



TIKEHAU IMPACT CREDIT SRI LABEL REPORT

DATA AS OF 31/12/2022

DISCLAIMER

This report is not a marketing communication and is not intended to promote the sub-fund Tikehau Impact Credit. It is produced for the SRI label requirements. Tikehau Impact Credit 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.

This document does not constitute an investment recommendation (in the meaning of Regulation (EU) No 596/2014) or an investment advice, nor an offer or any other kind of invitation to buy any share class of the fund or issuers/ companies (and their financial instruments) or strategy, investment characteristic mentioned in any jurisdiction, nor is it a commitment by Tikehau Capital to participate in any of the transactions mentioned. 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.

All fund data in this report is as of 31 December 2022, as well as engagement data as at May 30 2023.

Tikehau Impact Credit

INVESTMENT APPROACH

The Sub-Fund aims at investing in issuers that have an explicit intention to have a positive and measurable impact and contribute to the transition towards a low-carbon and circular economy. It incorporates a non-financial approach, promoting environmental and social characteristics according to Article 8 of the SFDR. Information on the environmental and social features promoted by the Sub-Fund can be found in the prospectus. **The Sub-Fund seeks to achieve an annualised net performance that exceeds that of the reference indicator 3-month Euribor +200 basis points¹, over an investment horizon of 5 years.**

MAIN RISKS

Risk of capital loss: Capital is not guaranteed. Investors may not recover the value of their initial investment.

Credit risk: involves the risk that an issuer of a bond (including money-market instruments) held by the Sub-Fund may default on its obligations to pay interest and repay principal and the Sub-Fund will not recover its investment. **This Sub-Fund may invest up to 100% of its assets in bonds of low credit quality, and therefore presents a very high credit risk.**

Liquidity risk: this refers to the difficulty or impossibility of selling certain debt securities held in the portfolio in a timely fashion and at the portfolio valuation price, because of the reduced size of the market or the lack of volumes on the market on which these securities are usually traded.

Counterparty risk: the risk of a deterioration in the issuer's credit quality or default of a market counterparty or a borrower, leading to a payment default. Payment default by a counterparty may result in a decline in the net asset value of the investment.

Sustainability risks: it is expected that the Sub-Fund will be exposed to a broad range of Sustainability Risks. However, as the Sub-Fund is broadly diversified, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

The occurrence of any of the risks may result in a decrease in the net asset value of the Sub-Fund. For a full and detailed description of all risks, please refer to the Sub-Fund's prospectus.

SYNTHETIC RISK INDICATOR



The risk indicator assumes you keep the product over the recommended holding period. The lowest category does not mean risk-free. The risk category associated with this Fund is not guaranteed and may change over time. Please refer to the KID for more details about each share class' SRI. Past performance does not predict future results.

¹ The Sub-Fund is actively managed and refers to a benchmark indicator exclusively as an ex-post performance indicator and, where relevant, for the purpose of calculating the performance fee. The portfolio's management style will never consist in tracking the composition of a benchmark index and reference to any other benchmark in this document is made for information purposes only. Moreover, The achievement of the investment objectives is not guaranteed.

Tikehau Impact Credit

SUMMARY OF ENVIRONMENTAL AND SOCIAL CHARACTERISTICS PROMOTED BY THE FUND

The Sub-Fund is an impact fund that promotes the following environmental/social characteristics:

1. Carbon efficiency efforts and circular economy by investing in issuers in transition that have an explicit intention of having a positive and measurable impact and contribute to the transition towards a low-carbon and circular economy, as per an internal Impact grid analysis. The Sub-Fund seeks additionality through engagement with management and governance bodies of certain issuers, to support and accelerate sustainability measures.
2. The Sub-Fund promotes certain minimum environmental and social safeguards through applying exclusion criteria with regards to products and business practices that have been demonstrated to have negative impacts on the environment or society and Socially Responsible Investing (“SRI”) criteria aiming at ensuring a better ESG performance of the Sub-Fund compared to its investment universe.
3. The Sub-Fund promotes business activities conducted in accordance with the United Nations Global Compact (UNGC) and OECD guidelines for Multinational Enterprises, by scrutinizing companies that violate these principles.
4. The Sub-Fund refrains from investing in companies embedding a significant ESG risk and limits investments in companies with a material ESG risk, as per a proprietary ESG grid that evaluates certain environmental, societal/social and governance components of such companies.

