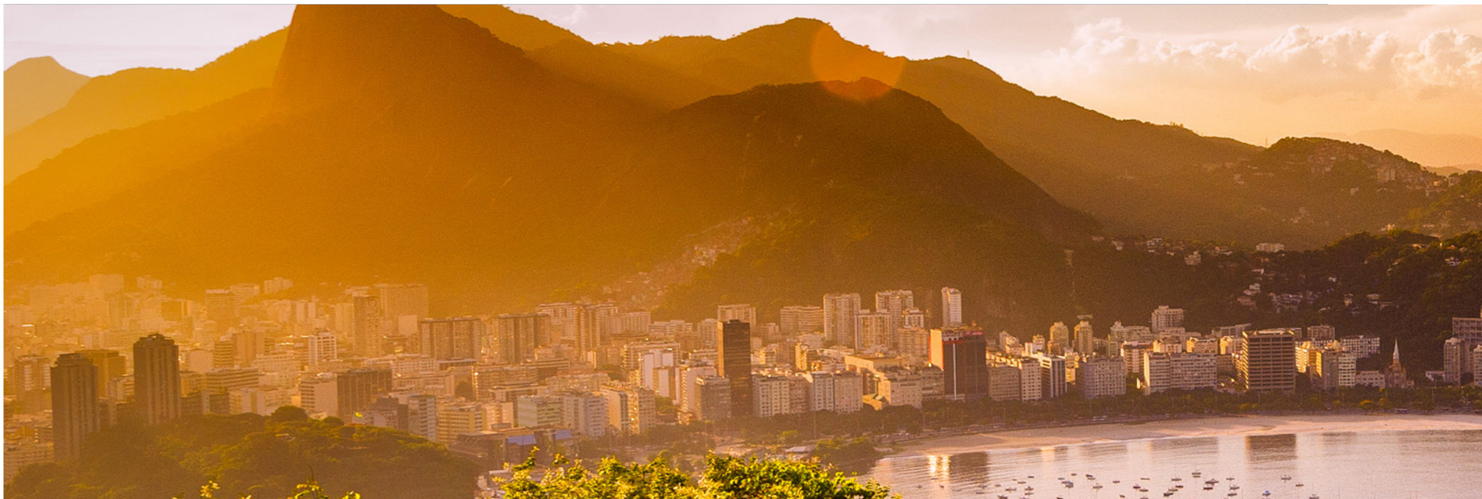
Addressing SESG: aligning words and actions

DLA PIPER

CAMPOS MELLO ADVOGADOS
IN COOPERATION WITH DLA PIPER



1) What is SESG, and why has this concept gained so much relevance?

SESG stands for Sustainability, Environmental, Social, and Governance, the framework for investors and others to assess the impact of a business's operations on various stakeholders. SESG investing—a term that connotes sustainable, socially responsible investing or mission-related investing and screening—has become a standard for top-tier institutional and public investors, financial institutions, private lenders and other stakeholders.

Sustainability refers to the business's ability of businesses to create and preserve value over the long term in alignment with ethical investment principles. It rests on three pillars:

- **Environment** – how a business performs as a steward of our natural environment. This includes waste and pollution, resource depletion, greenhouse gas emission, deforestation and climate change.
- **Social** – how the company addresses its impacts on people and society. This term encompasses employee relations, diversity, human rights, working conditions (including child labor and slavery), and local communities. This could include projects or institutions that will serve poor and underserved communities globally, as well efforts to promote health and safety, and reduce or eliminate conflict.
- **Governance** – how the company is governed and how it implements SESG in its decision making.

These elements are intimately connected, both with each other and with how the company articulates and consolidates its core values. They are part of an unprecedent global surge in demand from employees, investors, suppliers, customers, and communities seeking to make companies accountable for how their operations affect stakeholders. That demand, in turn, is prompting companies to step up and publicly commit to addressing unsustainable practices. Some companies are responding by revamping their operating principles and corporate purpose.

The number of investment funds and entities taking SESG into account has grown rapidly since the beginning of this decade and is expected to continue rising in the years to come. Businesses increasingly incorporate SESG into their missions and operations to ensure business continuity in uncertain times. This is a mounting body of evidence suggests that investment in companies with strong SESG performance outpace investment

into businesses that do not address their material ESG impacts. These companies also tend to have lower capital costs and enjoy and advantage in attracting and retaining top talent.

