

ASG Policy - Alaska Investimentos LTDA

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Presentation

The purpose of the ASG Policy from Alaska Inverimentos Ltda. ("Alaska" or "Manager") is to establish guidelines for the inclusion of environmental, social and governance aspects in the investment process of the Manager in the administration of resources entrusted by its quotaholders.

The term "ASG" presents the initials of "environmental", "social" and "governance", being also referred to in international literature and practice as ESG.

The inclusion of factors related to sustainability, society and governance has, at least, the intention to promote (i) more efficient risk management, since the disregard for ASG aspects can compromise the return on investments, and (ii) the exercise of resource management with good faith, transparency, diligence and loyalty towards its clients.

Several studies ¹ have observed the following facts:

- Environmentally sustainable practices reduce the capital cost of companies
- ASG practices promote better operational performance in companies
- The performance in the company shares price is positively related to sustainability practices
- Environmental sustainability practices promote positive economic impact, so that they meet the best interests of quotaholders
- Engagement in ASG practices influences the decision of companies in the adoption of good practices, generating value throughout the investment chain

¹ Clark, Gordon L. and Feiner, Andreas and Viehs, Michael, From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance (March 5, 2015). Available at: <https://ssrn.com/abstract=2508281>

In summary, the adoption of ASG practices in the investment process of Alaska can result in a more efficient risk management, improve the prospect of return on these investments and, thus, meet the best interest of the shareholder.

ASG factors monitored

In Alaska, we monitor ASG factors that we believe have larger representation regarding the generation of value for quotaholders and society in general.

Regarding the **Environment** aspect, we consider the following:

- Energy efficiency
- Use of clean technology
- Use of natural resources
- Carbon emission
- Pollution

Regarding the **Social** aspect, we monitor the following criteria:

- Use of slavery-like work
- Policy, relations, and workforce training
- Respect for human rights
- Impact generated in the community in which the company is inserted

Regarding **Governance**, we monitor the following factors:

- Governance structure of the company and listing type
- Corporate composition and executive board
- Background verification including lawsuits and convictions of the company and key people in the management
- Alignment of interests between the executive board, shareholders, and long-term value generation

Our ASG investment process adopts the ASG negative filter and integration methodologies, as explained below.

Negative filter

It refers to the exclusion of investments in sectors/companies/projects that do not comply with minimum ASG standards, as established by national or international organizations.

For example, the Ministry of Labor and Employment periodically discloses the "Blacklist", containing information regarding individuals and legal entities that made use of slavery-like work conditions.

ASG Integration

ASG integration incorporates environmental, social and governance factors into the company's or project's financial analysis models. This strategy aims to estimate impacts that factors will have on the return expectation of the company,

For example, a company that does not consider sustainability in its business practices has higher risks of incurring environmental damage. This presence of this risk may result in higher capital expenses than it was expected.

Through ASG integration, this aspect is considered in the investment process, making the analysis more accurate.

Governance

The methodology and ASG processes employed are conducted by the Alaska management area, advised by the Legal & Compliance Board, and the manager is responsible for the decision on the allocation of resources.



Alaska may manage third party resources through exclusive or restricted funds, as defined by applicable regulations, and administered portfolios. These vehicles are also subject to the ASG policy of Alaska and may have terms and investment policies other than open funds, being the Management Officer and Compliance Officer responsible for verifying the adequacy of these vehicles to this policy and the term that governs them.

It is the responsibility of the Compliance area to verify that the practices are being conducted in accordance with this policy. Any improprieties verified by the Compliance area must be indicated with said suitability request and reported to the Executive Committee.

Policy review and update

This Manual, as well as all other Alaska Codes and Policies, shall be reviewed annually, or when relevant legal or normative changes are verified that justify its update.