A benchmark has been designated to monitor the non-financial performance of the Sub-Fund compared to its investment universe but no reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

Several layers of sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by the Sub-Fund. They are related to the different layers of the investment process.

The first layer of generic sustainability indicators of the Sub-Fund, related to the implementation of the Sustainability by Design approach of the Tikehau Capital Group (the “Group”), is:

- The number of holdings in the Sub-Fund found to be in breach of the Exclusion Policy adopted by the Group (as detailed below).
- The ESG score of the issuers analysed as per the proprietary ESG grid (as described below).

The second layer of generic sustainability indicators of the Sub-Fund, related to the implementation of Socially Responsible Investing (“SRI”) criteria, is:

- A SRI score of the portfolio (as defined and described below) better than the SRI score of the investment universe after elimination of at least the 20% worst rated securities of the investment universe.
- A carbon intensity (scope 1,2,3, per million euro of revenues) of the Sub-Fund lower than the carbon intensity of the investment universe. It being specified that the coverage rate of the portfolio will be at least 90% of its assets.
- The score of the indicator on human and labour rights controversies of the Sub-Fund lower than the score of its investment universe. It being specified that the coverage rate of the portfolio will be at least 70% of its assets.

The third layer of sustainability indicators of the Sub-Fund, related to the impact approach, is the score of the issuer.

For more details on the environmental and social characteristics promoted by the sub-fund, please consult Appendix IV of the sub-fund's prospectus, available on the management company's website (<https://www.tikehaucapital.com/investor-client/our-funds>). The sub-fund's transparency code and 2022 impact report are available on the management company's website.

Methodology (1/2)

UNIVERSE

Tikehau Impact Credit’s initial investment universe is a composite index reflecting the exposure of the Fund to corporates and financial issuers from the High Yield or Investment Grade segments. It aggregates corporate High Yield issuers (HW00 index) and Investment Grade financial institutions (GOBC index – restricted to the financial institutions of this index). The indices used by the Sub-Fund are broad market index that do not necessarily consider in their composition or calculation methodology the non-financial characteristics promoted by the Sub-Fund.

SRI SCORE

Scores range from 0 (best) to 100 (worst). Given that the SRI score methodology is based on proprietary analysis, please note that it may involve bias. Details on the proprietary SRI score methodology are available in the Transparency Code¹.

METHODOLOGY UPDATE

The methodologies below detail how the indicators was calculated and reported in 2022. The carbon intensity formula has been updated in January 2023 to take into account EU regulatory requirements (SFDR clarifications). For the 2023 report, figures will be reported according to the updated methodology.

ENVIRONMENT

Carbon intensity - tCO₂e
scope 1-2-3 per €m
revenues

The Weighted Average Carbon Intensity (WACI) is computed pursuing the following formula:

$$\sum_i^n Position_i Weight \times \frac{Position_i \text{ Scope 1, 2 and 3 GHG emissions}}{Position_i \text{ €M Revenue}}$$

Position_i : refers to the fund exposure to instrument i.

Position_iWeight : weight of the position i calculated as the instrument i market value divided by the total value of the portfolio corporate portion (excluding cash and FX instruments).

Position_i Scope 1, 2 and 3 GHG emissions : Scope 1, 2 and 3 GHG emissions (in CO₂ equivalent) of the issuer in instrument i.

Position_i €M Revenue : revenue in million Euros of the issuer in instrument i.

Issuers’ GHG emission intensity are sourced from ISS ESG.

1. Available on the website: <https://www.tikehaucapital.com/en/our-expertise/liquid-strategies>

Methodology (2/2)

HUMAN RIGHTS

Number of human and labour rights controversies

The “number of controversies linked to human and labour rights” is computed as a weighted average. The weighted average is based on instruments relative weights in the portfolio but only include investments for which there is underlying data.

$$\sum_i^n \frac{\text{Current value of investment}_i}{\text{Current value of all investments covered by data (€M)}} \times \text{Investee Company Number of Human or Labour Rights Controversies}_i$$

Current value of investment_i : the value in EUR of the investment in the investee company

Current value of all investments covered by data (€M) : sum of the investment value of investee companies covered by ISS Norm-Based Research.

