

Natural Climate Solutions 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 Natural Climate Solutions Fund I (NCS 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	The Fund's sustainable investment objective is to invest in a portfolio of solutions that deliver highest positive climate and nature impact.
Investment strategy	The Fund aims to direct capital at scale to solutions that enable land use transformation and changes in land management practices to generate highest climate impact and attractive financial 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 a target of 0% for EU Taxonomy-aligned investments. This reflects that many NCS sectors in which NCS I invests are not yet covered by the EU Taxonomy. The investment team will assess whether a potential investment has eligible EU Taxonomy economic activities and will report on any Taxonomy-aligned investments in annual SFDR periodic reporting.

¹ Although Just Climate seeks to deliver the highest positive climate and nature impact and attractive market returns, this is an aspiration and there is no guarantee this goal will be achieved.

Monitoring of sustainable investment objective	Just Climate LLP (together with its affiliates, Just Climate) uses expected GHG emissions abatement ² as the primary indicator to measure the outcomes of the actions underlying the attainment of NCS I's sustainable investment objective. Expected GHG emissions abatement is assessed during due diligence as part of our climate impact assessment. Post-investment, the GHG emissions abatement model will be updated annually based on 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 Just Climate in the assessment of expected GHG emissions abatement during due diligence and over the life of an investment. Just Climate's methodology builds upon the GHG Protocol for Project Accounting and generally accepted practices in traditional life-cycle assessments and carbon accounting.
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, including specialist environmental consultancies engaged to assess expected GHG emissions abatement, desktop research, as well as interviews and discussions with industry and subject matter experts.
Limitations to methodologies and data	There is no single, globally accepted standard or methodology to measure forward-looking GHG emissions abatement. There remain significant gaps in corporate and project-level sustainability reporting and a lack of relevant, comparable, reliable and publicly available sustainability data. Sustainability data often relies on the data collection and assessment efforts of third parties and delays in accessing disclosures or inaccuracies will be beyond Just Climate's control. Even where data is available, its impact and/or interpretation may be disputed.
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 and in Just Climate's Environmental and Social Management System.
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 .

Designated reference benchmark	No reference benchmark has been designated for the purpose of attaining the sustainable investment objective. For each NCS I portfolio company, Just Climate intends to assess the forecast GHG emissions abatement expected on investment against the actual GHG emissions abatement achieved over time. In parallel, we will seek to ensure that our portfolio companies measure and report their Scope 1, Scope 2 and Scope 3 GHG emissions and work with them to create and action transition plans in view of limiting global warming to 1.5°C per the Paris Agreement.
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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](#);
- are assessed in accordance with Just Climate's Environmental and Social Management System;
- 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 to invest in a portfolio of solutions that deliver highest positive climate and nature impact. In pursuit of this objective, Just Climate performs rigorous assessments of Climate Impact Quality (CIQ) and Nature Impact Quality (NIQ).

The CIQ framework considers the scale and timeliness of GHG emissions abatement, the potential for transformational impact at a sector level, how scalable and replicable the solution is, sustainability performance and how Just Climate can act as a catalytic investor. The scale of GHG emissions abatement is assessed over a 10-year period from investment and is calculated as baseline emissions - those expected to occur in the absence of the investment - net of the company's own expected emissions and any GHG removal. The assessment of Climate Impact Quality is a key gating item for any Just Climate investment.

The NIQ framework directs our attention toward investments that avoid or reduce the highest-priority pressures on nature, with land conversion sitting at the very top of that hierarchy. It assesses whether identified impact pathways are transformational, whether improvements to ecosystem condition and biodiversity are additional to what would otherwise occur, and whether impacts are sustainable and measurable over time.

The Fund is dedicated to investments in natural climate solutions (NCS) that transform land use through actions that avoid GHG emissions and/or increase carbon storage across agricultural lands, global forests, wetlands, and grasslands.

(d) Investment strategy

The Fund aims to direct capital at scale to solutions that enable land use transformation and changes in land management practices to generate highest positive climate and nature impact and attractive financial returns², whether by way of equity and/or debt investments in such companies or projects.

The Fund's strategy focuses on equity investments in private companies with meaningful growth potential. Just Climate will target companies with established business models and go-to-market strategies, at commercial or just pre-commercial scale, and with early revenues or purchase agreements. Just Climate uses an Impact Prioritisation Model, NIQ and CIQ as the binding criteria to select investments as part of pursuing its sustainable investment objective. Any company or project that does not achieve a sufficient rating across all five features of the CIQ or NIQ frameworks will be excluded. 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.

