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# SFDR Disclosures

The information set out below is in relation to the Fund categorised as Article 8 under SFDR. This information provided is in accordance with the requirements of the EU SFDR Level 2 Regulatory Technical Standards ("RTS") which is effective from the 1<sup>st</sup> January 2023. Furthermore, the information provided at present should also be read in conjunction with the full text of this Offering Memorandum. If you require a copy of the Offering Memorandum please contact fundcosec@bluebay.com.

## Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:BlueBay Emerging Market Illiquid Credit Fund I SCSp

Legal entity identifier:549300BTIA6G7EVJ8O59

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ Yes

☒ No

<div><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __%</div> <div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div> <div><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div> <div><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%</div>	<div><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments</div> <div><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div> <div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div> <div><input type="checkbox"/> with a social objective</div> <div><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</div>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Fund consist in favouring investment in issuers whose business activities and/or conduct take an appropriate and responsible approach to ESG. On the environmental front, where relevant, this includes, but is not limited to, appropriate and responsible management of climate change and waste. The social characteristics promoted by the Fund where relevant include, but are not limited to, appropriate and responsible management of employee relations and health and safety practices.

Via the promotion of the above environmental and social characteristics, the Fund aims to achieve a reduction in harmful impact on the environment and/or society by:

- Conducting an ESG evaluation of issuers in scope based on a proprietary framework and setting a minimum ESG risk rating for a security to be considered an eligible investment (ESG Integration).
- Conducting engagement with issuers on ESG matters, by prioritising those with scope to improve management of key ESG issues, including but not limited to ethical business conduct, labour and human rights as well as environmental issues such as climate change (ESG Engagement).
- Excluding in-scope fixed income securities and issuers involved in selected controversial activities (ESG Exclusion / Negative Screening and ESG Norms Based Screening approaches).

The Fund's benchmark does not implement any of the ESG specific considerations which apply to the Fund and is therefore used for performance comparison only.

#### Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

#### *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The Fund aims to invest in fixed income securities in scope of an ESG evaluation, which include 1) securities with direct exposure to the issuer, such as corporate or sovereign bonds, and 2) financial derivative instruments with indirect exposure where the corporate or sovereign issuer is the underlying, such as credit default swap, which contribute to the attainment of the ESG characteristics promoted by the Fund. The sustainability indicators used to assess, measure and monitor the ESG characteristics of the Fund are as follows:

- I. The share of in scope fixed income securities held by the Fund which are covered by the Portfolio Manager's ESG evaluation.
- II. The share of in scope fixed income securities which are compliant and not in active breach of any ESG Exclusion / Negative screening (product based) and ESG Norms Based Screening (conduct based) screening applicable to the Fund as detailed in section 4 of this Offering Memorandum.
- III. The share of in scope fixed income securities which are compliant and not in active breach of the ESG Integration screening which excludes issuers with a 'very high' Fundamental ESG (Risk) Rating (either at an overall ESG level, or on the 'governance' pillar specifically) as per the Portfolio Manager's proprietary ESG evaluation detailed thereafter.

#### *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

Not applicable.

#### *How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?*

Not applicable.

#### Principal adverse impacts

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm the EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do not significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.



#### Does this financial product consider principal adverse impacts on sustainability factors?

- X** Yes, the environmental and social impacts of the activities of the issuers of all in scope fixed income securities held by the Fund are assessed on an ongoing basis through the ESG Integration process of the Portfolio Manager. The consideration of PAI indicators provides additional input

to the Environment and Social pillar of the ESG evaluation of issuers and may, in some cases, lead to exclusions or conditional inclusions of fixed income securities predicated on certain conditions being met. The Portfolio Manager monitors and evaluates a range of PAI indicators, but as the reporting of many of these metrics by investee entities are currently voluntary, the availability of data on some indicators is limited. As such, the integration of PAI indicators is conducted on a best-efforts basis, reflecting the availability of such information. However, as data availability improves, it is expected that PAI indicators will cover a greater portion of the Portfolio Manager's investable universe and therefore allow for better insight in the adverse impacts caused by investee entities. Further information on the consideration of PAI by the Fund will be provided a future version of this Offering Memorandum.

