

RIVERROCK



Task Force on Climate-Related Financial Disclosures
(TCFD) Report 2023

Contents

GOVERNANCE.....	3
STRATEGY.....	3
RISK MANAGEMENT	4
METRICS AND TARGETS.....	5
<i>TRANSITION RISK METRICS</i>	5
<i>PHYSICAL RISK METRICS</i>	6
<i>TARGETS</i>	7

Governance

Under RiverRock's Environmental and Social Management System (ESMS), climate risk assessments are conducted for each investment.

RiverRock's Executive Committee, composed of the firm's partners including Michel PERETIE and Mario CORDONI, plays a crucial role in overseeing climate-related risks and opportunities. The Executive Committee actively engages in the governance of climate-related matters to ensure alignment with the organization's strategic goals and risk management practices. This oversight is done through ad-hoc committee and ESG incident register.

Management within RiverRock plays a central role in assessing and managing climate-related risks and opportunities. This includes conducting climate risk assessments for each investment, identifying vulnerabilities, and developing adaptation plans.

Management ensures that climate risk assessments are integrated into RiverRock's decision-making processes, providing valuable insights for informed investment decisions. They work closely with investee companies to encourage the adoption of climate-friendly practices and the development of adaptation plans to minimize climate change shocks.

RiverRock's governance structure involves the participation of Co-Chief Investment Officers (Co-CIOs) and the Chief Impact Officer in escalated discussions concerning 'high' ESG-related risks. Investments identified with high-risk factors are subject to a rigorous approval process that includes the implementation of risk remedies to address and manage these risks effectively. The Executive Committee will also be notified of these discussions and approvals.

This collaborative approach between the Executive Committee and management reinforces RiverRock's commitment to proactively managing climate-related risks and seizing opportunities while ensuring that its investments are in line with sustainable and responsible practices.

Strategy

RiverRock acknowledges the paramount importance of climate risk assessment in today's circumstances, particularly within its private equity strategy. In response to this recognition, RiverRock has prioritized the development of comprehensive climate risk assessments for its infrastructure fund RBIF.

RBIF systematically evaluates transition risks and opportunities over varying timeframes. In the short term, a key opportunity identified is the potential for energy efficiency improvement for all assets within the portfolio. RBIF is committed to enhancing the efficiency of its assets, not only reducing operational costs but also contributing to its long-term sustainability goals.

Furthermore, RBIF has recognized the imperative of decarbonization. A detailed decarbonization plan has been first developed with the support of an external consultant for one of its assets, aligning with RiverRock's commitment to the Net Zero Asset Managers initiative. This plan outlines the steps to reduce carbon emissions and transition towards a low-carbon operation, positioning the asset for long-term viability.

RBIF also employs a systematic approach to assess and manage physical risks associated with climate change. RBIF acknowledges the increasing operational expenses associated with climate-related risks in the medium to long term. Specifically, it identifies the risks of extreme heat, drought, and flooding as potential cost drivers. These physical risks have the potential to significantly impact the infrastructure assets and operations.

While these physical risks are a concern, they also bring opportunities. For RBIF's firefighting and emergency service asset, the increased frequency and severity of fire weather conditions can lead to heightened demand for its services. This presents an opportunity to enhance the asset's role in firefighting and emergency response, potentially increasing its value within the portfolio.

In response to these identified physical risks and opportunities, RBIF is actively exploring strategies to enhance the resilience of its portfolio and capitalize on opportunities where possible.

In addition, RBIF's strategy is designed to ensure resilience by considering various climate-related scenarios. These scenarios of 2°C or lower scenario is included when applicable as well as other plausible future climate pathways. By integrating these scenarios into its strategy, RBIF can assess the robustness of its approach and make informed decisions that account for different potential climate outcomes.

Risk Management

RiverRock's risk management processes are designed to systematically identify, assess, and manage climate-related risks while integrating them into the overall risk management framework. This approach ensures that climate-related risks are addressed comprehensively and aligned with RiverRock's strategic goals.

Notably, within the RiverRock organization, the infrastructure funds RBIF employs a rigorous process to identify and address climate-related risks across its portfolio. Transition risks are assessed within operations, markets, and business models. The entity evaluates potential financial impacts under various scenarios, considering factors like regulatory changes and shifts in consumer behaviour. Physical risks are assessed through vulnerability and resilience evaluations, focusing on hazards such as flooding, extreme weather events and sea-level rise. By conducting regular materiality assessments, RBIF determines the most significant climate-related risks that require immediate attention.

RBIF's approach to managing climate-related risks is proactive and comprehensive. For transition risks, RBIF develops risk management strategies, including mitigation plans and

the adoption of sustainable practices. For physical risks, the entity engages with investee companies to put in place adaptation measures and emergency response plans. These strategies are designed to enhance the resilience of its assets against potential climate impacts and are continuously monitored to ensure their effectiveness.

Climate-related risks on RBIF are seamlessly integrated into RiverRock's overall risk management framework. The identification, assessment, and management of these risks are interwoven with the entity's broader risk management strategies. This integration ensures that climate-related risks are considered alongside other risks, fostering a holistic understanding of the risk landscape. By incorporating climate-related risks into the organization's core risk management processes, RiverRock ensures that these risks are consistently monitored, evaluated, and addressed in alignment with its business objectives.

Metrics and Targets

For our infrastructure funds, RBIF's commitment to addressing climate-related risks encompasses a comprehensive metrics framework designed to assess both transition and physical risks in alignment with its strategy and risk management process.

Transition Risk Metrics

RBIF employs a comprehensive set of metrics to assess transition risks, which consider both financial driver analysis and transition scenarios analysis. These metrics are instrumental in evaluating the potential impact of transition risks on the organization's assets, while aligning with the broader strategic objectives.

