

The Social Stock Exchange – a Unique Initiative and a Global First

BOVESPA - The Brazil's Stock Exchange, understands that the Stock Market is essentially a "Value Creation Environment" in which corporations can meet investors and build strength while returning the investor's capital with profit and dividends. This means value for the corporation and value for investor's money.

The **Social Stock Exchange** is a Fund Raising initiative, launched by BOVESPA in the second half of 2003 with the same objective: to bring together Non Profit Organizations of the Third Sector that require funds and **social investors** (donors) willing to support their programs and projects.

Just as it happens in the Stock Market, the Non Profit Organizations build strength and return investments in the form of a more just society in which thousands of children and youth of poor communities enjoy greater opportunity in their lives. In other words, the Organization pays back the investment as **social profit**.

Through this unique project, the first of its kind anywhere in the world, BOVESPA is innovating not only in terms of the channels through which Non Profit Organizations can raise funds but also in creating the concepts of *social investor* and *social profit*.

In creating value for the Non Profit Organization and value for the investor's money, BOVESPA is aiming to have the so called Non Profit Organizations understood as **Social Profit Organizations**.

How the Social Stock Exchange works

The Social Stock Exchange is not a prize-winning contest. It runs the whole year through, just like the Stock Market. Non Profit Organizations can send their Project establishing how much money they need to raise and for what purpose.

A Team of Specialists in Education and in the Third Sector analyzes all the entries and recommend the best Projects to the Board of Governors of the Social Stock Exchange. Once approved by the Board, just as they do in the stock market, BOVESPA and its 120 Brokerage Firms all over the country present the portfolio of Programs and Projects to investors with the aim of selling the "*social shares*" of those Organizations.

Through the Social Stock Exchange Website, you're free, just as you are in the Capital Market, to choose among the Listed Social Organizations those that match your idea of "*social investment*". You can buy shares in only one of the Listed Projects or assemble a portfolio of "*social shares*".

The Board of Governors of the Social Stock Exchange has representatives from the Brazilian Government, the Minister of Education, UNESCO, UNICEF, journalists and educators with recognized importance in the Third Sector.

Funds are transferred entirely to the Social Organization

All funds raised by the Social Stock Exchange are transferred entirely to Listed Social Organizations without commissions, fees or deductions of any kind. BOVESPA supports all the costs related to communications, advertising, operational needs, website maintenance, specialists and consultants fees.

The investor can track the progress of the social investments

Through the site one can keep track of the social investments and see how the projects are progressing, receiving constantly updated information on its *social shares* and *social profit*.

Some Highlights

- Recognized by UNESCO as unique and a first global
- Nowadays we have 33 NGO listed in the Social Stock Exchange. The idea is to expand this number
- We've received over 1,000 entries from all over the country so far
- Listed NGOs are exchanging social practices, best practices. They will form a social network
- Brokerage Firms working to sell "social shares" are recognized as "Social Brokerage Firms"
- A new concept of **ROI**:
 - Return On Inclusion
- A new concept on Education:
 - It's **investment** and as investment it has to pay back with profits – social profits
- A new concept for NGOs:
 - Before: **Non** Profit Organizations
 - Now: **Social** Profit Organizations