CAPITAL
by Inter-Risco

Article 6 Disclosures for IR Capital Funds

The information on this section addresses the obligations set out in EU Regulation 2088/2019, of November 27, 2019, regarding the disclosure of information related to the SFDR.

(1) SFDR Product Categorisation as per Art. 6 of Regulation (EU) 2019/2088 on transparency regarding the integration of sustainability risks

All products managed by IR Capital that fall within the scope of the SFDR meet the conditions set out in Article 6 of SFDR – please check our Responsible Investment Policy formally adopted in 2023, which sets out a sustainable and responsible investment approach in relation to portfolio management.

Currently, IR Capital does not market or manage funds that promote, among others, environmental or social characteristics or a combination of both (asset out in Article 8 of the SFDR) nor those aimed at sustainable investments (as set out in Article 9 of the SFDR).

(2) Integration of Sustainability Risks as per Art. 3 of Regulation (EU) 2019/2088 on disclosure of the entity's guidelines for integration of sustainability risks into the investment process.

Non-Relevance of Sustainability Risks

Integration of sustainability risks into investment decisions through existing management tools and practices is not formally in place. However, such risks are taken into consideration where deemed necessary, and actions put in place accordingly. IR Capital aims to formalise process moving forward, as part of our ongoing efforts to improve our overall approach to ESG integration and management.

Ongoing efforts to advance our approach to ESG integration

IR Capital acknowledges the significance of sustainability risks, which are defined under the SFDR as *"an environmental, social, or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment."*

IR Capital has robust management tools and practices in place to inform its investment decisions and manage and monitor its investments' financial and non-financial performance. These include:

- An exclusion list: Excludes activities that limit individual rights and violate human rights, tobacco products, sex trade, gambling, experiments in live animals, landfill facilities, among many others.

- Due Diligence Process: Thorough due diligence performed by third parties covering financial, tax, commercial, legal, and in some cases ESG risks (where applicable).
- Investment Committee Analyses & Approval: Investments are scrutinized and approved by our Investment Committee(s) / Board.
- Regular Monitoring: Continuous monitoring of the financial and non-financial performance of investments.
- Governance Structure: Active participation on investment Boards and promotion of governance structures to support performance management and monitoring, including corrective action plans.
- Engagement with Portfolio Companies: Where justified, IR Capital takes an active role in promoting ESG management at Portfolio Companies by proving ESG guidelines and supporting monitoring and performance.

While some ESG factors are considered during these processes, and specific investments with pressing ESG issues undergo high-level ESG analyses, formal integration of ESG into all management practices and processes is still yet to be scaled and formalised. IR Capital is committed to progressively consider ESG factors throughout the investment lifecycle and in some cases as part of the governance and operation of portfolio companies. Due to the different challenges faced by our portfolio companies, ESG analysis and integration is ongoing and evolving according to the firm's and Portfolio Companies' capacity and resources.

Impact on Returns

IR Capital recognizes that environmental, social, and corporate governance (ESG) issues can impact the performance of investment portfolios to varying degrees. However, a comprehensive analysis of the impact on returns has not been undertaken to date. IR Capital aims to integrate sustainability risks into its investment decisions and assess their likely impacts on returns if deemed relevant to the fund's activities and aligned with its investment policies. Currently, the impact on returns is not formally considered due to the following reasons:

- IR Capital manages a small number of portfolio companies, typically with insufficient data.
- Information that is available often requires significant resources to obtain.

(3) Consideration of principal adverse sustainability impacts disclose as per Art. 4 of Regulation (EU) 2019/2088

At present, IR Capital does not consider Principal Adverse Impacts (PAIs) of its investment decisions on sustainability factors due to our current position of early-stage review and definition of the ESG strategy and integration. However, IR Capital is looking to start considering PAIs at the entity level to better define its ESG strategy, with the intention of eventually incorporating this analysis into fund-level PAI monitoring and reporting.

(4) Remuneration and integration of sustainability risks
Art. 5 of Regulation (EU) 2019/2088, disclose how remuneration principles relate to the integration of sustainability risks disclosed under art. 3 of the SFDR.

IR Capital's remuneration policy includes a combination of fixed remuneration (salary and benefits), and variable remuneration (annual bonus and *carried interest*), which is aligned with the performance of (i) IR Capital and (ii) the funds managed by IR Capital, being the latter the most significant part. The policy aims to promote the alignment of interests between professionals, IR Capital shareholders and IR Capital investors. While following IR Capital´s ESG principles, such as complying with IR Capital code of ethics & conduct, implicitly influences the evaluation of employees' professional performance, namely in the non-discretionary portion of the annual bonus evaluation portion, the current remuneration policy does not explicitly take into account sustainability measurement risks. This may be considered in the future as part of our ongoing efforts to integrate ESG principles.

This policy reflects IR Capital's commitment to responsible investment and aligns with our ongoing efforts to enhance our sustainability practices and was approved by Inter-Risco's Board in June 2024.