Impact Report 2022

Tikehau Impact Credit

TIKEHAU CAPITAL

DISCLAIMER

This activity report is not a marketing communication and is not intended to promote the sub-fund Tikehau Impact Credit. This document is provided for information and educational purposes only.

Tikehau Impact Crédit is a sub-fund of a Luxembourg Undertaking for Collective Investment in Transferable Securities (UCITS), incorporated as an open-ended investment company (SICAV) “Tikehau Fund” managed by Tikehau Investment Management (“TIM”). The subfund’s legal documentation (KID, prospectus) are available on the Management Company’s : http://www.tikehaucapital.com. Key risks of the Sub-Fund are risk of loss of capital, counterparty risk, liquidity risk, sustainability risk and credit risk. For a description of all risks, please refer to the Sub-Fund's prospectus.

Reference to a ranking/label does not predict the fund's future performance.

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TIM's projections and analyses are forward-looking, and their realisation are not guaranteed. In addition, it cannot be recognised as sufficient to make any decision on this basis.

The sustainability KPIs concern the 2022 reporting period (from 1 January to 31 December 2022). The review also provides an overview of Tikehau Capital's approach, as well as key achievements as at May 30 2023. All fund and portfolio data in this report is as of 31 December 2022.

TIKEHAU CAPITAL

With our entrepreneurial DNA, we anticipate tomorrow's needs and design relevant financing solutions to accelerate positive transformations in society.

2004
Tikehau Capital founded

€3bn[1]
AuM in the sustainability-themed and impact platform

€4.1bn
AuM in Capital Markets Strategies

5 pillars of differentiation

1	2	3	4	5
Entrepreneurial Mindset	Alignment of Interests	Multi-local Platform	Unique Ecosystem of Partners	Sustainability by Design

“ Our ability to drive necessary change at the right pace and keep everyone's interests aligned is critical to make the transition happen at scale

Cécile Cabanis
Deputy Chief Executive Officer

1. Source: Tikehau Capital Universal Registration Document. Data as of 31/12/22.

This report presents the impact approach of the Tikehau Impact Credit fund and its portfolio progress.

Impact Highlights
p.05

Letter from the Fund Manager
p.06

PART 1 **Tikehau Impact Credit** p.07
Searching for impact in a high-yield segment and our investment strategy.

PART 2 **Delivering net zero emissions from packaging and its production** p.15
How our investments can contribute to solve the packaging dilemma

PART 3 **The Instrument Bucket** p.26
Investing in Green Bonds and Sustainability-Linked Bonds.

PART 4 **The Issuer Bucket** p.32
Investing in Pledgers and Transition Issuers

APPENDICES
p.40

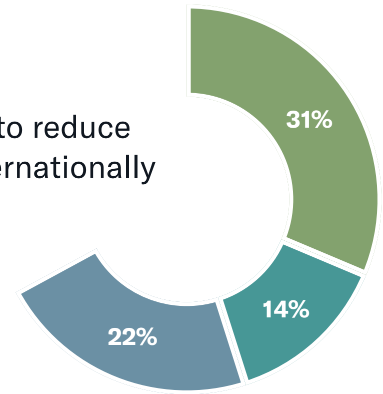
IMPACT HIGHLIGHTS

The companies we are invested in contribute to reducing carbon emissions and we engage with them on their impact

84%

of issuers are committed to reduce GHG emissions using internationally recognised initiatives

- Validated SBTi
- Committed SBTi
- GFANZ member



Weighted Average[1] Carbon Intensity

787

tCO_2e/€M of revenue

WACI investment universe: 2267 tCO2e/€M of revenue

Companies in portfolio have been achieving on average an annual reduction[2] of

8%

in scope 1 & 2 GHG emissions

ALMOST

2x

the 4.2% **annual reduction rate required for 1.5ºC-aligned science-based targets**[3]

Engaging with our portfolio to enhance impact

29

Companies engaged[4] with

= **47%**

of our portfolio at end 2022

17

Companies started dialogue with us on impact topics

via emails, and in one-to-ones or investor meetings

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio. Representative of portfolio excluding cash and cash equivalent.

1. Portfolio including cash and cash equivalent. Please refer to the SFDR Periodic Report for more details about the computation methodology.
2. Linear reduction calculated on absolute emissions, compared to the baselines set by the companies (53 companies covered out of 64). Source: CDP, ISS ESG and company reports.
3. Annual reduction rate implied by the SBTi methodology to achieve scope 1 & 2 absolute emissions reduction compatible with a 1.5° scenario with a 2020 or earlier baseline
4. i.e. contacted to discuss impact topics and areas of improvement

FROM THE FUND DIRECTOR

We aim to contribute to the transition towards a low-carbon, circular economy

Following the launch of a private equity strategy dedicated to the energy transition and an impact-focused private lending strategy, a natural next-step within Tikehau Capital's climate platform was to introduce an impact approach to the public debt market. This was done by combining our internal expertise on climate and impact with our long-standing knowledge of credit markets. With Tikehau Impact Credit, we strive to contribute to the transition towards a low-carbon, circular economy, while still generating financial performance.

Our focus is predominantly on the high-yield segment, as we have been investing in this space for many years. We have been financing some issuers for over a decade, and have built a close relationship with the management and a deep understanding of their business models. It is our belief that the most value to be extracted within credit markets lies within the high yield segment.

The proportion of high-yield issuers with GHG emission reduction targets validated by the Science-Based Targets Initiative (SBTi) is small compared to investment grade issuers. High yield issuers often lack a dedicated ESG team or CSR manager and operate on a smaller scale, leaving room for improvement in their sustainability efforts.

Additionally, the high-yield segment includes players operating in priority sectors, such as industrials, discretionary consumption, energy, and construction, which have significant potential for systemic decarbonisation impact. By focusing on these sectors and those that value sustainable materials, such as infinitely recyclable glass and metal, or renewable cardboard or paper, Tikehau Impact Credit aims to finance both what is already environment-friendly as well as what can transition to environment-friendly performance over time.

The concept of impact differs in public debt markets compared to private assets since we only hold a portion of the overall debt from a specific issuer. Consequently, the notion of additionality is softer compared to investors with full access to information, board participation, and involvement in shaping climate strategy. However, this does not diminish its power. Given our impact approach, our strategy goes beyond mere financing of select issuers, even more so for companies with significant refinancing needs or reliance on debt. The core of our approach lies in fostering engagement with our issuers. While we may not have the means to define their climate strategy, we serve as a sparring partner, urging them to accelerate their sustainability journey.

2022 was a challenging year for risky assets, and credit markets were no exception. Though we have kept away from the most impacted sector - chemicals - we were not involved in the best performing sector - energy - due to our strict stance on fossil fuels. We used this demanding year to enhance our investment process by adopting the SRI label. Despite its constraints, this label will help us address the best-in-class issuers to meet our ambitions.

Laurent Calvet
Fund Manager

Achievement of investment objectives is not guaranteed.

1 Our Impact Approach

Our Theory of Change

Our Investment Strategy

Our Impact Process

OUR THEORY OF CHANGE

Searching for Impact in a High-Yield Segment

“We finance companies whose circular economy and GHG emissions reduction initiatives have the potential to help transition our ecosystem to a more climate-friendly model.

