IGUAKO CAPITAL · Group policy

Environmental and Climate Considerations

This policy sets how environmental and climate factors enter IGUAKO Capital's underwriting, its monitoring of the 47 portfolio companies and positions, and the running of its own 36 offices. It treats environmental exposure as a source of financial risk and of underwriting evidence, not as a marketing position. It fixes the activities the firm will not finance, the assessment every new position must pass, and the annual environmental statement the Chief Investment Officer gives the Board.

CODE	CATEGORY	VERSION
IGC-SE-001	Sustainability and ethics	2.0
EFFECTIVE	**REVIEW**	**OWNER**
2024-07-01	Annual. Last reviewed May 2026. Next review due May 2027.	Chief Investment Officer

1. Purpose and scope

The firm originates in sectors that depend on living systems: aquaculture depends on water, agri-science on soil and climate, animal health on herds and flocks, pharmaceuticals on supply chains that stretch across continents. Environmental conditions therefore decide whether an advantage in those sectors is structural or temporary, which is the first of the four underwriting tests. This policy exists to make that assessment explicit.

It applies to every new position, facility, mandate and advisory engagement in all six divisions, to the monitoring of every existing position, and to the group's own operations. It applies to deployment sectors as well as origination sectors: a data centre position carries an energy exposure, and a structured credit position carries the exposure of its collateral.

The policy does not make the firm a sustainability fund, and the firm does not describe itself as one. It makes no claim to net-zero status and buys no offsets to support one. It states what the firm assesses, what it declines and what it measures, and it leaves clients to draw their own conclusions from the figures.

2. Environmental factors in underwriting

Every investment paper presented to the Investment Committee contains an environmental section prepared by the deal team and reviewed by the Risk function. The section identifies the physical dependencies of the business, the pollutants and wastes it produces, the permits it holds and their renewal dates, any enforcement action in the last five years and the capital expenditure needed to meet known future standards.

Climate exposure is assessed in two forms. Physical exposure covers the effect of heat, drought, flood, storm and sea-level change on the assets and supply chains of the business over the intended holding period. Transition exposure covers the effect of carbon pricing, changing standards and changing demand on its costs and revenues. Each is rated low, medium or high, and a high rating requires a mitigation plan in the investment paper.

The assessment feeds the fourth underwriting test, the loss the firm is prepared to accept. A position with a high physical or transition rating carries a lower loss limit and a shorter review interval. In the year to 30 June 2026 the Investment Committee considered 31 new positions; six carried a high rating on one form of exposure and two were declined on environmental grounds.

3. Activities the firm will not finance

The firm does not commit capital, provide a facility, advise or arrange for the following, in any division and any jurisdiction. The list is short so that it is enforced. It is reviewed each year by the Ethics & Technology Council and the Investment Committee jointly, and additions are approved by the Board.

A position that acquires an excluded activity through a portfolio company, for example a farm that begins to convert forest, triggers a remediation requirement with a twelve-month deadline and an exit if the deadline is missed. The firm does not treat the exclusion as satisfied by a holding structure that keeps the activity one step removed.

- New thermal coal extraction or coal-fired generation.
- Conversion of primary forest, peatland or wetland to agricultural or aquacultural use.
- Fishing or aquaculture operations that rely on the capture of wild juveniles for stocking.
- Production or trade in substances subject to international phase-out for environmental reasons.
- Any business whose principal permit has been revoked for an environmental breach within the last three years.

4. Monitoring the portfolio

Each of the 47 portfolio companies and positions reports environmental data to the firm at least once a year in a standard template: energy and water consumption, waste and effluent volumes, permit status, incidents and enforcement actions, and progress against any mitigation plan set at underwriting. Positions with a high rating report every six months.

The Risk function checks reported data against public records and against the results of site visits. Private Equity and Commercial Finance deal teams visit each operating asset in their portfolio at least once a year, and the visit report includes the environmental section. An incident that causes harm outside the site boundary is reported to the Chief Investment Officer within five working days.

Environmental performance is one of the covenants in the investment documents for every origination-sector position made since this policy took effect. Breach of the covenant triggers the same escalation as a financial covenant: notice, a remediation plan, and a review of the position by the Investment Committee if the plan is not met.

5. The firm's own operations

The firm measures the emissions of its own 36 offices and its travel each year. For the year to 30 June 2026 the total was 2,140 tonnes of carbon dioxide equivalent, of which 61 per cent arose from air travel, 27 per cent from purchased energy in the offices and the remainder from purchased goods and services. The figure is 6.9 tonnes per person, against 8.4 in the prior year.

The objective is a 30 per cent reduction per person from the 2024 baseline by the end of 2030, achieved through fewer flights, lower-emission premises under Programme Latitude and a switch to renewable electricity tariffs where the local market offers one. The objective is set per person because the headcount will rise to 480 under the programme, and a total figure would flatter growth.

New premises are selected against an energy standard set by the Chief Operating Officer, and every lease signed after 1 January 2025 includes a right to metered energy data. Travel policy requires that internal meetings between offices in the same region are held by video by default and that intercontinental travel is approved by a head of division.

6. Governance and reporting

The Chief Investment Officer owns the policy and presents the annual environmental statement to the Board. The statement records the portfolio assessment results, the exclusions applied, the covenant breaches and their outcomes, the firm's own emissions and progress against the reduction objective. The Board minutes record its discussion. The statement is available to clients on request.

The Risk & Valuation Committee reviews the climate ratings of the portfolio each quarter and their effect on loss limits and valuations under the Valuation of Investments policy. The Ethics & Technology Council reviews the exclusion list. Internal Audit reviews the completeness of portfolio reporting every two years. No environmental claim is made in client material without the Chief Investment Officer's approval and evidence from the firm's own records.

Key controls

- An environmental section in every Investment Committee paper, reviewed by the Risk function.
- Physical and transition climate ratings for every position, with a mitigation plan required for any high rating.
- A Board-approved exclusion list reviewed annually by the Ethics & Technology Council and the Investment Committee.
- Annual environmental reporting from all 47 positions, six-monthly for high-rated positions, checked against public records.
- Environmental covenants in investment documents with escalation on breach.
- Annual measurement of the firm's own emissions against a per-person reduction objective for 2030.
- An annual environmental statement from the Chief Investment Officer to the Board, available to clients on request.
- No environmental claim in client material without evidence from the firm's own records.

Related policies

- Animal and Biological Welfare in Investment (IGC-SE-002)
- Risk Appetite Framework (IGC-GR-001)
- Valuation of Investments (IGC-MT-005)
- Responsible Innovation (IGC-SE-003)