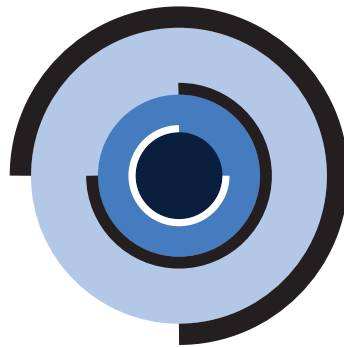


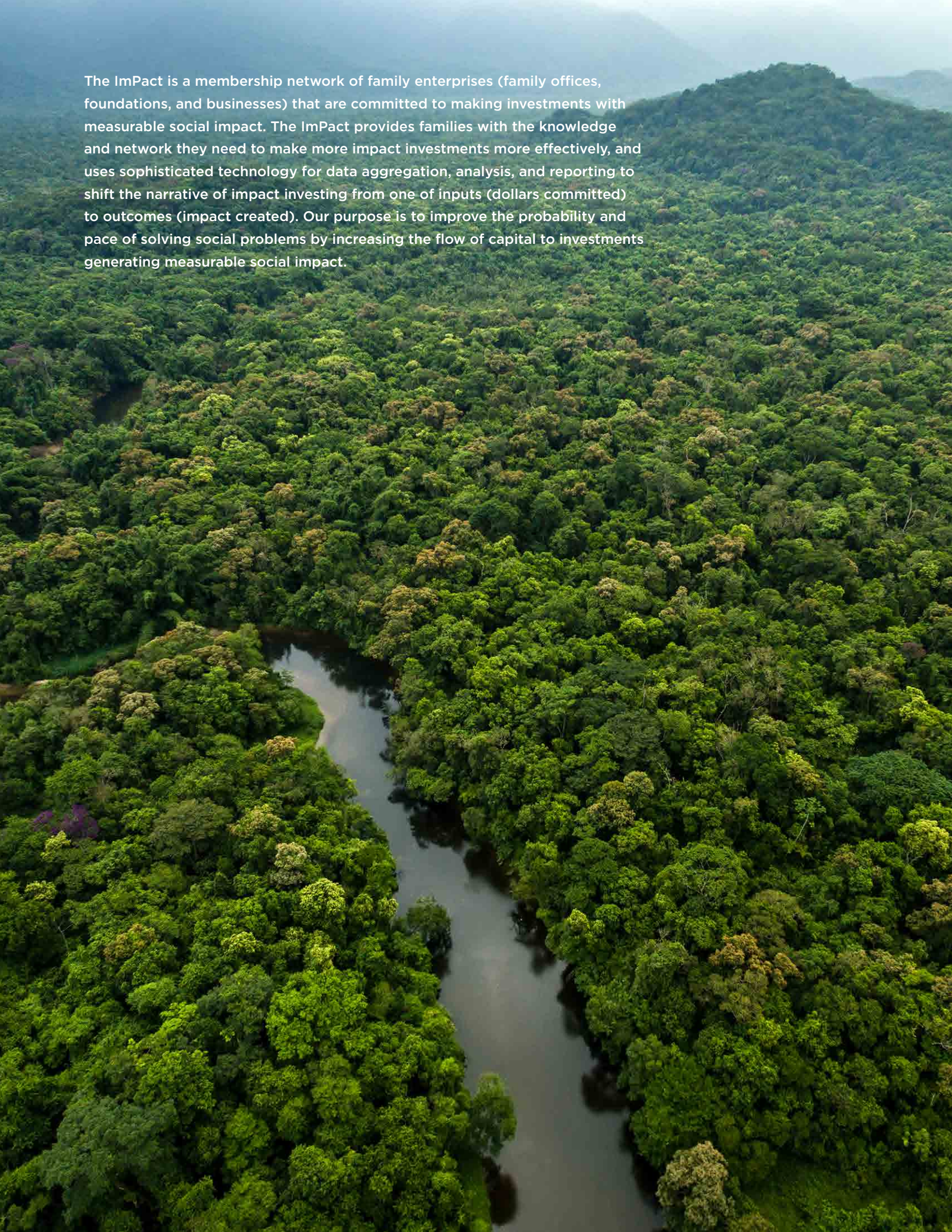
IMPACT INVESTING IN BRAZIL:

A PRIMER FOR FAMILIES



THE IMPACT

The ImPact is a membership network of family enterprises (family offices, foundations, and businesses) that are committed to making investments with measurable social impact. The ImPact provides families with the knowledge and network they need to make more impact investments more effectively, and uses sophisticated technology for data aggregation, analysis, and reporting to shift the narrative of impact investing from one of inputs (dollars committed) to outcomes (impact created). Our purpose is to improve the probability and pace of solving social problems by increasing the flow of capital to investments generating measurable social impact.



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IMPACT INVESTING IN BRAZIL:

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Visionary Brazilian families have been instrumental in establishing the impact investing ecosystem in Brazil. Today Brazilian families are accelerating the impact investing sector by establishing new impact funds, testing new interventions and business models, engaging in field building, and transforming the impact of their operating businesses. There are a growing number of ways for families to create shared, sustainable prosperity in Brazil through business and investments.

This report analyzes the history and current trends of how families are pursuing positive impact by aligning their investments and business activities with their values and legacy. The insights in this paper gathered from twenty-five leading families and ecosystem players provide inspiration and a path to action for families planning the next steps in their impact investing journey.

This report outlines how the education, healthcare, and environmental preservation sectors are particularly well suited to attract impact investments in Brazil in the future. The challenges Brazil faces provide a diverse set of opportunities for families to deploy impact capital across asset classes, sectors, geographies, impact strategies, and return profiles.


The Opportunity for Brazilian Families

Brazil is in a moment of transition, transformation and opportunity with challenges of rising social inequality, environmental degradation, and political instability. The path that Brazil takes through this period can create a more environmentally resilient and prosperous future. Impact investing can play a role in shaping this path and visionary families can lead the way.

All investments have impact—positive, neutral or negative. The premise of impact investing is that social and environmental impact should be considered along with financial return as part of the investment decision-making process. Families in Brazil have a long-standing tradition of philanthropy and they are increasingly considering the impact of their investment and business decisions.

History of impact investing in Brazil

The term “impact investing” was coined in 2007¹ and Brazilian investors began to fund impact investments domestically as early as 2008. SITAWI—Finance for Good was founded in 2008 with its first impact product: the Social and Environmental Loan. MOV Investments also began exploring opportunities for impact investment in 2008, and formally made its first impact investments in 2012. In 2009 the first closed-end impact investor, Vox Capital, launched its first fund. According to the Aspen Network of Development Entrepreneurs report *Mapping the Impact Investing Sector in Brazil*, Brazilian funds or investors have only contributed 32 percent of the \$76 million invested in socially focused businesses since 2003; the rest has been provided by international funds or investors.²



“In my view, prospects [for impact investing] are very good. We are living in a historic moment, a paradigm shift, and Brazil is part of this. We have a unique opportunity to be the protagonists of this transformation and to give an example to the world of a new relationship between people and the planet.”
—GUILHERME LEAL*

* Quotes from individuals have been translated from Portuguese and lightly edited for clarity.

“How can the investor influence the composition of their portfolio? By building a portfolio that favors companies that are also in this context [being conscious of impact]. The simple fact that the investor asks their fund manager or the companies they are planning to invest in about their social and environmental practices... already makes a difference.”

—DARIO GUARITA NETO

“Almost everybody knows each other in the field of impact investing. What makes me happy is to see the number growing and society becoming more collaborative”

—FILIPE SABARÁ

In Brazil, a few foreign investors sought social impact in their investments before the term “impact investing” was formalized. Oikocredit, a microfinance fund based in the Netherlands, entered the Brazilian market in 2003. The International Finance Corporation, through its Inclusive Business Models Group, initially invested in social businesses in Brazil in 2005. The Inter-American Development Bank followed shortly thereafter with a new program, Opportunities for the Majority, in 2007. And LGT Venture Philanthropy and several other foreign investors opened funds in Brazil in 2009 as socially responsible investing began to grow and develop as a sector.³

Current state of impact investing in Brazil

The market for impact investing in Brazil is growing at a healthy rate. According to the report *Mapping the Impact Investing Sector in Brazil*, the number of new investors tripled from seven to twenty between 2012 and 2013.⁴ As of 2015, 29 firms had made impact investments in Brazil, and the sector continues to grow in both number of firms and capital committed every year. The Aspen Network of Development Entrepreneurs estimated in 2015 that Brazilian impact investment firms have \$186 million in assets under management and were expecting to raise \$269 million

in 2016 alone. Additionally, international impact investors that operate in Brazil control over \$5.4 billion in capital.⁵

The impact investing ecosystem in Brazil is well suited for collaborative work and co-investment. Active players in the ecosystem include a heterogeneous mix of international development banks, family offices, traditional venture capital and private equity funds, philanthropic funds, foundations, social entrepreneurs, and business accelerators. Additionally, Brazil has a well-developed and experienced financial system with deep international connections that facilitate deal making and fundraising. Co-investment is also common among Brazilian impact investors. Brazilian investors report that 48 percent of their investments are done as co-investments, compared with only 33 percent of the investments closed by international investors that work in Brazil.⁶ The ecosystem also has organizations such as Artemisia, which helps to promote Brazilian social businesses by acting as a think tank, accelerator, knowledge base, and institutional activist. This ecosystem has created a rapidly growing pool of potential investments and partners for impact investors.

