

TCFD

Task Force on Climate-Related Financial Disclosures

2025 Entity Report

Investcorp Credit Management EU Limited

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1. Introduction

Investcorp Credit Management EU Limited (“ICMEU” or “we”) is a leading collateralised loan obligation (“CLO”) manager headquartered in London, United Kingdom. ICMEU is a wholly owned subsidiary of its parent company Investcorp S.A., which is in turn indirectly owned by Investcorp Holdings B.S.C.(c) (“Parent Company”, “Group”, or “Investcorp”). ICMEU serves as the European branch of Investcorp Credit Management (“ICM”), with a second branch, ICMUS, headquartered in New York. ICM encompasses both ICMEU and ICMUS.

As a regulated asset manager, we seek to maximise risk-adjusted returns and in doing so, we assess relevant risks and opportunities to our business, investments and stakeholders. As such, we are committed to transparently reporting on our climate-related governance, strategy, risk management and metrics and targets. Our disclosures continue to build on our established alignment with the Task Force on Climate-related Financial Disclosures¹ (“TCFD”) and are increasingly informed by the evolving standards, including IFRS S2² issued by the International Sustainability Standards Board, as well as applicable requirements from the Financial Conduct Authority (FCA).²

This report discloses our climate-related information for the full calendar year ended 31 December 2025 and has been prepared in alignment with the TCFD recommendations, including the supplemental guidance for asset managers and the FCA’s disclosure of climate-related financial information requirements. It includes climate-related financial disclosures regarding the overall assets managed or administered by ICMEU in relation to its TCFD in-scope business as defined under ESG 1A.1.1R, and as follows:

- Sourcing European credit investments to be part of actively managed Collateralised Loan Obligation (“CLO”) vehicles.
- Acting as portfolio manager to certain CLO vehicles and, in connection therewith, holding retained risk positions in the CLO securities issued by those vehicles as required by applicable regulation.
- Acting as an advisor to self-managed CLO origination vehicles, European Loan Companies (“ELC”).

This report details our approach to integrating climate-related considerations throughout our processes. These considerations are made through strong governance and oversight, relying on a time-tested strategy and prudent risk management.

ICMEU defines material risks, including those related to climate change, as risks that could impact the ability of the underlying company which ICMEU invests in to fulfil its repayment obligations, or other risks that may impair the market value of a loan to a company. These factors can take shape in many ways and are further described in this report.

The information included builds upon our existing reporting and represents a major step in furthering transparency regarding our processes and any associated progress.

¹ https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf

² <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures/>

³ <https://handbook.fca.org.uk/handbook/esg2/esg2s2>

2. Governance: Our governance and oversight of climate-related risks and opportunities

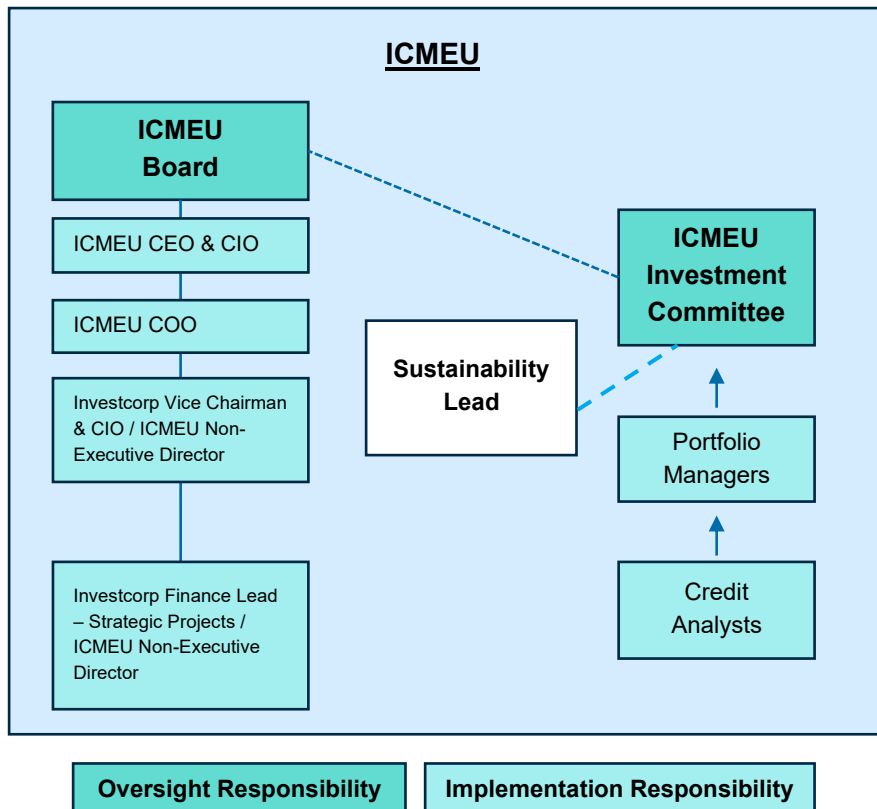
ICMEU's investment strategy and activities are supported by corporate governance, robust internal control systems and ongoing management oversight. As a subsidiary of Investcorp, ICMEU's activities are partially determined by guidance from Investcorp. The Board of Directors at Investcorp is responsible for overseeing the Group's business strategy while a separate Board of Directors at ICMEU ensures the strategy cascades to the ICMEU entity-level and through its decision-making process. Climate-related risks and opportunities are governed as part of ICMEU's existing governance and investment decision-making framework, rather than through a standalone Sustainability Committee.