Amélie Pichon
Head of ESG for Capital Markets Strategies

Our reasons to focus on high-yield issuers contributing to the low-carbon transition while creating sustainable impact

Our reasons

Anthropogenic greenhouse gas emissions responsible for climate change are increasing

Considerable investment is needed to ensure the transition to a low-carbon economy

The High-Yield Segment according to us

- More concentrated in **high impact climate sectors**
- Generally **less mature** (when it comes to setting science-based targets to reduce greenhouse gas emissions)
- Strong potential for **financial performance** (value investing)

2 BUCKETS

Instruments

Sustainability-Linked Bonds

Green bonds

Issuers

Pledgers
Issuers with a reduction objective (validated or being validated)

Transition
Issuers with the potential to contribute to the transition toward a circular or low carbon economy

FUND LEVEL*

- Reduce carbon intensity
- Select issuers with climate change commitments

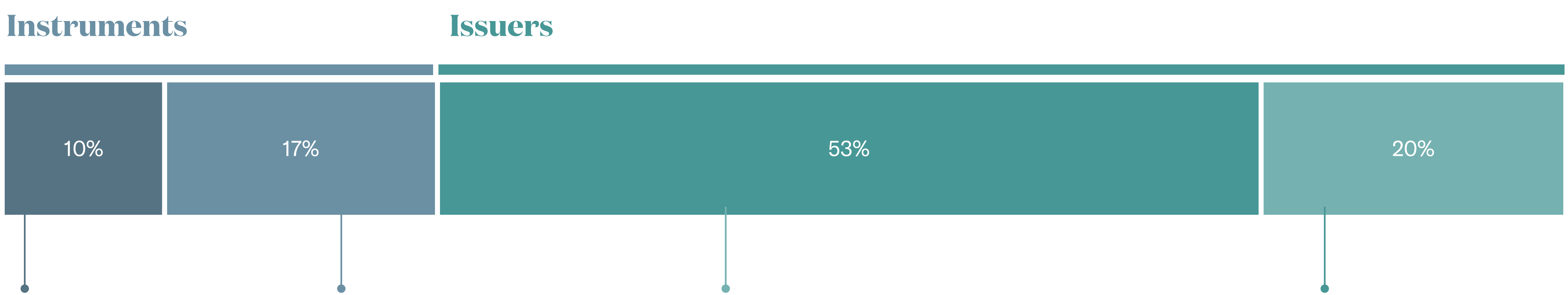
INSTRUMENT & ISSUER LEVEL*

- Increase in the share of recycled aluminium
- Reduce scope 1, 2 & 3 GHG emissions
- Increase in the proportion of certified sustainable inputs

*Examples of fund's objectives and Instrument and issuer's KPIs (non exhaustive) provided for illustrative purposes only.
Achievement of investment objectives is not guaranteed. Investing in funds involves risks, including the risk of total loss of capital.

OUR INVESTMENT STRATEGY

Our investments in two buckets support the transition to a low-carbon circular economy



Green Bonds

Green bonds with use of proceeds aligned with the objectives of the fund and which comply with ICMA's Green Bonds Principles.

Sustainability-Linked Bonds

Sustainability-Linked Bonds with targets aligned with the objectives of the fund and which comply with ICMA's Sustainability-Linked Bonds Principles.

Pledgers

Issuers with an emissions reduction target validated or in the process of validation by the Science-Based Targets initiative (SBTi) or the Glasgow Financial Alliance for Net Zero (GFANZ)

Transition Issuers

- Issuers offering low-carbon solutions
- Issuers in transition with the potential to:
  - Manage the negative externalities of their operations across the value chain
  - Take advantage of existing and emerging opportunities in their products and services

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio. Representative of portfolio excluding cash and cash equivalent.

OUR IMPACT PROCESS

Our impact approach is embodied throughout the investment and holding period

1

SELECTION

A strong selection process based on specific impact grids for each bucket

2

MONITORING

Complimented by impact monitoring at both fund and investment level

3

ENGAGEMENT

Leading to targeted engagement, as a key component of additionality

+ Continuously challenging our approach to keep up with constantly evolving standards and practices

1 Exclusions

2 SRI Criteria

3 Fundamental, Technical & ESG Analysis

4 Impact Grids

INSTRUMENTS	ISSUERS
Green Bonds	Pledgers
Sustainability-Linked Bonds	Transition issuers

- Measure Progress at Fund Level
- Measure Progress at Investment Level
- Define Priority Levels for Engagement

- A goal-oriented, time-bound process
- An incremental approach adapted to the specificities of the fixed income market

OUR IMPACT PROCESS

Bringing impact in fixed income beyond sustainable finance instruments

>60%

of investments allocated to Pledgers and Transition issuers

1

SELECTION

As per our analysis, most European fixed income impact funds currently focus on Green Bonds. However, we believe that “regular bonds” issued by thoroughly-selected issuers and Sustainability-Linked Bonds can also be relevant in an impact fund. That’s why our fund entails two buckets:

- one for **sustainable finance instruments** with Green Bonds and Sustainability-Linked Bonds
- and one for **Issuers** with Transition and Pledger Issuers (conventional bonds).

The first three steps of our investment process ensure that sustainability screening is conducted. Once the **exclusion**, **SRI score**, and **ESG fundamental analysis** requirements have been fulfilled, the last step, the **impact selection process**, is conducted by our research team.

Impact Grids

Our **impact grids** ensure there is a connection between a project, a target or a business and the fund's theory of change. Adapted to the specificities of the two buckets, they are our tool to evaluate the potential contribution of each investment towards a low-carbon and circular economy.

Our impact analysis is done in house, relying on our credit team's intimate understanding of issuers and sectors.

Issuers

- ✓ Verify that Pledgers have a validated emissions reduction target under international initiatives:

SCIENCE BASED TARGETS

GFANZ Glasgow Financial Alliance for Net Zero

- ✓ Evaluate the contribution of Transition issuers to our impact targets, and their management of negative externalities

Instruments

- ✓ Assess Green / Sustainability-Linked Bonds to ensure that they meet their transparency & disclosure guidelines

The Green Bond Principles

The Sustainability-Linked Bond Principles

- ✓ Ensure that their objectives are consistent with our impact targets.

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio. Representative of portfolio excluding cash and cash equivalent.

OUR IMPACT PROCESS

Measuring progress at issuer level by identifying priorities for engagement

25 COMPANIES

40%

of our portfolio identified as **priority 1 for engagement**

based on impact KPIs, performance against decarbonisation commitment, or publication of ESG data collected during the 2022 monitoring phase

2

MONITORING

The monitoring phase is a crucial part of our impact process as **we have defined indicators to measure our impact at fund level, and also rely on specific indicators for each investment**. Our intuition is that if we effectively track and measure progress at investment level this will help deliver impact at fund level.

We **ensure that each investment is reporting on its impact performance with increased transparency** and detail. We also track new strategic changes, and **evaluate performance with respect to the fund's impact thesis**. This monitoring is the basis of **our engagement with companies**.

It is worth noting that most data currently reported by companies focuses on outputs (e.g., GHG emissions) or describes the practices and activities of the companies. It is often challenging to obtain measured impact data to quantify measurable, positive change in the real world.

The research team, with the support of the ESG team, relies on a variety of sources to carry out this exercise effectively. These sources include green bonds allocation and impact reports, sustainability-linked bonds annual reports and companies' annual sustainability reports.

The ESG team assigns each investment with a priority engagement level ranging from 1 (high priority) to 3 (low priority). Our engagement prioritisation is a function of the following considerations:

- investment bucket
- performance of the invested company with respect to its KPIs
- advancement of the invested company with respect to the investment thesis
- responsiveness of the invested company
- relative level of influence of Tikehau as per the size of investment

As of 2022 and 2023, the goal is to engage with priority 1 issuers and engage gradually on a best effort basis with priority 2 and 3.

PRIORITY 1 ENGAGEMENT
COMPANIES (25)
SPLIT BY BUCKET

Instruments

4 Green Bonds

3 Sustainability-Linked Bonds

Issuers

7 Pledgers

11 Transition issuers

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio. Representative of portfolio excluding cash and cash equivalent.

OUR IMPACT PROCESS

An incremental and long-term approach to engaging with the High-Yield segment

3

ENGAGEMENT

We believe the transition toward a low-carbon and circular economy is incremental, and we seek to provide guidance and support companies in our portfolio to improve their sustainability practices and metrics, including issuers who are early in their transition processes. We are convinced that **working with companies that need the most guidance and support will help deliver on the financial objectives of our clients, but also their desire to make a long-term positive impact in the real world.**

Engagement is the core component of our investor additionality strategy. Our engagement is primarily focused on the connection of our investments to the transition towards a low-carbon and circular economy. We try to address the varying challenges and complexities faced by companies depending on where they stand in their journey. We may also engage with companies beyond these topics to discuss their potential negative externalities.

Our engagement process ensures that the companies we have invested in make credible efforts to deliver on their commitments, for example eliminating their abatable greenhouse gas emissions. To ensure effective engagement, we aim to establish goal-oriented and time-bound engagement with companies, accompanied by escalation steps if necessary.

We recognise the importance of fostering long-term dialogue to drive the evolution of these companies' business practices. While we anticipate that our progress and impact will grow over time, we are mindful of the unique dynamics of the listed market. Due to our relatively small holdings in each investment, our influence may be limited.

29 → **17** →

Companies engaged[1] with

started a dialogue on impact topics with us

Over the year, we hope these engagements will **result in companies taking action** to address our expectations.

