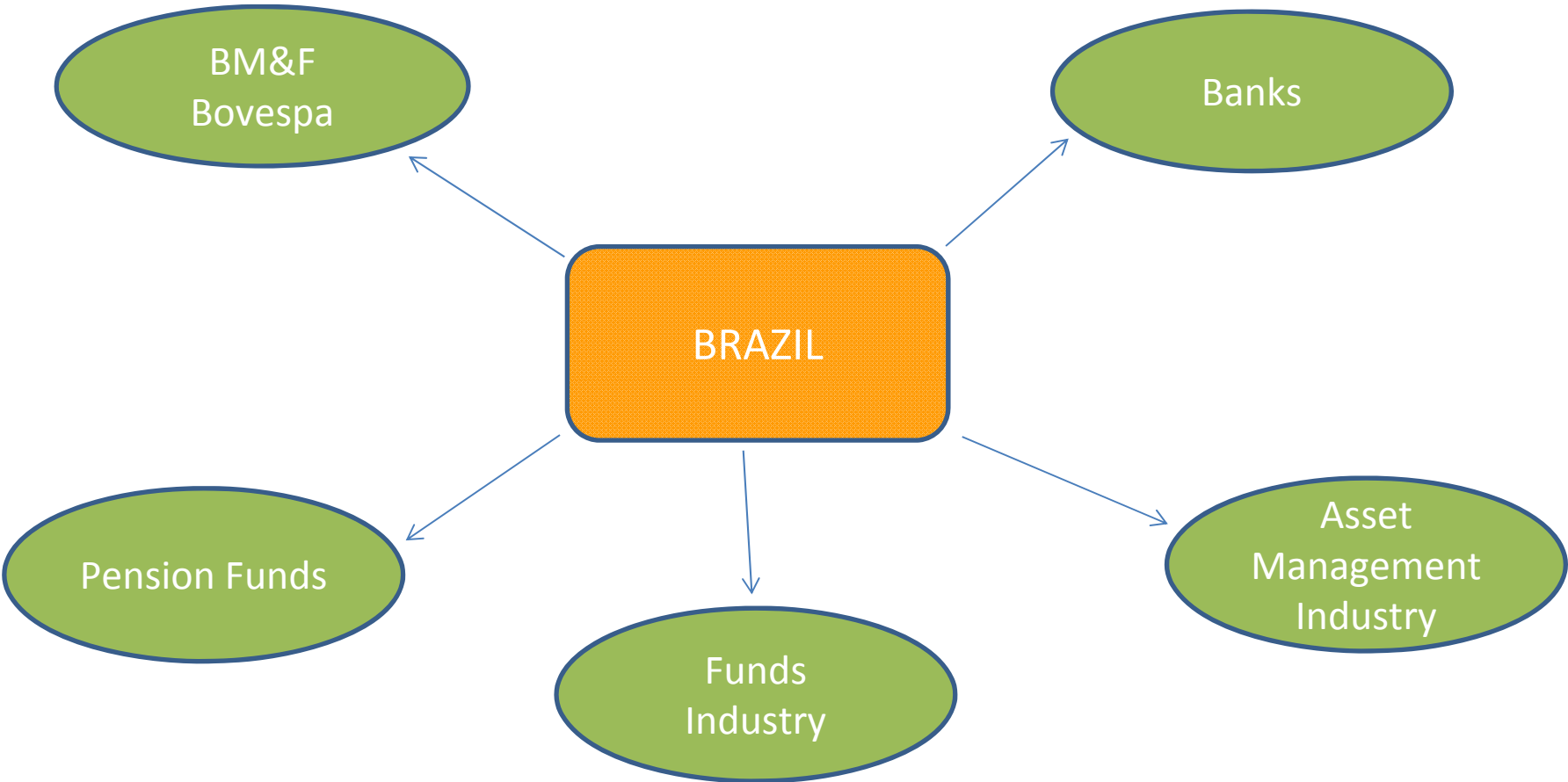




## Responsible Investments in Brazil

XXV IIFA – Stockholm  
September, 2011

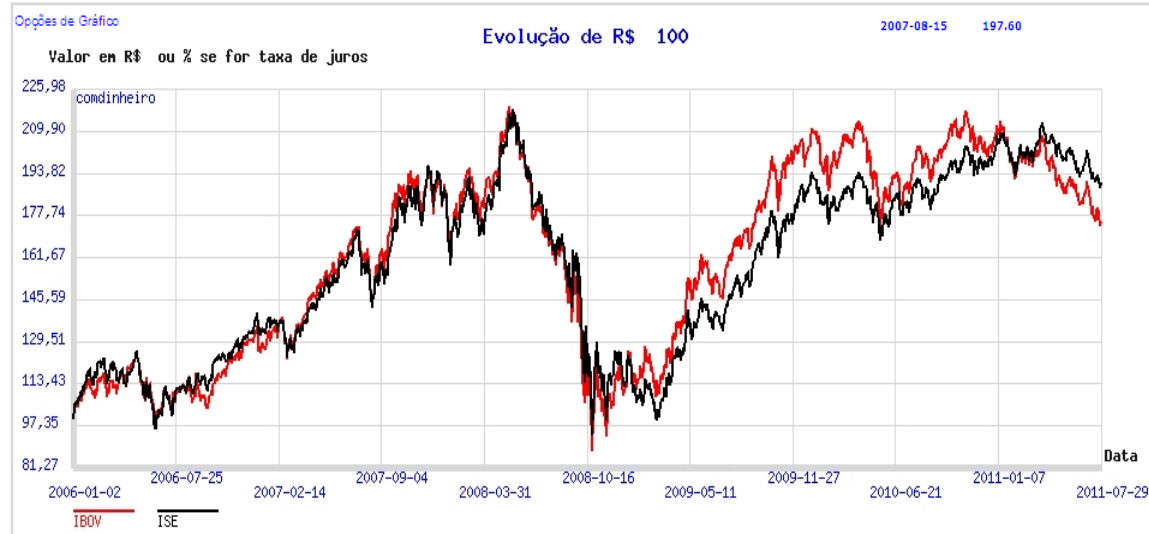
# BRAZIL: Main Players





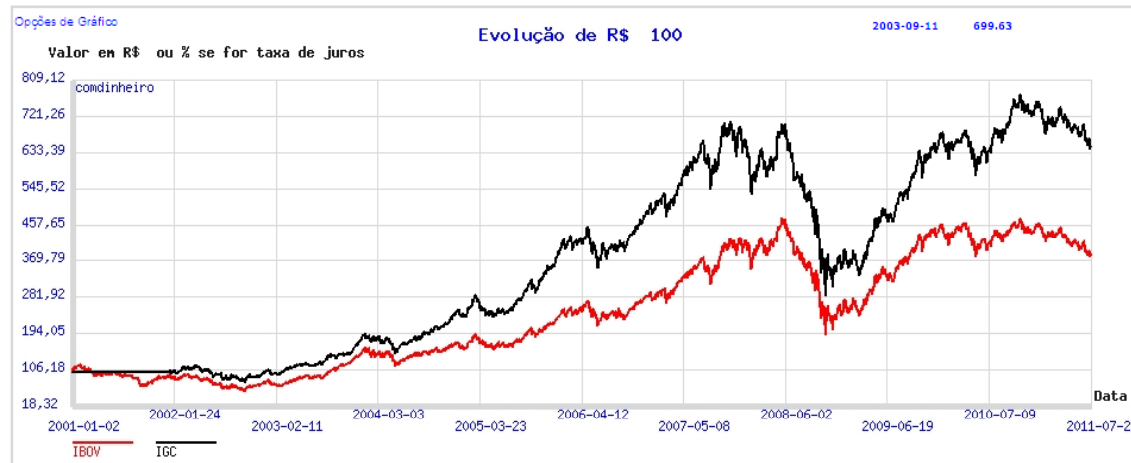
## ❖ Responsible Investment Indexes

- ▶ ISE (Corporate Sustainability Index): designed to measure the return on a portfolio composed of shares of companies that are highly committed to social responsibility and corporate sustainability; also promotes good practices in the Brazilian corporate environment. The ISE portfolio for the year 2011 is composed of 38 Brazilian companies with a joint market capitalization of BRL 1,17 trillion – an equivalent of 46,1% of the market capitalization of all the companies traded on BM&FBovespa.
- ▶ Historical Performance ISE X Ibovespa





- ▶ IGC (Special Corporate Governance Stock Index): designed to measure the return of a portfolio composed of shares of companies with a good level of corporate governance. The IGC portfolio for the year 2011 is composed of 112 Brazilian companies.
