

**HCapital Partners**

**Responsible Investment Policy**

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## Table of Contents

1.	Our vision on sustainable and responsible investment.....	3
2.	Guiding Principles and Commitments .....	3
2.1	Compliance with UNPRI .....	3
2.2	Contributing to the United Nations SDGs .....	4
2.3	Climate Change Mitigation .....	5
2.4	Transparency and reporting standards .....	5
3.	ESG Governance .....	6
4.	Incorporation of Sustainability Risks in the Investment Decision.....	7
4.1	Pre-Deal – Screening – Exclusions .....	8
4.2	ESG Due Diligence .....	8
4.3	Investment Decision.....	9
4.4	Investment Phase .....	9
4.5	Exit.....	10
5.	Inquiries and Policy Review .....	10
	ANNEX 1: Restricted Sectors.....	11

## 1. Our vision on sustainable and responsible investment

HCapital's goal is to deliver adequate financial returns to investors while acting with integrity and taking a responsible approach to investment both in its internal operations and when dealing with its investors, portfolio companies, advisors, local communities, and society as a whole.

HCapital is committed to integrate ESG factors into its investment process, most critically in the strategy and operations of its investees, contributing to the creation of resilient companies, operating under sustainable business models and adequate governance systems.

HCapital manages two investment strategies that cover different business stages, namely start-ups (Venture Capital) and mature lower mid-sized businesses (Private Equity). HCapital acknowledges that the approach to integrating ESG into the investment processes of Private Equity and Venture Capital may need to differ to accommodate the different governance conditions of each area, having accordingly adapted its processes as detailed in this Policy.

Within ESG, HCapital primarily promotes three themes:

### **Gender pay-gap reduction**

Promotion of social and labour equality, with a particular emphasis on gender pay equality and the reduction of the pay gap between hierarchies. An equitable and fairly compensated workforce is fundamental to a healthy work environment, sustainable development and social cohesion.

### **Climate risk mitigation**

HCapital actively encourages its investees to develop and implement emissions' reduction plans, recognizing the urgency of addressing climate change and its impact on the business environment.

### **Operational optimization**

Positive social impact is underpinned by continuous improvement in the operating performance of HCapital's investees. By optimizing management and performance, portfolio companies not only boost profitability but also contribute to a more sustainable and resilient economy.

## 2. Guiding Principles and Commitments

### *2.1 Compliance with UNPRI*

HCapital has been a signatory of the United Nations Principles for Responsible Investment ("UNPRI") since September 2020. The UNPRI promote the integration of ESG factors into the investment process and portfolio monitoring of its signatories. Since their creation, the UNPRI have been adopted as a best-practice standard for ESG-factors integration in the private equity industry.

In line with UNPRI's 6 principles, HCapital:

#### *"Incorporates ESG issues into its investment analysis and decision-making processes"*

HCapital has implemented negative filters excluding sectors with unsustainable business models or unreasonably high environmental footprints and limited options to improve during HCapital's holding period. HCapital has also implemented positive filters directing both its internal origination and those of its trusted advisors towards more sustainable and resilient business sectors. Additionally, HCapital conducts ESG due diligences and integrates their findings in its go-no-go decision-making process.

■ *“Is an active owner and incorporates ESG issues into its ownership policies and practices”*

HCapital seeks to integrate ESG issues into its portfolio companies’ operations and strategy. HCapital is committed to identifying the key areas where each investee may improve its ESG practices along with potential action plans to do so. Where appropriate, HCapital promotes the engagement of investees with specialized third parties to help implement ESG risk mitigation and/or improvement measures. HCapital also implements social and governance models that seek to maximize transparency, accountability, and fairness.

■ *“Seeks to implement appropriate disclosure on ESG issues from its portfolio companies”*

HCapital is committed to implementing adequate data collection and reporting routines within its portfolio companies leveraging on existing practices applicable to comply with other regulatory requirements (e.g., SFDR). HCapital reports on ESG performance to its investors on a periodic basis.

