Sustainability-related information

SC CLIMATE TECH VENTURES FUND I, F.C.R.E.

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This document provides information about the financial product in accordance with the Sustainable Finance Disclosure Regulation (SFDR). The information contained in this document is required by the regulation to promote transparency and understanding of the sustainability-related characteristics and/or the objectives and risks of this financial product, and is not for advertising or marketing purposes.

A. Summary

Summary of the information contained in the different sections of this document.

The indicated financial product (hereinafter the "Fund") managed by SUMA CAPITAL S.G.E.I.C., S.A. (hereinafter the "Management Company") is defined as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR), given that it primarily promotes environmental or social characteristics, and that additionally it will make sustainable investments with an environmental objective pursuant to Article 2(17) of the SFDR Regulation in a minimum proportion of 60% over the life of the Fund. To this end, the Fund invests in technology-based micro-enterprises and small and medium-sized enterprises (SMEs) at early stages of development, operating in the fields of the energy transition and the transition to a circular economy. Among others, the Fund may invest in the sectors of renewable energy, energy efficiency, sustainable mobility, digitalisation, distributed generation, power system flexibility, transport, energy distribution and retail, new fuels, energy storage and the circular economy. 100% of the Fund's investments will promote environmental or social characteristics and will contribute, directly or indirectly, to one or more of the United Nations Sustainable Development Goals linked to these themes. The Fund has not designated a reference benchmark to meet the environmental or social characteristics it promotes.

To ensure that the Fund invests in companies that contribute to the defined investment objectives, a due diligence process or an internal sustainability review, as appropriate, is carried out, which includes the analysis of the main environmental, social and governance risks, opportunities and impacts, the principal adverse impacts and the potential alignment with the EU Taxonomy. Given the early stage of development of the Portfolio Companies, their consideration as sustainable investments may be based on the ex-ante assessment of their impact potential, provided that there is a projected, quantifiable and verifiable positive contribution, accompanied by objectives, metrics and a Sustainability Plan that allows their progress to be monitored.

The Management Company has its own methodology for monitoring its investments, based on common indicators for the portfolio as a whole and specific indicators defined according to the materiality and impact of each Portfolio Company. The metrics monitored include environmental, social and governance performance and impact indicators, as well as indicators established by the SFDR Regulation. Where it is not possible to obtain complete data, estimates based on activity data and internationally recognised standards may be used, which will be duly identified and justified. The performance of the Portfolio Companies and of the Fund in relation to the promotion of environmental and social characteristics, and to sustainable investments, is monitored on a quarterly and annual basis, alongside financial results.

Furthermore, the Fund supports the Portfolio Companies in the definition and implementation of their Sustainability Plans and in the progressive improvement of their management and reporting

capabilities. To this end, specific sustainability responsibilities are assigned within each Portfolio Company. The Fund actively participates in the oversight of operations and promotes the adoption of good governance practices, sustainability policies and appropriate control measures to manage the risks and impacts identified, within the influence mechanisms corresponding to its position as a minority investor.

B. No sustainable investment objective

This financial product promotes environmental and social characteristics and, although it does not have sustainable investment as its exclusive objective, it undertakes to make a minimum of 60% of sustainable investments with an environmental objective over the life of the Fund, pursuant to Article 2(17) of the SFDR Regulation.

To ensure that such investments do not cause significant harm to any environmental or social objective, the Fund will take into account the principal adverse impacts on sustainability factors during the due diligence process and its subsequent monitoring. Furthermore, it will analyse the potential negative impacts on the environmental objectives set out in the EU Taxonomy Regulation and will monitor the corresponding indicators. The identification of negative impacts will not automatically entail the exclusion of an investment; rather, their relevance, the level of risk and the capacity of the Portfolio Company to implement corrective measures will be assessed.

The Fund will promote that the Portfolio Companies maintain good governance practices aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, as well as with the applicable minimum social and environmental safeguards.

In the portfolio management phase, the Fund will monitor on a quarterly and annual basis the sustainability indicators, including the principal adverse impacts (PAIs) of the SFDR, and will disclose them to stakeholders. The implementation of the Management Company's reporting framework is one of the tools used by the Fund to identify and monitor the negative impacts of portfolio investments, both for sustainable and non-sustainable investments, and to follow up on the corrective measures to be implemented.

C. Environmental or social characteristics of the financial product

Description of the environmental or social characteristics promoted by the financial product.

