



LEA 02	Disclosures	Materiality	Principle
<p>By identifying elements that could affect the performance of investments, the investor can determine the risks and opportunities that are relevant to its investment objectives and the needs of its stakeholders. This includes the identification of the most significant risks and opportunities that could affect the performance of investments, and the identification of the most significant risks and opportunities that could affect the performance of investments.</p>	<p>LEA 02</p>	<p>Materiality</p>	<p>Principle 1, 2, 3</p>
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> To support investment decision-making in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> To support investment decision-making in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</p>		

# RI TRANSPARENCY REPORT

## 2013/14

Santander Brasil Asset Management

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⚠	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

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# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	🔒	n/a	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	🔒	n/a	✓						
LEI 11	Review ESG issues while researching companies/sectors	🔒	n/a	✓						
LEI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
LEI 13	Aspects of analysis ESG information is integrated into	🔒	n/a	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	-	n/a	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	🔒	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	🔒	n/a	✓						
FI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

# Santander Brasil Asset Management

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Execution and advisory only services

OO 02

Mandatory

Peering

General

OO 02.1 Select the location of your organisation's headquarters.

Brazil

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

97

OO 03

Mandatory

Descriptive

General

**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

**OO 03.2** List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

Name of PRI signatory subsidiary	RI implementation reported here on a consolidated basis
Santander Pensiones España	<input checked="" type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No

No

<b>OO 04</b>	<b>Mandatory</b>	<b>Gateway/Peering</b>	<b>General</b>
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**OO 04.1** Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2** Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		123	364	035	094
Currency	BRL				
Assets in USD		52	177	794	502



**OO 04.3** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 06** **Mandatory** **Descriptive** **General**

**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	4.5	0
Fixed income – corporate	29.5	0
Fixed income – government	66	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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**OO 08.1** Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %

**Gateway asset class implementation indicators**

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 10.1** Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

**OO 10.2** Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

- Yes, our total listed equities are 10% or more of our total AUM
- No, our total listed equities are less than 10% of our total AUM

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 11.1** Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- None of the above

OO 12	Mandatory	Gateway	General
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**OO 12.1**

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements

Direct - Fixed Income

- Fixed Income - Corporate

**Closing module**

- Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# Santander Brasil Asset Management

## Reported Information

## Public version

## Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes  
 No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes  
 No

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

<http://www.santander.com.br/portal/pam/script/templates/GCMRequest.do?page=4819&entryID=6031>

- No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes  
 No

OA 03	Mandatory	Core Assessed	PRI 1,2
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**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input checked="" type="checkbox"/> Other, specify <b>essential criteria instead of exclusion</b> <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input checked="" type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- Yes
- No

## Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

- Yes

**OA 05.2** Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

**OA 05.3** Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
  - Biannually
  - Annually
  - Every two years or less
  - It is not reviewed
- No

## Governance and human resources

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
---------	---

Roles present in your organisation
------------------------------------

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Head of Equity Research**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Other role, specify
- Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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Number
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## Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

Yes

OA 10.2

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

CDP Water



Your organisation's role in the initiative during the reporting period  
(see definitions)

- Basic
- Moderate
- Advanced

- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum

Your organisation's role in the initiative during the reporting period  
(see definitions)

- Basic
- Moderate
- Advanced

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period  
(see definitions)

- Basic
- Moderate
- Advanced

- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Global Reporting Initiative

Your organisation's role in the initiative during the reporting year  
(see definitions)

- Basic
- Moderate
- Advanced

- Other collaborative organisation/initiative, specify

BMF BOVESPA - ISE - Enterprise Sustainability Index

Your organisation's role in the initiative during the reporting year  
(see definitions)

- Basic
- Moderate
- Advanced

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

No

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

# Santander Brasil Asset Management

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

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## ESG incorporation in actively managed listed equities

### Implementation processes

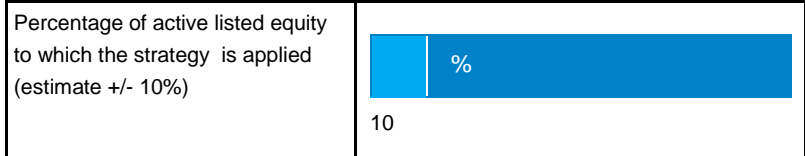
LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1