Each Investcorp entity is responsible for the governance and implementation of sustainability-related matters in relation to its own activities. As a subsidiary of Investcorp and part ICM, ICMEU operates within Group and ICM-level policies, procedures and guidance, including Investcorp's Responsible Investment Policy, the ICM Responsible Investment Procedures and Guidelines and the ICM Investment Restrictions Framework. These policies and frameworks are set or maintained at Group- or ICM-level, with collaboration from ICMEU where relevant. ICMEU remains responsible for applying them within its own business and investment activities.

Group-level sustainability matters relating to Investcorp's own operations are considered through Group-level operational sustainability governance, with ICMEU collaborating where appropriate. For ICMEU's investment activities, climate-related risks and opportunities are considered through the same governance routes used to assess investment risk more broadly: Board oversight, Investment Committee review, portfolio management and credit analysis.

Given ICMEU's activities are principally focused on capital raising and credit investment management, rather than direct operational control of portfolio companies, climate-related oversight is focused on the potential impact of such matters on borrower or issuer creditworthiness, repayment capacity, market value of loans, investor commitments and ICMEU's own operational arrangements.

The graphic below reflects how information and decision-making related to sustainability and investment matters is governed by ICMEU:



ICMEU’s governance around climate-related matters

- **ICMEU Board of Directors**

Each Investcorp subsidiary, including ICMEU, is governed by its own Board of Directors (“Board”, “ICMEU Board”). Each subsidiary’s board is responsible for the oversight and strategic direction of its respective entity. ICMEU’s Board is responsible for the overall management of ICMEU in the UK and as the European operational unit of Investcorp Credit Management. The governance and oversight frameworks in place ensure that ICMEU Board defines, oversees and is accountable for the implementation of arrangements to ensure effective and prudent management of ICMEU. ICMEU’s Board leverages the priorities identified by the Parent Company and ensures they cascade down through ICMEU, as may be relevant.

Members of the ICMEU Board of Directors include:

- ICMEU CEO & CIO
- ICMEU COO
- Investcorp Vice Chairman & CIO / ICMEU Non-Executive Director
- Investcorp Finance Lead – Strategic Projects / ICMEU Non-Executive Director

Multiple members of the ICMEU Board are members of the ICMEU Investment Committee, which, as appropriate, may discuss climate-related matters pertaining to (potential) investments, where these are material.

- **Management’s role in assessing and managing climate-related risks and opportunities**

Management responsibility for assessing and managing climate-related risks and opportunities is embedded in ICMEU’s investment governance structure. The key personnel and management-level bodies and functions involved are the ICMEU Investment Committee, Portfolio Managers, Credit Analysts and relevant ICMEU business leadership.

- **ICMEU Investment Committee**

The ICMEU Investment Committee (“IC”) is responsible for investment decisions, including reviewing and discussing the material risks and opportunities of each investment, as they are deemed material. As noted above, ICMEU defines materiality as factors that may impact either the ability of the underlying company to fulfil the repayment obligations or impair the market value of the loan. The IC meets on a quarterly basis to review aggregate portfolio reports, in addition to frequent ad-hoc meetings, typically occurring multiple times per week, to discuss new investments and material updates on existing investments.

The quarterly meetings are attended by the Portfolio Managers and members of the IC, with rotating attendance by the covering Credit Analyst of any investment under review. More details on the quarterly meetings can be found in Section 4. Risk Management below.

The ad-hoc discussions include the Credit Analyst of the new or existing investment, the Portfolio Manager responsible for the relevant strategies, the Senior Legal Advisor to ICM, and the members of the IC as detailed below.

