



BRAINVEST
WEALTH MANAGEMENT

BRAINVEST ENGAGEMENT POLICY

2024

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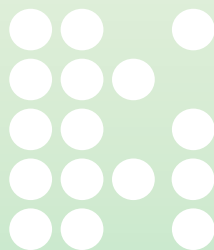
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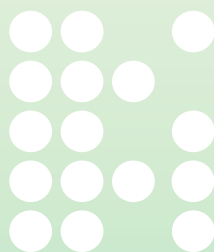


OUR FIRM

Brainvest is a global investment company, headquartered in Switzerland and with branches in Brazil and The US. Since 2003, we have been supporting individuals and families in unraveling the purpose of their wealth and building the legacy they would like to leave for future generations.

By constantly engaging with our unique global network and deploying a holistic governance structure, we offer a broad range of services, from financial advisory to family, succession, and tax planning.

For more information, visit our website brainvest.com



OUR BELIEFS

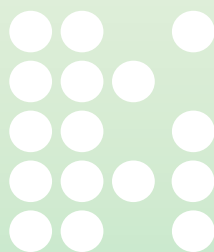
We believe that engaging with our stakeholders and promoting responsible investment practices within the industry is one of our key responsibilities as Financial Advisors, as it contributes to a more resilient economy and a more stable financial market. We also understand it is a key feature of our fiduciary duty, as it serves as a valuable input for creating sustainable wealth. Engagements can be an important source of information, especially for private markets that often lack recurring, standardized and audited reporting practices.

We believe that the combination of responsible investment processes and responsible ownership practices, which are mutually reinforcing strands, are the best receipt to anticipate and mitigate risks, unlock value, and move towards a sustainable world.

PURPOSE & SCOPE

Brainvest Engagement Policy explains our engagement approach and implementation methods. It is applicable to all third-party Fund Managers across all asset classes that are approved and recommended by our Investment and Management Teams.

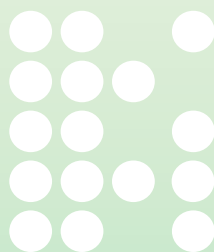
This Policy was reviewed by our Investment and Management Teams and approved in 2024 by our Global CEO and Board of Directors.



DEFINITION

According to The Financial Reporting Council (“FRC”), the British regulator that sets the UK’s Corporate and Stewardship Code, stewardship refers to the responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries. To put it simply, these activities attempt to guarantee that assets’ value is enhanced over time, or at least does not deteriorate through neglect or mismanagement. As stewards, Asset Owners and Asset Managers play an important role as guardians of market integrity and in working to minimize systemic risks. In that sense, stewardship can be understood as a fundamental aspect of an investor’s fiduciary duty and should be fully incorporated in professional investment practices.

These practices can take different forms and engagement is the most recognized and applied one, referring to a purposeful dialogue with a specific objective in mind. FRC recognizes, however, that there is not a one-size fits all approach and encourages Entities to design a strategy that suits best their business model and characteristics. The framework below was created by The Investor Forum and is intended to serve as a guidance and an example for Entities to develop their own approach. Note that Brainvest adapted this methodology to be more aligned with our investment process; thus, we do not strictly follow all of its recommendations.