While many of the current stakeholders in Brazilian impact investing interviewed for this paper view impact investing in



Brazil in largely philanthropic terms, the field continues to grow and develop a track record of market based returns. In fact, only 22 percent of Brazilian firms manage philanthropic capital which is given without an explicit expectation of a return. In 2016, over half of all impact investors active in Brazil targeted a rate of return of 16 percent or higher.⁷ More importantly, international research shows that impact investment funds have been successfully meeting their investors' particular preferences for social and financial returns.⁸

The opportunity for impact investing

The demands of Brazil's increasingly urban middle class of conscious consumers provides an ideal environment for investors to achieve positive social impact using return-seeking investment capital. From 1960 through 2015, Brazil was a major target of international philanthropy, receiving over \$15 billion in international development aid.⁹ Much of this effort focused on ensuring that the poorest people in the country received food, medical coverage, and basic education. However, in the past two decades, Brazil has rapidly developed the ability to meet the basic needs of its own population.¹⁰ Between 2003 and 2014 Brazil enjoyed an economic boom that lifted more than 29 million Brazilians out of poverty. This emergent middle class is seeking to purchase higher quality education and healthcare, sustainable consumer goods, and ethically-sourced food with their newfound income.

Impact capital, particularly in a catalytic role, can play a vital part in both providing access to basic needs and creating more efficient or equitable systems for Brazilians who remain in poverty despite the progress made in recent decades. Even if Brazil's economy rebounds from its current slump and its newly formed middle class continues to gain power as a consumer bloc, millions of Brazilians still live in

extreme poverty.¹¹ The current needs of Brazil's poor continue to outstrip the immediate resources of Brazil's government, philanthropic organizations, and international development programs. Many resources critical to success, affordable housing, access to financial services, education, and healthcare, remain out of reach for many Brazilians. Impact investors, domestic and international, have made most of their investments in Brazil to address financial inclusion, education, and healthcare. While the field of impact investing is still forming and developing globally, the flexibility and versatility of impact investors are already reshaping how social problems are addressed locally and systemically in Brazil.

In addition to investing in people, Brazilian impact investors have a unique opportunity to invest for environmental conservation. The Amazon is the richest forest in the world, containing more than half of the world's species of plants and animals.¹² The Amazon covers an area larger than Europe and its trees help regulate the entire planet's atmosphere through the absorption of carbon dioxide. Deforestation in the Amazon began in the 1960s and, at its peak in the 1990s, resulted in the clearing of an area the size of Spain.¹³ Cleared rainforest land has been typically used for cattle and soybean production.

Impact investors from around the world have funded return-seeking interventions to save forests, encourage sustainable farming, and sustainably harvest timber. Some international investors have already begun to develop products that are addressing the issue of deforestation in the Amazon. As the global push to protect the environmental future of the planet continues to grow, new opportunities to align ecological objectives and financial return will arise in Brazil.



The flexibility and versatility of impact investors are already reshaping how social problems are addressed locally and systemically in Brazil.

“
Impact investing
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Janeiro, and Minas
Gerais.

The Challenges in the Market

While Brazil’s impact investment market is growing and showing the promise of both social and financial returns, there are still many risks associated with such a young industry. Most importantly, Brazilian impact investors have not yet established a track record of consistent social or financial returns. Most Brazilian impact investment firms promise a market rate of return to their funders, but it is too early to tell whether they can deliver on their commitments. Funding given to investment managers has a strong reinforcement effect where the sectors that have the highest financial returns receive the most capital to invest. Even internationally, the impact investment industry only received its first private equity benchmark in 2015 by Cambirdge Associates.¹⁴ While the Cambridge Associates benchmark suggested that impact investors do achieve a comparable rate of return, it will most likely take time before data is available for funds that invest specifically in Brazil. Until Brazilian impact investment funds can cite real financial results as a reason for investment, the sector will likely attract more philanthropically-oriented investors rather than those seeking market rates of return.

Geographic concentration and political and economic instability pose additional challenges for Brazil’s impact investing market. Impact investing in Brazil has been concentrated in the southeast states of São Paulo, Rio de Janeiro, and Minas Gerais. In recent years, however, a few impact investors such as Kaeté Investments have begun to operate in central and northeastern regions of Brazil. The current political and economic instability has slowed the

entire Brazilian economy for the last two years. Economic recessions make investors more conservative, preferring to invest in government bonds or in U.S. equities.

Despite—or perhaps because of—the challenges Brazil faces, leading Brazilian families are putting capital to work to build the impact investing ecosystem, promote social and environmental good, establish a culture of sustainable, transparent business and demonstrate the possibility of financial return alongside impact. The diverse set of social and environmental challenges in Brazil mean that there are opportunities across sectors, geographies, return-profiles and impact strategies for families to get involved. Several leading families agreed to contribute their stories to this piece.

Families Leading the Movement

Families have already played a large and formative role in Brazilian impact investment by creating and participating in funds, starting their own social enterprises, supporting nonprofits that pilot new investment structures or interventions, and transitioning their own businesses to more sustainable practices.

While families have only committed a small percentage of their capital to impact investments to date, the opportunity for families in Brazil to play an influential and catalytic role going forward is significant. Families are naturally long-term oriented in their investment decisions since they are often planning for future generations. Many families in Brazil are already actively involved in philanthropic efforts and are finding impact investing to be a natural continuation of that work. Leading families in Brazil often own and operate large national and international corporations and are poised to use their discretion over their own business to set an example for corporate transparency and sustainability.

Major Trends Among Families

Families are motivated to make impact investments in Brazil for three main reasons. For many families, impact investing is part of an effort to align their values with their business and investment decisions. For others, impact investing is a tool used as part of an effort to solve a particular societal or environmental problem. Some families engage in impact investment with the understanding that sustainability will drive long-term financial outperformance.

The personal motivations of a family as well as the size, risk profile and time horizon of their assets will guide their social impact strategy, the investment tools used, and the problems they are capable of addressing. For many families, the majority of their net worth is tied up in the business that they own and operate. While these families may not have the liquid asset base to participate in an impact investment fund, they seek positive social change by investing in the sustainability and transparency of their businesses.

Many families with liquid assets who are seeking positive social impact will invest return-seeking capital where and when impact-aligned financial products are available. If impact investment funds are struggling to find impact strategies around a particular issue, individual family members have sometimes established their own social enterprises or impact funds to directly address a particular issue. Others deploy catalytic philanthropic capital to test new interventions or models that may not yet be suitable for return-seeking capital.

Based on interviews with 25 Brazilian families and leaders in impact investing, families are pursuing social and environmental impact by deploying their resources or financial capital in the following ways:


- Operating Impactful Businesses
- Seeding or Investing in Impact Funds
- Establishing or Working with Social Enterprises
- Building the Impact Investing Ecosystem
- Catalyzing the Sector Using Philanthropy

Operate Impactful Businesses

Families that own or operate businesses can directly create impact by changing how business is done (operational practices, manufacturing processes, packaging and distribution systems) or what the business does (what products it creates and how it serves its customers).

There are numerous other ways that companies can create positive social or environmental impact. Families have changed their products' material composition, their production methods, or their packaging and shipping process in order to reduce their negative impact on the environment. Some families work to increase the quality of life of their employees by providing safer working conditions, giving employees access to higher quality health-care, providing professional development training, or even helping the children of employees pursue educational opportunities that would otherwise be unavailable.

Some family businesses offer products and services that are socially and environmentally impactful by design such as all natural cosmetic and food products. Guilherme Leal, for example, is President of the management board and one of the primary shareholders of Natura Cosméticos. Leal joined Natura in 1979 and has been instrumental in integrating Natura's long-standing commitment to environmental



"Companies are part of this system of relationships and their longevity depends both on their ability to meet the individual needs of consumers, as well as their ability to meet the expectations of society as a whole, harmoniously and with respect for the environment."

