

Climate-related disclosure

Disclosure as of 31.12.2024

EOS Investment Management Group Ltd

Foreword

Climate change has been at the forefront of policymakers' priorities for more than five years now leading to a rising set of regulations responding to the need to address this environmental and societal challenge of the century. Despite that, it is now becoming increasingly evident that it is not just a policy-making issue and that the fight against climate change, through its mitigation and adaptation, has become central and relevant for any human and economic field. In this context, any individual and business activity plays a role in its progress either with intended or unintended outcomes.

In recognition of that, this document aims to provide stakeholders of EOS Investment Management Group Ltd (also "EOS IM" or "the Group") with a voluntary disclosure to detail and explain how it has been addressing climate change so far in its activity. In particular, EOS Investment Management Group Ltd is an independent investment manager focusing on investing in profitable businesses with sustainable models. At the core of the Group activity is the willingness to generate financial value by investing in the real economy while promoting its sustainable transition. This is pursued through two investment strategies focusing on energy and sustainable transition which targets infrastructure and private equity investments. In light of that, as asset manager acting as fiduciary for its investors, the Group released this disclosure to ensure transparency on how climate change is being addressed by its activities, process and investments.

This disclosure is made by considering the recommendation of the Task-Force on Climate-related Financial Disclosures (or "TCFD"), of which the Group is a supporter since 2022. More specifically, these recommendations relate to:

- *Governance* - the organization's governance around climate-related risks and opportunities
- *Strategy* - the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
- *Risk Management* - the processes used by the organization to identify, assess, and manage climate-related risks
- *Metrics and targets* - the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The disclosure covers all the Group's activity, even considering a criterion of proportionality in the disclosure, as of 31 December 2024.

The Group's approach toward climate change

TCFD recommended disclosure: Strategy

Environmental and social aspects are central to EOS IM's missions which is driven by the goal of creating both financial and non-financial value by investing in profitable business with sustainable models. In addition to the willingness to support sustainable business models, the Group considers as essential to complement a thorough sustainable approach to have a strategy in place to manage all ESG aspects in all activities, both operational and investment.

In the context of operational activities, it must be noted that they mainly consist of processes for supporting business activities having limited effects on the environment. Therefore, no major risks and opportunities related to climate have been identified in the short, medium or long term beyond few targeted initiatives to improve or limit even more the outcomes of such activities.

With regard to the investment activity, climate-related considerations are integral to the Group regular business activities. For example, the assessment of medium- and long-term opportunities, which leverages internal expertise, the continuous upskilling and market research, plays a key role in shaping the Group strategy in terms of investment focus and product design. More specifically, climate change is at the foundation of the infrastructure strategy as far as it focuses on investment in renewable energy technologies supporting the energy transition. During time this focus has been enhanced through the investment strategy of the Funds under the Group's management, coming from a first generation Fund targeting small-scale, brownfield wind and solar power plants (**EOS Energy Fund I**) to second generation Fund investing in large-scale infrastructure with a greenfield focus and value-added, platform-type projects (**EOS Energy Fund II**). Underlying this enhanced focus on renewables is the acknowledgment of the related opportunities as one key driver for decarbonization and sustainable future: in fact, the objectives at European and global level for decarbonisation across all sectors require effort beyond the sole financing of renewable energy players, rather they call for flows of capitals to be deployed in the creation of new power capacity coming from renewable sources. Consistently with this need, the Group has been striving to invest in infrastructure enabling the increase of clean energy available thus supporting the phase-out from fossil fuels at the same time. As of 2024, the infrastructure portfolio counts several investments in photovoltaic plants across Italy and Europe, with most of the capacity, expressed in Megawatt, represented by greenfield plants as proof of the commitment toward advancing the energy transition.

Building on the expertise gained from the infrastructure funds, this attention has been brought also to the Private Equity Strategy with the launch during 2024, of a new thematic Fund (**EOS Next Transition Fund II**). In fact, the experience gained investing in greenfield photovoltaic plants has made clear that, in order to boost the energy transition, it is not enough to directly finance the energy sector itself, but also all kind of businesses involved in the creation of new plants need to be supported. To this end, the Fund targets small or medium enterprises running activities that are or may become enabler of the sustainable transition in the respect of energy efficiency and transition. While this theme intentionally focuses on fostering the energy transition and decarbonisation of the energy sector, the Fund is focused on two other themes,

which are circular economy and sustainable agriculture and food systems and where lays as well potential for contributing to decarbonization considering the current status.

