



## POLICIES & INTERNAL STANDARDS

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### RESPONSIBLE INVESTMENT POLICY

## **OBJECTIVE**

The purpose of this Code is to inform all interested parties (stakeholders) of AGBI Real Assets Ltda. ("AGBI") the responsible investment policy of the company, based on the Principles for Responsible Investment - PRI, in the Net Zero Alliance's Climate Neutral Now commitment, in the adherence to SDGs and commitment of the team to environmental, social and governance practices.

The rules contained in this Policy apply to all hierarchical levels: partners, officers, employees, trainees, and interns of AGBI Ativos Reais Ltda. (together the "Collaborators" and individually the "Collaborator").

The principles listed here should guide the investments and developments of AGBI Real Assets Ltda.

By being aware of this document, each Collaborator undertakes to ensure the application of the rules and principles contained in this Responsible Investment Policy, as well as in promoting the execution of them.

AGBI Real Assets Ltda. provides training to its Collaborators and only collaborates with people of the same alignment with their responsible investment policies, and thus does not assume the responsibility of Collaborators who violate the law or commit violations in the exercise of their functions. If AGBI Real Assets Ltda. is held liable or suffers damages of any nature due to the acts of its Collaborators, it shall exercise the right of recourse against those responsible.

## **ESG at AGBI**

Currently, much is said about the ESG principles, which brings an Environmental, Social and Governance look to business. At the 2021 World Economic Forum in Davos, there was a talk about the transition from shareholder capitalism to stakeholder capitalism, in which the market should look at its broader role in society when making its decisions, considering not only investors and business owners, but also the entire society affected by the company's business. At AGBI, without the use of some of these terms and neologisms, we have encompassed these philosophies since our inception.

In addition to our values and commitments, we express this consideration in our past actions, from the development of investment theses to the execution of operations. The choice for a strategy of capital gain in Agrobusiness in our investment vehicles, was based on the cooperation that our values have with a strategy of transformation from degraded farmland to crop. In addition to contributing to non-deforestation, we help to show the potential of converting farmland from pastures to crops as a means of dramatically increasing productivity and economic return for the entire region. We strongly believe that there is no reason to harm the environment not only for moral but also economic reasons.

Our responsible investment approach has gradually evolved into a sustainable investment approach, seeking to bring tangible benefits not only to our investors, but also to all our employees, suppliers, and society. To this end, we have strived to establish this culture at all levels of the company, from partners to service providers.

Finally, we believe and invest in the socioeconomic development of the country, as we focus on developing rural regions, boosting their growth, working together with local producers to fill the existing credit gap for land acquisition, through partnerships acquired from levels of production that enable its performance.

## **THE MANAGER AND HIS RESPONSIBILITIES**

Asset managers carry with them the responsibility of decision-making for the efficient allocation of resources, respecting their mandates, in search of the best risk-adjusted return of the portfolio. Thus, they have a fiduciary duty towards their clients, valuing the preservation and increase of assets of the beneficiaries of the assets under management.

Therefore, since the emergence of the term ESG in the early 2000s, with the support of UN programs (UNEP FI and Global Compact), the recognition of the materiality of socio-