More information on principal adverse impacts on sustainability factors is available in the periodic reporting pursuant to Article 11(2) of the SFDR.

No



### What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund invests in a portfolio of fixed income securities of issuers based in Emerging Market Countries while taking into account ESG considerations.

The Portfolio Manager conducts ESG analysis on corporate and sovereign issuers, using its own proprietary issuer ESG evaluation framework, which results in two complementary ESG metrics: a Fundamental ESG (Risk) Rating (which refers to the assessment of ESG factors/risks), and an Investment ESG Score (which denotes the extent to which the ESG factors/risks are investment relevant/material). The key metric which can lead to additional restrictions on investment is the Fundamental ESG (Risk) Rating. The credit analysts conduct the initial ESG evaluation assigning the ESG metrics. These are then reviewed and finalised by the ESG investment team, prioritised depending on the assigned ESG risk. The process operates by consensus. There is a formal review of the ESG evaluations every two years, although it can be initiated sooner where the analysts have sufficient cause to question the ongoing validity of the assigned ESG metrics (particularly the Fundamental ESG (Risk) Rating). A new issuer cannot be invested without prior ESG analysis to ensure it is suitable. Given potential timing challenges in completing the standard ESG evaluation, a preliminary ESG analysis can be undertaken as a minimum. A more concise version of the standard ESG evaluation, the analysis is based on third party ESG metrics. It is possible that upon replacing the preliminary ESG analysis with a standard ESG evaluation, subsequent information comes to light which results in an issuer being assigned a Fundamental ESG (Risk) Rating which breaches the ESG requirements by the Fund. In such instance, the issuer would be disposed of as soon as possible and / or practicable and in the best interest of investors.

The ESG profile of an issuer is assessed through different lenses including:

- How the issuer is perceived from third party ESG information providers.
- How the issuer performs across a range of core ESG Factors of concern, irrespective of its specific industry/economic peer group and profile. These include areas such as:
  - The business footprint including, but not limited to, the presence of the issuer in countries with high corruption, the extent to which the business model is sensitive to bribery & corruption risks, exposure to dealings with the public sector and government officials and the inherent sustainability footprint of the business on the planet and society;
  - Governance and management by considering the nature of the business growth strategy, legal ownership structure, management quality & culture and accounting practices;
  - The environment and the existence of environmental management practices, climate/carbon management efforts and regulatory compliance track record and
  - Social matters such as the existence of formal internal and external stakeholder engagement practices and the regulatory compliance track record.
- How it compares relative to its industry for corporates / economic peer group for sovereigns on the most material ESG Factors, and whether its practices are improving or not.

The issuer ESG evaluation utilizes a range of data and insights from across a number of resources, including a mix of external and internal (credit and ESG) insights such as: third party ESG information providers, company management contact/communications, sell-side brokers with ESG capabilities, stakeholders such as regulators, non-governmental organisations, industry groups, media channels specialising in ESG news flow, as well as the in-house sector credit analyst's knowledge of issuer, sector and region. Input from external ESG information providers may define the specific issuers excluded as part of the ESG Exclusion / Screening and ESG Norms Based Screening approaches. However, with respect to the Portfolio Manager's ESG evaluation of issuers, data from external ESG information providers is only used as an input and it does not define the Fundamental ESG (Risk) Rating ultimately assigned to each issuer.

Key ESG outputs from the ESG analysis are documented in the Portfolio Manager's investment IT platforms. There is ongoing monitoring and engagement of portfolio holdings and issuers of interest, with dialogue held with issuers to further develop insights, and/or to promote change either to mitigate investment risks or protect the ESG characteristics. Insights gained from this process further inform on investment views and decisions and can potentially result in changes to the assigned ESG metrics.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding ESG requirements result from (i) ESG Exclusions / Screening; (ii) Norms-Based Screening; and (iii) ESG Integration which exclude issuers depending on the outcome of the ESG evaluation where an issuer is deemed to have a 'very high' Fundamental ESG (Risk) rating according to the Portfolio Manager's ESG evaluation process. Of the two ESG metrics generated, the Fundamental ESG (Risk) Rating is the binding element as this explicitly relates to the ESG factors and risks. The Investment ESG Score, is not binding, as this refers to the investment materiality of the ESG factors and risks. For full details of the ESG requirements applicable to the Fund, please refer to section 4 of this Offering Memorandum.

