

**ESG Policy - Alaska Investimentos LTDA**

**01.2022**

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The purpose of the ESG Policy of Alaska Investimentos 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 in Brazil is used as "ASG", presenting the initials, in portuguese, 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 ESG aspects can compromise the return on investments, and (ii) the exercise of resources management with good faith, transparency, diligence and loyalty towards its clients.

Several studies<sup>1</sup> have addressed the following facts:

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

In summary, the adoption of ESG practices in the investment process of Alaska can result in a more efficient risk management, improve the

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<sup>1</sup> 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>

prospect of return on these investments and, thus, meet the best interest of the quotaholder.

## ESG factors monitored

In Alaska, we monitor ESG factors that we believe have a greater representation regarding value generation 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
- Sustainable diversity practices and inclusion policies

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

- Company's governance structure and listing type
- Corporate composition and executive board
- Background check, including company's lawsuits and convictions and key management personnel
- Alignment of interests between the executive board, shareholders and long-term value generation

Our ESG investment process adopts the ESG 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 ESG standards, as established by national or international organizations.

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

We also have our own negative screening, which places companies with a history of governance violations, corruption or non-minority business involvement also on the Blacklist.

### **ESG Integration**

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

For example, a company that does not consider sustainability in its business practices has higher risks of incurring environmental damage. The presence of this risk may result in higher capital expenses than it was expected. We do not consider this directly in our models, but we penalize companies in our qualitative screening.

## **Governance**

The ESG processes and methodology employed are conducted by Alaska's management area, advised by the Legal & Compliance Board,



and the manager is responsible for deciding 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 Alaska's ESG policy 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 adequacy request and reported to the Executive Committee.

## Policy review and update

This Manual, as well as all other Alaska's Codes and Policies, must be reviewed on an annual basis, or when relevant legal or regulatory changes are verified that justify its update.