

# Environmental and Social Sustainability Policy

October 2024, V1

## I. PURPOSE OF POLICY

Sustainable Investment Management (SIM) is a boutique environmental finance advisory firm with the objective to promote the financing of activities that result in positive environmental impacts worldwide.

SIM does this by connecting investors seeking positive environmental change with credible businesses and implementable programmes that have a direct and immediate environmental impact.

Environmental and social (E&S) impacts and risks are at the core of SIM's operating and investment philosophy. This is reflected in the decision-making procedures of our activities.

The purpose of the SIM Environmental and Social Sustainability Policy (the Sustainability Policy) is to enhance the environmental and social sustainability of the programmes and activities implemented by SIM through the application of robust environmental and social risk management standards.

The Sustainability Policy applies to all activities undertaken by SIM, which is made up of four main sectors:

### **Sustainable Agriculture**

Promoting farming practices and methods that are profitable, environmentally sound and good for communities, (such as zero deforestation and recycling of crop waste and livestock). SIM designed and manages the Responsible Commodities Facility, a programme to provide financial incentives to soy farmers committed to zero deforestation in Brazil.

### **Sustainable Forest and Conservation Finance**

Providing finance to support sustainable forestry practices and forest conservation, reducing greenhouse gas emissions and loss of biodiversity. SIM designed and manages the SIMFlor programme, to provide financial incentives for landowners to comply with the Brazilian Forest Code.

### **Greenhouse Gases (GHG)**

Reducing the emissions of GHGs, help offset carbon footprints and accelerate the transition to a low-carbon economy. To promote this agenda, SIM also holds a significant stake in ecosecurities, a market leader in carbon markets, founded by SIM CEO Pedro Moura Costa in 1997.

### **Waste Management and the Circular Economy**

Promoting the use of proper and sustainable solid waste management solutions, including the plastics recycling. To promote this agenda, SIM developed Circular Action BV, a new venture dedicated to developing circular economy solutions in developing countries.

## II. COMMITMENTS

SIM strives to ensure its activities are environmentally and socially sustainable and that they are designed, structured, and implemented to meet the standards referred to and established in this Sustainability Policy.

SIM assesses potential environmental and social risks and impacts of all new activities and programmes during the developmental stage, including for compliance with host country laws and regulations and this Sustainability Policy. This assessment is based on the mitigation hierarchy approach whereby activities and programmes should be designed in such a way to avoid, minimise, or manage environmental, social and health and safety risks and impacts. SIM programmes and activities are designed using the following standards and guidelines, where relevant and applicable:

(i) The Performance Standards (PS) on Environmental and Social Sustainability of the International Finance Corporation (IFC) (the “Performance Standards”) (dated January 2012), which include:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts;
- Performance Standard 2: Labor and Working Conditions;
- Performance Standard 3: Resource Efficiency and Pollution Prevention;
- Performance Standard 4: Community Health, Safety and Security;
- Performance Standard 5: Land Acquisition and Involuntary Resettlement;
- Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;
- Performance Standard 7: Indigenous Peoples;
- Performance Standard 8: Cultural Heritage;

(ii) World Bank/IFC General Environmental, Health and Safety (EHS) Guidelines and the Industry Sector EHS Guidelines.

Any subsequent revisions to the above-mentioned Performance Standards and EHS Guidelines will apply to this Sustainability Policy until such a time that the policy is revised.

Recognising that some issues may require particular attention, SIM includes the following specific areas of focus:

## **Climate Change Adaptation, Mitigation and Low Carbon Development**

SIM acknowledges the threat posed by climate change, especially to vulnerable populations, and the urgent need for both mitigation and adaptation. SIM considers climate change mitigation and adaptation to be a strategic priority for its activities, is committed to low-carbon development and is strategically aligned with the UN Sustainable Development Goals. We design and implement programmes and activities which have the objective of avoiding and/or reducing greenhouse gas (GHG) emissions and where possible enhancing resilience to the effects of climate change. We aim to measure and manage both physical and transition climate-related risks in our activities, investment decisions and project development.

SIM screens and assesses climate-related risks that may affect its activities in accordance with PS 1, 3 and 4 at the planning stage and at suitable intervals when programmes are operational. The extent of such screening and assessment is commensurate with the potential risks and impacts of the proposed activities.

## **Biodiversity, Ecosystem Services and Protected Areas**

SIM is committed to the protection, conservation, management and sustainable use of biodiversity, natural resources, and ecosystem services in accordance with PS 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources). In its operations, SIM includes measures to safeguard critical habitats and to protect, and where feasible, enhance natural habitats, as well as the biodiversity and corresponding ecosystem services they support.

