



Activities and Products  
Not Eligible for Investments  
Carrinho Group Policy

	<b>Activities and Products</b> <b>Not Eligible for Investments Policy</b>	PE.020.00
	<i>Environmental, Social and Governance Operational Safeguard (Exclusion List)</i>	Página: 2/11

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# 1. Approach and ESG Sustainability in Carrinho Group

## 1.1. Introduction

The objective of the Funds is sustainability: contribute to one economy sustainable through of investment.

The objective this "Activities and Products Not Eligible for Investments Policy" related with Carrinho Group Sustainability Policies (ESG) is contribute to one economy sustainable through of investment in assets that support environmental and social objectives, especially climate change mitigation.

In addition, from that, these Investments keeps a core holding consisting of assets that have a positive social impact, addressing some of the world's key social and environmental challenges.

To the considerations of sustainability, the Carrinho Group Investments are fully integrated with the process and Sustainable Development Goals (SDGs).

This standard, describe the Carrinho Group exclusion list, i.e., the restricted list or the negative screening list, that is a Carrinho Group tool used in investment management to exclude certain companies, industries, or activities from an investment portfolio based on our specific criteria. The purpose of this exclusion list is to align our investment decisions with ethical, social, or environmental considerations by avoiding investments that do not meet predefined standards and general Carrinho Group Policies.

## 1.2. Key Principles and Considerations for ESG System

Here are some key points about our exclusion lists:

- The Criteria for Exclusion:** based on specific internal guidelines set by Carrinho Group and its investment managers. These criteria are defined based on our values, ethical beliefs, and our specific investment policies. These common exclusion criteria include, namely controversial weapons, tobacco, alcohol, gambling, adult entertainment, fossil fuels, or companies involved in human rights abuses or environmental degradation.
- Alignment with our Values:** These Exclusion lists allow Carrinho Group to align our investment choices with our personal values or the values that our organization represent. By excluding companies engaged in activities deemed undesirable or harmful, Carrinho Group can avoid supporting practices or industries that conflict with our ethical or social objectives.
- Ethical and Responsible Investing:** The Carrinho Group Exclusion lists are used in ethical and responsible investing approaches, such as socially responsible investing (SRI) and sustainable investing. These Carrinho Group investment strategies aim to generate financial returns while considering environmental, social, and governance (ESG) factors and promoting positive impact.
- Implementation and Monitoring:** Carrinho Group Exclusion lists are implemented by our investment managers who screen potential investments against the predefined criteria. This screening process involves analyzing company activities, business practices, and revenue sources to determine if they meet the exclusion criteria. Regular monitoring is necessary to ensure ongoing compliance and to identify any changes that may require adjustments to our exclusion list.
- Diversification and Performance:** Carrinho Group Exclusion lists do not necessarily limit diversification or hinder our investment performance. Concerning that there are numerous investment options available that exclude certain industries or companies while providing exposure to a diversified range of assets. We believe that Carrinho Group can achieve their financial goals (aligned with our business strategy) while adhering to their ethical or social principles.

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- Transparency and Reporting:** Carrinho Group Exclusion lists enhance transparency and accountability by providing clarity on our investments made and the specific criteria used to exclude certain companies. This information is valuable to our investors, stakeholders, and the broader public, as it demonstrates our commitment to responsible investment practices and enables stakeholders to assess the alignment of investment decisions with our stated values.

Finally, these Carrinho Group Exclusion lists play a crucial role in guiding for our investment decisions and ensuring investments are aligned with our ethical, social, or environmental considerations. By excluding certain companies or activities, Carrinho Group can express their values and contribute to positive change while managing their investment portfolios.

### 1.3. Overview of ESG Features

**Corporate Level ESG of Carrinho Group**

The Responsible Investment Framework in Carrinho Group comprises a wide range of RI approaches. The corporate level ESG is the package of policies and procedures that Carrinho Group has developed to ensure that the companies we invest in meet our minimum expectations of sustainability and that sustainability risk is managed in all our investment processes.

Norms-based screening	Corporate-level exclusion list	Active ownership	Sustainability risk integration
Ensuring that all holdings are not involved in breaches of international law and norms on environmental protection, human rights, labour standards and anticorruption.	Limiting exposure to controversial economic activity or corporate behaviour e.g. illegal and nuclear weapons, coal, etc.	Improving our holdings' environmental, social and governance practices, including promoting a long-term approach to decision-making.	Integration of sustainability risk in investment decisions.