The Fund defines as its objective the promotion of environmental and social characteristics in its investments. While the Fund does not aim to make exclusively sustainable investments, it aims to make sustainable investments that contribute to environmental objectives related to climate change mitigation and the transition to a circular economy, in a minimum proportion of 60% over the life of the financial product, pursuant to Article 2(17) of the SFDR Regulation.

The promotion of environmental or social characteristics is based on investing in technology-based micro-enterprises and small and medium-sized enterprises (SMEs) at early stages of development, operating in the fields of the energy transition or the transition to a circular economy. These companies must demonstrate an intention to contribute to decarbonisation and other environmental objectives, as well as a willingness to implement sustainability practices and continuous improvement.

The Fund’s main thematic investment areas include:

- Renewable energy;
- Energy efficiency;
- Sustainable mobility;
- Digitalisation;
- Distributed generation;
- Power system flexibility;
- Transport;
- Energy distribution and retail;
- New fuels;
- Energy storage; and
- Circular economy

These thematic areas promote the achievement of the following United Nations Sustainable Development Goals:

- **SDG 7**: Affordable and clean energy;
- **SDG 9**: Industry, innovation and infrastructure;
- **SDG 11**: Sustainable cities and communities;
- **SDG 12**: Responsible consumption and production; and
- **SDG 13**: Climate action

100% of the investments made by the Fund will promote the environmental or social characteristics of one or more of these SDGs, either through their core activity or through transformation processes carried out during the support period.

D. Investment strategy

Description of the investment strategy used to comply with the environmental or social characteristics promoted by the financial product.

The Fund will invest in technology-based micro-enterprises and small and medium-sized enterprises at early stages of development, operating mainly in the fields of the energy transition and the transition to a circular economy. In particular, priority will be given to solutions related to renewable energy, energy efficiency, sustainable mobility, digitalisation, distributed generation, power system flexibility, transport, energy distribution and retail, new fuels, energy storage and the circular economy. The Portfolio Companies must demonstrate an intention to contribute to decarbonisation and other environmental objectives, as well as their willingness to adopt sustainability practices and continuous improvement.

The Fund will invest mainly in Portfolio Companies with an effective presence in Spain and may allocate a limited portion of its investments to companies located in other European Union countries in accordance with its constitutional documents.

The Fund will integrate sustainability risks and opportunities into the different stages of the investment process and will apply exclusion criteria to avoid investing in certain activities incompatible with its sustainability criteria. Furthermore, it will analyse the principal adverse impacts on sustainability factors and will reflect compliance with the sustainability criteria in the investment memorandum submitted for approval. The existence of negative impacts or of an insufficient initial level of performance will not

necessarily entail the exclusion of the investment opportunity; rather, the relevance of such impacts, the level of risk and the capacity of the Portfolio Company to implement the necessary corrective measures will be assessed.

Policy to assess the good governance practices of investee companies, regarding governance structures, employee relations, staff remuneration and compliance with obligations.

As part of the Fund's investment policy, a due diligence process with specialised external resources or an internal sustainability review, as appropriate, will be carried out to identify the governance risks and opportunities of each Portfolio Company. This process will assess, among other aspects, good governance practices, regulatory compliance, ethical and integrity matters, whistleblowing channels and the existence of adequate policies and mechanisms to manage environmental, social and governance risks.

During the portfolio management phase, the Fund will ensure that good governance practices are maintained and that the sustainability criteria are implemented. The governing body of each Portfolio Company will have ultimate responsibility for their oversight and may delegate certain functions to a Sustainability Manager or other internal roles. Furthermore, the development of the sustainability policies that are material for each company will be promoted, including, among others, environmental, human resources, diversity and equality, procurement and supply chain policies.

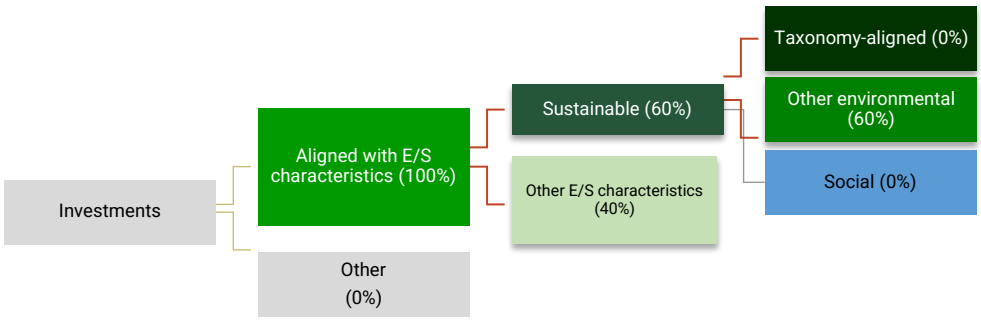
The investment agreements will include sustainability-related information and reporting obligations, as well as the commitment to appoint a Sustainability Manager and to establish mechanisms to review the strategy and key indicators. The Fund, although it will hold a minority stake, will take an active part in the business and in the oversight of the operations of the Portfolio Companies, exercising its monitoring and influence capacity in accordance with its percentage shareholding and with the mechanism's customary in this type of investment.