One interesting article recently published by DLA Piper looks at SESG issues through the lens of the Rule of Three: "Three core principles to help businesses understand the What? and How? of SESG, so they can deliver impactful change and enjoy the concomitant value enhancement and reputation dividend. Those principles – the Rule of Three – are: **Materiality, Advocacy and Authenticity**."[1]

> "It is no longer attractive or interesting for a business to show awareness and intention – or even just written processes and protocols. Such a business will need to demonstrate an SESG strategy which is: consistent with its corporate purposes; focuses on issues material to the business; is underpinned by its culture and values; and is resilient to competition and replication.
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> The leadership of that business will also need to show that it can deliver. This will inevitably require the production of very specific, time-linked and measurable objectives and regular communication of progress – at all levels within the organization – towards the achievement of those objectives. Boards must be brave enough to extend that advocacy externally, not just within the business, and it must be protected by verification to prove its accuracy and also by the authenticity that makes it truly useful to investors.
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> On the SESG journey, 2021 is a year to move from awareness to action and from action to results. That is the challenge for businesses in pursuit of Alpha. It is an easy challenge to state, but a demanding one to implement, especially where time is of the essence and the need for focus is paramount. An optimal response will be greatly facilitated by the principles within the Rule of Three: Materiality, Advocacy and Authenticity. Boards which need to make a difference should keep them close at hand."

This Rule of Three provides a route for businesses to address SESG's central elements. In our view, boards looking to have their companies make a positive difference and meet the growing call for SESG should keep this rule top of mind.

2) How do we put SESG into practice?

"Identifying a company's SESG focus is not a separate exercise but should be integrated into a company's strategy alongside to the core drive for profit. For this to be effective, the SESG focus must be tangible and achievable. Rome was not built in a day, and no company will become a fully responsible business overnight. What is important is to start and to be committed and transparent about it."

— Tine Thygesen, entrepreneur and author[2]

Companies do not *do* SESG; they choose a sustainable path. Today, many company stakeholders monitor the companies' progress in their sustainability journeys.

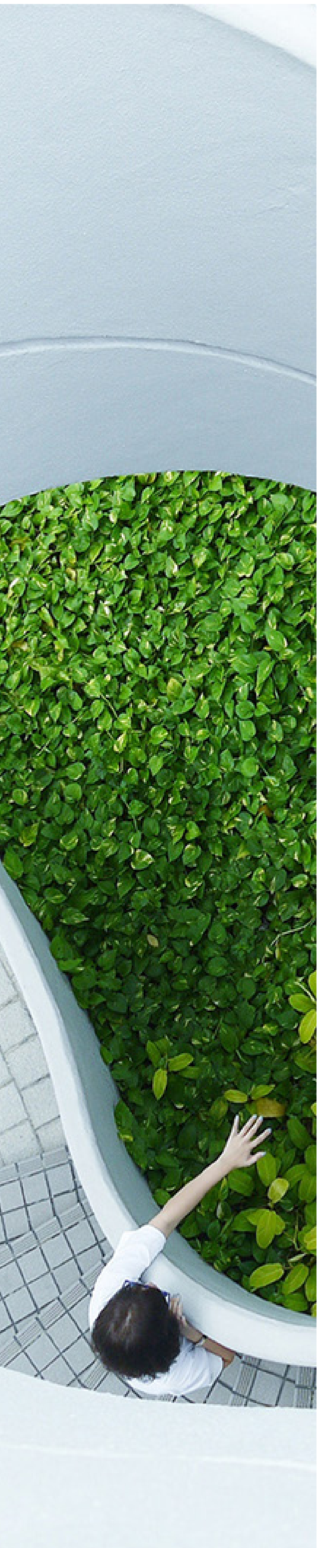
Investors may consider an array of SESG factors, metrics and data when looking to adopt an SESG investing strategy or to apply SESG principles across a portfolio. These factors typically include industry-specific key issues, such as climate change, human capital, corporate governance, diversity, and privacy and data security. For instance, a life science company and an energy company may face different key SESG risks and opportunities:

> *"As a firm, we understand that clients operating in different sectors face unique sustainability and SESG opportunities and challenges. Our proactive sector-based approach to guidance is intended to assist clients globally as they navigate the myriad of sustainability and SESG topics impacting their businesses." — Ann Ford, DLA Piper's global co-chair of sectors,"*[3]

We are committed to make businesses better by helping our clients and communities transition to and thrive in a more sustainable future. We understand the unique challenges and needs of each sector and deliver seamless global solutions for our clients around the world.

> *"The company's ability to raise capital will be increasingly connected to the degree of transparency each company will be committed to in connection with sustainability. CMA understands the unique opportunity SESG offers from different angles, regardless of the industry sector our clients are operating in. Prudent businesses must understand it as fast as they can in order to be well prepared for these rapidly coming changes – and, definitely, the less agile pack will end up challenged when SESG becomes a sound reality. CMA is in the vanguard of diversity and inclusion, as well as social- environmental responsibility, positioning itself as a leading law firm for SESG initiatives in Brazil." — Fabio Campos Mello, Managing Partner of Campos Mello Advogados*

3) What is happening abroad?



Regulators around the globe are turning their focus to SESG. In early 2005, Kofi Annan, then United Nations Secretary-General, invited a group of the world's largest institutional investors to take part in developing the Principles for Responsible Investment (PRI). The PRI launched at the New York Stock Exchange that same year with 100 signatories. Today, it has more than 7,000.