On top of the corporate level ESG, funds with a stronger ESG focus can apply additional filters.






#### Carrinho Group Exclusions

While engagement is always CGAM's preferred approach as we see it as a way to influence issuers towards better sustainability practices, we have decided to exclude certain sectors.

##### Corporate-level exclusions

-  Adult entertainment
-  Thermal coal mining
-  Controversial weapons
-  Nuclear weapons

##### Enhanced exclusions

-  Alcohol
-  Gambling
-  Tobacco
-  Military equipment
-  Conventional oil & gas/  
unconventional oil & gas

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## 1.4. Sustainability Commitments for Investments

There are three methods to consider – which can be used individually or in combination – of assessing a fund for its suitability for clients with sustainability preferences. These will be products:



### SFDR Classification:

The fund investments are categorised as a product based on Sustainable Finance Disclosure Regulation (SFDR). The fund has environmental and/or social characteristics. The investment strategy uses binding elements, including:

- Enhanced exclusion filters and other limits
- ESG Strategy
- Minimum proportion of sustainable investments
- Paris Aligned Fossil Fuel Policy (PAFF)

### Sustainable Investments

The Sustainable Finance Disclosure Regulation (SFDR) defines a Sustainable Investment as one that:



When Carrinho Group, assess whether a company or issuer contributes to an environmental or social objective, we look for activities aligned with the UN Sustainable Development Goals (SDGs) and our Policies.

We then ensure that the company or issuer is not creating any negative E/S impacts (primarily using PAI data) and that it adheres to good governance policies.

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## General Methodology for Carrinho Group Investments

### Principal Adverse Impact (PAI) consideration

The environmental and social impact of the activities of all CGAM investee companies is monitored on an ongoing basis through PAI consideration. The Carrinho Group Companies identified as outliers on one or more PAI indicators, are analysed further which may result in a recommendation for action.

### Sustainable Investments


When we assess whether our companies are substantially engaged in sustainable economic activities, we look for activities aligned with the UN Sustainable Development Goals (SDGs). This allows us to capture businesses in transition and E/S benefits and solutions coming out of diversified businesses where our products with sustainability features are an area of development and growth.

### Net positive contribution to the UN SDGs

Carrinho Group intend to contribute and provide support through its sustainability strategy to achieve the following Sustainable Development Goals (SDGs).

#### Complete list of SDGs:



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## Principles for Responsible Investment

This policy is aligned with the 10 principles in its United Nations Global Compact. The later has indeed laid down 10 principles in its United Nations Global Compact. These are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

They can be grouped and presented as follows:

- **Human Rights**

**Principle 1:** businesses should support and respect the protection of internationally proclaimed human rights.

**Principle 2:** make sure that they are not complicit in human rights abuses.

- **Labour**

**Principle 3:** businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 4:** the elimination of all forms of forced and compulsory labour.

**Principle 5:** the effective abolition of child labour.

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

- **Environment**

**Principle 7:** businesses should support a precautionary approach to environmental challenges.

**Principle 8:** undertake initiatives to promote greater environmental responsibility.

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

- **Anti-Corruption**

**Principle 10:** businesses should work against corruption in all its forms, including extortion and bribery.

These broad business conduct principles can be translated in Principle for Responsible Investment (PRI) that can be applied in defining an ESG-strategy.

**PRI 1:** We will incorporate ESG issues into investment analysis and decision-making processes.

**PRI 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.

**PRI 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.

**PRI 4:** We will promote acceptance and implementation of the principles within the investment agriculture, industry, logistics, retail and business channels.

**PRI 5:** We will work together to enhance our effectiveness in implementing the principles.

**PRI 6:** We will each report on our activities and progress towards implementing the principles.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. Carrinho Group Fund is not a signatory of PRI but certainly endorses and wishes to implement these principles.

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## Way of Implementing these Principles

There are different ways of endorsing sustainability in investment matters, the main categories are:

- ESG Integration.
- Positive / best-in-class, negative/exclusionary and norm-based screening.
- Active ownership.
- Impact investing / Themed investments.
- Climate change-related investments.

## 2. Activities and Products Not Eligible for Investments

### *Exclusion List — Investment Requirements Not Eligible by Grupo Carrinho for Financing its Development and Growth Strategy*

**Forced labor** means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

**Harmful child labor** means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

This Policy, based on Activities and Products Not Eligible for Investments in Carrinho Group has provide a list of economic activities that should not be part of the Carrinho Group Business and partnerships.

