



RESPONSIBLE **INVESTMENT**  
**REPORT**





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# About the Report

This report aims to present the progress we have made in our responsible investment strategy since the launch of [Neo's ESG Letter](#) in February 2022.

During 2022, we developed a proprietary social, environmental and governance evaluation process to support our investment decisions across all of our asset management strategies ([learn more on page 20](#)).

We also continue to execute our ESG Plan, by building an engagement agenda with investees while implementing actions in line with the best available practices for measuring greenhouse gas emissions and analyzing climate related risks and opportunities ([learn more on page 30](#)).

This information and much more is presented in the following chapters. The reader may also choose to browse this report by using the SASB metrics reference table in the appendix.

The information presented in this report refers to all our strategies and covers the initiatives developed and executed between January 1<sup>st</sup> and December 31<sup>st</sup>, 2022.

**Enjoy your reading!**



# Message from the CEO



MARCELO  
CABRAL

Although 2022 was a challenging year from a macroeconomic and geopolitical standpoint, it was highlighted by important achievements in our journey to build a responsible and value accretive business, capable of contributing to the future of society and the environment.

*WITH OVER R\$ 4 BILLION OF ASSETS UNDER MANAGEMENT, WE KNOW THAT WE HAVE AN IMPORTANT ROLE IN THE GLOBAL SUSTAINABLE DEVELOPMENT AGENDA BY DECIDING WHERE AND WHEN OUR CLIENTS' MONEY IS INVESTED.*

Therefore, we want to be inducers of a positive change in corporate behavior, fostering invested companies to build value for the long term, committed to reducing and mitigating their negative impacts on society and the environment.

This commitment was publicly stated in our Responsible Investment Letter, published in February 2022, and since then we have made significant progress on the execution of our ESG plan.

Over the year, we had more than 40 interactions with publicly traded companies on ESG issues and

initiated a process to record and track our shared engagements across all of our strategies that invest in publicly traded companies, including for our hedge funds.

We began to analyze the climate change implications of our investee companies' operations, measuring the carbon emissions of our portfolios in a more structured manner. As a result, we identified that the emissions intensity of our equity funds is significantly lower when compared to the Corporate Sustainability Index (ISE).

In 2022, we also started to map the most carbon-intensive companies in our portfolios to develop an engagement plan focused on the implementation of initiatives to decarbonize their activities.

*OUR GOAL IS TO PURSUE INVESTMENT OPPORTUNITIES THAT ARE INCREASINGLY ALIGNED WITH THE TRANSITION TO A MORE JUST AND LOW-CARBON ECONOMY.*

We have also done our homework by improving our governance and talent management structures and models, preparing Neo for the future. At the manager level, we continue to

improve internal processes and mechanisms that guide our responsible investment strategy, striving both to preserve our clients' resources and to generate returns and social and environmental impact.

Altogether, the adoption of these initiatives places Neo among the country's leading investment management firms committed to the responsible investment agenda, contributing to positively impact society and the environment, while at the same time reinforcing our investment philosophy. We invest in what we believe in.

I thank our team for their partnership, dedication, and commitment in 2022. Likewise, I am deeply grateful for having the confidence of our clients over the years, who have believed in our way of investing and contributing to the future.

The outcomes of all this work are presented here: Neo's First Responsible Investment Report. We invite you to learn more about our value creation proposal.





# NEO AT A GLANCE



# Who we are

Founded in 2003, Neo is one of the most experienced asset management firms in the Brazilian financial market, offering high value-added strategies, including multimarket, equities, and private equity.

Throughout our nearly 20 years of operation, we have gone through several market cycles and overcome a number of internal and external challenges, perfecting our management and business models.

Our longevity is the result of a constant search for sustainability, with a solid performance, based on principles and values that stand out as hallmarks of our business.

Therefore, we have defined that five pillars of our performance summarize what is most relevant in our culture:





Our mission is to identify on a daily basis the best opportunities for long-term returns, operating under a full-partnership model, with a focus on preserving our clients’ capital.

That means having an attentive view of risks and opportunities, investing in solid companies that are willing to act in line with our values and ambitions, never taking shortcuts. After all, we are driven by the challenge of contributing to the future, investing in what we believe in.

HIGHLIGHTS



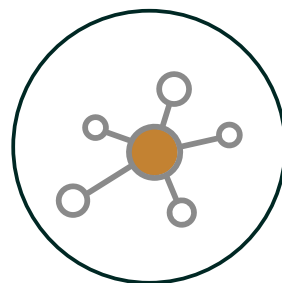
19 years  
of history



R\$ 4.2 bi  
managed



63 team members including  
34 in asset management  
positions



Full-partnership  
model

VALUE PROPOSAL	
Sustainability	<ul style="list-style-type: none"><li>• One of the most seasoned independent asset management firms, established in 2003;</li><li>• Solid and tested processes;</li><li>• Sustainability as a true purpose, going beyond products;</li><li>• Customer-centric – we know that customers buy more than products.</li></ul>
Integration & Synergy	<ul style="list-style-type: none"><li>• Multi-management structure provides specialized teams and generates greater value through synergies;</li><li>• Power of the having a multi-product strategy: We are always questioning our own biases, updating and evolving ourselves;</li><li>• The result is a team of specialists with a multiplicity of perspectives in the search for the best decision;</li><li>• Different customers, different products, same culture, same quality and same partnership.</li></ul>
Scenario-Independent Performance	<ul style="list-style-type: none"><li>• We focus on generating consistent returns regardless of macroeconomic scenarios;</li><li>• Luck is always the result of hard work and client focus;</li><li>• We operate where our clients need us. Focus is fundamental. We are not good at everything.</li></ul>
Real partnership	<ul style="list-style-type: none"><li>• People are at the heart of our strategy. We always sep the best ones in a truly meritocratic environment;</li><li>• We believe in and engage in the continuous development of people;</li><li>• Unequivocal commitment to ethics and trustworthiness;</li><li>• Partner’s mindset, attitude, and commitment.</li></ul>



## OUR ASSET MANAGEMENT FIRMS AND STRATEGIES

FN-AC-410a.1 / FN-AC-000.A / FN-AC-000.B

### NEO MULTIMERCADO

Relative value strategy and low correlation with traditional macro strategies

### NEO PRIVATE EQUITY

Leverage growth in mid-sized private companies

### NEO NAVITAS

Investment in high-quality growth companies

### NEO FUTURE

Value creation agenda in listed companies with absolute return target

## OUR HISTORY

Launch of Neo Multi-strategy

Launch of Neo Private Equity

Neo Navitas is launched

Launch of Neo Future

Argo Capital joins our multimarket strategy



2003



2006



2010



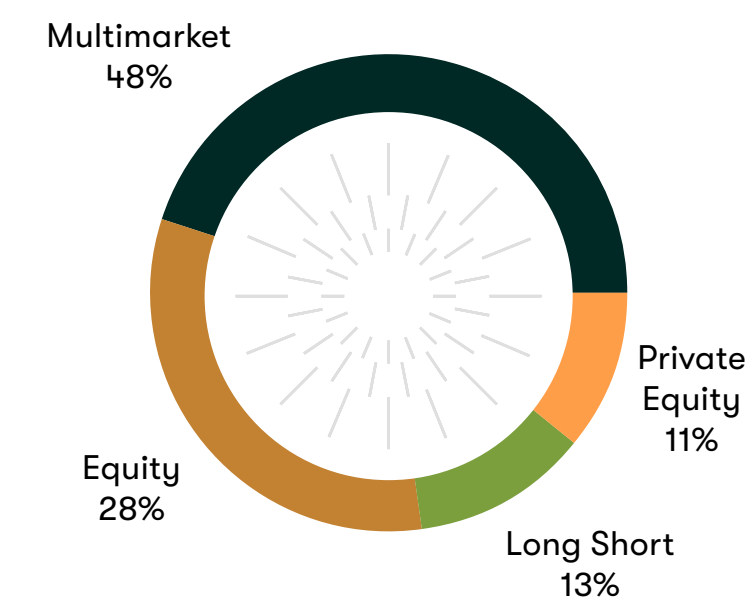
2012



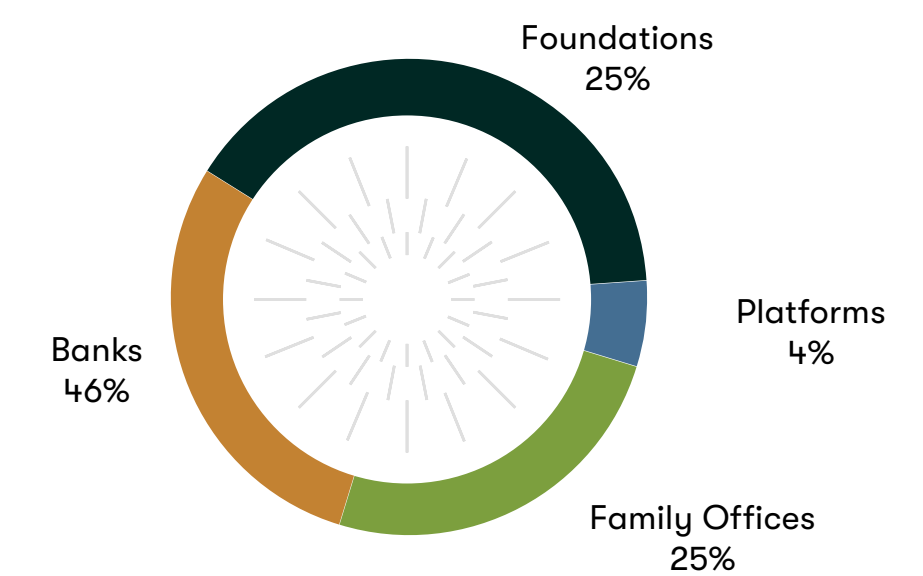
2020

## R\$ 4.2 BI IN ASSETS UNDER MANAGEMENT

### BY CLASS



### BY SEGMENT



Note: data refers to December 31, 2022.

ESG FACTORS ARE INTEGRATED  
IN ALL OF OUR ASSET  
MANAGEMENT STRATEGIES\*

\* Neo does not have any ESG-themed asset class.