CDP DRIVING SUSTAINABLE ECONOMIES

We believe in the power of collaboration to tackle large-scale issues. That is why we are proud to participate in the CDP 2023 Non-Disclosure Campaign as a leading participant. Our goal is to work directly with companies that have not yet responded to the CDP's call to action on climate change, as we believe that transparency and accountability are crucial to the success of the transition to sustainable corporate credit issuers.

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22

1. i.e. contacted to discuss impact topics and areas of improvement

OUR IMPACT PROCESS

We consciously keep up to date with evolving standards and practices in our sector

+ Continuously challenging our approach to keep up with constantly evolving standards and practices

Impact investing is a relatively new field, and **practices and standards are continually evolving**. We closely monitor the work of market initiatives, such as the Operating Principles for Impact Management and the “Institut de la Finance Durable”. We focus on initiatives that offer valuable perspectives on the intricacies of the listed market.

Throughout 2022, we diligently challenged our approach, leading to a comprehensive overhaul of our investment process **to align with SRI label requirements. We strengthened our Impact Grids and clarified our monitoring process and engagement criteria**. As a result, we made the decision to divest from certain issuers that no longer aligned with the fundamental impact principles of the fund.

Looking ahead, we aspire to minimise the occurrence of divestments, which we increasingly perceive as a measure of last resort for an impact fund. Nevertheless, we will exercise even greater selectivity during our investment process, ensuring utmost discernment in identifying opportunities that align closely with our impact objectives.

Strategic Divestment

A circular economy company engaged in the distribution of spare parts for light and heavy vehicles did not demonstrate a commitment to improving transparency practices or sharing information regarding their decarbonisation strategy, despite our efforts to engage. This misalignment with our sustainability objectives led us to exit our investment in the company.

A financial institution’s Science-Based Targets initiative (SBTi) commitment became obsolete, dating back more than two years and failing to meet the constraints of the initiatives. The issuer therefore did not meet pledgers impact grid requirements anymore, so we exited the name.

SCIENCE BASED TARGETS

Three issuers sustainability practices no longer met our expectations in a broader context. We made the decision to divest from them to comply with the requirements of the SRI label, as these issuers were among the worst-rated companies in our investment universe.

A company involved in the production of aluminium and "non-refillable" closures was of concern due to its sectoral exposure, ash we chose to exit our investment.

These decisions reflect our commitment to investing in companies that align with our impact grids and promote responsible and environmentally conscious practices. **We remain committed to supporting and investing in companies that prioritise transparency and actively work towards decarbonisation and sustainable practices.**

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22

2 Delivering net zero emissions from packaging and its production

A Compelling Case for Transition

- Pre-Investment
- Monitoring
- Engagement

A COMPELLING CASE FOR TRANSITION

The packaging dilemma: provide solutions to protect, store & transport goods, while minimising packaging.

In the transition to a low-carbon and circular economy, the challenge of the packaging sector is at odds with the very products it provides: to provide packaging in a way that reduces or avoids packaging altogether. Single-use recycled, or reusable disposals offer viable options depending on requirements.

Reducing emissions during production

Each packaging substrate presents unique challenges to address to facilitate the transition towards a low carbon, circular economy.

USING CIRCULAR ECONOMY PRINCIPLES TO SOLVE THE DILEMMA

The circular economy, guided by three innovation principles (elimination, reuse, and material circulation), is instrumental for the sector to achieve its transition.

Innovative Packaging

Innovate solutions that eliminate unnecessary packaging, prioritise renewable and recycled materials, and design for minimal waste and pollution, ensuring high recyclability or recovery rates.

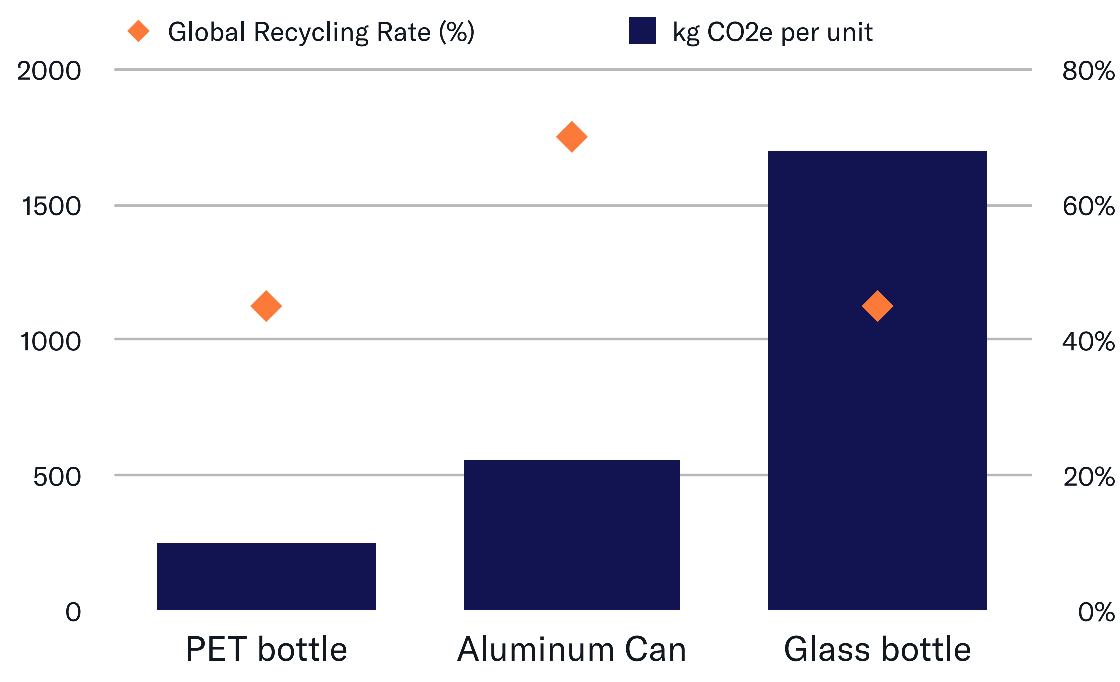
Redesign

Rethink packaging itself, considering its concept, format, components, and material choices to promote high rates of reuse.

Optimised Resources

Maximise the value of all resources, including generating bioenergy from residues and implementing circular energy recovery. This approach ensures that any resources taken from the biosphere are returned, and waste is eliminated, preventing pollution.

CARBON IMPACT AND RECYCLING RATES BY PACKAGING MATERIALS



Sources: McKinsey & Company, "True packaging sustainability: Understanding the performance trade-offs", July 28 2021

1
Selection

2
Monitoring

3
Engagement

OUR METHODOLOGY IN PRACTICE

Address the packaging challenge with substrates that have potential for reusability, recyclability, and biodegradability

Packaging substrates such as paper, aluminium and glass have an important place in our fund because they are crucial to addressing the packaging challenge due to their potential for reusability, recyclability, actual recycling, or biodegradability, as well as ethical and sustainable production practices. However, each substrate presents unique challenges and requires appropriate measures to minimise its carbon footprint and achieve high recycling rates. This aspect has been a significant focus during our selection phase.

1 Selection

2 Monitoring

3 Engagement

FOCUS

By investing in Verallia's Sustainability-Linked Bond (SLB) we aim to contribute to the decarbonisation of glass packaging and promote industry sustainable practices

Verallia is a prominent European producer of glass containers for food and beverages. To address the high carbon impact associated with glass packaging, we have chosen to invest in Verallia's SLB. The SLB targets aim to support the company's efforts in increasing the utilisation of external cullet (recycled glass) in its furnaces across global production, which is key to reduce the emissions from glass production.

Additionally, Verallia is at the forefront of innovation, pioneering hybrid/electric furnaces in Europe. The company plans to commence production with its first electric furnace in Cognac by the end of 2023. This transition is expected to result in a reduction of emissions of up to 60% compared to traditional furnaces. Verallia is also developing glass oxygenation technology to lower CO_2 emissions by 18% during the manufacturing process. Two new furnaces equipped with this technology will be fully operational in 2024, in Campo Bom (Brazil) and Pescia (Italy).

TARGET UTILISATION OF EXTERNAL CULLET FROM THE SLB FRAMEWORK

49%	59%	66%
Baseline 2019	2025	2030

This information is for educational purposes only and does not constitute advice nor recommendation with respect to any investment product, issuer, strategy, investment characteristic or other purpose in any jurisdiction, nor is it a commitment by Tikehau Capital to participate in any of the transactions mentioned.

