

## Response from Azimut Group

22 July 2019

Business & Human Rights Resource Centre invited Azimut Group to respond to allegations of complicity with environmental and human rights in Brazil.

- [“Complicity in Destruction II: How northern consumers and financiers enable Bolsonaro’s assault on the Brazilian Amazon”](#), Amazon Watch, 24 April 2019
- [“China, EU, US trading with Brazilian firms fined for Amazon deforestation: report”](#), Mongabay, 6 May 2019
- [Portuguese] [“Cumplicidade na destruição: como os consumidores e financiadores do norte permitem o ataque do governo Bolsonaro à Amazônia brasileira”](#), Articulação dos Povos Indígenas do Brasil-APIB, Maio 2019
- [Portuguese] [“Empresas europeias e norte-americanas estão ligadas à responsáveis pela invasão à terras indígenas e desmatamento na Amazônia”](#), Articulação dos Povos Indígenas do Brasil-APIB, 3 de maio de 2019
- [Portuguese] [“Índios propõem boicote a empresas que negociam com invasores de reservas”](#), Época, 29 de abril de 2019

Azimut Group sent the following statement:

Azimut has its presence in Brazil since 2013 when had constituted a Holding Company, controlled by Azimut Luxembourg, to invest in Brazilian Financial Companies linked to the asset management, investment distribution and wealth management business. Through the years we have invested and developed the Brazilian Financial Market based on solid principles of ethics, governance and transparency.

We have two business lines in Brasil. The first one is to manage open ended funds. Our holding company controls Az Quest Investimentos, a pure asset manager that manages a complete portfolio of funds in several markets like fixed income, hedge funds, macro funds, and equity funds. The second business line is a wealth management and investment distribution segment that provides to Brazilian investors a complete platform of sophisticated products and services according to individual needs. In this segment, our Holding Company controls Azimut Brasil Wealth Management and Azimut Brasil DTVM, a financial institution subordinated to Brazilian Central Bank rules and regulatory environment.

In AZ QUEST, our asset management unit in Brazil, we have an investment process, developed over the company's 18-year history, which has always combined an in-depth fundamentalist micro-analysis of companies with the macroeconomic scenario. The process starts with a fundamentalist analysis which includes field research in companies that are candidates to receive investments, the evaluation of their business model, generation of cash, corporate management, sector perspective, among other variables. In this analysis, we look for stocks whose intrinsic value diverges from market value as well as performance drivers and asymmetries of results through the sensitivity analysis of the main variables used in these models. The macroeconomic scenario works as a backdrop, adding value to the process by defining variables that are essential for the evaluation of companies, such as interest rates, foreign exchange, inflation and long-term fundamental trends in Brazil and abroad.

Although we are still in the development stage of Environmental, Social and Governance (ESG) filters, we do not have an asset evaluation policy with restriction criteria and/or social-environmental constraints, nor a defined model to evaluate the impacts of ESG issues in the

company valuation process. However, AZ Quest is one of the few independent Brazilian asset manager adherent to the UN Global Compact. Additionally, in 2017 we obtained the B Corp Certification, which recognizes companies with standards of governance, social, environmental, customers, suppliers, employees, in short, all shareholders have an above-average long-term concern and alignment of traditional enterprises. We have created KPI's to monitor and maintain the certifications achieved.

As a B System member, we have made a public commitment to be "good to the world" company. "B Companies" sign this pact by passing through a rigorous "impact B" assessment, distributed in five dimensions: Governance, Business Model, Impact, Environment and Relations with Employees. To achieve the required certification score, we have amended our social contract to include a commitment to "generate positive socio-environmental impact in the course of its profitable economic activity".

We also decided to support the positive socio-environmental impact through our fund AZ QUEST AZIMUT IMPACTO FIC FIM fully transferring our share of the product administration fee to social impact accelerators and incubators, as provided for in the Fund Regulations (CNPJ: 26.387.057 / 0001-89 - dated 11/29/2018), available on the AZ Quest website or the CVM. In order to address FUND issues related to Social and Environmental Responsibility we set up an independent advisory board, which aims to direct the resources coming from our donation, as well as measuring the impact we are adding to the ecosystem. We are very close to the impact accelerators and closely supporting projects that foster social impact entrepreneurs.

In Azimut Brasil Wealth Management we seek to work with Suppliers, Partners, Service Providers and Clients who have a good social, environmental, reputational, responsible and ethical conduct and who demonstrate adopting best practices in their companies.

According to the procedures described in the AML / CFT Policy, Compliance performs the background check of all suppliers, partners, service providers and clients for reputational risk analysis on hired systems (RISC and World Compliance) ) to mitigate reputational risk.

When applicable, Compliance submits to the Risk and Compliance Committee cases that may pose risk to the company, in order to jointly deliberate on the decision to establish a relationship with a particular supplier, partner or service provider. With that, AZBWM makes its best efforts to avoid hiring any third party who does not comply with current local and international legislation regarding anti-corruption, money laundering, child labor, slavery, environmental, or any other crime or practice contrary to the human rights.

Some activities or company's sectors require additional analysis once they may present more relevant social and environmental risks. In case these activities or company's sectors are approved by the Risk and Compliance Committee, they are internally classified as "High Risk".

AZBWM seeks to include in its contracts declaration and guarantee clauses that aim to discourage such practices, as well as clauses that stipulate socio-environmental obligations, including the prevention of slavery, child labor and sexual exploitation, the respect for the environment and the fight against all forms of corruption, among others.

Sustainability management includes different aspects, with impacts inside and outside of the organization. Among AZBWM's several policies and procedures which are to be followed by all employees, Independent Investment Agents, clients, partners and third party providers, we highlight the following:

- Anti-Money Laundering and the Combat of Terrorism Financing Policy: Establishes the procedures related to Money Laundering Prevention and the combat of Terrorism Financing;
- Anti-Corruption Policy: Establishes minimum behavior standards required in situations that may involve, look like or characterize any sort of corruption;
- Code of Ethics and Conduct: Details the Group's values, business principles and commitments to the stakeholders;
- Client Relationship Policy: Aims to guarantee that clients' relationship with AZBWM always be transparent, ethical, fair and within the standards established to ensure a healthy and respectful relationship;
- Complaint and Ombudsman Policy: Details channels of communication with its main stakeholders;
- Risk Policy: Integrated Risk Management under Central Bank Resolution 4.557 / 17 includes socio-environmental risk. The Social and Environmental Responsibility Policy, in accordance with Resolution no. 4,327, of April 25, 2014, of the Central Bank of Brazil, was duly approved by the Local Board of Directors (DCO Committee).

Finally, Azimut is not a controlling or a relevant shareholder of Marfrig or Minerva. There is not even direct investment from funds managed by Azimut group on those companies, as there have been mere interest rate arbitrage trades positions involving derivatives on them. Those operations have been closed months ago. Therefore, it's clear that Azimut does not have and has never had any power to decide or influence the decision of any actions that might have been performed by those companies. Furthermore, Azimut has not financed none of these companies neither investing in their shares or investing in some debt instrument. Nevertheless, Azimut understands its social and environmental responsibility regarding investment decisions, as per its policies.