

2023



ESG ANNUAL REPORT

BRAINVEST WEALTH MANAGEMENT



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FOREWORD

In 2024, Brainvest celebrates the second year of its ESG Area’s establishment. The team was formed early in 2022, dedicating the year to mapping out our strategy and conducting a materiality assessment. This process guided us in identifying the necessary policies to address our key environmental, social, and governance concerns. Concurrently, we began outlining the essential metrics for tracking the progress and effectiveness of our responsible journey. We often characterize 2022 as our “Learning Zone,” transitioning to the “Performance Zone” in 2023, a concept elucidated by an organizational culture expert in a [Ted Talk lecture](#). We’re pleased to have advanced many envisioned projects from the drawing board to implementation, already yielding benefits for our stakeholders.

A notable achievement in the past year was our participation in PRI’s Reporting Cycle. While not obligatory for first-year members, we recognized its significance in evaluating the quality of our current responsible investment practices and identifying areas for enhancement or correction.

We often characterize 2022 as our “Learning Zone,” transitioning to the “Performance Zone” in 2023.



Another notable achievement was the execution of our inaugural dedicated impact analysis. Following global guidelines, we developed a framework to assess impact opportunities, prioritizing real-world, enduring, and replicable impacts throughout the entire process. We're delighted to offer our framework publicly, ensuring accessibility for our stakeholders. We believe that a mature industry can only flourish when knowledge, mistakes, and learnings are shared among its participants.

On the institutional front, we take immense pride in organizing two volunteer activities and becoming a signatory of the Pacto de Promoção da Equidade Racial¹ (Promotion Pact for Racial Equity). These milestones are part of a broader initiative aimed at implementing targeted measures to foster diversity and inclusion within our organization, thus contributing to the promotion of a more equitable society.

“ In your career, the most valuable currency is not how much you know. It's how well you learn. In a stable world, success depended on building expertise. In a changing world, it hinges on evolving expertise. **POTENTIAL IS NO LONGER DEFINED BY ABILITY. IT'S A FUNCTION OF AGILITY.**”

Adam Grant, organizational psychologist, and bestselling author.

1. Note that only our Brazilian branch became a signatory of the Pacto de Promoção da Equidade Racial, as this initiative specifically targets issues significant to Brazilian society.



All these activities applied altogether demonstrate that our educational initiatives continued at a robust pace. In addition to introducing our Impact Investing Framework and conducting our inaugural dedicated impact analysis, we provided two training sessions for our Investment Teams and launched our ESG Podcast series. Furthermore, by late 2023, one of our professionals began pursuing an ESG Certification, which is expected to be obtained in the first half of 2024. We strongly advocate for fostering a mindset of lifelong learning, recognizing its vital role in enabling companies to navigate a complex world and endure over the long term.

“ The investment community will need to adapt and align its skills and talent in order to future proof the industry. As always, the approach to addressing this joint challenge and opportunity will be a hybrid model: **BUILDING KNOWLEDGE THROUGH LEARNING AND BUILDING SKILLS THROUGH PRACTICE**”.

Institutional Investors Group on Climate Change's CEO



1st PRI
Report
submitted

2 Volunteer
activities
organized

Impact
Investing
Framework
created

HIGHLIGHTS

Engagement
Policy
launched

New Impact
Investment
approved

2 ESG
Trainings
offered



PRINCIPLES OF RESPONSIBLE INVESTMENT'S ASSESSMENT

Brainvest joined PRI as a signatory in September 2022, committing to enhancing our practices progressively, being transparent about our objectives, and disseminating our insights to fellow market participants. PRI stands as a prominent global initiative advocating responsible investment, boasting over 5,000 signatories spanning various regions and asset classes, making it an invaluable platform for knowledge exchange.

Following our signatory status, we opted to undergo PRI Assessment during our inaugural year of membership, despite its voluntary nature for new entrants. While recognizing the demanding characteristic of this endeavor, we viewed it as a unique opportunity to undergo an impartial evaluation of our existing practices, receive recommendations for enhancement, and address any identified shortcomings.