The metrics encompass two distinct scenarios from International Energy Agency, namely Stated Policies Scenario (STEPS) and Announced Pledges Scenario (APS). The latter, consistent with the goal of limiting global warming to below 2 degrees Celsius, is of particular significance. These scenarios serve as frameworks to evaluate the effects of regulatory changes, technological advancements, and shifts in market behavior under different climate pathways.

Within this analysis, RBIF systematically scores and assesses changes related to regulatory environments, technology landscape, and market dynamics, considering how these changes might unfold in each scenario. Financial drivers are then mapped onto the transition scenarios to derive a comprehensive understanding of the potential impact of transition risks on the organization's assets.

In instances where the final risk rating indicates a high level of exposure, RBIF proactively develops mitigation plans. These plans are formulated to effectively manage and reduce the identified transition risks. By employing these metrics and the associated scenarios, RBIF enhances its capacity to make informed investment decisions, navigate risks, and capitalize on opportunities while fostering a low-carbon economy.

Transition risk Asset	STEPS		APS	
	2030	2050	2030	2050
GCP	Minimal	Minimal	Minimal	Minimal
VIGO	Minimal	Minimal	Minimal	Minimal
Exterimmo	Minimal	Minimal	Minimal	Minimal
Triavium	Minimal	Minimal	Low Risk	Minimal
Eliance	Minimal	Minimal	Minimal	Minimal
Cocoon	Minimal	Minimal	Minimal	Minimal
YannV2	Minimal	Minimal	Minimal	Minimal
Canarias	Minimal	Minimal	Minimal	Minimal

High Opp Med Opp Low Opp Minimal Low Risk Med Risk High Risk

The results of this assessment indicate that the transition risks remain globally low for RBIF. The four Public-Private Partnership (PPP) projects benefit from risk-sharing mechanisms with public owners, effectively transferring the majority of transition risk responsibilities to these public stakeholders. This risk-sharing arrangement provides stability and security for these assets, reducing their exposure to transition risks.

Meanwhile, as a responsible investment company, we seek to improve corporate environmental sustainability. In line with this objective, it has been decided to quantify the GHG emissions of the assets and to establish a starting point for progressively reducing their environmental impact.

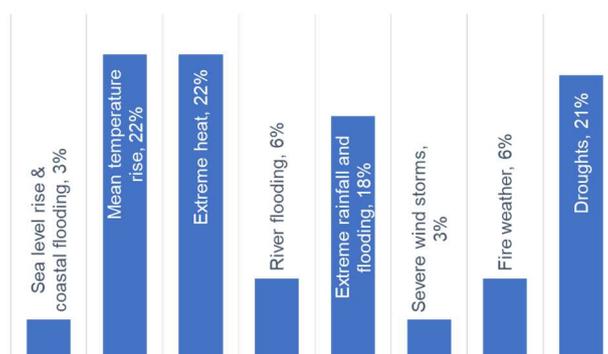
Emission* t CO ₂ e	2022(BaseYear)	2023
Scope 1	346,304	346,055
Scope 2	30,624	29,979
Scope 3	548,162	548,128

* The data will be revised in Q4 2024.

Physical Risk Metrics

RBIF employs a robust approach to assess physical risks, drawing on projections from the Intergovernmental Panel on Climate Change (IPCC) based on the most plausible climate-related hazard scenario for asset locations, particularly under the RCP4.5 scenario. The analysis reveals that the portfolio faces substantial exposure to rising temperatures (22%) and extreme heat events (22%), both of which can significantly impact asset integrity and performance. Additionally, droughts (21%) and extreme rainfall leading to flooding (18%)

pose substantial risks, with potential implications for water availability and asset resilience.



To comprehensively address these major risk categories, RBIF's risk management and adaptation strategies incorporate various inputs. These include data from local historical climate hazard events, governmental adaptation measures, technical due diligence reports, and existing adaptations. This holistic approach enhances the accuracy of risk assessment and enables RBIF to effectively gauge the financial impact of identified physical risks.

An important note is that while the risk assessment approach remains consistent for both assets under Public-Private Partnership (PPP) arrangements and non-PPP projects, the PPP structure offers an additional layer of financial protection. Specifically, in PPP projects, any potential financial impact arising from physical risks is efficiently transferred to public clients through established risk-sharing mechanisms. This unique characteristic of PPP projects provides an added layer of resilience, further safeguarding the organization's financial interests.

In cases where RBIF identifies a high residual risk, regardless of the project type, the organization proactively develops adaptation plans. These plans are meticulously designed to address the identified physical risks and enhance the overall resilience of the organization's assets.

Targets

RiverRock's commitment to addressing climate-related risks extends to the establishment of meaningful metrics and targets, aligned with its strategy for a low-carbon economy. While specific targets have not yet been set, RiverRock is dedicated to being a part of the Net Zero Asset Managers initiative. This commitment reflects RiverRock's intent to proactively contribute to global efforts in mitigating climate change by aligning its investments with a net-zero emissions pathway.

RiverRock recognizes that setting clear and ambitious targets is a crucial step toward enhancing its resilience and contributing to a sustainable future. The organization acknowledges the importance of robust, science-based targets that are aligned with the latest climate science and international climate agreements.

Task force on Climate-Related Financial Disclosures (TCFD)

As part of its commitment to the Net Zero Asset Managers initiative, RiverRock aims to establish targets in the coming year that will guide its efforts in reducing its carbon footprint and transitioning its portfolio toward a net-zero emissions trajectory. These targets will reflect RiverRock's dedication to actively managing climate-related risks and seizing opportunities in alignment with a 2°C or lower scenario.

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