

Terms of Reference

Brazil ESG Practices Working Group

Introduction

The goal of the ESG Practices Working Group is to promote discussions through cooperation between companies and investors, seeking to share experiences with transparency. We believe that through these debates and Group member collaboration we can change corporate practices regarding ESG issues, and increase investor interest and knowledge in integrating ESG issues in their investment analysis and monitoring.

The ESG Practices Working Group is the result of the merger of the “ESG Engagement” and “ESG Integration” working groups in 2016.

Goals

The ESG Practices Working Group collects and analyzes Brazilian companies’ KPIs, focusing on future engagements and improved ESG transparency and disclosure. The Working Group’s objectives are to help companies report on their ESG indicators with greater quality and assertiveness, and to strengthen the relationship between analysts and companies.

The project's stages are as follows:

- A survey of the KPIs disclosed by the companies (public data)
- Consolidation of the most relevant KPIs for decision making
- Sending a letter to initiate the engagement with the surveyed companies
- Engagement meetings with the surveyed companies
- Preparation of a document based on the Working Group’s experience

History

In 2015, the Engagement Working Group analyzed the food and beverage industry, and surveyed the following companies: Ambev, BRF, JBS, Marfrig, Minerva, Cosan, and São Martinho. In 2016, following the merger, all members of the ESG Practices Group were involved in the project, which continued to analyze the KPIs of the Utilities sector (Energy). For 2017, the goal is to publish a white paper of the food and beverage industry, and to hold engagement meetings with companies

PRI Association

Registered office: 5th floor, 25 Camperdown Street
E1 8DZ London, UK Company no. 7207947
T: +44 (0) 20 7749 1940 W: www.unpri.org E: info@unpri.org



An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact



United Nations Global Compact

in the energy sector.

Responsibilities and Duties

Responsibilities:

- Participate in monthly meetings, whenever possible, which mostly consist of conference calls and sometimes are held in person.
- Suggest ESG topics and trends that should be incorporated in company analysis
- Analyze documents and engage in proposed activities, contributing to improve the work
- Publicize the Group's work so that more companies and investors get to know the initiative

Duties:

- Comply and ensure compliance with the rules in the Working Group's Terms of Reference
- Execute the activities with loyalty and diligence
- Keep information confidential, ensuring compliance with the Nondisclosure Undertaking
- Give opinions and provide clarification to other Group members and the Brazil PRI team as requested
- Comply with and promote the best corporate governance practices

Chairman of the Working Group

The Group chairman's term of office is 3 to 12 months — minimum and maximum term, respectively. The chairman will be elected or substituted by the Group's members during a conference call, and such election or substitution will be recorded at the meeting's minutes. The collaboration platform will always be updated with the chairman's name and contact information.

The Working Group Chairman position will be held by one representative of the PRI signatories. The Chairman's responsibilities and duties are as follows:

Responsibilities:

- Participate in monthly meetings, whenever possible, which mostly consist of conference calls and sometimes are held in person.
- Offer leadership and guidance, as necessary, to the Brazil PRI team and other group members
- Suggest ESG topics and trends that should be incorporated in company analysis
- Encourage the participation of Group members
- Centralize the contributions of the different Group members, ensuring the final document is

uniform

- Publicize the Group's work so that more companies and investors get to know the initiative

Duties:

- Comply and ensure compliance with the rules in the Working Group's Terms of Reference
- Execute the activities with loyalty and diligence
- Keep information confidential, ensuring compliance with the Nondisclosure Undertaking
- Give opinions and provide clarification to other Group members and the Brazil PRI team as requested
- Comply with and promote the best corporate governance practices

Working Group Coordinator

The Group Coordinator will be one person in the Brazil PRI Team. The Coordinator's responsibilities and duties are as follows:

Responsibilities:

- Schedule the meetings and issue call notices to Group members, providing members with an agenda of the topics to be discussed
- Prepare the minutes of the meetings and conference calls, including resolutions, guidance and appointments made, so as to ensure the effectiveness of and compliance with the decisions within the Group
- Help signatories in the best possible way
- Report the developments to the Brazil and Global PRI teams

Minimum quorum and frequency

Working Group meetings will be validly held upon attendance of the majority of its members. Attendance by three (3) members, the Group's Chairman and the Group's Coordinator is mandatory.

In order to carry out its responsibilities, the Group will hold ordinary meetings every month, or extraordinary meetings whenever necessary. Call notices will be issued together with the agenda, at least five (5) working days before the meeting, except for urgent matters.

Contact

If you are interested in participating in the ESG Practices working group, please contact Michelle Vargas (michelle.vargas@unpri.org) and Tatiana Assali (tatiana.assali@unpri.org).

Current Members

- B3
- BB DTVM - BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários
- Bradesco Asset Management
- Brasilprev
- Caixa Econômica Federal - VIART
- Fama Investimentos
- FUNCESP
- Gestão Origami
- Itaú Asset Management
- Kaeté Investimentos
- Key Associados
- Performa Investimentos
- PETROS - Fundação Petrobras de Seguridade Social
- PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil
- Resultante Consultoria Estratégica
- Santander Asset Management
- Sitawi – Finanças do Bem
- Socopa
- SustenRisk
- SulAmérica

Nondisclosure Undertaking

I _____ of _____

Hereby undertake as follows

1) Recognizing that certain information made available to working group members may be unpublished and / or subject to restriction, **[signatory organization]** shall keep as confidential all information disclosed by **PRI Association** relating to the **ESG Practices** work stream / working group, and such information shall not be used without the prior permission of **PRI Association**.

2) The undertakings under Clause 1 shall not apply to:

- any information which **[signatory organization]** is able to reasonably establish as previously known to it; or
- any information provided to signatory organization by a third party who has the right to make such information available; or
- Any information which may become public knowledge other than through breach of any undertaking contained herein.

3) The confidentiality obligation will survive until such time as **[signatory organization]** may receive formal notice from **PRI Association**, or its authorized agent thereof, of a release therefrom.

Signed: _____

Name: _____

Date: _____