E. Proportion of investments

100% of the Fund's assets will be invested in investments aligned with the environmental or social characteristics promoted by the Fund. Although the Fund does not aim to make exclusively sustainable investments, it will maintain a minimum proportion of 60% of sustainable investments with an environmental objective over its life, pursuant to Article 2(17) of the SFDR Regulation. These investments will contribute mainly to climate change mitigation and the transition to a circular economy.

The Fund does not commit to a minimum proportion of sustainable investments aligned with the EU Taxonomy. However, the Management Company will assess annually the eligibility and potential alignment of the economic activities of the Portfolio Companies, with the aim of promoting a progressive increase in such alignment over the life of the Fund. Nor will the Fund make sustainable investments with a social objective.

The Asset Allocation Table is presented below:



F. Monitoring of environmental or social characteristics

Description of how the environmental or social characteristics promoted by the product are monitored throughout the life of the financial product and the sustainability indicators used to measure the effective promotion of each such environmental or social characteristic, as well as the related internal or external monitoring mechanisms.

The Management Company, through its proprietary evaluation methodology, periodically monitors the promotion of environmental and social characteristics and the contribution of sustainable investments to the environmental objectives defined by the Fund. This methodology is applied throughout the different stages of the investment cycle, from the identification and initial assessment of the Portfolio Companies through to divestment.

The agreements entered into between the Fund and the Portfolio Companies establish periodic reporting obligations for financial and non-financial information, enabling the assessment of performance against environmental, social and governance criteria and the measurement of the investments' contribution to the Fund's objectives.

The monitoring system combines two categories of indicators: (i) common indicators for the portfolio as a whole, including indicators established by the SFDR Regulation, its principal adverse impacts and the Management Company's own indicators, and (ii) specific indicators for each Portfolio Company, selected on the basis of their materiality, business model and impact potential.

The indicators monitored include, among others, the following:

- Renewable and non-renewable energy consumption;
- Scope 1, 2 and 3 greenhouse gas emissions;
- Implementation of certified environmental, quality or health and safety management systems;
- Number of employees;
- Workforce diversity and turnover;
- Occupational accident rate;
- Presence of codes of conduct and human rights protection mechanisms;
- Presence of regulatory compliance policies and whistleblowing channels.

Given the early stage of development of the Portfolio Companies, monitoring also considers progress against the objectives and metrics defined ex ante and the degree of implementation of the Sustainability Plans established for each company. Where an investment is considered sustainable on

the basis of a projected positive environmental contribution, the Management Company will periodically monitor the evolution of the indicators used to justify such contribution and the company's progress towards the expected results.

Where the level of maturity or the resources of a Portfolio Company do not allow complete data to be obtained, estimates based on activity data and internationally recognised standards may be used. These estimates will be expressly identified and accompanied by the corresponding methodological explanations. The Fund will support the Portfolio Companies in the progressive improvement of their measurement and reporting systems.

G. Methodologies

Description of the methodologies to measure how the environmental or social characteristics promoted by the financial product are met.

To ensure that the Fund invests in companies that contribute to the achievement of the defined Sustainability Criteria, a due diligence process with specialised external resources or an internal sustainability review, as appropriate, will be carried out. This analysis will assess whether the Portfolio Companies have a clear intention to promote the environmental and social characteristics defined by the Fund, are able to periodically measure their performance and contribution and have the capacity to adequately manage the Sustainability Criteria specific to their activity. Where the size of the Portfolio Company does not allow an external due diligence process to be carried out, the Management Company will use a proprietary tool covering the materiality analysis, governance practices, contribution to the SDGs, potential alignment with the EU Taxonomy and principal adverse impacts. The sustainability analysis will assess the performance of the Portfolio Companies in the following aspects, among others:

- **Environmental**: contribution to decarbonisation and to the transition to a circular economy, energy efficiency, use of renewable energy, resource and waste management, greenhouse gas emissions, climate risks and potential alignment with the EU Taxonomy.
- **Social**: compliance with labour and human rights regulations, employment conditions, diversity and equality, occupational health and safety and minimum social safeguards.
- **Governance**: governance structure, corporate integrity, regulatory compliance, ethical matters, risk management, sustainability policies and availability of whistleblowing channels.