The Carrinho Group Environmental and Social Integrated Safeguards System defined and present that list by clarifying the scope of "goods harmful to the environment" cited in this policy. The following tables, describe the exclusion list of activities and products that, are not eligible for investments operations by Carrinho Group.

1. Exclusions list based in standards.	
Problem	Criteria
<b>Good Governance</b>	Any investment that is evaluated as being in violation (non-comply) to the requirements related with the good governance, i.e., related with the internal Standards and Carrinho Group Policies.
<b>UNGC</b> <i>(United Nations Global Compact)</i>	Any company that does not comply with the United Nations Global Compact Principles on human rights, labour, environment, and anti-corruption.
This step also excludes obligations governmental of countries classifieds as "No free" for the index from the Freedom House based on civil liberties and political rights and of countries that do not comply to the Investment Carrinho Group Policies.	



## 2. Exclusions list based in sectors and/or values: *Environmental*

<b>Problem</b>	<b>Criteria</b>
<b>Thermal Coal Extraction</b>	<ul style="list-style-type: none"> <li>Excludes companies involved in the Thermal Coal Extraction.</li> </ul>
<b>Conventional Oil and Gas Extraction</b>	<ul style="list-style-type: none"> <li>Exclude companies involved in the extraction of oil and gas conventional.</li> </ul>
<b>Unconventional Oil and Gas Extraction</b>	<ul style="list-style-type: none"> <li>Exclude companies involved in the extraction of oil and gas no conventional, as shale oil, shale gas, oil sands and Arctic drilling.</li> </ul>
<b>Generation of energy nuclear and carbon intensive</b>	<ul style="list-style-type: none"> <li>Excludes power supply companies involved in coal-fired power generation unless the activity is mitigated by a clear and explicit path towards a discontinuation of coal-fired power generation, as evidenced and assessed by the Investment Manager's climate transition assessment.</li> <li>Excludes power supply service companies involved in nuclear power generation unless the activity is mitigated by a clear and explicit path towards a reduction in nuclear technology-based power generation, as evidenced and assessed by the Investment Manager's climate transition assessment.</li> <li>Excludes energy supply service companies involved in the generation of energy from oil or gas, unless the activity is mitigated by a clear and explicit path towards low-carbon energy generation, as evidenced and assessed by the Investment Manager's climate transition assessment.</li> </ul>
<b>Wildlife</b>	<ul style="list-style-type: none"> <li>Exclude Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).</li> </ul>
<b>Fishing</b>	<ul style="list-style-type: none"> <li>Exclude unsustainable fishing methods.</li> </ul>
<b>Platinum, pearls, precious stones, gold and related products</b>	<ul style="list-style-type: none"> <li>Exclude speculative trade or investment in platinum, pearls, precious stones, gold and related products.</li> <li>Exclude diamond mining and marketing of diamonds where the host country has not adhered to the Kimberley Process or similar process.</li> <li>Exclude artisanal gold production utilizing mercury (unless the request/proposal is aiming at transitioning to mercury-free production methods), or gold not produced in accordance with the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold, referred as 'The Cyanide Code'.</li> </ul>
<b>Conflict minerals</b>	<ul style="list-style-type: none"> <li>Exclude mining and processing of and trade in conflict minerals (tin, tantalum, tungsten and gold, or 3TG) (not mined and processed in accordance with the Responsible Minerals Initiative).</li> </ul>
<b>Logging &amp; Tropical Rainforests</b>	<ul style="list-style-type: none"> <li>Exclude use of logging equipment in unmanaged primary tropical rainforests.</li> </ul>
<b>Ozone-depleting substances</b>	<ul style="list-style-type: none"> <li>Exclude ozone-depleting substances, polychlorinated biphenyls (PCBs) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals.</li> <li>Exclude production, use or sale of pharmaceutical products, pesticides/herbicides, and ozone-depleting substances that are banned or are being progressively phased out under international agreements.</li> <li>Exclude harmful substances that are subject to international phase-outs or bans (including pharmaceuticals and pesticides classified as Class Ia (extremely hazardous); Class Ib (highly hazardous); Class II (moderately hazardous); and ozone depleting substances).</li> </ul>
<b>Nuclear reactors and related products, radioactive materials and asbestos fibres</b>	<ul style="list-style-type: none"> <li>Exclude nuclear reactors and related products, radioactive materials (except in the case of medical materials and quality control equipment where the radioactive source is in small quantities and is adequately shielded), combustible elements not exposed to irradiation (cartridges for reactors).</li> <li>Exclude unbonded asbestos fibres or other products with bonded asbestos as a dominant material; or production or trade of products with unbonded asbestos fibre.</li> </ul>