- ▶ Historical Performance IGC X Ibovespa



Source: <http://www.comdinheiro.com.br/>

- ▶ ICO2 (Carbon Efficient Index): designed to measure the return of a portfolio composed of shares of companies that adopt transparent practices with respect to their greenhouse gas emissions (GHGs). The index not only takes into consideration the free float of stocks of participating companies, but also the efficiency levels of GHG emissions of these same companies. The ICO2 portfolio for the year of 2011 is composed of 43 Brazilian companies.

# Pension Funds



- ▶ **Pioneers in adopting responsible investment practices.**
- ▶ PREVI, the biggest Latin American pension fund, was the only institution in the region to take part of the group of financial investors that developed the Principles for Responsible Investments (PRI). Currently ,the PREVI CIO, Renê Sanda, is one of the PRI Advisory Council members.
- ▶ About **60%** of the Brazilian pension funds industry are signatories of PRI (a total of 16 institutions):

<b>Pension Funds - PRI</b>	
Banesprev	Funcef
Celpos	Fundação CESP
CENTRUS- Fundação Banco Central de Previdência Privada	Infraprev
Ceres - Fundação de Seguridade Social	Petros
Economus	PREVI
FAELBA - Fundação COELBA de Previdência Complementar	Real Grandeza
FASERN	SISTEL
Forluz	Valia



## ❖ Funds: “Sustainability / Corporate Governance Stocks”

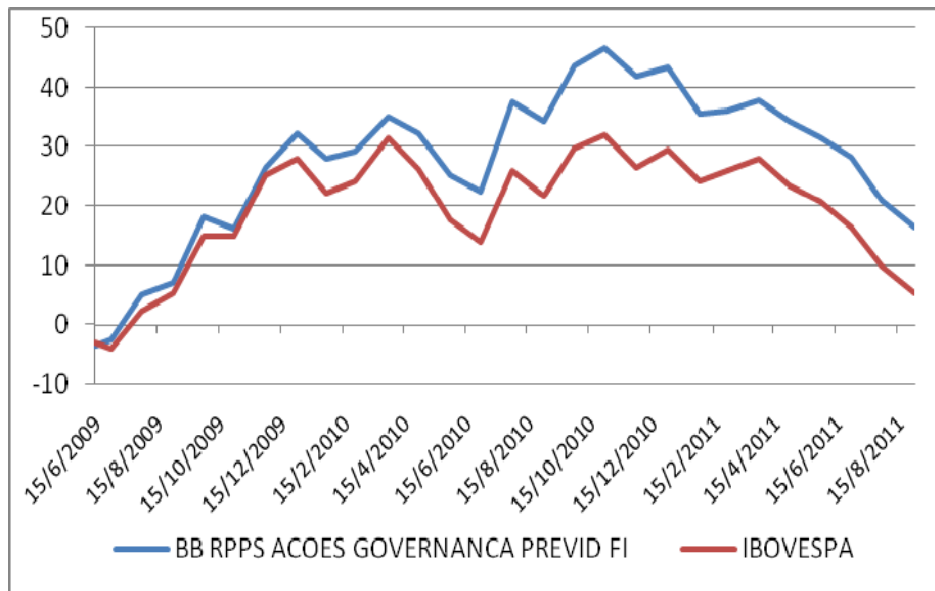
- ▶ ANBIMA (Brazilian Financial and Capital Markets Association) classifies 30 Brazilian funds as “Sustainability/Corporate Governance Stocks”. Their portfolio presents a total equity of BRL 1,410 billion, representing less than 1% of the total equity of the Brazilian Funds Industry.
- ▶ The four funds below are responsible for 75% of the portfolio:

Fund	Administrator	Equity (BRL)	Number of Shareholders	Return (July)	Admin Fee	Objective
BB RPPS ACOES GOVERNANCA PREVID FI	BB DTVM S.A	232 MM	137	-5,60%	1,0% p.a.	provides the return on shares by investing their resources in the stock market seeking a return close to the ICG - Corporate Governance Index, released by BM&Fbovespa.
ITAU EXCELENCIA SOCIAL ACOES FI	ITAU UNIBANCO SA	242 MM	7	-4,74%	0,60% p.a.	invests their resources primarily on the acquisition of shares of companies that demonstrate social responsibility practices.
ITAU GOVERNANCA CORPORATIVA	ITAU UNIBANCO SA	302 MM	11	-6,20%	0,90% p.a.	invests their resources primarily in stocks of companies with corporate governance practices.
SANTANDER FI ETHICAL II ACOES	BANCO SANTANDER (BRASIL) SA	274 MM	234	-3,82%	0,60% p.a.	invests their funds in stocks of companies that have practices that demonstrate concern with social and/or environmental protection and/or that voluntarily adopt good corporate governance practices in addition to those required by regulations.

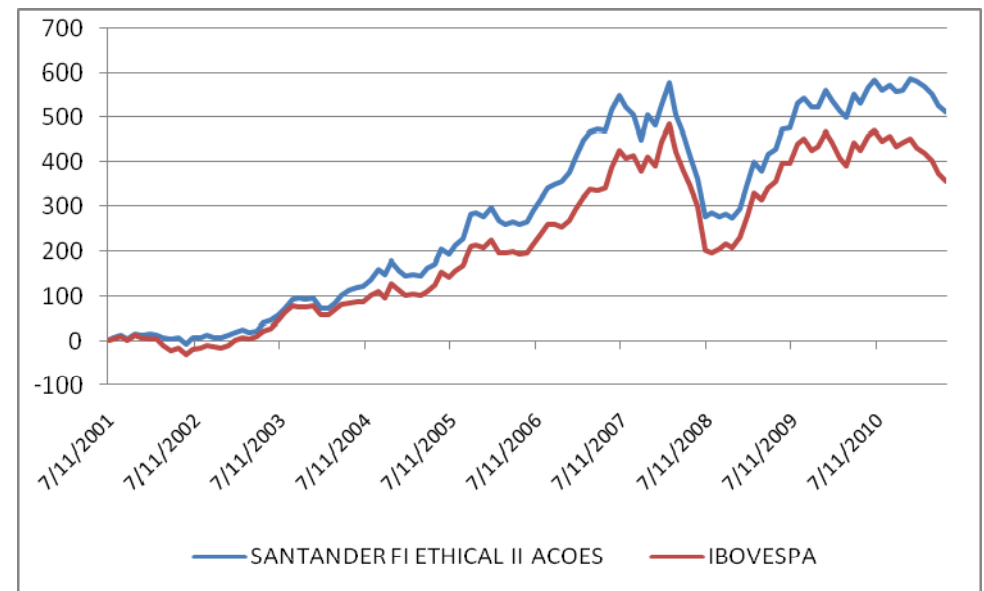


## Historical Performance X Bovespa Index

BB RPPS ACOES GOVERNANCA PREVID FI X IBOVESPA



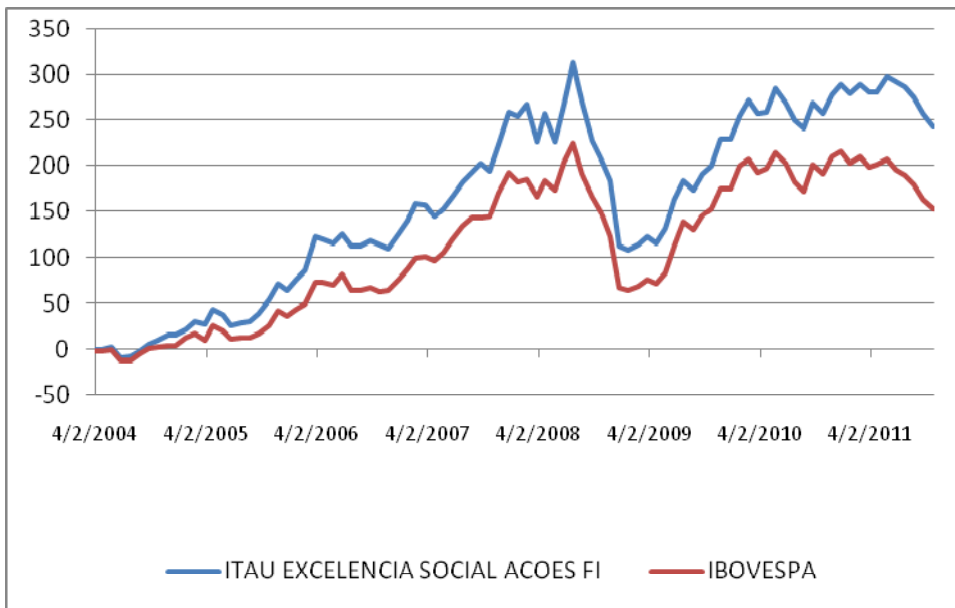
SANTANDER FI ETHICAL II ACOES X IBOVESPA



