

Task Force on Climate Change Financial Disclosure

EOS Investment Management Ltd part of the EOS IM Group



EOS Investment Management Ltd (“EOS IM”) as a supporter and promoter of Environmental, Social and Governance (“ESG”), including the mitigation of climate change, is a listed supporter to the Task Force on Climate Change Disclosure (“TCFD”). EOS IM has been a formal supporter of the TCFD since 2022.

The TCFD was originally established by the Financial Stability Board in 2017. It’s objective and purpose being to provide a global framework for companies and other organisations to develop more effective climate related financial disclosures through their existing reporting processes. This is intended to provide both transparency and support informed, efficient capital allocation decisions.

EOS IM provides fund management services in appointed roles as both a Delegated Discretionary Portfolio Manager and an alternative investment fund manager. In these roles EOS IM in alignment with advisors and the third party AIFM brings an investment philosophy, designed to deliver sustainable responsible investing. This is with an ESG Framework. The application of the ESG Framework being adapted based upon the requirements and status of the individual funds.

The disclosures set out in this document, in relation to the metrics and target related TCFD Recommendations, which are applied by EOS IM across the funds. The nature and structure of the funds serviced by EOS IM may be summarised as closed ended alternative investment funds (“AIFs”). As such, these funds are not open ended and/or available to retail investors. The institutional, corporate and professional investors are, depending upon the status and nature of the relevant fund, provided directly with disclosure information. This public disclosure document providing a summary of various key items.

The key Strategy related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

In relation to the Strategy adopted the TCFD Recommendations are as follows:

- a. **Develop/select a range of climate change scenarios (qualitative and/or quantitative);**
- b. Integrate scenario analysis outcomes into investment strategy and business plan; and
- c. Test resilience of investments and portfolios to selected scenarios.

Metrics

- In relation to climate change scenarios, to properly identify and manage ESG & Climate related risks, EOS IM conducts a climate risk assessment for clean energy strategies using two scenarios were selected from the ones elaborated by the IPCC: RCP 8.5 (this scenario represents a warming of 3.2-5.4 degrees by 2100) and RCP 4.5 (this scenario represents a warming of 1.7-3.2 degrees by 2100).
- Asset vulnerability - Considers the specific vulnerability of the asset taking into account its type and the additional contextual information collected.
- Hazard exposure - Probability and severity of climate related extreme events considering the location and scenarios defined in the preliminary investment stages.

Targets and Status

Targets:

- 100% of the investments not to have any high risk or critical exposures under the scenarios
- For 100% of the clean energy investments to be designed to meet both the authorisation requirements and scenario targets.

Status:

- The status being that the target has been achieved in relation to the above.

The key Strategy related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

In relation to the Strategy adopted the TCFD Recommendations are as follows:

- a. Develop/select a range of climate change scenarios (qualitative and/or quantitative);
- b. Integrate scenario analysis outcomes into investment strategy and business plan; and**
- c. Test resilience of investments and portfolios to selected scenarios.

Metrics

In relation to the integration of the scenario analysis outcomes into the investment strategy and plan EOS IM conducts:

- Analysis and matching fund strategy to outcomes of scenario analysis
- Design of clean energy plants to requirement of scenario outcomes
- Approval of investments, subject to scenario analysis outcomes
- Monitoring of activity and performance against analysis outcome

Targets and Status

Targets:

- 100% of the investments not to have any high risk or critical exposures under the scenarios
- For 100% of the clean energy investments to be designed to meet both the authorisation requirements and target, set by metrics, through technical and other solutions incorporated into the design and operation.

Status:

- The status being that the target has been achieved in relation to the above.

The key Strategy related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

In relation to the Strategy adopted the TCFD Recommendations are as follows:

- a. Develop/select a range of climate change scenarios (qualitative and/or quantitative);
- b. Integrate scenario analysis outcomes into investment strategy and business plan;
- c. **Test resilience of investments and portfolios to selected scenarios.**

Metrics

In relation to Integrate scenario analysis outcomes, including the effectiveness of the operational solutions to the risks, into investment strategy and business plan, the following metrics are applied:

- Monitoring of performance and events against the outcomes in the scenario analysis covering operational, the potential impact the major risk insisting on the clean energy plant (including wildfires, strong wind, flooding, heat stress).

Targets and Status

Targets:

- Zero high risk or critical events, as envisaged as potential risks under the scenarios for the clean energy plants.

Status:

- The status being that the target has been achieved in relation to the above.

The recommendation related to Risk Management are set out below to fully integrate climate risks and opportunities into investment processes

Relevant Topics Recommended for Disclosures

Topics Recommended for Disclosures:

- a. Assess the materiality of climate-related impacts and opportunities using sector and scenario analysis
- b. Introduce climate component within pre-acquisition due diligence, and in vendor reports prior to exit
- c. Identify assets with the highest exposure and conduct in-depth climate analysis
- d. Define and support implementation of action plan to strengthen climate resilience at asset level

The key Risk Management related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

Topics Recommended for Disclosures:

a. Assess the materiality of climate-related impacts and opportunities using sector and scenario analysis

Metrics

In relation to assessing the materiality of climate-related impacts and opportunities using sector and scenario analysis, the following metrics are applied:

- Asset vulnerability - Considers the specific vulnerability of the asset taking into account its type and the additional contextual information collected.
- Hazard exposure - Probability and severity of climate related extreme events considering the location and scenarios defined in the preliminary investment stages.
- The metrics, assess the likely financial and operational impact of events occurring or benefits, covering a long term and medium-term perspective.
- Assessment against failure probability and year, an asset's overall value at risk as a potential damage cost.

