Just Climate

Climate Assets Fund I

SFDR Article 10 Disclosure

This Fund is categorised as an Article 9 Fund for the purposes of SFDR.

(a) Summary

Section	Summary
No significant harm to the sustainable investment objective	Where Climate Assets Fund I (**CAF I** or the **Fund**) makes SFDR sustainable investments it will seek to ensure through pre-investment due diligence that such investments: (i) do not significantly harm any of the other sustainable investment objectives set out under SFDR, (ii) take into account the Minimum PAI Indicators and the additional voluntary indicators set out in section (b) below, (iii) are appropriately aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and (iv) where relevant (for potentially EU taxonomy-aligned investments), do not significantly harm any of the other sustainable investment objectives set out under the relevant EU Taxonomy category.
Sustainable investment objective of the financial product	CAF I's sustainable investment objective is less production of greenhouse gas emissions, which could include a combination of avoidance, reduction and removal of GHG emissions.
Investment strategy	The Fund aims to invest in, as determined by the general partner, impactful companies and projects that can catalyse timely decarbonisation and carbon removal at scale while generating appropriate long-term, risk-adjusted returns[1].
Proportion of investments	Other than ancillary cash, liquid assets and derivatives, the Fund intends that the whole of its portfolio will be invested in SFDR sustainable investments. Within that commitment the Fund has also made a minimum commitment of: • 100% to environmentally sustainable investments; and

[1] Although Just Climate seeks to deliver appropriate long-term, risk-adjusted returns, this is an aspiration and there is no guarantee this goal will be achieved.

	• 70% to EU taxonomy aligned investments, as further described in paragraph (e) "Proportion of investments" below.
Monitoring of sustainable investment objective	Just Climate LLP (together with its affiliates, **Just Climate**) uses expected GHG mitigation[2] as the primary indicator to measure the outcomes of the actions underlying the attainment of CAF I's sustainable investment objective. Expected GHG mitigation is assessed during due diligence as part of our climate impact assessment. Over the 10 year period, we intend to monitor actual GHG mitigation and update our model to include such actual performance.
Methodologies for the sustainable investment objective	The Fund's climate impact assessment methodology has been prepared with the objective of enabling third party environmental consultancies to support us in the assessment of expected GHG mitigation during due diligence and over the life of an investment.
Data sources and processing	We aim to use primary data sources whenever possible by working closely with the Fund's portfolio companies. This primary data is supplemented with third party data providers, desktop research, as well as interviews and discussions with industry and subject matter experts.
Limitations to methodologies and data	The breadth of Just Climate's mission and Generation's overarching mission makes it hard to quantify the outcomes of all aspects associated with the actions underlying the attainment of the sustainable investment objective of the Fund. Just Climate has selected indicators that focus particularly on avoided GHG emissions, along with other factors. There remain significant gaps in corporate and project-level sustainability reporting, and a lack of relevant, comparable, reliable and publicly available sustainability data on companies and projects. Sustainability (including PAI indicator) data often relies on the data collection and assessment efforts of third parties and delays in accessing disclosures or inaccuracies in the data supplied will be beyond Just Climate's control. Even where data is available, its impact and/or interpretation may be disputed. This is particularly the case for sustainability indicators that draw on third-party assessments.
Due diligence	Due diligence carried out on underlying assets of the Fund and the associated internal and external controls on that due diligence, is set out in Generation's approach to Sustainability in the Investment Process.
Engagement policies	The engagement policies implemented in support of the sustainable investment objective, including any management procedures applicable to sustainability-related controversies in investee companies, are as set out in Generation's Stewardship and Engagement Policy.

[2] Expected GHG mitigation is assessed over the 10 year period from investment and is calculated as the baseline emissions, i.e., the emissions that would be expected to occur in the baseline scenario in the absence of the project occurring, net of the company or project's expected emissions and any GHG emission removal.

Designated reference benchmark	For each CAF I portfolio company, Just Climate intends to assess the forecast GHG mitigation expected on investment against the actual GHG mitigation achieved over time. In parallel, but separately to this, we will seek to ensure that our portfolio companies are required to measure and report their Scope 1, Scope 2 and Scope 3 GHG emissions (carbon footprint) and we will work with them to seek to create and action transition plans as required to reduce their own carbon footprint in view to limiting global warming to 1.5°C per the Paris Agreement.