The IC is comprised of the following members:

- ICMEU CEO & CIO
- ICMEU Deputy CIO
- ICMEU Co-Head of Credit Research
- ICMEU Co-Head of Credit Research

- **Portfolio Managers**

ICMEU currently has three Portfolio Managers responsible for reviewing new investments, such as their pricing, relative value, market liquidity and size of the positions. Portfolio Managers also monitor and manage aspects of the portfolio including but not limited to sector exposure, spreads and maturity. Portfolio Managers participate in IC meetings where Credit Analysts review an investment and can raise questions or concerns regarding the investment during this discussion.

Where climate-related or broader sustainability-related matters are relevant and potentially material, Portfolio Managers may consider them as part of investment selection, portfolio monitoring or escalation to the Investment Committee or relevant business leadership.

- **Credit Analysts**

ICMEU currently has nine Credit Analysts (also referred to as “Analysts” for the purposes of this report), each responsible for two to three industries/sectors. The Analysts are responsible for analysing and monitoring any company within their coverage as well as for presenting their assessment and review of material factors to the IC. As part of the ongoing monitoring, Analysts

will be responsible for reviewing material changes related to relevant themes including but not limited to financial information, news, applicable regulation, and, as deemed relevant and material to a particular investment, climate risks and opportunities.

As part of their analysis, Credit Analysts consider sustainability-related factors, including climate-related factors, where relevant and potentially material. These matters are assessed within the broader credit analysis rather than as a standalone climate assessment for every position.

3. Strategy: Impact of climate-related risks and opportunities on our business and investment strategies

Impact on ICMEU's investment approach

ICMEU invests in companies through the provision of loans and extension of credit in the form of collateralised loan obligations ("CLOs"). CLOs are securitised products that pool together a diversified portfolio of loans and bonds made to various companies. The CLOs managed by ICMEU invest primarily in senior secured corporate credit and private debt issued by mid- and large-cap corporates typically based in the US and Western Europe, with >\$100M EBITDA. Typically, each CLO holds between 150-200 loans, across various sectors and geographies. ICMEU has multiple approaches to investing in CLOs, including originating, managing and/or investing.

ICMEU seeks to maximise risk-adjusted returns, taking climate-related risks and opportunities into account where they are relevant and financially material. However, the investment strategy does not set any climate-related investment objectives or impose any climate related targets on the assets managed. We apply this same approach to all TCFD in-scope products at ICMEU. At the asset level, ICMEU applies the same investment time horizons to climate-related considerations as it applies to other financially material considerations. Climate-related considerations do not have a separate or different time horizon from other asset-level investment considerations.

For ICMEU, climate-related risks and opportunities are most relevant to its business, strategy and financial planning through the investments it manages. ICMEU incorporates financially material environmental, social and/or governance considerations alongside other financially material information to assess investments. Each new investment opportunity receives an ESG assessment, including an environmental component. The environmental component is broader than climate-related risk and may reflect non-climate environmental factors. ICMEU follows the same materiality-driven approach as the Group in assessing all financially material investment risks and opportunities. Climate-related factors are considered in the same way as other potentially financially material risks and opportunities, where relevant to loan repayment ability and market value.

- **Time Horizon**

The typical life cycle for a CLO is about ten years, though most vehicles managed by ICMEU tend to last between four to six years, from beginning to end. Shortened life cycles can occur when a portion of the portfolio of loans is repaid in advance of the original maturity date. This can happen as the result of a corporate event including, but not limited to, mergers or acquisitions, refinancing, asset sales and/or debt restructuring. Additionally, in the case of a loan comprised in the relevant

CLO portfolio, ICMEU may enter the loan syndicate for such loan part-way through its lifecycle. For the purposes of this report and ICMEU's operations, we define the following time horizons:

- short-term as up to 18 months;
- medium-term as 18 months to 4 years; and
- long-term as anything beyond four years, typically only up to six years.

- **Climate-Related Risks and Opportunities**

It is the responsibility of our Analysts, Portfolio Managers and members of the Investment Committee to identify, assess and mitigate any relevant and material climate-related risks and opportunities for our investments as well as the impact these factors may have on the cashflow, revenue, costs, reputation and/or ability of the underlying company to repay their debts.

In addition to the ongoing assessment of material risks for each existing and potential investment, for the purpose of TCFD regulatory reporting in the UK, ICMEU has conducted an initial standalone high-level assessment³ of its exposures to climate-related risks and opportunities. The assessment was conducted in alignment with TCFD guidance and terminology, focusing on the climate-related risks and opportunities⁴ considered most likely to have a material impact on ICMEU's investments and operations. This assessment is intended to represent ICMEU's exposure as of the publication of this report and may need to be updated, amended or clarified, whether as a result of new information, subsequent events, or otherwise. Below is a summary of the key aspects identified.

