
From a total of a hundred and fifty-three proposals voted, we abstained from voting on 15%, voted against 2% and in favor of 83% of them.

### Voting Activity per Topic



From the proposals voted, 27% were “Changes to company statutes”, followed by “Board Related” representing 26% of the votes, “Audit/Financial” representing 18% of the votes, “Executive Compensation” representing 13% of the votes, “Capital Management” representing 10% of the votes, “Meeting Administration” representing 4% of the votes and “M&A” representing 3% of the votes.

**Proposals voted by company**



For 33% of the votes in which we voted against or abstained from voting, we communicated the rationale of our decision privately to companies.

### 3. Internal Initiatives/updates

#### ✓ 2021 Global Investor Statement to Governments on the Climate Crisis

Along with more than 400 investors worldwide representing \$42 trillion in assets under management, we expressed our support, for the second time, to the *Global Investor Statement to Governments on the Climate Crisis* which encourages all countries to raise their climate ambitions, implement robust policies and ensure a fair transition to a net-zero carbon economy. The 2021 joint declaration which is coordinated by the seven founding partners of the Investor Agenda and precedes the COP26, highlights not only the imminent risks due to the ambition gap between investors and governments (as set out in National Contributions Certain - NDC's), but also the lack of political action and disclosure transparency, as well as the great opportunities that a low carbon economy can offer. Specifically, the statement sets five actions:

- Strengthen Nationally Determined Contributions for 2030 in line with limiting warming to 1.5°C.
- Commit to a mid-century net zero emissions target with clear sectoral decarbonization roadmaps.
- Ensure ambitious pre-2030 policy action including strengthened carbon pricing, phasing out fossil fuel subsidies and thermal coal-based power, avoiding new carbon-intensive infrastructure (no new coal power plants) and developing fair transition plans.
- Ensure COVID-19 economic recovery plans support the transition to net-zero emissions.
- Commit to implementing mandatory climate risk disclosure requirements.

You can find the official statement [here](#).

#### ✓ CDP SBTi Campaign

This year, and for the second time, we are supporting the CDP SBTi Campaign which calls on the world's 1.800 most impactful companies to commit to climate action in line with 1.5°C and a net-zero future by setting science-based targets. More than 130 investors all over the world, six of them Brazilian, are backing the initiative led by CDP,; a non-profit which runs the global environmental disclosure platform.

The last campaign targeted the 1.800 most high-impact companies, which together were the source of 13.5 Gt of emissions (scope 1 + 2) each year, equivalent to 25% of total global emissions and with influence over three times this volume of cumulative emissions across their entire value chain.

By September this year, 33 Brazilian companies will receive a letter from CDP, on behalf of investors, asking them to sign the SBTi Business Ambition for 1.5°C commitment letter and to commit to science-based net-zero emissions targets by 2050 with interim science-based targets (SBTs). Although none of these companies are currently part of our investment portfolio, we understand it is imperative to join forces to tackle climate change and that we as investors must mobilize capital towards a low-carbon economy.

For more information about the CDP SBTi Campaign, please click [here](#).

### ✓ **ESG Academic Award – FAMA Investimentos**

After almost 11 months of intense work, in June we finished the first edition of the FAMA ESG Academic Award.

Among the fifty-five submitted and technically qualified works, the organizing committee selected the best 25 based on the abstracts and considering the criteria of cohesion, originality and applicability and sent them, anonymously, to the judging panel, which, in turn, evaluated each one of those under the same criteria.

Based on the score given by the judging panel, the seven best-evaluated works were selected by the organizing committee, which returned to the judging panel the mission of evaluating each of these in an integral way, still anonymously and according to specific criteria that included methodological, linguistic, and structural issues. Finally, the organizing committee selected the four best-evaluated works which were later discussed in a meeting with the judging committee to choose the two winners.

Both winning works are by Brazilians from the Center-West region of the country; the winning work addressing corporate governance issues and the runner-up challenging the methodology of an established Brazilian index.