At the time of the launch of this report, the publication of our final assessment results is pending, and we anticipate sharing our scores and action plan in forthcoming reports.

Signatory of:





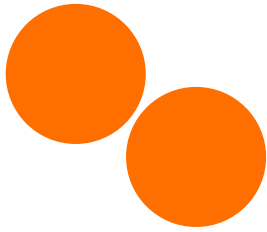
IMPACT INVESTING FRAMEWORK

One of the primary challenges faced by professionals in the sustainability field is the absence of a universally accepted global standard that delineates the criteria for categorizing investments under various ESG strategies. Despite the distinctiveness of Integration and Impact approaches, they are often erroneously conflated by market participants. The lack of clear and unified guidelines exacerbates the proliferation of misconceptions and greenwashing practices. Moreover, navigating through multiple standards and regulations becomes burdensome for companies operating across different jurisdictions, as they must adhere to diverse compliance requirements.

In response to this challenge and drawing upon reputable initiatives such as GIIN¹ and IMP², we acted in 2023. We developed a proprietary framework to steer our assessment of thematic and impact investment opportunities. This framework aims to provide clarity and consistency in evaluating investments, facilitating informed decision-making aligned with our sustainability objectives.

¹Global Impact Investing Network.

²Impact Management Platform.



IMPACT INVESTING

CRITERIA

INTENTIONALITY

ADDITIONALITY

MEASUREMENT
& REPORTING

QUESTIONS

WHAT; HOW MUCH; WHO; CONTRIBUTION; RISK

Click [here](#) to access the Teaser.

Our framework essentially outlines the criteria and factors that we should consider ascertaining the presence, quality, and sustainability of positive outcomes. It empowers us to identify instances where assertions diverge from reality and facilitates a more precise assessment of investment opportunities. By systematically evaluating these criteria and aspects, we can make informed decisions that align with our objectives and values, ensuring that our investments contribute meaningfully to positive societal and environmental impact.



ESTÍMULO IMPACT FUND

In 2023, beyond acquiring knowledge through learning, we took a proactive step to refine our skills through practical application. This involved conducting our inaugural dedicated impact analysis, adhering rigorously to predefined criteria to gauge the scale of positive outcomes. Our decision-making process was guided by the potential for tangible real-world change.

The analysis centered on a private debt vehicle structured within a blended finance model, designed to extend credit to Brazilian SMEs¹. This vehicle offers loans with favorable terms, such as reduced interest rates and lenient collateral requirements, alongside capacity-building services. The underlying thesis aims to foster the creation of stable jobs, thereby promoting resilient and sustainable economic growth. Notably, previous iterations of similar vehicles have yielded promising financial outcomes, outperforming market averages with lower default and delinquency rates. This success can be attributed to the loans' flexible terms, which enable companies to weather economic turbulence, coupled with the capacity-building services that enhance efficiency and promote growth.

The fund was initially launched in 2021, and a subsequent round was opened in November 2023. For further details, interested parties can access additional information on their website: [Estímulo 2020](#).

¹ Small and medium-sized enterprises.



Blended finance impact fund for SMEs

Estimulo is a non-profit association that was born at the peak of the pandemic as an emergency credit fund aimed at preventing the closure of small businesses.

With an assertive lending strategy, default rates remained well below expectations, allowing the creation of a Receivables Investment Fund (FIDC) to multiply the capital.

Our innovative blended finance model combines donations and impact investments.

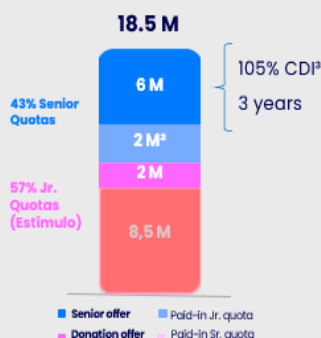
The philanthropic capital absorbs the operation's risks and does not anticipate returns, providing security for investments that seek both impact and financial returns.

Note: [1] Fund composition in December/2023; [2] US\$2 million will be amortized by the end of 2024; [3] CDI is the Brazilian Interdeposit Rate.

