BlueCrow

ESG POLICY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

MARCH 2023

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Review Guide

Data	Description	Version	Prepared by	Reviewed by	Approved by
01-03-2023	Original document	Version 1	Francisca Silva	Manuela Rocha Garcia	Management Board

1. INTRODUCTION

The BlueCrow Group (hereafter designated the “**Group**”) incorporates a set of companies structured for the provision of financial services in the following domains:

a) Risk capital fund management: through BlueCrow Capital – Sociedade de Capital de Risco, S.A. (hereafter referred to as “**BlueCrow SCR**”);

b) Investment consultancy: through BlueCrow Capital – Empresa de Investimento, Unipessoal, Lda. (hereafter referred to as “**BlueCrow Investimento**”).

Within this context, and with the objective of responding to the requirements handed down by Regulation no. (EU) 2019/2088 of the European Parliament and Council, of 27 November 2019, relating to the publication of information on sustainability in the financial services sector (Sustainability Finance Disclosure Regulation hereafter referred to by the abbreviation of “**SFDR**”), and in addition to conveying the level of the Group’s commitment to the sustainability of its environmental, social and governance (Environment, Social e Governance or **“ESG**”) impacts, the current Policy sets out to define:

(i) The key principles determining the activities of Group companies as well as their respective objectives within the ESG framework;

(ii) The ways in which the aforementioned companies, in striving to undertake their respective asset management and consultancy activities and implement the investment strategy integrate the risks in terms of sustainability into their investment decision-making processes; as well as

(iii) The means by which, in advancing with their activities, Group companies take into account and consider the scope of negative impacts of their investment decisions on the factors of sustainability.

The current Policy was drafted in full respect of the principle of proportionality, taking into consideration the size, nature, composition and organic structure of the companies incorporated into the Group at each point in time, with the following core assumptions underpinning the present data:

(i) The Group companies do not provide investment manager services to collective investment entities that engage in, among other aspects, the environmental or social characteristics (the “light green” products as foreseen in article 8 of the SFDR) or that have as their sustainable investment objectives (the “dark green” products referred to in article 9 of the SFDR).

(ii) Group companies do not comply with the criteria that define institutions of a larger dimension as set out in article 4, nos. 3 and 4 of the SFDR Regulation.

Taking into perspective the scope for eventual alterations in terms of the Group’s composition, as well as to the extent that such proves necessary to guaranteeing the full observance of the legal and regulatory requirements applicable to the companies integrated into the Group at each moment, the present Policy may be subject to alterations and thus reflecting its dynamic, evolving nature.

2. PURPOSE

The Group hereby recognises the integration of risks in terms of sustainability – especially within the scope of investment decision-making and investment consultancy – constitutes an inherent fiduciary duty assumed towards its investors, participants and clients. As such, the Group aligns its mission and objective with ensuring the competitiveness of its holdings and creating long term value for its investors, participants and clients with the inclusion of sustainable investment criteria throughout the implementation of its activities.

The adoption of this strategy seeks to, in summary, nurture new investment opportunities and create long term value for its investors, participants and clients, seeking to actively foster, in a progressive approach, the positive impacts of the activities undertaken within the ESG framework.

3. GENERAL REFERENCE PRINCIPLES

The Group believes that the implementation and application of the present Policy shall contribute towards better compliance with the Sustainable Development Goals established by the United Nations, resulting from its Agenda 2030 designed to bring about a more sustainable future.

For the same purpose, in the implementation of their respective activities, Group companies shall also take into full consideration the Principles for Responsible Investment (PRI), issued by the United Nations, to which the Group subscribes, thereby driving the goal of integrating the following procedures into the actions of member companies:

1. Incorporate the components of ESG into investment analysis and decision-making processes.
2. Be pro-active in incorporating the ESG themes into their asset ownership policies and practices.
3. Ensure the entities in receipt of investment publish information related with their performance according to ESG criteria.
4. Foster the acceptance and implementation of these principles into the financial sector.
5. Work collectively to ensure the more effective implementation of these principles.
6. Release reports on the activities carried out and the progress in the implementation of principles.

4. INVESTMENT POLICY

4.1 IDENTIFICATION AND DEFINITION OF THE PRIORITIES AS REGARDS THE MAIN NEGATIVE IMPACTS AND INDICATORS OF SUSTAINABILITY

The ESG factors and objectives that the Group dedicates priority attention to **(i)** in the implementation of investment decisions, without ever ignoring the specific characteristics of the investment policies of each collective investment entity or portfolio under management, and **(ii)**, in the implementation of investment consultancy services, without ever ignoring the specific characteristics of the profile of each clients, are essentially the following:

(i) **Within the scope of environmental sustainability:** Mitigation of climate changes; adaptation to climate changes; prevention and control of pollution; sustainable utilisation and protection of hydric and marine resources; transition to a circular economy; protection and restoration of biodiversity and ecosystems.

(ii) **Within the scope of social sustainability:** Prohibition of gender based discrimination, human rights, labour norms in the supply chain, child labour, slavery, workplace health and safety, freedom of association and expression, management of human capital and labour relations; diversity; relationships with local communities; health and access to medication; consumer protection; combat of inequalities and promoting social cohesion, social integration and labour relationships, and investments in human capital or in economically or socially disadvantaged communities.

