

Sustainable Investing Policy

Principal Claritas

July 2024

Sustainable Investing Policy

This Sustainable Investing Policy (“Policy”) aims to establish guidelines, principles and procedures for the social and environmental practices of Claritas Administração de Recursos Ltda. (“Principal Claritas”) in its business in order to measure and mitigate social and environmental risks and potential negative impacts arising from risks.

The objective of the policy is to formalize the processes and procedures adopted by the company, in order to protect not only the company, but also its partners, counterparts and customers, against potential socio-environmental risks.

It is important to mention that Principal Claritas, in addition to being a signatory to the AMEC (Association of Capital Markets Investors – Brazil) Stewardship Code, is also a signatory to the Principles for Responsible Investment (PRI). The PRI is a set of guidelines that aims to incorporate social, environmental and corporate governance issues in investment decision-making processes.

Context

In accordance with its principles and guidelines for best market practices, Principal Claritas seeks to contribute to development in a responsible manner and by promoting environmental, social and corporate governance aspects both in the company and in the funds managed by Principal Claritas. In order to protect its clients in the investment process, Principal Claritas carries out the control and evaluation of the companies in which its funds invest.

Principal Claritas values ethics, responsibility, transparency and guides its employees through internal policies and processes, including the Compliance Manual and Code of Ethics and Corporate Conduct, in addition to periodic training.

Increasingly, social and environmental responsibilities are being developed and Principal Claritas seeks to consider the impacts on the risks and returns of issuers of

securities.

Principal Claritas is a member company of Principal Financial Group Inc. (PFG), which offers asset management, retirement services, and insurance solutions to institutional clients, businesses, and individuals worldwide.

Please see below some of PFG 2023 highlights:

- In 2021, with support from Principal Foundation, PFG committed to double the number of diverse small and midsize businesses (SMBs) they support by 2025. They have achieved that goal in 2023, and are setting a new goal for 2025.
- From an environmental perspective, PFG is confident they will reach the long-term goal of achieving a 65% reduction in our global scope 1 and scope 2 market-based greenhouse gas (GHG) emissions by 2034. The glide path goal is an average 4.3% reduction per year. It was achieved this goal again in 2023, with meaningful decreases in our emissions both in the U.S. and globally.

Principal Asset Management is the team responsible for asset management globally. Please find below its sustainable actions in 2023:

- Adopted a platform exclusions policy for our offshore Dublin fund platform.
- Provided training opportunities to approximately 1000 individuals on sustainable investing topics.
- Increased the firm's sustainable investing AUM18 from 55% to approximately 61%.
- Established sustainable investing goals for our general account, covering two-thirds of the general account AUM.
- Launched four new sustainable investment products.

For more information about these activities for PFG and Principal Asset Management, please visit the website: <https://www.principalam.com/us/about-us/esg>

Dedicated Governance

In 2023, Principal Claritas has constituted an internal Sustainable Investing Committee to address the issues related to the Stewardship Program and relies on the commitment of the leadership to ensure the necessary resources for the implementation and improvement of the principles. The members of this committee are:

- Ernesto Leme – Managing Director Principal Claritas;
- Helder Soares - Chief Investment Officer Principal Claritas;
- Bárbara Rejani – Chief Legal and Compliance Officer;
- Eduardo Morais – Portfolio Manager Equities;
- Luis Rodrigues – Portfolio Manager Credit;
- Daniel Almeida – Head of Research Equities;
- Rodrigo Ruiz – Head of Alternative Investments.

For more information regarding the members, please see [Annex I](#). The frequency of the meetings will be quarterly. The materials used for discussion by the Committee are formalized and filed internally.

ESG Risk Factors

ESG factors include environmental, social and corporate governance aspects:

- Environmental factors: include climate change, resource optimization and preservation of ecosystems. Environmental risks are assessed in order to avoid losses resulting from environmental damage, threat of license expiration, among other

factors.

- **Social Factors:** includes scope of work (diversity, equality, inclusion, training and professional development, compatible remuneration, employment, among others), safety and health, responsibility to customers (responsible marketing, monitoring channels, technology, etc.), follow-up and monitoring of suppliers and subcontractors, among others.
- **Corporate Governance Factors:** ethics, integrity and principles, which include the rights of shareholders, governance bodies, transparency, leadership, manuals and policies, among others. Risks are weighed by assessing companies' decision making, checking public news, etc.

ESG Aspects in the Investment Process

In line with the ANBIMA Guide for Incorporating ESG aspects into investment analysis, Principal Claritas adopts different ways of incorporating such aspects in its analysis, depending on the fund and the investment strategy:

Equities:

The Principal Claritas equities team believes that the combination of a deep top-down analysis aligned with a fundamentalist asset choice will produce stable and significant alpha in the medium and long term. The quality assets to compose the portfolio must present (i) sustainable fundamentals, (ii) attractive valuation and (iii) triggers that can materialize the intrinsic value. During the selection process, the team conducts a complete and in-depth analysis of the covered companies, which includes visits / regular contact with management, competitors, customers and suppliers.

Among the sustainable foundations analyzed are: quality of management; alignment of interests; corporate governance; industry growth; industry fragmentation; competitive environment; and regulatory profile.

It is important to mention that in 2020 Principal Claritas chose to rely on MSCI ESG Data to improve the efficiency of its process of adopting ESG factors in the funds' investment process, assisting in the identification and monitoring of key risks from environmental factors and social aspects.

The reports and information made available by MSCI ESG Data allows the manager to assess the integration of ESG factors in invested companies. Among such data, it is possible to check, as mentioned on the provider's own website (www.msci.com/esg/reporting-services):

- *MSCI ESG Ratings Quality,*
- *Distribution and Momentum,*
- *Carbon Risk,*
- *Reputational Risk, and*
- *Governance Risk*

Negative Filter

Principal Claritas manages an exclusive instrument that uses the negative filter strategy to analyze its assets. Among the sectors that are excluded from this portfolio are the sectors of smoking, alcohol, war, casinos and games.

Corporate Engagement

Corporate engagement is based on the use of investors' shareholdings to influence the company's strategy in adopting sustainable investing policies.

Principal Claritas seeks, through a friendly activism strategy, to add or unlock value for shareholders. It focuses on contributing to market communication, financial planning, controls and strategy, avoiding any conflict situations or interfering too much in the company's management. In this way, friendly activism does not interfere with the

divestment discipline.

Fixed Income:

Principal Claritas formalized its Private Credit Acquisition and Monitoring Policy, where it formalizes the rules and procedures for credit quality management.

Among the procedures mentioned in the Policy, the credit analysis of the assets that integrate or will integrate the portfolio of funds managed by Principal Claritas is made by the Structured Products team, and the decision to acquire assets and establish limits for counterparties taken by the Principal Claritas Credit Committee. Principal Claritas has a strict credit analysis process, aiming to assess the payment capacity of each counterparty. The issuer's industry and its comparative advantages are analyzed, and the analysis process is based on the 6C's of credit, described below:

1. Character: this is information regarding the nature, suitability and reputation of the client. Since this assessment is very subjective, it is possible to determine it by analyzing the debtor's intention to honor its financial obligations based on its history of punctuality in the payment of obligations;
2. Capacity: this "C" must provide information that makes it possible to assess whether the revenues and expenses allow the fulfillment of the obligations to be assumed. This criterion is based on aspects such as cash flow dynamics, business strategy, organizational structure, operating performance, history of managers and indicators of liquidity and indebtedness;
3. Capital: information regarding the capital structure, indebtedness, liquidity, profitability and other financial ratios obtained through the Issuer's financial statements;
4. Collateral: it is the ability of the Issuing company or the partners to offer complementary guarantees for a given credit operation;

5. Conditions: refers to the Issuer's ability to adapt to conjunctural situations, to have agility and flexibility to adapt and to create defense mechanisms;
6. Conglomerate: information about the situation of other companies located in the same economic group and how they may affect the company under study.

Additionally, the acquisition of assets is only carried out after the Alternative Products team has had access to all the information necessary for the proper credit risk analysis for the purchase and monitoring of the asset. Since additional questions from the Committee may generate the need for additional documents, which will be requested from the Issuer or Issue Coordinators (as the case may be) by the Alternative Products team, and will be passed on to all members of the Committee.

The Alternative Products team, in conjunction with the Credit Committee, thoroughly checks each ESG factor of the issuer, which may affect the price of the asset being analyzed, before any purchase proposal. Some of these factors are:

1. Issuer industry;
2. Shareholder composition and shareholders;
3. Social impacts;
4. Sustainability;
5. Corporate governance standards;
6. Transparency.

Once all the variables have been evaluated, the Alternative Products team seeks to apply its best efforts to price the asset at what would be its “fair price” of acquisition, before offering it.

Best-in-class

The best-in-class is a positive filter model in which the evaluation of a specific sector or project is made and, based on this evaluation, a ranking is created. ESG criteria are selected that are part of the analysis of the qualitative factors of the evaluated company.

Principal Claritas believes that there is a strong relationship between the implementation of ESG factors in companies and their long-term sustainable growth, which results in greater credibility with the market and lower credit risk.

In addition to the ESG factors, Principal Claritas also analyzes the following factors in the Analysis of Qualitative Factors in the Credit sector: regulatory environment, management (quality of the company's management team, time in the sector, professional management); market access (ability to access different sources of finance); results volatility (resilience and consistency of results / cash generation); sector (cyclicality of the sector and the company's position in the sector); and liquidity. Based on these factors and quantitative factors, an internal rating is performed, which allows the assessment of different companies using a systematic methodology, making it possible to differentiate between issuers and their risk contribution to portfolios.

Timber funds

Florestas do Brasil FIP Multiestrategia fund

Principal Claritas is co-manager of the Florestas do Brasil FIP Multiestrategia fund, which has investments involving 35,500 ha of eucalyptus plantations in 58,200 ha of rural properties, located in the states of Bahia, Mato Grosso do Sul and Minas General. In addition, there are Principal Claritas' alternative funds with investments in Eco Brasil Florestas S.A., which involves 35 thousand ha of eucalyptus plantations in 115 thousand ha of rural properties, located in the state of Tocantins. Therefore, we

manage 70,500 hectares of eucalyptus plantations inserted in 173 thousand hectares of rural properties.

The management of these funds, structured in 4 forestry companies, follows a strict Corporate Governance policy, comprising a set of processes, standards, policies and regulations that determine the modus operandi of field and technical-administrative activities, considering the relationships with stakeholders (administrator, manager, quota holders, customers, technical-administrative and operational teams, suppliers, surrounding communities and regulatory bodies), providing technical management, administrative probity, transparency, operational efficiency and satisfactory financial performance of the business. Our objective is to guarantee the adherence of the principles involved in the established policies, rules and procedures, through mechanisms that allow any deviations to be detected, prevented and corrected, with a strong emphasis on business sustainability and return on investment (valuing assets forestry and to sustain the business).

Good governance practices are considered from the conception and structuring of the Investment and Participation Fund (FIP), with the general guidelines for managing it, with the respective obligations and rights of the main parties involved (Administrator; Manager; Distributor; Shareholders) and Operational Team). It should be noted that the entire structure for structuring and managing our forestry investments follows the policy, rules and principles established by the Principal Claritas Compliance area. The Compliance area has the autonomy to assess any and all possible conflicts of interest in the acquisition, training and management of forest assets.

Among the controls adopted in the management of FIPs, we can highlight the following that are applied in investees:

- External audits - annual (accounting and certifications)
- Asset revaluation - annual
- Decision-making process (competences & approval) and Code of Conduct

(Ethics and Posture in business dealings)

- Internal audits (controls: Customer Service / Satisfaction; Quality / Compliance of Products; Procedures / Financial Performance; Quality / Compliance of Processes (Team, Production and Socio-Environmental); Management / Documentation of processes; and Establishment / Monitoring of Goals)
- Management and Executive Reports - Operational and Economic-Financial Performance
- Production Planning: Multiannual and Tactical (Supply of Wood to the Market) and Operational (12 months - budget base for annual generation of operating / technical / administrative revenues and expenses)

It is important to note that, in addition to the focus on the financial performance of FIP, which is extremely important in business management, special attention is also paid to processes that impact the sustainability and longevity of the business. The management of forest assets is based on the sustainability tripod: economically viable, environmentally responsible and socially fair, which is why all the companies invested in our forest funds are certified with the FSC Seal - Forest Stewardship Council (Forest Stewardship Council - international).

The certification process for obtaining the FSC seal by investees involves a rigorous audit by companies accredited by FSC International, having public consultations and direct involvement with the main stakeholders (communities, suppliers, customers) and checks in the internal environment, standing out:

- employees - compliance with labor laws, working conditions, and practices related to occupational safety and health, which make it possible to deal proactively with adverse conditions such as the one recently experienced in the Covid pandemic;
- infrastructure - administrative and operational;
- field conditions - sustainable silvicultural management techniques;

- compliance with environmental legislation (Municipal, State and Federal levels)
 - Legal Reserve and Permanent Preservation areas in rural properties, use of chemical pesticides and other products; and
- legal condition of rural properties and land use.

The FSC is a voluntary certification of forest management that was developed internationally, according to the following principles: i) Compliance with laws and certification principles; ii) Ownership and right to use the land; iii) Rights of traditional communities (indigenous peoples, quilombolas, etc.); iv) Community relations and workers' rights; v) Forest benefits; vi) Environmental impact; vii) Management plan; viii) Monitoring and evaluation; ix) Forest of high conservation value; and x) Forest plantations.

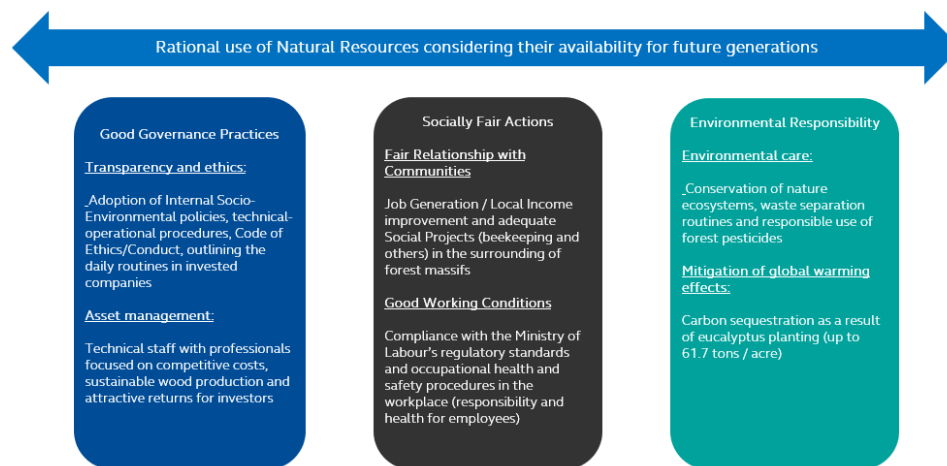
This certification has two main categories, which are characterized by the forest management plan and chain of custody (covers from production to the destination of the products produced). An important point is that the principles and criteria associated with obtaining the seal comprise aspects intrinsic to the categories of Quality, Environment, Occupational Health and Safety, Social (internal public - employees and suppliers; and external - communities surrounding the enterprise), Use Legal da Terra (Legal Use of Land), among others.

Another relevant point in forestry investments refers to carbon storage, which involves “carbon sequestration”, a process of removing carbon dioxide from the atmosphere. Forests offer great potential, in the short term, to remove CO² from the atmosphere. Unlike plants with short life cycles that die and decompose quickly, trees are individuals with long life cycles that accumulate carbon in their biomass, contributing positively to the global climate agenda, effectively contributing to actions to reduce the global warming process, where the increase in the concentration of CO² in the atmosphere is one of the main causes of the problem.

Claritas Timber FIP

In 2021, Principal Claritas launched the Claritas Timber FIP Multiestrategia fund, which has in its invested companies social object that allows the investment in forests of eucalyptus and/or other species, investments in forest areas that produce wood for industrial processing or other purposes: planting, maintenance and marketing of forests and/or related forest products; investment in rural properties for forest planting through leasing, rural partnership and/or acquisition of land and forests.

As stipulated in the fund's regulations, the invested companies and their operational controlling companies have the obligation to possess or commit to seek forest certification from the FSC or another of equivalent notoriety. The search for such voluntary certification of international forest management demonstrates the commitment with the tripod of sustainability that is part of the fund's investment thesis:



Risk Analysis

In order to manage ESG risks, Principal Claritas portfolio managers have an obligation to seek the best execution for all securities transactions carried out on behalf of clients.

It is Principal Claritas policy to seek the best strategy for managed portfolios and funds

and, therefore, considers a series of qualitative and quantitative factors, including ESG factors.

Principal Claritas, as a signatory to the PRI and adhering to the AMEC Code, takes socioenvironmental constraints into account in the asset valuation process, and in some cases may lead to the sealing of any asset.

As previously mentioned, the stock analysis process is divided into 3 parts: (i) qualitative aspects; (ii) valuation and (iii) catalysts. Among the qualitative aspects, the socio-environmental part is evaluated.

The sustainability-oriented questions are evaluated qualitatively during the process of analysis of the companies, through the reading of official documents such as reference report, contact with the administration and collection of information with other participants of the company's market, such as suppliers and competitors. After this qualitative analysis, this may reflect a higher discount rate or an explanation of a potential liability to be discounted from the company's valuation.

The risks and opportunities related to socioenvironmental aspects, as mentioned above, are initially dealt with in a qualitative manner, which can subsequently translate into a higher discount rate or explicit liability to be discounted from the company's valuation and in extreme cases investment ban. The analyst responsible for the company has the responsibility to transmit the related risks and opportunities to the Investment Committee during the start of coverage and in the periodic updates.

For transactions involving credit risk from counterparties, the analysis is carried out by the responsible team and assessed by the Credit Committee. Such analysis considers the mentioned aspects, such as the issuer's sector, transparency, social impacts, corporate governance standards, among others.

Policy and Procedures for Exercising Voting Rights

Principal Claritas has revised its Voting Policy in order to update the requirements and

principles that will guide Principal Claritas in exercising voting rights at general meetings of the investment fund it represents.

The Policy is strictly limited to the performance, as a manager, of Principal Claritas, not extending to “companies” (Funds) under direct or indirect control of third parties, who also exercise the investment fund portfolio management activity.

Principal Claritas exercises the right to vote at general meetings representing investment funds under its management, based on the interests of funds and shareholders with the care and diligence required by the circumstances.

Therefore, Principal Claritas votes in favor of resolutions that will give value to the assets that make up the fund's portfolio, seeking to consider the risks and returns of the assets.

To control the assemblies and votes, Principal Claritas has procedures, which include the use of a detailed internal spreadsheet with the funds that voted in the assemblies, the justifications in cases where the manager has not voted, the use of the Remote Vote Form and greater interaction with the custodian of funds managed by Principal Claritas for greater efficiency and effectiveness in representation.

The voting policy is available on the website <http://www.claritas.com.br>. Investors can also obtain a summary of the votes made by Principal Claritas at the meeting through the website <https://www.claritas.com.br/justificativa-de-voto-de-assembleias/>

Initiatives and Projects

In addition to the procedures described above, Principal Claritas participates in initiatives and projects to promote socio-environmental development, such as:

- Recycling: awareness and specific containers for recycling plastic bottles.
- Reuse of waste paper for drafts and notes;

- Incentive for reusing water bottles and non-disposable bottles;
- Reduction of volume of prints: Incentive for conscious use of papers;
- Use of economic lamps;
- Building installation: the company was concerned with sustainability issues when choosing its headquarters, opting for a building with a sustainability seal;

Characteristics of the building are:

- Optimization of external lighting for indoor areas;
- Reuse of water;
- Changing rooms and bike rack to encourage employees to use bicycles.

Principal Claritas Solidarity Program

Principal Claritas through our volunteer project Principal Claritas Solidária enables its employees to host classes on financial education and business to public high school and elementary school students in



São Paulo. For more details about the Program, please visit: <https://www.claritas.com.br/esg/>

In addition to the financial education program, we turned the money that would have been used for year-end gifts for clients into donations to charitable organizations. We have already contributed nearly 10 tons of food to the Caça-Fome project, which delivers food to residents of disadvantaged neighborhoods and communities, and to Celeiro da Vó Tunica, which shelters 18-year-olds who have left the foster care system and are in vulnerable situations.

Voluntary Agreements

- Signatory to the PRI - to access the latest transparency report reported by Principal Claritas to the PRI, please go to: [Public Transparency Report - Claritas](#) ; and
- Adherent to AMEC Stewardship Code - to access the latest stewardship report submitted by Principal Claritas to AMEC, please go to: <https://www.claritas.com.br/wp-content/uploads/Stewardship-Report-2023-Brazil.pdf>

Policy Approval and Review

The Sustainable Investing Committee is responsible for the storage and revision of this policy.

Annex I

Biographies of Sustainable Investing Committee members



ERNESTO LEME – MANAGING DIRECTOR

He is responsible for all the firm's distribution channels and marketing at Principal Claritas. He is member of the Directors Board, Executive, Senior Investment and Risk and Compliance Committees and chairs the Wealth Management and the Commercial and Products Committees. He joined the company in 2008 as CEO of Principal Claritas Wealth Management strategy. He has more than 31 years of experience in financial market. He started his career at Citibank and worked for many other companies as Banco Matrix, DLJ (Donaldson, Lufkin & Jenrette) in New York, Goldman Sachs Private Wealth Management Division – Zurich and Geneva and UBS Pactual. He received an MBA from Harvard Business School, a finance post graduate degree from Fundação Getúlio Vargas (FGV) and bachelor's degree in engineer from Universidade Estadual de Campinas (Unicamp).



HELDER SOARES – CHIEF INVESTMENT OFFICER

He holds a bachelor in Business Administration from Getulio Vargas Foundation (FGV) and Economics from University of São Paulo (USP). He began his career as an investment equity analyst at Banco Patrimônio in 1992. In 1994, he moved to Banco Matrix, where he became a partner responsible for equity operations. In 2001, he joined Principal Claritas to serve as Equity Portfolio Manager. Currently, he is Claritas' CIO. Helder is a member of the Board of Directors, Executive Committee and Senior Investment Committee. He is the founder and chairman of Association of Investors in the Capital Markets (AMEC), an association focused on the defense of minority shareholders' rights in Brazil.



EDUARDO MORAIS, CFA – PORTFOLIO MANAGER (EQUITY)

He holds the CFA designation and holds a BA degree in Economics from Federal University of Rio de Janeiro (UFRJ). Eduardo started his career in 1998 at Banco Matrix as an equity analyst and portfolio manager. Joined Principal Claritas in 2002.



LUIS RODRIGUES – PORTFOLIO MANAGER CREDIT

Bachelor degree in Mechanical Engineer from UNICAMP and master in Economy from FGV – Fundação getulio vargas. In 2011, began his carrer at BNP Paribas, working as a fixed income trader. In 2014 became credit portfolio manager for BNPP AM funds.in 2019, joined Principal Claritas serving as credit portfolio manager.



BÁRBARA REJANI – CHIEF LEGAL AND COMPLIANCE OFFICER

She is a Lawyer graduated from Universidade Presbiteriana Mackenzie and holds a Master of Laws (LL.M) degree from Inesper University in Sao Paulo, with a focus on Financial and Capital Markets. She began her career in 2011 at Banco Bradesco, where she spent over three years. In March 2015, Barbara joined Principal Claritas in the Legal and Compliance Departments. She serves as the DPO (Data Privacy Officer), responsible for ensuring compliance with the Brazilian General Data Protection Law (LGPD). She is also a member of the Risk and Compliance Committee, Asset Allocation Committee, ESG Committee and serves as the Secretary of the Board of Directors.



DANIEL ALMEIDA, CFA - RESEARCH MANAGER

He holds the CFA designation and holds a bachelor in Mechanical and Aeronautical Engineering from Technological Institute of Aeronautics (ITA). In 2003 he began his career in derivatives and arbitrage trading at Santander Bank. In 2004 he Joined Principal Claritas as equity analyst and trader. In 2017 he left Claritas to work as VP and project leader at Parthenon Group. In 2021 he returned to Principal Claritas as Head of Equity Research.



RODRIGO RUIZ - HEAD OF REAL ASSETS

Bachelor degree in Economic Sciences from PUC-SP and master in Finance and Economics from FGV-SP. In 2008, began his career at Banco Santander as Private Equities and Credit Funds analyst. At the beginning of 2010, was wired by BRL Trust, where was responsible for structuring and managing Private Equities and Credit Funds. In September 2010, he joined Claritas in the Operations team, where was Head of Operations/IT & Products until October 2020, when joined Real Assets team and was promoted as Head of the team in April 2023.



The information contained in this document must not be disclosed to third parties without the prior and express consent of Claritas. The use for any other purpose as well as the reproduction of them, partially or in full, without the proper authorization of Claritas is expressly prohibited.