Impact investment opportunity with high first-loss tranche



Target structure (US\$)

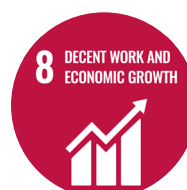


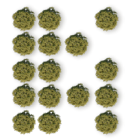
Alignment with the United Nations' Sustainable Development Goals



Blended Finance structures leverage concessional capital to mitigate investment risks and stimulate the mobilization of private capital towards impact investments. This approach holds significant advantages for Emerging Markets, which frequently grapple with substantial socio-economic challenges but lack sufficient public funding to tackle them effectively.

IT IS ESTIMATED THAT, FOR EVERY USD 1 DONATED, USD 4 ARE ATTRACTED IN PRIVATE CAPITAL.

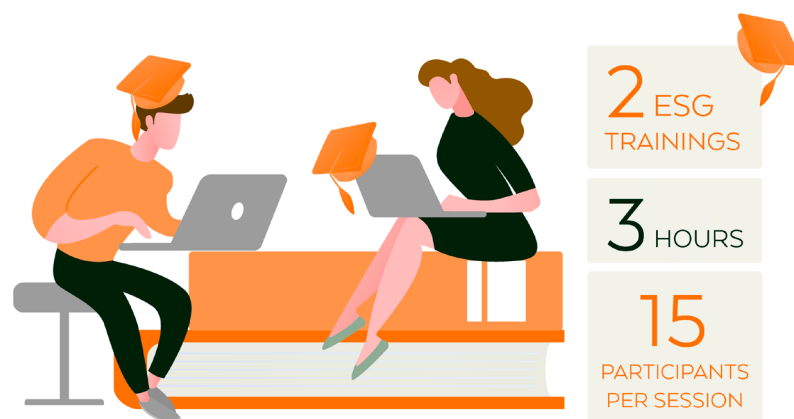




CONTINUED EDUCATION ESG TRAININGS & CERTIFICATIONS

In 2023, our educational initiatives continued at full speed. Throughout the year, we conducted two ESG trainings for the Investment Area, covering a spectrum of topics ranging from ESG strategies and integration methodologies to frameworks and regulations. Recognizing the importance of onboarding new team members effectively, we organized a session to elucidate the key facets of our responsible investment process, along with guidance on conducting ESG assessments.

The second training session delved deeper into impact investments, equipping participants with the knowledge of the criteria necessary for investments to qualify as such. Given our deliberate focus on thematic investments, it is imperative that our analysts are well-versed in the most current and comprehensive frameworks, enabling them to conduct thorough due diligence processes effectively.





In addition to providing customized trainings, our commitment to pursuing ESG Certifications continued in 2023. One of our members from the ESG team enrolled in a PRI course, further enhancing her expertise in responsible investing practices. Moreover, an investment analyst is currently preparing to obtain the same certification by early 2024.

BRAINVEST IS ON TRACK TO ACHIEVE A MILESTONE OF 10 ESG CERTIFIED PROFESSIONALS, STRATEGICALLY DISTRIBUTED ACROSS OUR COMMERCIAL, INVESTMENT, AND ESG TEAMS.

This means that we have an enhanced capability to identify pertinent ESG factors pertaining to new investment opportunities. Moreover, it empowers us to engage in informed and mature discussions with our stakeholders, including clients, fund managers, industry peers, and other players.





ESG QUICKTAKE

As part of our ongoing commitment to promote responsible investment practices and foster knowledge-sharing within the industry, we launched our monthly ESG Podcast series last year. Through this platform, we delve into a diverse array of topics, ranging from ESG Strategies (episode 2) to discussions on public-private-philanthropic partnerships & just transition (ep. 3), as well as exploring emerging sustainability frameworks (ep. 5) and highlighting significant 2023 stories (ep. 9).

Our podcast episodes also feature insightful discussions with esteemed guests, who bring their expertise to bear on topics such as climate-related investing opportunities and innovative instruments aimed at mobilizing private capital towards thematic and impact-driven investment theses.



All episodes are accessible on the major platforms.