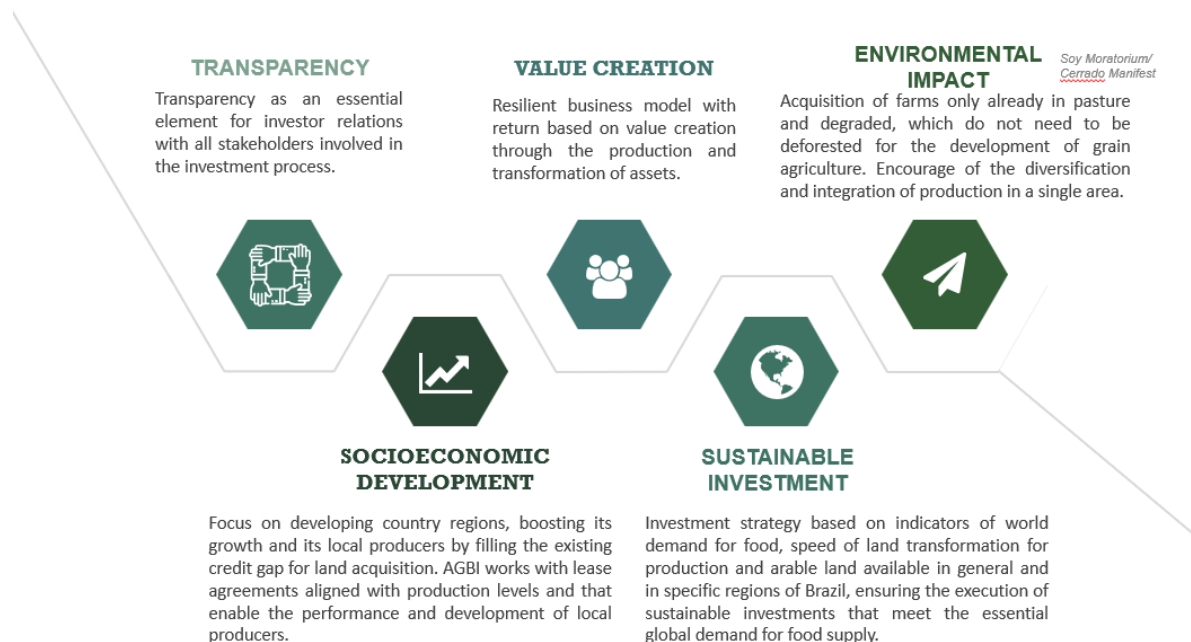
environmental issues such as governance and their impacts on the results of companies has gained strength, expanding the discussion to the level of asset management. Since then, there is still a divergence of opinions on the subject, but in fact there has been an escalation in the consideration of ESG factors as being part of the fiduciary duty of managers.

According to a PRI survey, 91% of PRI signatories have at least one clause in their contracts that require action in line with responsible investment policies, and approximately 20% of mandates with clauses that require employees to engage with companies or investees to ensure compliance with ESG practices in their investments.

AGBI has always believed in responsible investment as part of our fiduciary duty, ESG integration in the investment process and engagement with stakeholders to deliver results online or above the market, which reduce environmental impact, respect and care for human rights.

**ESG APPLICATION IN THE INVESTMENT PROCESS**

ESG Conduct is intrinsic to our investment philosophy:



AGBI uses ESG integration as a tool from business origination to the monitoring and reporting of results to investors.

During the selection of assets, for example in the selection of farms for the portfolio, in addition to the filtering of properties according to technical evaluations of soil, climate, due diligence of the region (technical), and the use of internal investment assumptions based on financial metrics and ESG, such as no deforestation of excess reserve area (E), partnership in the transformation with producers (S), purchase of farms with documentation up to date only (G) etc.

In addition, we practice direct engagement with the rural producer during the development phase of the fund, to ensure the best use of the soil, the increase in its quality and productivity, the recovery of degraded areas, supervision to avoid deforestation and follow-up to a transparent report to investors.

For the AGBI III Carbon fund, in addition to ESG integration, the thematic ESG investment will be used, since the fund aims to sequester, measure and trade carbon credits.

## **Frameworks**

To deal with the demand from different sectors, different paths were taken by the Public Authorities and Civil Society to establish ESG Frameworks. In the Public Power sphere, the discussion, besides being deepened at national levels, especially those who led the debate, was held at the United Nations Organizations. Over the years, the Sustainable Development Goals (SDG) were developed within the United Nations 2030 program.

In all, 17 SDGs were agreed, dealing with various themes and areas, both related to environmental and social sustainability and governance, with the latter being perennial in the principles of the SDGs regarding monitoring, measurement, and the methodology of the framework itself. Then, the objectives were detailed, and it was up to each of the participating Nations to develop specific goals so that they could be charged and monitored. As far as ESG is concerned in the public sector, we are in this step. But in private enterprise, things move faster.