Investee Company Number of Human or Labour Rights Controversies_i : the sum of controversy cases related to Human Rights and Labour Rights of the investee company i.

The controversy cases of investee company are retrieved thanks to ISS ESG’s Norm-Based Research with a filter on Human right and labour rights.

SOCIAL AND GOVERNANCE PERFORMANCE

- Ratio of women to men at board
- Ratio of independent members at board

The “ratio of women to men at board” is computed as a weighted average. The weighted average is based on instruments relative weights in the portfolio but only include investments for which there is underlying data. .

$$\sum_i^n \frac{\text{Current value of investment}_i}{\text{Current value of all investments covered by data (€M)}} \times \text{Investee Company Ratio of Female to Male at board}_i$$

Investment value of investment : the value in EUR of the investment in the investee company

Current value of all investments covered by data (€M) : sum of the investment value of investee companies covered by underlying data.

Investee Company Ratio of Female to Male at board : the ratio of female to male board members of the investee company. To compute the ratio, the number of female board members is divided by the number of male board members. A ratio of 1 indicates an equal number of female to male board members. A ratio <1 indicates that there are more male than female board members, while a ratio >1 indicates more female than male board members. When the number of men at board is null, the ratio is equal to the total number of women at board. Data is retrieved from ISS ESG and completed by analysts when relevant (based on company data).

The same methodology is used for the weighted average ratio of independent members at board.

Resources used



Raphaël Thuin
Head of Capital Markets Strategies
15 yrs of experience

PORTFOLIO MANAGERS



Laurent Calvet
Head of Credit Strategies
11 yrs of experience



Thibault Douard
Credit Portfolio
Manager & Credit analyst
Sub.financials
13 yrs of experience

EXECUTION



Pierre Le Jaouen
Quantitative Trader
3 yrs of experience

ESG



Amélie Pichon
ESG lead for Capital
Markets Strategies
11 yrs of experience



Camille Braux
ESG analyst for Capital
Markets Strategies
3 yrs of experience

CREDIT RESEARCH TEAM



Rodolfo Caceres de Kerchove, FRM
Head of Credit Research
21 yrs of experience



Thibault Douard
HY/PM
Financial sector & REITS
13 yrs of experience



Benjamin Pesquier, CFA
HY /PM
Financial Sector & REITS
6 yrs of experience



Shirley Fliflet
Syndicated Loans
Healthcare
9 yrs of experience



Antoine Vaissade
HY
Autos, Chemicals, Media,
Industrials
5 yrs of experience



Alexandre Cornez
Syndicated Loans
Education, Financial Services,
Leisure, Auto & Labs
9 yrs of experience



Rohit SUBASH NAIR
US Credit Risk Analyst
Energy/Utilities, Autos/Transportation,
Aerospace/Defense, Consumer
5 yrs of experience



Christoph Steffan
Deputy Head of European Credit
Research
12 yrs of experience



Ashwin Ringadoo
HY/Syndicated Loans
US Credit - generalist
1 year of experience



Emmanuel Briand
HY
TMT, Consumer Cyclicals,
Healthcare & Pharma
9 yrs of experience



Joseph NABER
HY/Syndicated Loans
US Credit
Industrials, Leisure, Services,
Utilities
12 yrs of experience



Alexandre Simon
HY
Packaging, Healthcare &
Utilities
2 yrs of experience



Trevor LAMB
HY/Syndicated Loans/US Credit
Tech, Cable & Telecom, Services
7 yrs of experience



Frances Ning, CFA
Deputy Head of US Credit Research
17 yrs of experience



Melody Lim
HY/PM
Asia Credit
12 yrs of experience



Yu Fan Chan
HY
Asia Credit
5 yrs of experience



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



Martino Santicoli
Construction, Building
Materials
1 yr of experience



James STEIGER
HY/Syndicated Loans/US Credit
Chemicals, Packaging, Financials,
Metals & Mining
8 yrs of experience