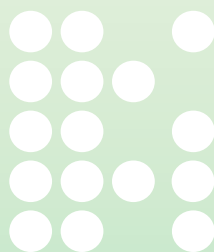
	<p>STEWARDSHIP</p> <p>Preserving and enhancing the value of assets with which one has been entrusted</p>	
...DELIVERED THROUGH...	<p>INVESTMENT APPROACH AND DECISION</p> <p>Allocation of capital in accordance with investment purpose, mandate and client interests, at portfolio and individual asset levels.</p>	
	<p>DIALOGUE</p> <p>Active discussions between companies and investors, of which there are two principal forms:</p>	
	<p>MONITORING</p> <p>Dialogue for investment purposes: to understand the company, its stakeholders and performance; Informs incremental buy/sell/hold decisions.</p>	<p>ENGAGEMENT</p> <p>Purposeful dialogue with a specific and targeted objective to achieve change; Individual or collective basis as appropriate.</p>
...TYPIFIED BY...	<p>Detailed and specific questioning; investors seeking insights</p>	<p>Two-way dialogue; investors expressing opinions.</p>
...CHARACTERISTICS OF HIGH QUALITY DELIVERY...	<ul style="list-style-type: none"> • Framed by close understanding of nature of company and drivers of its business model and long-term opportunity to prosper; • Appropriately resourced so dialogue can be delivered professionally in the context of full understanding of individual company; <ul style="list-style-type: none"> • Dialogue must be consistent, direct and honest; • Dialogue is respectful and seeks to build mutual trust. 	
	<ul style="list-style-type: none"> • Set in a context of mutual understanding of fund manager’s investment style and approach; • Recognises that change within companies is a process and sometimes takes time to be reflected in external indicators of performance; <ul style="list-style-type: none"> • Resources are used efficiently so that neither party’s time is wasted; • Fuller insight leads to better informed decisions; • Includes feedback so that mutual understanding can be reinforced over time. 	<ul style="list-style-type: none"> • Set in a context of long-term ownership and focus on long-term value preservation and creation, so that engagement is aligned with investment thesis; • Recognises that change is a process; while haste may at times be needed, change cannot be inappropriately rushed; • Overall resources used efficiently so engagement coverage is as broad as possible whilst also proving effective; • Clear and specific objective leads to effective change; • Involves reflection so lessons are learned and taken fully into account in future.
...RESULTING IN...	<ul style="list-style-type: none"> • Changed investor decision-making; • Efficient capital allocation by investors; • Appropriate risk-adjusted returns for clients; <ul style="list-style-type: none"> • Preserved/enhanced value; • Delivery of client objectives and investment purpose. 	<ul style="list-style-type: none"> • Changed company behaviors; • Efficient capital allocation by companies; • Appropriate risk management by companies; <ul style="list-style-type: none"> • Preserved/enhanced value; • Delivery of corporate purpose and culture, through effective oversight.

CRITERIA & METHODS

Even though Entities are encouraged to adapt their approach to their business model and characteristics, there are a few criteria that must be followed so they are able to classify the dialogues between investors and investees as engagement.

The most important ones are:

- 1. RELEVANCE-FOCUSED & OUTCOME-BASED:** dialogues should address material aspects and parties should establish “SMART” goals – specific, measurable, achievable, relevant, and time-bounded – on the outset of the process. Material aspects refer to issues that can either destruct or create value for the company and are important inputs for stakeholders' decisions. Investors should beware of the double materiality and dynamic materiality concepts, which reveal how ESG issues influence and are influenced by company's operations and how different aspects might crystallize in different timeframes (i.e., short term, medium term, and long term).
- 2. MEASUREMENT & MONITORING MECHANISMS:** from the outset of dialogues, parties should agree on qualitative and quantitative key performance indicators to measure and monitor progress against targets over time.

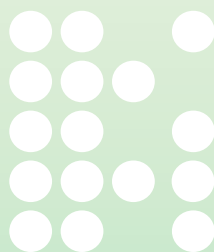


3. REPORTING MECHANISMS & FRAMEWORKS: stewards should report engagement progress to end beneficiaries on a recurring basis and through a clear and concise format to foster accountability and transparency.

4. ESCALATION METHODS: stewards should make use of escalation tools and measures when collaborative dialogues cease and engagement stalls. Available and widely-used methods include raising concerns to senior leadership and Board of Directors, making public statements, submitting resolutions at general meetings, and, eventually, divesting from the company.

Engagement practices can be implemented through a variety of tools and in several ways, and it is common to utilize multiple techniques concomitantly. Commonly-used methods are:

- Private meetings between a single investor and an investee;
- Collective meeting between a group of investors and an investee;
- Proxy Voting;
- Written Communication Letters;
- Industry Collaborations.