# Governance Structure

Since its conception, Neo has been committed to the highest Corporate Governance standards, both in terms of the analysis of invested assets and in the use of structures and policies in our own internal organization. In this regard, over the past three years, we have made important adjustments to our governance structure, to strengthen the business for the growth path we envision ahead of us.

**MAIN ADVANCES IMPLEMENTED:**

- New organizational structure, preparing Neo for its future growth;
- Approval of a five-year Business Plan;
- Definition of a Management Model so that the long, medium, and short terms are connected and managed as a system;
- Improvements in people management, drawing up clear career paths and improving processes to attract, retain, and develop a variety of talents;
- Integrated ESG strategy, as a driver of new opportunities, contributing to strengthen our business model.



\* Each area is independent in the governance structure, as per the Neo Group’s Segregation and Sharing of Activities Policy



# Compliance, risk and data privacy

FN-AC-510a.2

We know that professional asset management is essentially based on the relationship of trust that is built between the investor and the asset manager. For this reason, we have departments and policies dedicated to establishing an ethical and transparent culture, seping to mitigate risks and conflicts while ensuring a responsible and fair operation.

Our Manual of Conduct and Ethics incorporates robust business processes and policies related to ethics and customer privacy. The document is used as a reference for employees' bȳavior in their relationships with colleagues, customers, suppliers and competitors, avoiding potential conflict of interest situations and establishing anti-corruption measures.

The Compliance department oversees the effective implementation of all regulations laid out in the Conduct and Ethics Manual on acceptable business practices, conflict of interest policies, and expected standards of ethical bȳavior.

To ensure the implementation of the policies, we conduct annual trainings for all employees on Insider Trading Prevention, General Data Protection Law (LGPD), Prevention of Money Laundering and Terrorist Financing, Ethical Conduct, Cybersecurity and Information Security, and Anti-Corruption.

With the objective of preventing, mitigating, and handling non-compliance, we have a whistleblowing reporting channel so that all employees and third parties may report misconduct or violations of the Company's ethical and legal standards.

## RISK MANAGEMENT

We understand that it is part of our business to analyze, mitigate and take risks. For this reason, we consider it our duty to know how to identify and manage them appropriately, always focusing on the client's investment objective. Our Risk Policy establishes the tools

and controls we use in the risk management of the Equity and Multimarket funds.

Each asset management strategy has its own independent Risk and Compliance Committee, which meets quarterly, thereby providing autonomy in relation to the other areas of the institution while avoiding potential conflicts of interest.

## DATA SECURITY

When it comes to privacy and data security, we take due responsibility and care with our public's personal information in our custody. All our businesses operate under the guidelines set forth in the General Data Protection Act (LGPD), respecting all those who establish some direct or indirect relationship with our business.

We conduct an annual assessment of all our Cybersecurity technological procedures, with the objective of having the controls and systems always tested and improved, thus protecting customers, suppliers and employees against cyber-attacks and leakage of sensitive data.





# Sustainability at Home: the Green Neo program

In 2021 we launched the Green Neo Program to minimize the environmental impact associated with our office activities as we believe that in order to influence the companies we invest in, we need to lead by example.

The initiative began gradually, starting with activities aimed at raising awareness and transforming Neo’s culture, moving on to measures such as:

- **Renovation of our office to improve living area;**
- **Installation of high-efficiency LED lighting;**
- **Use of rechargeable batteries and energy-efficient laptops;**
- **Substitution of plastic cups;**
- **Addition of plants to the office space;**
- **Development of a plan to migrate all systems and databases to the cloud environment, seping greater energy efficiency and data security.**



As part of our climate change mitigation strategy ([learn more on page 30](#)), we also started measuring our Scope 1, 2 and 3 emissions. Since 2021, we have neutralized all our operational emissions including business travel and commuting while we continue to sep alternatives to reduce our emissions and waste generation. To this end, we acquired carbon credits from projects dedicated to the conservation of the Amazon forest.

	Scope 1	Scope 2	Scope 3* (transportation, deliveries and waste)	Total
2021	6.3	5.2	16.2	27.7
2022	6.3	5.0	17.2	28.5

\* For more information about our financed emissions, related to the portfolios we invest in, see page 32



# Structuring our Diversity and Inclusion program

FN-AC-330a.1

Leader in Diversity, Equity and Inclusion (DE&I) research, McKinsey has demonstrated in several studies that there is a strong correlation between diverse companies and financial performance. This correlation has been identified not only with respect to gender diversity, but also for ethnic diversity, sexual orientation diversity, and more recently, socioeconomic diversity\*.

As a result, we believe that diverse teams sep distinguished, more competitive and value-generating solutions. Thus, we strive to foster Diversity and Inclusion initiatives through our People and Diversity Committee.

Initially, to understand what stage we are at in the diversity and inclusion journey, we relied on data from our second organizational climate survey, in which 94% of employees participated.

The overall result of the engagement analysis was 80%. Engagement rates in this range indicate that the company's internal environment is favorable for achieving superior results and developing high-performance teams. However, in specific questions about D&I, the survey pointed to the need to increase our maturity on the subject.

In addition, we conducted a first mapping of our employees' gender and generational profiles.

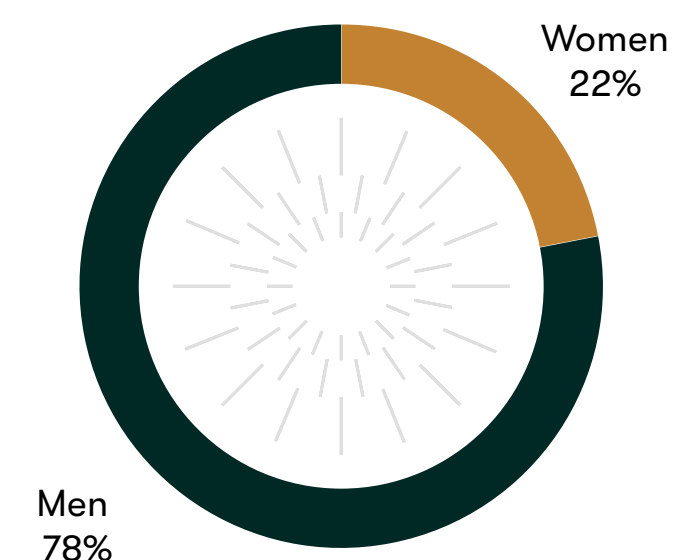
\* McKinsey & Company, Socioeconomic diversity in the workplace. Available at: <https://diversitymatters-latam-2022.mckinsey.com/home-portugues/>

## OUR EMPLOYEES' PROFILE

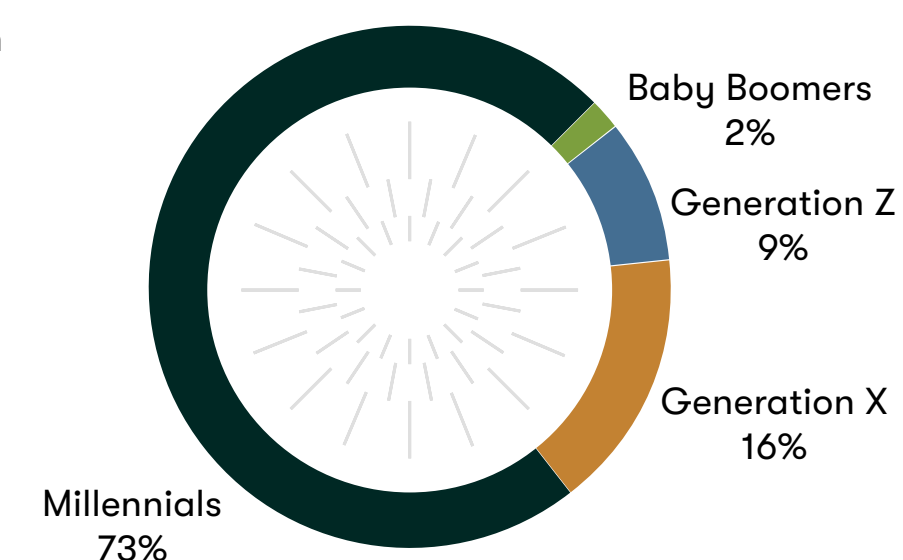
**63 employees, 34 of whom are part of the management team.**

Note: As of September 2022.