This section is intended to be treated as a summary of the following disclosures and does not purport to be complete.

(b) No significant harm to the sustainable investment objective

Where the Fund makes SFDR sustainable investments the Fund will seek to ensure through pre-investment due diligence that such investments:

- do not significantly harm any of the other sustainable investment objectives set out under SFDR;
- which includes taking into account the Minimum PAI Indicators listed in the PAI Assessment Policy as well as the following additional voluntary indicators for principal adverse impacts on sustainability factors:

ADVERSE SUSTAINABILITY INDICATOR		METRIC
VOLUNTARY:	**JUST CLIMATE-SPECIFIC**	
Waste, water and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies
		2. Weighted average percentage of water recycled and reused by investee companies
Social and employee matters	2. Rate of accident rates	Rate of accidents in investee companies expressed as a weighted average

- are appropriately aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
- If they qualify as an environmentally sustainable SFDR investment which is potentially taxonomy aligned, do not significantly harm any of the other sustainable investment objectives set out under the relevant EU Taxonomy category.

(c) Sustainable investment objective of the financial product

The Fund's sustainable investment objective is less production of greenhouse gas emissions, which could include a combination of avoidance, reduction and removal of GHG emissions.

(d) Investment strategy

The Fund aims to invest in, as determined by the general partner, impactful companies and projects that can catalyse timely decarbonisation and carbon removal at scale while generating appropriate long-term, risk-adjusted returns[3], whether by way of investing in the equity and/or debt of such companies or projects.

In terms of the policy to address good governance of investee companies, pre-investment due diligence for all investments includes a detailed examination of management quality, which encompasses strategy, operations, culture, capital allocation, alignment, governance and people. Concerns or controversies relating to management structures, employee relations, staff remuneration and tax compliance are considered as part of this examination.

(e) Proportion of investments

Other than ancillary cash, liquid assets and derivatives, the Fund intends that the whole of its portfolio will be invested in SFDR sustainable investments.

Within that commitment the Fund has also made a minimum commitment of:

- 100% to environmentally sustainable investments; and
- 70% to EU taxonomy aligned investments.

For the avoidance of doubt, the 70% minimum commitment to EU taxonomy aligned investments shall be measured in relation to the Fund's portfolio when fully invested. A maximum of 30% of the Fund's benchmark commitments may be investments which are not taxonomy aligned as the Fund may invest in, for example (a) investments in innovative climate solutions which are not covered by the EU Taxonomy or (b) investments where there is a location-specific difference between the EU taxonomy's definition of sustainable investment for a particular economic activity and the approach taken in another country where the activity is taking place.

(f) Monitoring of sustainable investment objective

Just Climate uses expected GHG mitigation[4] as the primary indicator to measure the outcomes of the actions underlying the attainment of CAF I's sustainable investment objective. Just Climate defines expected GHG mitigation as the forecasted GHG emissions a specific investment is expected to avert over 10 years, compared to a baseline scenario, based on a realistic business model, measured in metric tons of CO_2e.

Expected GHG mitigation is assessed during due diligence as part of our climate impact assessment which considers scale and timeliness of GHG mitigation, its additionality, whether it is a system positive solution, if there is potential for transformational impact at sector level, and how Just Climate can be a catalytic investor. Climate impact is assessed alongside other material environmental or social outcomes identified and is a key gating item for any CAF I investment.

[3] Although Just Climate seeks to deliver appropriate long-term, risk-adjusted returns, this is an aspiration and there is no guarantee this goal will be achieved.

[4] Expected GHG mitigation is assessed over the 10 year period from investment and is calculated as the baseline emissions, i.e., the emissions that would be expected to occur in the baseline scenario in the absence of the project occurring, net of the company or project's expected emissions and any GHG emission removal.

Over the 10 year period, we intend to monitor actual GHG mitigation and update our model to include such actual performance. We also intend to measure the Scope 1, Scope 2 and Scope 3 GHG emissions for all of our investments.