Europe has been in the vanguard of the regulatory and legislative push toward SESG – for instance, see the work of the Task Force on Climate-related Financial Disclosures (TCFD), created in 2015 by the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system; and the European Union's Taxonomy for Sustainable Activities. And we are confident that the US and Asia Pacific region will join this movement in 2021, with Brazil likely to follow close behind.

The move to a global corporate reporting standard for sustainability is gathering force. Recent net-zero emissions pledges from China, Japan and the Republic of Korea suggest sustainability will continue to be imperative in 2021. And early indications suggest several regulatory and legislative changes, as well as industry-level initiatives, will emerge across the Asia Pacific region in the months to come. Below we detail other developments in key jurisdictions.

CHINA: prioritizing SESG

A few years ago, making SESG-oriented investments in China presented significant challenges because data to assess Chinese companies' SESG performance was insufficient. That is rapidly changing. In 2019, 85 percent of China Securities Index 300 companies released official SESG disclosures, a significant change from 54 percent in 2013. Yet among those companies, only 12 percent provided audited reports, suggesting ample room remains for improving the quality of SESG disclosures.

A few forces are driving the trend of increasing SESG disclosure in China: (i) Chinese regulators had set a goal to mandate disclosures for listed companies by the end of 2020 (now expected to be 2021 due to the pandemic); (ii) in December 2020, President Xi Jinping announced China's goal to be carbon neutral by 2060, further pushing the transition to a low-carbon economy and likely prompting similar commitments from other global leaders; and (iii) foreign investors in Chinese assets must meet their funds' domicile standards on SESG when investing in China, driving improved reporting by Chinese firms.

In China's latest five-year plan (2021 to 2025), the country has pledged to implement the 2030 Agenda for Sustainable Development, with authorities prioritizing green improvement in the coming years.

US: Industry awaits 2021 SESG action

In 2021, investors expect SESG-related legislation from the US as part of President Joe Biden's ambitious agenda to address climate change. That agenda began to emerge in his first hours in office.[4] Within days, he had taken steps to have the US rejoin the Paris Agreement and to reimpose greenhouse gas emission limits rolled back by the Trump Administration. He also rescinded the permit for the Keystone XL pipeline and directed federal agencies to eliminate subsidies for fossil fuels "as consistent with applicable law." He also plans to direct US$2 trillion from the federal budget toward addressing climate change issues.

On December 1, 2020, another key US constituent, the Asset Management Advisory Committee of the US Securities and Exchange Commission (SEC), gathered to discuss draft recommendations proposed by its ESG Subcommittee. The subcommittee's guidelines will inform the direction of future SEC rulemaking. The draft includes several recommendations (for instance, that the SEC mandate the adoption of standards by which issuers disclose material SESG risks) and suggests best practices to enhance SESG product disclosure.

European Union: The New SESG Regulation in the EU and its applicability to third-country alternative investment fund managers

Sustainable investing and SESG are rising to the top of the agenda across the financial services industry, with a vast array of new industry bodies and initiatives both in the EU and globally. New regulations are similarly emerging to reorient capital flows toward a more sustainable economy and to enhance transparency and standardization on sustainability within the financial markets to prevent greenwashing and ensure comparability. These measures are, to date, the broadest regulatory initiatives developed in sustainable finance.

On March 10, a new regulation came into force in the EU, the Sustainable Finance Disclosure Regulation (SFDR). The SFDR requires certain firms (including private banks and wealth managers and advisers) to comply with new disclosure rules for sustainable investments and sustainability risks.

Many managers and advisers have reportedly not yet fully addressed the new requirements. DLA Piper, our global relationship partner, has prepared an overview of the main issues in SFDR implementation across Europe, including practical suggestions for addressing these issues in the *SFDR Guide*.[5]

Concerning the applicability of this new regulation to foreign entities (such as Brazilian companies), DLA Piper's *SFDR Guide* notes:

> "Apparently, this is a question even the ESAs do not have a final answer to. In their recent letter to the EU Commission, the ESAs have asked the EU Commission to clarify the extent to which SFDR applies to third-country AIFMs; for example, when marketing EU AIFs under a national private placement regime. Similar questions could arise if non-EU AIFMs manage EU AIFs or provide portfolio management or investment advice to EU AIFs. Portfolio management is defined in Art. 2 para. 6 SFDR by reference to Art. 4 para. 1 no. 8 MiFID II and covers discretionary mandates relating to financial instruments. Investment advice is defined in Art. 2 para. 16 SFDR by reference to Art. 4 para. 1 no. 4 MiFID II and covers the provision of personal recommendations on transactions relating to financial instruments. Non-EU AIFMs providing portfolio management or investment advice to EU AIFs have to fulfil the obligations for financial advisors according to Art. 2 para. 11 SFDR.
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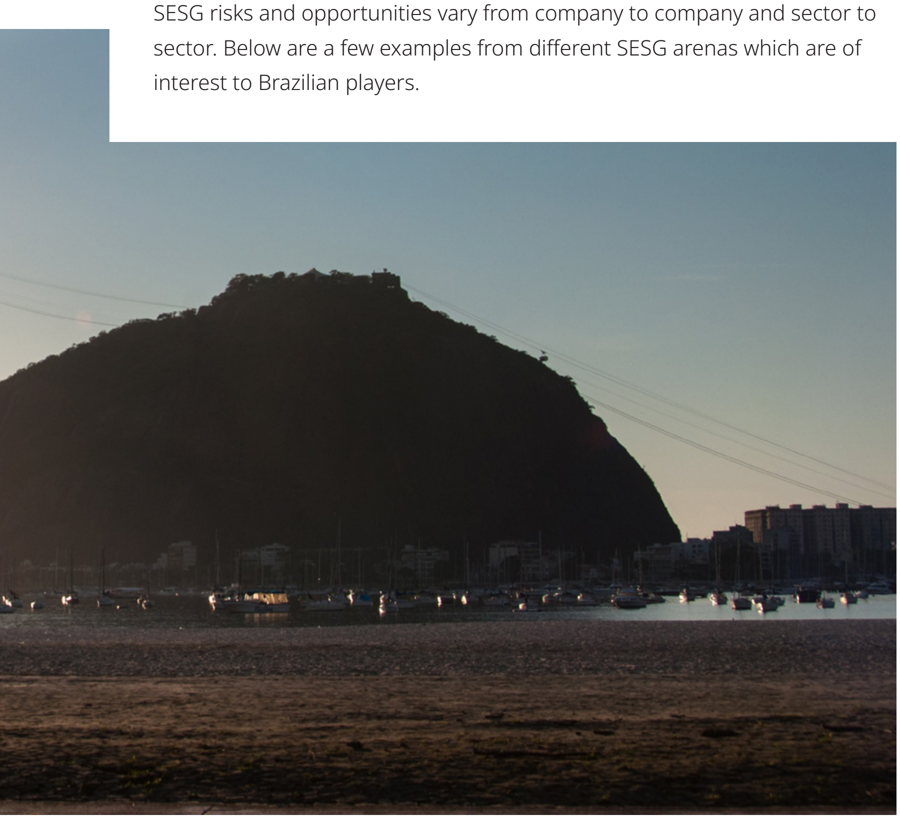
> A number of EU fund industry associations have stated that SFDR should also apply to non-EU AIFMs if there is a nexus with the EU territory, either via the domicile of the managed or advised AIF or via the country in which marketing activities are carried out. This principle should be applied both ways, ie if an EU AIF is marketed outside the EU, the respective AIFM would still need to make the SFDR disclosures. In our opinion, since the SFDR obligations are linked to the existing EU regulatory frameworks (AIFMD, UCITSD and MiFID), the disclosure obligations under SFDR should only apply to non-EU AIFMs to the extent they are covered by the respective frameworks. Accordingly, as an example, if and to the extent the cross-border provision of portfolio management or investment advice by a non-EU AIFM does not fall under MiFID II (which is the case as long as the non-EU AIFM does not specifically solicit target clients or potential clients in the EU), the non-EU AIFM does not have to comply with SFDR."[6]

4) What is happening in Brazil around SESG?

A recent publication by DLA Piper brought to light the current “departure from the Friedman Doctrine of maximizing shareholder value” to “SESG strategies showing how they are addressing SESG risk and distinguish themselves from the pack as well.” This is based on a growing understanding that companies’ responsibility to serve all stakeholders is increasingly becoming a norm in international business. Of course, major geopolitical and social issues undergird this change. But businesses are already moving to the fore of this discussion, with many seeing SESG as a way to disrupt “business as usual” and obtain competitive economic advantages along the way. is definitely following this trend.[7]

SESG risks and opportunities vary from company to company and sector to sector. Below are a few examples from different SESG arenas which are of interest to Brazilian players.



Energy

The energy industry has been at the forefront of SESG for some time. SESG principles align with several challenges the power sector will face in the near future. One of these challenges arises from the tension between energy demand and the need to decarbonize energy generation. Renewable sources are key to addressing this task and Brazil has some promising numbers:

- Brazil has some of the highest shares of renewable energy use in the world, and solar generation is definitely on the rise, with at least 5.3 GW of new photovoltaic solar power expected in 2021, an increase of 65.6 percent over last year
- With over 80 percent of our power matrix already supplied from renewable sources, Brazil has natural characteristics that make us a world leader in renewable power.