Source: Verallia Sustainability-Linked Financing Framework 2021 and Tikehau IM internal analysis

1 Selection

2 Monitoring

3 Engagement

FOCUS

Constellium

We invested in this bond that has a clear investment pipeline to reduce GHG emissions, increase recycling, and drive sustainability throughout the aluminium industry

GHG Emissions Reduction Target

INITIAL	REVISED
25%	30%
reduction of **Scope 1 & 2** intensity by 2025 from a 2015 baseline	reduction of **Scope 1, 2 & 3** intensity by 2025 from a 2021 baseline

When we initially invested in Constellium, a global leader in the development, manufacturing, and recycling of aluminium products, their target was to reduce scope 1 & 2 GHG intensity by 25% by 2025 compared to a 2015 baseline. This was the beginning of their decarbonisation journey. We found it interesting that the company was also focusing effort on circularity, with targets to boost beverage can recycling rate and to increase the share of recycled input. In 2023, the company moved forward and communicated on its intention to reduce its GHG intensity (scope 1, 2, and 3) by 30% by 2030 compared to a 2021 baseline.

To achieve this goal, Constellium has established an investment pipeline, which we believe is crucial for tangible progress in GHG emissions reduction.

- To address the carbon impact of production processes, several initiatives were launched. In 2022, the company launched an initiative to develop a zero-emission cast house that will use a hydrogen-oxygen burner in a furnace. It also actively participated in French and European projects focused on substituting natural gas with hydrogen for the production of aluminium and steel.
- To increase the share of recycled aluminium in its production, which is vital for the industry as it requires only 5% of the energy used in producing primary metal and emits 95% fewer GHG emissions, the company set a target of achieving 50% recycled input by 2030. The company is also collaborating with customers, research centres, and associations to improve overall recycling rates across its value chain.

Source: Constellium FY 2021 & 2022 annual report and Tikehau IM internal analysis

1
Selection

2
Monitoring

3
Engagement

OUR METHODOLOGY IN PRACTICE

Assess the progress of companies in achieving their targets and identify areas where they are well positioned to succeed

This enables us to identify relevant initiatives that can be shared with other companies as suggestions. Simultaneously, we also identify areas where companies are less advanced and need additional focus. This information guides our engagement efforts, to ensure that companies meet their targets and make tangible progress.

1
Selection

2
Monitoring

3
Engagement

FOCUS

ArdaghGroup

We aim to help Ardagh address the challenges they face to meet their reduction targets and encourage them to enhance their renewable energy strategies and commitments

SCIENCE BASED TARGETS

2.4%

Scope 1 & 2 emissions reduction in FY21, vs. **4.2%** annual linear target"

One of our SBTi pledgers, Ardagh Group, is a global supplier of metal and glass packaging. Based on our observations, the company appears to be on track to meet its scope 3 targets, assuming a linear rate of reduction. However, their progress in reducing scope 1 and 2 emissions has been slower than expected, with a 2.4% reduction in FY21 compared to the targeted linear yearly reduction of 4.2%. Our analysis suggests that this slower progress could be attributed to Ardagh Group's renewable energy mix improving at a relatively slow pace. With +1pt improvement p.a. between 2019 and 2021, as per our analysis, the group does not seem to be on track to reach 100% of renewable electricity by 2030 (from 17% in 2019).

During our engagement with the company, we sought confirmation of our performance analysis and requested more information about their plans to achieve emission reduction. For example, we inquired if they were considering Power Purchase Agreements (PPAs), both on-site and off-site, as a potential strategy.

We also recommended that Ardagh Group consider joining the RE100 initiative as it unites businesses that are dedicated to sourcing 100% renewable electricity. By joining, they can benefit from shared knowledge and best practices among members, improve their green energy sourcing, and collaborate with a unified voice to advocate for the development of renewable electricity.

Source: Ardagh Group FY 2022 annual report and Tikehau IM internal analysis

1 Selection

2 Monitoring

3 Engagement

FOCUS

sappi

We assist Sappi in refining their approach and accelerating progress towards their Scope 3 reduction targets

SCIENCE BASED TARGETS

26%

of suppliers are a part of the SBTi

With Sappi, another SBTi pledger, serving as a global provider of sustainable wood-fibre products and solutions, we have observed an opposite challenge. The company appears to be progressing well in meeting its targets to reduce scope 1 and 2 carbon intensity. In FY22, they achieved a 4.8% reduction, surpassing the linear yearly reduction target of 3.8%.

For Scope 3, their SBTi validated target is solely engagement-based with the goal to have 44% of suppliers (by spend) having science-based targets by 2026. They report a share of 26% in 2022 and we identified a need for further clarity with respect to this target in terms of definition and action plan. This became the focus of our engagement with the company.

Through our engagement efforts, we sought to work closely with Sappi to enhance their action plan for Scope 3 emissions. We aimed to provide guidance and support to ensure they develop a more precise and effective strategy for engaging suppliers and encouraging them to set science-based targets.

Source: Sappi FY 2022 annual report and Tikehau IM internal analysis

1
Selection

2
Monitoring

3
Engagement

OUR METHODOLOGY IN PRACTICE

Ensure that companies fulfil their commitments: challenge their performance against targets and discuss customised action plans

Through open and constructive dialogue, we hold companies accountable for their sustainability goals and encourage them to strive for continuous improvement. By sharing insights and lessons learned from other companies in their sector, we foster a collaborative environment that encourages knowledge sharing and promotes the adoption of best practices. Overall, our engagement phase is a crucial step in driving companies towards achieving their commitments and fostering sustainability across their operations.

This phase also serves as a platform for exchanging best practices observed among their industry peers.

1 Selection

2 Monitoring

3 Engagement

FOCUS

Constellium

Following our investment, we continue to drive their ambition and specificity to achieving emissions reductions for the industry

Target Revision

covering **Scope 3** and pushing for **further decrease** of Scope 1 & 2 emission intensity

We engaged with Constellium, a company in the transition bucket, involved in the aluminium value chain. During our engagement, we noticed that they strengthened their commitment to address scope 1 and 2 GHG emissions and added scope 3 as a new target. While this was a positive step, we sought further clarity on their strategy to achieve these targets and the governance surrounding their climate strategy. We encouraged them to convert their self-commitments into engagements validated by initiatives like the SBTi.

Additionally, we recommended they develop targets related to the circular flow of their products, such as increasing the percentage of sales from circular products, which we observed among their competitors.

Overall, we were pleased with the level of detail provided by the company, and we hope that ongoing discussions will lead them to adopt our recommendations.

Source: Constellium FY 2022 annual report and Tikehau IM internal analysis

1
Selection

2
Monitoring

3
Engagement

FOCUS

Ardagh Metal Packaging

Following our investment, we encourage disclosure on the impact indicators of their Green Bond and alignment with initiatives

Green Bond Proceeds

Fully allocated

with a focus on Eco-efficient and/or Circular Economy, Energy Efficiency and Pollution Prevention & Control

We engaged with Ardagh Metal Packaging, a supplier of metal beverage cans, as a holder of their Green bond. Our focus was to discuss their impact indicators. While the proceeds of their bond have been fully allocated, we emphasised the importance of ongoing disclosure of information related to the impact indicators highlighted in their Green Bond framework, such as the rate of recycled aluminium used as input. We suggested that they join initiatives like RE100 and the First Movers Coalition.

Ardagh Metal Packaging was responsive and provided us with details, mentioning that they are still working on compiling some data before public disclosure. Regarding joining initiatives, they expressed interest but indicated a preference for taking a leading position in the initiative before committing to it.

Source: Ardagh Metal Packaging Sustainability Update Report 2022 and Tikehau IM internal analysis

3 The Instrument Bucket

Green Bonds

Sustainability-Linked Bonds

GREEN BONDS

We selected green bonds that show a robust alignment with the Green Bond Principles

Over the investment period, we selected green bonds that show a robust alignment with the Green Bond Principles established by the International Capital Market Association (ICMA), backed with an analysis of the sustainability maturity of issuers. During selection, an assessment was carried out, examining the green bond framework, a second party opinion, and previous green bond reports, when available.

Our analysis put emphasis on the impacts of the selected green bonds through the utilisation of proceeds and the project selection process: most of the green bonds in our portfolio finance clean energy, green buildings or clean mobility. We also hold bonds financing circular economy or wastewater management.