Even though strong contribution to address climate change is driven by the investment strategy, the Group recognizes that to create a 'net-positive' contribution efforts must be directed also to prevent and limit the generation of GHG emissions where material. Since the early start, EOS IM has adopted to this end a proper strategy to address environmental, social and governance aspects thus supporting sustainable development in all its aspects. In 2019, EOS the Group adopted specific policies setting out the approach for managing ESG aspects within the organization and in its investment activities as described in the **"Environmental, Social and Governance and Responsible Investment Policy"** and **"ESG Policy – Clean Energy Strategy"**.

The first policy describes the general approach for integrating ESG considerations, including climate change, throughout the investment lifecycle as a driver for increasing value and avoiding negative effects, which can also ultimately affect financial performances. The approach entails a multi-layered strategy, which in the first place aims at limiting the investment universe with respect to sectors or activities that are controversial under an ESG perspective: in this context, the exclusion and restriction criteria may include high emissions sectors or fossil fuels. In addition, ESG factors are integrated into the traditional investment processes. Pre-investment activities include an ESG due diligence carried out by independent specialized advisor for detecting risks and opportunities on material ESG aspects, including climate change, for the target. To the extent applicable, during this stage qualitative and quantitative information are taken into account with the ultimate goal of identifying red flags or any potential liability that can be generated in that respect. With respect to climate, during the due diligence attention is paid to the presence of certified energy or environmental management systems, policies, measurement systems or initiatives implemented to control GHG emissions, especially in case of manufacturing companies. Likewise, during the holding period attention is paid to the same aspects through periodic ESG monitoring with the aim of assessing improvement compared to the due diligence recommendations, the level of control over such aspects or any potential negative effect generated in the period. If the case may be, engagement activities can be undertaken to address specific aspects: for what concerns the private equity portfolio, companies may be engaged in order to promote the adoption of practices to improve performance related to the generation of GHG emissions.

The other policy dedicated to Clean Energy outlines the approach for the management of material environmental, social and governance aspects during the different stages of the investment lifecycle, notably i) development/pre-construction, ii) construction, iii) operation and iv) divestment/decommissioning considering the level of impact that can be generated in each of them in the recognition that some of these stages may imply higher impacts on ESG, such as higher GHG emissions.

The strategy as well as the ESG-related policies above described, which together encompass climate risks and opportunities, are overseen by the Board of Directors which is responsible for their formal approval.

Moreover, an ESG Committee, which generally is convened twice a year, has been established with the purpose of creating a specific managerial body overseeing ESG and sustainability-related decisions at organizational level. The Investment Committees have the responsibility for addressing ESG aspects, including risks and opportunities related to climate, in the context of their decision-making in relation to the single investment.

With the goal of ensuring a solid implementation of the strategy described above, EOS IM has adopted a sound governance among the Group management. In fact, among the Corporate Functions there is a specialized fully-dedicated role represented by the ESG Manager, directly reporting to the Group Head of Finance and Operations: this role acts as pivot for the coordination of the ESG integration strategy being responsible for overseeing the implementation of the responsible investment approach at both Group- and Fund-level, herein including any activity directly or indirectly relating to climate risks or opportunities. For what concerns the ESG integration in investment activities, the investment teams are accountable for the proper implementation on an ongoing basis, with ESG Ambassadors appointed within their members to promote and supervise ESG aspects: for example, in the context of each strategy, ESG Ambassadors strive to find measure to mitigate climate risks, such as GHG reduction measures for portfolio companies or energy efficient components for photovoltaic plants.

Portfolios' risk-profile and performance

TCFD recommended disclosure: Risk Management, Metrics & targets.

Within the regular risk management processes ESG aspects are covered for all portfolios, with ex-ante and ex-post evaluations taking into account qualitative and quantitative parameters to the extent possible, also related to climate change. As part of its policies, climate risks may be further investigated with specific assessments depending on the investment and on materiality criteria. This is the case of infrastructure investments where a deeper understanding of the risks over an extended time horizon is key to understand whether the location of the plant, which typically requires a strong exposure to sun rays, as well as the physical technical specifications may require climate adaption solutions to ensure resilience in case of extreme events caused by climate change. In this case, **climate risks and vulnerability assessments** using climate scenarios help obtain an understanding of the evolution of the exposure to physical and financial loss risks of an asset over its lifetime and beyond.