ENGAGEMENT ACTIVITIES

As we often emphasize, robust governance frameworks form the bedrock of an impactful responsible investment strategy. From the outset, we have prioritized the cultivation of a thorough due diligence process, forging strong partnerships with our managers, and positioning ourselves as a dependable ally. This approach enables us not only to diligently monitor our investments but also to actively support them throughout their journey.

We conduct quarterly update calls to stay informed and engaged with our investments. We advocate for enhanced disclosures to ensure transparency and accountability. Additionally, we negotiate for Board seats and representation on Investment Committees for many of the investments we approve. Moreover, we urge our partners to remain abreast of market developments, trends, disruptions, and opportunities, empowering them to adapt and thrive in dynamic environments.

In our continuous efforts to enhance governance structures and promote the adoption of ESG practices within the industry, we formally inaugurated our Engagement Activities in 2023.



Following our Annual ESG Assessment, we identified a select group of managers with whom we engage in periodic dialogues, aimed at assisting them in enhancing their responsible investment practices. The criteria for selecting these managers were as follows:

- I. Low ESG Score (according to our proprietary methodology).
- II. High exposure in terms of invested amount.
- III. High representativeness across its investor base, i.e., possessing influence on effect change.
- IV. Willingness to establish a constructive dialogue and dedicate time to the topic.

Our engagement activities take place either in person or virtually at least on a quarterly basis and are spearheaded by our ESG Specialist, with support from our analysts. In 2023, a total of 17 meetings were conducted with 6 managers specializing in 5 distinct asset classes: fixed income, hedge funds, real estate, venture capital, and private debt. These discussions centered on identifying areas for improvement and exploring potential strategies to address them. Moving forward, we are committed to assisting these managers in implementing their action plans and will diligently monitor their progress.





ENGAGEMENT POLICY

We believe that engaging with our stakeholders and championing responsible investment practices within the industry are integral aspects of our role as Financial Advisors. Not only do these efforts contribute to fostering a more resilient economy and a stable financial market, but they also align with our fiduciary duty. This way, we fulfill a crucial aspect of our fiduciary obligation, as it provides a vital input for generating sustainable wealth for our clients and stakeholders.

Engagements serve as a crucial source of information, particularly in private markets where recurring, standardized, and audited reporting practices may be lacking.

WE BELIEVE THAT THE COMBINATION OF RESPONSIBLE INVESTMENT PROCESSES AND RESPONSIBLE OWNERSHIP MUTUALLY REINFORCE EACH OTHER AND REPRESENT THE MOST EFFECTIVE APPROACH FOR ANTICIPATING AND MITIGATING RISKS, UNLOCKING VALUE, AND PROGRESSING TOWARDS A SUSTAINABLE WORLD.



Following the formalization of our Responsible Investment Policy in 2023, we launched our Engagement Policy in 2024. This policy outlines our approach and methods for enhancing sustainability outcomes. For further details, we invite you to access the following link: [Brainvest Engagement Policy](#).



BRAINVITE PROJECT

BrainVite is a project launched in 2023 with a core focus on enhancing our relationship with the surrounding community and society at large. The term “Vite,” derived from French, translates to “quickly,” but in our context, it signifies a means to speed up or enhance something. Our objective with this initiative is to catalyze the advancement of a more equitable society by addressing fundamental needs and providing educational and professional opportunities to underserved communities, mainly black people in Brazil.

BRAINVEST ENVISIONS A FUTURE WHERE EDUCATION IS UNIVERSALLY ACCESSIBLE AND DESIGNED EQUITABLY AS A TRANSFORMATIVE TOOL THAT UPLIFTS LIVES AND INGRAINS SOCIETY WITH A “LIFELONG LEARNING AND GROWTH MINDSET”.





We contribute to building that future by leveraging our assets, which encompass not only our expertise but also our time, financial resources, and network. As Melinda Gates once aptly stated, “Philanthropy is not [only] about money. It’s about using whatever resources you have at your fingertips and applying them to improving the world.”

We believe that societies characterized by lower levels of inequality are inherently more cohesive, less polarized, and enjoy greater financial stability and economic growth potential. It is our steadfast commitment to nurturing this virtuous cycle within the regions where we operate.