There was a high degree of diversity among the participants in terms of geography, level of education, educational institutions and gender, as well as regarding the themes addressed which involved governance, socio-environmental and reporting issues, among many others.

We are happy with the excellent results obtained. Those would not be the same without the support of our partners and the judging committee who effectively and transparently conducted the assessment process.

We developed a special report of the contest with statistics and the two-winning works in full, which you can access [here](#) (PT)

## 4. Advocacy

### Articles by Fabio Alperowitch

✓ **Article: “ESGer carboncentric” – Fast Company (apr/21)**

In his article, the author calls the reader to rethink the appropriate place of carbon in the contemporary business world.

He also invites the reader to rethink ESG in the Brazilian context and to carefully analyze the materiality of companies, which run the risk of focusing exclusively on climate management, more specifically on emissions management, leaving aside social issues that may be just as critical depending on the company, its operations, technology, among other characteristics.

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

✓ **Article: “The real role of institutionals in ESG” – Investidor Institucional (apr/21)**

In his article, the author calls the attention to how ESG integration seems to be following the same pathway that sustainability mistakenly took initially in the corporate world: a compliance pathway rather than a pathway of value creation; which is a huge mistake.

He draws attention to investors who claim to invest in inefficient assets in terms of ESG, arguing to be activists for a transition agenda with no clear goals nor strategy to achieve them.

He highlights the important role of institutional investors and their responsibility to reject superficiality, qualify the debate and vigorously demand from investee companies and outsourced managers an ambitious ESG agenda and actions.

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

✓ **Article: “Bitcoin: too green or not too green” – Fast Company (may/21)**

In his article, the author brings different points of view about bitcoin, its future and environmental impact, and calls attention to the environmental impacts of the traditional financial system, not always considered when comparing it with the cryptocurrency.

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

✓ **Article: “ESG and its false dichotomy” – Agência Estado (may/21)**

In his article, the author comments on several fallacies that exist in relation to sustainability, such as that sustainability and profit are antagonistic or that companies in the rental or textile sector cannot be sustainable.

It brings to light a research by Robbert Eccles that demonstrates a positive correlation between sustainability and operational performance and another one that focuses on the performance of funds that incorporate ESG issues and that also shows very positive results.

He points out the possibility of those researches having even better results, considering the level of attention and demand for ESG we see nowadays.

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

## Events

### ✓ **Event: Inovabra Habitat – hosted by Bradesco (apr/21)**

FAMA Investimentos was invited to participate at the event which hosted a series of panels about the strategic challenges of ESG in relation to the different stakeholders - board, executives, employees, investors, community, media, financial analysts, among others.

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

### ✓ **Event: Brazil Conference at Harvard & MIT 2021 – hosted Brazil Conference (apr/21)**

FAMA Investimentos was invited to participate at the Climate Change panel held at the seventh Brazil Conference at Harvard & MIT, and which had the participation of the former Minister of Environment, Marina Silva. During the event it was discussed how Brazil, one of the 10 largest economies in the world and holder of rich biodiversity, should position itself on the global stage in the face of the threat of climate change.

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

If you would like to read an article with a summary of the event, please click [here](#) (PT)

### ✓ **Event: Global Climate Summit – hosted by Sistema B and B Lab (jun/21)**

FAMA Investimentos was invited to participate of this three-days online event aimed to discuss collective climate actions centered on people and justice, to gather the global community of B Corp Climate Collective to learn, advance, and accelerate their efforts to deal with the climate emergency.

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

### ✓ **Event: X Brazilian Forum of Philanthropists and Social Investors 2021 – hosted by IDIS (jun/21)**

FAMA Investimentos was invited to participate at the tenth edition of the Forum organized by the Institute for the Development of Social Investment (IDIS) which was centered on capital and

humanity, two subjects that have occupied the center of debates in several sectors and continents.