### BY GENDER



### BY GENERATION\*\*



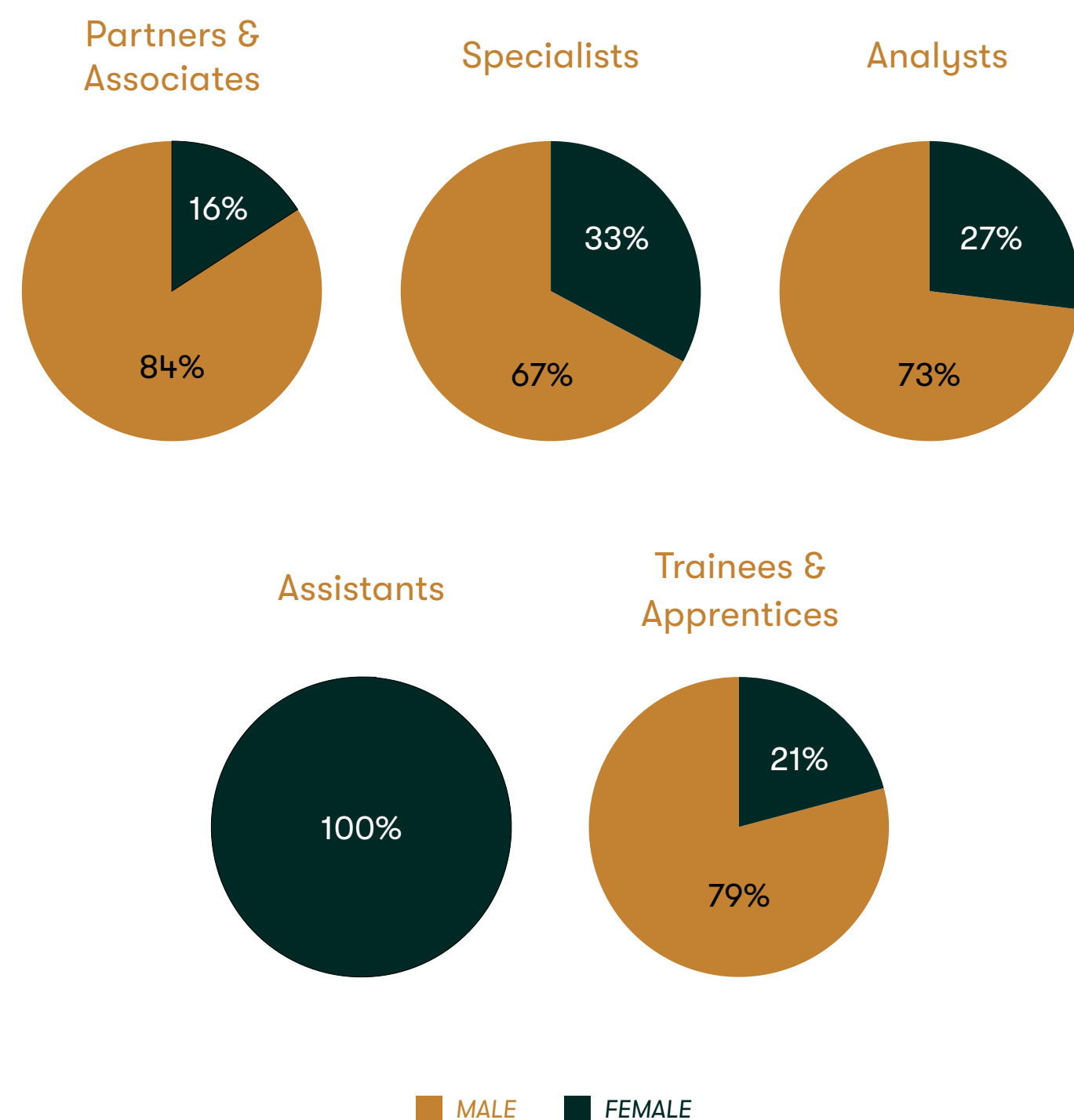
\*\* Baby Boomers, born between 1946-1964; Generation X, born between 1965-1979; Millennials, born between 1980 and 1996 and Generation Z, born between 1997 and 2010.

The low representation of different groups is not a challenge only for Neo. This is the reality of most asset management firms in the country, as shown by the results of a survey conducted by the Brazilian Financial and Capital Markets Association (ANBIMA) in 2021, on Diversity and Inclusion\*\*\* in the industry. According to the study, this is due to the lower number of employees and a more homogeneous profile of the asset management firms' teams and clients.

Given this scenario and aware of the challenge ahead, we want to participate in building a more diverse and inclusive future for the financial market. Thus, for 2023, we are committed to developing a more structured D&I program with specific actions aimed at education, awareness, and the establishment of processes and policies to expand diversity and inclusion at Neo in upcoming years.

\*\*\* Diversity and Inclusion in Capital Markets Survey, conducted by ANBIMA. Available at: [https://www.anbima.com.br/pt\\_br/especial/diversidade-nos-mercados-financeiro-e-de-capitais.htm](https://www.anbima.com.br/pt_br/especial/diversidade-nos-mercados-financeiro-e-de-capitais.htm)

## EMPLOYEE GENDER DIVERSITY BY JOB LEVEL



## INITIATIVES TO ENCOURAGE FEMALE PARTICIPATION IN THE FINANCIAL MARKET



Currently, we are one of the partner companies of the You Win – Young Women in Investment initiative, led by the CFA Society Brazil. The program's objective is to expand female participation in the investment sector, by offering training to young female university students, thus expanding the opportunities for women's professionalization and employability.

By supporting this initiative, our intention is that, besides contributing to the education of these professionals, we can also, at the end of the training cycles, identify female talents that can meet our hiring expectations and join our staff.



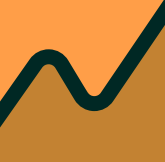
Moreover, in September 2022, we sponsored the First Congress for Women Investors in Brazil. The initiative aimed to awaken in the female audience the interest in taking good care of their finances, in line with our proposal to work on diversity and inclusion within a perspective to expand our female client base.







# RESPONSIBLE INVESTMENT STRATEGY





# Our approach to ESG

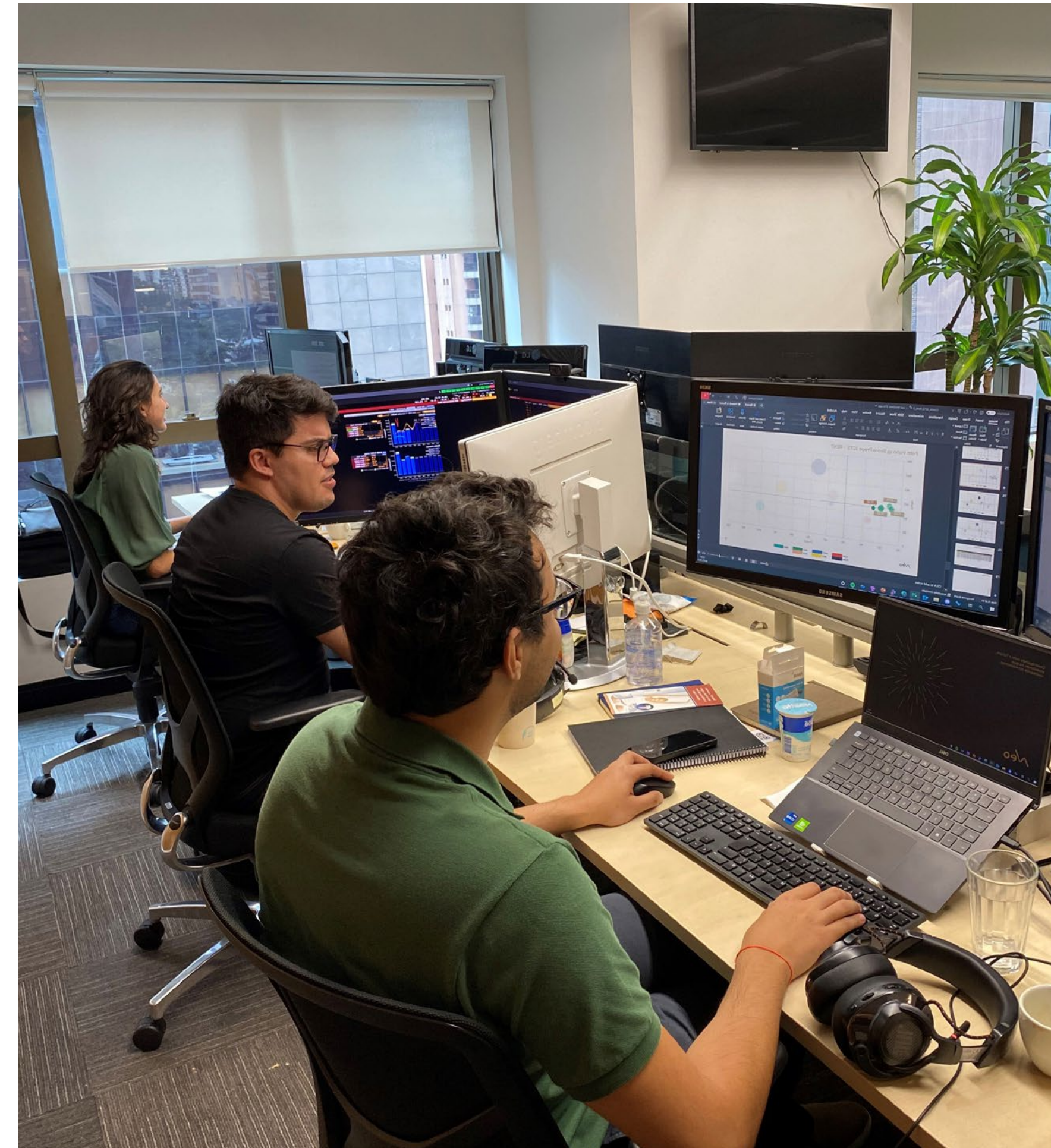
Sustainability is part of a generational paradigm shift that impacts consumption habits across the planet and shapes the way people and companies view their roles in society and the environment.

This transformation movement obviously reaches the financial market, which facing this new context must identify social, environmental, and governance risks and opportunities that may impact investment returns.

Aware of this, Neo understands that ESG is not a temporary movement, but a structural change with major repercussions on strategy and investment decisions, with a potential to leverage our business model and generate benefits for society and the environment.

*ACCORDINGLY, WE INVITE OUR CUSTOMERS TO BE PARTNERS IN THIS JOURNEY, WITH THE OBJECTIVE OF CONTRIBUTING TO AN ECONOMIC MODEL THAT CREATES PROSPERITY WHILE NOT COMPROMISING FUTURE GENERATIONS.*

Thus, we believe that adopting ESG commitments is a strategic point in our business, as it is in line with our values and with our performance model, based on trust, transparency, and responsibility, enabling our clients to enjoy better returns adjusted to the planet's emerging risks.





# Homework

In recent years, we have sought to integrate an ESG philosophy strategically into the business as a whole, i.e., into our in-house operations, investment decisions, and the monitoring routines of invested companies.

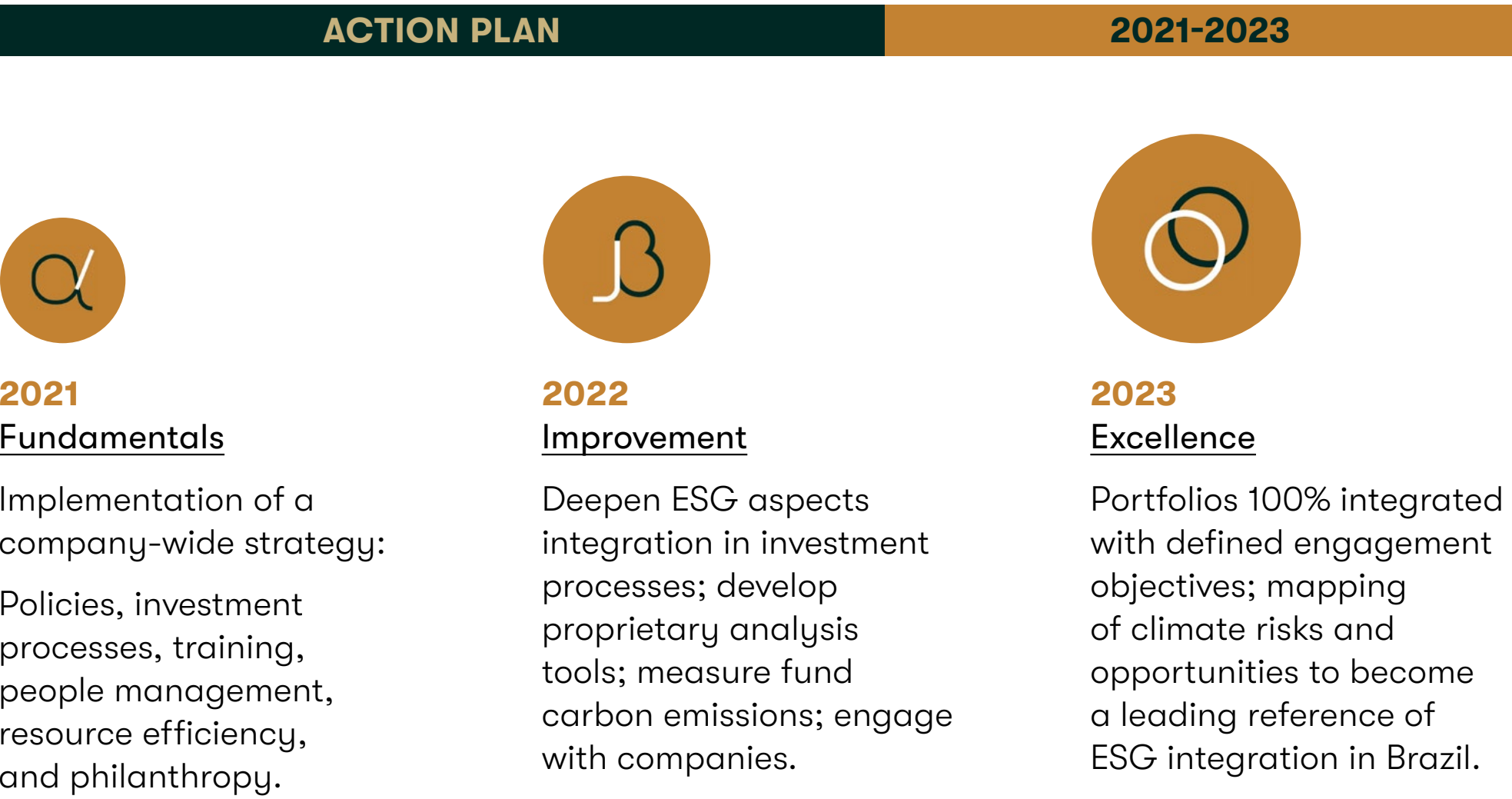
## RESPONSIBLE INVESTMENT POLICY

FN-AC-510a.2

The first step towards this direction was taken as early as 2019, with the publication of our [Sustainability Policy](#), which defined the guidelines and responsibilities of this ESG integration process in the business. In 2021, we revisited the document to align it with the six Principles of Responsible Investment recommended by the PRI, and in 2022, we made amendments to reflect our unified ESG investment integration strategy.

### ESG ACTION PLAN

In 2020, we were assisted by an external consulting firm that supported us in identifying opportunities to integrate ESG pillars into our operations. From then on, we outlined our three-year ESG plan, with well-defined priorities and action items.





Initially, we noticed the need to establish internal structures capable of determining ESG

actions and supervising their effectiveness. Thus, in 2021 we created the ESG Committee.

#### ESG COMMITTEE AND WORKING GROUP MEMBERS



**Marcelo Cabral**  
Managing Partner



**Eduardo Pavia**  
COO



**Andrea Böttcher**  
ESG Leader  
Neo Future



**Augusto Lange**  
Neo  
Multimercado



**William Müller**  
Neo Private  
Equity



**Pedro Baltazar**  
Neo Navitas



**Fábio Dall'Acqua**  
Investor Relations



**Samantha Monteiro**  
Compliance



**Camila Soares**  
People and  
Culture

The Committee is responsible for establishing our ESG vision, goals and strategy, while monitoring the implementation of our action plan, as well as reviewing sustainability-related policies and procedures.

The Committee is supported by Work Groups, which help to disseminate the actions taken by the ESG Committee, leading to specific initiatives on several fronts:

- **EQUITY RESEARCH;**
- **GOVERNANCE AND PHILANTHROPY;**
- **CULTURE AND PEOPLE;**
- **COMMUNICATION.**



Since 2021, we have implemented an agenda of training and capacity building a portfolio for our analysts and managers, aimed at sensitizing and raising awareness among our team about the importance of the topic for the business model we adopt.

Among the highlights is the certification of our analysts in the Fundamentals of Sustainability Accounting, promoted by the Sustainability Accounting Standards Board (SASB) and in the CFA ESG. These courses are among the most relevant in the market to support ESG themes integration into financial analysis.

Currently, we have seven team members with SASB and/or CFA ESG certification, qualified to identify investment opportunities in line with our philosophy, avoiding investments in companies with high ESG risks, which may compromise the achievement of consistent results for our clients.



### OUR PRIORITY SDGs

Through our responsible investment practices, we contribute to the 2030 Agenda for sustainable development. Defined by the United Nations (UN), the Agenda aims to engage companies, governments and organizations around the world in support of 17 Sustainable Development Goals (SDGs), which address issues such as fighting poverty, social inequality and climate change.

4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



13 CLIMATE ACTION





# Responsible investment strategy

FN-AC-410a.2

After establishing a responsible investment policy and defining an ESG governance structure, we put our strategy into practice by reflecting our values in daily actions, mainly in our responsible investment processes, and in the engagement with employees, customers, partners, and invested companies.

We believe that incorporating ESG aspects into our business strategy is part of our fiduciary duty to maximize the delivery of risk-adjusted returns to our clients over the long term.



**Sustainable Practices and Activities**



**Responsible Investment**



**Promotion of sustainability awareness among employees, customers, partners and invested companies**

Next, we detail our process for integrating ESG factors into all of our investment strategies.

## HOW DO WE INTEGRATE ESG INTO OUR STRATEGIES?

1

**EXCLUSION FILTERS** from sectors unaligned with our values, such as tobacco, weapons, and gambling.

2

**INTEGRATION** of ESG aspects into our investment process, using materiality analysis tools, our proprietary scorecard and controversy tracking.

3

**ENGAGEMENT** with companies (direct and collective).

4

**TRANSPARENCY** through annual reporting on progress on our responsible investment agenda.

EXCLUSION FILTERS

Using this tool, we exclude in advance the companies in the Labor Ministry’s Dirty List for not offering their employees decent working conditions, disrespecting their human rights and the relevant legislation.

Also prohibited are investments in companies in sectors that are not aligned with our values and principles, such as weapons, tobacco, and gambling, as well as those on the OFAC (Office of Foreign Assets Control) Sanctioned List.

ESG INTEGRATION

Subsequently, in our evaluation flow we rely on an ESG integration process which is structured on four pillars: data collection, data analysis, scoring, and ongoing monitoring.

In the first stage of **data collection**, we use public sources, such as corporate reports, and secondary sources, such as news in the press, to collect relevant information that would make it possible to assess the ESG maturity of the company. Moreover, we interact with the companies to clear up doubts.

In the next step we perform the **analysis** of this data with reference to the guidelines set by the Sustainability Accounting Standards Board (SASB), which defines the most relevant ESG topics for companies in each sector, using our proprietary analysis.

Besides considering quantitative data, most of our ESG analysis takes into account intangible aspects such as the resilience of the business model, the quality of the management team, and the corporate culture.

MAIN TOPICS ANALYZED:		
Environmental	Social	Governance
<ul style="list-style-type: none"><li>• Degradation of natural resources</li><li>• Waste management</li><li>• Water and energy consumption</li><li>• GHG emissions</li><li>• Climate change impact</li><li>• Product life cycle</li></ul>	<ul style="list-style-type: none"><li>• Labor practices</li><li>• Employee satisfaction</li><li>• Customer satisfaction</li><li>• Human rights</li><li>• Diversity and inclusion</li><li>• Occupational health and safety</li><li>• Training programs</li><li>• Supply Chain management</li></ul>	<ul style="list-style-type: none"><li>• Board composition</li><li>• Executive Board compensation</li><li>• Risk Management System</li><li>• Committees</li><li>• Ethics and anti-corruption</li><li>• Data privacy</li><li>• Cybersecurity</li></ul>

POTENTIAL IMPACTS ON THE COMPANY’S VALUE:

- Operating efficiency
  - Balance sheet and cash flow
  - Cost of capital
- Future growth
  - Reputational risk
  - Regulatory risk



In addition, in this phase we rely on the services of an external consulting firm to identify potential regulatory and legal risks involving the target company.

Together, the assessment of the priority themes and the information gathered by the external consulting firm allow us to map the company’s main ESG risks and opportunities.

In 2022 we started using a proprietary scorecard to assess the ESG maturity of the companies and track their evolution over time.

The scorecard is shared with all of Neo’s public equity strategies, which demonstrates our capacity to act as a collaboration platform.

HAVING OUR OWN SCORING SYSTEM WAS, FROM THE BEGINNING, A PRIORITY SO THAT OUR ANALYSTS CAN BE DIRECTLY INVOLVED IN ANALYZING THE ESG PERFORMANCE OF ASSETS, CONTRIBUTING TO BUILDING A HOLISTIC VIEW OF THE RISKS AND OPPORTUNITIES IN THEIR PORTFOLIOS.

As a next step, we started the process of ongoing monitoring of invested companies, systematically tracking their evolution in ESG criteria over time.

Through the adoption of a holistic fundamentalist evaluation process, based on our investment values and principles, we ensure greater clarity and assertiveness in our investment decision-making.

ESG DASHBOARD EXAMPLE  
(FOOTWEAR SECTOR COMPANY)

Material Topics

- Energy management
- Water management
- Customer privacy
- Data security
- Product quality
- Product lifecycle
- Management
- Supply chain management
- Resource efficiency and sourcing

Ratings

Neo Scorecard

E	S	G	ESG Score
3.6	3.3	3.4	3.5

Public Ratings

Bloomberg disclosure score	43%
MSCI	N/A
Sustainalytics	Low risk (17)
Relevant controversies	1
Carbon intensity (tCO <sub>2</sub> e/R\$M revenue)	8.3

Engagement Topics

Circular economy: Adaptation to changes in consumer behavior; growth of recycling program; operating efficiency and raw materials source.

Supply chain management: Independent monitoring and audits focused on human rights.

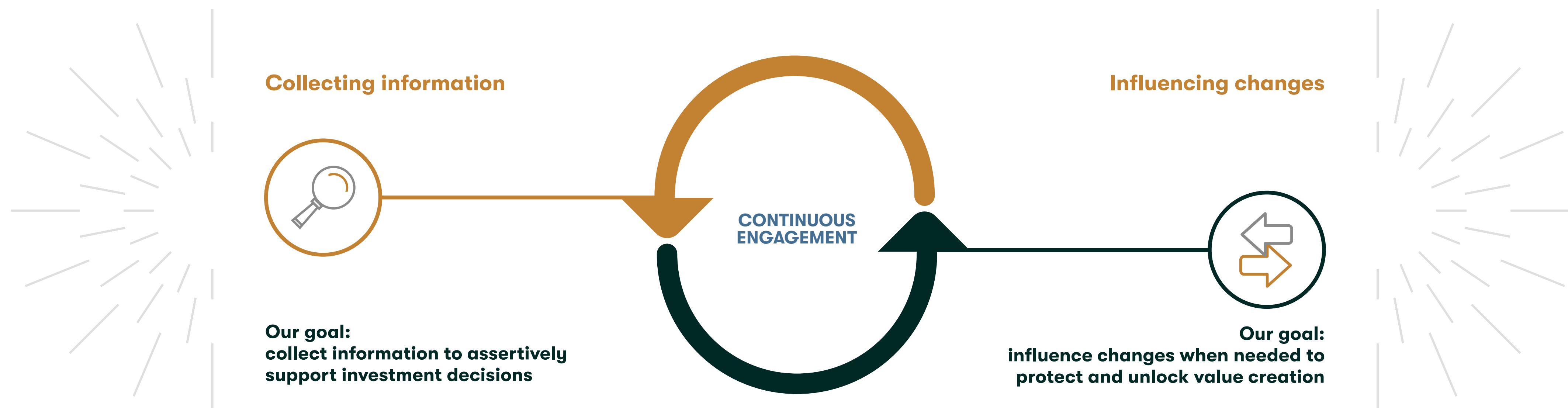
## ENGAGEMENT WITH INVESTED COMPANIES

Just as important as investing in solid, robust companies with the capacity to generate consistent returns over the long term is to be able to track and influence their ESG performance after we become shareholders.

We believe that by engaging companies in the most relevant sustainability practices for their industry, we not only ensure the safety of our clients' capital, but we also contribute so that our invested companies may implement positive impact initiatives, generating value for the business, society, and the environment.

Our engagement approach with invested companies is marked by a collaborative engagement model, valuing joint action to identify priorities and define long-term objectives.

Currently, our corporate engagements are monitored by the ESG Committee, which is also available to discuss best engagement practices.





For Private Equity and Long-only funds, the engagement strategy is geared towards long-term returns, which allows for greater discussion of the actions with the companies' management teams. In this case, the proposed objectives may vary according to the risks and opportunities identified in each company during the due diligence process, prioritizing those of greater materiality for the business.

For the Multimarket and Long & Short funds, which have a shorter investment horizon, the conversations take place in a more specific way, aiming to encourage companies in the low-carbon economy transition process.

To ensure successful engagements, we monitor the companies' performance in the metrics that are most relevant to the longevity and value creation of the business.

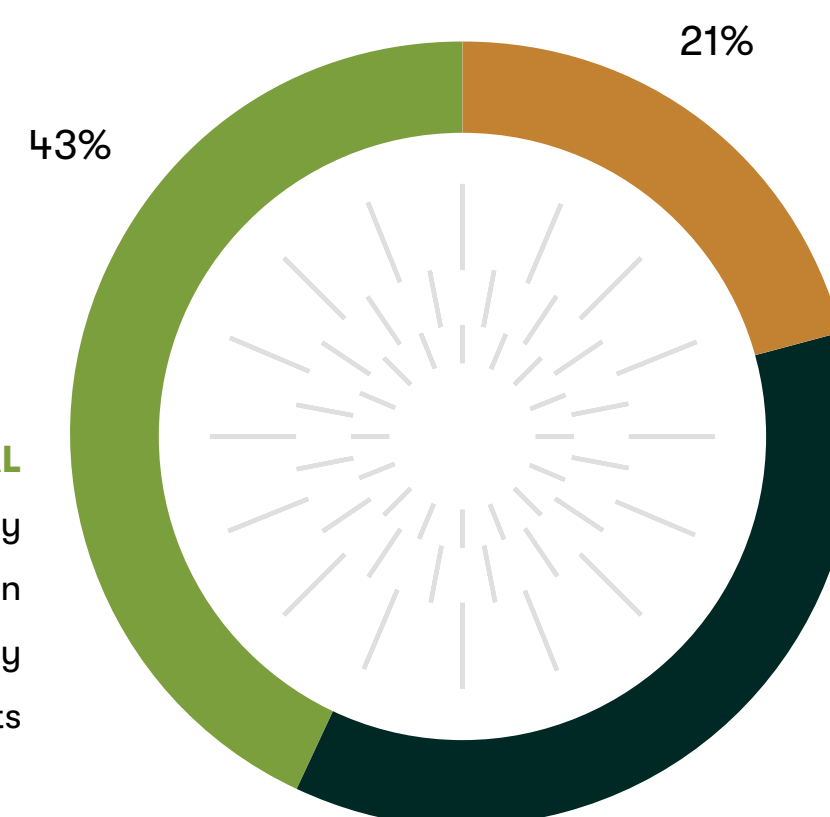
In 2022, we also made progress towards recording the interactions carried out on ESG issues on a proprietary platform to help track the progress of our invested companies in a centralized manner.

LAST YEAR WE  
CONDUCTED 44  
ENGAGEMENTS,  
OF WHICH 43%  
WERE LINKED TO  
ENVIRONMENTAL  
ISSUES, 21% LINKED  
TO SOCIAL ISSUES,  
AND 36% LINKED TO  
GOVERNANCE.

#### KEY ENGAGEMENT THEMES

44  
engagements  
in  
2022

**ENVIRONMENTAL**  
Circular economy  
Decarbonization plan  
Carbon inventory  
Sustainable products



#### SOCIAL

Supply-chain management  
Human rights  
Customer satisfaction  
Turnover  
Diversity, equity and inclusion

#### GOVERNANCE

Organizational structure  
Culture  
Materiality matrix  
Commitments/goals  
ESG reporting  
Climate risks  
Cyber risks



# Engagement cases

We believe we can make a difference by engaging and allocating capital. Learn more about some of Neo’s engagement cases and how they are aligned with our proposal to unlock value and protect invested capital, in addition to contributing to the achievement of the UN Sustainable Development Goals.

ALPARGATAS	A century-old leading company in the Brazilian open footwear market, owner of the global brand Havaianas
<p>One of our goals when engaging the company is to integrate the circular economy philosophy into its business strategy. This concept aims to promote better use of natural resources by proposing a mindset that encompasses the entire product life cycle – from raw material selection to the end of its life cycle – focused on the reuse and repurposing of materials.</p> <p>Circular economy is already a reality in several companies, and reflects the desire of many consumers, who are increasingly aware about the importance of embracing responsible practices.</p> <p>Furthermore, expanding the circularity actions also reduces regulatory risk, as the theme is one of the foundations of the European Green Deal and Alpargatas has its second largest consumer market in Europe.</p> <p>In 2022, Alpargatas completed the acquisition of 49.9% of Rothy’s, a digital native brand of sustainable footwear, which will enable the company to ramp up the adoption of new sustainable technologies and processes. We dedicated one of our quarterly letters to</p>	<p>talk about the importance of circularity in the company’s strategy (<a href="#">available here</a>).</p> <p>Another relevant objective in our agenda with the company is the monitoring of the supply chain through a stringent selection process and independent audits. In addition to raising awareness about the importance of these topics, we supported the company during the development of its ESG strategy and the drafting of its first Sustainability Report, published in 2022.</p> <p>Alpargatas announced the following 2030 commitments:</p> <ul style="list-style-type: none"><li>• 60% renewable and/or recycled raw materials;</li><li>• 10% product recovery through reverse logistics;</li><li>• 100% of stores with a reverse logistics program;</li><li>• 100% of suppliers evaluated by ESG criteria (tier 1, 2 and 3);</li><li>• 30% reduction in absolute emissions, scope 1, 2, and 3;</li><li>• Commitment to align with science based targets (SBTi);</li><li>• 50% of the leadership held by women.</li></ul>





**GRUPO GPS**

*Grupo GPS is the leader in the Brazilian integrated services market, with a comprehensive portfolio of solutions for Facilities, Security, Logistics, Utilities Engineering, Industrial Services, Food, and Infrastructure Services.*

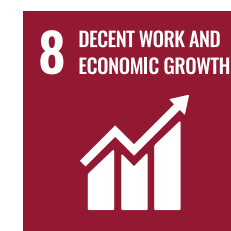
With more than 130,000 employees, the Company has been increasing its leadership position through a combination of organic and inorganic growth. Among our engagement objectives with the company, we highlight the relevance of maintaining its entrepreneurial culture and to maintain high occupational health and safety standards as it continues to accelerate its expansion.

We encouraged the company to establish a governance structure for ESG issues, and to use its strong social impact as a pillar to strengthen its culture and to build loyalty and attract new customers.

As a result, in 2022, the company created an ESG Committee reporting to the CEO. In addition, the company built its materiality matrix, mapped the main risks and opportunities related to socio-environmental and governance issues, and included standardized ESG metrics and processes in its integrated management system.

**Grupo GPS's main sustainability highlights include:**

- Variable compensation linked to employee safety and customer satisfaction metrics;
- Conclusion out its first carbon inventory;
- Acquisition of Engie Serviços, a company specialized in solutions to increase the efficiency of energy, water and gas consumption;
- Use of concentrated, biodegradable cleaning products;
- Commitment to publish its first sustainability report and obtain EcoVadis certification in 2023;
- Use of technology to strengthen culture and streamline people development processes, including training through the recently launched GPSvc app.

**LOCALIZA**

*Localiza is the leader in the Brazilian car rental market, recognized for its high governance standards, strong culture, and eco-efficiency initiatives.*

We understand that Localiza's long term challenge is to continue holding its leadership position in the mobility market by improving its ability to innovate. This issue is frequently addressed in our conversations with the company which currently has more than a thousand employees in a business unit called Localiza Labs, dedicated to develop new digital solutions for its customers.

In addition, we see Localiza playing an important role in the low-carbon economy transition process, since it operates a fleet of more than 580,000 vehicles.

Accordingly, we encouraged the company to measure its scope 3 emissions and analyze climate risks and opportunities. The scope 3 emissions reporting goal was achieved in 2022, with the publication of the 2021 emissions, duly audited.

Also, we participated in a workshop promoted by CDP to assist the company in developing a decarbonization plan.

**Localiza's main sustainability highlights are:**

- Waterless car washing;
- Use of solar energy representing 55% of its energy consumption;
- Availability of 200 electric vehicles for app drivers;
- Launching of a program to encourage ethanol refueling given that 98% of its fleet is flex (ethanol emissions are up to 90% lower when compared to gasoline, according to the company);
- 83% of its fleet connected by telemetry, enabling cost reduction and greater efficiency;
- Adherence to the UN Global Compact's Net Zero ambition program.





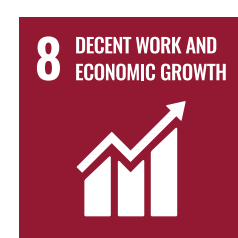
**MARELLI**

Corporate furniture solutions market specialist.

One of Neo Private Equity's investments, Marelli stands out for its monthly monitoring of ESG indicators relevant to its business related to occupational health and safety, diversity and environmental impact (water, energy and waste). Moreover, Marelli has an ESG Committee, chaired by its CEO reporting to the Board of Directors, on which we have two seats. Since we became shareholders of the Company in 2014, we have supported its management in the development of its ESG agenda, with a primary focus on governance.

**Marelli sustainability highlights:**

- Triple certification: ISO 9001 (quality management), ISO 14001 (environmental management) and ISO 45001 (occupational health and safety management);
- Forestry Chain-of-Custody Certificate (guarantee of origin of forests from legal wood extraction sources);
- Commitment to publish its first Sustainability Report in 2023;
- Use of renewable energy from the free market at its factory.
- Recovery program for cardboard and plastic packaging;
- Launch of diversity program M3 – Woman in the Marelli World.

**PORTO SEGURO**

A leading insurer in Brazil in the auto, home, and corporate segments, the company also operates in the health, financial business, and services segments.

As an insurer, Porto Seguro plays an important role in helping its customers cover potential losses associated with extreme weather events. In this sense, in our conversations with the company we addressed the importance of climate risks and recommended that the company follow the TCFD (Task Force on Climate-Related Financial Disclosures) guidelines in developing its climate risk and opportunity management strategy.

Additionally, we encouraged the company to adopt SASB standards and to commit to emission reduction targets. We highlight the following initiatives:

- Introduction of electric vehicles and recharging stations for electric vehicles (currently, sustainable transportation modes represent 47% of the distances traveled in services);
- Adequate disposal of end-of-life vehicles and inclusion of socially vulnerable people through the "Renova Ecopeças" project;
- Climate risk monitoring initiatives (preventive services on rainy days, agro insurance pricing).

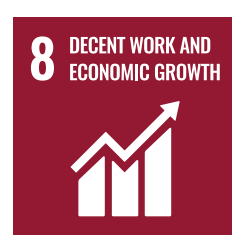


**VIVARA**

Vivara is the country's largest jewelry store chain, with a purpose of democratizing access to jewelry and, especially, to semi-jewelry and silver, with its Life brand.

In this industry, it is essential to ensure that the source of raw materials is legal and that the practices adopted by mining companies respect environmental laws, labor rights and local communities.

In our conversations with Vivara, we have reinforced the importance of raw material traceability and of conducting independent audits in order to comply with its Sourcing Policy and Code of Conduct.



**Vivara sustainability highlights:**

- Certified by the RJC (Responsible Jewelry Council), member of IRMA (Responsible Mining Assurance Initiative), and adoption of the Kimberly process to certify diamond procurement;
- 100% of its raw material suppliers were audited over the last two years, with a focus on socio-environmental aspects and responsible sourcing;
- All the gold purchases comes from a single supplier, Anglo Gold, one of the world's largest mining companies, certified by LBMA;
- 25% of the gold and silver used are recycled (Customer Buyback Program);
- Commitment to measure its scope 3 by 2022;
- 36% of women in executive positions and 40% on the Board.

**WEG**

WEG is a Brazilian multinational company leader in decarbonization and circular economy initiatives, such as electrification, industry 4.0, renewable energy generation, and sanitation.

In our engagement with the Company, we support the publication of WEG's decarbonization targets for 2022 and encouraged them to submit targets for validation by the SBTi (Science Based Targets Initiative), an entity that verifies if the decarbonization plan is aligned with the goal of limiting global warming below 2 degrees Celsius (Paris Agreement).

WEG values best practices in governance and compliance, always prioritizing the creation of a highly qualified collegiate body. Additionally, we believe that the company will benefit from



greater diversity on the Board and in the work environment, in order to further enhance its creativity, innovation, and an inclusive work culture.

**Weg sustainability highlights:**

- Target to reduce 52% of GHG emissions by 2030 (scope 1 and 2) based on 2021 data;
- Target to achieve net zero emissions by 2050 (scope 1 and 2);
- Both emission reduction targets are incorporated in the company's targets and bonus plans;
- Developing solutions in energy and industrial efficiency, renewable energy and electric mobility. Weg has partnered with several universities both in Brazil and abroad and holds 507 valid patents on sustainable solutions;
- Sustainability Report in accordance with SASB, PRI and TCFD.





OUR COMMITMENT  
TO FIGHT  
CLIMATE CHANGE



# Our commitment to fight climate change

The effects of climate change have already begun to be felt across the planet over the past few years, with the worsening of extreme weather conditions such as droughts, storms, floods, and hurricanes. According to the UN Intergovernmental Panel on Climate Change (IPCC)\*, the average global temperature has already increased by more than 1.1 °C compared to the pre-industrial era, with a tendency to rise even further if nothing is done on a global level.

That's why, in 2015, over 190 countries signed the Paris Agreement, in which they set voluntary targets to reduce their Greenhouse Gas (GHG) emissions at levels that would lead to an average increase in the Earth's temperature of "only" 2°C over pre-industrial levels.

This scenario poses a number of risks to society's water and food security, as well as causing disruptions to ecosystems, migration, and infrastructure that

may impact the sustainability of the companies themselves, threatening the economy and society as a whole.

Against this background, we believe that we need to act urgently. As asset managers, it is our fiduciary duty to analyze and price the global warming effects on the operations of our invested companies and sep investment opportunities aligned with the transition to a low-carbon economy. Investments in carbon-intensive companies that are not adapting to the new reality can no longer be considered sustainable.

*INVESTING IN CARBON-INTENSIVE COMPANIES, WHICH ARE NOT ADAPTING TO THE NEW REALITY, CAN NO LONGER BE CONSIDERED SUSTAINABLE.*

*STARTING IN 2022, WITH THE PURPOSE OF OBTAINING A MORE HOLISTIC VIEW OF THE POTENTIAL CLIMATE RISKS AND OPPORTUNITIES OF OUR INVESTMENTS, THE ESG COMMITTEE STARTED TO MONITOR THE CARBON INTENSITY OF OUR PORTFOLIOS.*

As such, in our investment process, we analyze the climate risk to which companies are subjected to according to their industry, including physical risks, related to asset devaluation, and transition risks, such as regulatory, technological, and reputational risks.

We also evaluate opportunities to gain market share and increase the resilience and operational efficiency of those companies that are better positioned in the process of transitioning to a new economy.

\* IPCC Report 2022: <https://www.ipcc.ch/report/ar6/wg2/>

## CALLING ON GOVERNMENTS TO FIGHT CLIMATE CHANGE

In 2022, at the start of the 27th United Nations Conference on Climate Change (COP-27), held in Egypt, we signed the Global Investors Statement, with over 600 investors, coordinated by The Investor Agenda.

The document calls on governments worldwide to include climate issues in their national legislation in order to limit the increase in global warming to no more than 1.5°C.

We see these policies as crucial to speed up and scale up the private capital flows needed to achieve a low-carbon economy.



# How are emissions accounted for?

The main accounting standard for Greenhouse Gas (GHG) emissions in Brazil and worldwide is the GHG Protocol. It establishes guidelines and tools for companies and governments to measure and manage anthropogenic emissions responsible for global warming, based on seven gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFC<sub>3</sub>), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).

Each gas's contribution to global warming depends on its concentration and capacity to absorb and emit energy, in addition to the time it remains in the atmosphere. To make it easier to compare the emission of each of these gases, a unit called **carbon dioxide equivalent (CO<sub>2</sub>e)**, was created, establishing the equivalence between all the GHGs and carbon dioxide.

The emissions of companies and organizations are classified into three scopes, segregated according to the origin or control of their generation.

At Neo, we already measure and annually offset scope 1 and 2 emissions, in addition to those related to business travel and commuting ([learn more on page 11](#)).

However, as a fund manager, our emissions are mainly associated with scope 3, i.e., the companies in our portfolios. Thus, it becomes an important part of our Responsible Investment strategy to measure the emissions of the companies we invest in and develop a plan to reduce our exposure to climate change risk.

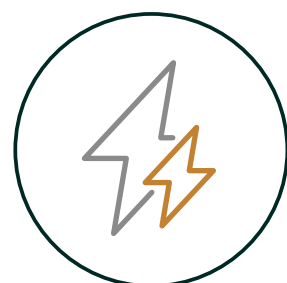
## EMISSION CATEGORIES ACCORDING TO THEIR EMISSION SOURCES

### SCOPE 1



**Direct emissions from own sources or those controlled by the Company**

### SCOPE 2



**Indirect emissions from the purchase of electricity to supply the Company**

### SCOPE 3



**All other indirect emissions from the Company's value chain**



# How does Neo measure emissions in its portfolios?

In June 2022, we joined the Partnership for Carbon Accounting Financials (PCAF), an international collaboration among banks, investors, and fund managers focused on developing a methodology to measure and disclose carbon emissions generated by their financing activities.

The methodology developed, called “Global GHG Accounting & Reporting Standard for the Financial Industry”, was approved by the GHG Protocol and is currently considered a reference in the financial market.

The following table summarizes the key metrics recommended by the PCAF to analyze financed emissions:

Metric	Objective
Absolute emissions*	Understand the total emissions financed by the portfolio and establish a comparative basis.
Emissions intensity per R\$ 1 Million invested	Compare emissions intensity across different funds. Calculated by normalizing emissions based on portfolio market value or operational metric.

\* For more details on the PCAF methodology for calculating total funded emissions, see Attachment 1.

In 2022 we started measuring emissions from portfolios with an equity investment strategy focused on long-term results: Neo Future, Neo Navitas, and Neo Private Equity.

For our Multi-market strategies, which invest in several asset classes such as stocks, currencies, derivatives, and interest rates, we use only the emission intensity metrics of the companies in the portfolio (long and short positions) in our climate risk analyses.

The process of collecting data on GHG emissions from our invested companies was based on the Public Emissions Registry of the Brazilian GHG Protocol Program, the annual sustainability reports released by the companies and CDP (Carbon Disclosure Project) data. It is important to note that the emission data reported by the companies are not always audited.

\*\* CDP Technical Note: Relevance of Scope 3 Categories by Sector, April 2022 available at [www.cdp.net](http://www.cdp.net)

In addition, around 20% of the 17 publicly traded companies held in our long-only equity funds do not disclose their GHG emissions. The same challenge was detected for all the companies held by our Private Equity strategy. For these companies, approximations were used based on segment and company size.

In the calculation, we considered only the absolute Scope 1 and 2 emissions of the companies in our portfolios, due to the low adherence of the companies in reporting their Scope 3 emissions and the low comparability and inconsistency of the information provided.

We believe that Scope 3 reporting is critical to understanding the carbon intensity of our investments, since it represents the largest share of emissions in most sectors\*\*.



# Analysis of our funded emissions

The following table shows the total financed emissions through our equity and Private Equity strategies.

TOTAL FINANCED EMISSIONS IN 2021	
Neo Strategies	Total tCO <sub>2</sub> e
Neo Future	1,250
Neo Navitas	7,048
Neo Private Equity	1,289
Biogenic emissions	8,678
Biogenic removals	(15,853)

As a result of this calculation, we have identified that the selection of assets, the size of their allocation in the portfolio and the size of the fund directly affect total emissions. Thus, Neo Future and Neo Private Equity strategies have lower total emissions than Neo Navitas, because they are smaller funds, with more relevant allocations to sectors with lower carbon intensity.

We highlight that biogenic emissions and removals, which are related to the natural carbon cycle, such as biomass burning and the planting of trees, were not considered in the portfolios emissions calculations. Therefore, we followed the PCAF recommendation of reporting biogenic carbon emissions and removals on separate lines.

To find out the intensity of a company’s emissions, we divided the amount emitted during the year by its annual revenue. In this way it is possible to analyze how companies operate regardless of their size or position within portfolios, besides identifying the companies most exposed to climate transition risks.



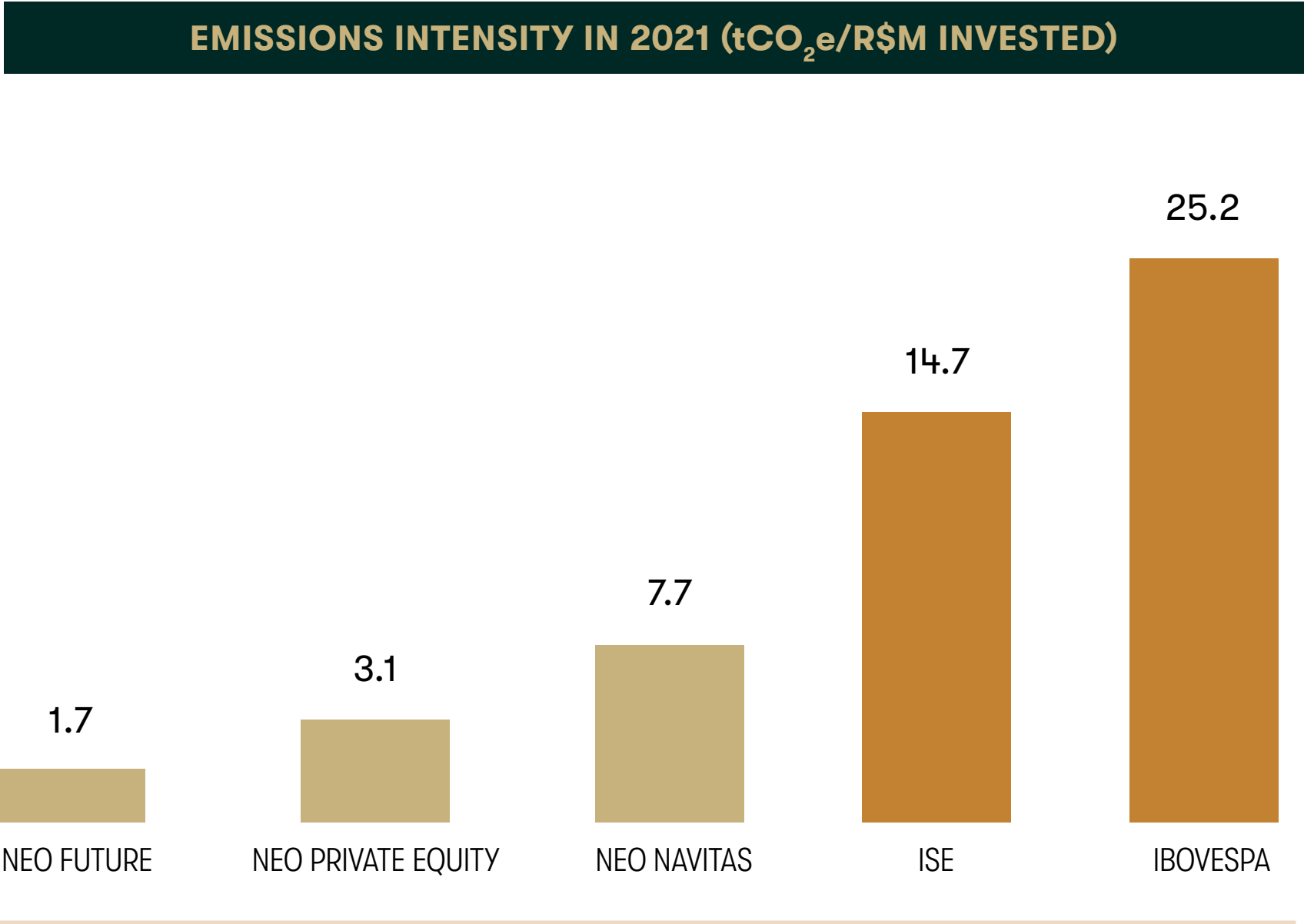
The table below summarizes the emission intensity calculated for the sectors we invest in:

EMISSIONS INTENSITY BY SECTOR INVESTED IN 2021*	
Sector	Intensity (tCO <sub>2</sub> e/R\$M revenue)
Energy	90.92
Materials	58.18
Pulp & Paper	57.15
Industrials	32.30
Food	10.43
Consumer Goods	3.97
Services	2.27
Technology	2.60
Health	1.63
Transportation	1.44
Finance	0.28

\* At the time this report was published, information on 2022 emissions was not yet available.

Finally, we calculated the carbon intensity of our portfolios. Normalizing each fund’s total emissions by their market value, we concluded that their carbon intensity is significantly lower than the Corporate Sustainability Index (ISE), an indicator for Brazil’s companies recognized for their commitment to sustainability.

Compared to the Ibovespa index, this difference is even more remarkable, mainly due to the low exposure to carbon-intensive sectors in our long-only and Private Equity portfolios.





# Next steps in climate strategy

Incorporating information about the companies' and our portfolios' emissions into our investment process allows us to have a broader view of investment risks.

Nevertheless, we recognize that there is still a long way to go in our strategy to tackle climate change and that the methodology used has shortcomings, for example:

- The use of approximations to estimate the emissions of companies that do not yet disclose emissions data;
- The lack of data availability considering Scope 3 emissions, which restricts understanding of the impact of the business throughout its value chain;
- The non-mandatory verification or auditing of reported emissions.

Aware of the pressing need to combat climate change, we will continue to dialogue with our invested companies, demanding a position on:

- **TRANSPARENCY AND QUALITY IN EMISSIONS REPORTING.**

We recommend for all companies the publication of emissions in scope 1, 2 and 3. We suggest the adoption of the reporting framework of the Task Force on Climate Related Disclosure (TCFD), based on four pillars: governance, risk management, strategy, and metrics and targets.

- **SETTING SCIENCE-BASED DECARBONIZATION TARGETS.**

We encourage adopting the recommendations of the Science Based Target Initiative (SBTi) to define targets based on science and aligned with the objectives of the Paris climate agreement. In 2022, 50 Brazilian companies committed to establish targets following the SBTi criteria to reduce their emissions, according to information available on the institution's website. Of this total, only 17 targets were validated.

As a multi-strategy house, we have the advantage of being able to engage with a larger number of companies in a coordinated manner, encouraging them to develop more ambitious decarbonization plans.

Over 2023, we will continue to enhance our knowledge about climate change, seping continuous improvement in the quality of our analysis on the subject and our ability to contribute to companies and, consequently, to the decarbonization of our portfolios.

Simultaneously, we will continue to advance our collaborative agenda, working with other firms and with initiatives such as the Principles of Responsible Investment (PRI), CDP, and Investors for Climate (IPC), aiming to contribute to the fight against climate change and to the preservation and generation of long-term value.





# SOCIAL RESPONSIBILITY



## Passos Mágicos (magical steps)



For three years we have supported, through monthly and yearly donations, the NGO Passos Mágicos, which has a three-decade history

transforming the lives of children and young people in vulnerable situations through empowerment, motivation and inspiration.

The initiative, which operates mainly in the region of Embu-Guaçu (State of São Paulo), supports the development of children by offering reinforcement classes in Portuguese, Mathematics, and English during after-school hours.

The organization provides psychological support and fosters extracurricular activities, carried out in a playful way, to inspire the young participants to become interested and directly involved in cultural and artistic actions.

To take part in the project, students make a commitment to study, read one book a week,

act according to the organization's principles, maintain above-average grades, fulfill the weekly activities, and have a limited number of absences.

As they progress in their development, they are rewarded with a change of level within the project, which starts with literacy, goes through elementary and high school content, and preparation for Enem and vestibulares (Brazilian college entrance exams), all the way to university follow-up. Those who stand out compete for scholarships in private schools and higher education institutions.

Progress is measured based on the level of knowledge acquired – and not merely on age – allowing us to stimulate in children and teenagers a sense of commitment and responsibility, making them the main agents in their development and progress.

Apart from the regular donations, we also conduct an annual campaign called matching or doubling the donations made by



employees. This means that, if the employee donates R\$ 100.00 to the organization, Neo matches the amount donated by making an additional donation in the same amount.

By 2022, Passos Mágicos reached the mark of 71 university students, over 1,000 students, and 110 scholarships.

At Neo, we believe that contributing to the future also involves engaging in social responsibility agendas that reinforce our values and create value for society.

Starting in 2020, we opted to centralize social and philanthropic initiatives that, until then, were carried out individually among our partners. This decision was taken as a way to join forces to maximize Neo's positive impact, besides aligning the activities with our values and mission.

*AS PART OF THIS ALIGNMENT, WE CHOSE TO PRIORITIZE INITIATIVES FOCUSED ON EDUCATION, BECAUSE WE BELIEVE THAT INVESTING IN QUALITY EDUCATION FOR ALL IS AN ESSENTIAL STEP TOWARDS BUILDING A MORE PROSPEROUS FUTURE.*



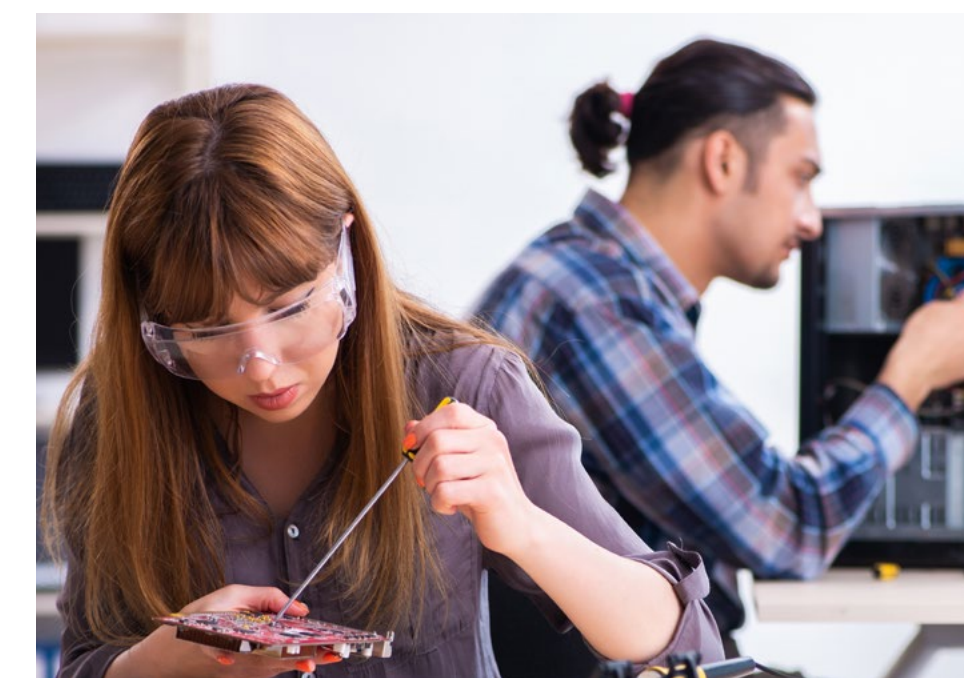
# Ambikira Institute



As of 2022, we became one of the financial market institutions that are part of the Ambikira Institute, an organization that seps to strengthen non-profit organizations by mobilizing people and resources in favor of a social transformation agenda.

The Institute follows a model based on selecting organizations, investing in projects, and monitoring results and impact, designed to benefit vulnerable children, young people, and families.

In 2022, the Institute expanded its capacity to generate positive impact with an increase of about 50% in investments allocated to social projects, reaching over R\$ 8.0 million in the year. Its social projects portfolio reached 26 projects mainly in the areas of education – segments such as early childhood, employability and after-school care – and social assistance.







BUILDING THE  
FUTURE



# Our commitments

In recent years, Neo has followed a steady course of strategic measures and adjustments, aimed at preparing the business to achieve our ambitions for the future.

We did this against an extremely challenging backdrop, given the insecurity imposed by the Covid-19 pandemic and a context of persistent inflation on the domestic front and the uncertainties caused by the conflict in Eastern Europe, in addition to the climate urgency, which increasingly calls for immediate action.

We closed 2022 better prepared for the new global challenges, with a governance structure in tune with our growth trajectory, and a robust sustainability strategy that integrates ESG pillars into investment decision-making.

We believe that in doing so we are preparing for the next generation of investors, who are increasingly aware of and committed to the impact their decisions may have on society and the environment.

For the upcoming years, we want to further advance in our ESG journey, deepening our engagement activities with our companies for all strategies, including the hedge fund division. We will also adopt the TCFD framework to enhance our analysis of climate risks and opportunities.

Additionally, we intend to put traction on the development of Neo’s diversity and inclusion program as a way to drive innovation, growth, and more consistent relationships with our customers.



WE ARE AVAILABLE  
VIA E-MAIL

[esg@neo.com.br](mailto:esg@neo.com.br)

to talk about our  
responsible investment and  
ESG integration journey.

OUR COMMITMENTS		
2021	2022	2023
<ul style="list-style-type: none"><li>• Creation of the ESG Committee;</li><li>• ESG integration methodology development;</li><li>• Monitoring of companies’ ESG performance;</li><li>• Engagement with companies on relevant ESG themes;</li><li>• Incorporation of ESG themes in quarterly letters;</li><li>• Launch of Neo Green program;</li><li>• Definition of strategic SDGs.</li></ul>	<ul style="list-style-type: none"><li>• First annual letter about our commitment to sustainability;</li><li>• Improvement of ESG assessment process; development of proprietary scorecard;</li><li>• Measurement of carbon intensity for equity and Private Equity funds;</li><li>• Intensified engagement and monitoring regarding the reduction of our companies’ emissions;</li><li>• Creation of an area dedicated to talent management, diversity and inclusion.</li></ul>	<ul style="list-style-type: none"><li>• Publication of our first responsible investment report;</li><li>• Training of all analysts on ESG assessment tools;</li><li>• Deepening our analysis regarding climate risks and opportunities;</li><li>• Conducting collective engagements with all stock strategies, including Long Short;</li><li>• Development of Neo’s diversity and inclusion program;</li><li>• Inclusion of ESG indicators to assess annual performance of our leadership team.</li></ul>



# APPENDIX

# SASB index

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT	CODE	COMMENTS
TRANSPARENT INFORMATION & FAIR ADVICE FOR CUSTOMERS	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Quantitative	Number and %	FN-AC-270a.1	There are no employees involved in such cases.
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Quantitative	Local currency	FN-AC-270a.2	There are no legal proceedings of the kind.
	Description of approach to informing customers about products and services	Discussion and analysis	N/A	FN-AC-270a.3	Communications to inform customers about products and services are in compliance with the rules applicable to legislation, regulation and self-regulation, especially CVM and ANBIMA.
DIVERSITY & INCLUSION (employee)	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	%		FN-AC-330a.1	Page 12



TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT	CODE	COMMENTS
INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT & ADVISORY	Amount of assets under management, by asset class, which employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Quantitative	Local currency	FN-AC-410a.1	Page 8
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Discussion and analysis		FN-AC-410a.2	Page 19
	Description of proxy voting and investee engagement policies and procedures	Discussion and analysis	%	FN-AC-410a.3	Information about Neo’s proxy voting policy can be found on pages 8 and 9 of our Responsible Investment Policy ( <a href="https://neo.com.br/documentos-relevantes">https://neo.com.br/documentos-relevantes</a> ). The deliberation of votes by asset management firm is available on our website <a href="http://www.neo.com.br">www.neo.com.br</a> .
BUSINESS ETHICS	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Local currency	FN-AC-510a.1	There are no such legal proceedings.
	Description of whistleblower policies and procedures	Discussion and analysis	N/A	FN-AC-510a.2	Page 10 and 16
ACTIVITY METRIC		CATEGORY	UNIT	CODE	COMMENTS
(1) Total registered and (2) total unregistered assets under management		Quantitative	Local currency	FN-AC-000.A	Page 8
Total assets under custody and supervision		Quantitative	Local currency	FN-AC-000.B	Page 8

# Miscellaneous attachments

## ATTACHMENT 1

Each portfolio’s total emissions in tons of carbon equivalent (tCO<sub>2</sub>e) are calculated using the following formula:

$$Total\ Emissions\ (tCO_2e) - \sum_i^N [Emissions_i \times \frac{Fund\ Allocation_i}{EVIC_i}],\ being$$

$$EVIC = Equity + Gross\ debt$$

According to the PCAF methodology, using the EVIC (enterprise value including cash) metric in the denominator allows the company’s emissions to be allocated to the different players that finance it, be they shareholders or creditors. Furthermore, by disregarding cash in the enterprise value, situations in which the enterprise value is negative and in which over 100% of a company’s emissions are allocated to one lender are avoided.

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