If the analysis concludes that the starting point of a Portfolio Company is not optimal, this will not necessarily entail the exclusion of the opportunity. The relevance of the deficiencies identified the level of risk and the company's capacity to implement corrective measures will be considered. Given the early stage of development of the companies, the Fund may establish reasonable transition periods and assess their projected environmental contribution, provided that it is quantifiable and verifiable and that objectives and metrics have been defined *ex ante*.

For each investment, a Sustainability Plan will be established based on the risks and opportunities identified and on the recommendations of the Investment Committee. The Plan will include progressive improvement actions, progress objectives and indicators and, where applicable, a theory of change explaining how the company's activity will contribute to one or more environmental objectives in the medium or long term. Each Portfolio Company will appoint a Sustainability Manager responsible for coordinating the implementation of the Plan, analysing the evolution of the indicators and reporting its progress to the governing body, which will retain ultimate responsibility for its oversight.

The Management Company has a proprietary methodology for monitoring investments, which will be applied throughout the entire investment cycle, from the identification of the opportunity through to divestment. The methodology combines common indicators for the entire portfolio, based on the SFDR Regulation and on the Management Company's own metrics, with specific indicators for each Portfolio Company, selected on the basis of their financial materiality, positive impact, contribution to environmental objectives, size, maturity and resources. The indicators monitored include environmental, social and governance performance metrics, impact indicators and the principal adverse impacts of the SFDR Regulation.

The performance of the Portfolio Companies and of the Fund in relation to the promotion of environmental and social characteristics will be monitored at least annually. Where the level of maturity or the resources of a company prevent complete data from being obtained, estimates built on activity data and internationally recognised standards may be used. These estimates will be identified as such in the Fund's reports and accompanied by supporting methodological notes. The Fund will support the Portfolio Companies in the implementation of action plans aimed at progressively improving their measurement and reporting capacity.

H. Data sources and processing

Description of the data sources used to achieve each of the environmental or social characteristics promoted by the financial product, the measures taken to ensure data quality, how the data are processed and the proportion of data that have been obtained by estimation.

Performance metrics and indicators will be provided mainly by the management teams of the Portfolio Companies and may be sourced from their information systems, from published information or from external providers. The Fund will review and consolidate the data received and may request clarifications or supporting evidence to verify their consistency and traceability. Where complete information is not available, estimates based on activity data and internationally recognised standards may be used, which will be duly identified and justified.

I. Limitations to methodologies and data

Description of the limitations of the methodologies and data sources mentioned; and how these limitations do not affect the way in which the environmental or social characteristics promoted by the financial product are met.

The size, early stage of development and resources of the Portfolio Companies may limit the availability, quality and comparability of certain data. Furthermore, the information provided by these companies or by their providers may not have been verified by independent third parties. To prevent these limitations from affecting the monitoring of the environmental or social characteristics, the Fund will apply the controls described above and will support the progressive improvement of measurement and reporting systems.

J. Due diligence

Description of the due diligence measures taken in respect of the underlying assets of the financial product, including external and internal controls over such due diligence.

The due diligence measures adopted by the Fund, including internal controls and, where appropriate, the involvement of specialised external resources, are detailed in section “G. Methodologies”.

K. Engagement policies

Description of the engagement policies applied where engagement is part of the environmental or social strategy, including management procedures applicable to sustainability-related litigation in investee companies.

The Management Company will maintain an ongoing dialogue with the Portfolio Companies and will actively participate in the oversight of their operations, within the influence mechanisms corresponding to its position as a minority investor. Where a breach, a significant adverse impact or sustainability-related litigation is identified, it will assess its impact and promote the implementation and monitoring of the appropriate corrective measures.

L. Designated reference benchmark

Description of whether a reference benchmark has been designated to meet the environmental or social characteristics promoted by the financial product, and how that reference benchmark matches the environmental or social characteristics promoted by the financial product, including the input data, the methodologies used to select that data, the rebalancing methodologies and how the reference benchmark is calculated.

The Fund has not designated a reference benchmark to meet the environmental or social characteristics promoted by the Fund.