■ *“Promotes acceptance and implementation of the UNPRI within the investment industry”*

Since becoming a signatory, HCapital has been communicating to its current and potential future investors (most of whom are financial market participants themselves) its commitment to the UNPRI, thus playing a role in promoting the acceptance and implementation of the Principles within the industry. Additionally, HCapital communicates its ESG policy to third parties, namely, M&A advisors, auditing companies, legal advisors, among others.

■ *“Works together to enhance its effectiveness in implementing the principles”*

Since becoming a signatory HCapital has actively participated in sector-wide discussions on the integration of ESG practices.

■ *“Reports on its activities and progress towards implementing the Principles”*

HCapital reports on its activities and progress towards implementing UNPRI by complying with mandatory PRI reporting obligations. HCapital also adapts its investees’ ESG disclosure routines and templates to accommodate UNPRI’s guidance and standards.

## 2.2 Contributing to the United Nations SDGs

UN’s SDGs are a set of 17 goals adopted by its member states in 2015 to serve as a shared blueprint to guide global efforts to end all forms of poverty, fight inequality and address the most pressing environmental issues worldwide.

While the SDGs are not targeted at companies, the business community is expected to play a role in helping societies achieve them, as sustainability risks, such as extreme weather events, food security, biodiversity loss and ecosystems collapse resulting from economic activities, can also have material impacts on a company’s operational costs, reputation, and profitability.

In this context, HCapital has identified five priority SDGs to help guide the implementation and management of ESG objectives across its portfolio companies. These were identified according to the Company’s value chain and those of its portfolio companies as well as their sectors of activity.

Insofar as it may help portfolio companies’ guide their ESG management processes, HCapital supports their investees in collecting periodic ESG metrics reports that help measure and track progress in relation to ESG risk mitigation and/or improvement measures, aiming at each of these 5 priority SDGs.

Figure 1 || HCapital's Priority SDGs

**HCapital's priority SDGs**

**Potential Initiatives**

 <p><b>Affordable and Clear Energy</b></p>	<ul style="list-style-type: none"> <li>☑ Deployment of renewable energy sources.</li> <li>☑ Promotion of energy efficiency.</li> <li>☑ Optimization of power infrastructure investments.</li> <li>☑ Preparation of power grids to integrate an increasingly weight of intermittent renewable energy.</li> </ul>
 <p><b>Decent Work and Economic Growth</b></p>	<ul style="list-style-type: none"> <li>☑ Skills development and apprenticeship programs.</li> <li>☑ Implementation policies against unfair hiring and recruitment practices, particularly of vulnerable groups.</li> <li>☑ Workplace accident prevention programmes and training.</li> <li>☑ Value chain control and code of conduct.</li> <li>☑ Measures targeting elimination of gender pay gaps.</li> </ul>
 <p><b>Industry, Innovation, and Infrastructure</b></p>	<ul style="list-style-type: none"> <li>☑ Promotion of innovation across companies' operations and industrial processes.</li> <li>☑ Retrofit of existing infrastructure to make it more efficient and sustainable.</li> <li>☑ Assessment and monitorization of industrial processes' KPIs towards a more efficient use of resources.</li> </ul>
 <p><b>Responsible Consumption and Production</b></p>	<ul style="list-style-type: none"> <li>☑ Implementation of product portfolio analysis tools to assess their ESG footprint.</li> <li>☑ Reduction of waste and implementation of measures to ensure that non-recoverable materials are used to the fullest degree.</li> <li>☑ Reduction of manufacturing impact by reducing weight of virgin raw materials substituting these by recycled/upcycled materials.</li> </ul>
 <p><b>Climate Action</b></p>	<ul style="list-style-type: none"> <li>☑ Reduction of GHG emissions across the entire value chain.</li> <li>☑ Investment in carbon capture and storage technologies to compensate for emissions created during the production cycle.</li> <li>☑ Promotion of renewable energy generation capacity on-site and improvement of energy efficiency.</li> </ul>

### 2.3 Climate Change Mitigation

HCapital recognizes the importance of the Paris Agreement, at COP 21 which set out a global framework to limit global warming to well below 2°C compared to pre-industrial levels.

