Ecofin Global Utilities and Infrastructure Trust plc

TCFD product report

Trust Objective

The investment objective of Ecofin Global Utilities and Infrastructure Trust Plc is to achieve a high, secure dividend yield on its Portfolio and to realise long-term growth in the capital value of the Portfolio for the benefit of Shareholders, while taking care to preserve capital of Shareholders.

Fund size	£223.7m
Benchmark	S&P Global Infrastructure
Date of analysis	31 December 2024

The purpose of this report

This report aims to provide insight into the climate-related risks associated with the fund and its benchmark. We align where possible with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and comply with the sustainability disclosure rules of the FCA. Redwheel's entity report explains how the firm assesses and manages climate-related risks and opportunities. Analysis is based on the holdings of the Fund and the constituents of the Benchmark at the date shown above, using data relevant at that date.

Carbon Metrics

The following carbon metrics are reported in line with the TCFD recommendations. Below the table is a description of the key metrics we use as part of our assessment of risks and opportunities across the Fund, and further analysis by country and sector.

Benchmark metrics have been provided for comparison purposes and assume an investment of equivalent value in a basket of securities representing the constituents of the benchmark and at the same weight.

	Fund	Benchmark
Carbon Metrics – based on Scope 1 & 2 emissions only		
Scope 1 Emissions (t CO2e)	107,236.28	53,889.49
Scope 2 Emissions (t CO2e)	6,131.05	4,663.72
Total Scope 1 & 2 Emissions (t CO2e)	113,367.33	58,553.21
Carbon Footprint (Scope 1 & 2) (t CO2e/USDm Invested)	354.68	209.82
WACI* (Scope 1 & 2) (t CO2e/USDm Revenue)	1,042.53	826.80
Carbon Metrics – extended to include Scope 3 emissions		
Scope 3 Emissions (t CO2e)	122321.33	89,071.42
Total Scope 1, 2 & 3 Emissions (t CO2e)	235,688.66	147,624.63
Carbon Footprint (Scope 1, 2 & 3) (t CO2e/USDm Invested)	737.36	529.01
WACI* (Scope 1, 2 & 3) (t CO2e/USDm Revenue)	2,626.30	2,540.63

* Weighted Average Carbon Intensity

Data Source - Scope 1 & 2 Emissions	% of AUM	Number of companies	% of AUM	Number of companies
Reported by issuer	92.9%	36	91.5%	65
Estimated	6.2%	3	8.0%	9
Emissions not reported and no estimate available	0.9%	2	0.5%	2
Data Source - Scope 3 Emissions				
Reported by issuer	79.9%	30	62.6%	39
Estimated	19.2%	9	36.9%	35
Emissions not reported and no estimate available	0.9%	2	0.5%	2

Source: Sustainalytics, reported emissions sourced directly from the reporting company by Sustainalytics. Estimated emissions are from Sustainalytics proprietary model or other appropriate sources, not validated by the reporting company. For metrics where apportionment of ownership is required this is based on equity ownership (market capitalization) rather than Enterprise Value including cash (EVIC). Market capitalization apportionment can result in an over apportionment of the share of financed emissions when compared to EVIC apportionment. A change of approach to EVIC will be implemented from next year's report. Coverage is the percentage of a fund's total holdings where carbon data was available from the external data provider.

Allocation of sectors

	All Holdings (excl cash)			Intensive sub-sectors		
Sector	# of Hold	% of AUM	% WACI	# of Hold	% of AUM	% WACI
Communication Services	0	0.0%	0.0%	0	0.0%	0.0%
Consumer Discretionary	0	0.0%	0.0%	0	0.0%	0.0%
Consumer Staples	0	0.0%	0.0%	0	0.0%	0.0%
Energy	1	2.5%	0.0%	1	2.5%	0.0%
Financials	1	0.9%	0.0%	0	0.0%	0.0%
Health Care	0	0.0%	0.0%	0	0.0%	0.0%
Industrials	5	13.1%	1.8%	4	11.4%	0.5%
Information Technology	0	0.0%	0.0%	0	0.0%	0.0%
Materials	0	0.0%	0.0%	0	0.0%	0.0%
Real Estate	0	0.0%	0.0%	0	0.0%	0.0%
Utilities	33	83.4%	98.2%	30	78.8%	97.6%
Other / Not applicable	0	0.0%	0.0%	0	0.0%	0.0%
Total	40	100.0%	100.0%	35	92.7%	98.1%