(iii) **Within the scope of the governance of the companies issuing the assets in receipt of investment:** shareholder rights; remuneration structures; composition of the board of directors; independence of its members and the effectiveness of the supervisory body; compliance with fiscal obligations.

(iv) **Truth and integrity:** the Group recognises that information released on ESG has to be accurate, clear and objective. The Group neither accepts nor enables distortions or exaggerations in the information released on this context, that commonly referred to as green-washing in practice. On the contrary, the entire approach made under the auspices of ESG and the corresponding production of information takes place in accordance with the principles of truth, objectivity and integrity.

(v) **List of excluded sectors:** the Group avoids investing or advising on investment in any entity or company that has, as its core commercial activity, the provision or involvement in the promotion, production, distribution or commercialisation of products or services related with:

1. Arms and munitions;
2. Activities deemed illegal under the auspices of the laws and regulations of the host country or international conventions and agreements or subject either to progressive elimination or to international prohibition;

3. Corruption, money laundering or the financing of terrorism;
4. Radioactive materials (apart from medicinal purposes);
5. Forced and/or child labour;
6. Pornography and prostitution;
7. Human rights violations;
8. Tobacco.

4.2 INTEGRATION OF SUSTAINABILITY RELATED RISKS INTO INVESTMENT DECISION-MAKING PROCESSES

The Group hereby duly recognises that the activities of alternative investment management and consultancy entities are impacted by **risks in terms of sustainability,** thus, by events and conditions of an environmental, social or governance type with their incidence susceptible to causing significant negative impacts on the effective or potential value of the investment. For example, such would be the case for business decisions that imply a worsening of climate change, discrimination based on gender or race or recourse to child labour

The Group also takes into due consideration the integration of sustainability related risks bears implications for the entire investment cycle: whether in the provision of consultancy services or in investment decisions or in the evaluation of assets and as well as in disinvestment decisions.

For such reason, the functions of identifying, evaluating and managing risks are complied with through the organisational structure of the Group throughout the entire investment process and especially involving the following management units and support areas at each of the Group's companies:

a) Board of Directors, with this entity particularly responsible for:

- Approving and periodically reviewing this current Policy.
- Ensuring that societies may access, at each and every moment, the resources appropriate to developing their activities integrating sustainability related risks into their investment decision-making processes.

b) Investment & Portfolio Management, is to**:**

- Gather and identify data and indicators associated with the different facets of ESG.
- Analyse the internal and external reports issued in relation to the sustainability related risks both to the assets incorporated into the portfolios under management and to new investments.
- Adjust the investment strategies in effect based on ascertaining risks in terms of sustainability in keeping with the investment policies of each collective investment entity.
- Analyse the market trends and best practices in terms of ESG and the corporate governance framework.
- Implement an ESG focused strategy.

c) Risk Management: which is to:

- Prepare and request the preparation of the reports necessary to endow the investment and portfolio management structures the necessary visibility in terms of controlling the sustainable related risks assumed by the portfolios under their management.
- Measure the impact of the risks in terms of sustainability to the profitability of the assets under its management.

d) **Compliance and Internal Control**

- Monitor and comply with the current Policy;
- Define the specific procedures for implementing the present Policy;
- Ascertain the alignment of this Policy with the legislation, regulations and best practice in effect over times for the field of ESG
- Gather and internally distribute information regarding the regulatory framework for ESG;
- Dissemination of best practices and fostering an internal culture in keeping with the ESG criteria;
- Organisation of training actions on ESG related issues.

4.2.1 Methodology

The investment policy is set out in the description of the management regulations for each collective investment entity while also based on the adoption of the following methodology:

a) **<u>Evaluation of ESG risks</u>:** having carried out the initial selection of potential investments in keeping with the list of priorities and exclusions identified above, the investment/portfolio management unit – complementarily to the evaluate process for other investment associated risks – shall proceed to observe the behaviours of the potential entities selected for evaluate based on the application of the investment criteria referenced in the point above as regards the different environmental, social and governance criteria previously selected for evaluation.

   For this purpose, the Group developed its own methodology that enables the attribution of an ESG rating to each asset or asset portfolio, in keeping with the respective case subject to evaluation. In the internal evaluation process developed in this phase by the risk management unit, supported by the publicly available information or supplied by the respective entity issuing the financial instruments under analysis. This may also extent to the consideration of information resulting from external sources of information in relation to the ESG evaluations of the assets under analysis.

   The internal and external reports relating to Group risk management include analysis of the risks relative to any event or condition of an environmental, social or governance nature with impacts for the investments made.

   Within the scope of the provision of investment consultancy services, this also takes into account the duty to ensure their appropriateness to client profiles, in accordance with their preferences in terms of sustainability and the individual investment policy declaration associated with each portfolio.

b) **Due diligence as regards the negative impacts of investment decisions as regards the factors of sustainability**

   Irrespective of the Group not complying with the criteria for large scale institutions stipulated in article 4, paragraphs 3 and 4 of the SFDR Regulation and within a perspective of objective viability, the Group undertakes due professional diligence in the evaluation of the negative impacts of investment decisions on the factors of sustainability.