To tackle issues of inequality, we organized several initiatives throughout the year. These included volunteer campaigns and webinars aimed at highlighting the significance of implementing inclusive practices within organizations. Additionally, we sponsored programs that directly address the root causes of inequality, such as the lack of quality education. Furthermore, we actively sought out and integrated young talents from diverse backgrounds into our recruiting processes.



VOLUNTEER ACTIVITIES

We are immensely proud of the success achieved through our inaugural volunteer activities in 2023, which surpassed our initial expectations. To make a significant impact, we launched our Philanthropic Month in June, dedicating an entire period to collecting goods, raising funds, and participating in in-person events to support the two NGOs we selected.

In collaboration with an organization combatting hunger, we organized a traditional Brazilian ‘Festa Junina’ in a slum nearby the city of Sao Paulo. During this event, we distributed food parcels, blankets, and clothing to thousands of children and their families, providing them with a memorable experience and essential resources.

On another occasion, we visited Passos Mágicos, an organization offering complementary education and psychological support to low-income students. Here, we had the opportunity to meet the students and deliver our donations. Impressed by their work, we extended our partnership with Passos Mágicos. Towards the end of the year, we organized another volunteer activity with the institution, assembling kits containing clothes, shoes, toys, and books. These kits were personally delivered during their Christmas party, spreading joy and support to those in need.

Despite the scale of the socioeconomic challenges we confront, our collective efforts made a significant impact.

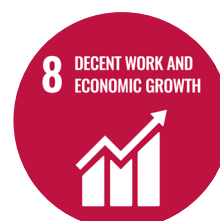


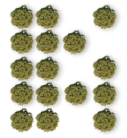
Through our initiatives, we raised over BRL 22K in funds and received 320 units of goods. Furthermore, our team generously dedicated nearly 20 hours of their time to making a tangible difference in the lives of thousands.

While our contribution may seem modest in the face of widespread issues, we believe that our activities serve as catalysts for positive change. By inspiring our stakeholders to join us in our mission, we anticipate igniting a virtuous cycle of support and compassion, ultimately making a meaningful and enduring impact on the communities we serve.



For more information about Passos Mágicos, please access our one-page dedicated to the initiative, available [here](#).





PACTO DE PROMOÇÃO DA EQUIDADE RACIAL

In addition to our previous achievements, our Brazilian branch proudly became a signatory of the Pacto de Promoção da Equidade Racial last year. Founded in 2021, Pacto's mission is to bring attention to the historical context of racial issues in Brazil, placing it at the forefront of economic discourse. Given the country's significant social disparities, Pacto aims to assist the private sector in fostering greater racial equity by providing quality education to Black professionals and implementing affirmative actions.

COMPANIES THAT SIGN THE PACT COMMIT TO FIVE PREMISES:

- 1. Adoption of practices and projects to foster cultural change, embrace diversity, and eradicate sources of direct and indirect discrimination.*
- 2. Establishment of a whistleblowing hotline to report misconduct, including moral harassment and discrimination.*
- 3. Implementation of policies and initiatives to promote diversity and inclusion, along with the definition of metrics to monitor their impact and effectiveness.*



4. Establishment of a Recruitment Policy aimed at promoting racial equity.

5. Adoption of racial criteria for partner selection.

We are proud to announce that we have already been fulfilling several of these commitments through our various initiatives. These include offering training programs on discrimination, harassment (both moral and sexual), and hosting webinars on diversity and inclusion. We have also implemented a whistleblower channel and revised our recruitment practices to identify and attract talent from diverse backgrounds.

While we have made significant strides, our journey towards fostering diversity, equity, and inclusion is far from over. We recognize that there is still much work to be done. We are committed to leveraging the support of our remarkable community to implement effective actions that drive lasting change.



PEOPLE DEVELOPMENT

Our journey towards establishing one of the premier multifamily offices in the market begins with recognizing our greatest asset: **OUR PEOPLE**

We cultivate a dynamic, healthy, and diverse environment where individuals are encouraged to express their true selves, fostering the growth and development of all our professionals. Through engaging projects, comprehensive institutional training programs, mentorship opportunities, and personal financial planning support, we prioritize both the professional and personal advancement of our team members.

