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# Muzinich's Voluntary Commitments and Support for ESG Initiatives

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*Muzinich & Co*

## Muzinich's Voluntary Commitments and Support for ESG Initiatives

Muzinich participates in various collaborative industry groups to support the growth and depth of sustainable investment practices. These are listed below in chronological order of the date on which Muzinich joined the relevant initiative.

**Initiative:** UN-Supported Principles for Responsible Investment ("PRI")

**Joined:** 2010

**Role/focus:** Signatory/investor focused

**About initiative:** The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. Visit: <https://www.unpri.org/>

**Initiative:** UK Women in Finance Charter

**Joined:** 2018

**Role/focus:** Signatory/business focused

**About initiative:** This is a commitment by the UK Treasury and signatory firms to work together to build a more balanced and fair industry. Firms that sign up to this Charter are pledging to focus on gender diversity in their business. The Charter reflects the government's aspiration to see gender balance at all levels across financial services firms. Visit: <https://www.gov.uk/government/publications/women-in-finance-charter>

**Initiative:** European Leveraged Finance Association ("ELFA")

**Joined:** 2019

**Role/focus:** Member/investor focused

**About initiative:** Muzinich is a founding member of the European Leveraged Finance Association (ELFA) and participates on ELFA's board. ELFA is a trade body acting as the voice of the investor community, which seeks a more transparent, efficient and resilient leveraged finance market. Muzinich participates in various committees including the ESG, Diversity and Inclusion, CLO Investor, Disclosure and Transparency, Engagement, Loan and Private Debt Committees. Visit: <https://elfainvestors.com/>

**Initiative:** Investment Company Institute ("ICI")

**Joined:** 2020

**Role/focus:** Member of the ICI's ESG Task Force /investor focused

**About initiative:** Muzinich is a member of the ICI's ESG Task Force. The ICI represents regulated funds globally. ICI's ESG Task Force is focused on engaging on global policymaking activity around issues related to ESG/sustainable investing including regulations on implementation of responsible investment and ESG disclosures by asset managers. Visit: <https://www.ici.org/>

**Initiative:** Climate Action 100+

**Joined:** 2020

**Role/focus:** Member/investor focused

**About initiative:** Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The companies targeted by this investor group include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition. Visit: <https://www.climateaction100.org/>

**Initiative:** Taskforce on Climate Related Financial Disclosures ("TCFD")

**Joined:** 2020

**Role/focus:** Supporter/business and investor focused

**About initiative:** The TCFD, created by the Financial Stability Board ("FSB"), provides a disclosure framework for corporations to identify, monitor and manage climate risks to their business. The objective of the TCFD is to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The TCFD recommendations center around climate risk governance, risk management, metrics, and target setting. Visit: <https://www.fsb-tcfd.org/>

**Initiative:** PRI Statement on ESG in Credit Risk and Ratings

**Joined:** 2020

**Role/focus:** Signatory/investor focused

**About initiative:** By signing the PRI Statement on ESG in Credit Risk and Ratings, credit rating agencies and fixed income investors commit to incorporating ESG into credit ratings and analysis in a systematic and transparent way. To date, the statement is supported by more than 180 investors (with nearly US\$40trn in collective AUM) and 27 credit rating agencies (“CRAs”). Visit: <https://www.unpri.org/credit-risk-and-ratings/statement-on-esg-in-credit-risk-and-ratings-available-in-different-languages/77.article>

**Initiative:** PRI Structured Finance Working Group

**Joined:** 2020

**Role/focus:** Member/investor focused

**About initiative:** The broad objectives of this initiative are to: advise PRI on its program to identify how ESG factors are considered when investors allocate capital to structured products or when these are originated; promote more systematic and transparent incorporation of ESG factors in investment decisions in structured products; oversee the various expert working groups PRI will set up to address ESG consideration in structured products; review and advise on material to be published as part of the PRI’s structured finance program; and support outreach and awareness raising efforts for the program. Visit: <https://www.unpri.org/signatory-resources/advisory-committees-and-working-groups/320.article>

**Initiative:** Private Sector Voluntary Carbon Markets Taskforce

**Joined:** 2020

**Role/focus:** Supporter/investor focused

**About initiative:** Muzinich’s Co-Head of Public Markets, Tatjana Greil Castro, participates in this initiative as a member of the Consultative Group of The Taskforce on Scaling Voluntary Carbon Markets (“TSVCM”), which was launched by Mark Carney, UN Special Envoy for Climate Action and Finance Advisor to UK Prime Minister Boris Johnson for COP26. The TVSCM was established to ensure the integrity of carbon credits, support the development of robust carbon market infrastructure, and support the scaling of carbon markets to allow significant financial flows into carbon credits and offsetting. Visit: [www.iif.com/tsvcm](http://www.iif.com/tsvcm)

**Initiative:** Net Zero Asset Managers Initiative (“NZAMI”)

**Joined:** 2021

**Role/focus:** Signatory/investor focused

**About initiative:** The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. As of 31 May 2022, the NZAMI was supported by 273 signatories representing USD61.3 trillion in assets under management. Signatories to the NZAMI commit to publishing decarbonization plans, metrics and targets within a year of signing up to the initiative. Visit: [www.netzeroassetmanagers.org](http://www.netzeroassetmanagers.org)

**Risk warnings:** **Exclusion Risk:** ESG screening can limit the investment opportunities available to a portfolio, such as the exclusion of certain investments for non-financial reasons. As such, a portfolio may underperform other similar portfolios that do not apply ESG screening. **ESG Risk:** Consideration of Sustainability Risks in the investment process can result in the exclusion of certain investments in a portfolio. Therefore, results may differ, and a portfolio that considers sustainability risks might underperform other similar portfolios that do not consider such risks.

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**SFDR** - Refers to Regulation (EU) 2019/2088 or the Sustainable Finance Disclosures Regulation (SFDR) a piece of European financial sector regulation which sets out obligations for financial market participants to disclose specific details on their approach to sustainability risks in their investment process and other details on the provenance of ESG claims that are used to market their financial products. Further details on Muzinich's SFDR disclosures are available in relevant product documentation such as fund prospectuses and supplements on our website [www.muzinich.com](http://www.muzinich.com).

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