50%

of the instruments in our green bonds portfolio have a share of their use of proceeds directed to renewable energy and green buildings

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio.

The challenge: inconsistent methodologies make it difficult to generate robust aggregate data

Throughout the period, the majority of green bonds in our portfolio have been fully allocated. We reached out to several companies in portfolio in emerging markets to confirm that they had released their audited allocation reports in a timely manner. Ultimately, all companies met our expectations with respect to their reporting commitments.

However, in general, we find that inconsistencies in methodologies used in green bond reports make it difficult to generate robust aggregated impact indicators at the fund level.

We track the impacts of green bonds through their dedicated annual reports, which should include a list of the projects that received the proceeds, a brief overview of the projects, the allocated amounts, and their environmental impacts. Although they provide clear reporting on the use of proceeds, gathering data on impact indicators can be challenging:

- Impact indicators are often broadly defined in frameworks but they are not consistently included in green bond reports, which primarily focus on the allocation of funds. We advocate for easier and standardised access to information regarding impact indicators.
- Due to the absence of a suitable standard for calculating avoided emissions, we currently do not monitor or aggregate avoided emissions from green bonds in our portfolio.

As we believe that both allocation and impact reports are crucial components of green bonds, we aim to increase our scrutiny on the company commitment to publish a standalone impact report which is currently not the mainstream practice. While the former promotes transparency regarding the use of proceeds and assists investors in understanding the financed projects, the latter helps measure the positive environmental impacts of the proceeds

FOCUS

ReNew

A green bond for the renewable energy industry

ReNew is a major player in the global renewable energy industry, with more than 120 operational wind, solar, and hydro energy projects located in nine Indian states. As one of India's largest Independent Power Producers (IPPs), it has made a significant contribution to the country's efforts to increase its renewable energy capacity.

Over the years, the company has released multiple green bonds to fund wind and solar projects and has also increased the transparency and granularity of its annual reporting.

Our engagement with the company has been centred on the negative externalities that can be associated with wind and solar installations: for example the human right issues which tend to taint the supply chain of the panel components, and the company management of the societal and biodiversity impacts of its installations. We found that ReNew’s practices are in line with market practices, and we will follow these topics as well as the validation of their GHG emissions reduction targets submitted to the Science-Based Targets initiative.

13

solar and wind projects

1017 GWh

Total renewable electricity generated by the 13 projects since their inception

The bond we hold is certified by the **Climate Bond Initiative** and its proceeds have been fully allocated to finance thirteen solar and wind projects, primarily located in the Indian state of Karnataka.

Turuvekere solar project, Karnataka, India.
Project Capacity: 20 MW
Total generated: 34 501 MWh

Source: ReNew Green Bond report FY 2020-21 and Tikehau IM internal analysis

SUSTAINABILITY-LINKED BONDS

We select bonds from companies that commit to decarbonise or increase circularity efforts

We place quality requirements on alignment with ICMA's Sustainability-Linked Bond Principles: Key Performance Indicators (KPIs), calibration of Sustainability Performance Targets (SPTs), bond characteristics, reporting and verification. As the proceeds of SLBs are intended to be used for general purposes, the use of proceeds cannot be determinant, so we put emphasis on the topics covered by the KPIs. We only select frameworks within which the company commits to increase their decarbonisation effort or increase their circularity practices (e.g., through increase of recycled input). We avoid SLBs with targets that rely on generic environmental, social and governance targets or with ESG metrics immaterial to their business. We monitor the data reported on the KPIs and SPTs detailed in the framework, and we assess if the company is on track with its commitments assuming a linear progress trajectory.

We engaged with

100%

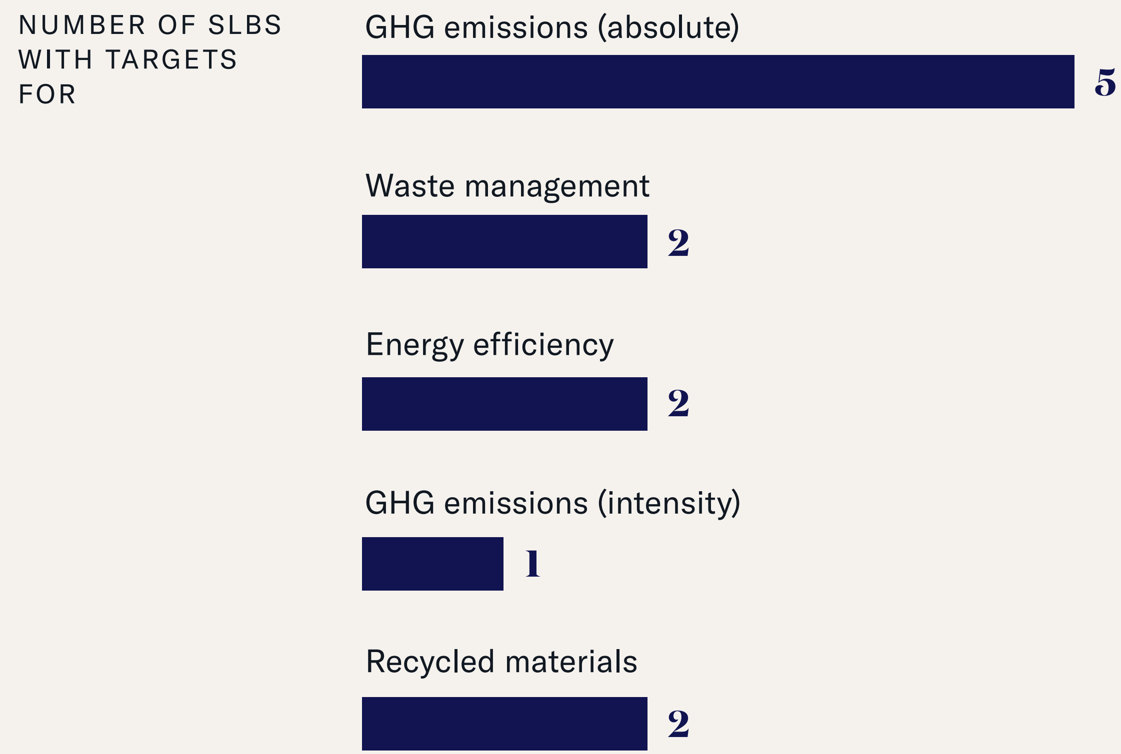
of the companies which did not seem on track to meet their targets.

In some cases, delayed performance was related to exceptional circumstances and was duly explained by the companies, while in other cases, companies did not answer our requests. We plan to implement new means of engagement with these companies and carry on an escalation process. **For us, it is key that companies at risk of missing their targets remain transparent about the reasons why this may happen and what they have done so far. This way we can discuss, understand, and potentially help handle the situation.**

Focus: Bonds with GHG Emissions reduction targets

Almost all selected SLBs have at least one GHG emissions reduction target. Only Hapag Lloyd's SLB is linked to the Average Efficiency Ratio, a KPI specific to the shipping industry which takes into account the carbon emissions for ships journeys. Most of the SLBs in our portfolio have an absolute GHG emissions reduction target which we see as more likely to convert to actual reduction of company emissions.

Companies often use several KPIs to cover other material environmental topics such as waste, or recycled input.



Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio.

SUSTAINABILITY-LINKED BONDS - WHY INVEST?

Sustainability-Linked Bonds are often criticised for having a low level of sustainability ambition

Sustainability-Linked Bonds are often criticised because the level of ambition of the sustainability performance targets (SPTs) attached to each Key Performance Indicator (KPI) and the materiality of the financial incentive associated with performance against these target are seen as too low.

We acknowledge that this can be true for some part of the market but we focus on what we see as existing strong SLBs. In addition, we believe that SLBs bring additional benefits that are more than welcome for those who seek to create impact in the High Yield market:

- SLBs link sustainability targets to a company's cost of debt: it can offer investors real influence over the climate strategy of the company for instance and ultimately the climate impact of the company
- SLBs allow for a dedicated discussion with the company on certain topics at issuance and during the holding period
- SLBs foster transparency and disclosure on the sustainability practices of companies that would not otherwise have been disclosed

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How we analysed Verallia's 10-year SLB

We believe the 2 sustainability performance targets are well centred on the major challenges faced by the world's third largest producer of glass packaging for beverages and food products and will help the company achieve its transition towards low carbon and circular economy.