ESG indicators at 31/12/2022

FUND SRI SCORE

52.82

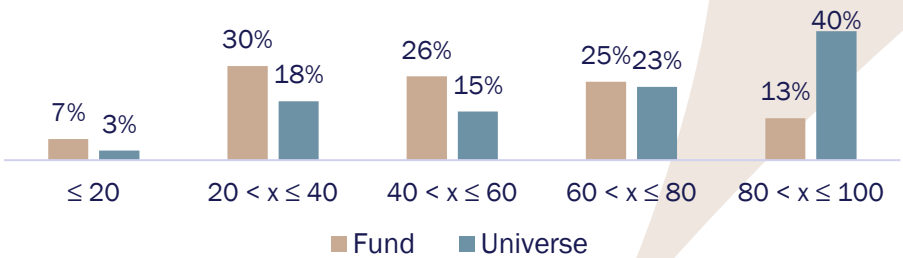
(coverage¹: 96%)

UNIVERSE SRI SCORE

56.54

(universe without 20% worst)

BREAKDOWN BY SRI SCORE

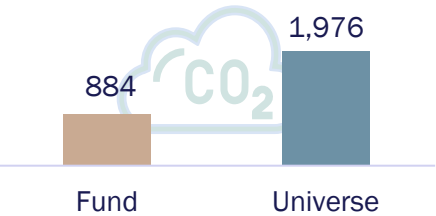


Scores range from 0 (best) to 100 (worst). Details on the proprietary SRI score methodology are available in the Transparency Code².
 Universe: 80% HW00 + 20% GOBC (financial institutions only)

Source: Tikehau Investment Management

ENVIRONMENT

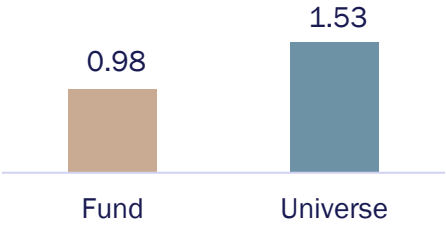
Carbon intensity - CO2e scope 1-2-3 per €m revenues



Source: ISS ESG
 Fund coverage¹: 95%.

HUMAN RIGHTS

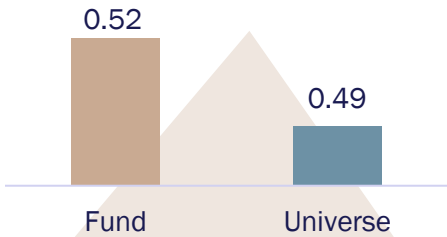
Number of human and labour rights controversies



Source: ISS ESG
 Fund coverage¹: 83%.

SOCIAL

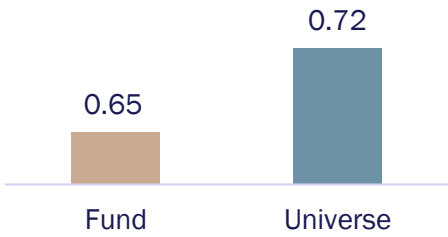
Ratio of women to men at board



Source: ISS ESG, company data
 Fund coverage¹: 98%.

GOVERNANCE

Ratio of independent members at board



Source: ISS ESG, company data
 Fund coverage¹: 98%.

1. Coverage of the portfolio corporate portion (excluding cash and FX instruments).
 2. Available on the website: <https://www.tikehaucapital.com/en/our-expertise/liquid-strategies>

Past performance does not predict future results.

Engagement actions

TOTAL ENGAGEMENT

29



companies engaged with,
i.e., contacted to discuss environmental topics
and areas of improvement

= 47%

of our portfolio at end 2022

ENVIRONMENT, SOCIAL AND GOVERNANCE

With this fund, we aim to contribute to the transition towards a low-carbon, circular economy. Therefore, we chose to focus our engagement actions on environmental topics and did not specifically engage on social and governance topics. For more details about our impact approach please refer to the fund impact report available on the website of the management company¹.

We included questions on environmental topics in all our engagement actions (i.e., 29 companies targeted).

17

companies answered our questions via emails, and in one-to-ones or investor meetings.



Our discussions with issuers focused on environmental topics such as:

- Submitting decarbonization commitment under international initiatives
- Details on action plan to ensure performance on GHG emissions reduction (scope 1 & 2)
- Zoom on initiatives to achieve reduction of scope 3 GHG emissions
- Circular products - clarification of company's definition
- Circular products - targets

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

1. <https://www.tikehaucapital.com/en/our-expertise/liquid-strategies>

All percentages are calculated with the weight of each instrument in portfolio. Representative of portfolio excluding cash and cash equivalent.