We understand that our Responsible Investment Policy should meet a maxim that has already become a cliché: to think globally and act locally. In the world of investments this is based on looking at the great challenges of society and understanding which of them can be affected by our specific performance. To this end, the first step was to consider the commitments made by the world in the United Nations Sustainable Development Goals (SDGs) in the 2030 Agenda. Of the 17 objectives and 169 goals, we focused on those in which we understood that we could have the greatest local impact, considering our market and

country of residence. With this, two main objectives were selected (2 - Combating Hunger; and 13 - Climate Action) and two secondaries (8 - Decent Work and Economic Growth; and 16 - Peace, Justice, and Strengthening of Institutions).

**ENVIRONMENT (E)**



**SOCIAL (S)**



**GOVERNANCE (G)**



Our choice for ODS 2 is obvious: for a company focused on investing in Brazilian agribusiness, combating hunger is a natural consequence of our efforts. The marriage of this objective with SDGs 13 is due to our growing dedication to sustainable agriculture and the compensation of greenhouse gases through the generation of carbon credits in our investments. We understand that the two objectives together (Combating Hunger and Climate Action) define exactly the commitment of AGBI since its inception. Secondary objectives stem from the primary endpoints. ODS 8 deals with economic growth that is the result of the development that responsible agribusiness brings to the regions where it arrives. SDG 17 is focused on the extent to which legislative and institutional changes are needed to consolidate an emissions compensation market in Brazil.

With the "global thinking" part resolved, "local action" is the concrete activity that is conducted in pursuit of these objectives. This translates into materiality and transparency. To this end, we use the methodologies established and recognized in the market. First, we chose to look for reporting alternatives that went beyond statements of principles. Next, we looked for what was best suited to our type of company and had international recognition and relevance so that the adoption of the methodology itself already demonstrated our commitment. We choose to report through PRI and use the SASB methodology to declare materiality.

With this, we understand that we are acting locally in the most aligned way with our business and with our country, but with a view to broad and long-term objectives, aligned with

the rest of the world. This makes our Responsible Investment Policy at the same time broad and specific, challenging, and realistic. In this way we can not only demonstrate our commitments and our results, but also continue to achieve the economic results that are necessary for our investments to be truly sustainable.

### **Principles and actions of the manager**

All previously discussed information in this policy helps shape AGBI's conduct and vision in its field of activity. In advance, the manager's principles and actions will be addressed to establish its Responsible Investment policy.

### **Promoting environmental sustainability**

Promote crop sustainability by reducing soil erosion, protecting biodiversity, reducing chemical emissions, managing water availability, and reducing climate impacts.

By focusing on more sustainable crop, sellers are required to present certificates from local authorities showing that they have no environmental liabilities; maintaining environmental reserves within mandatory limits helps to protect existing flora and fauna and watersheds. Erosion management through no-till farming and control methods for setting up internal roads and drainage lines; compliance with chemical use and container disposal rules to ensure the safety of workers and the environment; soil quality monitoring by sending consultants on the farms to measure the degree of fertility and farming procedures on all farms.

### **Protecting human and labor rights**

Implement policies to respect the rights of others, such as Indigenous peoples, vulnerable groups, unique cultural values and systems, local food security, labor, and any other relevant rights in the context of their assessment and risk mitigation measures. For this it is necessary to:

- Review compliance with health and safety standards with partner operators
- Require and periodically supervise for operators to maintain dormitories, cafeterias, and other facilities for work in accordance with Brazilian labor laws (NR 31)
- Include in the due diligence process the verification of certification related to Indigenous reserves or areas related to protected ethnic groups (former slave colonies)

- Periodically monitor operators and require them to comply with the rules on the use of chemicals and the disposal of containers to ensure the safety of workers and the environment.