KPI 1

Tonnes of CO2 emitted in absolute value Scopes 1 & 2, *ktCO2*

A material, measurable, benchmarkable and externally verifiable KPI
- Scope 1 & 2 represent around 2/3rd of Verallia's total GHG emissions in 2019
- Absolute GHG emissions (not intensity)
- No offset will be used to achieve the target

SPT 1

15% reduction by 2030 compared to a 2019 baseline

Ambitious SPT derived from the trajectory validated by the Science-Based Targets initiative
- €220m investments planned by 2030 to reduce scope 1 & 2 GHG emissions
- An action plan focusing on:
  - reducing the energy required for melting glass and other production processes
  - increasing green energy use

KPI 2

Rate of external cullet usage in glass production sites worldwide

A material and measurable KPI linked to both low carbon and circular economy
Increase of cullet in furnaces leads to a decrease in energy use and CO2 emissions of glass production

SPT 2

+10% by 2025 compared to a 2019 baseline

Ambitious SPT
- The rate of external cullet usage in glass production sites was stable between 2017 and 2019. A 10 percentage points increase by 2025 is therefore considered ambitious.
- Main lever of action through :
  - joint initiatives to increase cullet collection
  - improvement of recycling capacity
  - optimization of cullet usage un furnaces

Source: Verralia Sustainability Linked Financing Framework 2021 and Tikehau IM internal analysis

FOCUS

An SLB to accompany Verallia in its transition

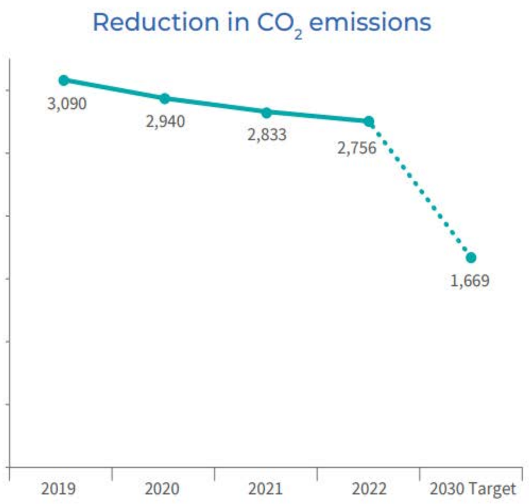
Verallia is the European leader and the world's third largest producer of glass packaging for beverages and food products.

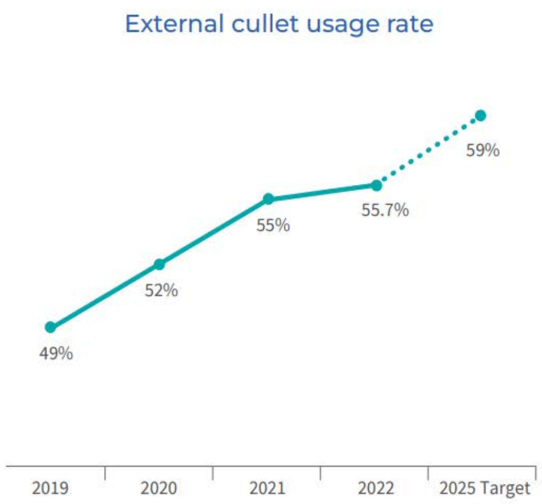
As per our analysis the SLB seems well designed to accompany the company in its transition towards low carbon and circular economy. The coupon step up of 12.5 bps is within the range of the market practices, but we believe the 2 targets were well centred on the major challenges faced by the company.

KPIs are published annually in Verallia's Universal Registration Document (URD) and received a limited assurance from PwC. As per its 2022 URD, the company is currently on track compared to its 2 SPTs: it is reducing its absolute scope 1 & 2 emissions and increasing its use of external cullet. However, to meet its 2030 targets, the path of progress will need to accelerate, and the company is transparent on its plans and on the challenges it faces. In its URD Verallia highlights how the significant maturity gaps between countries' glass collection systems can impact the quantity of cullet available and then the rate of integration of external cullet in each location. It also highlighted that competition is growing on cullet sourcing and that it may affect the company's performance on this indicator. As an investor this is important information to understand the company's strategy.

We focus our engagement on the broader sustainability strategy of the company and the way it manages material risk of its sector such as management of corruption risk and water-related risk.

PROGRESS TOWARDS THE SUSTAINABILITY PERFORMANCE TARGETS





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Source: Verallia 2022 Universal Registration Document and Tikehau IM internal analysis

4 The Issuer Bucket

Pledgers

Transition Issuers

PLEDGERS

We focus on companies that have validated Net Zero emissions reduction targets

Within the pledger bucket, we adopt a forward-looking approach, placing emphasis on companies and financial institutions that have an emissions reduction target validated by the Science-Based Targets initiative, Net Zero Banking Alliance, Net-Zero Insurance Alliance, Net Zero Consultants Initiative, or ACT initiative.

11% average annual reduction in our pledger's scope 1 & 2 emissions

Throughout the period, our engagement efforts were focused on two companies that had committed to the SBTi less than two years ago, and confirmed their intent to submit their targets within the specified timeframe.

Additionally, we engaged with three companies that were experiencing delays in their scope 3 reduction rates, assuming a linear reduction path, and whose disclosed plans for this aspect of emissions were less detailed than for other scopes. We will continue to engage with these three companies regarding their scope 3 reduction plans, and we anticipate that their action plans will become more detailed over time. Our goal is to push these companies to enhance their sustainability efforts and achieve their emissions reduction targets, and we believe that sustained engagement will facilitate this process.

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio.

The Science-Based Targets initiative (SBTi)

For corporates, the Science-Based Targets initiative (SBTi) is a well-recognised initiative for businesses who want to set ambitious emissions reductions targets in line with climate science.

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

55% of pledgers in our portfolio have targets consistent with a 1.5°C scenario

The Net Zero Banking Alliance (NZBA)

The Net Zero Banking Alliance (NZBA) is currently the largest such initiative for financial institutions, particularly for banks, despite facing increasing criticism. We will continue to monitor its standing, to determine if commitment to the NZBA is adequate to justify our investment. Currently, there is a lack of consistency in disclosure practices, making it difficult to identify the most ambitious commitments among participants. Furthermore, since the initiative is relatively new, participants' performance data is not yet available. Therefore, our monitoring efforts are focused on ensuring that participants submit their targets on time and in accordance with the framework requirements, with a specific emphasis on the number of high impact sectors covered by their targets.

FOCUS

Faurecia Gestamp

Accompanying the automotive components industry in its pledge to transition

As part of our focus on clean mobility and the decarbonisation of heavy industry, we have invested in Faurecia and Gestamp, SBTi pledgers from the automotive components industry. Faurecia is the first French company and the first global automotive company to receive the new SBTi Net Zero standard certification, aligned with a 1.5° scenario. Gestamp has targets consistent with a well-below 2° scenario.

Both companies have advanced well in their decarbonisation journey, with clear plans to achieve absolute reduction in their scope 1 & 2 emissions, relying on renewable energy and energy consumption optimization. Their reduction performance appears on track with expectations.

Both companies have included scope 3 within their targets and provide excellent examples of how circularity principles can aid in achieving scope 3 reductions. They have focused on Life Cycle Assessments and raw materials, with measures to increase the share of recyclable inputs. Faurecia established a new division for sustainable materials. Among other initiatives, both companies are working with their ecosystem, including suppliers, to source low emissions steel.

Gestamp saw an increase in its scope 3 emissions between 2018 and 2021. While we recognise that company initiatives may take time to have an impact, we focus our engagement on this area. We also engaged with Faurecia as we believe scope 3 is the most difficult scope to reduce, and good practices could benefit to others.