### 2.4 Transparency and reporting standards

HCapital falls within the scope of Regulation EU 2088/2019 (Sustainable Finance Disclosure Regulation – “SFDR”), being committed to comply with the terms set forth therein, namely by:

- i. Publishing on its website the required website disclosures;

- ii. Collecting and disclosing the Principal Adverse Impacts (“PAIs”) of its activity and that of its portfolio companies; and
- iii. Including all pre-contractual disclosures as set forth in the SFDR.





Where deemed possible, HCapital aims at aligning its funds under management with Article 8 of the SFDR – see this [link](#) for information on the alignment of each of HCapital’s funds with the SFDR.

Transparency in ESG issues is also a responsibility of HCapital’s investees, and, as such, HCapital shall implement the required ESG reporting routines across its portfolio. In addition to complying with the SFDR reporting standards, HCapital is committed to also align with those of the IFRS Sustainability Standards and Invest Europe.

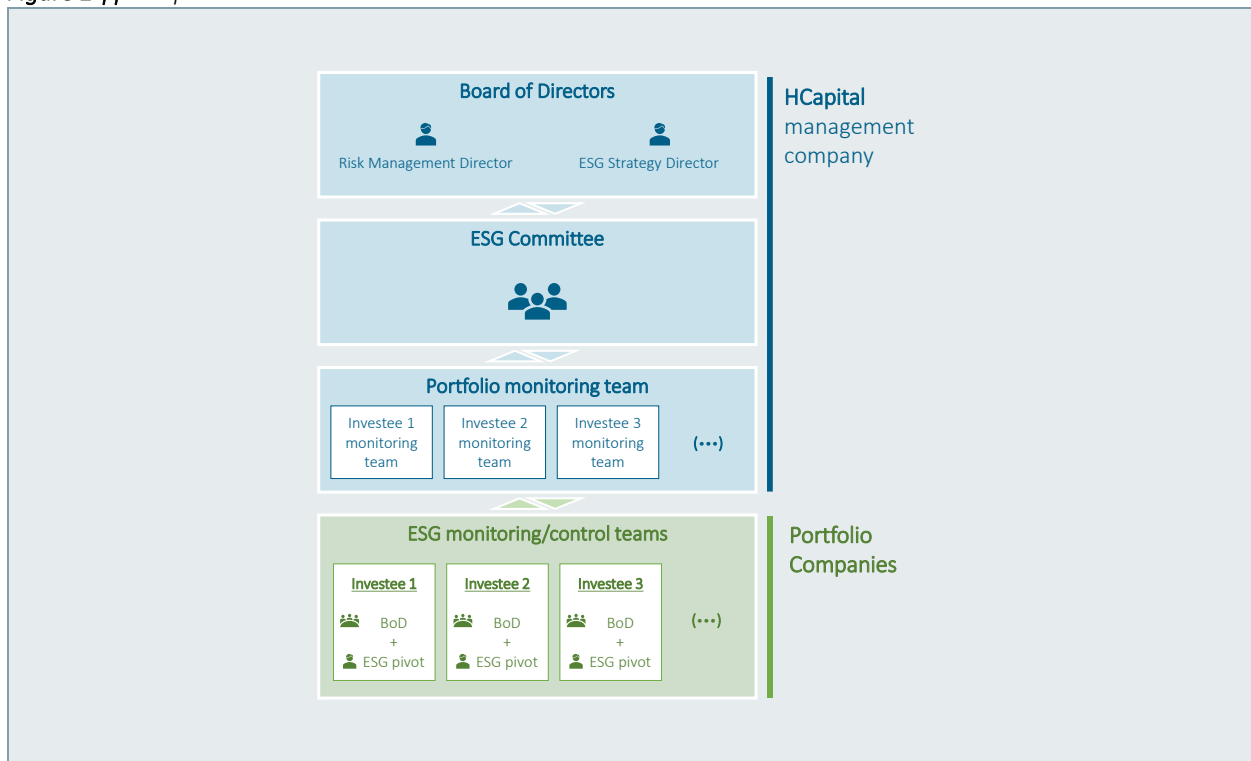
Finally, HCapital provides regular ESG reporting through its investors’ reports and prepares an annual sustainability report that is shared with investors.