### **Respect existing rights to farmland use and natural resources**

Respect the use and property rights of farmland and other resources and require managers and operators acting on our behalf to do the same, through the:

- Due Diligence includes chain-owned analysis of potential assets, including real estate book verification.
- Request the georeferencing certificate as a condition for closing transactions and acquiring land - this should reduce complaints.
- Abstention of land acquisition in national parks, indigenous areas, and former slave settlements.
- Inclusion of verification of mineral rights, rights of way and large liabilities that could affect land use or property rights.

### **Maintain high business and ethical standards**

Promote high business and ethical standards, respect the law, and implement processes aimed at preventing corruption:

- Operating under the highest business and ethical standards.
- Adhere to the AGBI Code of Conduct, presenting guidelines for relationships with customers, suppliers, investors, as well as business conduct in general and anti-corruption policies.

### **Promote knowledge about responsible investments of the AGBI team**

Train and keep the AGBI team updated on responsible investments in search of continuous improvement of processes, employees, and the manager herself:

- Providing training courses to employees.
- Conducting at least one annual training on ESG investments.
- Keeping connected to market references with respect to the subject.



**Promoting market knowledge and interest in responsible investments**

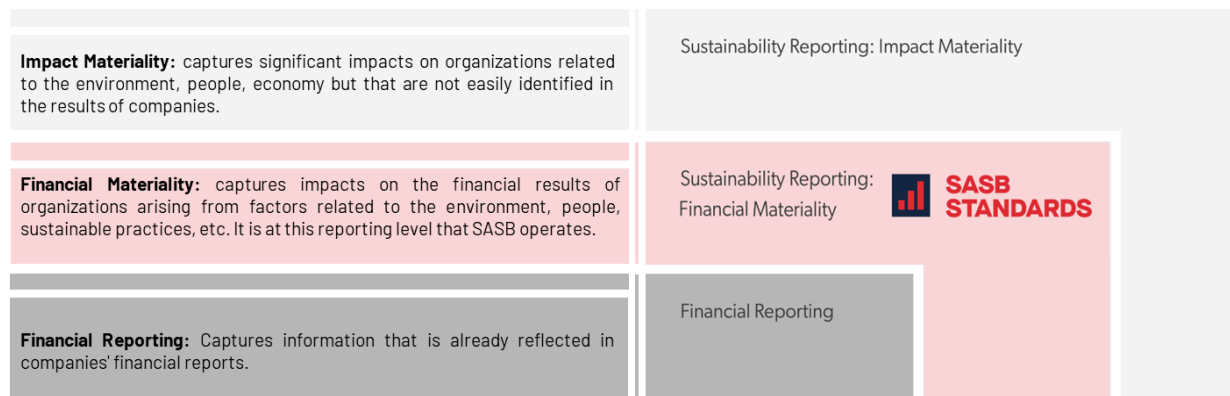
Promote knowledge about responsible investments to all stakeholders through meetings, lectures, workshops, institutional materials, among others. AGBI media materials:

- Overview AGBI
- PRI – Principles of Responsible Investing
- ESG Alignment: How to Select Managers
- Carbon credits in real funds and assets
- COP-26 brings Brazil closer to the Persian Gulf
- ESG in Agribusiness

**Materiality map**

We were looking at what was best suited to our type of company to have enough international recognition and relevance by which the adoption of the methodology itself would already demonstrate our commitment. We choose to report through the PRI and use the SASB methodology to declare materiality. SASB establishes metrics for the reporting of sustainable actions that are financially material in the company’s value, whether in the short, medium, or long term.

**Financial Materiality:** captures impacts on the financial results of organizations arising from factors related to the environment, people, sustainable practices etc. It is at this level of reporting and that SASB acts.