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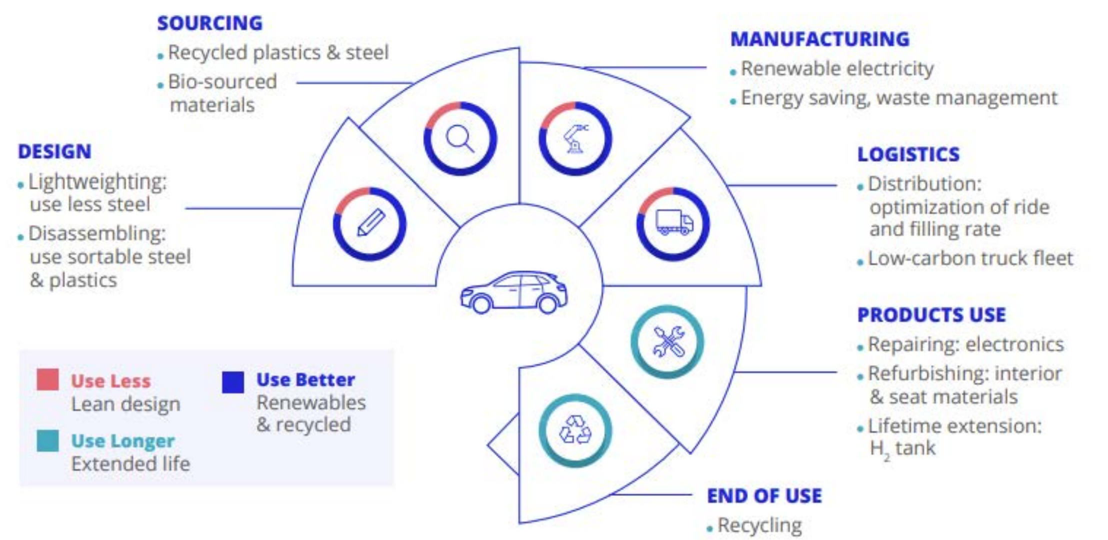
USING THE CIRCULAR ECONOMY

We believe that the 2 companies' commitment to reducing emissions across their value chain and their efforts to promote circularity are encouraging and align with our investment focus on sustainability.



FAURECIA

31% reduction of scope 1 & 2 in 2021 vs. 2019 baseline

12% reduction of scope 3 in 2021 vs. 2019 baseline

GESTAMP

14.2% reduction of scope 1 & 2 in 2021 vs. 2018 baseline

3.1% increase of scope 3 in 2021 vs. 2018 baseline

Source: Faurecia 2021-2022 Sustainability Report, Gestamp Sustainability Report 2022 and Tikehau IM internal analysis

TRANSITION ISSUERS

Investing in companies with the potential to transition to a low-carbon circular economy

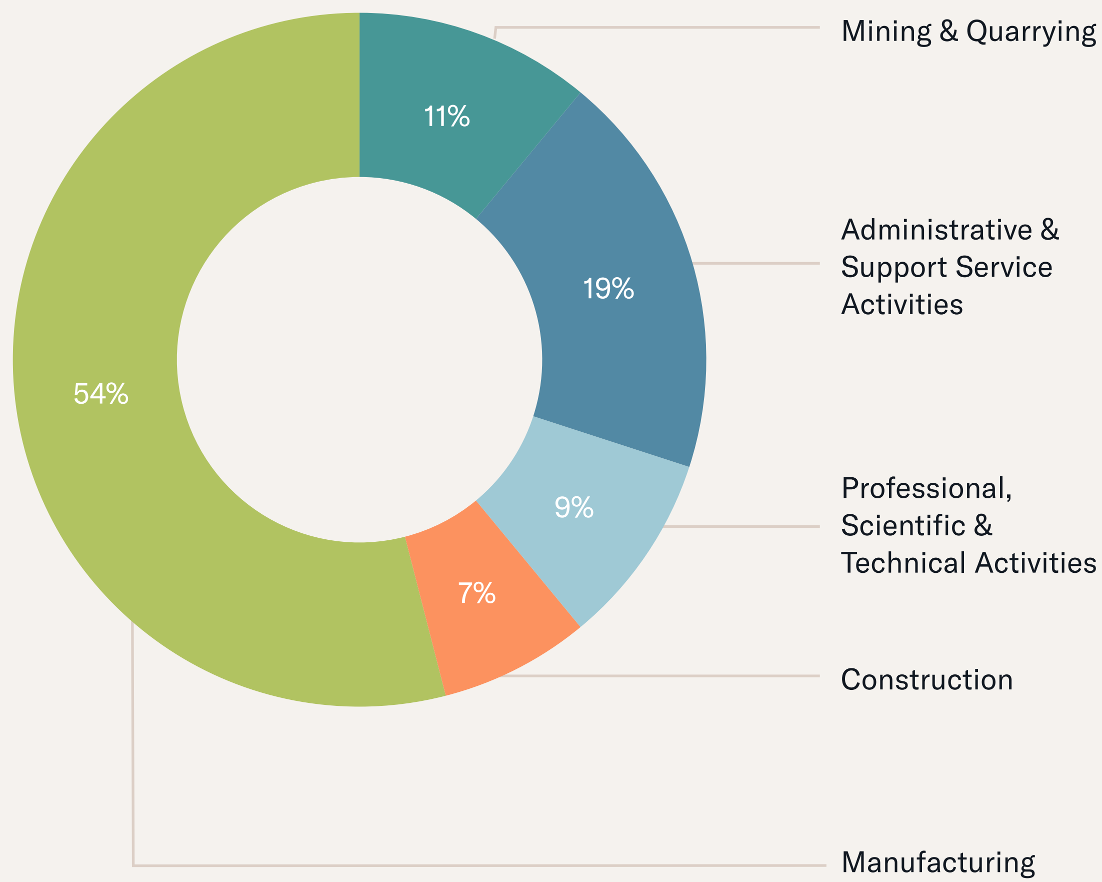
With the transition bucket, we invest in companies that, according to us, have the potential to transition to the low carbon and circular economy. The first criteria we expect to see during our analysis is an appropriate level of disclosure and goal-setting, which is key to increase our confidence in a company's future. Our research team leverages public data to identify issuers that are addressing the challenges emerging from climate change and resource scarcity through their products and services and through their operations management.

Acquiring comprehensive sustainability information can be difficult in the high yield segment and among small companies. However, these companies, despite their limited disclosure and relatively less mature practices, hold crucial positions in the value chain and are vital for achieving the decarbonisation of our industry, mobility, and buildings. That is why we strive to increase our exposure to these sectors, recognising their significance in our sustainability efforts. This is where active engagement becomes crucial as it allows us to invest in companies that have relatively less advanced sustainability practices.

72% of companies in the transition bucket are in high impact climate sectors

representing 8 issuers out of the 11 issuers in the bucket

SECTORAL EXPOSITION OF THE TRANSITION ISSUER BUCKET



Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio.

TRANSITION ISSUERS - ENGAGEMENT

We tailor our engagement based on the progress of companies in their transition

100%

of the transition issuers (11 companies) engaged with over the period

However, their level of responsiveness is currently mixed and requires improvement

When companies lack or have limited scope of disclosure, we engage with them on an individual basis. Our aim is to encourage and motivate them to enhance their disclosure practices. Our efforts are directed towards promoting greater accountability and transparency.

57% of companies in our transition bucket report to the Carbon Disclosure Project (CDP)

We are also a lead engager for Climate Change disclosure for three companies in our portfolio under the 2023 CDP Non-Disclosure Campaign.

# companies engaged with on topic	
2	Sustainability disclosure
6	Initiatives to mitigate negative externalities

When companies are in the early stages of their transition journey and begin communicating vague objectives, we encourage them to strengthen their commitment. We emphasise the importance of setting clear objectives and holding themselves accountable. We aim to support companies in refining their goals and ensuring they are actionable and measurable.

56% of companies in our transition bucket have a target to address scope 3 emissions

Most companies have set their targets recently and will start reporting on their performance for the 2023 exercise

When companies have made significant progress in their transition journey, we actively push them to disclose their performance and further strengthen their targets. We believe in the importance of transparency and accountability. By setting ambitious targets and continually raising the bar, companies can drive continuous improvement and inspire others in their industry to follow suit.

We focus on the two themes of the fund thesis

Decarbonisation + Circularity

Source: Tikehau IM internal analysis based on portfolio's positions as of 31/12/22
All figures are calculated with the weight of each instrument in portfolio.

TRANSITION ISSUERS - ENGAGEMENT

Our engagement is centred on decarbonisation and circularity

Engaging towards Decarbonisation

We adapt our requests to the maturity level of the company. Our focus is to enhance accountability and ensure companies deliver on their commitments, requiring more detailed and quantified decarbonisation plans.

- We incited four companies to strengthen their decarbonisation strategy by aligning with the Science-Based Targets initiative (SBTi). Two companies affirmed their intent to submit to the SBTi, which marks significant progress.
- We evaluated the capacity of two companies to effectively achieve their targets based on greenhouse gas (GHG) performance reporting. We also urge these companies to develop and disclose comprehensive plans that outline specific measures to address their greatest challenge: reducing scope 3 emissions.