Climate-related risk assessments have been conducted at Group level, including consideration of transition and physical climate risks. For ICMEU, a high-level qualitative assessment has also been undertaken as an initial step to assess the relevance and potential materiality of climate-related risks to its investments, strategy and operations.

Based on this assessment, climate-related risks are currently considered low for ICMEU. This reflects ICMEU's investment-focused business model, limited direct operational exposure and the fact that physical climate risk has not been identified as a material driver of ICMEU's strategy. Climate-related considerations are therefore reviewed where relevant, including in relation to investments and, at a high level, owned infrastructure and office operations.

ICMEU will periodically reassess the relevance and materiality of climate-related risks and opportunities. If climate-related risks are considered to have become more material in future, ICMEU may undertake a more detailed qualitative assessment.

1. Physical Risks and Opportunities Assessment

We currently consider the probability of ICMEU's existing investment approach being materially negatively impacted by chronic physical climate risks, such as rising sea levels, to be low. This reflects the typical timeframe of CLO investments, the types of assets in which ICMEU invests and the relative liquidity of the investment activity, which allows the investment strategy or portfolio

³ Please be advised that this does not constitute and should not be considered or relied upon as an assessment conducted by or approved by the Group or the Sustainability Group in relation to the Group's climate-related risks and opportunities.

⁴ [2021-TCFD-Implementing_Guidance.pdf \(tcfdd.org\)](https://www.tcfdd.org/2021-TCFD-Implementing-Guidance.pdf)

positioning to be adjusted over time where appropriate. The general geographic and sector diversification across our assets can help mitigate such risks at the aggregate fund level.

Shorter term physical risks are still an active consideration, where deemed relevant and material. Of the physical risks that are present, geographic specific factors such as weather-related disruptions and acute climate-related events have been identified as potentially material for all investments, even in the near-term. Acute physical risks may also affect borrowers indirectly through supply-chain or operational disruption.

We believe the direct impact of acute physical risks is mitigated by two core risk mitigation levers at the companies we invest in. These companies are generally considered to be of sufficient size, sophistication and operational resilience to have adequate resources to plan for, respond to and deploy mitigation measures in relation to climate-related incidents. This is an investment-level assumption and does not involve verifying each company's internal risk management, sustainability, or business continuity arrangements. Additionally, our investment portfolios benefit from diversification, as any individual holding only represents <2% of the total portfolio, thus further mitigating the overall portfolio risk of any localised acute physical climate-related incidents.

We anticipate that over the longer term, such risks are likely to increase as severe weather events become more frequent and this will inform our investment decisions. ICMEU exposure to both physical and transition risks is assessed on a regular basis and it is part of the medium and long-term risk analysis that team performs.

2. Transition Risks and Opportunities Assessment

Transition risks and opportunities related to ICMEU's investment activities

In the next four to six years, which reflects our typical investment time horizon, we anticipate that the regulatory environment may continue to evolve, including through additional reporting requirements for companies and potential changes to marketing-related regulation. These developments may create additional costs relating to verification, disclosure and compliance. In addition, expectations around alternative energy utilization and decarbonization may affect the public perception of certain companies.

Transition risks are relevant, particularly for larger industrial borrowers and sectors subject to policy or regulatory developments, including carbon-related regulation, emissions reporting, carbon pricing, or mechanisms such as Carbon Border Adjustment Mechanism (CBAM) requirements. ICMEU's exposure to these risks is indirect, arising through their potential impact on underlying borrowers' operations, financial performance, repayment capacity, market value, or sector outlook. These factors are assessed as part of ICMEU's credit assessment process.

While these factors may create disruption or increase short-term costs for certain borrowers, we do not currently consider the direct financial impact on ICMEU to be material for the following reasons:

- Indirect nature of exposure: ICMEU's exposure to transition risks is primarily indirect, through the potential impact on underlying borrowers rather than through direct

operational exposure. These risks are considered in the assessment of borrower credit quality, repayment capacity and investment performance.

- Borrower- and sector-level assessment: transition risks are assessed as part of the investment due diligence and ongoing monitoring process. Where relevant, the team considers the potential impact of regulatory change, emissions-related costs, changing demand, increased operating or capital costs and business disruption on individual borrowers and sectors.
- Portfolio composition and investment horizon: although certain sectors, such as chemicals and other emissions-intensive industries, may be more exposed to transition risks, the current portfolio composition and ICMEU's typical four- to six-year investment horizon help limit the expected direct financial impact on ICMEU.
- Resilience of underlying borrowers: many of the companies in which ICMEU invests are large, established businesses with greater capacity to absorb, manage or pass through incremental compliance, reporting or transition-related costs. This resilience is considered alongside other credit factors as part of the investment analysis.