### 3. ESG Governance

HCapital has implemented an ESG governance framework, which is underpinned by four key components:

-  **Executive Board:** HCapital’s Board is responsible for defining the Company's overall ESG strategy and managing the ESG-related risks. These are regularly monitored at the Board level, and the Board is receptive to contributions from the ESG Committee.
-  **ESG Committee:** HCapital’s ESG Committee is responsible for overseeing and coordinating ESG initiatives across both the management company and its portfolio companies and inform the Executive Board. It also ensures the dissemination of ESG practices already developed within the investees. Currently the ESG Committee is composed by João Arantes e Oliveira, Pedro Castro Henriques and Rui Pedro Pires.
-  **Portfolio Monitoring Teams:** The implementation of the ESG Committee’s initiatives is coordinated with the portfolio monitoring team of each investee to ensure its adequacy and efficacy.
-  **ESG Responsible/Pivot:** Within each investee company, HCapital appoints a dedicated ESG Responsible and brings ESG to the agenda at least once per semester at the investee’s Board level. This dedicated ESG Responsible actively manages ESG matters and promotes the dissemination of ESG practices developed within portfolio companies.

**Figure 2** || HCapital's ESG Governance Outline



To support HCapital's governance structure, **annual routines for setting specific objectives and monitoring progress may be established** at the end of the year, ensuring that ESG considerations are integrated into the operational framework of HCapital's investments.

When specialized knowledge is required, HCapital **engages ESG consultants to work in close collaboration with the ESG Committee and investment teams**, offering guidance on best practices for ESG implementation and operations.

Education is a fundamental element of HCapital's ESG strategy. **ESG training is provided to the Company's professionals at least once a year**, cultivating a continuous improvement in internal knowledge and effective application of ESG principles throughout the organization.

Finally, HCapital's dedication to ESG principles is embedded into its performance evaluation system both quantitatively and qualitatively, impacting the calculation of its professionals' variable compensation. This process includes an assessment of ESG strategy and targets established by the Board.

## 4. Incorporation of Sustainability Risks in the Investment Decision



HCapital integrates ESG considerations into every stage of its investment process. This includes the identification and integration of sustainability risks and the evaluation of Principal Adverse Impacts ("PAIs") associated with investment decisions.

HCapital's due diligence framework is designed to assess ESG risks and opportunities for each potential investment. This process involves incorporating ESG-focused inquiries into initial assessments of target companies, ensuring that ESG considerations are a part of the Investment Consulting Board's go/no-go decisions, and engaging specialized third parties to conduct formal ESG audits as deals progress to the due diligence phase. Through these measures, HCapital ensures that ESG matters are thoroughly evaluated, aligning its investment strategy with its commitment to long-term value creation and sustainability.

In the following section, the specific investment processes for both our Private Equity and Venture Capital strategies are detailed, highlighting the considerations and practices that underpin each approach.

## 4.1 Pre-Deal – Screening – Exclusions

HCapital employs both “Negative Screening” and “Positive Screening” approaches to assess its investments:



-  **Negative Screening:** HCapital originates investment opportunities through direct approaches, systematic database-driven searches, or collaborations with specialized M&A intermediaries. In addition to other criteria relevant to HCapital’s investment strategy, the Company has established exclusion criteria that disqualify companies with a history of inadequate supply chain auditing, industries with significant environmental impacts and limited potential for improvement, sectors with substantial direct or indirect ties to the fossil fuel industry, and those generating large quantities of non-recoverable waste, among others. HCapital has consciously chosen to exclude certain activities from its investment portfolio, particularly those that contradict its ethical standards and those of its stakeholders, or that pose a high reputational risk (See excluded activities in Annex I).
-  **Positive Screening/Filters:** HCapital has also implemented positive screening criteria to identify industries or companies with promising sustainable growth trajectories and those poised to benefit from the shift towards a more circular economy (*brown to green*).

## 4.2 ESG Due Diligence

Companies that meet HCapital’s investment criteria and are not part of any excluded sectors undergo an ESG Due Diligence.