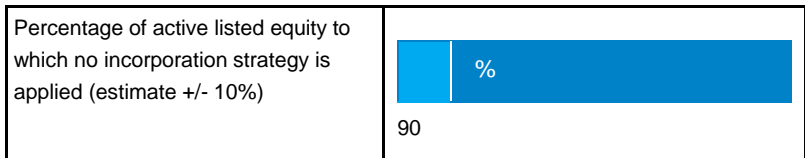
Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)



- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied



Total actively managed listed equities

100%

Our methodology helps to invest in listed Equity of Brazilian companies with a leading and integrated sustainability business strategy, and therefore is developing sustainable competitive advantages. Companies assessed and approved as best in class by our in-house SRI research team are considered financially attractive by our in-house equity research team and are potential candidates for our SRI portfolio.

The investment philosophy is based on the fundamental belief that superior financial performance in the long run is achieved by companies that operate under a triple bottom line approach. This means that companies with environmental, social and corporate governance performance (ESG) goal incorporated in their strategies are expected to be the best performers in the long run. Some sparse evidence confirms this result.

The team takes advantage of a huge internally built historical database and an external database of companies called Economatica and also uses the Bloomberg database. The first screening is based on the liquidity of stocks. A minimum daily trading volume of USD 100,000 is applied, ensuring the portfolio has appropriate liquidity. A list of companies above liquidity threshold is the portfolio available for SRI analysis.

The next step is to apply our SRI in-house methodology that has a SRI positive screening involving the assessment of the performance of the remaining companies in each sector across six dimensions: 1) product's nature, 2) management and transparency, 3) corporate governance, 4) environment, 5) company's social performance and 6) risk management. Each dimension is assessed across such aspects as the company's policies, the systems in place to assure implementation, and the results obtained. All issues analyzed are based on 5 principles that guarantee the following main topics: materiality, practices, value chain, technology and information and product's nature. Only publicly available information of the company is used to fill our SRI questionnaire, which is the starting point of our methodology. Any missing point not found in public information is researched directly with the company, by email or presentational meetings.

Because of our dimension of product nature, companies that have operations in alcoholic beverages, tobacco, gambling, nuclear power, pornography or weapons sectors are automatically excluded from the investment universe, since an essential criteria is if the product or activity of the company is harmful for human health. Whenever we find any danger substance, we ask the company the reasons and assess potential risks and impacts. If we conclude that the risks are not under control, we disapprove the company, considering their stocks not eligible for our portfolio.

Therefore, a comprehensive questionnaire elaborated by the Santander Asset Management in-house SRI research team constitutes the main information source for each company evaluated. Company's public reports and meetings with corporate executives, government agency representatives, and stakeholders are additional information sources. Any complaint by any stakeholder like NGOs or social movements are taken in consideration in our SRI analysis and also is discussed by our independent deliberative council.

The indicators in the SRI analysis are weighted according to each sector's most material issues, and all the analysis are validated by an independent deliberative council, composed by four independent ESG specialists and two executive directors of Grupo Santander. Each company SRI analysis is validated by this council, in a fast track process by email and finally in the quarterly meetings.

The assessment of the sustainability performance of all companies is reviewed and updated on a bi-annual basis. Companies ranked above average in each sector and that

have not been disapproved in any of the essential criteria of our methodology are eligible to be included in the portfolio. Our in-house equity research team conducts a detailed financial analysis of the remaining companies that constitute the fund's investment universe.

The team of analysts and portfolio managers actively cover these companies, which means that a scorecard and a target price based on a DCF model are defined for each stock and SRI scores are also included in the company's factsheet and in our equity stockguide.

The ESG analysis is also shared with the equity research team, where ESG discussions can be considered in the investment decision in other products apart from Ethical Fund, to manage risks and improve profitability in our regular equity committees.

## (A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.		

### Type of screening

- Negative/exclusionary screening
- Positive/best-in-class screening

### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

## Description

Each company is researched in SRI issues. Under a "sectorial best-in-class approach", we rank all companies studied. We don't usually adopt turnover or revenue limits related to these issues. We analyze each one considering the risks and impacts of activities (for that respect see the answer in LEI 03.02) and the company is only approved if: 1) if all essential criteria in each of the six dimensions analyzed are met; and 2) company score is above or equal to the sector average. Example: Company X has 3.4 SRI score in a sector which the average is 3. Company X is approved. Company Y has 2.0 SRI score in the same sector. So it is reprovved. Only Company X can be part of our SRI portfolios. Until December 2013, we covered 173 companies that result in 93 companies approved, from which 69 can be invested in our SRI equity portfolios while 93 are technically eligible for our fixed income products.

