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investing for change

Stewardship Policy

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Stewardship represents the proactive and constructive influence we exert on invested companies, promoting responsible practices aligned with sustainability principles. Although we recognize the importance of voting and activism, we consider engagement to be the most comprehensive and effective tool to generate positive and lasting change.

Since our founding in 1993, engagement has been a cornerstone of our strategy. In 2022, we further strengthened our commitment[1], making our practices more structured, detailed and focused, without losing the closeness and flexibility we have built with our investees over the decades.

Based on thorough analysis, we develop personalized engagement plans to address and prioritize issues we consider essential. This prioritization is guided by factors such as:

- The materiality of the sustainability topic;
- The relevance of gaps or advances identified in the company;
- The potential impact on the company's operational and/or financial performance;
- The ability of the topic to generate systemic effects in other sectors, markets or in the economy.

In addition, specific engagements are carried out in cases of unexpected changes that violate social, environmental and governance principles or require our immediate action.

Collective Engagement and Collaboration

We believe that collective engagement is an essential component of responsible investment. Through collaboration with other investors, we are able to amplify our influence and achieve concrete real-world results. This practice allows us to optimize resources, share knowledge, and address issues of common interest more effectively.

[1]Adherence to the AMEC Stewardship Code

Voting in Shareholder Meetings and Transparency

Although direct engagement is our preferred approach, we also exercise our voting rights in ordinary and extraordinary shareholder meetings. This is an essential instrument to formalize our position on relevant issues, including sustainability topics. We recognize, however, that in many cases, activism through voting may be limited — especially in Brazilian companies with concentrated ownership structures.

- **Voting Process:** all relevant voting agendas, including ESG topics, are discussed in advance during weekly investment meetings. The decisions and votes cast are recorded in internal tools and publicly disclosed.
- **Direct Communication:** we inform the invested company directly about our voting decision when it is contrary to a resolution or proposal, or in cases of abstention. This ensures transparency and strengthens dialogue.
- **Remote Voting Form:** whenever available, we use the remote voting form as a practical alternative to participate in general meetings.

We have a Voting Policy, available on our website (https://famarecapital.com/documentos-regulatorios/), which details the general principles guiding the exercise of voting rights, as well as the procedures for resolving potential conflicts of interest.

Escalation Methods in Engagement

In addition to traditional stewardship approaches, when conventional engagement methods prove ineffective, we apply escalation strategies to reinforce dialogue with companies and enable concrete progress. These methods include:

1. **Internal escalation:** meetings with directors, partners, CEOs and/or Sustainability Committees to emphasize the urgency of the issues raised and the need for concrete actions.
2. **Engagement with other stakeholders:** expanding the dialogue to include other interested parties, such as suppliers, clients, regulators and industry specialists, increasing pressure for structural changes.
3. **Use of open communication channels:** when necessary, we bring the discussion to the public through the media, conferences and industry publications, broadening the debate and increasing the accountability of the companies involved.

Escalation is a complementary resource to engagement and is used strategically to unlock progress when there is resistance or lack of advancement in interactions with investees.