## **Disaster Risk Management**

SIM carries out appropriate disaster risk assessments during the planning stage for programmes and activities. Where significant risks due to natural hazards are identified, SIM will choose not to implement the programme or activity.

## **Social Aspects**

SIM is committed to promoting good international practice in the context of all social aspects of its programmes and activities with a focus on the following areas:

### Human Rights

SIM recognises the responsibility of business to respect human rights. To that end, in accordance with the Sustainability Policy and the Performance Standards incorporated herein, SIM has procedures in place to assess potential human rights risks and impacts, respect human rights, avoid infringement on the human rights of others, and address adverse human rights risks and impacts in all our programmes and activities.

### Stakeholder Engagement

SIM uses open, transparent, inclusive engagement with stakeholders, particularly Affected Communities, as a key element to enhance the environmental and social sustainability of our activities and programmes. At the planning stage, SIM undertakes the following:

- (i) Stakeholder identification and analysis;
- (ii) Stakeholder engagement planning;
- (iii) Disclosure of information highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups and describing the differentiated measures taken to avoid and minimize these;
- (iv) Meaningful stakeholder engagement, disclosure, outreach and communication to affected communities that is ongoing and iterative throughout the project cycle, starting as early as possible, including different stakeholder categories, which is equitable and non-discriminatory, and free of intimidation or coercion. Such disclosure and engagement will be commensurate with the nature of the social risks and impacts and the environmental and social risk category of the project in accordance with PS 1 (Assessment and Management of Environmental and Social Risks and Impacts);
- (v) Stakeholder engagement that is inclusive and culturally appropriate and that takes into consideration the feedback provided through such engagement; and
- (vi) Responsive approach to addressing grievances.

#### Grievance Mechanisms

SIM has established a grievance mechanism to receive and facilitate resolution of concerns and grievances about our environmental and social performance in accordance with PS 1. Concerns and grievances can be submitted to [canal.etica@sim.finance](mailto:canal.etica@sim.finance). The SIM Ethics Committee, composed of the CEO, the Director of ESG and Compliance, and the Legal Manager of BVRio, is responsible for handling submissions. Once a complaint has been received, the Committee will meet within a maximum period of 10 (ten) days to deal with the incident.

#### Reprisals

SIM does not tolerate retaliation, such as threats, intimidation, harassment, or violence, against those who voice their opinion or opposition to our activities and programmes. SIM takes seriously any credible allegations of reprisals, carries out the necessary investigations and if necessary, follow up action is taken.

#### Gender Risk Management and Equality

SIM recognises the need to identify potential gender-based risks and impacts (including gender-based exclusion, gender-based violence, sexual exploitation, human trafficking and sexually transmitted diseases), and, where needed, implements measures to avoid, prevent or mitigate such risks and impacts. SIM recognises that diverse sexual orientations and gender identities may cause people to be excluded and/or become more vulnerable to negative project impacts, often barring them from taking advantage of the opportunities available to other members of the community. Equality includes promoting access to equal opportunities and full participation in society for peoples that face barriers due to their identity. All genders will be included in any consultation process in accordance with the Performance Standards.

#### Indigenous Peoples and other Vulnerable Groups

SIM recognises the need for full respect for the human rights, dignity, aspirations, culture and livelihoods of Indigenous Peoples, Afro-descendants and other vulnerable groups.

Where relevant, SIM applies Free, Prior, and Informed Consent (FPIC) of Indigenous Peoples, ensures the participation and inclusion for Indigenous Peoples and other vulnerable groups, and prevention or minimization of adverse impacts on Indigenous Peoples, Afro-descendants and other vulnerable groups in accordance with PS 1 and PS 7. SIM will avoid any activity that would potentially impact Indigenous Peoples “in voluntary isolation” or “in initial contact.”

#### Land Acquisition and Involuntary Resettlement and Cultural Heritage

SIM will not force eviction or involuntary resettlement as part of its programmes or activities.

SIM recognises the need to preserve cultural heritage, including both tangible forms of cultural heritage and intangible forms of culture, such as the traditional knowledge of Indigenous Peoples, and this is reflected in its programmes and activities.

#### Persons with Disabilities

In an effort to protect the rights of persons with disabilities, SIM practices participation and inclusion of persons with disabilities, including access to the physical environment, equality of opportunity in employment for persons with disabilities, and avoidance of all forms of discrimination based on disability. SIM is guided by the Convention on the Rights of Persons with Disabilities.

#### Labour, Health and Safety

It is the aim of SIM to create a positive working environment for all its employees. SIM has separate policies which cover these areas; see the individual policies for more details:

- Equalities Policy
- Disciplinary Policy
- Grievance Procedure
- Safeguarding Policy