This information, along with material financial, operational and impact information, is used to inform the decision making of our investment team as part of our integrated approach to portfolio management which will seek to maximise value, including maximising climate impact associated with expected GHG mitigation.

For investments in economic activities aligned with making a significant contribution to the climate change mitigation objective per the EU Taxonomy, the relevant Annex I indicators, thresholds and associated methodologies for significant contribution and do no significant harm will also be measured during due diligence and over the course of the investment in addition to expected GHG mitigation.

(g) Methodologies for the sustainable investment objective

The Fund's climate impact assessment methodology has been prepared with the objective of enabling third party environmental consultancies to support us in the assessment of expected GHG mitigation during due diligence and over the life of an investment, to ensure the methodologies and approach adopted are consistent, prudent and well-documented, to ensure transparency and consistency of approach across deals, and to support the process' credibility for our clients. Expected GHG mitigation is a critical indicator for understanding how we are attaining our sustainable investment objective.

For investments that have economic activities aligned with making a significant contribution to the climate change mitigation objective per the EU Taxonomy, the noted Annex I indicators, thresholds and associated methodologies for significant contribution and do no significant harm will also be measured during due diligence and over the course of the investment in addition to expected GHG mitigation.

Given that forward-looking GHG mitigation is an area where standardisation among the investor and business communities has not yet happened, our hope is that our leadership and future transparency in this area can create a forum to build consensus on such methodology as the basis for a future standard.

(h) Data sources and processing

We aim to use primary data sources whenever possible by working closely with the Fund's portfolio companies. This primary data is supplemented with third party data providers, desktop research, as well as interviews and discussions with industry and subject matter experts.

In addition to partnering with our portfolio companies so that they have an advanced understanding of the technical protocol and expectations for data collection and measurement, Just Climate also performs reviews of supplied information for accuracy, completeness, and fair presentation.

Data is provided by our portfolio companies directly to our investment team for processing and analysis.

In some cases data may be estimated. The proportion estimated may vary dependent on the data and the company in question.

(i) Limitations to methodologies and data

Because of the breadth of Just Climate's mission and Generation's overarching mission as a firm, it is hard to quantify the outcomes of all aspects associated with the actions underlying the attainment of the sustainable investment objective of the Fund. For this Fund, Just Climate has selected indicators that focus particularly on expected GHG mitigation as well as additional indicators noted in (g) above. Just Climate will supplement its reporting on these indicators with regular reporting on its activities in support of its mission in its wider client reporting.

In addition, there remain significant gaps in corporate and project-level sustainability reporting, including as a result of a lack of regulatory requirements of companies in many jurisdictions to make appropriate sustainability disclosures. This results in a lack of relevant, comparable, reliable and publicly available sustainability data on companies and projects. This is true of the sustainability indicators used to measure the outcomes of the activities designed to achieve the sustainable objective of the Fund, as noted above, as well as for the PAI indicators that Just Climate considers as per Generation's PAI Assessment Policy. This can represent an impediment to a comprehensive and accurate assessment of these sustainability and PAI indicators.

Finally, sustainability data often relies on the data collection and assessment efforts of third parties and delays in accessing disclosures or inaccuracies in the data supplied will be beyond Just Climate's control. Even where data is available, its impact and/or interpretation may be disputed. The assessment of sustainability performance of an investment is therefore expected to be dynamic and to change over time as the data sources develop.

(j) Due diligence

Due diligence carried out on underlying assets of the Fund, and the associated internal and external controls on that due diligence, is set out in Generation's approach to Sustainability in the Investment Process.

(k) Engagement policies

The engagement policies implemented in support of the sustainable investment objective, including any management procedures applicable to sustainability-related controversies in investee companies, are set out in Generation's Stewardship and Engagement Policy.

(l) Designated reference benchmark

For each Fund portfolio company, Just Climate intends to assess the forecast GHG mitigation expected on investment against the actual GHG mitigation achieved over time. In parallel, but separately to this, we will seek to ensure that our portfolio companies are required to measure and report their Scope 1, Scope 2 and Scope 3 GHG emissions (carbon footprint) and we will work with them to seek to create and action transition plans as required to reduce their own carbon footprint in view to limiting global warming to 1.5°C per the Paris Agreement.