

Product-level Climate-related Financial Disclosures ICG Enterprise Trust PLC

Introduction

ICG Alternative Investment Limited's ("ICG AIL") has prepared this product report ("Report") for ICG Enterprise Trust PLC (the "Fund") in accordance with ESG 2.3.5 of the FCA Handbook, and on the basis of the recommendations of the Task Force on Climate-related Financial Disclosures (the "TCFD"). This Report is intended to provide additional data and information on the Fund's impact on climate, and the impact of climate change on the Fund. For information on the terms used in this document, please refer to the [TCFD Glossary](#).

ICG AIL acknowledges that the Fund's investments may have a positive or negative impact on the climate and that climate change itself may influence the financial performance of the Fund. The Fund is guided by ICG plc's [Responsible Investing Policy and Climate Change Policy](#) in addressing climate-related risks and opportunities.

ICG AIL's approach to managing governance, strategy and risk management as it relates to risks and opportunities relating to climate change is described in Intermediate Capital Group plc ("ICG")'s Group TCFD Report 2024 [here](#). ICG AIL's approach to governance, strategy and risk management in relation to the Fund does not materially differ from the overall approach described in the ICG TCFD report.

Reporting period: the 12 months to 31 January 2024, which aligns with the Fund's financial year end.
Calculation date: 31 January 2024.

Underlying data: the greenhouse gas (GHG) emissions data and portfolio company specific financial data are as at 31 December 2023 or the nearest date prior to 31 December 2023 for which data is available.

How the metrics should be interpreted

The Fund invests in private companies in North America and Europe through three investment types: commitment to new private equity funds ("Primary Funds"), acquiring fund interests and commitments from other investors ("Secondary Investments") and investing directly in companies alongside funds managed by ICG Plc and third-party fund managers ("Direct Investments"). Given the Fund's investment strategy, ICG AIL is therefore dependent on fund managers to obtain GHG emissions data for its portfolio.

Given the diversified nature of the Fund's portfolio, ICG AIL has focused on collecting GHG emissions data across its largest fund positions and its Top 30 Companies¹ which collectively represented a significant proportion of the Fund's portfolio total Net Asset Value as at 31 January 2024.

ICG AIL has followed the TCFD guidance for asset managers to calculate climate metrics provided in this Report. For financed emissions specifically, ICG AIL has followed the methodology for the 'Business loans and unlisted equity' asset class under the Global GHG Accounting and Reporting Standard for the Financial Industry.

Climate metrics have been included in this Report only where reliable climate data is available. For Scope 1 and 2 GHG emissions, where there are gaps in measured and reported GHG emissions data for the Top 30 Companies, ICG AIL has addressed these gaps by using proxy data. ICG AIL, through its parent company ICG, has engaged an established third-party data provider to calculate such proxy GHG emissions data on the basis of several factors including sector, revenue, and measured and reported GHG emissions of peers in similar sector and of similar size. For the avoidance of doubt, no Scope 1 and 2 proxy data has been directly procured by ICG AIL for any of its Primary Funds or Secondary Investments; as ICG AIL does not consider such estimated data to be reliable at fund level. In addition, Scope 3 GHG emissions data is not included in any of the calculations presented in this Report, as data has not been made available to ICG AIL and ICG AIL does not consider Scope 3 proxy data to be reliable.

Climate metrics for the Fund's portfolio

Financed Emissions

GHG emissions financed by the Fund	12-month period to 31 January 2024			
	Value (metric tons of CO ₂ e)	Data Coverage (expressed as % of Fund's NAV)	% Reported emissions out of total emissions	% Proxy emissions out of total emissions
Scope 1	6,688	41%	91%	9%
Scope 2	6,376	41%	91%	9%
Total Scope 1 and 2	13,064	41%	91%	9%
Scope 3		No available data		

¹ Largest 30 underlying investments by NAV as at 31 January 2024.

Fund's carbon footprint and weighted average carbon intensity (WACI)

Fund portfolio metrics	12-month period to 31 January 2024	
	Value	Data Coverage (expressed as % of Fund's NAV)
Carbon footprint (Scope 1 and 2) metric tons of CO ₂ e / £M invested	23.6	41%
WACI (Scope 1 and 2) metric tons of CO ₂ e / £M revenue	45.6	41%

Carbon intensive sectors and scenario analysis

ICG AIL is required to report on whether the Fund has concentrated or high exposures to carbon intensive sectors. Drawing on guidance² provided by the Glasgow Financial Alliance for Net Zero (“GFANZ”) on high-emitting and hard-to-abate sectors, ICG AIL considers the following sub-sectors to be carbon intensive: agriculture; aluminium; cement; chemicals; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; and transport (automotive and trucks, aviation and shipping), and considers a fund to have concentrated or high exposures to carbon intensive sectors where the Fund’s such exposure (by unrealised value) in aggregate is greater than 50% of the Fund’s total unrealised value of the Fund’s portfolio at the reporting date.

On this basis, as at 31 January 2024, the Fund did not have concentrated or high exposures to carbon intensive sectors. Overall, as at the reporting date, the Fund has limited exposure to carbon-intensive sectors or companies, which in turn limits the potential impact of climate-related risks on the Fund and its assets.

In line with its overall approach to climate-related risks and opportunities, ICG has identified in the table below the drivers of climate-related risks and opportunities that may, to varying degrees, have impact to investments in its funds and which broadly apply to this Fund.

Climate-related drivers of risk and/or opportunity and their potential impact on investments

Type	Drivers of risk and/or opportunity	Potential impact
Policy, regulatory and legal	<ul style="list-style-type: none"> Changes to climate-related regulations Changes to market-related regulatory mechanisms (e.g. carbon price/tax and energy efficiency standards) Increased litigation related to response, or lack thereof, to climate change 	<ul style="list-style-type: none"> Change in operating cost Change in the provision of goods / services and/or compliance cost Reputational impact
Market, technology and reputation	<ul style="list-style-type: none"> Climate change affecting demand for products and/or services or substitution of existing products and services with lower carbon alternatives Stigmatisation of specific industries or products Volatility of input prices and availability resources or supply chain shocks (e.g. food, energy, etc.) as a result of climate change Increased stakeholder scrutiny 	<ul style="list-style-type: none"> Change in operating or R&D cost Change in revenue Change in cost of capital Reputational impact
Physical: acute and chronic	<ul style="list-style-type: none"> Impact on critical physical operations or supply chains from extreme weather events, shift in climate patterns such as temperature or precipitation 	<ul style="list-style-type: none"> Increased CAPEX and adaptation or resilience related cost Increased insurance cost

In the table below, ICG AIL provides commentary on how these climate-related drivers of risk or opportunity are likely to impact the Fund’s assets under three climate scenarios provided by the Network for Greening the Financial System (NGFS).

² GFANZ Guidance on Use of Sectoral Pathways for Financial Institutions, page 42 (June, 2022)

Scenario Category	NGFS Scenario	Potential Impact on the Fund
'Orderly transition'	Below 2°C – this scenario gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C by the end of the century. Under this scenario net zero emissions are achieved after 2070.	Under this scenario, physical and transition risks are both expected to be relatively low. As such and given the limited exposure of the Fund to carbon-intensive sectors, the impact of the inherent risk drivers, identified in the table above, is expected to be minimal.
'Disorderly transition'	Delayed Transition – this scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies. As a result, emissions exceed the carbon budget temporarily and decline more rapidly after 2030 to ensure a 67% chance of limiting global warming to below 2°C by the end of the century. This leads to both higher transition and physical risks than the Below 2°C scenario.	Under this scenario, the manifestation of risks identified in the table above is delayed but will likely be more abrupt after 2030. For instance, climate regulations may impose stricter requirements (including through market-related regulatory mechanisms such as carbon prices) with shorter implementation timeframes resulting in higher compliance cost. Given the typical holding period of investments by the Fund is between 5 and 10 years, such amplified risks will likely have limited impact on the current portfolio of the Fund. ICG AIL will continue to monitor such risks and consider their impact in the due diligence of new investment opportunities.
'Hothouse world'	Current Policies– this scenario assumes that only currently implemented policies are preserved, resulting in emissions growth until 2080, which leads to about 3°C of warming and severe physical risks.	Under this scenario, physical climate risks will continue to intensify across geographies with more prominent impact on those assets in the Fund's portfolio which depend on critical operating facilities or supply chains with limited options for geographical diversification.

ICG AIL will continue to evolve its approach to scenario analysis for the Fund in partnership with the managers of funds it has invested in.

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