<b>Transboundary trade of wastes</b>	<ul style="list-style-type: none"> <li>Exclude transboundary trade of wastes, except for those accepted by the Basel Convention and its underlying regulations.</li> </ul>
<b>Palm oil cultivation</b>	<ul style="list-style-type: none"> <li>Exclude palm oil cultivation and associated processing that not compliance with the standards of the Roundtable on Responsible Palm Oil.</li> </ul>
<b>Harmful use of animals for scientific purposes</b>	<ul style="list-style-type: none"> <li>Exclude activities involving the harmful use of animals for scientific purposes such as cosmetics and drug testing.</li> </ul>

### 3. Exclusions list based in sectors and/or values: **Social**

Problem	Criteria
<b>Entertainment to Adults</b>	<ul style="list-style-type: none"> <li>Exclude activities involved in the production and/or distribution of entertainment for adults.</li> <li>Exclude any activity or wholesale trade related to pornography.</li> <li>Exclude prostitution, commercial sex work, escort agency activities, and trafficking in persons and any similar activities.</li> </ul>
<b>Betting Games</b>	<ul style="list-style-type: none"> <li>Exclude activities involved in the provision of services related with betting. Gambling, casinos and equivalent enterprises to the extent that such activities constitute the main business of the owner.</li> </ul>
<b>Alcohol, Tobacco and luxury consumer goods</b>	<ul style="list-style-type: none"> <li>Exclude activities involved in Production of alcoholic beverages to consumption, tobacco, and luxury consumer goods.</li> </ul>
<b>Polemic Weapons</b>	<ul style="list-style-type: none"> <li>Excludes activities from its investment universe involved in anti-personnel mines, ammunition of fragmentation, weapons chemicals and biological, weapons nuclear, ammunition with depleted uranium and white phosphorus ammunition, blinding laser weapons and undetectable fragmentation weapons.</li> </ul>
<b>Defense Weapons and Others</b>	<ul style="list-style-type: none"> <li>Exclude activities that are involved in the production or sale of weapons systems and components and support systems and services related to weapons.</li> <li>Excludes activities involved in the manufacture, sale or import and export of mines anti-personnel, submunitions, ammunition inert, weapons chemicals and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium munitions and ammunition of match white, weapons laser that cause blindness and undetectable fragmentation weapons.</li> <li>Exclude activities that are involved in the production or trade in weapons, ammunition and other goods used for military or paramilitary purposes. The weapons are defined as products or components basics of products what if "intended to injure/kill".</li> </ul>
<b>Forced labour and/or child labour</b>	<ul style="list-style-type: none"> <li>Exclude economic activities involving harmful or exploitative forms of forced labour and/or child labour as defined by international conventions and/or national regulations.</li> </ul>

### 4. Exclusions list based in sectors and/or values: **Governance**



Problem	Criteria
<b>General Production or trade</b>	<ul style="list-style-type: none"> <li>Exclude Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.</li> </ul>
<b>Food Safety Food Defense Food Fraud</b>	<ul style="list-style-type: none"> <li>Exclude activities that impact significantly Food Safety, related with the origin country or product destination.</li> </ul>

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#### References – Carrinho Group Policies

- PE.001 - Quality & Food Safety Policy
- PE.002 - Occupational Health and Safety Policy
- PE.003 - Environmental Sustainability Policy
- PE.005 - Human Resources Policy
- PE.007 - Carrinho Group Corporate Business Principles Policy
- PE.009 - Carrinho Group Code of Ethics and Conduct
- PE.010 - Carrinho Group Supplier Code
- PE.011 - Carrinho Group Responsible Sourcing Standard
- PE.014 - Carrinho Group Anticorruption Policy
- PE.015 - Carrinho Group Whistleblowing Policy
- PE.016 - Carrinho Group Environmental, Social and Governance Policy
- PE.017 - Carrinho Group Responsible Investment Policy
- PE.018 - Carrinho Group Human Rights Policy
- PE.019 - Carrinho Group Environmental Corporate Sustainability

#### Document Approved

	Responsibility	Name and Signature	Date
<b>Approved by</b>	Chief Executive Officer	 Nelson Fidel Candundo Carrinho	12/02/2025
	Vice - Chief Executive Officer	 Rui Alves Candundo Carrinho	12/02/2025