



PCEF-FRMK-001

# Risk Management Framework

Premier Choice Energy Fund Ltd

|             |                   |                |                     |
|-------------|-------------------|----------------|---------------------|
| Version     | 1.0               | Effective Date | May 2026            |
| Next Review | May 2027          | Classification | Controlled Document |
| Owner       | Compliance & Risk | Approved by    | Board of Directors  |

## 1. Overview

This Framework sets out the approach of Premier Choice Energy Fund Ltd to the identification, assessment, management, monitoring, and reporting of risk across all aspects of the Fund's operations and investment activities. It is aligned with FCA SYSC 7 and the UK AIFM Regulations.

## 2. Risk Governance

The Board of Directors has ultimate responsibility for risk management. The Investment Committee meets quarterly to review the risk register. The Head of Risk (reporting to the CIO) is responsible for day-to-day implementation.

The Fund operates a three-lines-of-defence model:

- First line — Investment and operations teams: own and manage risk in day-to-day activities
- Second line — Compliance and Risk function: provide oversight, challenge, and reporting
- Third line — External auditors: provide independent assurance to the Board

## 3. Principal Risk Categories

### 3.1 Investment Risk

Development risk (planning, grid connection, construction delays); technology risk (battery performance, degradation, fire safety); revenue risk (merchant price exposure, capacity market clearing); counterparty risk (developer default, contractor insolvency); valuation risk.

### 3.2 Market Risk

Wholesale electricity price movements; capacity market price and volume risk; frequency response market changes (DC, DM, DR service pricing); interest rate risk on project-level financing.



### 3.3 Operational Risk

IT and cyber security incidents; key person dependency; model errors; settlement and execution errors; fraud and financial crime.

### 3.4 Regulatory & Compliance Risk

FCA rule changes including AIFM regime reform; Ofgem licensing requirement changes; planning and environmental regulatory changes; UK SDR and TCFD disclosure obligations; tax policy changes.

### 3.5 ESG & Climate Risk

Physical climate risks (flooding, extreme weather impacting project sites) and transition risks (policy changes affecting BESS revenue streams), assessed using IPCC 1.5°C and 2°C scenario analysis.

## 4. Risk Assessment & Scoring

All risks are scored on a 5x5 matrix of likelihood (1-5) and impact (1-5), producing a risk score of 1-25. Risks scoring 15 or above are designated Principal Risks and subject to enhanced monitoring and Board reporting.

## 5. Monitoring & Reporting

The Risk Register is reviewed monthly by the Compliance and Risk function and quarterly by the Investment Committee. An annual Risk Report is presented to the Board. Material risk events are escalated immediately to the CIO and Board Chair.

### AUTHORISATION

| Role                     | Name  | Signature | Date     |
|--------------------------|-------|-----------|----------|
| Chief Executive Officer  | _____ | _____     | May 2026 |
| Chief Compliance Officer | _____ | _____     | May 2026 |
| Board Chairman           | _____ | _____     | May 2026 |

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