### 4.2.1 Private Equity

The ESG due diligence will be conducted either internally by HCapital’s investment team or with the support of an **external provider with expertise in the field** and will cover the analysis of the following risks and opportunities:

-  Respect for human rights.
-  Compliance with all applicable ESG regulations.
-  Fair treatment of employees.
-  Prudent and responsible environmental management of operations through efficient use of natural resources and mitigation of environmental risks and damage.
-  Analysis and management of climate risk.
-  Defence of the right to freedom of association and collective bargaining.
-  Respect for the health, safety, and well-being of those affected by business activities.
-  Maintenance of high standards of business integrity, avoidance of corruption in all its forms, and compliance with applicable anti-bribery, fraud, and money laundering laws and regulations.
-  Application of sound corporate governance by establishing clearly defined responsibilities, procedures, and controls, and adherence to best corporate governance practices.
-  Following a policy of inclusion and diversity.
-  Analysis of the principal adverse impacts of the opportunity.

The due diligence conclusions report shall contain (i) details of the main sustainability risks and significant adverse sustainability impacts and (ii) recommendations to mitigate sustainability risks, to reduce or eliminate significant adverse impacts, and to exploit potential opportunities during the investment period.

In cases where the due diligence identifies material sustainability risks or significant adverse impacts, remedial actions may be implemented, such as inclusion in the transaction's legal documentation of remediation obligations by the seller/target company. HCapital will require the potential investee to commit to implementing appropriate measures to mitigate such risks.

While HCapital will support its investees in correcting risks by developing action plans with appropriate objectives, timelines, and resources, if the ESG risks identified are high, and mitigation is unfeasible, the decision may be to abandon the investment opportunity.

The results of the ESG due diligence are integrated into all relevant documentation for decision-making.

#### *4.2.2 Venture Capital*

The only difference with respect to the Private Equity area concerning due diligence activities is the breadth of work performed with potential investees, which shall depend on:

- i. The target company's characteristics in terms of level of maturity of its business, resources available and perceived ESG risk.
- ii. HCapital's role in the operation at hand, either as a sole investor, lead or follower.

In practice, where a full scope ESG due diligence performed by a specialized third party is deemed impractical due to the conditions set-out above, HCapital may opt by a reduced-scope internally managed ESG questionnaire.

### **4.3 Investment Decision**

#### *4.3.1 Private Equity*

After completing the due diligence process, the transaction team prepares the Investment Memorandum and presents it to the Investment Consulting Board for a final transaction discussion prior to Board approval. This Memorandum contains a section on key sustainability risks and mitigants, adverse impacts and ESG opportunities identified during due diligence.



#### *4.3.2 Venture Capital*

The same internal approval process applies as with the Private Equity area.

### **4.4 Investment Phase**

#### *4.4.1 Private Equity*

During the investment phase, at least two investment professionals monitor each investee, with at least one senior member of the investment team sitting on its Board of Directors. Each portfolio monitoring team member will be involved in key operational and strategic decisions, ensuring active management and value creation for the company. Additionally, the monitoring team will ensure the implementation of the following common ESG measures to their relevant portfolio companies:

-  Adoption of HCapital's ESG policy by the portfolio company.
-  Appointment of an ESG Responsible within the portfolio company.

- Inclusion of ESG topics on the agenda for at least two board meetings per year.
- Approval of ESG measures within the framework of the business plan for the company during HCapital's holding period.
- Definition and calculation of ESG KPIs that allow for the measurement of PAIs and monitoring of progress made. In addition, if feasible, an analysis of the information provided by the KPIs will be conducted to measure the company's performance relative to its industry.

The primary goal is to ensure the commitment of the portfolio companies' executive teams to ESG matters. Periodic reports are used to track ESG initiatives and KPIs established in each investee's business plan.

#### 4.4.2 Venture Capital

As a minority shareholder, HCapital tends to have a more limited control over its Venture Capital investees operations and governance, when compared to the Private Equity area. As such, HCapital exerts its ESG engagement duties by actively working with co-investors to address significant ESG risks, ensure periodic ESG data reporting where feasible, and discuss ESG at Board meetings at least once per year. These efforts are designed to manage ESG risks and enhance ESG value creation throughout the investment period.

The ESG Committee will oversee the progress of investees across both areas of activity by annually evaluating a set of KPIs, which shall both (i) follow the requirements of SFDR and (ii) the reporting standards defined section **Error! Reference source not found.** Less stringent rules are applied to Venture Capital investees for the reasons established in section 4.2 above.