Note: Recent changes in the North American political environment have been assessed and are not currently considered to have a material impact on ICMEU's strategy or products, particularly given the geographic profile of the investor base. ICMEU continues to monitor policy and regulatory developments across relevant jurisdictions, including the US, UK and Europe, where these may affect borrowers, investor expectations or the broader market environment.

At the investment management level, ICMEU considers climate-related opportunities on an ongoing basis, for new and existing investments, as part of each fund's investment strategy when it is deemed to have a financial impact on the asset.

Transition risks and opportunities related to ICMEUs Corporate activities

ICMEU utilised its initial high-level assessment previously noted to review climate-related legal and regulatory risks, as defined by TCFD. We deemed that such legal and regulatory risks are increasing and could be material to ICMEU as a business. Specifically, increased reporting on, and pricing of, greenhouse gas ("GHG") emissions may result in increased operating costs. In addition, changing consumer preferences can drive a number of risks to our business. While increasing demand for new financial products that integrate climate considerations can create potential opportunity, the changing regulatory requirements that come with such products also brings additional compliance and reporting risks for our team.

While ICMEU does not currently offer CLOs with climate-related objectives, we consider these factors as we evaluate our strategic direction through the ICMEU Board. At this stage, ICMEU has not identified unmitigated climate-related risks that are expected to have a material immediate impact on products, operations, fundraising, access to capital, revenues, costs, assets or liabilities. ICMEU will continue to monitor investor expectations and regulatory developments as part of its strategic planning and investment oversight.

Investcorp has interim operational emissions reduction targets for 2030 and a longer-term 2050 objective at Group level. These targets relate to Group operational Scope 1 and Scope 2 emissions and do not currently include Category 15 financed emissions for ICMEU's credit portfolios. They are therefore not binding portfolio decarbonization targets for ICMEU. Given the nature of the credit

asset class, data limitations, limited borrower engagement rights, diversification and liquidity, ICMEU does not currently consider financed-emissions targets appropriate for its credit portfolios but may reassess this in future.

- **Engagement with underlying companies on climate-related matters**

ICMEU's ability to engage directly with underlying companies during the holding period is limited. ICMEU's position within the loan syndicate will typically represent less than 5% of the total loan facility and, given the size of the companies in which ICMEU invests, this exposure is often only a small fraction of the company's overall financing. As a result, while climate-related opportunities may be considered where relevant as part of ICMEU's investment assessment, ICMEU generally has limited to no ability during the holding period to influence companies to pursue specific climate-related opportunities, such as launching new climate-related products, services or strategies. Information from companies is increasing in quantity and quality as regulatory and reporting guidelines advance; however, opportunities for direct engagement or collaboration with other investors remain limited.

- **Our approach to forward looking scenario analysis**

ICMEU has considered the impact that an orderly transition to a lower carbon economy, a disorderly transition and a hothouse world scenario would have on its investments, the outcome of which is set out in this report.

As our TCFD in-scope products have no concentrated or high exposure to carbon intensive sectors, our approach to scenario analysis, in line with the FCA requirements, is qualitative. We conducted an analysis of the likelihood that these scenarios would have a material financial impact on our investments. For example, we consider the public perception around a specific company or sector, whether the company's activity contributes to climate solutions, or if the company is exposed to seasonal weather fluctuations.

The results below represent our qualitative assessment as of 2025. We will revisit this assessment periodically to evaluate whether any changes in climate-related risks, opportunities or market conditions warrant further consideration.

Given the short timeframe of our holding period, it is unlikely that climate-related transition and physical risks affecting our investments will change significantly during our investment period in each asset. While acute physical risks remain an active consideration, longer-term transition risks and chronic physical risks are expected to emerge over time horizons extending beyond our typical investment horizon. As a result, regardless of whether an orderly transition, disorderly transition, or hothouse world scenario materializes, we believe our investment strategy provides sufficient flexibility to adapt portfolio positioning over time and reduces the likelihood of being exposed to assets that are materially negatively impacted by long-term climate-related developments. These risks are further mitigated by ICMEU's diversification strategy and low concentration of exposure to carbon-intensive sectors (see Section 4, Risk Management). We also consider the impact of these risks during the wind down phase of our CLOs, when the diversification narrows as the number of holdings is reduced, however, as this happens the remaining life expectancy of the CLO is typically less than a year and, as such, the overall risk exposure is reduced because of the short time horizon.