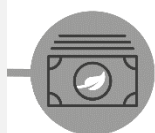
- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

As part of the Portfolio Manager's proprietary ESG evaluation framework, any issuer deemed to have 'very high' ESG risks on the governance pillar is automatically assigned a 'very high' Fundamental ESG (Risk) Rating overall, and consequently systematically accounted for within the 10% net exposure limit applied by the Fund. Any issuer held deemed to have 'very high' ESG risks due to governance issues would need to demonstrate either an improving performance trajectory or be subject to strategic engagement specifically on the governance pillar. In assessing issuers on governance, considerations take account of conventional corporate governance, as well as broader governance related

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



matters. These include, but are not limited to, factors such as: ownership structures, board independence and accountability, management quality, incentives and remuneration, accounting practices, business growth strategy, as well as broader issues of culture and ethical conduct.

What is the asset allocation planned for this financial product?

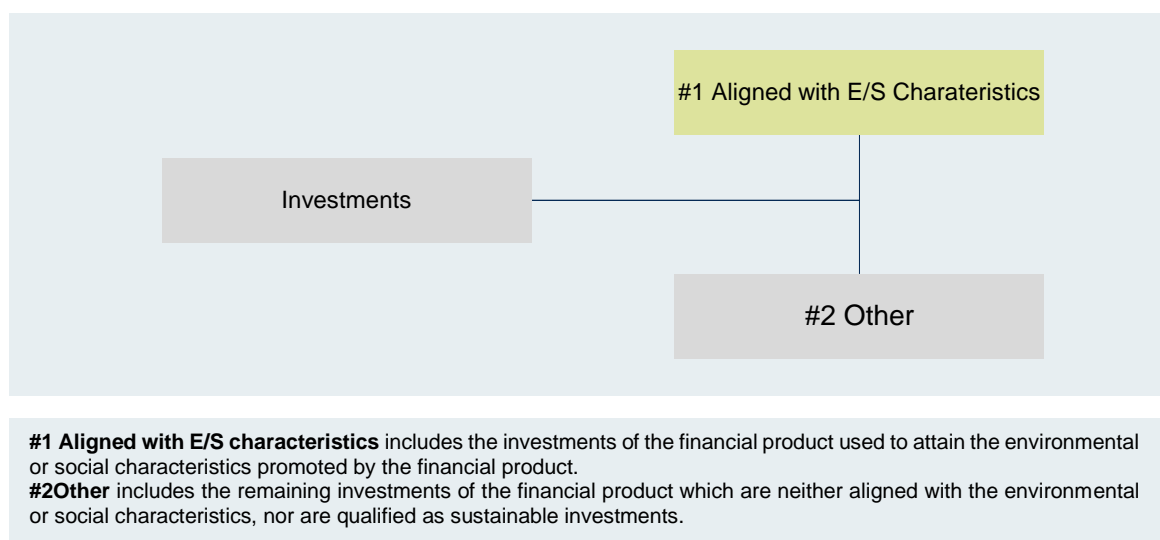
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Fund is expected to invest 100% of its net assets in fixed income securities in scope which are aligned with the E/S characteristics promoted by the Fund (#1). In line with the Fund's investment policy, at least two-thirds (66.67%) of the Fund's net assets will be invested in fixed income securities in scope which are aligned with the E/S characteristics promoted by the Fund (#1), subject to any security which the Portfolio Manager is in the process of selling because it no longer meets the ESG considerations applied by the Fund.