Each year, every employee has the chance to outline their Individual Development Plan (IDP) and discuss their career aspirations with their manager and the Human Resources department. Additionally, through our Annual Performance Management review process, we facilitate open dialogues between managers and employees, ensuring a transparent and merit-based evaluation and compensation system.

We believe that the evolution of our company and the reinforcement of our culture should be an ongoing and collective endeavor. To this end, we have established various communication channels to facilitate information sharing and foster dialogue with our employees.



These channels include our Annual Employee Engagement Survey and Quarterly Update Meetings.

Within this entrepreneurial, creative, and collaborative environment, nurtured by a culture of excellence, we constantly challenge ourselves to exceed expectations and push boundaries. We empower our professionals to innovate, seeking out new ways to enhance our services, solutions, and processes, and embracing technology as a powerful ally.

FOR OVER TWO DECADES, WE'VE EMBARKED ON A JOURNEY OF RELENTLESS GROWTH, CELEBRATING EACH MILESTONE ACHIEVED AND OVERCOMING EVERY CHALLENGE AS A TEAM.



DATA QUALITY & CYBER SECURITY & INNOVATION

Brainvest's IT department plays a pivotal role in driving various projects, each tailored to specific areas crucial for the organization's success and operational security. A primary focus of the IT team is ensuring the quality of data by prioritizing accuracy, integrity, and reliability. Compliance with the LGPD (Brazilian Data Protection) and the regulations established by the other jurisdictions we operate is a top priority, with ongoing projects aimed at ensuring that data collection, storage, and processing practices adhere to privacy requirements. Furthermore, cybersecurity is a critical aspect addressed by the IT department. Initiatives such as Penetration Testing and EDR (Endpoint Detection and Response) are implemented to fortify defenses against digital threats. These projects complement existing security measures such as firewalls, password vaults, and anti-spam solutions, collectively forming a robust security framework. In addition to data quality and cybersecurity, Brainvest's



IT team is deeply involved in IT governance, establishing policies and procedures to enhance operational efficiency and mitigate risks effectively. Moreover, a key focus is on fostering innovation, with a continuous quest for new technologies and practices to drive efficiency and enhance the organization's competitiveness.

The adoption of AI-driven solutions is a prime example of this commitment to innovation. These solutions are actively pursued to streamline workflows, automate routine tasks, and optimize decision-making processes. By harnessing the power of artificial intelligence, Brainvest aims to significantly boost overall productivity.





2024 OUTLOOK

Looking ahead, Brainvest is committed to expanding existing projects and launching new initiatives to further our goals. Our volunteer activities and educational programs will continue at full speed, with a focus on raising awareness and promoting responsible practices within the industry through events and engagement efforts.

Furthermore, we will prioritize the refinement of our due diligence processes and the development of new policies, frameworks, and monitoring dashboards. These efforts are aimed at strengthening our governance structures and fostering a more resilient business model.

THE PAST YEARS HAVE BEEN A JOURNEY OF DISCOVERY FOR US, DURING WHICH BOTH ACHIEVEMENTS AND MISTAKES HAVE SERVED AS INVALUABLE LEARNING TOOLS.



Today, we are pleased to affirm that we have embarked on the right path. We have encouraged our professionals to expand their knowledge base, established an ESG Area, developed proprietary methodologies to enhance our investment processes, and implemented initiatives aligned with our values and aspirations. Despite facing numerous challenges and encountering setbacks along the way, we take pride in our accomplishments. While the journey has not always been easy or smooth, it has undeniably been rewarding.

As a wise leader once remarked, by embodying a Chinese mindset rooted in hard work, persistence, and consistency, our goals will inevitably materialize. **OUR RESPONSIBLE STRATEGY TRANSCENDS SHORT-TERM PLANS; IT EMBODIES A LONG-TERM COMMITMENT WE'VE MADE TO OURSELVES AND OUR STAKEHOLDERS TO CREATE SHARED AND ENDURING VALUE. THIS COMMITMENT IS A CORNERSTONE OF THE LEGACY WE AIM TO BUILD.**



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