Tikehau Investment Management

Statement on principal adverse impacts of investment decisions on sustainability factors

Reference year: 2022

This report complies with the provisions of Article 4 of Regulation (EU) 2019/2088 on sustainability reporting in the financial services sector (SFDR)
The information in this report relates to Tikehau Investment Management - LEI: 9695008ZSNJ7URJK4A27

Contents

I. Summary

Created by Tikehau Capital (or "the Group") at the end of 2006, Tikehau Investment Management ("Tikehau IM" or "TIM" or "the AIFM") is Tikehau Capital's main platform dedicated to asset management. As of December 31, 2022, Tikehau IM is present in all of Tikehau Capital's asset management activities: private debt, real assets, capital markets strategies (fixed income/diversified management and equities) and private equity. Tikehau IM is approved by the AMF (*Autorité des marchés financiers*) as a portfolio management company since January 2007 (under the number GP-07000006). Tikehau IM has become, in France, one of the reference players in specialized investment on the European debt markets, covering all products of this asset class. Through its different investment strategies, Tikehau IM offers a wide range of products, in various formats and at all levels of the capital structure.

For more information, please visit: www.tikehaucapital.com.

The information presented in this report comply with:

- The provisions of regulation (EU) 2019/2088 of the European parliament and of the council on sustainability-related disclosures in the financial service sector (SFDR) and,

Tikehau Investment Management (LEI: 9695008ZSNJ7URJK4A27) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Tikehau Investment Management.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1st January to 31 December 2022.

Approach to addressing principle adverse impacts on sustainability factors

As part of its responsible investment approach, Tikehau IM works to limit the effects of its investment decisions on sustainability factors. These most significant negative effects are also referred to as the principal adverse impacts (PAI).

Tikehau IM strives to develop relevant processes to prioritize and reduce these principal adverse impacts.

As part of the climate strategy deployed by the Group, Tikehau IM is working to collect or, failing that, to estimate the carbon emissions of its investments in companies and real estate assets.

On the other hand, the Group's exclusion policy takes into account controversial weapons and the violation of the pillars of the United Nations Global Compact (UNGC).

II.Description of the principal adverse impacts on sustainability factors

Capital Market Strategies: Principle adverse impact on sustainability – investment in companies

Within Capital Market Strategies, Tikehau IM has 2 funds larger than 500 million (> €500mn) in assets, namely Tikehau Short Duration and InCA.

Indicators of principal adverse impacts on sustainability		Metric	Impact 2022 Data	Impact 2022 Coverage	Impact 2021	Actions taken, and actions planned, and targets set for the next reference period
GHG emissions	1. GHG emissions	Scope 1	144,445	66%	Not applicable as this is the first periodic report	In early 2023, Tikehau Capital's initial target of managing circa 40% of AUMs in line with the global target of zero net emissions by 2050 was approved by the Net Zero Asset Managers (NZAM) initiative. For Capital Markets Strategies, Tikehau Capital aims to align 50% of in-scope AUM as net zero or aligned to net zero by 2030 as defined by the Net Zero Investment Framework.
		Scope 2	26,056	66%		
		Scope 3	1,063,747	66%		
		Total	1,234,248	66%		
	2. Carbon footprint	Measurement of carbon footprint (tCO2e, *scope* 1,2,3 / €m portfolio value)	349	66%		
	3. GHG intensity of investee company	GHG intensity of investee companies (tCO2e, *scope* 1,2,3 / €m revenue)	914	86%		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3%	96%		Rule out investments in the case of exposure to fossil fuels, in accordance with Tikehau Capital's Exclusion Policy (i.e. exclusion with thresholds on thermal coal, oil and gas).
	5. Share of non-renewable energy	5.1 Share of non-renewable energy consumption of investee	73%	23%		

	consumption and production	companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)			Not applicable as this is the first periodic report	
		5.2 Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	2%	94%		
	6. Consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (GWh / €m revenue)	Data available upon request.			Data available upon request.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	0%	96%		
Water	8. Rejects in water	Tonnes of emissions in water generated by investee companies, per million EUR invested, expressed as a weighted average	0.08	1%		Tikehau IM is committed to improving data coverage for its PAIs.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies, per	8.95	1%		Tikehau IM is committed to improving data coverage for its PAIs.

		million EUR invested, expressed as a weighted average				
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0%	96%	Not applicable as this is the first periodic report	
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints managing mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	11%	64%	Not applicable as this is the first periodic report	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	10%	10%	Not applicable as this is the first periodic report	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (%)	37%	37%	Not applicable as this is the first periodic report	
	14. Exposure to controversial weapons (anti-personnel mines,	Share of investments in investee companies involved in the	0%	67%	Not applicable as this is the first periodic report	

	cluster munitions, chemical weapons, and biological weapons)	manufacture or selling of controversial weapons (%)				
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	44%	85%	Not applicable as this is the first periodic report	
Social and employee matters	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	44%	85%		

Source: Regulation (EU) 2022/1288, Annex1, Table 1 and 2 - https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=FR

Principle adverse impact on sustainability – investments in sovereigns and supranationals

Indicators of principal adverse impacts on sustainability		Metric	Impact 2022	Impact 2021	Actions taken, and actions planned, and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	No data	Not applicable as this is the first periodic report	
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	No data		

Source: Regulation (EU) 2022/1288, Annex1, Table 1 - https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=FR

Private Debt (excluding Tactical Strategies): Principle adverse impact on sustainability – investment in companies

Within Private Debt, Tikehau IM has 2 funds larger than 500 million (> €500mn) in assets, namely Tikehau Direct Lending IV and Tikehau Direct Lending V.

Indicators of principal adverse impacts on sustainability		Metric	Impact 2022 Data	Impact 2022 Coverage	Impact 2022	Impact 2021
GHG emissions	1. GHG emissions	Scope 1	205,780	63%	Not applicable as this is the first periodic report	In early 2023, Tikehau Capital's initial target of managing circa 40% of AUMs in line with the global target of zero net emissions by 2050 was approved by the Net Zero Asset Managers (NZAM) initiative. For Private Debt, Tikehau IM aims for a 50% reduction in weighted average carbon intensity (WACI) of in-scope AUM by 2030 vs 2021 baseline.
		Scope 2	170,315	63%		
		Scope 3	3,579,211	63%		
		Total	3,955,306	63%		
	2. Carbon footprint	Measurement of carbon footprint (tCO_2e, *scope* 1,2,3 / €m portfolio value)	697	63%		
	3. GHG intensity of investee company	GHG intensity of investee companies (tCO_2e, *scope* 1,2,3 / €m revenue)	453	66%		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2%	48%		No investments in companies active in the fossil fuel sector. Rule out any potential investments in the case of exposure to fossil fuels, in accordance with Tikehau Capital's Exclusion Policy (i.e. exclusion with thresholds on thermal coal, oil and gas).
	5. Share of non-renewable energy	Share of non-renewable energy consumption of	79%	22%		

	consumption and production	investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)			Not applicable as this is the first periodic report	
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	4%	15%		
	6. Consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (GWh / €m revenue)	Data available upon request.			Data available upon request.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	1%	41%		
Water	8. Rejects in water	Tonnes of emissions in water generated by investee companies, per million EUR invested, expressed as a weighted average	1.65	14%		
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies, per million EUR invested,	0.02	40%		

		expressed as a weighted average			Not applicable as this is the first periodic report	
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0%	51%		
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints managing mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	84%	48%		
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	11%	37%		
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (%)	14%	52%		
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons,	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (%)	0%	48%		

	and biological weapons)					
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	81%	31%	Not applicable as this is the first periodic report	
Social and employee matters	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	77%	33%		

Source: Regulation (EU) 2022/1288, Annex1, Table 1 and 2 - https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=FR

Tactical Strategies: Principle adverse impact on sustainability – investment in companies

Within Tactical Strategies, Tikehau IM has 1 fund larger than 500 million (> €500mn) in assets, namely Tikehau Special Opportunities II Master Fund

Indicators of principal adverse impacts on sustainability		Metric	Impact 2022 Data	Impact 2022 Coverage	Impact 2021	Actions taken, and actions planned, and targets set for the next reference period
GHG emissions	1. GHG emissions	Scope 1	956	29%	Not applicable as this is the first periodic report	In early 2023, Tikehau Capital's initial target of managing circa 40% of AUMs in line with the global target of zero net emissions by 2050 was approved by the Net Zero Asset Managers (NZAM) initiative. For Tactical Strategies, similar to the target for Private Debt, Tikehau IM aims for a 50% reduction in weighted average carbon intensity (WACI) of in-
		Scope 2	1,572	29%		
		Scope 3	18,297	29%		
		Total	20,825	29%		
	2. Carbon footprint	Measurement of carbon footprint (tCO2e, *scope* 1,2,3 / €m portfolio value)	63	29%		
	3. GHG intensity of investee company	GHG intensity of investee companies (tCO2e, *scope* 1,2,3 / €m revenue)	165	30%		

						scope AUM by 2030 vs 2021 baseline.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1%	100%		No investments in companies active in the fossil fuel sector. Rule out any potential investments in the case of exposure to fossil fuels, in accordance with Tikehau Capital's Exclusion Policy (i.e. exclusion with thresholds on thermal coal, oil and gas).
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	87%	8%	Not applicable as this is the first periodic report	
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	76%	8%		
	6. Consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (GWh / €m revenue)	Data available upon request.			Data available upon request.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where	0%	32%		

		activities of those investee companies negatively affect those areas (%)			Not applicable as this is the first periodic report	
Water	8. Rejects in water	Tonnes of emissions in water generated by investee companies, per million EUR invested, expressed as a weighted average	0.67	18%		
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies, per million EUR invested, expressed as a weighted average	0.06	22%		
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0%	42%		
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints managing mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	78%	41%		Tikehau IM is committed to gathering tangible evidence on this PAI to identify the portfolio companies in breach and set up appropriate remediation plans when needed in its Tactical Strategies. It is a conservative approach, as TIM reports, by default a lack of process and, compliance mechanism, i.e., if no evidence was made available via data collected.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	11%	38%		

	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (%)	10%	43%		
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (%)	0%	43%		
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	93%	18%	Not applicable as this is the first periodic report	Tikehau IM is committed to gathering tangible evidence on this PAI to identify the portfolio companies in breach and set up appropriate remediation plans when needed in its Tactical Strategies. It is a conservative approach, as TIM reports, by default a lack of policy and initiative, i.e., if no evidence was made available via data collected.
Social and employee matters	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	73%	33%		Tikehau IM is committed to gathering tangible evidence on this PAI to identify the portfolio companies in breach and set up appropriate remediation plans when needed in its Tactical Strategies. It is a conservative approach, as TIM reports, by default a lack of policy and initiative, i.e., if no evidence was made available via data collected.

Source: Regulation (EU) 2022/1288, Annex1, Table 1 and 2 - https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=FR

Private Equity: Principle adverse impact on sustainability – investment in companies

Within Private Equity, Tikehau IM has 1 fund larger than 500 million (> €500mn) in assets, namely T2 Energy Transition Fund.

Indicators of principal adverse impacts on sustainability		Metric	Impact 2022		Impact 2021	Actions taken, and actions planned, and targets set for the next reference period
			Coverage	Data		
GHG emissions	1. GHG emissions	Scope 1	11,328	93%	Not applicable as this is the first periodic report	In early 2023, Tikehau Capital's initial target of managing circa 40% of AUMs in line with the global target of zero net emissions by 2050 was approved by the Net Zero Asset Managers (NZAM) initiative. By 2030, the Group aims to decrease by 50% the weighted average carbon intensity (WACI) of **in-scope Private Equity and Private Debt strategies.** This corresponds to 20tCO2e/€m revenue, down from a reference baseline of 40tCO2e/€m revenue. Moreover, by 2030, 100% of eligible, in-scope Private Equity portfolio companies will have validated Science Based Targets (SBTs).
		Scope 2	4,413	93%		
		Scope 3	239,191	99%		
		Total	254,931	99%		
	2. Carbon footprint	Measurement of carbon footprint (tCO2e, *scope* 1,2,3 / €m portfolio value)	247	99%		
	3. GHG intensity of investee company	GHG intensity of investee companies (tCO2e, *scope* 1,2,3 / €m revenue)	399	99%		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	100%		No investments in companies active in the fossil fuel sector. Rule out any potential investments in the case of exposure to fossil fuels, in accordance with Tikehau Capital's Exclusion Policy (i.e.

					Not applicable as this is the first periodic report	exclusion with thresholds on thermal coal, oil and gas).
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	81%	96%		As part of the decarbonization strategy to be set up gradually, Tikehau IM encourages the switch to on-site renewable energy e.g., via solar panels, green tariffs, or Energy Attribute Certificates (EACs) where relevant, within its **Private Equity strategy.**
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	0%	96%		
	6. Consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (GWh / €m revenue)	Data available upon request			Data available upon request
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	6%	98%		
Water	8. Rejects in water	Tonnes of emissions in water generated by investee companies, per million EUR invested,	0.00	84%		

		expressed as a weighted average			Not applicable as this is the first periodic report	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies, per million EUR invested, expressed as a weighted average	0.00	77%		
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	8%	100%		Under former management of Egis, some isolated unethical practices took place during the 2010-2016 period and Egis India was subject to a conditional non-debarment by the World Bank from Jun-20 to Dec-22. Subsequently, the company implemented measures to enhance its corporate governance and compliance system to prevent such misconduct from recurring and the case was settled. As a result, as of 2023, Egis is no longer considered to be in violation of the UN Global Compact principles OECD Guidelines. Tikehau IM compliance team is closely monitoring such cases.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints managing mechanisms to address violations of the UNGC principles or OECD Guidelines for	41%	93%		Tikehau IM is committed to gathering tangible evidence on this PAI to identify the portfolio companies in breach and set up appropriate remediation plans when needed in the Private Equity strategy.

		Multinational Enterprises (%)				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	18%	79%		
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (%)	15%	93%		
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (%)	0%	100%		No investments in companies involved in manufacture or selling of controversial weapons. Rule out any potential investment in the case of exposure to controversial weapons defined, in accordance with Tikehau Capital's Exclusion Policy.
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	40%	88%	Not applicable as this is the first periodic report	Tikehau IM gradually encourages its portfolio companies to set up ambitious decarbonization trajectories, if possible compliant with SBTi for its **Private Equity strategy**.
Social and employee matters	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	21%	96%		

Source: Regulation (EU) 2022/1288, Annex1, Table 1 and 2 - https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=FR

Real Estate: Principle adverse impact on sustainability – investment in companies

Within Real Estate, Tikehau IM has 1 fund larger than 500 million (> €500mn) in assets, namely Tikehau Real Estate Opportunity 2018 SCSp.

Indicators of principal adverse impacts on sustainability		Metric	Impact 2022 Data	Impact 2022 Coverage	Impact 2021	Actions taken, and actions planned, and targets set for the next reference period
Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels	0%	100%	Not applicable as this is the first periodic report	No investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels (i.e., exclusion of all independent gas stations). Rule out any potential investment in the case of exposure to fossil fuels, in accordance with Tikehau Capital's Exclusion Policy.
Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	86%	75%		As a part of its Climate Mitigation strategy, Tikehau IM identifies the most energy-inefficient assets or assets subjects to Tertiary Decree *(Décret Eco-Energie Tertiaire)* held by its Funds and defines actions plans to reduce energy inefficiency (by means of renovation and per type of building use).
Greenhouse gas emissions	GHG emissions (tCO_2eq)	Scope 1 GHG emissions generated by real estate assets[1]	25,498	100%		In early 2023, Tikehau Capital's initial target of managing circa 40% of AUMs in line with the

[1] Scope 1 constitutes direct emissions from stationary combustion sources (gas and oil consumption) and direct fugitive emissions (refrigerant leaks).

		Scope 2 GHG emissions generated by real estate assets[2]	1,510	100%	Not applicable as this is the first periodic report	global target of zero net emissions by 2050 was approved by the Net Zero Asset Managers (NZAM) initiative. For Real Estate, Tikehau Capital aims to align 50% of in-scope AUM as net zero or aligned to net zero by 2030 as defined by the Net Zero Investment Framework.
		Scope 3 GHG emissions generated by real estate assets[3]	19,717	100%		
		Total GHG emissions generated by real estate assets	46,726	100%		
Energy consumption	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	213.55 kWh	100%		As a part of its Climate Mitigation strategy, Tikehau IM identifies the most energy-inefficient assets or assets subjects to Tertiary Decree (Décret Eco-Energie Tertiaire) held by its Funds and defines actions plans to reduce energy consumption and greenhouse gas emissions of these assets (by means of renovation and building use).

Source: Regulation (EU) 2022/1288, Annex1, Table 1 and 2 - https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=FR

[2] Scope 2 constitutes indirect emissions related to electricity consumption in common areas and indirect emissions related to the consumption of cold or hot steam (centralized heating and ventilation provided by urban networks) for multitenant buildings.

[3] Scope 3 constitutes indirect emissions related to electricity consumption in the private area and indirect emissions related to the consumption of cold or hot steam (centralized heating and ventilation provided by urban networks) for mono-tenant (single tenant) buildings.

III. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Tikehau Investment Management falls within the scope of the SFDR but is also subject to Article 29 of the Energy-Climate Law, codified in Article L.533-22-1 of the French Monetary and Financial Code. In line with the principles of the Sustainable Finance Disclosure Regulation, Tikehau Investment Management strives to improve transparency on the main negative externalities of its investments ("principle adverse impacts") and to consider different sustainability objectives so as not to pursue an objective which risks causing harm ("do no significant harm").

Beyond regulatory requirements, ESG criteria is embedded into the core of its investment process as Tikehau Investment Management believes that these criteria have a material impact on the risk-adjusted financial performance of the assets under consideration.

Policies in place include monitoring the impact of investment portfolios on sustainability issues (e.g., using the carbon footprint of portfolios) and complements the traditional ESG approach which assesses ESG risks on the portfolio (e.g., pre-investment ESG analysis grids, monitoring ESG questionnaires, etc.).

Tikehau's policy alignment with principal adverse impacts indicators can be summarised as follows:

Table 1: Tikehau Capital Policy Alignment with PAI indicators.

Adverse sustainability indicator	Metric	Actions taken, and actions planned, and targets set for the next reference period
GHG emissions **Carbon footprint** **GHG intensity of investee companies**	Scope 1 GHG emissions Scope 2 GHG emissions Scope 3 GHG emissions Carbon footprint GHG intensity of investee companies	In April 2023, Tikehau Capital's initial target of managing circa 40% of assets under management in line with the global target of zero net emissions by 2050 was approved by the Net Zero Asset Managers (NZAM) initiative. Policies have also been put in place to monitor the impact of investment portfolios, that is, by using the carbon footprint of portfolio companies. **The Net Zero targets are applicable to all entities of Tikehau Capital i.e., including Tikehau Investment Management.**
Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	To limit exposure to companies active in the fossil fuel sector, Tikehau Capital has implemented an exclusion policy which describes environmental exclusions for investments. This policy contains absolute thresholds for thermal coal, oil, and gas. For thermal coal, both absolute and relative thresholds are put in place. **The exclusion policy is applicable to all entities of Tikehau Capital i.e., including Tikehau Investment Management.**
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	In early 2023, Tikehau Capital joined the United Nations Global Compact and works to strengthen the formalisation of its human rights, labour rights and environmental rights framework. Tikehau Investment Management respects the principles of UNGC as well as guidelines by the Organisation for Economic Cooperation and Development (OECD) for Multinational Enterprises. It is also a signatory of the UN PRI since 2014.

		The principles of UNGC are applicable to all entities of Tikehau Capital i.e., including Tikehau Investment Management.
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	A Code of Conduct on the prevention of corruption and influence peddling was introduced in 2020 and updated in 2022 (Anti-Bribery, Corruption, and Influence Peddling code or "ABC Code"). In addition, Tikehau Capital has an anti-money laundering policy. This allows Tikehau Investment Management to have processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD guidelines for Multinational Enterprises. **The processes and compliance mechanisms are applicable to all entities of Tikehau Capital i.e., including Tikehau Investment Management.**
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	To limit exposure to controversial weapons, Tikehau Capital has implemented an exclusion policy which describes norm-based exclusions for investments. Tikehau Capital has a zero-tolerance standard for companies involved in cluster munitions, landmines, chemical and biological weapons. **The exclusion policy is applicable to all entities of Tikehau Capital i.e., including Tikehau Investment Management.**

ESG Analysis Grid

Tikehau Investment Management formalises its ESG approach through a non-financial analysis grid adapted to each activity. Within the Capital Market Strategies, Private Equity and Private Debt business lines, the research and investment teams take into account a common series of ESG themes that affect the operations, products and services of the companies concerned. For Real Estate activities, the ESG rating grid depend on the stage of completion of the project with a focus on the intrinsic characteristics of the asset and the practices of stakeholders (notably, developer, property manager, tenant) in relation to environmental (energy performance, biodiversity footprint) and societal matters.

At the level of the Group, below are some of the themes used by Tikehau Capital, illustrated in an example to prioritise principal adverse impacts of investment decisions on sustainability factors:

Level of integration	Integration of sustainability factors in investment decisions
Products and services	Review of the breakdown of revenue and the main positive and negative externalities, taking into account standards such as the European Taxonomy or the Sustainable Development Goals.
Governance	Analysis of the exposure to at-risk countries with regard to corruption and breaches of human rights, of the quality of management (ability to deliver the strategy, key person risk) and of the governance bodies (expertise and diversity of Board members), of the commitments made to support sustainable development (signing of the United Nations Global Compact, CSR policy), as well as of the exposure to known or potential controversies (corruption, labour law, competition law, taxation, etc.).
Social	Analysis of sectoral and/or business risks relating to human rights, health, and safety within the supply chain but also exposure to controversies linked to products and services, human resources and/or other stakeholders across the value chain.
Environment	Analysis of risks associated with the type of real assets, consideration of issues relating to climate change, resource conservation and the energy transition, and even the exposure to known or potential environmental controversies.

ESG Integration

Regarding ESG integration, all investment analysts, managers, and directors are responsible for integrating the ESG criteria into the fundamental analysis of investment opportunities.

Tikehau Investment Management believes that active shareholding stimulates communication and contributes to the creation of value. In this context, Tikehau Investment Management is committed to voting at shareholder meetings of all companies held in funds it manages (excluding funds of funds). The investment teams and the ESG team maintain dialogue with the portfolio companies with a view to creating sustainable value.

IV. Engagement policies

Tikehau Investment Management establishes an engagement approach with companies. Starting at the investment decision and throughout the holding period of the investment, Tikehau Investment Management promotes the adoption of practices that align financial performance with social and environmental impact. The investment teams and the ESG team maintain dialogue with the portfolio companies with a view to creating sustainable value.

Voting policy

The Group believes that active shareholding stimulates communication and contributes to the creation of value. In this context, the Group is committed to voting at shareholder meetings of all companies held in funds it manages (excluding funds of funds). Portfolio managers have access to ISS, a leading platform to vote.

With regard to investments in **listed companies** (equity funds of the Capital Markets Strategies activity and investments through the balance sheet), the Tikehau Capital analysts and fund managers analyse the resolutions of the general meetings. They may use proxy advisors to help assess problematic resolutions.

With regard to **Private Equity** investments, whether Tikehau Capital has a minority or majority stake in the share capital in a given company, the teams can systematically exercise their voting rights.

Resolutions added to the agenda by external shareholders are analysed on a case-by-case basis and approved if they contribute to the improvement of business practices or if they have the potential to create value for shareholders.

ESG monitoring

In Private Equity and Private Debt, the Group aims to work together with the management team of the companies in the portfolio, the equity sponsor and/or potential co-investors on ESG-related topics.

To raise the management's awareness in the early stages of the investment relationship, an ESG clause is included wherever possible in shareholders' agreements or credit documentation. This clause lists Tikehau Capital's commitments to responsible investment and binds executives to adopt a progressive approach based on their resources.

