

ESG POLICY
(ENVIRONMENTAL, SOCIAL AND GOVERNANCE
SUSTAINABILITY)

HEED CAPITAL SGOIC. S.A.

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Index

1. INTRODUCTION	3
2. OBJECT	3
3. STRATEGY: IMPLEMENTATION AXES	4
4. GENERAL PRINCIPLES	5
5. IMPACT ON INVESTMENT POLICY	6
6. IMPACT ON GOVERNANCE IN GENERAL	8
7. IMPACT ON RISK MANAGEMENT	9
8. INFORMATION PROVISION	11
9. APPROVAL, AUDIT AND REVIEW	11
10. PUBLICATION	12

1. INTRODUCTION

HEED CAPITAL - SGOIC, S.A. (hereinafter Heed Capital) is a management company of collective investment undertakings ("UCITS"), governed by Portuguese law, whose object is, inter alia, the management of collective investment undertakings and the discretionary management of portfolios.

In order to communicate its commitments and approach to responsible investment in investment funds and portfolios managed in accordance with ESG (*Environment, Social and Governance*) criteria, Heed Capital has adopted an ESG Policy (hereinafter the "Policy") which describes how it integrates its role as a shareholder in its investment strategy.

In preparing the Policy, Heed Capital complies with the regulatory framework in force and particularly with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (*Sustainability Finance Disclosure Regulation*, also known as SFDR).

2. OBJECT

The criteria provided in this Policy shall apply where Heed Capital provides management services of collective investment schemes or portfolio management with respect to any transferable security.

It is worth mentioning that, at the present date, Heed Capital does not provide management services for collective investment schemes or portfolio management that promote, among others, environmental or social features ("*light green*" products, referred to in Article 8 of the SFDR) or that aim at sustainable investments ("*dark green*" products, referred to in Article 9 of the SFDR).

3. STRATEGY: IMPLEMENTATION AXES

a. The ESG strategy as a result of fiduciary duties

Heed Capital considers that sustainability is strategic in nature regarding the development of its activity and that the content of this Policy is a consequence of the fiduciary duties it undertakes, as per the law, towards its investors, unit holders and clients.

This strategic vocation, on the one hand, is translated into an orientation that allows for the identification of risks relating to investments to be made and, on the other hand, brings investment opportunities and the creation of long-term value for its investors, unit holders and clients.

b. The ESG strategy as a complement to the company's mission and values

Heed Capital recognises that the weighting of sustainable investment criteria is in line with its values and mission, namely in terms of environmental, social and governance sustainability.

c. Application axes

This Policy sets out the main ESG lines of action within Heed Capital activity: investment policy; corporate and product governance; risk management; and information provision. The general principles to which each of these areas must conform are subsequently set out.

4. GENERAL PRINCIPLES

a. Commitment

Heed Capital understands that sustainable investment criteria contain a commitment and an obligation and publicly acknowledges their content and extent.

b. Adaptability

Heed Capital devotes care to ESG issues in terms adapted to the collective investment undertakings and portfolios under management, according to their characteristics described in the corresponding incorporation and contractual documents.

However, Heed Capital recognises that the regulatory framework on ESG matters is not complete, which determines some fragmentation and asymmetry in the information available for issuers, both within the European Union (where several regulatory reforms are still in course in the ESG field) and outside the European Union (where no mandatory measures comparable to those in force at EU level are in effect).

c. Proportionality

Heed Capital considers and addresses sustainability risks, taking into account the nature, scale and complexity of its activities. In particular, it is worth highlighting that Heed Capital does not meet the criteria for larger institutions set out in Article 4 (3) and (4) of the SFDR Regulation.

d. Truth and integrity

Heed Capital recognises that the information to be disclosed in ESG terms must be true, clear and objective. Heed Capital does not accept or permit distortions and exaggerations of the information disclosed in this context, which in practice is referred to as *green-washing*. Rather, it is intended that the whole ESG approach and the corresponding information be conducted in accordance with the principles of truth and integrity.

e. Timeliness and coherence

Heed Capital undertakes to keep information regarding this Policy and compliance therewith up to date. Marketing communications from Heed Capital shall not contradict information disclosed under this Policy.

5. IMPACT ON INVESTMENT POLICY

a. Identification and prioritisation of key negative impacts and sustainability indicators

The ESG objectives to which Heed Capital devotes priority attention regarding investment decisions, without prejudice to the specificities of the investment policy of each collective investment undertaking or managed portfolio, are as follows:

- i. In the context of environmental sustainability: Mitigation of climate change; adaptation to climate change; prevention and control of pollution; sustainable use and protection of water and marine resources; transition to a circular economy; protection and restoration of biodiversity and ecosystems;

- ii. In the area of social sustainability: Prohibition of gender-based discrimination; respect for human rights; compliance with labour standards in the supply chain; disapproval of child labour; disapproval of slavery; compliance with occupational health and safety standards; respect for freedom of association and expression; compliance with good practices in human capital management and labour relations; promotion of diversity; fostering relations with local communities; promotion of health and access to medicines; consumer protection; combating inequalities; promotion of social cohesion and social integration; and investment in human capital and in economically or socially disadvantaged communities;
- iii. Regarding corporate governance of companies issuing assets under investment: shareholder rights; remuneration structure; composition of the management body; independence of members and effectiveness of the supervisory body; compliance with tax obligations.

b. List of excluded sectors

Heed Capital avoids investing in any entity or company whose principal business activity offers or involves the promotion, production, distribution or marketing of products or services relating to:

- Activities deemed illegal under the laws or regulations of the host country or international conventions and agreements, or subject to international phase-out or ban;
- Corruption, money laundering and terrorist financing;
- Forced labour and child labour;
- Pornography and prostitution;
- Violation of human rights.

Heed Capital also avoids investing in bonds or other sovereign debt securities issued by States which do not comply with the exclusions and values contained in this Policy.

c. Preferential investment criteria

The investment policy is described in the management rules of each collective investment undertaking or in the investment policy associated with each portfolio profile and will also be conducted in accordance with external sources of information on ESG ratings of the companies issuing the financial instruments in which it invests.

6. IMPACT ON GOVERNANCE IN GENERAL

a. Approval by the Executive Committee

The Executive Committee has the power to approve and review this Policy. In this way, Heed Capital ensures that this Policy is fully integrated into the governance system.

b. The integration of sustainability risks into investment decision-making

Heed Capital seeks to accommodate sustainability risks in the investment decision matrix.

c. Due diligence regarding the negative impacts of investment decisions on sustainability factors

Heed Capital does not meet the criteria for larger institutions set out in Article 4(3) and (4) of the SFDR Regulation.

Heed Capital employs professional due diligence to assess the negative impacts of investment decisions on sustainability factors.

Hence, where necessary, Heed Capital makes use of external information sources relating to ESG ratings of the companies issuing the financial instruments in which it invests.

7. IMPACT ON RISK MANAGEMENT

a. Integration of ESG risks into the risk matrix

Heed Capital recognises that the activities of management of collective investment schemes and portfolio management are impacted by risks of an environmental, social or governance nature impacting the investments made.

Thus, in the definition, approval and implementation of policies, procedures and mechanisms for risk management related to its activity, Heed Capital takes into due consideration possible events or conditions of an environmental, social or governance nature, the occurrence of which may significantly impact the value of the financial assets in its portfolio at any given time.

The integration of sustainability risks has implications for the implementation of the investment policy, throughout the investment cycle: whether in investment decisions, asset valuation or divestment decisions.

b. The identification, assessment and management of sustainability risks

Heed Capital identifies, assesses and manages, in the short, medium and long term, the risks relating to any event or condition of an environmental, social or governance nature having an impact on the investments made.

Risk identification, assessment and management functions are performed within the framework of Heed Capital organisation system and such functions fall within the remit of the Compliance and Risk Department.

Internal and external reporting on Heed Capital risk management includes the analysis of risks relating to any event or condition of an environmental, social or governance nature having an impact on the investments made.

8. INFORMATION PROVISION

Disclosure of information on the company's website

I. STATEMENT ON THE NEGATIVE IMPACT OF INVESTMENT DECISIONS FOR SUSTAINABILITY FACTORS

Heed Capital will take into account the major negative impacts of investment decisions on sustainability factors.

Therefore, Heed Capital will take into account publicly available information enabling it to assess the impact on environmental sustainability, social sustainability and corporate governance of companies issuing assets under investment in accordance with the priority objectives identified in section 5 (a) of this Policy.

Heed Capital will act on its investment decisions accordingly, refraining from investing in companies, activities or products which seriously undermine the objectives referred to in the previous paragraph and avoiding investing in any entity or company whose main business activity offers or involves the promotion, production, distribution or marketing of products or services related to the sectors excluded, whose listing is provided in paragraph 5 (b) of this Policy.

Heed Capital is committed to complying with the recommendations of the OECD Due Diligence Guidance for Responsible Business Conduct.

9. APPROVAL, AUDIT AND REVIEW

This Policy was approved by the Executive Committee on 20 February 2023, effective as of that date.

The Head of Compliance from Heed Capital is responsible for overseeing compliance and the preparation of annual reports on its application. This Policy is reviewed regularly on the basis of of the experience gained from its application and of any legislative changes, and the Head of Compliance is responsible for presenting review proposals to the Executive Committee.

10. PUBLICATION

The ESG (Environmental, Social and Governance Sustainability) policy will be published on Heed Capital, SGOIC, S.A.'s website at www.heedcap.com in Portuguese and English languages.