These forward-looking analyses are performed on an ongoing and ad-hoc basis when individual factors are identified as material to an investment. Worst case scenarios for investments are also considered as a form of risk management.

4. Risk Management: Our climate-related risk management framework

As part of our risk management framework, for each individual holding, ICMEU will assess the quality of the governance of the underlying company, as well as specific credit-related aspects such as the level of leverage and cash flow stability and relevant ESG financial risk factors.

Climate risks, as with other factors that may be relevant and material to a given investment, are considered in ICMEU's ESG risk integration process. Climate-related risks are treated in the same manner as other financially material risks and are assessed through ICMEU's standard investment and credit risk management processes, rather than through a standalone climate-risk framework.

ICMEU applies the ICM Investment Restrictions Framework, which restricts investment in issuers whose core business involves activities that breach global conventions, have material exposure to products that are inherently harmful (e.g., certain hazardous chemicals), cause significant negative environmental impacts (e.g., extraction of oil and gas through tar sands or Arctic drilling, or thermal coal mining and production), or may result in negative social impacts. The framework may require additional review of sustainability-related risks and approval from the relevant line-of-business head before investment in certain sectors or activities.

In addition, prospective investors may request investment stipulations that are more restrictive than those set out in the Investment Restrictions Framework. Such requirements are typically addressed through bilateral discussions between the relevant credit team and investors and, where agreed, are documented in the relevant fund documentation. These investor-specific restrictions supersede the Investment Restrictions Framework for the applicable fund.

Climate-related risk identification

The primary resources for identifying, assessing and mitigating climate-related risks are the Analysts, Portfolio Managers and the Investment Committee. Legal counsel also provides input on new investments and relevant regulatory developments as part of the Investment Committee process, helping foster consideration of ESG and climate-related matters where relevant. In addition, Group sustainability resources, including the Sustainability Lead, may be consulted on an ad hoc basis to support the identification and assessment of sustainability- and climate-related risks and opportunities where additional subject matter expertise is required. A variety of information is available for the Analysts to review, including from publicly available sources, from credit ratings agencies and/or information collected directly from the respective issuer (e.g., corporate documents, auditing processes). Analysts may use credit ratings provided by S&P, Moody's and Fitch; these ratings may encompass climate-related matters but do not necessarily assess climate systematically. ICMEU may also use third-party ESG data providers, including Sustainable Fitch, which provides ESG and environmental scores at the asset level. These tools and sources are used both pre-investment and throughout the investment lifecycle.

Climate risks are generally assessed in the context of whether or not our investment team believes a particular climate-related matter is likely to have an effect on the overall credit risk of an issuer. This analysis is documented throughout the initial credit memo alongside other relevant material

risk factors and discussed with the Investment Committee and Portfolio Managers prior to any investment. Climate-related risks and opportunities are therefore embedded into the broader investment and diligence process but are not necessarily identified or documented separately in every instance, unless deemed relevant and material.

Risk monitoring and management

During the investment period, both Analysts and Portfolio Managers are responsible for monitoring all risk levels across investment strategies and individual assets. To effectively mitigate the risks, Portfolio Managers develop a diversification strategy across several themes including but not limited to sector, geography, currency, maturity and position size. Typical CLOs will hold between 150-200 individual loans, with position size ranging from 0.5%-2.0% of the portfolio, enabling further diversification.

As previously noted, on a quarterly basis – in addition to the ongoing monitoring conducted by Analysts – a full portfolio review is conducted by Investment Committee supported by the Portfolio Managers and with Analyst assistance, to assess risk exposure. Sustainability-related issues, including climate-related risks and opportunities where relevant, are assessed as part of the regular annual monitoring process for investments. While climate-specific metrics are not always available, due to current data limitations, relevant sustainability considerations are assessed using available information as part of the overall credit review process. In addition, if ICMEU becomes aware of a significant sustainability-related event affecting one or more borrowers, the relevant positions may be reassessed outside of the regular annual review cycle to evaluate any potential impact on creditworthiness, repayment capacity, market value or sector outlook. These portfolio reviews are distributed across the investment team.

At a high level, ICMEU's process for managing climate-related and broader ESG risks generally includes: (i) screening during the investment process; and (ii) ongoing annual monitoring by the responsible Analyst to assess whether any material changes have occurred that could affect creditworthiness or investment performance. Analysts are not generally required to re-score investments annually unless there has been a material change in the issuer or relevant risk profile.