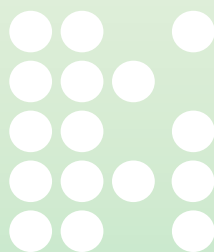


APPROACH

Brainvest's responsible investment practices include two main ESG strategies, Integration and Engagement, and are broadly embedded into our due diligence processes. To know more about our Integration practices, please access our [Responsible Investment Brochure](#).

Our Engagement practices apply a bottom-up approach and define four main criteria to select the Asset Managers we will engage with:

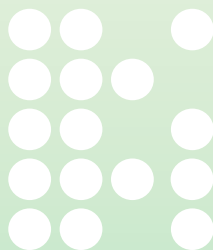
- 1. ADDITIONALITY:** we will focus on Asset Managers that achieved the lowest scores for our proprietary ESG Assessment/ Scorecard¹. We believe that, by doing so, we can help them to gain proper knowledge that they wouldn't otherwise, which, in turn, will allow them to develop appropriate processes and better incorporate ESG factors into their investment strategies.
- 2. EXPOSURE:** among Managers classified as laggards (i.e., have the lowest scores), we will prioritize engaging with the ones which our exposure in terms of assets under management is high, given this translates into a higher risk exposure. We believe that, by helping them identifying and mitigating additional sources of risks and/or capturing new opportunities, we can reach a better risk-return profile for our investments.



3. **RELEVANCE:** on top of the criteria established above, we will also focus on selecting Asset Managers that we are amongst the most relevant investors, as we would have a greater bargaining power and it would be easier to press for change and influence behavior.
4. **COMMITMENT:** finally, after establishing our engagement universe, we will select Managers who demonstrate a minimum level of interest on this agenda and are willing to establish a collaborative and constructive dialogue. We understand that this last criterion reduces the chances of engagement stalling and helps both parties to move forward.



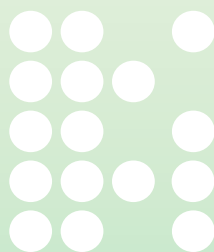
¹ For further information, please access our [Responsible Investment Brochure](#)



Our engagement methodology mainly relies on internal ESG data collected through our proprietary ESG Assessment/Scorecard. Although third-party ESG ratings can be an additional source of information and are especially useful for small teams that often lack the resources to make a comprehensive assessment, there are major issues associated with them, such as:

- i. ESG ratings are usually backward-looking as opposed to ESG risks and impacts that require a forward-looking analysis and involve the concept of dynamic materiality. They are also published with a time lag from the data observation and collection, which makes them a less useful input for future decisions.
- ii. There is a low correlation among different ESG ratings, which also makes them a less useful and reliable input for future decisions.

Taking all that into account, we developed an integrated approach in which we collect key information and data through our ESG Assessments/Scorecards, quarterly calls, quarterly reports, and so on. This closed loop system, where aspects identified during our due diligence and monitoring processes feed our engagement activities and vice versa, allows us to develop a holistic view over our investments, more easily identify the gaps we should address, better understand their risk–return profiles, and, ultimately, create a more balanced portfolio.



FREQUENCY & FORMAT

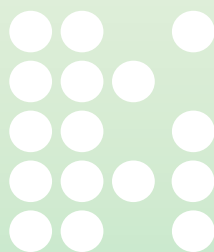
Our engagement dialogues occur, at least, on a quarterly basis and are led by our ESG Head with the support of our investment analysts. These are private meetings between Brainvest and the Asset's management team often held virtually, as our investments span across multiple locations.

MONITORING

Brainvest created an Engagement Tracker, a form available on the cloud, to record all the information and data related to our engagement dialogues. We understand that having a consolidated view of all our interactions allows us to better plan the agenda for each meeting, monitor progress, hold Managers accountable, and, ultimately, collect evidence of our efforts.