Carbon Intensive Sectors are specific sectors/industries/industry groups of the MSCI General Industry Classification System that are considered to represent groups of companies that are typically carbon intensive. Relevant groupings comprise: Energy; Chemicals; Construction Materials; Metals & Mining; Paper & Forest Products; Capital Goods; Transportation; Automobiles & Components; Homebuilding; Beverages; Food Products; Financials; Electric Utilities; Real Estate.

EGL invests primarily in the equity and equity-related securities of utility and infrastructure companies which are listed on recognised stock exchanges in European countries, the United States and other developed, OECD countries although it may invest up to 10% of its assets in non-OECD companies. As such, the investment strategy focuses on utilities, environmental services and transportation infrastructure. While these sectors have been carbon-intensive historically, a strong commitment to decarbonisation has emerged and progress has already been made in that effort while short of what is ultimately required to limit global warming to the ambition set by the Paris Agreement and by the UK's 2019 Net Zero Law.

While companies can do more in their efforts to decarbonise, factors outside their control remain the biggest barrier to do so, these include policy and regulation, technology, and client demand. To address these issues value chain alliances, corporate and investor collaborations and advocating and lobbying for supporting polices and regulation, are a means to increase the speed of the transition.

Allocation of Country

Country	% of AUM	% of Sc1&2	WACI	% WACI
United States of America	42.7%	65.1%	843.30	80.9%
Germany	7.5%	10.4%	73.28	7.0%
Italy	13.5%	9.8%	44.40	4.3%
United Kingdom	11.5%	2.2%	30.73	2.9%
France	8.4%	9.4%	29.20	2.8%
Total	83.5%	97.0%	1020.91	97.9%

Carbon Footprint contribution by company

Company name	Sector	Country	% of AUM	% Footprint
Vistra Corp.	Utilities	United States of America	4.3%	37.6%
RWE AG	Utilities	Germany	3.3%	7.8%
Veolia Environnement SA	Utilities	France	3.5%	6.7%
Xcel Energy Inc.	Utilities	United States of America	3.0%	5.4%
Southern Company	Utilities	United States of America	2.9%	4.9%

Included in the top five contributors are utilities companies Vistra Energy, RWE, Veolia, Xcel Energy and Southern Company.

Vistra Energy operates an integrated retail and generation business in deregulated markets throughout the United States. It is engaged in electricity market activities, including electricity generation (including nuclear power), wholesale energy sales and purchases, commodity risk management and retail sales of electricity to end users. Most of the company's emissions arise from its thermal generation fleet (gas and coal). Vistra is committed to a 60% emissions reduction by 2030 compared to a 2010 baseline.

RWE is a German electric utility company, active primarily in generation and trading of electricity and gas. The company generates electricity from a wide variety of sources and has businesses in conventional thermal generation as well as renewable generation comprising primarily of wind and solar. RWE has committed to phase out coal by 2030 and to get to net zero by 2040.

Veolia is a French environmental company, operating globally in various parts of the value chain in water, waste and energy services. The majority of Veolia's scope 1 emissions arise from waste treatment and heating networks activities. The company is committed to reduce scope 1 and 2 emissions by 50% by 2032 compared with 2021.

Xcel and Southern are two US integrated power generators and providers. In both cases, emissions mostly arise from their generation activities. Both companies have committed to reach net zero GHG emissions by 2050.

Assessment of current portfolio against different climate scenarios'

Leveraging the Network for Greening the Financial System (NGFS) Scenarios (Phase III) applied to the REMIND model, ISS ESG has provided Redwheel with the following assessment for the Ecofin Global Utilities and Infrastructure Investment Trust portfolio and its respective benchmark, against three different scenarios.