AGBI is included in the 'Asset Management & Custody Activities Standard' report, which has the following metrics:

- Integration of ESG factors in investment management and recommendation
- Transparency in communication and advice and appropriate recommendation to customers
- Diversity, inclusion, and engagement of employees
- Professional ethics

**Integração de fatores ESG na gestão e recomendação de investimentos**

Accounting Metric	Code	Value (R\$ MM)
Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	FN-AC-410a.1	(1) e (3) R\$ 160,172MM; (2) R\$0
Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	III
Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	IV

I - AGBI uses ESG integration as a tool from business origination to the monitoring and reporting of results to investors. During the selection of assets, for example in the selection of farms for the portfolio, it is filtered properties according to technical evaluations of the soil, climate, due diligence of the region (technical), and the use of internal investment assumptions based on financial metrics and ESG, such as the non-deforestation of surplus reserve area (E), partnership in the transformation with the producer (S), purchase of farms only with documentation up-to- date (G) etc.

II - At AGBI, we engage directly with the rural producer during the fund's development phase, to ensure the best land use, increased quality and productivity, the recovery of degraded areas, supervision to avoid deforestation and follow-up for transparent reporting to investors.

**Transparência na comunicação e assessoria e recomendação adequada aos clientes**

Accounting Metric	Code	Value
(1) Number and (2) percentage of employees with history or under investigation related to investments, customer complaints, civil lawsuits, or other regulatory procedures.	FN-AC-270a.1	(1) 0 (2) 0%
Total losses as a result of legal processes associated with the marketing and improper communication of financial products to potential customers or portfolio.	FN-AC-270a.2	R\$0,00
Description of the customer information approach about products and services.	FN-AC-270a.3	I

III - AGBI Real Assets is a Private Equity manager focused on investing in real assets, especially in rural real estate. Due to the type of our investment offer, through the Regulation ICVM 181, we have a limitation of advertising our products and therefore we focus on prospecting professional investors with suitability for capital gain investments in the long term, via communication, institutional material and networking of the founding partners and directors. It is noteworthy that AGBI respects the legal limits in the jurisdictions in which it operates, and that the materials we release in our website are informative and educational about the market in which we operate.

**Diversidade, inclusão e engajamento dos colaboradores**

Accounting Metric	Code	Value
Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees <sup>2</sup>	FN-AC-330a.1	(1) 100% white male; (2) 100% white female; (3) 100% white male; (4) 100% black female

	Asian	Black Or African	Hispanic Or Latino	White	Other	N/A *
Executive Management				3		
Non-Executive Management				1		
Professionals				4		
All Other Employees		1				

	Female	Male	N/A*
Executive Management		3	
Non-Executive Management	1		
Professionals		4	
All Other Employees	1		

IV - One of AGBI's permanent objectives is to keep its reputation consolidated, to reinforce its institutional and corporate image. In this way, AGBI will conduct its business and that of the companies it managed, always using good governance practices and management of the social and environmental impact of its activities. These are expected conducts that are compatible with the values of the AGBI and its search for results:

Ética Profissional		
Accounting Metric	Code	Value
Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations <sup>3</sup>	FN-AC-510a.1	R\$0,00
Description of whistleblower policies and procedures	FN-AC-510a.2	II

- Honestly acknowledge the mistakes made and communicate, in a timely manner, to the immediate superior.
- Question the guidelines contrary to the principles and values of this Code.
- Present constructive criticisms and suggestions aimed at improving the quality of work, as well as improving the results of AGBI.
- Report attempts at bribery, sabotage or unethical or illegal actions that you may become aware of or fall victim to.
- Bring to the knowledge of the *Compliance officer* all situations that characterize potential conflicts of interest, which may affect the interests of AGBI, as well as declare themselves unfit to perform any activities that characterize or may characterize a conflict of interest.

In the event of any such case, which may lead to conflicts of interest, the Collaborator should seek his immediate superior and/or *Compliance officer*, to obtain the most appropriate guidance.

Even if there is only a suspicion of potential conflict or occurrence of an action that will affect the interests of AGBI, it is recommended that the Collaborator follow this same guidance. This is the most transparent and objective way to consolidate the values of our business culture and reinforce the ethical principles with which we commit ourselves.

For more details, please read our Ethics Manual and Code of Conduct.