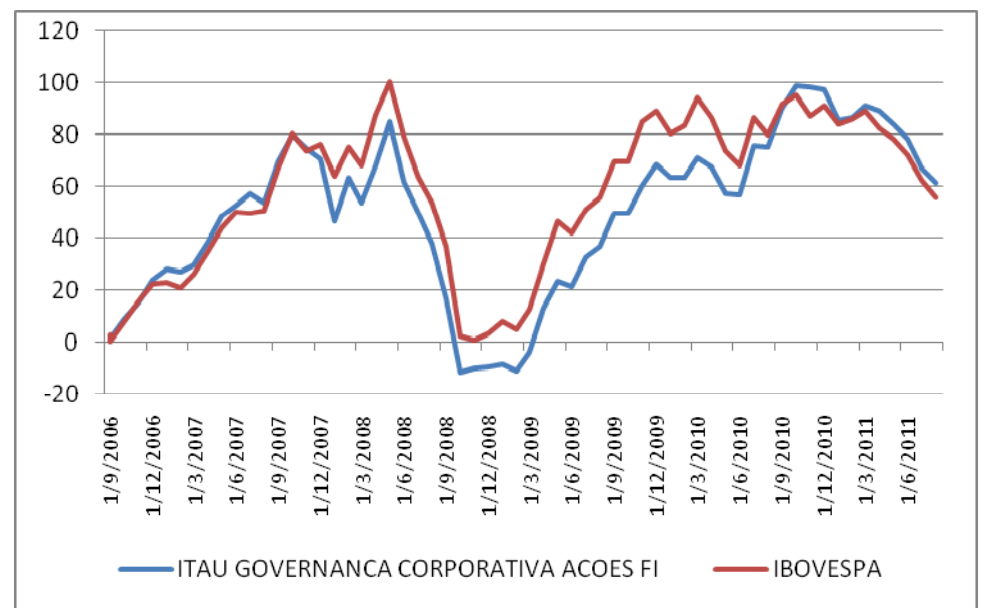


## Historical Performance X Bovespa Index

ITAU EXCELENCIA SOCIAL ACOES FI X IBOVESPA



ITAU GOVERNANCA CORPORATIVA ACOES FI X IBOVESPA





## ❖ SRI Funds

- ▶ The biggest Asset Managers of Brazil, such as Itau-Unibanco, Santander, Bradesco, HSBC, Banco do Brasil, Banco Safra, and Votorantim, offer Sustainable & Responsible Investing (SRI) Funds to their clients. Nevertheless, the SRI Funds still are a small part of the Brazilian financial market.

## ❖ PRI (Principles for Responsible Investments)

- ▶ A number of the Brazilian Asset Managers are signatories of PRI. Besides committing with ESG (environmental, social, and corporate governance) issues, they become responsible for verifying if the companies they invest in, or are willing to invest in, are aligned with the principles established by PRI.

# Asset Management Industry



❖ Currently, there are 23 Brazilian Asset Managers aligned with PRI:

<b>Asset Managers - PRI</b>	
Antera Gestão de Recursos	MSW Capital Gestão de Recursos Ltda.
Astra Investimentos	NEXPAR
Atico Asset Managment	NSG Capital
BB DVTM	Performa Investimentos Ltda.
Bradesco Asset Management	Santa Fé Portfolios Ltda
DGF Investimentos	Santander Brasil Asset Management
FIR Capital Partners	Stratus
Green Capital Investimentos	Sul América Investimentos DTVM S.A
Inseed Investimentos Ltda	Totem Investimentos
Itaú Asset Management	Victoire Brasil Investimentos
Kaeté Investimentos	VOGA
Mauá Investimentos Ltda	



## ❖ Itaú – Unibanco

- ▶ Elected the **Sustainable Bank of the Year** in the 2011 FT/IFC Sustainable Finance Awards presented by Financial Times and by IFC (International Finance Corporation), the World Bank's financial arm. It was also elected for the third consecutive year as the **Sustainable Bank of the Year for the Americas**.