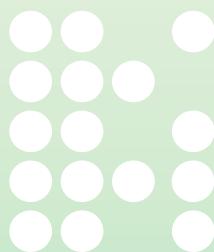
The most relevant datapoints collected are:

- **ASSET CLASS:** public equities, fixed income, hedge funds, private equity, private debt, special situations, venture capital, and diversified;
- **METHOD OF ENGAGEMENT:** private in-person meeting, private virtual meeting, collective in-person meeting, and collective virtual meeting;
- **VALUE CREATION DYNAMICS:** learning, communicative, and political²;



- **FOCUSED ESG FACTOR:** environmental, social, or governance;
- **BRAINVEST MEMBERS;**
- **ASSET MANAGER MEMBERS;**
- **ENGAGEMENT GOALS:** prepared in advance to dialogues and includes a brief description of the meeting's discussions topics and final objectives;
- **ENGAGEMENT NOTES:** includes a summary of the main aspects addressed and is prepared after each dialogue;
- **NEXT STEPS:** details the responsibilities and actions each party should perform to move towards the engagement's ultimate goal.

² According to PRI's research



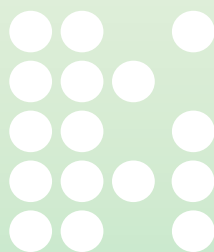
In addition to our Engagement Tracker, we are planning to create in 2024 an Engagement One-Page for each Asset Managers we have chosen to engage with. This document will display core features, highlights, progress' notes, metrics, and goals in a more user-friendly format and will be available to our main stakeholders. We understand that this tool will allow us to be transparent regarding our activities and accountable for our shared goals.

Studies have shown that it typically takes from 3 to 4 years for engagement outcomes to start materializing and that establishing a direct relationship between cause and consequences is not a straight-forward task. Therefore, we placed a strong focus on structuring a monitoring mechanism and acquiring the needed tools to facilitate progress to, ultimately, reach our engagement goals.

ESCALATION METHODS

Whilst we emphasize establishing a constructive and collaborative dialogue between Brainvest and our Asset Managers, we are entitled to undertake certain actions when an Entity does not respond to our concerns or when these have been insufficiently addressed. These include:

- Visiting Entities' offices and highlighting concerns to Management Teams.
- Exposing issues to Senior Leadership and/or Board of Directors and pressing for change.
- Withholding, reducing, or ceasing investment in the Entity.



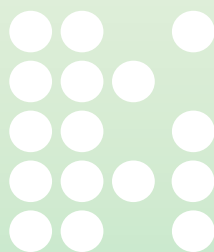
IMPLEMENTATION & OVERSIGHT

To ensure proper coordination and integration, the activities described herein are performed by the ESG Head with the support of the responsible investment analyst. Brainvest ESG Investment Committee is responsible for overseeing the evolution and effectiveness of those dialogues, adapting the engagement strategy, and intervening whenever necessary.

REPORTING & TRANSPARENCY

Although we have been engaging with a few Fund Managers through our seats in Board of Directors, Advisory Boards, and Committees for the past decade, we formally launched our Engagement Activities by early 2023 and, throughout the year, we concentrated on defining a roadmap and collecting important datapoints.

To report on our progress and milestones, we plan to share our Engagement One-Page with our main stakeholders from 2025 onwards. We also plan to include a few engagement metrics in our ESG Annual Reports going forward.





3, PLACE DU MOLARD
1204 GENÈVE - SWITZERLAND
TEL: +41 22 310 7488
FAX: +41 22 310 4290

1221, BRICKELL AVE
SUITE 1750 MIAMI
FL 33131 - USA
TEL: +1 305 224 8834

AV. BRIGADEIRO FARIA LIMA, 4300
SÃO PAULO - BRASIL
CEP 05422-001
TEL: +55 11 3030 3120

RUA VISCONDE DE PIRAJÁ, 608 SALAS 905/906
RIO DE JANEIRO - BRASIL
CEP 22410-002
TEL: +55 21 3088 7980 / +55 21 3088 7994

AV. DR. JOSÉ BONIFÁCIO COUTINHO NOGUEIRA, 150 SALA 608
CAMPINAS - SÃO PAULO
CEP 13091-611
TEL (19) 3367-7006

RUA ARTHUR DE AZEVÊDO MACHADO, 1225 SALAS 1103 E 1104
SALVADOR - BAHIA - BRASIL
CEP - 41760-000
TEL: +55 11 3030 3120