Engaging for Circularity

On circularity, issuers' approaches tend to be less mature and systematic, and commitments less precise. First we intend to clarify the area of focus of each company to ensure their ambition is targeted to an area that will drive change. The next step of engagement will be to work with the companies to quantify their commitment with specific targets.

- With a chemical company, we agreed that increasing the circularity of products meant removing harmful substances
- For one service provider for green and smart buildings circulatory meant developing a refurbishment approach to extend the service life of equipment

# companies engaged with on topic	
10	Submit decarbonization commitment under international initiatives
2	Details on action plan to ensure performance on GHG emissions reduction (scope 1 & 2)
3	Zoom on initiatives to achieve reduction of scope 3 GHG emissions

# companies engaged with on topic	
2	Circular products - clarification of company's definition
1	Circular products - targets

Source : Tikehau IM internal analysis based on portfolio's positions as of 31/12/22

FOCUS

Long-term engagement prompted strategic shifts and inspired greater action

We are invested in Eurofins, a company involved in testing activities such as water and agro-testing. While not directly favouring the transition to a low carbon and circular economy, we see Eurofins as a transition enabler due to its sustainability testing offer, ranging from carbon measurement, biodegradability and life cycle assessment to advisory services to develop sustainability strategies and certifications. The company is in early stages of its own operations decarbonisation journey compared to other companies in our portfolio but seems in line with the practices of its peers.

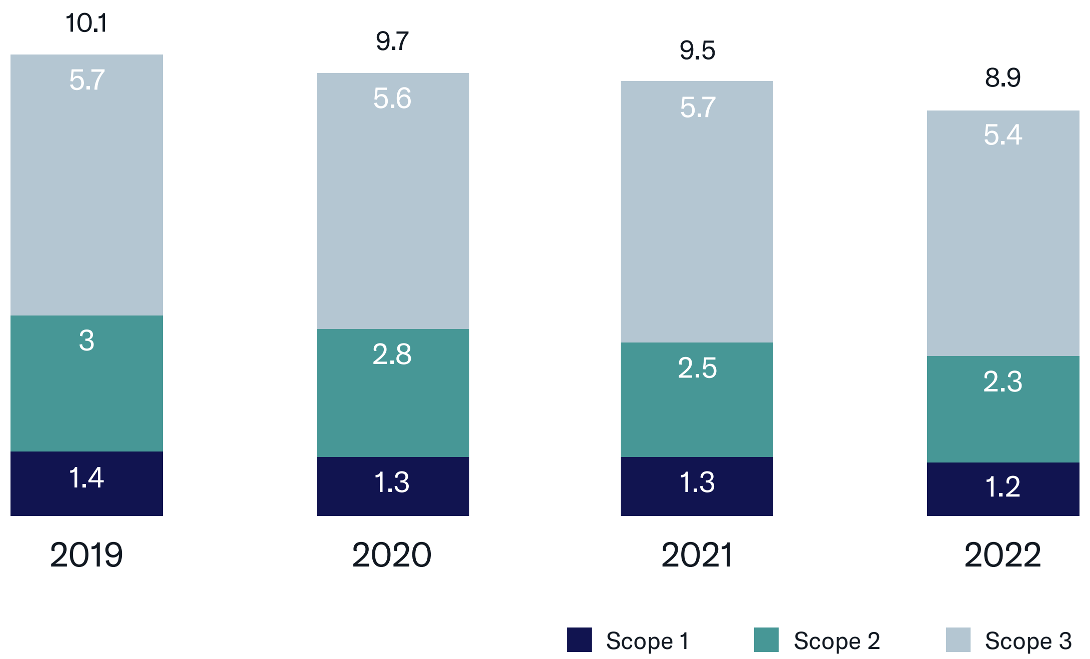
Since 2020, Eurofins has made progress measuring and disclosing its GHG emissions. They started communicating their ambition to be carbon neutral by 2025, in terms of their carbon intensity in tC02e/FTE. After engaging in discussions with them, we acknowledged this commitment as a positive initial step. However, we emphasised the importance of embarking on a more ambitious decarbonisation journey and urged them to set more ambitious objectives aligned with the carbon emission trajectory outlined in the Paris Agreement. We think that Eurofins' large reliance on carbon offsets does not match best practices.

KEY IMPACT FIGURES

8.4% reduction in carbon footprint (tCO2e/FTE) in 2022 compared to 2021, 13.8% decrease vs. baseline year (2019)

16.7% linear yearly reduction target

Carbon Intensity per FTE (tCO2/FTE) (market-based)



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Source: Eurofins 2022 annual report & 2021 Sustainability report and Tikehau IM internal analysis

FOCUS

AHLSTROM

Encouraging submission to the Science-Based Targets initiative

We invested in Ahlstrom because, among their fibre-based materials, they offer some filtering solutions that are required for batteries and battery cooling, which are essential to the electrification of mobility. In addition, the company is making efforts to increase the circularity of its products by using renewable and bio-based raw material: they have set a target to cover 25% of product sales by their eco-design tool. This is an interesting practice we wish to see other peers apply.

The company is going forward on its climate commitment: in 2022, it strengthened its absolute scope 1 and 2 reduction targets from 15% to 38% and communicated on its intent to join the Science-Based Targets initiative. During our engagement discussions, they confirm their intent to submit their targets by year end 2023, covering their scope 1, 2 & 3. We are very supportive of this, and will maintain discourse with the company to follow their progress and encourage them to continue their transition journey with binding commitments.

While our engagement with Ahlstrom began recently, they have shown willingness to work with us, and we remain optimistic about achieving successful results.

KEY IMPACT FIGURES

8.6%

reduction of scope 1 & 2 emissions between 2022 and 2021

4.2% linear annual reduction target

22%

of new product sales covered by the EcoDesign tool

The EcoDesign Tool

evaluates the performance of the potential new product against a set of criteria and by comparison with an existing product

Source: Ahlstrom 2022 Sustainability report and Tikehau IM internal analysis

Appendices

Principle Adverse Impacts

The Team Serving Tikehau Impact Credit

Principal Adverse Impacts

	Units	2022	Coverage
1. GHG emissions			
Scope 1 GHG Emissions	tCO2e / €M Enterprise Value	1,969	55%
Scope 2 GHG Emissions	tCO2e / €M Enterprise Value	635	55%
Scope 3 GHG Emissions	tCO2e / €M Enterprise Value	6,999	55%
Total GHG Emissions	tCO2e / €M Enterprise Value	9,604	55%
2. Carbon footprint	tCO2e / €M Enterprise Value	357	55%
3. GHG intensity of investee companies[1]		900	92%
4. Exposure to companies active in the fossil fuel sector	Percentage	0.78%	81%
5.1 Share of non-renewable energy consumption	Percentage	94.36%	13%
5.2 Share of non-renewable energy production	Percentage	0%	79%
6. Energy consumption intensity per high impact climate sector	GWh / €M revenue	Available upon request	Available upon request
7. Activities negatively affecting biodiversity- sensitive areas	Percentage	0%	83%
8. Emissions to water	COD Emissions / €M EVIC	0%	0%
9. Hazardous waste ratio	t / €M EVIC	15.91%	3%
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Percentage	0%	83%
13. Board gender diversity	Percentage	39.92%	35%
14. Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)	Percentage	0%	58%
4. Investments in companies without carbon emission reduction initiatives	Percentage	44.22%	87%

1 Please refer to the SFDR Periodic Report for more details about the computation methodology

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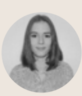

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Head of Credit Research
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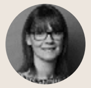

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Yu Fan Chan
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5 yrs of experience

Charles Varvoux
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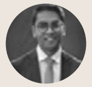
Alberto Truccolo
Syndicated Loans
Capital Equipment, Gaming & Services
3 yrs of experience



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Frances Ning, CFA
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US Credit
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15 yrs of experience

Emmanuel Briand
HY
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9 yrs of experience

Christoph Steffan
Syndicated Loans
Chemicals, Tech, IT, Aerospace
12 yrs of experience

Giacomo Derapalino
Syndicated Loans
Building Mats & Telecom
3 yrs of expereince

Alexandre Simon
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1 yrs of experience

Achuthan Balasingam
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6 yrs of experience

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