Targets and Status

Targets:

- Zero events occurring that are categorised and high risk or critical events, as envisaged as potential risks resulting from the financial or operational issues under the scenarios for the clean energy plants.

Status:

- The status being that the target has been achieved in relation to the above.

The key Risk Management related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

Topics Recommended for Disclosures:

b. Introduce climate component within pre-acquisition due diligence, and in vendor reports prior to exit

Metrics

In relation to introduction of the climate component within pre-acquisition due diligence, and in vendor reports prior to exit, the following metrics are applied:

- Preliminary assessment – Assessment to incorporate climate change impacts as part of ESG analysis.
- Due diligence Hazard exposure – Assessment to incorporate climate change impacts as part of ESG analysis.
- The metrics, assess the likely financial, operational impact of events occurring or benefits, longevity of project and potential for value added contribution of solutions/actions.

Targets and Status

Targets:

- 100% of investments to incorporate climate change components in pre-acquisition phase and decision making process.
- Climate change component to be included in 100% of vendor reports over life of investment, prior to exit.

Status:

- The status being that the target has been achieved in relation to the above.

The key Risk Management related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

Topics Recommended for Disclosures:

c. Identify assets with the highest exposure and conduct in-depth climate analysis

Metrics

In relation to identifying assets with the highest exposure and conduct in-depth climate analysis, the following metrics are applied:

- EOS IM conducts a climate risk assessment for clean energy strategies using two scenarios were selected from the ones elaborated by the IPCC: RCP 8.5 (this scenario represents a warming of 3.2- 5.4 degrees by 2100) and RCP 4.5 (this scenario represents a warming of 1.7-3.2 degrees by 2100). This is applied across the clean energy strategy.

Targets and Status

Targets:

- Conduct assessment of all assets.
- Apply in-depth analysis to 100% of clean energy strategy investments.
- in-depth analysis to top 30% of private equity strategy investments with highest exposures.

Status:

- The status being that the target has been achieved in relation to the above.

The key Risk Management related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

Topics Recommended for Disclosures:

d. Define and support implementation of action plan to strengthen climate resilience at asset level

Metrics

In relation to define and support implementation of action plan to strengthen climate resilience at asset level, the following metrics are applied:

- EOS IM assess the delivery of support and action plans, incorporating climate change resilience against the overall portfolios.

Targets and Status

Targets:

- Support and actions plans to be applied to all portfolios, incorporating strengthening resilience

Status:

- The status being that the target has been achieved in relation to the above.

Risk Management Disclosures

The recommendation related to Risk Management are set out below to monitor progress towards those objectives on a regular basis.



Relevant Topics Recommended for Disclosures

Topics Recommended for Disclosures:

- a) Define targets for key climate risks and opportunities
- b) Identify core climate metrics to assess progress towards targets, the achievement of risk management plans, and the success of the overall strategy

The key Risk Management related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

Topics Recommended for Disclosures:

a. Define targets for key climate risks and opportunities

Metrics

In relation to define targets for key climate risks and opportunities, the following metrics are applied:

- The targets metrics are to measure risks relate to and include the financial impact on the investment, scarcity of resources, the risk of suffering from natural disaster impacts (e.g. flood, fire, etc), causing natural disaster even impacts.
- The targets for metrics for opportunities are to measure the reductions in emissions and waste, the generation of financial performance and prevention of contributing to or being impacted on through natural disasters.

Targets and Status

Targets:

- For all impacts, to be below high risk and critical level
- For all opportunities, to provide additional financial return or reduce risk.

Status:

- The status being that the target has been achieved in relation to the above.

The key Risk Management related Metrics and Targets may be summarised as follows.

Recommendations and Metrics

Relevant Topics Recommended for Disclosures

Topics Recommended for Disclosures:

b) Identify core climate metrics to assess progress towards targets, the achievement of risk management plans, and the success of the overall strategy

Metrics

In relation to define Identifying core climate metrics to assess progress towards targets, the achievement of risk management plans, and the success of the overall strategies,, the following metrics are applied:

- The targets metrics for core climate metrics relate to and include the financial impact on the investment, scarcity of resources, the risk of suffering from natural disaster impacts (e.g.. flood, fire, etc), causing natural disaster even impacts.
- The targets for metrics for action plans are to be applied the plans across the investments.
- The targets for metrics for the measurement of the success of the overall strategy are to be applied the plans across the investments, considering financial, operational and natural impacts.

Targets and Status

Targets:

- To be applied across all investments

Status:

- The status being that the target has been achieved in relation to the above.

TO NOTE:

It is to be noted that EOS Investment Management Limited continues to enhance the sustainable and responsible investment practices, in line with a combination of sectoral developments, regulatory and legal changes, sound practices and investor demand. The information provided above is relevant at the time of issue and is a summary of the framework and status.



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