- ▶ It is the only Latin American Institution to be selected for the Dow Jones Sustainability World Index since its creation in 1999. The holding of Itau-Unibanco, Itaúsa – Investimentos Itaú S.A is also listed in the Dow Jones Index for the 8th consecutive year and is ranked as a leader in its sector (Financial Services) for the 5th consecutive year.

## ❖ Bradesco

- ▶ It is listed in the top 100 most sustainable companies in the world according to the Canadian magazine Corporate Knight. Besides Bradesco, Brazilian companies such as Petrobras and Natura are also in the top 100 companies.
- ▶ It has been selected to be part of the Dow Jones Sustainability World Index since 2006.



## ❖ Santander

- ▶ Ethical Fund: launched in 2001. It was the first Latin American investment fund to align social, environmental and good corporate governance practices. Your performance since inception is 587% against 452% of the Bovespa index.

## ❖ HSBC

- ▶ HSBC Solidarity Institute: created in 2006. It is responsible for the management of social investment of HSBC Bank Brazil.



## ❖ Federal Government

- ▶ The Brazilian government has created a National Commission to discuss the country's participation in the UN Conference on Sustainable Development (Rio+20) to be held in Rio de Janeiro in June 2012.
- ▶ It aims to promote a broad and inclusive dialogue between federal, state and municipal authorities with civil society in preparation for Rio+20 and to devise a strategy for Brazil's participation.

## ❖ Financial and Capital Markets

- ▶ BMF&Bovespa: continues to promote responsible investments within the Brazilian financial market.
- ▶ Asset Managers/ Investors: are including responsible investments in their portfolios as a consequence of the increasing awareness that sustainable businesses eventually come out as winners in the long term.
- ▶ Banks: continue to include sustainable and corporate governance practices in their strategies in order to maintain their current position among the world's most sustainable institutions.



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