The results will serve the purpose of:

- i. Guiding the committee in determining the necessary engagement and improvement actions to be taken at the investees' level.
- ii. Supporting the production of SFDR's annual disclosures.
- iii. Support the production of a Company-wide ESG report annually.

#### 4.5 Exit

At the exit stage, HCapital aims to share with prospective buyers the main outcomes achieved through the ESG initiatives undertaken during the investment period. If applicable a vendor's due diligence might be performed to support the company's ESG profile at exit.

## 5. Inquiries and Policy Review

Any inquiries in relation to this Policy shall be sent to [info@hcapital.pt](mailto:info@hcapital.pt).

This Policy has been reviewed and approved by HCapital's Board in May 2026. Its next review and reapproval shall occur no later than May 2028.

## ANNEX 1: Restricted Sectors<sup>1</sup>

HCapital acknowledges and agrees that its funds shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities:

A. whose business activity consists of:

- i. an illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulations applicable in the EU or to the Fund or the relevant company or entity, including without limitation (i) activities that limit people's individual rights and freedom or violate human rights, (ii) activities that involve harmful or exploitative forms of forced labour or child labour, as defined by the International Labour Organization's Fundamental Labour Conventions<sup>2</sup>, (iii) activities subject to international phase out or bans and (iv) prohibited activities relating to the protection of biodiversity resources or cultural heritage);
- ii. the production, manufacture, processing or distribution of and trade in tobacco if more than ten percent (10%) of the annual revenues of the company or entity are generated from any of these activities;
  - a. Growing of tobacco (NACE 01.15)
  - b. Manufacture of tobacco products (NACE 12.00)
  - c. Wholesale of tobacco products (NACE 46.3.5)
  - d. Retail sale of tobacco products in specialised stores (NACE 47.2.6)
- iii. the production of and trade in weapons and ammunitions of any kind, including without limitation any explosives and sporting weapons;
- iv. research, development, production and/or commercialization of equipment or infrastructure dedicated to military/police use, meaning that the equipment or infrastructure is not offered in the same version by the company or entity to civil customers (this restriction does not apply to any activity, including in equipment or infrastructure, with the potential to be used for both civil and military/police purposes, i.e., for dual use);
- v. prisons and detention centres of any form (such as correctional institutions or police stations with detention facilities);
- vi. gambling and related equipment, hotels with in-house casinos if more than ten percent (10%) of the annual revenues of the company or entity are generated from any of these activities;
  - a. Gambling and betting activities (NACE 92.00)
- vii. sex trade and related infrastructure, services and media, including pornographic media information technologies and internet-related products, services, programs, and application;
- viii. the research, development or technical applications relating to electronic data programs or solutions, which
  - a. aim specifically at:
    - supporting any activity referred to under items (i) to (ii) and (iv) to (v) above;
  - or
  - b. are intended to enable to illegally:
    - enter into electronic data networks; or
    - download electronic data;
- ix. the production of fossil fuel-based energy and related activities, as follows:
  - a. coal mining, processing, transport and storage;
  - b. oil exploration, production, refining, transport, distribution and storage;

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<sup>1</sup> Sources: [EIB Group excluded activities](#) and EIF E&R Policy

<sup>2</sup> Within the EU, work of persons under 18 years should be performed in compliance with the national legislation implementing Young People at Work Directive (94/33/EC)

