Sustainable Investment Methodology

December 2025

The information provided in this document relates to Tikehau Capital and its subsidiaries. The terms "Tikehau Capital" and the "Group" in this document refer to all these companies.

The purpose of this document is to explain the Group's methodology to define and compute sustainable investments for funds under Article 9 of the SFDR and, where applicable, for funds under Article 8 of the SFDR where these undertake to partially make sustainable investments.

This document has been approved by Tikehau Capital Sustainability Strategy Orientation Committee on May 17th, 2021 and updated subsequently in December 2025.

Contents

1. Introduction

Article 2(17) of SFDR defines a 'sustainable investment' as "an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance"[1].

Tikehau Capital's has defined its sustainable investment framework for both company and real estate investments. Our approach follows a three-step sequence: (i) the assessment of a positive contribution to environmental and/or social objectives, (ii) the do no significant harm ("DNSH") test, and (iii) assessment of good governance principles.

The below methodologies may be amended at a later date to take into account improvements in methodologies or data availability and reliability, or any developments, including, but not limited to, regulations or other external benchmarks or initiatives.

2. Sustainable investment framework for investments in companies

2.1. Assessment of a positive contribution to environmental and/or social objectives

Tikehau Capital has selected 4 **recognized external standards to assess whether an investment has a positive contribution** to environmental and/or social objectives. The Group incorporates various criteria into its definition to take into account the multiple dimensions of environmental and social objectives that can be pursued. To accelerate positive change in the economy and society, Tikehau Capital considers that investors should support companies on their sustainability journey and as a result, transition criteria are also taken into account in our contribution criteria.

Tikehau relies on a pass-fail methodology: the assessment of a positive contribution to environmental and/or social objectives is carried out at the entity level. If a company satisfies at least one of the contribution criteria, it will be considered as having a positive contribution.

Companies need to **meet at least one of the below contribution criteria to satisfy the pass-fail test.**

1. **The United Nations' Sustainable Development Goals (SDGs)**
   To be considered "SDG aligning", a company must contribute positively to at least one of the 17 SDGs through the products and services it offers, and meets one of the following criteria:
   (a) at least 20% of the company's revenues comes from sustainable activities (offering products and / or services to targeted sustainability challenges identified by the SDGs representing a minority portion of private market investments), or
   (b) at least 10% of the company's revenues comes from sustainable activities and the issuer has a Capex/Opex plan to increase its share of sustainable activities.

2. **The European Taxonomy**
   To be considered as "EU Taxonomy aligning", a company must meet one of the following criteria:
   (a) at least 20% of the issuer's revenues are aligned with the European Taxonomy, or
   (b) the issuers share of taxonomy-aligned CAPEX/OPEX is at least 10% higher than its taxonomy-aligned revenues.

3. **Net zero framework aligned with the Paris Agreement**
   To be considered as aligning with a net zero framework, a company must meet one of the following criteria:
   (a) For Capital Markets Strategies – to be considered as "aligning with a net zero framework" a company must meet the criteria to be classified as "achieving net zero", "aligned to a net zero pathway" status, or "aligning

[1] Source: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=EN

towards a net zero pathway", as defined by the Paris Aligned Investment Initiative's Net Zero Investment Framework.[2]

(b) For Private Equity and Private Credit[3] strategies, the investment team relies on credible science-based frameworks such as Science-Based-Targets. Companies are considered as "aligning with a net zero framework" if they have greenhouse gas emission reduction targets that are aligned with credible science-based frameworks. If companies have already validated such targets, they need to be on track to achieving their targets (subject to a 20% headroom).

4. **Best environmental and social practices as identified by credible external frameworks**

Tikehau relies on the list of Principal Adverse Impacts (PAI) indicators as defined in the SFDR to measure alignment with excellent sustainability practices. Other frameworks may be used in the future.

(a) For Capital Markets Strategies – a company is considered as "aligning with best environmental or social practices" when it is "best in class" within its sector meaning: (i) a performance ranking in the top 10% of its sector on at least one PAI considered by the fund and (ii) maintaining an ESG score above the sector average.

Quantitative data utilized to assess the above criteria may derive from internal analysis, external due diligence and/or external data providers.

(b) For Private Equity and Private Credit strategies, such a test is not performed at the date of this document.

2.2. Do No Significant Harm (DNSH) test

As a first filter, Tikehau Capital considers specific themes linked to PAI within its **standard Exclusion Policy**[4]:

- Violations of the UN Global Compact on Human rights, Labour, Environment and Anti-corruption: no investment in companies that are in violation of these principles unless robust mitigation measures have been implemented.
- Controversial weapons: companies with revenues from production/distribution of controversial weapons are excluded.
- Fossil fuel involvement: exclusion of companies with material or expanding fossil fuel capacities in line with Urgewald Global Coal Exit List (GCEL) and Urgewald Global Oil and Gas Exit List (GOGEL).

For the DNSH test for investee companies, Tikehau Capital considers PAI indicators from Table 1 of Annex I of the SFDR Delegated Act[5] . Tikehau has defined a second filter based on additional PAI indicators, where robust data is available:[6]

(a) **For Capital Markets Strategies** – the following indicators and specific thresholds or rules are used:

i. GHG intensity of investee companies: the company does not belong to the last decile compared to other companies within its sector.

ii. Board diversity: the company does not belong to the last decile of companies within its sector.

iii. Furthermore, sustainable investments must be clear of verified and informed controversies.

Analyses are performed using available data from data providers.

(b) **For Private Equity and Private Credit companies**, data availability on the PAI is low in the preinvestment phase. Beyond the carbon footprint, estimates may not be deemed satisfactory. As a result, the team focuses on GHG intensity of investee companies. Moreover, where deemed relevant and subject to a materiality assessment, other indicators may be considered during the due diligence[7].

Where deemed necessary, the investment or ESG teams will engage with companies on the above criteria.

For more details, please refer to the Appendix.

[2] https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/Past%20resource%20uploads/NZIF_IIGCC%20Target%20Setting%20Guidance.pdf

[3] Private Credit in this context means private debt and tactical strategy.

[4] Available on the Group's website.

[5] See PAI presented in Table 1 of Annex I of the SFDR Delegated Act available at https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=FR

[6] Company data or estimates may be used

[7] The additional indicators may be related to Table 2 and Table 3 of Annex I of the SFDR Delegated Act or to other specific indicators (e.g. patient satisfaction surveys for healthcare facilities and nursing homes, food waste for Food and Beverage companies, etc.)

2.3. Assessment of good governance principles

Please see Section 4 for details on the due diligence performed.

For **Capital Market Strategies** the following sources and methodologies are used for the 3 steps of sustainable investment assessment.

	Analysis
Contribution criteria	
SDG alignment	
• Companies with ≥ 20% of SDG-aligned revenues (products & services)	Quantitative analysis
• Companies with ≥ 10% SDG-aligned revenues with Opex/Capex to increase share of SDG-aligned revenues (products & services)	
EU Taxonomy alignment	
• Companies with ≥ 20% of Taxonomy-aligned revenues	Quantitative analysis
• Companies with Taxonomy-aligned CapEx/Opex at least 10% higher than Taxonomy-aligned revenues	
Net zero alignment	
• Companies « achieving net zero », and companies "aligned to a net zero pathway"	Qualitative analysis
• Companies "aligning towards a net zero pathway"	
Performance on Principal Adverse Impacts (PAI)	
• Companies in the top decile on carbon efficiency vs. sector	Quantitative analysis
• Companies in top decile on board gender parity vs. sector	
DNSH	
• Companies not in the worst decile on carbon efficiency vs. sector	Quantitative analysis
• Companies not in the worst decile on board gender parity vs. sector	
• Companies with no significant controversy in relation to work conditions and human rights, environment, labor rights and corruption	
Good Governance	
ESG profile & Controversies	Qualitative review

3. Sustainable investment framework for investments in real estate assets

An asset will be classified as a sustainable investment if it satisfies at least one of the positive contribution criteria and meets the DNSH and good governance criteria.

3.1 Assessment of a positive contribution to environmental and/or social objectives

Significant positive contributions in terms of environmental and social impact are assessed through at least one of the following criteria:

	SOFIDY	TIM Real Estate
Environmental contribution for large assets #1.1	1/ Work towards reducing energy consumption and associated GHG emissions by 2030: Achieve the DEET (Dispositif Eco-Energie Tertiaire) targets as defined by French regulations, or; Align with a recognized decarbonization pathway (such as CRREM), or; Have an action plan in place to achieve this 2030 target.	1/ Asset alignment with a robust decarbonisation trajectory (CREEM 2°C pathway with ambition towards 1.5°C) More specifically, for large reconversions, assets should be aligned with nearly zero-emission building standard.
Environmental contribution for large assets #1.2	(…) and to comply with at least one of these two contributions: i. Purchase electricity from renewable sources, for energy on which the fund has decision-making authority or ii. Have conducted an environmental assessment and implemented most of the recommendations, or have an action plan currently being rolled out.	2/ For assets larger than 1000 m², a biodiversity management plan (% vegetated area, green space creation) has to be considered within 18 months post-acquisition.
Environmental contribution for other assets	2 / % of buildings heated by electricity or district heating (i.e., without fossil fuels) among individual heating systems accessible by 2030, or having an action plan defining the means to replace these systems.	
Social contribution #1	3/ Assets meeting a strong housing need: - Student residences, - Senior residences, - In France: housing located in *"zones tendues"* as defined by Decree no. 2013-392 of May 10, 2013, - For other European countries: the need has to be demonstrated by a study.	3/ If the change of use project includes residential units, an inclusive housing option (student, senior, co-living or social housing) has to be considered and discussed with local authorities.
Social contribution #2	4/ Assets complying with the internal definition of a local business ((commercial properties located in the city center, with a surface area of less than 500 m², and less than 500 m from a public transportation line.)	

3.2. Do No Significant Harm (DNSH) test

For the DNSH test for real estate assets, Tikehau Capital considers PAI indicators from Table 1 of Annex I of the SFDR Delegated Act[8] as well as other relevant indicators.

As a first filter, Tikehau Capital considers specific indicators linked to its Exclusion Policy[9]:

[8] See PAI presented in Table 1 of Annex I of the SFDR Delegated Act available at https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=FR
[9] Available on the Group's website.

i. Exposure to fossil fuels through real estate assets[10]: investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels are excluded. Given Tikehau Capital real estate exposure, this means excluding all independent gas stations
ii. Assets with tenants involved in controversial weapons
iii. Assets with tenants whose main activity is related to adult entertainment, tobacco or recreational marijuana

Beyond exclusions, Tikehau has defined a second filter, based on selected mandatory Principal Adverse Impact indicators.

From the investment phase, the group defines PAIs which require mitigation including energy consumption and greenhouse gas (GHG) emissions. Indeed, Tikehau Capital identifies the most energy-inefficient assets (e.g. DPEs F or G) or assets subjects to French Eco Efficiency Tertiary Sector Decree (DEET) held by its funds and defines actions plans to reduce energy consumption and GHG of these assets, in terms of renovation works and optimizing building usage.

During the holding period, the teams monitor selected PAI. For the most energy-inefficient assets, actions plan defined to reduce energy consumption and greenhouse gas emissions are implemented. Wherever possible, the teams discuss with property managers and/or tenants to find solutions that improve building use.

For more details, please refer to the Appendix.

3.3. Assessment of good governance principles

Please refer to section 4 for details on the due diligence performed.

4. Good Governance

At the Date of this charter, SFDR defines key areas to be considered when assessing '**good governance practices**': **sound management structures, employee relations, remuneration of staff and tax compliance**"[11].

4.1. Investments in companies

In alignment with the SFDR, Tikehau Capital evaluates various aspects of good governance within its portfolio of investee companies. This evaluation encompasses a review of factors that include the presence of controversies, sound management structures, employee relations, staff remuneration, and adherence to tax compliance.

Notably, a high level of scrutiny is dedicated to controversies pertaining to breaches of the United Nations Global Compact Principles, which encompass human rights, labor standards, environmental stewardship, and anti-corruption measures. Companies found to have committed significant and material violations of these principles face exclusion from our portfolio. In cases where robust mitigation measures have been implemented, the Compliance-Risk-ESG working group is mandated to provide a recommendation and, upon review, may issue a favorable or unfavorable opinion.

The team also considers the country's risk rating established by the Compliance team, which includes the list of non-cooperative tax jurisdictions as issued by the EU.

The criteria for evaluating sound management structure, employee relations, staff remuneration, and tax compliance can vary depending on the specific business lines within Tikehau Capital.

Capital Markets Strategies:

This team places particular emphasis on ESG scores. These metrics encompass a wide range of factors, including management structure, employee relations, staff remuneration, and tax compliance. The ESG score serves as a comprehensive proxy for assessing good governance. Tikehau Capital views the assessment of good governance as an ongoing process. If a company falls short on one or more ESG indicators, it may still remain in the portfolio if a subsequent

[10] Tenant activities are not subject to the Exclusion Policy. Only the building activity is concerned.
[11] Source: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=EN

review reveals that the issuer demonstrates good governance practices overall. In making this evaluation, Tikehau Capital also considers any corrective measures taken by the investee company.

Private Credit Team:

The Private Credit team also takes ESG scores into account as a proxy for assessing corporate governance. Additionally, they may receive specific ESG due diligence. Due to the nature of this asset class, ESG due diligence reports may not always be readily available to the private debt teams.

Private Equity Team:

The Private Equity team combines ESG scores with comprehensive ESG due diligences for all new investments. These due diligence assessments are used to evaluate good governance practices and identify areas for potential improvement. Key factors considered include:

- Accurate reporting: Whether the investee company has published unqualified audited financial statements and reports
- Tax compliance: Assessing whether the investee has been involved in significant taxation or accounting controversies.
- Board oversight: The team aims to appoint at least one external member[12] to the board of portfolio companies during the investment's lifetime.
- Employee relations: Turnover rates and employee satisfaction are factors taken into account.
- Transparency on remuneration: This includes examining the structure of remuneration governance bodies, assessing top management remuneration, and addressing significant wage disparities or gender pay gaps where available.

4.2. Investments in real estate assets

Conducting due diligence on the good governance practices of real estate asset tenants can be challenging due to the limited availability of data related to management structure, employee relations, staff remuneration, and tax compliance. Nevertheless, Tikehau Capital ensures that, during the due diligence process, the tenant's primary business activities align with the Group's Exclusion Policy[13].

Additionally, as part of the due diligence phase, an analysis is carried out to assess the asset's exposure to climate risks using a specialized tool that complies with the requirements outlined in the European Taxonomy.

Furthermore, Tikehau Capital is committed to collaborating with its stakeholders to mitigate adverse environmental and social impacts. This commitment is demonstrated through initiatives, such as providing eco-guides to tenants, collaborating closely with property managers, and incorporating environmental addendums into lease agreements.

[12] To be considered External Board Member, the person shall not be employed by Tikehau (or by another investor), nor the investee company, and shall not own more than 5% of the Company's shares. The member may be voting or non-voting.

[13] Available on the Group's website.

Appendix: Principal Adverse Impact (PAI)

Investments in companies[14]

Principal Adverse Impact indicators	
1. GHG emissions 2. Carbon footprint 3. GHG intensity	**Pre-investment ESG integration**: included in ESG scoring and due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability-Linked Loans for certain private credit investments.
4. Exposure to companies active in the fossil fuel sector	**Exclusion:** exclusion of companies involved in fossil fuels according to the Urgewald lists. Please see the Group's Exclusion Policy available on its website. **Pre-investment ESG integration**: included in due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability-Linked Loans for certain private credit investments.
5. Share of non-renewable energy consumption and production	**Pre-investment ESG integration**: included in due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability-Linked Loans for certain private credit investments.
6. Energy consumption intensity per high impact climate sector	**Pre-investment ESG integration**: included in due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability-Linked Loans for certain private credit investments.
7. Activities negatively affecting biodiversity-sensitive areas	**Pre-investment ESG integration**: included in due diligence on a case-by-case basis. **Post-investment ESG monitoring**: annual ESG questionnaires and controversy monitoring. **ESG engagement**: in case of controversies, dialogue with the investee company to review corrective actions implemented.
8. Emissions to water	**Pre-investment ESG integration**: included in due diligence on a case-by-case basis. **Post-investment ESG monitoring**: annual ESG questionnaires and controversy monitoring. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability Linked Loans for certain private credit investments. In case of controversies, dialogue with the investee company to review the corrective actions implemented.
9. Hazardous waste ratio and radioactive waste ratio	**Pre-investment ESG integration**: included in due diligence on a case-by-case basis. **Post-investment ESG monitoring**: annual ESG questionnaires and controversy monitoring. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability Linked Loans for certain private debt investments. In case of controversies, dialogue with the investee company to review the corrective actions implemented.

[14] Indicators focused on due diligence covering the Capital Markets Strategies, Credit (excluding collateralized loan obligations) and Private Equity from 1st Jan 2024.

10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	**Exclusion:** • Capital Markets Strategies: systematic exclusion of companies with serious and significant violations of these principles. • Private Equity et Credit: exclusion of companies in violation of these principles, except where robust remediation measures have been implemented. Please see the Group's Exclusion Policy available on its website. **Pre-investment ESG integration**: included in due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires and controversy monitoring. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability Linked Loans for certain private credit investments. In case of controversies, dialogue with the investee company to review the corrective actions implemented.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	**Pre-investment ESG integration**: included in ESG scoring and due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability Linked Loans for certain private debt investments.
12. Unadjusted gender pay gap	**Pre-investment ESG integration**: included in ESG scoring and due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability Linked Loans for certain private credit investments.
13. Board gender diversity	**Pre-investment ESG integration**: included in due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires. **ESG engagement**: definition of ESG roadmaps for Private Equity and implementation of Sustainability Linked Loans for certain private credit investments.
14. Exposure to controversial weapons	**Exclusion:** exclusion of companies involved in the manufacture or sale of controversial weapons. Please see the Group's Exclusion Policy available on its website. **Pre-investment ESG integration**: included in due diligence. **Post-investment ESG monitoring**: annual ESG questionnaires and controversy monitoring. **ESG engagement:** in case of controversies, dialogue with the investee company to review the corrective actions implemented.
Additional PAIs	
Investments in companies without carbon emission reduction initiatives	Included in due diligence and in the annual ESG monitoring questionnaire. Identified as an ESG engagement topic post-investment through the definition of carbon reduction plans.
Investments in companies without workplace accident prevention policies	Included in due diligence and in the annual ESG monitoring questionnaire. Identified as an ESG engagement topic post-investment.

Investments in real estate assets

Principal Adverse Impact indicators	
17. Exposure to fossil fuels through real estate assets	**Exclusion**: investments in real estate assets used for the extraction, storage, transport, or production of fossil fuels are excluded. In addition, investments in independent gas stations are excluded under certain conditions. Please see the Group's Exclusion Policy available on its website. **Pre-investment ESG integration**: included in due diligence. An ESG assessment grid must be completed for each transaction. **Post-investment ESG monitoring:** external real estate managers track ESG indicators at the asset level, which Tikehau Capital teams analyse at least once a year.
18. Exposure to energy-inefficient real estate assets	**Pre-investment ESG integration**: included in due diligence. An ESG assessment grid must be completed for each transaction.

	Post-investment ESG monitoring: definition of an action plan to improve energy and carbon performance for EPC F or G assets. **ESG engagement:** integration of environmental clauses in tenant leases or in contracts with external real estate managers.
Additional PAIs	
GHG emissions	**Pre-investment ESG integration**: included in due diligence. An ESG assessment grid must be completed for each transaction. **Post investment ESG monitoring**: monitoring of buildings' energy consumption and greenhouse gas emissions on an annual basis. Systematic distribution of an eco-guide and an environmental appendix to tenants, when signing a new lease or a lease renewal. **ESG engagement:** integration of environmental clauses in tenant leases or in contracts with external real estate managers.
Energy consumption intensity	

Other adverse impacts are considered on a case-by-case basis, using the various tools put in place by the Group (e.g., pre-investment ESG scores, monitoring ESG questionnaires, etc.) and taking into consideration specific issues relating to investments themes and companies' sector, size, and geography.