Demonstrations around the world demand changes to the current model, which produces inequities and destroys natural resources. Movements such as Imperative 21 are emerging, a campaign that seeks to redefine capitalism to maximize shared well-being on a healthy planet. The Davos Economic Forum pointed out the need for a new commitment from the capital, and the Covid-19 pandemic made explicit the power of collaboration between different sectors and philanthropy. All this was discussed during the forum.

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

✓ **Event: 2021 Stakeholder Capitalism Forum – hosted by Stakeholder Relations and ESPM (apr/21)**

FAMA Investimentos was invited to participate at this forum which focused on practical and inclusive debates on the diverse demands of stakeholders regarding the co-responsibility of business in essential issues around sustainability and ethics while offering participants tools to understand, evaluate and decide in this new capitalism.

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

✓ **Event: ESG From a Brazilian Perspective: Bridging the Energy Infrastructure Gap– hosted by CFA Society New York (apr/21)**

FAMA Investimentos was invited to participate at this event which opened up discussion around the future of infrastructure and energy investing from a Brazilian perspective and explored the role that ESG investing plays in new developments.

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

✓ **Event: Brave New World Integrating ESG Into Portfolios – hosted by AMEC, PRI and CFA Society Brazil (may/21)**

FAMA Investimentos was invited to participate at this event which enabled a broad discussion on the implementation of ESG integration practices in the companies' portfolios, with a focus on assets and pension funds. The Brazilian Stewardship Code was also launched.

Among the topics covered, we highlight the discussion of social, environmental, and governance (ESG) factors, as well as best practices in building integration strategies in Brazil and in the world, ESG Disclosure trends, among others.

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

✓ **Event: ESG in the real economy Industry, services and economy – hosted by VIEX (may/21)**

FAMA Investimentos was invited to participate at this event which gathered several business leaders, and aimed to outline approaches, principles and methodologies so that companies are fully capable of acting within the standards of corporate sustainability and are attractive to receive investments.

Fabio Alperowitch participated in the panel “Attracting Investment: ESG from the perspective of lenders and investors” which discussed the type of data that is analyzed by ESG investors, the motivations and objectives of ESG investments, the importance of shareholder activism and the power of influence to demand, and encourage change, among other topics.

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

## Interviews

✓ **Interview with Um Só Planeta (apr/21)**

In an interview for Um Só Planeta, Fabio talks about the ESG investment market, ESG regulation and investors' misconceptions. He also comments about the main challenges faced by investors when evaluating companies, and how to escape traps such as greenwashing, among other issues.

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

✓ **Interview with CNN Brasil (apr/21)**

During the live broadcast, Fabio spoke about the expectations around Brazil during the Climate Summit organized by the United States. He comments on the government's objective of convincing the world that deforestation is under control and the risks for Brazilian foreign trade if it doesn't happen.

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

✓ **Interview with A Economia B (jun/21)**

The article “FAMA Investimentos: the B company that subverts the assumptions of the financial market” summarises the main points brought by Fabio Alperowitch. He comments on the history of FAMA Investimentos and how it achieved the B Corp certification. He also comments on the carbon footprint of our main portfolio and about our advocacy efforts to promote the debate around ESG.

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

## News

✓ **News: “Reputation fears propel surge of ESG investment in Brazil” – Financial Times (may/21)**

The article looks at how Brazilian companies are scrambling to bolster the country’s environmental credentials.

Fabio Alperowitch comments he is concerned about the lack of rigor in measuring ESG performance and the lack of investor knowledge. He also brings his opinion about the Corporate Sustainability Index (ISE) and the “Carbon Efficient” Index (ICO2), which include controversial companies that do not go beyond promises of action.

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

✓ **News: “Dilemma between profit and investment responsibility is false” – Além da Energia (jun/21)**

The article summarises an interview of Fabio Alperowitch where he points out there is no such division between profit and responsible companies, but the opposite; the companies with the best social responsibility are the ones that give the best returns. He also comments about ESG for small companies, the future of rating agencies, among other topics.

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

## Podcasts

✓ **Podcast: Interview Fabio Alperowitch – Pegada + (jun/21)**

In this podcast, Fabio Alperowitch talks about the current moment of sustainability and what everyone should take into account to entitle a company as a sustainable company.