Risk escalation

Climate-related risks are escalated through the same process used for any other financially material investment risk. Where an Analyst identifies a potentially material issue affecting an existing holding, the matter is assessed and, where appropriate, escalated through an Analyst Update memo distributed to the investment team. The Analyst will typically present the issue and any updated investment recommendation at an Investment Committee meeting, allowing the risk and its potential impact on the investment to be considered as part of ICMEU's existing investment governance process.

Remuneration and incentivisation

ICMEU maintains a Remuneration Policy approved by the ICMEU Board aimed at delivering pay for risk-adjusted long-term performance. The Policy includes efforts to mitigate excessive risk taking and incentivises top-quartile risk-adjusted returns, while ensuring compliance with applicable regulations. The remuneration structure is not directly tied to climate-related considerations or objectives.

As an originator or manager-originator of securitised products, incentivisation related to risk taking at the ICMEU-level is regulated through the EU Securitisation Regulation Article 6 Risk Retention rule⁵. Wherever ICMEU is the originator, sponsor, or original lender of a securitised asset, it must maintain a material net economic interest in the securitisation of not less than 5%. ICMEU will occasionally act as the manager-originator whilst on other occasions, the ELC will be the originator. As the manager-originator, ICMEU is required to either hold 5% of every class of notes issued by the product or take a portion of the riskiest position within the product, equal to 5% of the CLO.

Consistency of climate risk management across products

Each product is managed by the same overall process, though there may be specific financial or economic parameters that are specific to each product, such parameters do not have bearing on the investment management and risk management approach, including with regards to climate considerations.

ICMEU generally applies a single overall investment and risk management approach across its credit products and strategies. Climate-related risks are therefore assessed consistently alongside other financially material risks across portfolios, rather than through separate climate-specific methodologies for different products.

5. Metrics & Targets: Metrics and targets used to assess and manage our climate-related risks and opportunities

Our investment process applies to all products and includes a systematic qualitative review of material financial risk factors, including any metrics available related to climate. Climate-related metrics are considered where available, relevant and decision-useful, but are not currently used as standalone investment objectives or portfolio-level targets.

At this stage, we consider the case for setting specific quantitative climate-related targets to be limited, given our indirect ability to influence investment behaviour and the absence of explicit investor demand. We prioritise aligning with investor expectations while preserving flexibility in our investment approach.

ICMEU will continue to monitor regulatory developments, market practices and stakeholder expectations and will consider the adoption of climate-related targets if and when doing so becomes commercially, strategically or regulatorily beneficial.

Aside from identifying and reviewing financial risks, ICMEU has not set specific targets or investment objectives related to climate factors for the products in scope of this report. ICMEU also has not incorporated climate-related performance metrics into remuneration policies at this time.

Scope 1, 2 and 3 greenhouse gas emissions

This report covers Scope 1 and Scope 2 GHG emissions data relating to ICMEU's operational activities.

⁵ [Article 6 Risk retention | European Securities and Markets Authority \(europa.eu\)](https://www.esma.europa.eu/press-material/press-conferences-and-news/article-6-risk-retention)

In line with the Greenhouse Gas Protocol (“GHG Protocol”), the Partnership for Carbon Accounting Financials (“PCAF”) has developed an open-source global greenhouse gas accounting standard for financial institutions, the Global GHG Accounting and Reporting Standard for the Financial Industry. With respect more specifically to Scope 3 Category 15, PCAF’s Financed Emissions Standard⁶ (the “Standard”) provides a global standardised approach to measure and report financed emissions.

ICMEU’s operational GHG emissions for the calendar year ended 31 December 2025 were as follows:

Scope	Approach	GHG emissions (tCO ₂ e)	Energy consumption (kWh)
1	Market-based	0.03	127,556
	Location-based	23.3	127,556
2	Market-based	0.00	113,917
	Location-based	23.6	113,917
Total	Market-based	0.03	241,473
	Location-based	46.9	241,473
Emissions intensity	Market-based, per FTE	0.00	10,061
	Location-based, per FTE	1.96	10,061

ICMEU does not currently disclose operational Scope 3 emissions due to data availability limitations. Scope 3 category fifteen emissions were calculated for all ICMEU CLOs for the calendar year ended 31 December 2025 and were as follows:

Total Scope 3 Category 15 Emissions [CLOs]		% of modelled data
Financed Emissions (tCO ₂ e)	592,000	22%
Carbon Footprint (tCO ₂ e per \$M invested)	90.6	22%