—GUILHERME LEAL



The personal motivations of a family as well as the size, risk profile, and time horizon of their assets will guide their social impact strategy, the investment tools used, and the problems they are capable of addressing.

“In addition to philanthropic actions and our actions in various initiatives in the third sector, we aim for all of our investments to generate increasingly positive social and environmental impact. We are convinced that if we change the way we do business, companies can be an important part of the solution. We need alternatives to ‘business as usual’ that are concrete and scalable.”

—GUILHERME LEAL

and social responsibility with its sourcing and operations. Natura Cosméticos has been a carbon neutral business since 2007 and is committed to understanding and minimizing its environmental impact, from raw material extraction all the way through to manufacturing and packaging.¹⁵

Other families have increased the transparency of their businesses’ supply chains so that they source raw materials in a way that considers ecological and community responsibility. Marco Antonio and Ulisses Sabará, two brothers, established Beraca in 1991 as part of the larger Grupo Sabará. Beraca was transformed from their father’s chlorine distribution business into a company focused on sustainable development. Today Beraca is the leading supplier of natural and organic-certified ingredients ethically sourced from the Amazon Rainforest. Beraca provides oils, butter, clays, and other natural ingredients to pharmaceutical, cosmetics, and personal care companies around the world. More recently, Ulisses has launched a new line of fully traceable, all organic edible oils and butters. The products are sourced from over 105 rural communities in Brazil, bringing employment and income potential to almost 2,000 families. In the coming months, these products will be

sold through Concepta Ingredients Food Division.

Many of these companies that have transformed their impact have also become certified B-Corporations. Sistema B is in charge of recognizing Brazilian companies that are intentionally generating socio-environmental impact. There are a total of 69 B-Corporations in Brazil at the moment, with more being certified every month.¹⁶ Sistema B’s checklist of governance, environmental, and social aspects of a business that must be met for B-Corp certification can provide a comprehensive guide to improving the sustainability or impact of a family-run business.

Seed or Invest in Impact Funds

Families are seeding and investing in impact investment funds when and where they have liquid investable assets. Families have been instrumental in setting up and seeding many of the impact investing funds in Brazil. And while ready-made impact products in Brazil are still few in number, early signs indicate that funds have been able to create impact in addition to meeting the financial goals of their investors.

In addition to his work at Natura, Guilherme Leal helped to support the first fund raised by MOV Investments. Guilherme Leal, along with the two other executives at Natura, had been making one-off investments in solutions to address social and environmental problems when he became increasingly interested in using his financial resources beyond philanthropy. MOV was founded in 2012 and in 2015 the fund opened to other investors. Today, MOV has 11 families as investors and \$30 million under management. The fund has invested \$15.5 million into five promising enterprises that impact: native forests, renewable energy, education, housing, and urban living. Behind each of these areas is a critical societal problem for which MOV has identified an opportunity to invest in solutions. Even though it is one



of the oldest impact funds in Brazil, MOV is still a relatively new fund by global standards. Paulo Bellotti, the founding partner and director, recommends that families allocate a small, experimental-sized amount of capital to impact investing funds like MOV. It will take time, he says, to build the field and the value proposition. This will require some leaders to take risks with their capital, ideally an amount they would have dedicated to philanthropy in the first place. Some Brazilian families are doing exactly that.

Wright Capital, a multi-family office with nearly thirty families, only works with families that are interested in social impact. For families that still do not pursue any impact outside of their portfolio, Wright Capital has started each family with a 1 percent allocation on social impact funds and works with families to deepen and broaden their engagement with impact investment as their interest and investment appetite dictate. With this type of measured approach, more families in Brazil are entering the impact investing space in experimental and safe ways.

Ana Lucia Vilella, for example, invests in the impact venture capital fund VOX Capital out of her foundation, Alana. VOX is the first closed-end impact venture capital fund in Brazil. Launched in 2009, VOX was started by Antonio Moraes Neto, a fifth generation member of the Moraes family which has a long legacy in Brazil as business owners. Part of Vilella's mission at Alana is to help build and participate in the social business market. For many Brazilian families like the Vilellas, investing in relatively new funds and fund managers is most easily done out of their family foundation where capital is already dedicated to advancing philanthropic goals.

Establish or Work With a Social Enterprise


Brazilian families who are motivated by a specific cause or a desire to improve a particular place often help establish or

run social enterprises to accomplish their impact goals. The relative nascency of the impact investing and social business markets in Brazil means that families often consider working for, or creating, the very business in which they would otherwise invest their capital. In several families interviewed for this paper, next-generation ("Next Gen") members of the family are working for new and impactful businesses in Brazil.

One Next Gen family member, Thomaz Figueiredo, worked at Acesso, a prepaid card company that offers banking services to over 500,000 low-income people in Brazil. Thomaz used to spend the majority of his time with Acesso, and now works full-time at his family office. He began at Acesso as a trainee and worked his way up to become a product owner.


Fernando Scodro, another Next Gen from a family office, went to work for a company called TECVOLT after his family invested in the business. TECVOLT is a company that monitors the energy consumption of large industries in order to help management reduce energy waste and overall energy usage. TECVOLT seeks to grow and earn revenue competitively with conventional businesses in their sector. They see their focus on energy efficiency as synergistic with financial return. The information TECVOLT supplies to big industrial companies helps them save energy and as a result save money. Since Fernando began working with TECVOLT, he has helped grow the business from four employees to twenty. While TECVOLT is primarily focused on generating value for shareholders, the product itself creates positive social impact along with economic value. TECVOLT is certified as a B-corporation.

Filipe Sabará established Reload Positive Beauty, a vegan and toxin-free hair product company whose packaging can be returned to the store for reuse and recycling. The products Reload sells are made to naturally




"Perhaps one of the greatest contributions of Natura is the fact that we are promoting a change in corporate culture. In the last three decades, Natura has targeted more than the bottom line and strived to create value for all its stakeholders, not just shareholders. This is a cause that goes hand in hand with the B-Corps, a movement that is helping to redefine success in business."

—GUILHERME LEAL




"We do not enter in an investment purely for money; we enter because we believe that the entrepreneur is capable of changing the world into a better one."

—THOMAZ FIGUEIREDO



“We monitor the energy consumption of large industries, so that they see where there is waste within the company and how they can improve and optimize the process. Therefore, we have financial return and help to reduce energy waste in the country”

—FERNANDO SCODRO



“I think it is already in our DNA. We really have this vision of how to contribute to society by opening up economic development. And we also play a role in finding solutions to social problems of the countries where we live.”

—RENATA NASCIMENTO,
Grupo Camargo
Corrêa

the hair. Reload aims to encourage a holistic approach to a natural, healthy and positive lifestyle. Filipe hopes this product can bring a sense of empowerment to people who use it by showing customers that anyone has the power to make change in the world simply through their consumer habits.

Build the Impact Investing Ecosystem

In addition to deploying capital, many families dedicated to growing the impact investing market in Brazil are using their time, influence, and capital to establish and run impact investing ecosystem organizations. Brazilian families committed to impact investing recognize they must also play a role in supporting the ecosystem by laying the ground for the future pipeline of impact investments. They have played a transformative role in the ecosystem by funding academic research, serving as advisors and representatives on international and national taskforces such as the Global Social Impact Investment Steering Group (GSG), building or running social business accelerators, and providing technical assistance or capacity building for social entrepreneurs.

The Nascimento family recognized the need for stronger training and support for social entrepreneurs in Brazil. Their family’s background in InterCement, a part of the Camargo Corrêa group, showed them the the responsibility and opportunity that business leaders have to influence society. Inspired by global leaders and visionaries such as Al Gore and Muhammad Yunus, Renata Nascimento helped create the Institute of Entrepreneurial Citizenship (ICE), a group dedicated to engaging private sector leaders in social innovation. In addition to ICE, together with her daughter Luiza spun off a separate family fund that

focuses on investing in social entrepreneurship. Through that family fund, they make direct investments in early-stage social businesses — most of the time seeking concessionary rates of return. Through this family fund, the Renata Nascimento made investments in Banco Pérola, a non-profit bank that offers microloans to youth entrepreneurs from low income families in Brazil that are between 15 and 35 years old. She also made an investment from their family office in the first fund of VOX Capital. Through ICE and her family fund, Renata Nascimento helps unproven interventions and innovative new financial structures gain a track record and validate their model. She recognizes that this kind of higher-risk investment is necessary to build the social business ecosystem ecosystem.