We analyze on average 5 companies per month, that result in 60 companies per year. We also follow information of all the companies analyzed in a weekly basis. The SRI priority is established firstly by the equity team interests in some companies and secondly by the analysis done in the past no longer than two years. IPOs also are considered urgent, as well as all the corporate fixed income targeted by the credit analysts.

Norms-based screening

<b>LEI 06.2</b>	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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The flow of information is as it follows:

- 1) each company has a questionnaire structured in six dimensions (Product's Nature, Management & Transparency, Corporate Governance, Environment, Stakeholder Relationship and Risk Management), each one containing essential criteria that automatically reprobates the company if it is not achieved. Each dimension is evaluated based on company public information (we do not send any form for the company to fill, we fill by ourselves).
- 2) Based on the score for each dimension and weights defined by the sector, we rank the company scorecard from 0 to 5 (5 means highest level of sustainability).
- 3) a sector scorecard is used to get the sector average and only companies with a score above the sector average are approved.
- 4) a matrix with a detailed scorecard is sent to portfolio managers and it is strictly controlled by internal control area.
- 5) the material of recently approved companies is immediately sent by email to our independent deliberative council to ratify in a fast track process and a final revision is done in our quarterly meetings.

For more details about our screening process, see LEI 03.2.

<b>LEI 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>LEI 07.1</b>	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
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- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

## Communication

<b>LEI 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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**LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

<http://www.santander.com.br/portal/pam/script/templates/GCMRequest.do?page=4819&entryID=6031>

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

**LEI 18.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation  
 Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently  
 Between quarterly and annually  
 Less frequently than annually  
 Other, specify
- No
- We disclose it to clients and/or beneficiaries only  
 We do not proactively disclose it to the public and/or clients/beneficiaries

# Santander Brasil Asset Management

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

**ESG incorporation in actively managed fixed income**

**Fixed Income - Corporate**

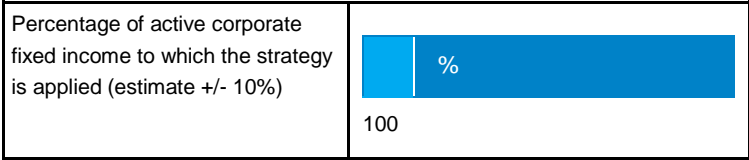
**Implementation processes**

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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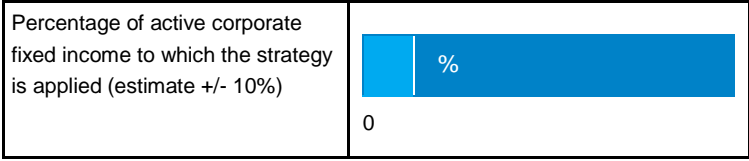
**FI 04.1** Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

**ESG incorporation strategy** (select all that apply)

Screening alone (i.e. not combined with any other strategies)



- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied



**Total actively managed fixed income - corporate**

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

In the fixed income analysis, SRI in-house methodology is used to evaluate 100% of corporate fixed income in the primary and secondary markets being discussed by our credit analysts, eligible for our fixed income funds. The methodology used to evaluate the corporate fixed income securities is the same used in the equity investments.

We use the company’s score to define a percentage premium in our participation in the bookbuilding. The range of percentage premium is from 0% to 10%, related to the spread between company SRI score and the sector average.

Since we apply for corporate fixed income the same in house ESG methodology for equity investments, please see further details described in LEI 03.2 and LEI 06.1 and LEI 06.2.

(A) Implementation: Screening

FI 06

Mandatory

Descriptive

PRI 1

FI 06.1

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

Type of screening

- Negative/exclusionary screening
- Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

(since we apply the same methodology for both Equities and Fixed income, see LEI 06.1)

- Norms-based screening

<b>FI 06.2</b>	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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(since we apply the same methodology for both Equities and Fixed income, see LEI 06.2)

<b>FI 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>FI 07.1</b>	Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.
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- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

## Communication

<b>FI 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>FI 18.1</b>	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
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- We disclose it publicly
- We disclose it to clients/beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries