

Tikehau Investment Management

Article 29 of the French Energy-Climate Law Report

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) as well as with the provisions of Implementing Decree No. 2021-663 of May 27, 2021, of Article 29 of the French Energy-Climate Law.

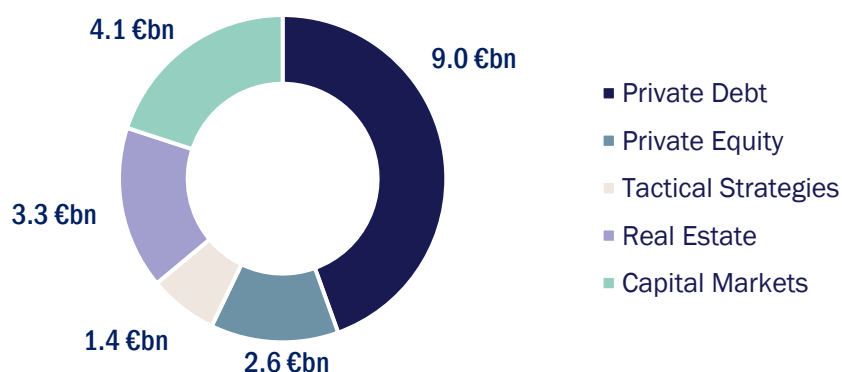
The information in this report relates to Tikehau Investment Management - LEI: 9695008ZSNJ7URJK4A27

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I. INTRODUCTION

Created by Tikehau Capital (or "the Group") at the end of 2006, Tikehau Investment Management ("Tikehau IM", LEI: 9695008ZSNJ7URJK4A27) is Tikehau Capital's main platform dedicated to asset management. 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. As of December 31, 2022, Tikehau IM assets under management amounted to circa €20 billion¹ across private debt, private equity, capital markets strategies (fixed income/diversified management and equities), real assets as well as multi-asset and special opportunities strategies (tactical strategies).

Tikehau IM assets under management by asset class (as of 31/12/2022)



Private Debt – Tikehau IM is one of the pioneers of Private Debt transactions in Europe and France. Tikehau IM's Private Debt teams are involved in debt financing transactions (senior debt, unitranche, mezzanine, etc.) for a size between €3 million and €300 million, as arranger or financier.

Private Equity – Tikehau IM invests in the equity capital (equity and hybrid instruments giving access to equity) of primarily non-listed companies.

Real Estate – Tikehau IM's Real Assets activity focuses on commercial and office property high-quality assets with a yield-generating potential as well as a potential capital gain on resale.

Capital Markets Strategies – This business line comprises two activities: fixed-income management, and diversified and equities management.

Tactical Strategies – This activity comprises multi-asset and special opportunities strategies across private and liquid credits, real estate and private equity, therefore strongly resonating within each of the Group's business units.

The present statement has been prepared in accordance with the provision of Article 29 of the French Energy-Climate Law which aims at (i) climate change and biodiversity related risks in the sustainability risk policy and (ii) the consideration of Environmental, Social and Governance (ESG) criteria in the investment strategy and on the means implemented to contribute to the energy and ecological transition. Tikehau IM consolidated statement on Principal Adverse Impacts ("PAI") is available on the Group website.

¹ Including commitments of subscribers called up or not called. Tikehau IM total assets based on net asset values amounted to circa €17.3bn.

II. INFORMATION ON THE ENTITY'S GENERAL APPROACH

a) Approach for taking account of ESG quality criteria in the investment policy and strategy

Tikehau Capital's Sustainable Investment Charter is fully applicable to Tikehau IM and available [here](#). This charter covers the full spectrum of responsible investment through four pillars ranging from exclusions to product development on the theme of sustainable development. ESG integration is the backbone of the Group's Sustainable Investing strategy and engagement is held on an *ad hoc* basis with a view to helping the portfolio companies improve.

Informed by scientific reports from the IPCC, the IEA and the work carried out on planetary boundaries, Tikehau Capital has set up a sustainability-themed and impact investing platform to help speed up the necessary transitions. This platform focuses on four themes: (i) decarbonisation, (ii) resilience, (iii) cybersecurity and (iv) nature and biodiversity. Please see additional details presented in Tikehau Capital 2022 Sustainability report [here](#).

b) Content, frequency and means used to inform investors ESG criteria

As a listed company, Tikehau Capital publishes an annual extra-financial performance statement in its activity report as well as a sustainable development report that summarizes the key elements of the sustainable development approach of its main entities, including Tikehau IM.

The 2022 extra-financial performance statement is presented in the Sustainability chapter of Tikehau Capital's 2022 Universal Registration Document [here](#) including TCFD and SASB cross reference tables.

The 2022 Sustainability Report is also available [here](#).

In addition, several Sustainability Policies, fully applicable to Tikehau IM, are available on Tikehau Capital website:

1. Sustainable Investing Charter ([see here](#))
2. Exclusion Policy ([see here](#))
3. Shareholder engagement and voting policy ([see here](#))
4. Code of Conduct ([see here](#))
5. Responsible Purchasing Charter ([see here](#))

At the level of certain Tikehau IM's funds, ESG and Climate reports are integrated into the periodic reports or published separately where relevant.

c) List of SFDR article 8 & 9 products

List of Tikehau IM SFDR Article 8 products as at 31.12.2022²

Sub-total Tikehau IM SFDR Article 8	(AUM in €Mn)
(As at Dec-22)	12,407
Capital Markets	4,032
Tikehau Short Duration	2059
Tikehau International Cross Assets	611
Tikehau Court Terme	334
Tikehau SubFin Fund	293
Tikehau Credit Plus	261
Tikehau 2027	224
Tikehau Equity Selection	93
Tikehau Global Credit (subsequently renamed Tikehau 2025)	93
Tikehau Impact Credit	37
Tikehau Entraid'Epargne Carac	27

² Including Tikehau Ace funds which was merged with Tikehau IM on 1st January 2023

Sub-total Tikehau IM SFDR Article 8	(AUM in €Mn)
Private Debt	6,464
Tikehau Direct Lending V	2010
Tikehau Direct Lending IV	1142
MACSF Invest	350
Novi 1	327
Tikehau Direct Lending 4 L	325
Tikehau Direct Lending 5L	296
Prima EU Credit Fund	286
Obligations Relance Main fund	270
Tikehau Direct Lending 1 st Lien	253
Prima EU Leveraged Loan Fund	203
SOFIPROTEOL DETTE PRIVEE II	164
Tikehau Novo 2018	154
GTDDF	117
Tikehau NOVO 2020	114
Sogecap Dette Privée	100
CARAC FEF	84
Tikehau Direct Lending V-EI	70
TIKEHAU SPD III	120
Novo 2	49
Obligations Relance Alternative Investment Fund	30
Private Equity	361
TIKEHAU GROWTH EQUITY II	361
Real Assets	469
Fair Management Turai	292
Real estate World fund	177
Tactical Strategies	1,081
Tikehau Special Opportunities II Master Fund	618
Tikehau Special Opportunities III	375
FAMEN	58
TIKEHAU SPD III - Special Opportunities	30

List of Tikehau IM SFDR Article 9 products as at 31.12.2022³

Sub-total Tikehau IM SFDR Article 9 (as at Dec-22)	(AUM in €Mn) 2,469
Private Debt	391
Tikehau Impact Lending	291
Tikehau SDG Lending	100
Private Equity	1,728
T2 ENERGY TRANSITION FUND	927
Regenerative Agriculture RAIF	207
Tikegis (Egis)	104
Regenerative Agriculture SLP	99
Tikehau Green Assets	95
Tikehau Amaren	72
T2 ELTIF ENERGY TRANSITION FUND	62
Tikehau Amaren 2	61
Tikehau Growth Impact III ⁴	60
TIKEHAU GREEN 1	23
T2 Energy Transition Co-invest	18
Real Assets	350
Tikehau Real Estate Opportunity II	350

d) Taking account of ESG criteria in the decision-making process for the allocation of new management mandates

Yes, where relevant for clients, Tikehau IM applies its sustainability by design approach including exclusions, ESG integration and engagement where possible.

However, some clients may opt for SFDR article 6 funds. For such products, the group exclusion policy remains applicable. Please see more details [here](#).

e) Adherence to ESG charter(s), code(s), other ESG initiatives and labels

In 2014, Tikehau IM signed the [six Principles for Responsible Investment](#) (the 'UN PRI'). In 2017, Tikehau Capital replaced its subsidiaries as a signatory to the UN PRIs, which now apply to an expanded scope. In March 2021, the Group joined the global [Net Zero Asset Managers](#) (NZAM) initiative.

Tikehau Capital and/or Tikehau IM representatives play an active role in ESG and impact related working groups (e.g., France Invest, Finance for Tomorrow, One Planet Private Equity Funds (OPPEF) acting alongside the [One Planet Sovereign Wealth fund coalition](#) to promote increased transparency and action on ESG, climate and carbon data etc.).

Tikehau Capital also joined the [United Nations Global Compact](#) in February 2023.

As of 31 December 2022, 1 fund has obtained the French SRI Label, 1 fund has obtained the French Greenfin Label, 14 funds have obtained the LuxFLAG ESG Label and 4 private equity funds have obtained the French Relance Label.

III. INTERNAL RESOURCES DEDICATED TO ESG CRITERIA CONSIDERATION: DESCRIPTION OF THE DEDICATED FINANCIAL, HUMAN AND TECHNICAL RESOURCES

a) Description of financial, human, and technical resources devoted to ESG quality criteria in the investment strategy

A Director who is an expert in sustainable development is appointed in each business line and is supported by ESG analysts and apprentices, who work alongside the investment teams. As of 31 December 2022, the ESG team comprised 10 people (out of which 9 persons work mostly on Tikehau IM projects).

³ Excluding Tikehau Ace funds which was merged with Tikehau IM on 1st January 2023

⁴ The fund was subsequently renamed Tikehau Growth Equity III and reclassified as SFDR article 8 fund

The ESG team oversees the integration of the ESG policy in all activities, and builds the capacities in ESG, impact, climate and biodiversity of the investment and management teams. However, the responsibility for ESG integration and engagement falls to the investment teams. As such, all investment analysts, managers, and directors are responsible for integrating the ESG criteria into the fundamental analysis of investment opportunities.

Operational ESG working groups for each of the Group's business lines have been set up to roll out the sustainability strategy with an annual roadmap. These working groups include business line managers and the ESG team and meet every quarter. Moreover, the members of these working groups regularly discuss ESG priority or trending topics. In 2022, 17 meetings were held.

Annual 2022 ESG Budget at the Tikehau IM level amounted to circa 500k€.

b) Actions taken to strengthen entity's internal capabilities

Tikehau IM has set up actions of awareness and training to the stakes of the ESG analysis.

- Intervention of the ESG team during integration seminars (Tikehau University, team offsites, etc.).
- Training / raising awareness through climate collages (e.g., Fresque du climat).
- Dedicated trainings in case ESG tools are introduced or updated.
- Continuous trainings on case studies.

In 2022, 71% of employees at Tikehau Capital, Tikehau IM parent, received at least one external training course during the year.

Launched in December 2022, 'Tikehau Sustainability University' platform is dedicated to training programmes covering ESG topics. The course consists of e-learning modules focused initially on climate, biodiversity and ESG regulations and are mandatory.

IV. APPROACH TO TAKING ESG CRITERIA INTO ACCOUNT AT THE LEVEL OF GOVERNANCE OF THE ENTITY KNOWLEDGE, SKILLS, AND EXPERIENCE OF GOVERNANCE BODIES

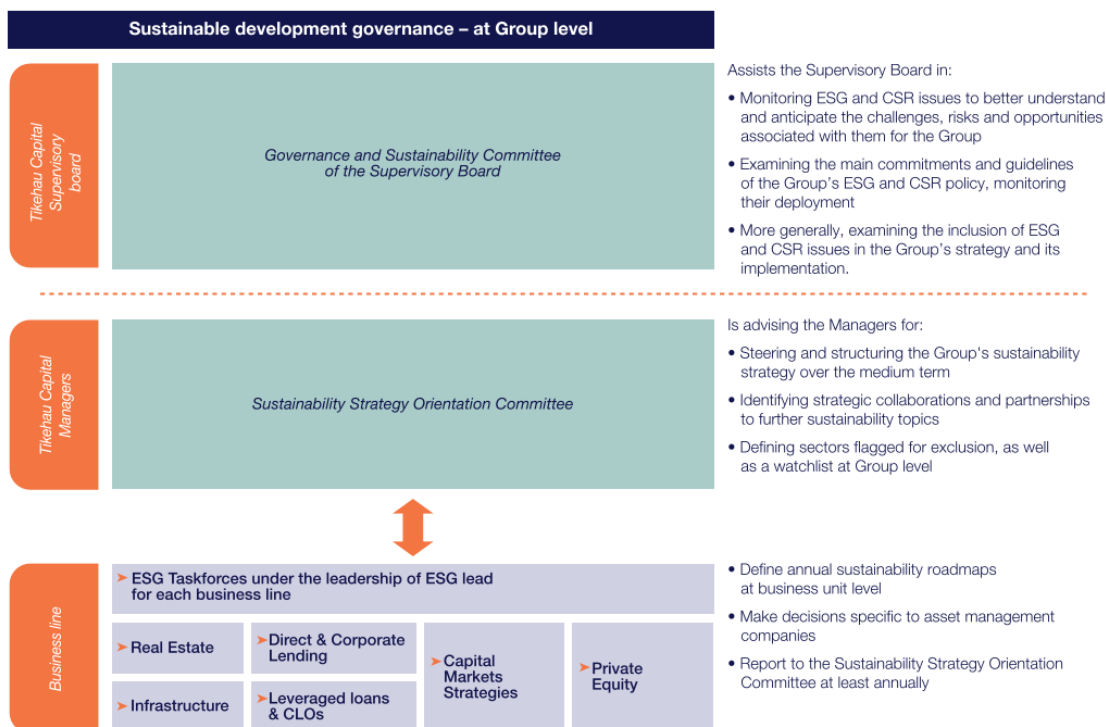
a) Knowledge, skills, and experience of the governance boards in the decision-making to include ESG quality criteria

All levels of seniority from investment and operations teams to the Managers and the Supervisory Board representatives are involved in the roll-out of the ESG and Climate policies. The Supervisory Board of Tikehau Capital, Tikehau IM's parent company, regularly reviews the progress of the ESG and CSR strategy. Made of 3 independent members with expertise on ESG, governance and remuneration issues, the Governance and Sustainability Committee assists the supervisory board in monitoring ESG and CSR issues. For example, Fanny Picard is a graduate of ESSEC and SFAF with a master's degree in law and a former student at the Collège des Hautes Etudes de l'Environnement et du Développement Durable (Sustainable development). She founded and chairs the Alter Equity investment impact funds.

At the beginning of 2022, the Group's governance of sustainability issues was updated to give it a medium-term strategic push and set up operational working groups in each business line.

Composed of experienced Group employees (including one of the co-founders, representing the Managers), the Sustainability Strategy Orientation Committee sets the guidelines of the ESG, climate and biodiversity policy. It meets at least once a year.

In 2021, the arrival of a Deputy Chief Executive Officer at Group level in charge of Group ESG/CSR reinforced the ESG and sustainable development governance. Cécile Cabanis joined Tikehau Capital in 2021 from Danone Group where she was Executive Vice-President in charge of Finance, Strategy, Information Systems, Purchasing, Cycles and Sustainable Resource Development, a member of the Executive Committee and sponsor of inclusive diversity.



b) Sustainability related risks integration into compensation policies

Since 2021, the remuneration policies of Tikehau IM account for the participation of employees in the relevant management company's ESG criteria policy which integrates sustainability risks, in accordance with SFDR provisions. Please [see here](#).

Non-financial criteria (ESG) are also considered in the variable remuneration of all employees. In 2022, 20% of variable remuneration was indexed to collective targets in terms of human resources and assets under management dedicated to climate and biodiversity.

c) Sustainability related risks integration into the supervisory board internal rules

The Supervisory Board of Tikehau Capital, Tikehau IM's parent, regularly reviews the progress of the ESG and CSR strategy. In 2022, internal training was organised for Board members covering both climate science and climate change risks and opportunities. The Supervisory Board relies particularly on its Governance and Sustainable Development Committee composed of three independent members, in charge of reviewing the integration of matters related to ESG (including climate and biodiversity-related risks and opportunities) and CSR into the Group's strategy and its implementation. In addition, an initial analysis of the Group's climate risks was included in the global mapping exercise of major risks and was presented to the Audit and Risk Committee and then to the Supervisory Board in December 2022.

V. ISSUER ENGAGEMENT STRATEGY

a) Scope of companies concerned by the engagement strategy

Tikehau Capital has a [Shareholder Engagement and Voting policy](#) which applies to all equity investments managed by Tikehau IM.

Where relevant, Tikehau IM investment and ESG teams communicate with portfolio companies with a view to creating long-term value. The level and the quality of the engagement depends on the specificities of the asset class.

b) Overview of the voting policy

The [Shareholder Engagement and Voting policy](#) follows 4 general voting principles:

1. Fair treatment of all shareholders and long-term view: Tikehau Capital's preference is to have a capital structure with a single class of shares, in accordance with the principle of "one share, one vote". However, with a view to the long term or provided duly justified reasons can be given, it is not opposed to awarding dividend premiums or multiple voting rights to long-term shareholders as well as separate share classes providing special rights. In general, Tikehau Capital does not support the introduction of anti-takeover mechanisms. Tikehau Capital encourages stakeholder consultation during structuring operations.
2. Efficient governance of companies: Tikehau Capital has no preference between one-tier structures (board of directors) or two-tier structures (executive board and supervisory board). Tikehau Capital favours the separation of executive and supervisory powers. Where the positions of chairman and chief executive officer are held by the same person, the reasons behind this choice must be explained, and it is important that the board checks for the presence of sufficiently independent members and ensures proper oversight of executive powers.
3. Integrity of information: Accurate and transparent financial information is a pre-requisite. Financial information must be independently audited to the highest standards. ESG criteria allow an assessment of a company's intrinsic value and long-term economic performance. The information provided should address ESG topics and Tikehau Capital supports the production of certified annual reports covering non-financial information.
4. Pragmatic approach: Tikehau Capital adapts its criteria to each local context and company size. For example, the minimum percentage of independent directors required may depend on local rules. Beyond applicable regulations, the cultural or economic environment in which a company operates can be decisive for certain choices.

c) Review of the engagement strategy rolled out

Annual reports on the implementation of the shareholder engagement policy are published on Tikehau Capital's website [here](#).

d) Review of the voting policy

For Capital Markets Strategies equity funds, annual reports on the implementation of the shareholder engagement policy are published on Tikehau Capital's website [here](#).

Regarding private equity investments, engagement primarily focuses on decarbonation and material topics for each portfolio company.

e) Decisions taken on the investment strategy

Tikehau Capital has defined an [Exclusion policy](#), fully applicable to Tikehau IM.

VI. INFORMATION ON EUROPEAN TAXONOMY AND FOSSIL FUELS

a) European Taxonomy aligned activities

Tikehau IM has launched pilot analysis to assess the proportion of AUM invested in activities in compliance with the technical screening criteria defined in the delegated acts relating to Articles 10 to 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

As at Dec-2022, Tikehau ESG team estimated that less than 10% of Tikehau IM total corporate net assets were eligible to the EU taxonomy.

Moreover, less than 0.1% of Tikehau IM net assets (covering both investment in enterprises and real estate investments) were aligned to the EU taxonomy:

- (i) 0.39% alignment at Capital markets strategies' level based ISS ESG EU Taxonomy alignment report.

	Regulatory ratio based on public information	Voluntary ratio (optional) reflecting estimates of alignment
Share of total net assets exposed to taxonomy eligible activities	Not available	7.9%
Share of total net assets exposed to non-taxonomy eligible activities		11.8%
Share of net assets exposed to central administration, central banks and sovereign investments		1.92% ⁵
Share of total net assets in derivatives		0.34%
Share of total net assets which fall outside of article 19 bis and 29 of the Directive 2013/34/EU on non-financial reporting		72%

- (ii) 0.00% alignment at the Private debt and Private equities strategies level. For private assets, Tikehau IM promotes standalone taxonomy alignment studies by external experts or completed internally and verified by an external expert. At the Date of this Report, such analysis is not yet available.
- (iii) 0.00% alignment at the Real estate strategy level. Certain assets with an EPC A may qualify on technical screening criteria, however, they lack a formalised climate action plan.

b) Proportion of outstanding in companies operating in the fossil fuel sector

As at Dec-2022, companies operating in the fossil fuel sector accounted for 0.68% of Tikehau IM total assets made of:

- 112,6 m€ of investments⁶ in Capital Markets Strategies (i.e. representing circa 2.8% of the Capital Markets Strategies' total assets)
- 5,8M€ of investments³ in Tactical Strategies' (i.e. representing circa 0.5% of Tactical Strategies' total assets)
- 0 m€ of investments⁷ across the Private equity, Private debt and Real assets business lines.

VII. INTERNATIONAL SUSTAINABILITY OBJECTIVES ALIGNMENT STRATEGY TO LIMIT GLOBAL WARMING AS SET OUT IN THE PARIS AGREEMENT

Climate strategy – relevant pathways

Tikehau Capital has identified 4 relevant pathways to materialise its commitment:

- Solutions: Developing funds dedicated to (i) the decarbonisation of our economic system and to (ii) carbon sinks to fight climate change and preserve biodiversity. For such products, contributing to the ecological transition and/or adopting a carbon reduction roadmap is key.
- Negative screen: Strengthening its selection criteria regarding Climate change and Biodiversity adverse impacts for all funds.
- Measurement & engagement: Measuring and improving the portfolio's carbon footprint and assess biodiversity impacts where possible.

For additional details, see Tikehau Capital's [Sustainable Investing Charter](#), Section 5 on climate change and biodiversity.

Net zero strategy

In March 2021, Tikehau Capital, Tikehau IM's parent, joined the Net Zero Asset Managers initiative, and, in this context, the Group has undertaken to define decarbonisation trajectories in line with the Paris agreement to limit global warming to 1.5 °C with intermediate targets (by 2030 or before) for its business lines.

The NZAM initiative recognises several approaches for the definition of intermediate decarbonisation targets:

- Net Zero Investment Framework (NZIF) of the Paris Aligned Investment Initiative (PAII),
- the Net Zero Asset Owner Alliance (NZAOA) Target Setting Protocol (TSP), and
- the Science Based Targets (SBT) initiative for financial institutions.

⁵ Investment in SNCF treated as corporate rather than assets exposed to central administration, central banks and sovereign investments

⁶ Average over the 4 quarters of 2022, in line with SFDR PAI on fossil fuels

⁷ Average over the 4 quarters of 2022, in line with SFDR PAI on fossil fuels

Tikehau Capital net zero approach combines methodologies developed by NZIF and SBT.

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 NZAM initiative. The targets set by Tikehau IM's parent company, Tikehau Capital, have multiple objectives: Firstly, there is the portfolio coverage target. By 2030, 50% of in-scope AUM are to be considered net zero or aligned net zero in both Capital Market Strategies and Real Estate. Then, there is the portfolio decarbonisation target. By 2030 as well, the Group also 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 39tCO₂e/€m revenue. Moreover, by 2030, 100% of eligible, in-scope Private Equity portfolio companies will have validated Science Based Targets (SBTs).

For all these targets, Green House Gases (GHG) scope 1 and 2 are covered. For the portfolio coverage targets, material scope 3 is also covered. For Real Estate, the CRREM pathway includes tenant-related energy consumption. For listed equity and corporate fixed income, the PAII Net Zero Investment Framework criteria for net zero or aligned to net zero requires portfolio companies to set targets on material scope 3 sources as well. Finally, for Private Equity, the SBTs' approach requires portfolio companies to set scope 3 material targets. Thus, in regard to the portfolio decarbonisation target, scope 3 will be monitored and gradually included in the target.

Given that net zero targets have been finalized in April 2023, the first reporting will be performed in 2024 on FY23 data. For such purposes, the project "carbon dashboard" has been launched with transformation and IT teams under the sponsorship of the ESG team.

The group will aim to increase the proportion of assets under management to be managed in line with net zero over time as new funds will be introduced with net zero strategies and the net zero target will be updated periodically.

The policies to gradually phase out use of coal and non-conventional hydrocarbons are primarily related to the [Exclusion policy](#).

Focus on the exclusion of fossil fuels

At the beginning of 2023, Tikehau Capital 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). The following criteria are applied:

(a) Projects related to thermal coal - Tikehau Capital excludes the direct financing of thermal coal projects (coal mines and power plants without CO₂ abatement), as well as the direct financing of coal infrastructure, notably ports, roads and railways.

(b) Oil & Gas projects - Tikehau Capital excludes the direct financing of (i) upstream and midstream oil & gas projects, (ii) refineries and oil-fired power plants. Investments in dedicated oil and gas infrastructure are also excluded, including liquefied natural gas (LNG) terminals, ports and railways. Direct financing of gas-fired power plants is limited to projects with a low-carbon transition plan.

(c) Companies with revenues from thermal coal - Tikehau Capital excludes:

- companies planning new or expanding existing thermal coal mining, coal-fired power generation capacity and coal-related infrastructure according to the thresholds defined by Urgewald, or

- companies generating 20% or more of their consolidated annual revenues from thermal coal as well as utilities whose electricity production (utilities companies) is 20% or more from coal-fired power plants, or

- companies whose annual thermal coal production exceeds 10 million tonnes or whose installed thermal coal capacity exceeds 5 gigawatts.

(d) Companies with revenues related to oil and gas - Tikehau Capital excludes:

- companies planning new or expanding existing upstream or midstream oil and gas capacity. This applies to conventional and unconventional oil and gas production according to the thresholds defined by Urgewald, or

- companies whose annual unconventional oil and gas production exceeds at least 2 million barrels of oil equivalent ("Mboe"), or

- companies whose total hydrocarbon production is greater than 20 Mboe per year.

Exemptions from these exclusions may be granted if the company has a transition plan compatible with a 1.5 °C climate scenario. In addition, instruments issued by excluded companies that exclusively finance green activities aligned with the European taxonomy are not excluded (e.g., green bonds).

VIII. LONG-TERM BIODIVERSITY OBJECTIVES ALIGNMENT STRATEGY

a) An analysis of the contribution to reducing primary pressures and impacts on biodiversity

The Kunming-Montreal Global Biodiversity Framework, adopted by the 15th Conference of the Parties to the Convention on Biological Diversity (COP 15) in 2022, represents the strategic plan for the implementation of the Convention on Biological Diversity. The GBF lays out four long-term goals for 2050 and 23 action-oriented targets for 2030.

Tikehau IM is analysing the 23 targets set by the Kunming-Montreal Global Biodiversity Framework ("GBF") for 2030, will monitor policy developments including revised National Biodiversity Strategies and Action Plans (NBSAPs) which should be submitted by COP 16 in 2024. Tikehau IM is also analysing private sector frameworks including the Taskforce on Nature-related Financial Disclosures (TNFD) and Science-Based Targets for Nature. These policies and frameworks will guide the development of Tikehau IM's biodiversity strategy.

Tikehau Capital's target to manage €5 billion in assets under management dedicated to climate and biodiversity by 2025 (aligned with Target 19: increasing the level of financial resources, including private sector investment in biodiversity, including through impact funds).

Tikehau IM identifies climate and biodiversity risk as a major issue, both in terms of its asset management and investment activities.

Tikehau IM also 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).

Tikehau's Sustainability-themed and impact investment platform was initiated in 2018, and as of 31 December 2022, €2.3 bn of assets under management are dedicated to Climate and Biodiversity.

b) Mention of the use of a biodiversity footprint indicator and how this indicator is used to comply with international biodiversity targets

As of 2022, Tikehau Capital has not chosen a biodiversity footprint indicator due to its complex nature. Tikehau IM is committed to use its best efforts to report on Principal Adverse Impacts ("PAI") on sustainability factors listed on [Table 1 and any relevant indicators of Table 2 and 3 of Annex I of the SFDR Delegated Act](#), including "Activities negatively affecting biodiversity-sensitive areas" defined as "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".

IX. APPROACH TO TAKING ESG CRITERIA INTO ACCOUNT IN RISK MANAGEMENT

a) Process of managing ESG risks and integrating it into the entity's conventional risk management

The sustainability risk control system is based on several levels of control:

- i. At the first level, the research and investment teams, assisted by the ESG teams, are in charge of defining the risk budgets of the managed portfolios, in line with Tikehau IM's ESG strategy, and of identifying the specific risks of the investment opportunities studied. The investment teams are also responsible for defining the necessary engagement and support measures with the portfolio companies and for ensuring that these objectives/roadmaps are achieved.
- ii. At the first level bis, the Risk Management team ensures that exclusions are respected and that Compliance and ESG cases are reviewed. For the Capital Markets Strategies, the Risk Management team also participates in the definition of internal indicators for monitoring sustainability risks and ensures that they are respected. For private Debt, the Risk Management team considers ESG as part of their review at investment committee level. The Risk Management team monitors and consolidates the portfolios' risk indicators and presents them at the Risk Committees alongside the financial risk monitoring indicators.
- iii. At the second and third levels, the Compliance and Internal Audit teams have integrated sustainability risk into their control plans and monitor them, alongside the other risks they already control.

Integration of sustainability risks – key pillars

The internal framework for the monitoring of sustainability risks relies on the three following pillars:

i. Exclusion policy

The sustainability risk management system is based primarily on Tikehau Capital's exclusion policy. Through this policy, Tikehau IM excludes sectors, types of activities, behaviours or geographies that carry a sustainability risk deemed unacceptable. These exclusions cover the three types of risks mentioned above: environmental, social and governance pillars. For additional details, please refer to the Tikehau Capital [Exclusion policy](#).

ii. Monitoring of controversies

In addition, Tikehau IM checks controversies related to the investment targets under review. The objective is to identify real or strongly suspected serious incidents involving the issuer related to the above-mentioned sustainability criteria. During the investment process, a reputation check is carried out to identify potential or proven risks created by possible serious controversies involving or impacting the issuer. The net risk is assessed against existing mitigating factors (e.g., remediation plan put in place by the company) and is taken into account in the investment decision. Where the assessed risk does not preclude investment, it may be monitored to ensure that it is gradually mitigated.

iii. Integration of sustainability risks into remuneration policy

Finally, Tikehau IM's remuneration policy integrates extra-financial criteria, which can have an impact on the variable remuneration of employees to promote sound and efficient management of these risks and to prevent excessive risk-taking. The compensation policy is available on the website of Tikehau Capital.

Integration of sustainability risks into investment approach

The sustainability risks, including climate and biodiversity risks, are integrated into the investment decisions of the portfolios (funds and mandates) managed by Tikehau IM as follows:

i. Pre-investment assessment

The investment under consideration is first subject to the Exclusion policy, prior to the investment decision. Sustainability risks are then assessed by assigning an ESG score to the investment target. This score summarises the sustainability risks of the issuer studied and identifies specific risks on the 3 pillars of environment, social and governance. The level of net risk is assessed according to any remediation plans and public commitments made by the issuer. If the level of risk is too high in relation to the predefined thresholds (internal rules and extra-financial profile of the portfolio), the investment is not possible.

ii. Monitoring during the investment period

Sustainability risk is monitored during the investment period through:

- Controversy monitoring,
- Annual reporting by private debt and private equity portfolio companies to review the company's own sustainability risks,
- Annual KPIs on Sustainability linked financing ("ESG margin ratchets") implemented on certain Private Debt investments, impacting the margins and rating of the companies, where applicable,
- Periodic updating of the ESG score of the investment targets.

b) Description of the principal ESG risks considered and analysed

The 'sustainability' risks monitored by Tikehau IM fall into three categories:

i. Environmental risks: These include the adverse effects on living organisms and the environment of effluents, emissions, waste, resource depletion, etc. resulting from an organisation's activities. Climate risks include both the effect of an organisation's activities on climate change and the effect of climate change on an organisation or on real assets as explained below.

ii. Social risks: these include health and safety risks (including accident prevention, product quality and safety, sales practices), social risks in the supply chain, management of the social climate and human capital development, management of quality and consumer safety risks, management and materiality of social controversies, management of innovation capabilities and intangible capital, and more generally, risks related to social events (e.g., inequality or inclusion).

iii. Governance risks: These are risks related to the functional management of an organisation, regulatory risks, management, and the integration of sustainability into the quality of the company's strategy. Governance failures (e.g., significant breach of international agreements, human rights violations, corruption and bribery issues, etc.) result in significant sustainability risks. This category also covers cybersecurity risks that result from the increasing use of digital technologies in all sectors.

With regards to the physical, transitional and liability risks associated with climate change and biodiversity and in line with the recommendations of the TCFD, Tikehau IM takes account of the following risks related to climate change:

Physical risks, defined as the exposure of real assets to physical consequences directly caused by climate change (chronic events - such as global warming and rising sea levels - and extreme events - such as fires and cyclones). During the pre-investment stage, the ESG scoring grid comprises numerous questions relating to physical risks. A mapping of the physical risks by country is shared with the investment teams. As part of the monitoring of investments, analyses are conducted for certain assets (for Real Estate strategies) or certain funds with the help of specialised service providers.

Transition risks, especially regulatory, technological, market and reputational risks, are taken into account in the basic analysis carried out by the investment teams.

In 2022, Tikehau IM conducted the following exercises to identify major ESG risks:

1. Tikehau Capital conducts every year a review to identify the major risks attached to the Group's activities. Regarding ESG risks, the mapping helped identify the following:
 - i. Responsible investment (Communication, reputation, and brand risk),
 - ii. Climate change, biodiversity, and the environment,
 - iii. Talent management and diversity, and
 - iv. Cybersecurity and information security risks
2. Identification of main risks related to climate change and nature.

In December 2022, Tikehau Capital commissioned AXA Climate to develop a sector-based screening tool to assess the physical risks and transition risks related to climate change by 2030 and 2040, as well as nature related risks.