Implied Temperature Rise (ITR) – Implied Temperature Rise models have emerged to offer an indication of the degree of end-of-century warming associated with the emissions trajectory of an investment portfolio. Related tools are still in relative infancy and continue to face challenges including complexity and opaqueness regarding key assumptions, variation in approach, and limited data and scenario fidelity and availability. Whilst Redwheel has begun to use these tools, we are being cautious about interpreting outputs, not least given that the weighting to individual portfolio constituents should be expected to vary through time as an outcome of portfolio management. We continue to monitor the development of methodologies in this space.

Cumulative Portfolio Emissions vs Carbon Budgets to 2050 – ISS project cumulative emissions for portfolio companies to 2050 and compares these cumulative emissions to the carbon budgets associated with different scenarios. They do this assuming current policy conditions remain largely stable ('Baseline'), and if the emissions targets set by portfolio companies are achieved. It repeats the same process for companies in the relevant benchmark. The table below shows the proportion of the carbon budgets associated with three different scenarios are expended under each projection.

According to ISS, the Implied Temperature Rise of the fund and its benchmark are above 2 degrees under both Baseline (current emissions) and Target (current targets) conditions. Making the funds associated Implied Temperature Rise outside of the range set by the Paris Agreement.

Due to excess cumulative emissions within the Baseline and Target conditions, the portfolio and its repective benchmark will exceed their carbon budgets by 2050, according to an orderly, disorderly transition and hothouse world pathways.

While the above assessment provides investors with an indication of potential transition risk associated with current holding in the portfolio the results are subject to a number of assumptions and uncertainties. For example, assumptions around baseline conditions and target credibility and the most likely transition scenario.

	Baseline[1]	Fund Target[2]	Baseline[1]	Fund Target[2]
Implied Temperature Rise[3]	3.2	2.8	2.4	2.3
Scenario Comparison (100% = on budget)				
'Orderly transition' scenario (1.5 Degrees)[4]	733%	562%	432%	379%
'Disorderly transition' scenario[4]	679%	520%	481%	422%
'Hothouse world' scenario[4]	240%	184%	197%	173%

1 'Baseline' is referred to as 'Benchmark' in the ISS report and comprises a forward-looking view of the issuer's own emissions to 2050 under current conditions.

2 'Target' comprises a forward-looking view of the issuer's own emissions to 2050 considering emission reduction targets set by issuers.

3 The ITR is based solely on the emissions budget under the Net Zero by 2050 (Orderly Transition) NGFS scenario produced by the REMIND-MAgPIE model.

4 Orderly Transition (Net Zero, 1.5 degrees), Disorderly Transition (Divergent Net Zero) and Hothouse World (Current Policies) provides the percentage of the budget for that scenario used by 2050, for each column.

Greenhouse Gas Reduction Targets

	Fund	Benchmark
Approved SBT	49.7%	25.8%
Committed SBT	0.0%	5.8%
Ambitious Target	18.8%	29.7%
Non-Ambitious Target	17.8%	24.8%
No Target	13.6%	13.9%
Total	100.0%	100.0%

Science-based targets ('SBT') are targets set by investee companies that are considered in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement; to pursue limiting global warming to 1.5ºC above pre-industrial levels.

SThe portfolio significantly outperforms its benchmark in investee companies with approved Science-based targets. There is a higher allocation to utilities and large cap companies, both of which are more likely to seek an approved target.

Climate Value at Risk

Whilst Value-at-Risk ('VaR') measures the size of the loss a portfolio may experience within a given time horizon at a particular probability, Climate Value-at-Risk ('CVaR') is defined as the probability distribution of the present market value of losses on global financial assets due to climate change5. It includes only the effect on asset values of climate impacts (i.e. adaptation costs and residual damages). It does not include mitigation costs.

As a proxy for CVaR, we have used the ISS-ESG Climate Transition Value-at-Risk ('TVaR') solution to assess the exposure (in a quantitative sense) of Redwheel portfolios to climate-related risks and opportunities. This solution identifies assets which may be most at risk from carbon pricing and demand changes, as well as those which may be better positioned to harness future climate opportunities, drawing on the 'Net Zero Emissions by 2050' scenario from the IEA World Energy Outlook 2022 and the 'SDS scenario' from the World Energy Outlook 2021.

Work continues to assess the robustness of outputs, to understand how data is treated, how models are developed, and how the tool protects against spurious accuracy. It is for these reasons that, for 2025, Redwheel has decided not to publish quantitative analysis of CVaR metrics.

A qualitative assessment of the largest transition and physical risks to which the Fund is exposed follows below.

"The investment team consider infrastructure investments to be exposed to both physical and transition climate risks, each potentially posing distinct threats to asset values and long-term returns.

Physical risks - such as extreme weather events, flooding, and heatwaves - can directly damage infrastructure assets, disrupt operations, and drive up maintenance costs.

Transition risks, on the other hand, stem from policy changes, evolving market preferences, technological innovation, and regulatory shifts associated with the move to a low-carbon economy. These can lead to stranded assets, sudden devaluations, or reduced demand for carbon-intensive infrastructure, impacting profitability and asset viability.

Glossary

Carbon Footprint	An indicator of the absolute Scope 1 and Scope 2 carbon emissions attributable to a fund from its investments, based on equity ownership and the current portfolio value to enable comparison with other funds. Carbon Footprint is expressed in tons CO2e/$M invested. Formula $\frac{\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{issuer's market capitalization}_i} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i\right)}{\text{current portfolio value (\$M)}}$
GHG Scope 1 Emissions	Scope 1 emissions are direct greenhouse gas ("GHG") emissions that occur from sources owned or controlled by the reporting company.
GHG Scope 2 Emissions	Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.
GHG Scope 3 Emissions	Scope 3 emissions are all indirect emissions (excluding Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
Implied Temperature Rise ("ITR")	The ITR metric introduces the concept of a carbon budget and assesses how much a company or a portfolio can emit without projected global warming exceeding the Paris Agreement goal of limiting the end of century global temperature rise to well-below 2°C.
ISS-ESG Climate Transition Value at Risk ("TVaR")	"The ISS Climate Transition Value at Risk ("TVaR") solution measures the potential change in share price considering the financial impact of the transition risks and opportunities under the Net Zero Emissions by 2050 scenario from the IEA World Energy Outlook 2022 and the SDS scenario from the World Energy Outlook 2021. The estimation involves a two-step process. First, a valuation model calibrates the company's financials based on historical data and growth assumptions. Then, the model is run again, considering the impact of transition risks and opportunities on projected financials, such as adjusting sales trajectories and accounting for increased costs due to carbon prices. The difference in equity value between the two runs is the Climate Transition Value at Risk. Positive TVaR indicates an expected increase in share price performance, while negative TVaR suggests a potential decrease."
Network for Greening the Financial System ("NGFS")	A network of central banks and supervisors. The group shares best practices and has developed a set of consistent climate scenarios that can be used by the financial sector for scenario analysis.
Paris Agreement	A legal binding international treaty adopted at the UN Climate Change Conference (COP21), to hold the end of century increase in global temperatures to well below 2°C above pre-industrial levels.

Physical risks	Climate related risks to physical assets e.g. extreme weather phenomena such as wildfires, cyclones and floods.
Scenario analysis	The process of assessing a range of potential outcomes of future events under conditions of uncertainty. For climate change, scenarios can identify potentially how physical and transition risks may impact a portfolio and its performance over time.
Transition risks	Climate related risks relating to non-physical factors e.g. regulatory risk, technology risk and market preference changes.
Weighted average carbon intensity ("WACI")	An indicator or the carbon efficiency of a fund calculated by summing the product of the weight of each company (issuer) in the portfolio with that company's carbon to revenue intensity. WACI is expressed in tons CO2e/$M revenue. Formula $\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i}\right)$

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2025 TCFD Report

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