As of 2024, assessments were carried out through specialised technical advisors for part of the portfolio covering assets located in central Italy (Latium) and Spain. The climate risk assessments were performed in line with the EU Taxonomy recommendations for the verification of absence of significant harm to the objective of climate change adaptation and, specifically, based on IPCC modelling recommendations for representative concentration pathway (RCP) cases RCP4.5 and RCP8.5, the latter representing the basis for a worst case

scenario¹. Generally speaking, neither significant risk with short-term backlashes nor high risk in the coming future were detected. For what concerns the cluster of Italian assets, the driving hazards for potential damages costs are soil movement, riverine flooding and extreme wind which anyway are associated with a low risk over the short, medium and long term, while heat stress is associated with an increased likelihood of causing failure at the end of the century. For the Spanish assets, according to the climate risk and vulnerability assessments all climate related hazards present low, minor or no risk to the project, exception made for an increase in extreme wind speed that was identified over the medium-term (2040-2059).

In line with the internal targets defined for EOS Energy Fund II's portfolio, further climate risks assessment will be carried out in order to cover at least the majority of the portfolio's assets under construction or in operations by the liquidation of the Fund.

Regarding the Private Equity portfolio, as of 2024, the only portfolio company is considered not to be significantly exposed to climate risks, neither transition or physical one, being a service company, not particularly energy or emissions intensive, which is located in an industrial area in northern Italy. Accordingly, no significant damages undermining the activity or yielding financial loss are reasonably expected.

In any case, with the aim of protecting assets from potential natural hazards that can be driven by climate change, investment teams evaluate and, where appropriate or required, adopt **risk transfer strategies** by subscribing to full risk and liability insurance policies.

The risk assessments are additional to the **regular monitoring** that is performed internally over a set of KPIs, among which energy consumption, GHG emissions and intensity, aimed at keeping control over aspects that may warn in case of risks. This monitoring currently takes place with different frequency depending on the asset class in considerations that for portfolio companies a more regular trend is expected in the consumption of energy and emission on GHG depending on the business activity they carry out, while for plants, especially in the construction period, spikes in energy consumption and GHG emissions may occur.

As of 2024, based on the data gathered through the periodic monitoring, for EOS Energy Fund II total GHG emissions increased compared to the previous due to the intensification and start of construction activities in additional site.³

| Metrics | | udm | FY 2023 | | FY 2024 | |
|-------------------------------------|--|-----|---------|--|---------|--|
| GHG and other emissions | | | | | | |
| Total GHG emissions | | | 270.48 | | 572.69 | |
| Scope 1 | | | 1.09 | | 15.17 | |
| Scope 2 (market-based) ² | | | 262.40 | | 544.24 | |
| Scope 3 | | | 6.99 | | 13.28 | |

Table 1

Considering only projects causing GHG emissions at date, the overall carbon footprint of the portfolio is 3 tCO₂ per €mln invested (2 tCO₂ if considering the €mln of investments at fair value). Likewise, the GHG intensity based on the revenues generated by operating plants amount to 32 tCO₂ per €mln (excluding emissions of one asset that are due to construction). This calculation draws on input data that are regularly gathered and that relate the aspects where GHG emissions are more likely to be generated on a regular basis by contractors depending on maintenance, operations and constructions activities which are mainly related to vehicles for transfer to the plants and consumption of energy. Nevertheless, throughout the lifetime of a plant and depending on the development stage, GHG emissions may be generated

¹ The assessments were carried out different advisor for the Italian and Spanish assets. Accordingly, the methodology, tool and depth of analysis may differ depending on the advisor following the activity.

² Scope 2 emissions are calculated using the market-based methodology (applied since 1H'24 data), emission factors derived from AIB - residual mix, with renewable and nuclear energy in the mix considered as zero emissions.

³ Refinement of the methodology among years as well as of input data (e.g. emission factors) may also affect the final values.

also by other direct and indirect causes: given that, a comprehensive carbon footprint assessment was carried out through a specialized external advisor in order to state the portfolio's carbon footprint based on the 2024 situation and composition, the main hotspots and the potential levers for reducing emissions. This assessment, as further explained in the focus below, showed that, considering all material categories for photovoltaic plants, based on the development stage, the overall carbon footprint is higher for assets under constructions for whom most of the GHG emissions are generated throughout the value chain of construction activities and by the embodied carbon in the components and materials used⁴.

With respect to the private equity portfolio, overall emissions and accordingly impacts on climate are more limited in scale as there is only one portfolio company as of the end of 2024, which has already implemented solutions to reduce its impact in terms of GHG generated through its activities. In 2024 GHG emissions accounted for 115.54 tCO₂e equally distributed between Scope 1 and Scope 2: with respect to the former, emissions were generated mainly by the company fleet, while the latter from purchased energy to cover energy needs exceeding the energy derived from the photovoltaic plant installed in one of the facility and the purchased energy from 100% renewable sources.