Fernando Simões established Bemtevi Social Investment in 2015 to help fund early-stage social businesses and provide technical assistance and capacity building to portfolio companies. Bemtevi uses investment capital to provide low- or zero-interest loans to social businesses that have a sustainable funding model, significant revenue-generating operations, and an intrinsic social or environmental benefit. Investors in Bemtevi Social Investment receive their principal investment back but no additional returns. As of 2016, Bemtevi has 18 investors and has raised \$360,000. Bemtevi offers loan terms of 2-4 years. Bemtevi has assessed 12 potential portfolio companies, 6 of them have passed the assessment, and one has already received a low-interest loan of \$75,670. Their first investee is Pano Social, a social business that provides employment to former detainees.

Catalyze the Sector Using Philanthropy

Many families in Brazil continue to see impact investing as an extension of their philanthropic work, providing grants to sustain field building organizations and capital to test and scale innovative models.

Several leading families interviewed for this piece donate to SITAWI—Finance for Good, a non-profit organization that lends low- or zero-interest loans to Non-Governmental Organizations (NGOs). With Brazil’s government interest rates above 10 percent, SITAWI’s loans fill an important market gap since most NGOs cannot afford to borrow at such a high rate while continuing their impactful work. SITAWI offers financing to NGOs that are economically viable, producing significant revenue, and creating impact with the potential to scale. SITAWI’s goal is help non-profit social enterprises grow their organizations to a point at which they can acquire capital from other sources.

Since 2007, SITAWI has made a total of 25 loans to organizations that have served over 200,000 people. SITAWI acts as a revolving fund, once it receives the principal back from an NGO, it re-deploys the capital to another organization. SITAWI also provides advisory services to philanthropies and other institutions that are interested in a more impactful governance strategy. Leonardo Letelier, the founder and CEO of SITAWI is building toward a new kind of product: social impact bonds. SITAWI social impact bonds, or pay-for-success investments, would generate income for investors while directly creating positive social impact.

Alex Seibel and two colleagues founded the Association for the Recovery of Citizenship through Affection towards Humanity (ARCAH) to offer employment, shelter, education and other supportive services to homeless people in São Paulo. ARCAH has offered services to 200 homeless people so far. Together, the beneficiaries move to a participating farm in the São Paulo area to live and work. The farms that participate in ARCAH all engage in sustainable permaculture farming practices. ARCAH’s participants also receive trainings in other specialized skills, such as woodworking, through partner organizations. ARCAH

is now initiating its next phase of the program at a new farm, which can accommodate 20 new residents per year up to 60 full-time residents. ARCAH’s model is based on a self-sustaining non-profit in Italy with a very similar model that alleviates homelessness by offering professional training in more than 52 different fields. As of 2017, ARCAH is working on its own self-sustaining funding model.

More and more, families are realizing that they are unsatisfied with the impact that they are having on the world. They are seeking to generate positive impact through changes to a family-owned business, an investment portfolio, or the efforts of a philanthropy. Sometimes, a family creates a new organization that pushes the frontiers of social impact in Brazil or enables others to make their own changes. While these changes can occur in any profession or field, there are a few sectors in Brazil that show particular promise for socially focused capital.


Looking Ahead: Sectors with High Potential for Impact Investing in Brazil

The impact investing sector in Brazil has been growing steadily since it formed a decade ago in terms of number of

“By building Bemtevi it became very clear that our objective is to deal with the issue of social injustice. In Brazil, inequality is imposed and there is no chance of choice.”

—FERNANDO SIMÕES FILHO, Bemtevi Investimento Social





Families who wish to shape the future of Brazilian education may consider allocating catalytic, concessionary capital to develop and test new interventions or implement existing interventions in Brazil.

investors, number of deals, and total capital invested.¹⁷ The sectors which have seen the most focus over the past decade have been financial inclusion, education, and healthcare. In addition, new sectors such as affordable housing, sustainable forestry, and land conservation show promise as significant future targets for solutions-oriented capital.

This section will explore three sectors of high potential for both impact and financial return in Brazil.

Impact Investing in Education

Education is a sector of high need and high interest for solutions-oriented investors in Brazil and will likely continue to be a target for impact investments. Significant strides have been made in access to education in Brazil: a six-year old child today born into a low-income family will spend, on average, twice as many years in school as her parents.¹⁸ Despite that progress in access, the quality of education in Brazil lags its OECD counterparts in key areas such as math and reading. And the quality of education falls sharply for Brazilians in lower-income or rural areas.¹⁹

As of 2016, education was the second most common focus for impact investors in Brazil.²⁰ Social enterprises addressing the problem of educational quality and access are quickly emerging that are capable of receiving market-rate return seeking capital in Brazil. Many education-focused social enterprises in Brazil develop technology that provides a personalized learning experience, capitalizing on the spread of mobile technology and internet access in Brazil. Geekie, an education software startup that has received funding from the Omidyar Network, is disrupting the Brazilian education industry. Founded in 2011, Geekie produces software and games that continually adapt to the learning style

of the student.²¹ Two further examples of enterprises that have received impact investment in Brazil with a focus on education are Aondê and Tamboro. Aondê builds learning platforms for pre-school-age children to help prepare children for literacy and math in elementary school. Aondê uses games and storytelling to hold the attention of younger children and uses both printed and digital elements.²² Tamboro partners with schools in Brazil and provides an adaptive learning platform that is interactive and tailored to individual progress.²³ Both Tamboro and Aondê are portfolio companies of VOX Capital.

Despite the significant progress in education, there remains a constant need to develop new ideas or models of change. Families who wish to shape the future of Brazilian education may consider allocating catalytic, concessionary capital to develop and test new interventions or implement existing educational initiatives in Brazil. Across countries in Sub-Saharan Africa, for example, impact investors are lending to low-cost private schools that increase the quality of accessible education.²⁴ In the United States, families are investing early-stage capital in student data management programs that guide data-driven decision making in schools to improve student performance.²⁵

In addition to adapting interventions for a Brazilian context, Brazilian families may also consider the appropriate structures to fund those interventions. NewSchools, the largest venture capital fund in education in the United States, is a nonprofit venture philanthropy firm that uses charitable donations to support education entrepreneurs focused on improving the quality of public education.²⁶ By using concessionary capital to make investments, families can more flexibly test new technologies, interventions, financial structures, and management teams. The successes and failures of those early experiments can provide important insights for the next stage of

investment capital to enter the market for impact in education.

Impact Investing in Healthcare

Access to quality healthcare remains a significant challenge for many Brazilians. Health was included as a basic right in the 1988 Brazilian constitution and the national healthcare organization Sistema Único de Saúde (SUS) was established to provide basic healthcare services for Brazilians. Three quarters of Brazil's population rely on SUS for healthcare, making it the largest public health system in the world. Brazil spends over \$200 billion on healthcare every year, or around \$1,000 per capita.²⁷

A 2014 survey by Brazil's Federal Medical Council, however, revealed that 93 percent of Brazilians consider both the public and private healthcare systems to be very bad or mediocre and that 80 percent of participants rated SUS as unsatisfactory. Brazilians struggle with long waiting times and have difficulty accessing important services such as dialysis.²⁸ Healthcare access and quality remain at the top of a list of Brazilians' concerns for their country.²⁹ Deloitte describes Brazil's healthcare industry in a 2015 report as "expensive, large, and in need of improvement."³⁰


Impact investors are well positioned to provide the scale and scope of funding necessary to address the significant demand and need for higher quality healthcare. Many social enterprises have developed innovative and market-based solutions that target the institutional inefficiencies of Brazilian healthcare. Additionally, the growing middle class in Brazil can now afford to pay for higher quality care: as of 2013, 51.8 percent of healthcare spending was by private healthcare providers.³¹

The spectrum of healthcare needs in Brazil across a diverse population means that there are opportunities for families to make impact investments across the spectrum of

return profiles. Increasing access to Brazil's rural and underserved communities may require concessionary or philanthropic capital to develop unproven interventions or innovative new technologies. Other opportunities that provide higher quality care to the growing middle class may prove to be financially viable and more suitable for return-seeking capital and market rates of financial return.

Healthcare is already the third leading sector focus of existing impact investors. ToLife, for example, received early-stage funding from VOX Capital to scale its automated triage technology. ToLife's goal is to increase the efficiency by which emergency rooms in Brazilian hospitals triage patients. In Brazil, 30,000 people check into emergency rooms every hour and it takes an average of two hours to be seen by a doctor. ToLife has created an automated triage process based on the Manchester Protocol that uses a patient's risk level to ensure that people in critical condition are not left waiting. ToLife's system has already been implemented in over 5,000 health centers in 850 cities.³²

Dr. Consulta and CIES are examples of social enterprises working to serve some of the country's 100 million people without access to a doctor.³³ Dr. Consulta currently has 30 centers, primarily in the greater São Paulo area and offers low-cost primary healthcare with low wait times. It aims to reduce the months of waiting and delays that millions of Brazilians endure to receive even basic medical procedures. CIES operates mobile hospital trucks that deliver specialized care throughout Brazil to treat patients that cannot otherwise easily access medical services. CIES also operates temporary medical centers around the greater São Paulo area that are constructed from heavily modified shipping containers for ease of transport. These centers can provide services ranging from simple diagnostic checkups to basic surgeries.