During the holding period, the portfolio companies are subject to an annual review of their ESG performance through a dedicated questionnaire. Thanks to companies' responses, Tikehau Capital can identify risks and/or opportunities relating to ESG factors. Where appropriate, the investment teams and ESG team may be encouraged to engage in dialogue with the companies to help identify the risk management strategies in place. For example, as a minimum, the Group encourages the establishment of formal Codes of Ethics to promote an exemplary approach within companies.

Depending on the level of proximity between the teams and the management, and when the investment teams have a seat on the corporate governance bodies of portfolio companies, the most material ESG topics are included at least annually on the agendas of such bodies.

ESG roadmap

When the teams benefit from a close relationship with the management of companies, through private equity and private debt activities, ESG roadmaps are developed in collaboration with the portfolio companies. The definition of these plans is based on a materiality analysis of ESG topics according to the activity, size, and geographical exposure of the companies. Where possible, qualitative objectives and management indicators are monitored annually.

V. References to international standards

For reference to international standards, please refer to Table 1 in Section VIII of this document that explains Tikehau Capital's policy alignment with the principles adverse impact indicators. Several of the PAI indicators are being dealt with in direct compliance with international standards such as the principles of the UNGC, OECD guidelines as well as initiatives such as the NZAM.
The Group's non-financial performance statement also considers two other global sustainability reporting frameworks:

- The Task Force on Climate-Related Financial Disclosures ("TCFD") standard, a working group on climate reporting led by the G20 Financial Stability Board. At the date of this document, TCFD alignment is monitored at the level of the Group and not separately at the Entity level.
- The Sustainability Accounting Standards Board (SASB) standard, which provides companies with a grid of material sectoral indicators on ESG topics.

Aligning Tikehau Capital's portfolio with the objectives of the Paris Agreement

To respond to the climate emergency and align our portfolio with the objectives of the Paris Agreement, the Group has developed a climate strategy that consists of working on four dimensions: exclusions, climate risk management, measurement and management of our portfolio's climate impact, and the commitment and launch of funds dedicated to solutions and the transition.

Regarding exclusions, the Group has revised its fossil fuel exclusion policy to limit the financing of new projects dedicated to fossil fuels and related infrastructure. In addition, Tikehau Capital excludes new direct investments in companies with material exposure to fossil fuels as defined by the NGO Urgewald's Global Coal Exit List (GCEL) and Global Oil and Gas Exit List (GOGEL). One of the criteria for inclusion on these lists is expansion of thermal coal mining, or expansion of oil and gas production. This is in line with the International Energy Agency's (IEA) Net-Zero Emissions Scenario, and the 1.5°C scenarios considered in the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report which found that the carbon dioxide emissions from existing fossil fuel infrastructure would exceed the carbon budget for 1.5°C.

In March 2021, Tikehau Capital joined the Net Zero Asset Managers initiative, and, in March 2023, Tikehau Capital's Sustainability Strategy Orientation Committee validated an initial target to manage around 40% of the Group's assets under management in line with the goal of achieving net zero emissions by 2050. The targets were set using the Paris Aligned Investment Initiative's Net Zero Investment Framework, and the Science Based Target initiative's portfolio coverage methodology for private equity. Both these methodologies considered forward-looking 1.5°C-aligned scenarios from the IPCC's Special Report on Global Warming of 1.5°C. The proportion of the Group's AUM to be managed in line with net zero will increase over time as new funds will be introduced with net zero strategies where possible.

VI. Historical comparison

The regulation's guidelines recommend historical comparison of the period reported on with the previous period reported on and, subsequently, with every previous period reported on up to the last five previous periods.

Tikehau IM is committed to improve its transparency on the main negative externalities of its investments ("principle adverse impacts") and to consider different sustainability objectives so as not to pursue an objective which risks causing harm ("do no significant harm").

In line with its engagement, Tikehau IM will publish its first quantitative results on its PAIs in June 2023 as a part of its 2022 Entity Report, in line with the Article 29 of the Energy-Climate Law, codified in Article L.533-22-1 of the French Monetary and Financial Code.

Thus, Tikehau IM's first historical comparison will be made in its next Entity report.