The Fund intends that 100% of its portfolio will be invested in SFDR sustainable investments with an environmental objective.

The Fund does not have a target for investments with a social objective, although Just Climate expects that many of its investments will significantly contribute to a social objective, including through their contribution to a just transition, rural livelihoods, and food security.

(f) Monitoring of sustainable investment objective

Just Climate uses expected GHG emissions abatement³ as the primary indicator to measure the outcomes of the actions underlying the attainment of NCS I's sustainable investment objective. Just Climate defines expected GHG emissions abatement as the forecasted GHG emissions a specific investment is expected to avert or remove, assessed from the date of first investment and including a projection period. It is calculated as the baseline emissions net of the company or project's expected direct and indirect GHG emissions on a lifecycle basis and any GHG emissions removal. Expected GHG emissions abatement is measured in millions of metric tonnes of CO₂e.

Post-investment, for each year the Fund holds an investment, the GHG emissions abatement model will be updated based on actual performance. Just Climate reviews models annually and material updates will be made in partnership with a third-party consultant. 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 other sustainability-related information, is used to inform the decision making of our investment team as part of our integrated approach to portfolio management, which seeks to maximise value, including maximising climate impact associated with GHG emissions abatement.

² Although Just Climate seeks to deliver the highest positive climate and nature impact and attractive market returns, this is an aspiration and there is no guarantee this goal will be achieved.

³ 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.

For investments in NCS sectors relevant to EU Taxonomy climate change mitigation or adaptation objectives, 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, where applicable, in addition to expected GHG emissions abatement.

(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 Just Climate in the assessment of expected GHG emissions abatement 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. Just Climate's methodology builds upon the GHG Protocol for Project Accounting and generally accepted practices in traditional life-cycle assessments and carbon accounting, adapted to be fit for purpose in an investing context.

For investments in NCS sectors relevant to EU Taxonomy climate change mitigation or adaptation objectives, 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, where applicable, in addition to expected GHG emissions abatement.

There is no single, globally accepted standard or methodology to measure forward-looking GHG emissions abatement although we recognize that the GHG Protocol is advancing consensus-building efforts through its work on Actions and Market Instruments. Our hope is that our leadership and future transparency in this area can contribute to building consensus on such methodology as the basis for a future standard. Disclosure of the key assumptions underpinning GHG emissions abatement assessments - such as where the assessment boundary has been drawn, the baseline scenario and areas of uncertainty - are equally, if not more, important than the actual quantification. We will disclose details on these components for each investment in an annual integrated report.

The Fund's nature impact assessment methodology has been prepared with the objective of providing a consistent and comprehensive approach to measuring the positive impacts on nature for the companies and projects we invest in. The framework draws on the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Global Assessment to define the five key pressures on nature, and follows the IUCN SEEA Assessment Framework to set reference conditions for ecosystem and species measurement. For geographic prioritisation, the methodology leverages the WWF Biodiversity Risk Filter, the WRI Aqueduct tool, and Global Forest Watch data, and uses the Integrated Biodiversity Assessment Tool (IBAT) to screen investments for overlap with IUCN Red List species and Key Biodiversity Areas. As with our GHG emissions abatement methodology, third-party environmental consultancies will be engaged to support the assessment of expected nature impact during due diligence and over the life of an investment.

(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, including specialist environmental consultancies engaged to assess expected GHG emissions abatement, 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 emissions abatement as well as additional indicators noted in (g) above with respect to nature impact. 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. Measurement of NCS-related GHG abatement, particularly in areas such as carbon sequestration in soils and ecosystems, requires judgment around permanence and baseline scenario assumptions, and these estimates are inherently uncertain and dynamic.

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](#) and Just Climate's Environmental and Social Management System.

(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

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective of NCS I. The Fund does not rely on an EU Climate Transition Benchmark or EU Paris-aligned Benchmark in accordance with Regulation (EU) 2016/1011. For each NCS I portfolio company, Just Climate intends to assess the forecast GHG emissions abatement expected on investment against the actual GHG emissions abatement achieved over time. In parallel, 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 of limiting global warming to 1.5°C per the Paris Agreement.