"Sustainability is not a long term solution, reducing the negative impact of the individuals on the planet does not solve the real problems. I realized that circular economy and permaculture are really innovative ways to solve the problems we have today by providing solutions that generate positive impact in the long term through a holistic social and environmental approach."

—ALEX SEIBEL,
Positiv.A, ARCAH



The spectrum of healthcare needs in Brazil across a diverse population means that there are opportunities for families to make impact investments across the spectrum of return profiles.



“I never called AMATA an impact investment, we are a traditional investment like any other, but we aim to generate positive impact, to cause positive changes, to be disruptive in our industry, to propose changes. I guess the transformation has to be in what you do, how you do it.”

—DARIO GUARITA,
AMATA

Brazilian healthcare is entering a period of uncertainty as healthcare spending, along with many other public services, has been locked at current levels by the government.³⁴ SUS, while still struggling to provide basic coverage to millions of Brazilians, is being strained by increases in chronic diseases and an ageing population.³⁵ New solutions are needed to ensure that the quality of life for Brazilians continues to increase over the next decade. Patient and experimental capital is needed for these solutions to incubate and be commercialized. The use of mobile phones as diagnostic tools, the utilization of comprehensive digital medical record databases, and the continued development of automated scheduling systems offer significant social and financial promise. Impact investing is perfectly poised to deploy capital towards these solutions and help them scale to begin to improve the lives of millions.

Impact Investing to Curb Deforestation and Increase Sustainable Production

Impact investors and social businesses are playing a small, but growing, role in the fight to protect Brazil’s natural environment. In recent years, there has been increased commitment from many sectors of Brazilian society to protect and conserve the Amazon and other ecologically important regions. This effort has historically been limited to the public policy and activism spaces. The Brazilian government has an extensive program of protected areas and a series of interventions into the supply chains of the cattle and soybean industries has decreased the rate of deforestation while also increasing productivity.³⁶ A new government program is also working to slow deforestation by formalizing property rights and land titles.³⁷

The emerging interventions that are funded

through return-seeking capital can be separated into two main categories: producing or investing in more sustainable products, and finding economically viable methods of directly preserving forests.

As Brazil’s middle class continues to develop as a consumer bloc, there will be an increasing demand for environmentally friendly consumer goods. Many enterprises now offer consumers high quality products that are sustainably sourced from the Amazon region. AMATA, founded by Dario Guarita Neto, sells high-quality native eucalyptus and pine wood products certified by Forest Stewardship Council (FSC). AMATA only harvests quantities of wood that nature can replenish, maintaining a sustainable supply of high-quality wood. The social business 100% Amazonia connects indigenous people in the Amazon with a global network of consumers to sell organic produce and other products that are sustainably produced. This benefits the local economy which also reduces the pressure to illegally extract resources from the surrounding forests. 100% Amazonia was featured in the Brasil²⁷ initiative to bring attention to an innovative social enterprise from every Brazilian state.³⁸

Similarly, a project called Novo Campo aims to reduce environmental degradation in the state of Mato Grosso by reforming cattle ranching practices. Its guide of best practices for sustainable ranching has helped ranchers increase both productivity, profitability, and quality of their beef while also protecting the environment.³⁹ Other companies are working to create a market environment where sustainable agricultural production can grow and thrive. Iniciativa Agronegocios is a boutique investment bank that advises sustainable farms and structures customized financial products that aim to build a robust capital market for sustainable agriculture.⁴⁰

The other type of environmental initiative that is targeted by impact investors

uses various national and international incentives to conserve land while also targeting a financial return on investment. Brazil has been an active participant in international efforts to incentivize conservation. The Brazilian Development Bank (BNDES) created the Amazon Fund in 2008 to support conservation efforts in the Amazon.


The efforts of the Brazilian Development Bank has now been taken up by the private sector. Biofilica is a social enterprise that received funding from MOV Investments. Biofilica commercializes environmental services that not only conserve the environment but also help improve the socio-economic status of communities around the protected areas and fund research into conservation. It helps create and monitor programs that establish environmentally protected areas around the Amazon and uses the UN's REDD+ carbon credit system to commercialize this conservation.

Many other newly formed enterprises are advancing the fields of sustainable agroforestry. Fazenda da Toca, located in the São Paulo region, is a leading agroforestry research farm and producer of organic produce and juice. It invites academics and practitioners of agroforestry to help Fazenda da Toca develop successful agroforestry practices that will allow farms to remain economically productive using the natural biome. The farm's sustainable forests use no fertilizer or irrigation and, over a 40 year cycle, will provide the same economic value as commercial agriculture.⁴¹

While impact investment funds that focus explicitly on environmental conservation alongside market rates of return do not yet exist in Brazil, there are a number of international examples of successful environmental strategies. In the United States, several funds have a significant track record of investing in sustainable timber, farming, and ranching land management.


Lyme Timber, for example, invests in land with distinct conservation value and earns a financial return through the sale of conservation easements and the implementation of sustainable timber and land management processes. Beartooth Capital purchases environmentally valuable real estate in the Western United States that is suitable for ranching and uses conservation tools to create value and mitigate risk. Impact investors like Partners in Sustainable Land Management are using comparable strategies in Chile to restore and conserve the Patagonia region. Efforts by the Nature Conservancy and their impact investing arm, NatureVest, help structure these types of investments. For example, they purchase an environmental easement from the investor or help with the restoration and conservation implementation. As these strategies continue to gain an international track record, they can provide powerful blueprints for how to use investment as a tool to fund the restoration and conservation of degraded areas of the Amazon and other ecologically vulnerable parts of Brazil.

Brazil has some of the greatest wealth of natural resources anywhere in the world. Over 70 percent of South America's GDP comes from regions that receive either rainfall or water runoff from the Amazon rainforest.⁴² In order to slow deforestation and environmental destruction, Brazilian businesses are creating innovative new strategies that use venture financing and competitive revenue models to drive research and conservation efforts. Impact investors are playing an increasingly large role in this movement. They are using the deployment of investment capital to encourage sustainable production or direct land conservation. Today, there are still far more opportunities to get involved with environmental conservation that have yet to be explored or funded. New



"I don't see another way of doing business [other than creating impact]. I honestly believe that if I can build the project based on this methodology of incentives to employees, we will generate more results on the financial side as well. Everybody wins. This logic of winning alone didn't work before and now it will not work for sure."

—THIAGO FIGUEIREDO,
Iniciativa Agro



“My generation had a more welfare-based mentality, but the younger ones have the position of an investor who wants to do something good and will invest in a good thing but also monitor it.”

—RENATA BRUNETTI

programs such as Sinal do Vale use a mix of agroforestry, activism, and educational initiatives to protect an area of the Atlantic forest near Rio de Janeiro while also raising consciousness for conservation. There are numerous opportunities for innovation and systemic change that are appearing around Brazil to protect its natural resources.

Conclusion

The Brazilian impact investing field shows great potential to contribute to a more equitable and sustainable future. All of the ingredients for a growing marketplace for impact investing and social business exist: asset owners who seek to deploy values-aligned investment capital, social and environmental needs which can be solved at scale through market based solutions, and a readiness from ecosystem players to coordinate and collaborate for a better future. Impact investing combines the power of market economics and financial return with the vision and focus on positive impact of philanthropy. As the market grows and matures, the ability to seek out a specific financial return target, impact sector, or theory of change will continue to increase.

As generational changes in consciousness bring renewed focus to the world’s social and environmental challenges,⁴³ influential families are using a variety of tools to bring their impact on the world into alignment with their values and aspirations. Whether through changing the practices of their business or creating an organization that defines an entire ecosystem, families are thinking critically about the effect their choices and investment decisions have on the world today. This movement is happening in countries all around the world, and Brazil is no different. Families, individuals, and organizations are considering the legacy they are leaving for future generations.

There are many possible paths to take, individually or collectively, that can lead to a brighter future. Some of these paths have been well understood for centuries, other have only emerged in the last few years, and some have yet to be discovered. But, in every case, the first step is to look critically at what impact one’s decisions have on the world today, and what decisions, large or small, will lead to a better world tomorrow. The choice is yours—what impact will your investments have on the world?

Key Takeaways

The qualitative interviews and secondary research that led to this paper provide several key takeaways for other Brazilian families looking to make positive impact with their assets.

Find an area of passion

The most successful interventions and social businesses were created by a founder or investor that was personally passionate about solving a problem. Whether it’s environmental conservation, affordable housing, access to basic services, or improving the lives of a specific community, families that work with a topic they’re passionate about tend to create far more meaningful change.

