ESG INTEGRATION POLICY

SPX Gestão de Recursos Ltda
SPX SYN Gestão de Recursos Ltda
SPX Private Equity Gestão de Recursos Ltda
SPX Soluções de Investimentos Ltda

February 2024

Objective

The purpose of this ESG Integration Policy ("Policy") is to formalize the practices of integrating environmental, social and governance ("ESG") topics in investments in variable income (listed equities and private equities), credit and real estate within of all fund strategies managed by SPX Gestão de Recursos Ltda., SPX Private Equity Gestão de Recursos Ltda., SPX SYN Gestão de Recursos Ltda. and SPX Soluções de Investimentos Ltda., (together referred to as "SPX").

SPX is an asset manager founded in 2010, whose principles are Collaboration, Responsibility, Alignment of Interests and Ethical Behavior. We believe that the integration of ESG topics in investment decisions reinforces these principles and values, in addition to being a relevant approach to managing the risks of our investments.

Historically, we have always considered good corporate governance to be a key element in influencing our investment decisions. Furthermore, compliance with environmental legislation and a history of good practices in relations with communities, suppliers and workers positively influence our view of companies and assets. Therefore, this policy aims to deepen and systematize this environmental, social and governance lens in our investment processes.

We believe that our investments should contribute to the sustainable development of society and minimize negative externalities brought to the environment and society, and an ESG lens is a powerful tool for this. Investments in companies and assets that have good practices in their relationship with the environment and their stakeholders tend to perform better in the long term and help to build a greener and more inclusive economy for the next generations, in line with the United Nations 2030 Agenda.

Moreover, we understand that integrating ESG topics into the investment process is part of our fiduciary duty to investors as it helps us improve our investment decision-making process.

Background context

In 2021, the SPX Executive Committee approved the creation of its ESG committee and appointed the director responsible to chair the committee and lead discussions on the topic within the company. This committee is made up of an interdisciplinary team, with professionals from different areas of the management company, and is responsible for ESG issues both within the internal scope of managing the company's own business and in the investment process of funds under SPX management. Additionally, in February 2022, SPX hired its first analyst dedicated entirely to the ESG topic, given the growing relevance of the topic.

In addition to creating an internal team, SPX decided to hire a specialized external consultant to assist in conducting discussions on the topic, evaluating the manager's structure and business, constructing this policy, developing procedures for integrating the concepts into the company and the funds' investment process, and training the team.

The construction of this policy occurred jointly and collaboratively, involving the teams that operationalize our investments in variable income, real estate and credit in Brazil, including legal & compliance, investor relations, human resources, in addition to support from external experts. Its construction was based on recommendations and best practices established within the scope of the United Nations Principles for Responsible Investment – PRI.[1]

In 2022, based on the development of our strategy in private equity and real estate, we obtained help from a specialized external consultant to build the necessary tools and expand our ESG integration practices to these new asset classes. We updated the Policy to, in addition to formulating specific criteria for the integration of ESG aspects for public equity and credit assets (Annex I), establish specific procedures for the integration of ESG aspects in private equity and real estate, described in Annexes II and III, respectively, to this Policy.

In 2023, we developed the new Investment Solutions strategy, which offers personalized services for managing investment funds and securities portfolios. This structure operates in the management of various asset classes, focusing on institutional investors. When investing in funds managed by SPX itself, the portfolio will already take advantage of all the analysis and tools we created for variable income, credit and real estate strategies. For investments in funds managed by third parties, we expanded the scope of the ESG aspects analyzed beyond the universe of assets and companies and began to analyze the fiduciary administrators and investment managers of the invested funds.

To implement an ESG agenda coherent with SPX's other business lines, the Investment Solutions area analyzes ESG aspects of administrators and managers, through proprietary due diligence questionnaires, to identify, in addition to the governance of ESG topics, the operational structure, risk and compliance.

This policy will be updated whenever there are relevant changes to our investment process or expansion of our verticals, to ensure that they are aligned with our investment philosophy and best market practices.

Roles and Responsibilities

The ESG topic is not a binary issue. Therefore, it is not possible to establish objective criteria to determine which assets can or cannot be invested to address this issue. We understand that in order to have a robust ESG integration process, it is essential that it is part of our culture and that different areas are co-responsible within this topic. The table below exemplifies how our team works to evaluate these topics on a daily basis.

Area	Function
Portfolio Manager	Decision-making on investing/not investing in assets considering, in addition to economic-financial aspects, how ESG aspects will affect them.

[1] https://www.unpri.org/download?ac=5205[1]

Analysts	Responsible for monitoring the ESG performance of covered companies and assets and integrating them into traditional analysis, receiving support from ESG assessment agencies, sell-side and contact with companies. Differentiate companies that are exposed to greater risks and opportunities in this area and consider them in the analysis of the companies. Engagement with covered companies to better understand how they have been managing these issues and encourage best practices.
Investor Relations	Their role is to communicate to clients how the ESG integration process in the funds is taking place, assimilate new demands from the responsible investment market and share them with the management and analysis team and the Sustainability Committee.
Executive Committee	Responsible for approving the general guidelines for building the ESG integration policy and strategies related to the topic at SPX. The committee is made up of the controlling partners of SPX.
ESG Committee	Composed of a multidisciplinary team of analysts, managers and partners, its function is to monitor discussions on the topic, assist in the construction of SPX's ESG integration strategy, construction of proprietary policies and tools, reporting of results and internal actions.
ESG Director	Responsible for ESG topics on all fronts of SPX. Building the ESG integration policy and strategy, validating tools, monitoring the integration process by SPX's management teams and institutional representation externally.

‘

Criteria for ESG integration in investment decisions

The criteria described below are applicable for 100% of our strategy investments in Brazil in variable income assets (listed equities and private equity) and credit and, subject to specific adaptations, also apply to investments in real estate. Additionally, more restricted ESG or sustainable investment products may be created in the future, the investment criteria for which will be set out in the annex to this policy.

The approach adopted here is in line with the definition of ESG Integration, defined in the CFA Institute’s ESG Disclosure Standards for Investment Products[2] report. In accordance with the CFA definition, this approach seeks to explicitly consider ESG factors that are material to the risk and return of investments, in conjunction with financial factors. ESG factors are circumstances, facts, analyzes or influences, related to one or more ESG topics, that contribute to decision-making. ESG factors are material for determining investment risk and return and must be considered when making decisions.

[2] https://www.cfainstitute.org/-/media/documents/code/esg-standards/consultation-paper-on-esg-disclosure-standards.ashx

Other approaches may be developed in the future for specific funds, such as thematic investment, best-in-class, among others.

To operationalize this approach, we will use a methodology developed internally, together with materials and research made available by third parties.

Rating Questionnaire: for our proprietary methodology, we developed an ESG rating or scorecard model, where companies and assets in our investment universe undergo a qualitative assessment on their level of management of ESG topics, resulting in a final score. To apply this rating, we adopted the principle of materiality, as defined below.

Materiality Principle: The integration of ESG issues into investments is a complex process, as topics that may be relevant for one asset class or for companies in a certain sector will have little relevance for others. For example: the topic “water consumption” can be highly relevant for companies in the industrial sector, while technology sectors must pay more attention to the issue of “data security”. Governance issues (for example: “Composition of the Board of Directors”) may not be as relevant to real estate investments as are questions about “energy consumption”.

Therefore, during the analysis process, it is important that there is a prioritization of those topics that are material for the investment analyzed. We call this approach the materiality principle. Within our integration process, we use the Materiality Map of the Sustainability Accounting Standard Board (SASB)[3] as a starting point for prioritizing topics that will be analyzed in different economic sectors (details in Annex I), in the different classes of investment that the SPX performs.

The rating model developed subdivides ESG topics into the following topics described below:

Environmental	Social	Governance
Water management	Workforce health and safety	Compensation Practices
Energy management	Labour relations	Board and Executive Leadership composition
Waste Management	Supply chain management	Minority shareholder rights
Climate change adaptation and mitigation	Sustainable products and services	Integrity policies
-	Community Relations	Transparency practices

For the topics above, the practices, policies, goals, results of the company or asset in question and the existence of controversies are evaluated, and a score is assigned. The final assessment of the company or asset is a consolidation of the scores, obtained in each of these topics listed above. The weight of each note is subject to variation

[3] https://www.sasb.org/standards-overview/materiality-map/

depending on the field of activity and the class of asset valued. Below we list some of the ways in which the results of this analysis can impact investment decisions:

- Adjustment to the company's risk profile, which may affect the weight of the position;
- In-depth analysis of the ESG risks and opportunities of assets, seeking to understand the potential for value generation or destruction;
- Committee discussion, when the analyst deems it necessary;
- Requirement of a higher rate of return for acquiring securities; and
- Engagement with company questioning the practices adopted.

Furthermore, we have access to external ESG research providers, who provide data, analyses, ratings, rankings and investment theses, considering the performance of invested companies or assets from an ESG point of view and the main global trends in these topics. External analyzes help to complement, validate and criticize the view we develop internally about companies or assets, in addition to being an additional input for our internal ESG rating/scoring model.

Principle of Proportionality: efforts to carry out engagement actions with invested companies must be proportional to the size of the positions in these companies and the potential risk identified, and can also be carried out with the support of third parties, through proxy voting actions.

More details about this methodology are presented in the Annexes of this document.

Definitions

The following definitions below have been adopted for this policy:

ESG: Environmental, Social and Corporate Governance topics that can impact investment performance. Environmental topics include use of natural resources, impacts on biodiversity and land use, pollution and waste, air emissions and climate change. Social topics refer to the health and safety of workers and communities, human rights, relationships with suppliers, diversity and data security. Governance topics include accountability, transparency, respect for minorities, composition of the board of directors and the board of executive officers, ethics and integrity.

Responsible Investment: Integration of environmental, social and corporate governance themes in investment management and ownership practices, based on the premise that these themes can impact the risk and performance of assets.

Engagement, proxy voting and stewardship

We believe that engagement is an important practice to better understand the risks and opportunities of the companies we invest in and positively influence their actions. With this objective, we always vote actively with the intention of generating better ESG practices for companies. We were inspired and adopted engagement actions, in line with the AMEC Stewardship Code[4], with the aim of positively influencing the management of

[4] https://www.amecbrasil.org.br/wp-content/uploads/2016/11/livreto_stweardship_port_site.pdf

ESG spas, whether in moments of primary issuance, or in private conversations with the company. Some common practices adopted in our engagement process are listed below:

- Appoint board members who can add value to companies and protect the interests of minority shareholders;
- Recommend actions that mitigate risks and add value to portfolio companies (in private equity investments, there must be an ESG Action Plan for each investee, agreed upon at the time of payment of the investment, to be implemented according to parameters defined in this plan to mitigate risks and capture value creation opportunities);
- Encourage best transparency practices in reporting non-financial information;
- Encourage and influence companies to improve their ESG management and management practices.

We believe that our right to vote should be used to seek to improve the environmental, social and corporate governance performance of investments. In line with the SPX Voting Policy, this role of stimulating companies' ESG performance is also exercised through the commitment to consider significant environmental, social and governance impacts in the deliberations of the meetings in which we participate.

Especially in private equity investments where we most often take ownership control, this position will be considered for greater influence towards the adoption of best ESG practices. In other strategies, the possibility of active engagement will be considered according to the specificities of the asset class and the possibility of influencing the companies' management.

Report

This policy will be disclosed to fund shareholders and the public through our website. Through other means of communication, we will be able to inform fund shareholders about advances in our ESG integration strategy and main trends identified.

The votes cast at shareholder meetings of invested companies are periodically made available to our shareholders, through a note contained in the monthly statement sent by the fund administrators.