

Schedule 1 - Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: **Azzurra Capital Investments SCSp, SICAV-RAIF - AZZURRA CAPITAL FUND I**

**Environmental and/or social characteristics**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?** *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*




Yes



No

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**What environmental and/or social characteristics are promoted by this financial product?**

The environmental and/or social characteristics promoted by the Compartment consist of inter alia, the promotion of best practice in sustainability by tackling the most material environmental, social, and governance (ESG) risks faced by investees, to reduce the environmental footprint of companies in the portfolio, in particular their greenhouse gas emissions and use of resources such as energy and water. The Compartment seeks to attain

these characteristics by excluding companies that have significant exposure to fossil fuels unless they have a credible transition strategy from the Compartment's investment universe.

The exclusion criteria are further described in the section "What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?"

The Compartment does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Compartment promotes.

### **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental or social characteristics, the Compartment will use the following indicators:

- total greenhouse gas emissions released into the atmosphere
- total water consumed
- total energy consumed

### **Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, the Compartment assesses the impact of its investment across multiple principal adverse impacts indicators, which are as follows:

- Total GHG emissions: PAI 1 Scope 1 GHG emissions of investee companies expressed in tonnes of CO2 equivalent
- Carbon footprint: PAI 1 Total GHG emissions expressed as a ratio of all investments
- Exposure to companies in the fossil fuel sector: PAI 4 Share of investments in companies active in the fossil fuel sector
- energy consumption: PAI 6 Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
- water consumption: PAI 8 Tonnes of emissions to water generated by investee companies per million EUR invested

These PAIs are considered during the due diligence, and are tackled via specific action plans. These will concern the following aspects:

- Reducing an investee's operations' footprint in particular in terms greenhouse gas emissions, and use of resources such as energy and water during the course of the holding period
- Fostering transparency so that investees calculate and report on their footprints

### **What investment strategy does this financial product follow?**

Environmental and/or social characteristics are integrated into the strategy by excluding investee companies in private equity due to their exposure to certain activities that have been

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

deselected based on ESG considerations. More information on the investment strategy of the Compartment can be found in Section 2. “Investment Policy” of the Special Section of this Memorandum.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

- The Compartment seeks to acquire majority and minority stakes in portfolio companies, in both cases with strong corporate governance rights. This gives the AIFM and General Partner agency over investees’ businesses. Evidence shows that investees already have an awareness of the most critical and material ESG risks. The AIFM and General Partner seek however to – during the holding period – formalize the process leading to greater sustainability. This is well-aligned to an approach and philosophy of being close to the entrepreneurs leading companies. The approach also recognises that each sector presents unique sustainability challenges which is highlighted by the materiality work, which also follows the criteria set forth by Sustainability Accounting Standards Board (SASB).
- The Compartment will focus particularly on carbon emissions and on their reduction during the holding period, as well as on the general environmental footprint with a focus on energy and water used.

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

**What is the policy to assess good governance practices of the investee companies?**

Good governance practices of investee companies are addressed in various layers of the due diligence process and during the holding period, the Compartment considers an investee’s corporate governance including the following aspects:

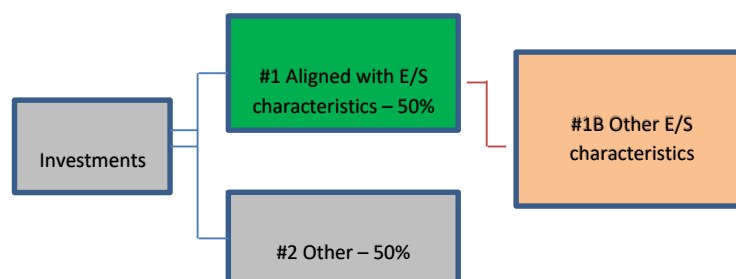
- the board structure and function
- the control and audit function
- how the investee deals with the the rights of minority shareholders
- how the company deals with management of external stakeholders
- the compliance with regulations
- the business integrity management system (BIMS)
- anti-bribery and corruption (ABC) management system
- the whistle-blower system and complaints mechanism
- the cyber and data security processes

**Asset allocation** describes the share of investments in specific assets.

**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.

The Compartment will selectively choose the KPIs to report on depending on the specific situation of each investee

**What is the asset allocation planned for this financial product?**



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics covers:

The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or 10% of the portfolio aligned with E/S characteristics

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Compartment do not use derivatives.

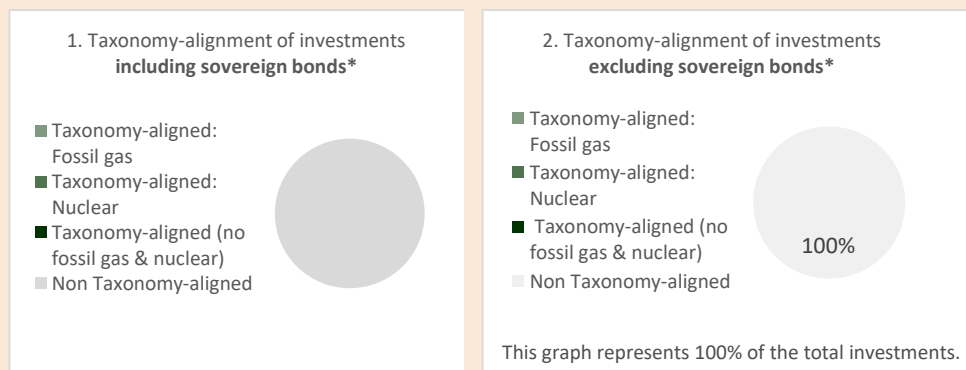
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?** no alignment ex ante

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

NA

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

There is no benchmark designated

**Where can I find more product specific information online?**

More product-specific information can be found on the AIFM’s website: <https://jtcglobalaifmsolutions.com/services/luxembourg/>

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.