Choose the appropriate path to impact

An important step for families to take when working to create positive impact is deciding what tools and methods will be utilized. Families should consider the structure of their assets, the financial return they seek, and the time horizon of the impact they want to create when deciding on what path their impact work will take. Families that have the majority of their net worth tied to a family-owned business often start by changing the operating practices of their company to create environmental or social impact. Families with sufficient liquid assets can choose to invest in an existing impact fund or directly



There are numerous opportunities for innovation and systemic change that are appearing in Brazil to protect its natural resources.

into an impactful business. Other families, realizing that investment opportunities do not yet exist in a particular area, have established their own social enterprises or even seeded new impact investment funds. There are as many different methods for generating social impact as there are problems that need to be solved.

Join or build a community

The most difficult problems in the world today cannot be solved in isolation. Activists, investors, academics, entrepreneurs, and policy makers have to work together toward a better future. This collaborative process needs to not only be focused on specific issues but also work on a regional or national level toward systemic change. Several families that are leading the impact investment movement in Brazil are helping establish new networks and organizations to share insights, develop research, and provide coordination between families. Becoming part of a community that is focused on solutions to social problems will make impactful change more likely to occur.

Be a trailblazer when necessary

While there are an unlimited number

of ways to create positive change in the world, relatively few of these interventions or businesses have been attempted in a Brazilian context. Brazilian entrepreneurs or investors often create impactful solutions that were unique and unproven. Many Brazilian families founded their own social enterprises or even their own impact funds after realizing that no existing organizations could achieve their desired impact. Impact investing is still less than a decade old as a formalized field and there are many frontiers that can easily be expanded and explored. Finding novel solutions and pushing through the uncertainty of an unproven model often requires the patience and flexibility of a family office. Families are well positioned to lead the effort to identify these novel solutions, bring them into the mainstream, and benefit from being the first participants in a new and growing market space.



APPENDIX A

Example Investments

VOX CAPITAL

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets	Diversified	
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

Vox Capital is a venture capital company investing on innovative businesses delivering positive social impact to the Brazilian low-income population through solutions that help to improve their lives. Vox Capital offers financial and managerial support to its companies in its portfolio. Vox seeks to invest in early stage companies with high potential to scale and that seek to deliver value for society through both attractive financial return and positive social impact.

MOV INVESTMENTS

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets	Diversified	
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

MOV Investments is a private equity firm specializing on early venture, seed, startup, and emerging growth investment stages. The firm seeks to invest in companies creating social and environmental impact, often with a focus on urban solutions.

KAETÉ INVESTMENTS

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets	Diversified	
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

Kaeté Investments is a private equity firm founded in 2011, specializing in minority growth-equity investments in middle market companies that have a relevant social and economic impact on low-income families underprivileged communities or promote a better and more sustainable use of natural resources. Kaeté Investments' team has a combined experience of more than 50 years in the financial and business markets, and has closed 17 transactions totaling US\$ 380 million (more than R\$ 1.1 billion including co-investments and debt) in the last 10 years.

SITAWI – FINANCE FOR GOOD

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

SITAWI Finance for Good is a nonprofit organization founded in 2007 that develops and operates innovative financial solutions that create social and environmental impact. SITAWI raises concessionary capital in order to offer financing to NGOs that are economically viable, producing significant revenue, and creating impact with the potential to scale. SITAWI has made a total of 25 loans to organizations that have served over 200,000 people. SITAWI also advises financial institutions and companies on social and environmental issues related to strategy, risk management, and investment analysis. They are currently developing social impact bonds, or pay-for-success investments, that would generate income for investors while directly creating positive social impact.

GEEKIE

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

Geekie is a Brazilian social enterprise and B-Corporation that was established in 2011. It develops educational software and courses that adapt to the learning style of their users. Geekie is used by over five million children and five thousand schools throughout Brazil. Geekie participated in Artemisia's social business accelerator program and has also received funding from the Omidyar Network.

AONDÊ

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

Aondê builds learning platforms that use games to help prepare pre-school aged children for literacy and math in elementary school. Aondê is a portfolio company of VOX Capital.

ToLIFE

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

ToLife creates software and products that improve the speed that patients are treated in emergency rooms. ToLife's products are used in over five thousand hospitals and health facilities in Brazil and Mexico. ToLife is a portfolio company of VOX Capital.

DR. CONSULTA

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

Dr. Consulta has operated health clinics in low income neighborhoods around São Paulo since 2011. It provides low cost primary health care services (general practitioners, gynecology, pediatrics etc). Dr. Consulta focuses on strong business management and offers financing plans to help keep the cost of its services as low as possible.

TAMBORO

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

Tamboro partners with schools in Brazil and provides an adaptive learning platform that is interactive and tailored to individual progress. Tamboro is a portfolio company of VOX Capital.

BIOFILICA

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

Biofilica conserves forest landscapes in environmentally valuable areas with high risk for deforestation. Biofilica earns revenue for its conservation efforts through the commercialization of environmental services (REDD+). In turn, Biofilica invests a portion of its earned revenue in scientific research and the socioeconomic development of communities living near conservation areas. Biofilica is a portfolio company of MOV Investments.

TECVOLT

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

TECVOLT specializes in efficient and sustainable resource management through advanced monitoring and performance-driven services. TECVOLT finances, installs and manages a network of sensors in industrial plants or irrigation systems that monitor patterns of energy consumption. TECVOLT then advises the company on how to reduce their overall energy consumption.

BEMTEVI

ASSET CLASS	SECTOR	GEOGRAPHY	IMPACT STRATEGY	RETURN PROFILE
Public Equity	Education	Sub-Saharan Africa	Product-Based	Market-Rate
Fixed Income	Environmental Conservation	Middle East & North Africa	People-Based	Concessionary
Private Equity	Sustainable Consumer Products	Central & South America	Place-Based	Off-Market
Venture Capital	Housing & Community Development	Asia & Oceania	Process-Based	
Private Debt	Agriculture & Food	Eastern Europe & Russia	Behavior-Based	
Real Assets	Energy & Resource Efficiency	Western Europe	Model-Based	
Hedge Funds	Safety & Security	USA & Canada	ESG-Screened	
Social Impact Bonds	Healthcare & Wellness	Emerging Markets	SRI-Screened	
Cash	Access to Finance	Developed Markets		
	Employment & Empowerment	Global		
	Base of Pyramid Services			
	Sustainable Infrastructure			
	Diversified			

Bemtevi Social Investment, founded in 2015, helps fund early-stage social businesses and provide technical assistance and capacity building to portfolio companies. Bemtevi uses investment capital to provide low- or zero-interest loans to social businesses that have a sustainable funding model, significant revenue-generating operations, and an intrinsic social or environmental benefit. Investors in Bemtevi Social Investment will have their principal investment returned without any extra earned income.

APPENDIX B

Families interviewed for this publication

Several leading families in Brazil generously gave their time and stories in support of this paper. Below are the names of those families, an overview of their story, in alphabetical order.

Alex Seibel

The Seibel Family is a major shareholder of Duratex, the largest producer of industrialized wooden panels and finishing products in the building sector in the Southern Hemisphere. The Seibel Family is also a major shareholder in Leo Madeiras, the largest distributor of inputs for carpentry, furniture industry and dry construction in Brazil. The Seibel Family also participates in other businesses in the pulp and paper, energy, and real estate sectors. Alex is currently CEO at his own company, Positiv.A. and one of the founders of the NGO ARCAH.

Alex founded Postiv.A to generate positive impact in the country by offering sustainable and efficient products and services. Positiv.A is a consulting company that provides environmentally responsible solutions for homes and offices such as: rainwater reuse systems, improvements in energy efficiency, food garden landscaping, and composting systems. The company also developed a line of biodegradable and natural cleaning products with environmentally friendly packaging.

Alex Seibel believes that sustainability is not a long term solution, that merely reducing the negative impact of the individuals on the planet will not solve the underlying environmental problems. He believes that circular economy and permaculture are innovative ways to solve the problems we have today. He seeks out opportunities to encourage businesses to implement those practices where possible.

Ana Lucia Villela and Marcos Nisti

Ana Lucia Villela is a member of one of Brazil's oldest banking families, which founded Itaú. Itaú merged with Unibanco in 2008 to form Itaú-Unibanco, Latin America's biggest non-state bank. The family is also a significant shareholder of publicly-traded Duratex. She is currently president of the Alana Institute, a nonprofit which she founded with her brother in 1994 to promote social work, education and culture. Her brother and her husband, Marcos Nisti, are currently the vice presidents of the Alana Institute.

The Alana Institute gathers projects whose main goal is to mobilize society around issues related to successful, healthy childhood. They also have a branch of the institute, Alanapar, for Alana's participation in the social business market by partnering with companies and funds that are committed to generating a positive social impact. Through Alanapar they have invested in Vox Capital, one of the most active impact investing funds in the country. They have also directly invested in early-stage companies such as the B-Certified film production company Maria Farinha, the Communication agency 2020, and the childhood valuing platform Catraquinha. The Alana Institute contributes technical assistance, capacity building, and mentorship alongside investment capital.

Dario Guarita Neto

Dario Guarita Neto is Founder and CEO of AMATA and is responsible for the administrative, finance, acquisitions and

investments. AMATA sells wood products with guaranteed social and environmental certification. AMATA wood comes from planted forests of native species, eucalyptus and pine, sustainably harvested in quantities replenishable by nature. In each operation, AMATA goes beyond compliance with environmental standards. AMATA sells both solid wood and wood for processing and all of their products are FSC® certified or in the certification process.

Dario graduated with a Master's in Business Administration from FAAP and previously worked as an investment banker. He served for eight years as the head of structuring and administration at the Belgravia Family Office, and he is also a board member of the Maria Cecilia Souto Vidigal Foundation.

Fernando Scodro

Fernando is Director of Innovation at TECVOLT. TECVOLT advises companies about the economic and sustainable use of energy with advanced solutions for monitoring energy use and efficient management. TECVOLT offers installation and complete energy management infrastructure for measurement and transmission of data, which provide valuable information on a company's energy consumption.

Fernando Scodro is the current President of YIO. He earned a Bachelor degree in Political Science from New York University and a Bachelor of Arts and Politics at the American University in Paris. Previously, he worked as Institutional Equity Sales at Bradesco Securities Hong Kong Ltd.

Fernando Simões Filho

Fernando cofounded and serves as managing partner at Bemtevi Social Investment. Bemtevi is a social business that invests in other social businesses by fundraising with investors. It was founded with a clear mission of fostering and supporting social businesses. At the core of

their model lies the belief that it is possible to remove the artificial limits imposed on the less privileged and unleash the potential that exists in everyone – giving all individuals a better chance to reach their goals, regardless of their means or social class.

The work of Bemtevi can be described in three stages: In phase I, they connect with entrepreneurs, projects, and ideas that aim to solve problems of our society using the social business model. In phase II, they attract social investors and manage the funds and amounts invested. In phase III, they announce the results achieved by the social business in a clear and transparent manner to their social investors and any other interested parties.

Fernando Simões Filho's grandfather founded the logistics company JSL 60 years ago. His grandfather served as President until 2001, when Fernando's father took over the leadership of the company. Fernando worked at JSL S.A. for 10 years, where he took part in the group's strategic planning and occupied positions in different areas of the organization – operational and corporate. Fernando is currently a member of JSL's Management Board and a student at the Executive MBA of Dom Cabral Foundation. Fernando has a degree in Law (UMC), a certificate in Holistic Sciences and Transition Economy (Schumacher College) and an international certificate in Social Business (ESPM and Yunus Social Business).

Filipe and Ulisses Sabará

Grupo Sabará was founded in 1956 by Ulisses' father, as a distributor of chemical products. When his father died in 1978, Ulisses and his brother Marco Antonio took over the company and continued working with the line of products for water treatment.

In 1991, Ulisses and his brother opened another business, Beraca, in order to diversify and to work with natural ingredients.

Beraca is a Brazilian company with an international focus, investing in the development of ingredients and sustainable technologies. It operates across all of Brazil and has distribution channels in over 40 countries through two international subsidiaries located in Paris and New Jersey. It is the leading supplier of natural and organic ingredients extracted in ethical and sustainable way from the Amazon rainforest and other Brazilian biomes. These ingredients include oils, butters, clays and multifunctional assets with proven efficacy. The high performance products from Beraca add value to a large number of cosmetics, pharmaceutical and personal care brands worldwide.

In 2016, Ulisses Sabará was named as one of the ten representatives of the Sustainable Development Goals (SDG) during the UN Global Compact Leaders Summit 2016. His son, Filipe, worked in the family's company from age 15. At the age of 27, Filipe became Business Director at Beraca.

In 2015, Filipe left Beraca to open Reload Positive Beauty and dedicate more time and resources to his new non-profit, ARCAH. Reload works with the idea of "positive beauty": the brand produces vegan cosmetics that are toxin-free, cruelty-free, petroleum-free, and come in refillable packages, so that their products contribute to preserving the environment through all their operational business and supply chain. Beraca is currently a supplier of raw materials to Reload. Filipe currently serves as Secretary of Municipal Development of Social Assistance and Development for the São Paulo City Administration.

Guilherme Leal

Guilherme Leal cofounded Natura Cosméticos, recognized for its commitment to sustainability globally. Natura is Brazil's number one cosmetics manufacturer, and the country's leader in the direct sales sector. The company employs around 7,000 people in seven countries: Brazil, Argentina, Chile, Mexico, Peru, Colombia and France. In addition, they have more than 1,421,000 consultants, including 1,175,000 in Brazil and around 246,000 abroad. Sustainable development has been the company's guiding principle since it was founded in 1969, and innovation is at the heart of Natura's sustainable development policy.

Over the past 25 years, Leal has participated in the creation and promotion of various other business and social organizations, such as Fundação Abrinq (Abrinq Foundation for Children's Rights), Ethos Institute – Companies and Social Responsibility and Instituto Akatu (Akatu Institute for Conscious Consumption). He was also involved with institutions like Conselho Empresarial da América Latina (Ceal – Business Council of Latin America), the G50, and Ashoka Social Entrepreneurs.

After the year 2000, Guilherme Leal became closely involved with many environmental institutions. He joined the boards of the Brazilian Biodiversity Fund (Funbio) and WWF Brazil and formed a partnership with Instituto de Pesquisas Ecológicas (Ipê – Ecological Research Institute) to create of the first Brazilian Faculty for Environmental Conservation and Sustainability (Escas). Since 2008 Guilherme Leal has been dedicated to structuring his legacy through Instituto Arapyaú, an organization dedicated to education and sustainable development. He is a partner of MOV Investments, which was founded in 2012 and is a Brazilian impact investing fund manager. Guilherme is also investing in the second fund of VOX Capital through its holding Maraé.

Leo, Thiago and Thomaz Figueiredo and Renata Brunetti

Leo Figueiredo and his son Thiago are partners of Iniciativa Agro, an investment company focused on the agribusiness industry. Iniciativa Agro works on the development and management of agricultural and forestry projects, as well as agribusiness advisory and structuring of financial products linked to the agribusiness. They currently work with purchase of trees and eucalyptus plantations in Mato Grosso do Sul region. Since its founding, the company has always sought to create a positive impact. According to Thiago Figueiredo, it is not just investing in farmland like other forest assets projects. The future of the company is not in property management, but in the project of meritocracy in rural activities, where employees can actually gain participation in the business.

Leo began his activity in the financial market in 1980 at Griffó Corretora de Valores. In 1986 he became COO of Hedging Griffó Corretora de Valores, and was appointed managing director in 1987, resigning in 2009. He is currently a founding partner of Instituto Quintessa (an accelerator that supports business with social or environmental impact), Mogno Capital (an investment company founded in 2015), and Provence Capital (their family office).

Renata Brunetti, Thiago and Thomaz's mother, is an investor at Iniciativa Agro through their family office Provence. She founded Attuar, a space designed to look for innovative solutions for a fairer world, to balance social, environmental and financial profit of companies, institutes, foundations and initiatives from society. Attuar also seeks to increase funding for social organizations and social businesses.

Thomaz currently works at his family office and Thiago is living and working outside of Brazil.

Luiza and Renata Nascimento

Renata de Camargo Nascimento is one of three sisters who are the controlling shareholders of multinational construction and cement conglomerate Camargo Corrêa, founded in 1939 by Renata's father, Sebastião Camargo. Today Camargo Corrêa has operations in 21 countries and employs 58,000 workers.

Motivated by the cause of social development, Renata has been an active member of several nonprofit organizations since 1975, notably in the areas of education, community development and corporate social responsibility. In 1998 Renata and a group of entrepreneurial leaders created ICE – the Institute of Entrepreneurial Citizenship – dedicated to engaging private sector leaders in social innovation. In 2000, with her sisters, she led the creation of the corporate foundation-like Instituto Camargo Corrêa. Renata's daughter, Luiza, worked for many years both at the group Camargo Corrêa as well as at ICE.

The group has different institutes for each of their companies, such as Instituto Camargo Corrêa and Instituto InterCement, which develop social actions in the cities where they operate. Through Instituto InterCement they also made direct impact investments in the social business Vivenda, which provides low income communities the ability to renovate their houses.

APPENDIX C:

Ecosystem builders interviewed for this publication

The ImPact would like to thank the following stakeholders in the Brazilian impact investing ecosystem for their time and insights that contributed to the creation of this publication.

Ana Sarkovas—Sistema B Brasil

Ana Sarkovas is the Executive Director of Sistema B Brasil. Sarkovas began her work for Sistema B in March 2015. She began her responsibilities with the supply-chain environmental impact management program at Sistema B. That program works on new business development strategy, assisting certified B corporations with branding and communications. Sistema B Brasil is the organization in charge of identifying and recognizing companies that are intentionally generating socio-environmental impact, bringing methodology and tools for evaluating a company's investment portfolio and value chain. Sistema B was founded in 2006 in the USA as B Lab. In Latin America, it started in 2012. Sistema B entered Brazil in 2013 with 5 companies, and today there are 69 certified B Corporations. The certification in Brazil involves governance, environment, relationship with workers, relationship with the community, and impact business model. Sarkovas has a degree in the social sciences from the University of São Paulo, and social communication from ESPM. She worked for two years at Ashoka Social Entrepreneurs and AMATA before her term at Sistema B.

André Degenszajn—GIFE

André Degenszajn was Secretary General of GIFE. GIFE is a nonprofit organization that brings together business leaders, families, and community members to invest in public purpose projects. Established as an informal group in 1989, it was formally founded in 1995 by 25 organizations as the Group of Institutes, Foundations.

Since then, it has become a reference in Brazil on private social investment and has contributed to the development of similar organizations in other countries. The GIFE network is marked by the diversity of its investors. Today, it contains 129 associates which together invest around R\$ 3 billion a year in either operating its own projects or enabling projects of the third parties.

Degenszajn has a Bachelor degree and a Master's degree in International Relations from the Catholic University of São Paulo. He served as professor at Faculdade Santa Marcelina between 2007 and 2011. He was the founder, and remains member, of the Board Director of Conectas Diretor Humanos. He is a member of the Board of WINGS—Worldwide Initiatives for Grantmaker Support and Corporate Sustainability Index Council (ISE) of BM&FBovespa. He is also a member of the board of Oxfam Brazil and part of the Task Force on Social Finance, an initiative that seeks to strengthen the business field of social impact in Brazil.

Daniela Nascimento Fainberg—Philanthropy advisor

Daniela Nascimento Fainberg is a philanthropy and social investment advisor for high net worth individuals. She advises individuals and families on their philanthropic strategies, processes, and programs. She also advises on the selection, monitoring and evaluation of social projects. And she works with families to facilitate their intergenerational dialogue, helping them align their values to their legacy. Fainberg is the founder of Instituto Geração and cofounder of Public Transformation Network.

Célia Cruz and Beto Scretas—ICE

Célia Cruz has served as Executive Director of ICE (Instituto de Cidadania Empresarial) since 2012. Instituto de Cidadania Empresarial (ICE) is a non-profit organization that supports social business leaders and their initiatives that are capable of generating positive social impact for low-income populations.

Cruz was previously Director of Ashoka Brazil, Paraguay, and Canada and Managing Director of Global Ashoka Fellowship (2002-2011). Celia worked at the Institute for the Development of Social Investment (IDIS, 2000-2002) where she worked primarily with community foundations. She created the consulting firm in fund-raising, Philantropics, in 1994 and worked as Director of Institutional Development EAESP / FGV (1994-2000). She has a degree in economics from FEA / USP and has her Master's degree from EAESP / FGV with exchanges in ESSEC, France and York University, Canada. Celia is co-author of the book *Captação de Diferentes Recursos para Organizações Sem Fins Lucrativos*, 2000.

Beto Scretas has worked at ICE since June 2012, where he participates in projects related to social finance and business impact. He is part of the Executive Board of the Brazilian Task Force on Social Finance, launched in May 2014. Scretas worked at Schroder Investment Management, Brazil, from 1994 to 2012, serving as its CEO for 10 years. Scretas has a degree in Economics from USP.

Daniel Izzo—VOX

Daniel Izzo cofounded Vox Capital in 2009 with Antonio Moraes Neto and Kelly Michel. He has served as its Executive Director since its inception in 2009. To support the impact investing ecosystem in Brazil, he helped launch the ANDE (Aspen Network of Development Entrepreneurs) Brazil Chapter and has written several articles about the sector.

Vox Capital is a venture capital firm that invests in early-stage businesses that provide essential services to the “base of the pyramid” residents of Brazil’s favelas. Their revenue model is through a management fee on the funds under their management, and they invest primarily in businesses that have a greater focus on education, health and access to financial services. They currently have two funds, and their investors have similar profiles for both of them; around two thirds of the money come from five investors, in general development agencies or foundations, such as FINEP, Instituto Alana and Potencia Ventures, and the other 1/3 comes from 35 families.

Leonardo Letelier—SITAWI

Leonardo Letelier founded SITAWI—Finance for Good in 2007. SITAWI is a non-profit organization that develops financial solutions for the social and environmental sectors. SITAWI seeks to multiply the capital available to Brazilian social organizations and to support their expansion and improvement. SITAWI’s work consists of three complementary and highly synergetic programs: i) Social Finance (Philanthropic Funds Management, Social and Environmental Loans, Social Impact Bonds (SIB) and being joint Executive Director of the Brazilian Social Finance Taskforce); ii) Sustainable Finance (Consultancy in Sustainable Finance and ESG Research); and iii) Consultancy in Business & Impact.

Letelier was born in Chile but lived most of his life in Brazil. He has an undergraduate degree in Industrial Engineering from the University of São Paulo and a Master’s in Business Administration from Harvard Business School. He was Ashoka’s full economic initiative director in Brazil and a senior engagement manager at McKinsey & Company.

Nataniel Simon—Kaeté Investments

Nataniel Simon is business partner at Kaeté Investments. Kaeté Investments is a private equity firm founded in 2011, specializing in minority growth equity investments in middle market companies that (i) have low-income consumers as their target market, (ii) have a relevant social and economic impact on low-income families and cooperatives located on underprivileged communities with scarce opportunities for jobs or entrepreneurial activities, and/or (iii) promote a better and more sustainable use of natural resources. Kaeté Investments' team has a combined experience of more than 50 years in the financial and business markets, and has closed 17 transactions totaling US\$ 380 million (more than R\$ 1.1 billion including co-investments and debt) in the last 10 years.

Simon has more than 10 years of experience in private equity in Brazil, and, before joining Kaeté, he was a partner at BRZ Investments focused on infrastructure / logistics and agribusiness, where he participated in several stages of private equity investment funds management. Additionally, Nataniel is co-founder, director and CEO of crowdfunding platform Juntos com Você (www.juntos.com.br), the only platform in Brazil focused on social projects with collective impact.

Paula Fabiani—IDIS

Paula Fabiani is CEO of IDIS. IDIS (Institute for the Development of Social Investment) is a nonprofit organization that holds the OSCIP title and helps philanthropists and social investors with technical support and the dissemination of knowledge. More than 170 social investors have received IDIS's support since 1999, and more than 250 projects have been supported in 15 years of activity. Previously, she was the financial director

of Fundação Maria Cecília Souto Vidigal (Maria Cecília Souto Vidigal Foundation) and controller of Instituto Akatu (Akatu Institute). She served in the private equity area of Grupo Votorantim (Votorantim Group), worked at BankBoston with asset management and M&A and at Lloyds Bank with trade finance. Fabiana is the author of the books *Endowments – Establishment and Management in Brazil* and *Early Childhood—Overview, Analysis and Practice*.

Paulo Bellotti—MOV

Paulo Bellotti is founding partner and director of MOV Investments. Founded in 2012, MOV Investments is a private equity firm specializing in early venture and emerging growth investment. Their mission is to invest and co-create innovative companies that offer opportunities to vulnerable populations and/or promote the sustainable use of natural resources. They want to be a relevant and inspiring agent in the transition process toward living a more harmonious and balanced.

Bellotti was previously a partner at Pragma Patrimônio and founded Axial Gestão de Recurso. He worked in executive positions at Rabobank bank in Brazil and DuPont South America. Paulo has a degree in Chemical Engineering from USP, and has Master's degrees in Mathematics from Poli-USP and Innovation Management and Public Policy from MIT's engineering school.

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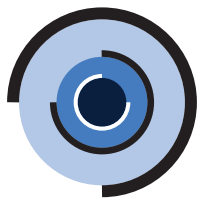
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Those primers build off of the seminal report: *Impact Investing: Frameworks for Families*, released in January, 2016.



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