- c. natural gas exploration, production, liquefaction, regasification, transport, distribution and storage;
- d. electric power generation, including thermal power stations (with the exception of biomass power plants), exceeding the Emissions Performance Standard (i.e. 250 grams of CO<sub>2</sub>e per kWh of electricity), applicable to fossil fuel-fired power and cogeneration plants; geothermal plants operating at life cycle emissions higher than 100Gco<sub>2</sub>E/kWh;
- x. new and existing hydropower production and storage facilities;
- xi. Unless subject to the Green Exception (activities performed in an environmentally sustainable way, as defined by the EU Taxonomy substantial contribution criteria as reflected in the EU Taxonomy Delegated Acts) only for the below items (a) to (j), energy-intensive and/or high CO<sub>2</sub>-emitting industries and sectors, as follows:
  - a. manufacture of carbon black, soda ash and chlorine (sub-activities of NACE 20.13: manufacture of other inorganic basic chemicals)
  - b. manufacture of other organic basic chemicals (sub-activity of NACE 20.14);
  - c. manufacture of plastics in primary forms (NACE 20.16);
  - d. manufacture of cement (NACE 23.51);
  - e. manufacture of basic iron and steel and of ferro-alloys (NACE 24.10);
  - f. manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20);
  - g. manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34);
  - h. aluminium production (NACE 24.42);
  - i. manufacture of conventionally-fuelled aircraft and related machinery (sub-activity of NACE 30.30); this is only applicable to powertrain components and manufacturing of conventionally fuelled aircrafts; this restriction does not apply to technologies and systems for space sector, such as satellites or launchers, nor to research and development initiatives in civil aviation, such as disruptive technologies, alternative fuels, propulsion systems targeting a very significant (25%+) energy efficiency improvements in new generation aircrafts;
  - j. conventionally-fuelled air transport and airports and service activities incidental to conventionally-fuelled air transportation, leasing and renting of aircraft (sub-activities of NACE 51.10, 51.21 and 52.23); this restriction does not apply to technologies and systems for space sector, such as satellites or launchers, activities related to firefighting, fire-prevention and rescue services, acquisition of civil defence aircraft, aircraft for rescue services;
  - k. manufacture of nitrogen compounds and fertilizers containing nitrogen compounds (sub-activities of NACE 20.15).
- xii. nuclear energy and manufacturing within the nuclear industry (such as processing of nuclear fuel, uranium enrichment, irradiated fuel reprocessing);
  - a. Processing of nuclear fuel: production of uranium metal from pitchblende or other ores; smelting and refining of uranium (NACE 24.46)
  - b. Operation of generation facilities that produce electric energy (...) including nuclear (...) (NACE 35.11)

this restriction does not apply to research and development initiatives, information technology services and other supply chain activities (which include activities like non-hazardous waste cleaning, decommissioning, inspection services, etc.) in the nuclear sector;
- xiii. projects in the mining sector;
  - a. Activities under Section B of NACE (Rev.2) nomenclature, with the exception of NACE B8.1 - Quarrying of stone, sand and clay (including NACE B8.1.1 - Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate; and NACE B8.1.2 - Operation of gravel and sand pits; mining of clays and kaolin);
- xiv. extraction of mineral deposits from the deep sea, defined as the areas of the ocean below 200 meters (The International Seabed Authority and Deep Seabed Mining, United Nations);

- xv. extraction or mining of conflict minerals and metals (minerals and metals covered by the Regulation (EU) 2017/821 laying down supply chain due diligence obligations for European Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas, as amended);
- xvi. the deliberate release of genetically modified organisms (unless in compliance with EU Directive 2001/18/EC and EU Directive 2009/41/EC, and related country legislation, as further amended);
- xvii. involving live animals for scientific and experimental purposes, including gene editing and the breeding of these animals (unless in compliance with (EU) Directive 2010/63/EU as amended by Regulation (EU) 2019/1010 of the European Parliament and of the Council on the protection of animals used for scientific purposes);
- xviii. animal and human reproductive cloning;
- xix. the construction and operation of secure and forensic units in health care facilities;
- xx. the degradation, conversion or destruction of critical habitats;
- xxi. the conversion of natural forests into plantations, including without limitation, irrigated forests (except for temporary watering in the first three years after planting, which is allowed for the seedlings to develop deep rooting systems to ensure high survival rates), the logging, clear cutting or degradation of (and commercial concessions over) tropical natural forests or high conservation value forests in all regions, as well as the purchase of logging equipment for this purpose;
- xxii. unsustainable fishing methods not compliant with the EU laws and regulations, such as drift net fishing in the marine environment using nets in excess of 2.5km in length and blast fishing;
- xxiii. waste incineration and collection, treatment and disposal of hazardous waste;
- xxiv. projects with political or religious purposes;
- xxv. for-profit projects in the education sector by kindergarten, primary and secondary schools located outside the European Union, EFTA or UK.