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

✓ **Podcast: ESG with Fabio Alperowitch – ABEEólica (jun/21)**

In this podcast and on World Wind Day, Fabio Alperowitch is interviewed by Elbia Gannoum, President of ABEEólica (Brazilian Wind Energy Association), to talk about ESG challenges.

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

## Webinars

✓ **Webinar: ESG Management and Transparency – hosted by FGV EAESP (apr/21)**

The Sustainability line of the Professional Master degree in Management for Competitiveness at FGV EAESP opens space for students to propose solutions to real and complex challenges through deliverables that constitute a public good, that is, they can be accessed and used by any person or organization. One of the projects of the 2021 class was about “ESG Management and Transparency” and Laura Vélez was invited to participate in the project by sharing her inputs and perspectives on ESG investments.

✓ **Webinar: ESG strategy – Environmental, social and governance aspects for companies and the environmental theme – hosted by Instituto Ethos (apr/21)**

Laura Vélez was invited to the second meeting of the Ethos Institute's environmental working group, which aimed to demonstrate how companies can and should become familiarized and involved with the ESG agenda, considering the climate agenda. The meeting served as input for the construction of the 2021 agenda and work plan, jointly with companies associated with the Ethos Institute. Laura spoke about how FAMA Investimentos incorporates ESG aspects in the analysis and decision-making of investments and about the FAMA's stewardship practices, among other topics.

✓ **Webinar: ESG: fad or reality – hosted by PG Law (apr/21)**

Panel with Fernanda Camargo (Wright Capital Wealth Management), Carlos Portugal Gouvêa (PG Law), and Fabio Alperowitch, moderated by Vanessa Simone Pereira to talk about ESG.

✓ **Webinar: ESG: How the ESG concept impacts the labor market and investments– hosted by O Globo and Revista Época (may/21)**

Live with Gabriela Chaves (NoFront), Thais Castro (PageGroup), and Fabio Alperowitch, moderated by Luciana Rodrigues (Globo) to talk about ESG in Brazil and stakeholder capitalism, mainly.

Fabio Alperowitch comments the ESG agenda is no longer a choice and he warns that the debate in Brazil is still contaminated by foreign demands, leaving behind issues that are more urgent and pressing for Brazil such as inequality, discrimination and corruption. He asks for a focus on Brazil's most urgent issues in combination with global issues, such as the climate emergency.

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

If you would like to read two articles that bring some insights about the event, please click below:

- “ESG Special: New Capitalism Combines Profit and Sustainability”

## Others

- ✓ [Event: South American Conference on Environmental Accounting – hosted by CSCA](#)
- ✓ Event: ESG Forum – hosted by TI inside
- ✓ [Event: Moneyweek – hosted by EQI Investimentos](#)
- ✓ [Interview with Genial Investimentos](#)
- ✓ Interview with GQ Brasil
- ✓ [Interview with Peter Lynchado](#)
- ✓ [Interview with TC School](#)
- ✓ [Interview with Barn](#)
- ✓ [Podcast: “The evolution of ESG in sustainable investments”– Insustentável Inércia](#)
- ✓ [Podcast: ESG Investments – Se liga, liga](#)

## ESG Classes

FAMA Investimentos has been ministering ESG classes for undergraduates and master courses at different universities as well as high schools.

During the second 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:

- ACE
  - Civics
  - Fundação Getúlio Vargas (FGV)
  - Fundação Instituto de Administração (FIA)
  - HSM University
  - Instituto de Ensino e Pesquisa (Insper)
  - Link School of Business
  - Universidade Católica de Pernambuco
  - University of Cambridge
  - Universidade de São Paulo
- ✓ **Open class: State, Market and ESG Agenda – hosted by USP Law Faculty (may/21)**

Open postgraduate class of the Financial Law and Environment discipline of Universidade de São Paulo (USP) to talk about the State, Market and the ESG Agenda.

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