At a maximum, the remaining one-third (33.33%) may be held in Cash and in short-term bank certificates and Money Market Instruments which will not incorporate E/S characteristics and will fall *under* #2.



*How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

The Portfolio Manager's ESG evaluation applies to financial derivative instruments where a single issuer is the underlying asset (i.e., credit default swaps) and neither long or short positions are permitted on any excluded issuers as a result of sustainability factors in order to promote the environmental or social characteristics.

A Fund may have exposure to excluded issuers via financial derivative instruments including, but not limited to, those where a financial index is the underlying, which may be used for investment, hedging purposes and efficient portfolio management and not to promote the environmental or social characteristics. Moreover, any exclusion applicable to sovereign issuers (where relevant to the strategy) does not restrict the Fund from having exposure to instruments which are indirectly related to such issuers such as currency or interest rate derivative instruments, as these do not promote the environmental or social characteristics.

Exposure to financial derivative instruments is not monitored based on the Fund's net assets and therefore not reflected as part of the asset allocation above. Instead, monitoring will be in line with the global exposure limits of the Fund.

A Fund may have exposure to excluded issuers via financial derivative instruments including, but not limited to, those where a financial index is the underlying, which may be used for investment, hedging purposes and efficient portfolio management and not to promote the E/S characteristics. Moreover, any exclusion applicable to sovereign issuers does not restrict the Fund from having exposure to instruments which are indirectly related

to such issuers such as currency or interest rate derivative instruments, as these do not promote the E/S characteristics.

Exposure to financial derivative instruments is not monitored based on the Fund’s net assets and therefore not reflected as part of the asset allocation above. Instead, monitoring will be in line with the global exposure limits of the Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

While this Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any “sustainable investments” within the meaning of the SFDR or the Taxonomy Regulation. Accordingly, it should be noted that this Fund does not take into account the EU criteria for Environmentally Sustainable Economic Activities within the meaning of the Taxonomy Regulation and its portfolio alignment with such Taxonomy Regulation is zero. Therefore, the “do not significant harm” principle does not apply to any of the investments of this Fund.

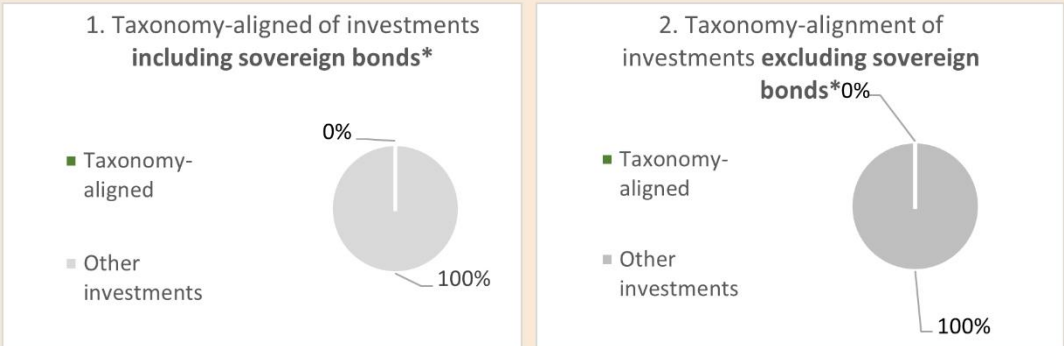
**Does the financial product invest in fossil gas and/ or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

YES: [specify below, and details in the graphs of the box]



☒ No

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures


**What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

<sup>1</sup> Fossil gas and/ or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and so not significantly harm any EY Taxonomy objective- see explanatory note in the left hand margin. Full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The Fund may hold certain instruments which do not contribute directly to the E/S characteristics promoted by the Fund such as Cash, short-term bank certificates and Money Market Instruments.

Such instruments may be used for the purposes of capital preservation and do not follow any minimum environmental or social safeguards.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No. The Fund does not have a reference benchmark for the purpose of implementing ESG considerations.



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<https://www.bluebay.com/en/institutional/what-we-do/funds/sustainability-related-disclosures/>