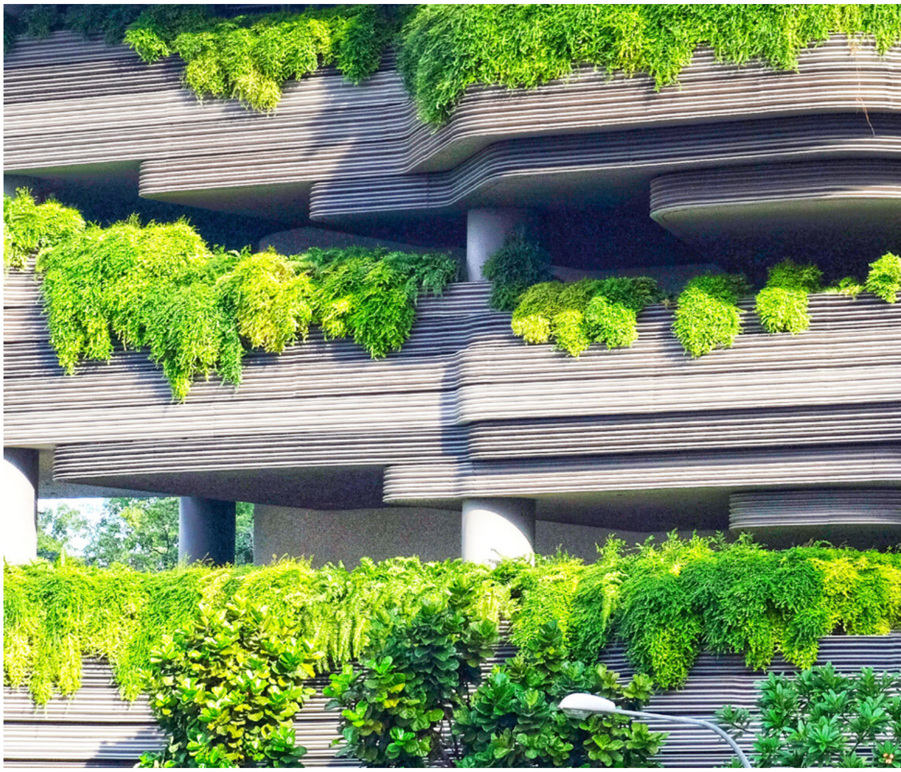
For companies pursuing renewable energy as part of their SESG strategies, bioenergy (that is, energy from organic matter from plants and animals, such as biomass, biomethane and biogas) may be an important component. As a result, we have seen a growing number of laws aimed at encouraging and regulating bioenergy generation at both the federal and state levels in Brazil.

The incorporation of SESG principles in companies’ business plans is also leading to growth in other areas in the Brazilian energy market:

- **The market for International Renewable Energy Certificates (I-REC).** The number of Brazilian I-RECs nearly doubled from 2.5 million in 2019 to around 5 million in 2020
- **The energy efficiency market.** The use of renewable distributed generation and smart grid technologies combines the “Three Ds” of modern power generation: decarbonization, decentralization and digitalization.

Financial services

- The Brazilian Securities and Exchange Commission (CVM) is currently in the process of improving the standards of reference forms released by publicly held companies to include information related to SESG issues and promote a broader disclosure of the social, environmental and climatic risk factors to which companies are exposed and how to mitigate these risks. CVM will also require companies to (i) publicly report on their commitment to the Sustainable Development Goals relevant to each business individually; (ii) adopt SESG-performance indicators; and (iii) provide information on gender and racial diversity in staff and management positions, as well as differences in pay between different positions and between genders and races.
- A new SESG index emerged in September 2020 when S&P Dow Jones Indices (S&P DJI) and the Brazilian Stock Exchange (Brasil Bolsa Balcão – B3) jointly developed the S&P/B3 Brazil SESG Index. The Index is designed to measure the performance of securities in meeting sustainability criteria. Companies involved in the weapons, tobacco, or thermal coal businesses and companies with disqualifying United Nations Global Compact scores are excluded. Remaining eligible companies are then weighted in the index by their S&P DJI SESG Score resulting from a corporate sustainability assessment. The S&P/B3 Brazil SESG Index currently has 96 companies in its portfolio.
- In the past year, the Brazilian government has been focusing on creating opportunities for green investments. At the start of 2021, the government launched the following program as a strategy to protect the country's forests and avoid deforestation, especially in the Amazon region:
  - *Increase in forest concessions* addresses private management of public forests through their sustainable forestry management practices.
  - *Adote um Parque (adopt a park)* seeks to attract resources to fund the conservation and maintenance of federal conservation units throughout the country.
  - *National Program of Environmental Services (Floresta+). Floresta+* is intended to promote and consolidate the environmental services market so that the economic value of activities such as conservation and monitoring in native forests are properly valued through financing from individuals, NGOs, private companies, and international cooperation agencies.



- FEBRABAN (Federação Brasileira de Bancos) has also presented a proposal to create a green taxonomy in the Brazilian banking system to establish criteria for banks to analyze how their portfolios address exposure to socioenvironmental risks.

Real estate

The real estate sector has long sought to adopt sustainable practices, both through environmental certifications (such as the LEED certifications offered by the Green Building Council) and through the adoption of environmental management systems, such as the International Organization for Standardization's ISO 14001.

According to a survey conducted by GBC, civil construction is responsible for about 75 percent of Brazil's annual natural resource consumption, 44 percent of the country's energy production, and 39 percent of Brazil's net carbon emissions related to energy. The GBC also indicates that projects with sustainability certifications consume 40 percent less water and 30 percent less energy, and they generate 65 percent for

waste. In addition to these benefits, these projects are also more flexible, have lower raw-material consumption and costs, and often higher resale values.

Below are only a few of the many examples of how policies aiming to making civil construction more sustainable are benefiting people and the environment:

- Some Brazilian municipalities have instituted projects granting discounts in the value of the real estate property tax (IPTU) for taxpayers who adopt environmentally beneficial practices, such as the use of renewable energy, rainwater collection and use, improved waste handling, and building features like green roofs and permeable paving.
- Brazilian regulators are beginning to require more sustainable practices in the development of real estate projects. In Rio de Janeiro, for example, new regulations require some new buildings to have water reservoirs for rainwater storage and meet energy efficiency criteria.
- Real estate investment funds are also beginning to adopt sustainability principles. A fund structured by Integral Brei has helped raise funds to create a "smart city" in Brasília/DF. This smart city will be developed in a 1 million square meter area and will house several construction projects. It is intended to be a district of innovation and a home for technology companies and startups.
- The National Development Bank (BNDES) has signaled the importance of sustainability and governance by developing financial instruments (such as green bonds) to raise capital for sustainable economic activities.
- These new instruments bring a fresh approach to project finance for residential, commercial, and other real estate projects developed under the BNDES guidelines, such as compliance with Brazilian legislation and environmental licensing.

Life sciences and healthcare

- Life sciences and healthcare companies must demonstrate the environmental integrity of their manufacturing processes and their philosophy on patient access and (as seen in the current developments around COVID-19 vaccines) their readiness to collaborate with competitors in service of the greater good.[8] This includes a range of issues, such as transparency in access to clinical trials, the ethical use of data, and affordability of access.
- Disruptive technologies have gained considerable market share in most of the crucial industry sectors, and the life sciences and healthcare sectors are no exception. The greater focus on patient experience (preventive care and wellness), new disease diagnosis and management techniques, product-life cycles, and the use of AI, machine learning, automation, robotics, and other disruptive technologies will all play an important role in future.
- Boards of life sciences and healthcare companies should also be aware of the impact of their manufacturing, production and supply chain processes. These include considerations of how raw materials are sourced; how products are designed, manufactured, packaged, sold, reused or recycled; how waste and hazardous materials are treated; and how to manage wider environmental and social impacts related to issues like emissions, plastics, water use, biodiversity loss, labor conditions and local communities. All this takes place in the context of an evolving regulatory landscape and a growing need to translate SESG "authenticity."
  - For example, in terms of environment, manufacturers, importers, and distributors of medicines are required to adopt all measures to ensure the implementation and operation of the reverse logistics system (take-back system – *this is not a novel initiative but has been more than ever put in the spotlight due to SESG rising demand*). Under that system, distributors must collect and return products and packaging to the manufacturers or importers, which are in turn responsible for returned products' environmentally appropriate disposal. Since the enactment of a federal law covering such takebacks, new rules have also been enacted at the federal and state levels to regulate this obligation, contributing to the adoption of sustainable measures regarding product life cycles. As major companies address takebacks and waste management, their approaches will become templates for the industry at large.
- The way in which businesses respond to these expectations can have a direct impact upon their reputation and ultimately upon their license to operate.

Insurance

- Because of SESG's relevance to risk management, the Brazilian insurance sector has been at the fore in adopting SESG principles. In 2016, the Brazilian Private Insurance Superintendence (Superintendencia de Seguros Privados, SUSEP) issued a letter to inform the market of an initiative to support the Principles for Sustainable Insurance (PSI)[9] of the Financial Initiative of the United Nations Environment Program (UNEP FI) and with support from the International Association of Insurance Supervisors (IAIS).

- SUSEP's initiative followed the steps of the Brazilian Federation of Insurers (Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Caitalização, CNSEG), which has 170 supervised entities as members and has supported PSI since 2012. Many Brazilian insurers were already following PSI's principles and guidance.

- As part of its commitment to PSI, SUSEP begun monitoring SESG in the Brazilian insurance market. Its first step was to identify sustainable practices within the industry with a questionnaire asking members to comment on sustainable initiatives in their operations. The questionnaire was inspired by the initiatives of the UK's Prudential Regulatory Authority and Bank of England, as well as the National Association of Insurance Commissioners in the US.

- In June 2016, SUSEP issued a report aggregating information gathered from the market and noting that sustainability was high on the agenda for most insurers, even though effective steps to put sustainable principles in practice were still in development. The report also noted SUSEP's own commitment to its own sustainability, evinced by its developing awareness on sustainable practices internally.

- In May 2018, the leadership of CNSEG, SUSEP and UNEP-FI signed the "Rio Declaration on the transparency of climate risk for the Brazilian insurance sector."[10] The Rio Declaration affirms the commitment of the Brazilian insurance industry to meeting the temperature goals of the Paris Agreement on Climate Change and establishing dialogue on practical and effective measures to comply with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

- The Rio Declaration also shows the Brazilian insurance sector's commitment to the PSI and SUSEP's engagement with Brazilian supervised entities in implementing the TCFD's recommendations.

- Since then, although no enforceable regulations yet require supervised entities to implement sustainable measures in their operations, SUSEP has been issuing regulations encouraging the supervised entities to invest in sustainable portfolios and promoting increased awareness of the importance of sustainability to the industry. This year, SUSEP expressly committed in its annual regulatory plan to enact specific regulation covering SESG.

Apart from these industry sectors, but highly relevant to all...

Brazil's Labor Public Prosecutor Office recently issued new guidance for employers on LGBTQIA+ rights. And in late 2020, the Committee for the Promotion of Equal Opportunities and Elimination of Discrimination at Work produced a Technical Note with guidelines for protecting of rights of members of the LGBTQIA+ community in the workplace. The Technical Note contains seven recommendations for employers. Although these recommendations are not legally binding, compliance is important for ensuring a healthy working environment for all employees and for avoiding labor claims and other adverse consequences for the employer. Among other points, the Technical Note recommends the following:

- Employers should use an employee's social name for all purposes, regardless of whether the employee has obtained a legal name change.
- The employer is responsible for ensuring a healthy working environment that promotes all employees' physical and psychosocial health.[11] Employers should thus help to resolve psychosocial risks, adopting measures to prevent violence, harassment, and other acts of prejudice and intolerance against LGBTQIA+ employees.
- Transgender employees should have access to gender-restricted spaces in the workplace (such as bathrooms) according to the employees' gender identity, as opposed to their biological sex.
- LGBTQIA+ employees' right to parental leave should be honored as established by law.
- During the COVID-19 pandemic, employees living with people who are part of a risk group should be offered the possibility of performing their activities remotely, since it is the company's responsibility to ensure the compatibility of employees' professional and family responsibilities.
- Employers should be aware of signs of domestic violence against their LGBTQIA+ employees and take appropriate action if signs are identified, such as by warning the competent authorities and prioritizing the victim's safety.

A growing number of employers are focusing on D&I policies and devising new recruitment processes to avoid workplace discrimination, including in the selection of candidates and the admissions process.

To clarify: SESG is good for the world and good for the company

Harvard Business School has published a study of global firms suggesting that those paying consistent attention to material SESG issues perform better than their competitors:

> *"[...] Firms performing better on material sustainability issues experience relatively more positive changes in profitability margins. Specifically, we find that changes in return-on-sales (ROS) and sales growth are more positive for the portfolio of firms performing better on material issues. [...]*
>
> *"We find that firms with superior performance on material sustainability issues outperform firms with inferior performance on material sustainability issues in the future"* [12]

5) CMA and SESG

CMA is a key part of DLA Piper's global commitment to market leadership on SESG:

> *"DLA Piper is equally committed to further developing its own already robust pro bono and diversity and inclusion programs. .... Pro bono efforts span a number of areas, from supporting asylum seekers and serving vulnerable immigrants to assisting food banks and promoting juvenile justice. The firm's D&I recognitions and initiatives include its certification as a Mansfield Plus firm and an Inclusion Blueprint Champion for Firm Leadership; its ongoing partnership with New York University's Kenji Yoshino, Director of the Center for Diversity, Inclusion, and Belonging and Chief Justice Earl Warren Professor of Constitutional Law at NYU School of Law; pipeline development efforts such as the Raja Gaddipati Fellowship; and professional development programs through the Leadership Council on Legal Diversity (LCLD)."*[13]

CMA's D&I Policy

While the legal profession has made considerable progress with diversity and inclusion, it still has far to go. We at CMA are on a mission to meet that challenge. We recognize that generating meaningful improvement in this area requires intentional, systematic, and sustainable efforts, and we are steadfast in following through on our commitments to our people, our clients, and our communities. We assign diverse teams at the outset of new engagements to provide young, diverse associates with significant responsibility in client matters. This allows us to continue building and strengthening a diverse team to help clients while simultaneously providing important professional opportunities for up-and-coming talent. One of our most relevant D&I initiatives was the hiring of TREE Diversidade[14], a consulting firm which specializes in D&I matters, to assist us in our D&I endeavors. Importantly, all these commitments are in addition to CMA's adherence, when applicable, to DLA Piper's diversity initiatives.

Compliance policy and program

Ethics and integrity are among our core values, and we believe they are the foundation of any relationship. That is why we have a Compliance Program including: (i) a robust Code of Ethics and Conduct; (ii) an Ethics Committee; and (iii) a communication channel. Our Code of Ethics and Conduct covers all integrity risks that arise in the practice of law, especially with respect to our members' conduct, confidentiality of information, conflict of interests, and relationship with clients, vendors, suppliers, competitors, government bodies, and the press.

Incentive programs

Everyone at CMA has opportunities to grow, and the pathways to success are transparent. D&I committees, resource groups, professional development initiatives, and mentoring opportunities all engage diverse lawyers and their champions in working together toward a common goal: increased diversity at all levels throughout the firm. As an example, just over a year ago, our senior associates and partners joined DLA Piper's mentoring program for women lawyers across Latin America. That program aims to develop and retain women lawyers through mentoring and exchanges of knowledge and experience. Our career guidance and training policies particularly focus on talent retention. One of the most important commitments we make to our people is to provide young, diverse lawyers with meaningful, client-facing experiences that facilitate relationship building, laying an important foundation for greater career opportunities, and our clients tell us they value these relationships.

About CMA

CMA is a full-service law firm based in Brazil's main financial centers, positioning us to assist clients with their legal needs throughout the country. For more than 10 years, we have been working in cooperation with DLA Piper, providing our clients with access to DLA Piper's global network of more than 4,500 lawyers in more than 40 countries across the Americas, Europe, the Middle East, Africa and Asia Pacific. Learn more at dlapiper.com.

CMA has a comprehensive services platform and market presence that seeks to meet the needs of virtually any type or size of clients. We aim to unite local and international culture and deliver high-quality results with the most cost-effective standards. Our client portfolio ranges from multinational, Global 1000, and Fortune 500 enterprises to emerging companies developing industry-leading technologies.

From startups to premium investment funds, our clients turn to us as a value-added business partner. CMA helps clients to meet their strategic planning.

How can we help?

Because SESG has become a board-level strategic issue and requires a broader, forward-looking approach, we can also help you:

- **engage with your board** and facilitate awareness-raising sessions with senior-level executives based on our familiarity with global sustainability frameworks, standards and initiatives
- **identify SESG topics** relevant to your business, achieve clarity on your objectives and set up an action plan tailored to your business
- **put in place an SESG governance structure** with clear indicators, reporting lines and a framework of policies and procedures encompassing the full spectrum of the sustainability agenda, according to the specificities, opportunities and challenges of the sectors of the industries in which they operate
- **implement your action plan** throughout your business lines from a legal and advisory perspective
- **manage your SESG projects**, including change management and training, and creating pilot cross-functional teams across multiple jurisdictions jointly with DLA Piper
- **carry out automated SESG due diligence** as part of your transactions through the Datamaran system and
- **structure and set up SESG products** and services you intend to offer going forward.

How can we help your business?

INDUSTRIES INSIGHTS

We maintain an ongoing SESG dialogue with major industry players and we contribute to SESG-related initiatives via industry associations, thought leadership and pro bono cooperation.

QUALITY AND EXPERIENCE

We work with a community of skilled and experienced lawyers, among them many former in-house counsel, supervisors and other industry experts who bring the experience and seniority to properly address your needs.

FROM PROMISE TO ACTION

We help you to turn general principles and objectives into a business-focused SESG action strategy and to embed SESG in the DNA of your business, respecting the Rule of Three and, consequently, credibly addressing each of SESG's three pillars.

HOLISTIC APPROACH

We understand the disruptive power and opportunities SESG offers, and weconsider SESG from all angles relevant to your business.

SKILLED IN LAW AND BUSINESS

We are experienced in dealing with novel and work-in-progress legal frameworks, and we know how to break down and apply them pragmatically to your business.

GLOBAL AND LOCAL

We know what is relevant in your industry and together with DLA Piper we are able to connect you to global frameworks and initiatives on SESG.

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Endnotes

1 https://www.dlapiper.com/en/uk/insights/publications/2021/01/beyond-woke-acting-now-sesg/

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3 https://www.dlapiper.com/en/us/news/2020/11/dla-piper-launches-sustainability-and-esg-portal-to-help-clients-thrive-in-a-sustainable-future/

4 https://www.dlapiper.com/en/us/insights/publications/2021/01/biden-administrations-ambitious-climate-agenda-starts-now

5 https://www.dlapiper.com/en/uk/insights/publications/2021/02/sfdr-are-you-ready/

6 Ibid.

7 https://lifesciences.dlapiper.com/post/102grik/the-importance-of-an-sesg-strategy-for-life-sciences-companies

8 https://www.dlapiper.com/en/uk/insights/publications/2021/01/beyond-woke-acting-now-sesg/

9 SUSEP 2016 Sustainability Report: http://www.susep.gov.br/setores-susep/seger/codin/Ryou elatorio%20de%20Sustentabilidade%202016%20v%20final.%20docx.pdf

10 https://midias.cnseg.org.br/data/files/53/F2/D1/15/B8A6361019FF6136F98AA8A8/Declara__o%20do%20Rio.pdf

11 The rights of members of the LGBTQIA+ community are based on the principles of human dignity, equality and non-discrimination, as set out in the Federal Constitution.

12 https://dash.harvard.edu/bitstream/handle/1/14369106/15-073.pdf?sequence=1

13 https://www.dlapiper.com/en/us/news/2020/11/dla-piper-launches-sustainability-and-esg-portal-to-help-clients-thrive-in-a-sustainable-future/

14 https://treediversidade.com.br/