⁶ <https://carbonaccountingfinancials.com/files/standard-launch-2025/PCAF-PartA-2025-V3-15012026.pdf>

Carbon Intensity (tCO ₂ e per \$M revenue)	79.3	22%
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The ELCs in their capacity as CLO originator vehicles, in turn, invest in certain CLOs. To avoid potential double counting of financed emissions, the carbon footprint metrics associated with the ELC exposures are disclosed separately and are not aggregated with the direct CLO exposure metrics unless otherwise stated. The ELCs Scope 3 category 15 emissions for the calendar year ended 31 December 2025 were as follows:

Total Scope 3 Category 15 Emissions [ELCs]		% of modelled data
Financed Emissions (tCO ₂ e)	240,419	22%
Carbon Footprint (tCO ₂ e per \$M invested)	53.9	22%
Carbon Intensity (tCO ₂ e per \$M revenue)	81.5	22%

Methodology for emissions calculation

- **Scope 1 and Scope 2 Methodology**

ICMEU reports its operational GHG emissions using the same methodology and emissions factors applied in Investcorp's FY25 Group GHG inventory to ensure consistency with wider Group sustainability reporting.

Operational GHG emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard, using the same methodology and emissions factors as the Group's FY25 inventory. As the London office is shared across Investcorp business lines, emissions are allocated to ICMEU on a pro-rata FTE basis at the reporting date, consistent with prior disclosures.

H1 2025 data (Jan–Jun) was externally verified within the Group's FY25 inventory; H2 2025 data (Jul–Dec) was calculated internally from building management consumption data. This report may be updated as further externally assured information becomes available.

Both market-based and location-based Scope 2 emissions are disclosed. ICMEU generally reports market-based emissions, but renewable electricity and biogas contracts bring these to near zero, so location-based figures are included for context.

- **Scope 3 Category 15 Methodology**

In December 2025, the Partnership for Carbon Accounting Financials ("PCAF") released the Third Edition of the Global GHG Accounting and Reporting Standard for the Financial Industry, which introduced specific guidance for securitizations and structured products, including Collateralised Loan Obligations ("CLOs"). This guidance provides a framework for calculating financed emissions

associated with investments in CLOs through a look-through approach to the underlying collateral pool.

ICMEU has applied this methodology to the financed emissions of its CLO exposures. Following PCAF's "follow the money" principle, emissions from underlying borrowers and issuers are attributed to the loans within each CLO, then allocated through the CLO structure to the relevant tranches and ultimately to ICMEU's economic exposure.

These calculations used ACA Ethos, an ESG and climate data platform combining publicly disclosed emissions, third-party data and modelled estimates where reported figures are unavailable. The multi-step attribution process identifies or estimates borrower emissions using the relevant PCAF methodology for business loans and corporate debt, attributes them to the underlying loans, aggregates them to the CLO collateral pool, and allocates them to tranches and ICMEU holdings by economic exposure. Where borrower-level data is unavailable, estimates draw on publicly disclosed data, third-party ESG providers, industry averages and PCAF-aligned methods.

The weighted average PCAF data quality scores were 2.8 for Scope 1 and 2 emissions. On PCAF's 1–5 scale (1 being highest-quality reported data, 5 broad estimates), this indicates moderate-to-good data quality, reflecting a mix of disclosed and modelled emissions across the portfolio.

Greenhouse gas emissions targets and limitations

ICMEU does not currently set targets at its investment portfolio level. Any portfolio-level climate reduction targets would be driven by an investor mandate and the relatively short tenor of the loans ICMEU invests in (from a few weeks to five or six years) limits our ability to influence change at the underlying company level. We will keep this position under periodic review in light of stakeholder expectations and the evolving benefit of setting such targets.

6. TCFD Compliance Statement

TCFD Recommendations		Disclosure
Governance	Describe the board's oversight of climate-related risks and opportunities.	Please refer to page 5
	Describe management's role in assessing and managing climate-related risks and opportunities.	Please refer to page 6
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Please refer to page 8
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Please refer to page 10
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Please refer to page 11
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	Please refer to page 12
	Describe the organisation's processes for managing climate-related risks.	Please refer to page 13
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Please refer to page 13
Metrics & Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Please refer to page 14
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Please refer to page 15
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Please refer to page 17

The table above provides a navigational overview of where, in this report, to find ICMEU's approach for each TCFD recommendation.

The disclosures in this report, including any additional or Group disclosures cross-referenced in it, comply with the requirements under the FCA Sourcebook chapter ESG 2.2 *TCFD Entity Report*.

Kieran Carmody, Chief Operating Officer
Investcorp Credit Management EU Limited