Lastly, emissions generated by electricity consumption in the context of the operational activities in the London and Milan office were estimated to amount to: 41 tCO₂⁵.

Based on the assessment performed at portfolio level or at asset-level, targets for reducing GHG emissions or improving energy efficiency may be set. Such targets may refer to the alignment to external standards to prove contribution to climate change or to reduce emissions in absolute or percentage terms compared to a specific point in time.

⁴ Results differ from those showed in Table 1 due to the depth of this assessment compared to the items monitored on a regular basis and to the methodology adopted for this purpose by the advisor. It must be noted that the results showed depend on the extent on which they were steadily available and their accuracy at the time of the assessment: where not available, calculation may be based on estimated input data.

⁵ Scope 2 emissions calculated according to the market-based methodology by using AIB emission factors (2024). Luxembourg office is located in a coworking space occupying a limited area for which the associated emissions have been considered as residual. For the Milan office the estimate covers most of the year with few months not accounted, while the London office include the consumption of the whole facility where the office is located thus leading to overestimation.

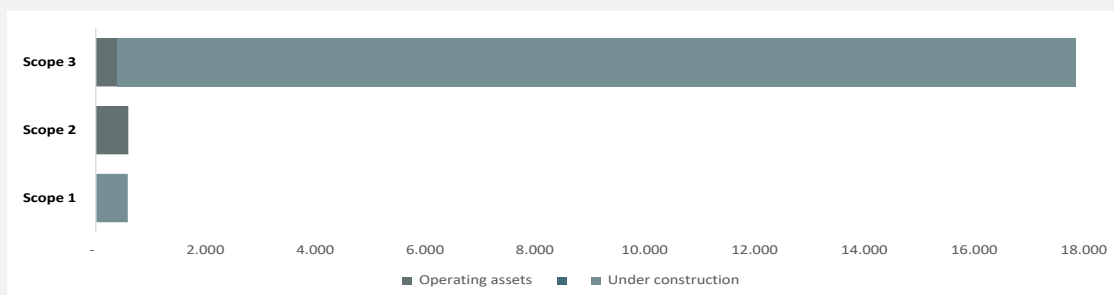
EOS Energy Fund II's carbon footprint assessment (FY 2024)

Based on the projects in the portfolio as of the end of 2024, the carbon footprint assessment was performed by considering assets for which activities have been undergone during the year so that GHG emissions were generated. Accordingly, the assessment focused on construction and operational assets, thus excluding assets in pre-construction and signed for whom the attributable GHG emissions relate to EOS IM's office activities.

The assessment was performed by identifying the most appropriate methodology to reflect the emissions associated with plants in operations or under construction by considering the GHG protocol. More specifically, this led to the analysis of the carbon inventory to consider all Scope 3 material categories, which resulted in: 3.1 *Purchased goods & services*, 3.2 *Capital goods* (which in the case of operational assets was considered only in case of replacement occurred in the year), 3.4 *Upstream transport*, 3.5 *Waste*, 3.6 *Business travel*, 3.7 *Employee commuting*.

The results show that total absolute GHG emissions accounted for **19,027 tCO₂e**, of which 95% was generated by assets under construction. More specifically, operating assets' overall GHG emissions accounted for 997 tCO₂e (448 tCO₂e if considering the share attributable to EOS IM based on its ownership stakes), while assets under construction generated 18,030 tCO₂e (17,266 tCO₂e according to the stakes in the projects) since they require several energy-intensive activities for which the contractor is in charge and the use of components with embodied carbon emissions. Generally speaking:

- Scope 1 emissions are those with the lowest incidence on the overall carbon footprint of operating assets and construction assets, while Scope 2 emissions are almost nil for assets under construction but account for almost the entirety of the overall carbon footprint for operational assets
- Emissions generated throughout the value chain (i.e., Scope 3) are those accounting for most of the overall carbon footprint of assets.



The main conclusions drawn from this assessment confirmed that:

- Assets in operation are associated with lower negative impact, also being in line with the electricity utility sector's net zero pathway due to their low emission profile. Moreover, these assets are designed to contribute to the decarbonization of the electricity grid through the provision of renewable electricity
- Assets under construction entail more energy- and capital- intensive activities thus potentially implying more environmental and social impacts. Being the construction activities dependent on external resources, the impacts rely on external factors throughout the value chain.

Moreover, it must be considered that overall the contribution of the portfolio can be considered as net-positive if comparing the overall emissions generated accounted for the year the those avoided in the same period: in fact, thanks to the energy produced over 115,000 tons of CO₂ have been avoided compared to a scenario of production of energy from fossil fuels.