We would note that as it is not possible to evaluate, objectively and rigorously, the impacts of a significant number of investment decisions on the parameters of sustainability, the Group, when facing situations within this scope, does not take into consideration the negative impacts of its investment decisions on the parameters of sustainability, justifying this position in accordance with the following motives:

(i) **Lack of available information:** There is general recognition that the information environment surrounding the options of issuers on ESG related matters is fragmented and difficult to compare given the limited scope and contents of the European Directive on Financial Information and given the non-existence of comparable rules outside of the European Union. Such difficulties become exponentially greater in the case of real estate investment that are not, as a rule, subject to the European Directive on Non-Financial Information. The Group maintains that there is thus a lack of sufficiently broad, rigorous and comparable data, in public terms, for the consideration of the negative impacts of investment decisions on factors of sustainability.

(ii) **Cost rationale:** Due to the lack of unified, reliable and comparable public information, access to ESG information requires recourse to external information sources, which implies high and disproportionate costs to the policies of the alternative investment vehicle under management. The Group thus maintains that these are excessive and unjustified costs for considering the negative impacts of investment decisions on factors of sustainability.

(iii) **Articles of incorporation:** The articles of incorporation of the investment entities under management do not impose the requirement for any care or due diligence as regards the negative impacts of investment decisions on the factors of sustainability. The Group therefore considers that the investors/participants do not hold any expectations as regards the considering of the negative impacts of investment decisions on the factors of sustainability.

(iv) **Contractual documents:** The consultancy contracts do not impose the requirement for any care or due diligence as regards the negative impacts of investment decisions on the factors of sustainability. The Group therefore considers that consultancy service clients do not hold any expectations as regards the considering of the negative impacts of investment decisions on the factors of sustainability even when having explicitly identified sustainability related issues among their preferences during the evaluation of their respective profiles.

5. IMPACT ON GOVERNANCE IN GENERAL

5.1 APPROVAL BY THE COMPETENT STATUTORY BODY: BOARD OF DIRECTORS

The Group ensures the full integration of this present Policy into its governance system.

Competence for the approval and review of this current Policy is held by the management bodies of each Group company.

5.2 INTEGRATION OF ESG RISKS INTO ISSUES OF PRODUCT GOVERNANCE

Within the scope of the governance policy for Group products, the design and launch of financial products is subject to the identification, evaluation and accompanying of the risks of environmental, social and governance sustainability, specifically, but not exclusively, to the extent that these class as ESG products under the terms and for the effects of articles SFDR 8 and 9.

6. APPROVAL, INSPECTION AND REVIEW

The present Policy was approved by the boards of directors of Group companies on 2nd March 2023 and entering into effect as from that date.

It is the competence of the Departments of Compliance and Internal Control and Group Investment Analysis to inspect compliance and draft the annual reports on policy implementation.

The first Policy is regularly reviewed in accordance with the experiences accruing from its applications and any eventual legislative changes with the Department of Compliance and Internal Control responsible for presenting proposals for review to the boards of directors.

7. PUBLICATION

The current Policy is available for consultation on the Group's Internet website, www.bluecrowcapital.com, in both Portuguese and English language versions.

SUSTAINABILITY[1]

BlueCrow perceives the integration of risks related to sustainability (commonly designated ESG risks, in reference to the environmental, social and governance facets) as of extreme importance to its ongoing activities. The ultimate objective is the creation of long-term value for our investors, participants and clients, ensuring the competitiveness of the entities invested in and striving to foster a positive impact in the field of ESG.

Stemming from this concern, since 2022, BlueCrow has been a signatory to the PRI - Principles for Responsible Investment charter of the United Nations.

Taking into account the legislative framework currently in effect in terms of sustainability, especially Regulation (EU) 2019/2088 of the European Parliament and Council, of 27 November 2019, specifying the duties as regards the release of information related to the sustainability of the financial services sector (*Sustainability Finance Disclosure Regulation* or "SFDR" in the abbreviation as referred to hereafter) and the Delegated Regulation (EU) 2022/1288 issued by the Commission, of 6 April 2022 ("Delegated Regulation"), BlueCrow vem has published its *ESG Policy*. This Policy defines the ways in which environmental, social and governance risks are incorporated and integrated into our activities.

Irrespective of the integration of ESG risks into decision-making processes, especially as regards investments and investment consultancy, BlueCrow does not take into consideration the negative impacts of its investment decisions on the factors of sustainability. In accordance with the terms stipulated in art. 4, paragraph 1, subparagraph b) of the SFDR Regulation, and subsequent to that foreseen in art. 12 of the Delegated Regulation, BlueCrow explains in an ***autonomous declaration*** the reasons for which its does

[1] Name of the Separator

not consider, within the scope of its investment decisions, the negative impacts on the factors of sustainability.

Aware of the importance and evolutions in this theme, as well as their implications for Group activities, BlueCrow is committed to periodically reviewing its position on the ways the factors of sustainability are integrated into management processes.