The climate-related physical risk analysis is based on the most pessimistic climate change scenario, Representative Concentration Pathway ("RCP") SSP5 - 8.5 of the IPCC, which assumes continued human activity with carbon emissions at current rates. This scenario is expected to result in warming of greater than 4 °C above pre-industrial levels in 2100.

The analysis of climate-related transition risks (regulatory, technological, market and reputation risks) takes into account the Net Zero 2050 scenario of the Network for Greening the Financial System, "NGFS". In addition, the Nationally Determined Contributions ("NDC") scenario (including the achievement of national climate targets by 2030) of the NGFS was considered.

The nature-related risks analysis covers three types of risks:

- (i) Nature-related Physical Risk resulting from dependence on nature and occurring when natural systems are compromised, due to the impact of climatic events (e.g., flooding) or the collapse of ecosystem services.
- (ii) Nature-related Transition Risk resulting from the impact of the changing regulatory, policy or societal landscape.
- (iii) Systemic risks arising from the breakdown of the entire system, with one loss triggering a chain of others and stops systems from recovering their equilibrium after a shock (e.g., the loss of a keystone species leading to the disruption of an ecosystem).

The analysis covered 21 sectors of economic activity, derived through a consolidation of Moody's Industry Categories. The level of risk of each sector is assessed taking into account the sector's exposure and vulnerability to these risks, with a focus on Europe given the concentration of assets managed by the Group in this region. Sectors were classified on a four-level risk scale: low, medium, high, and very high.

The key findings of the analysis are:

Climate-related physical risks were evaluated based on the most pessimistic climate change scenario, Representative Concentration Pathway ("RCP") SSP5 - 8.5. Tikehau IM's assets are not exposed to very high physical risks. This is partially attributed to the localized nature of physical risks compared to the sector-level scope of this analysis. Less than 10% is

exposed to sectors classified as high risk by 2030. The three recurring physical hazards identified are: riverine floods, heat waves and water stress.

Climate-related transition risks were evaluated based on the Net Zero 2050 scenario of the Network for Greening the Financial System, "NGFS". Circa 10% of Tikehau IM's AUM is exposed to sectors classified as very high risk by 2030. The recurring risks identified for the very high-risk sectors are related to policy, e.g., increased carbon pricing, and technology, e.g., the costs to transition to lower emission technologies.

Regarding nature-related risks, there were no very high-risk sectors identified. This is partially attributed to the localized nature of nature-related risks compared to the sector-level scope of this analysis. Less than 5% of Tikehau IM's AuM is exposed to sectors classified as high risk. The recurring risks identified for the high-risk sectors are related to nature-related physical risks, such as water stress, the risk of regulation on biodiversity and ecosystem loss, and reputational risks.

More detailed assessments will be carried out on the sectors identified as being highly exposed to material climate and nature-related risks.

For Real Estate assets, other complementary analysis were carried out and combined with AXA Climate analysis:

To analyse climate risks, since the end of 2022, Tikehau IM has been using the R4RE tool (Resilience for Real Estate or Bat ADAPT of the *Observatoire de l'immobilier durable*, OID) to assess the exposure of its Real Estate assets to heat waves, drought, heavy rainfall, and flooding. The analysis of the physical risks was based on the RCP 8.5. The results enable teams to develop their competencies in identifying and taking into account the physical risks associated with climate change. For example, the risk of drought may be accompanied by the shrinkage-swelling phenomenon of clays, which weakens buildings. Results will be made available for the 2023 reporting exercise in 2024.

c) An indication of the frequency of the risk management framework review process

At Group level, the mapping process for the financial and non-financial risks attached to the Tikehau Capital's activities is carried out each year under the coordination of the internal audit team.

d) An action plan to reduce the entity's exposure to the main ESG risks

In early 2023, an ESG risk manager was appointed to increasingly integrate ESG and climate risks into the risk analysis during the investment process and the holding period of the assets.

Following the assessment led in coordination with AXA Climate, detailed assessments are carried out on the sectors identified as being highly exposed to material risks. Tikehau IM will work in 2023 to define and set up actionable due diligence measures and post-investment actions to prevent potential risk to materialize and reduce the actual level of risk.

The action plan considered at the date of this report involves the investments, ESG and Risk Management teams:

(i) Adapt pre-investment due diligence to

- analyse the physical and transition risk disclosures of the target companies, the related potential impact assessment and adaptation measures.
- review the historical impact of physical risks (e.g., business interruptions, damages, losses) for the target companies.
- assess the risk evolution based on publicly available information (e.g.: public online tools).
- assess if the companies have a strategy to benefit from the opportunities related to the transition to a low-carbon economy and that they are developing products targeting the low-carbon transition.

(ii) engage with portfolio companies to

- promote the adoption of a decarbonisation trajectory aligned with the Paris agreement and where possible, assist them invest in decarbonisation solutions, energy efficiency technologies, equipment, processes, and facilities to reduce their exposure to transition risks and benefit from transition opportunities.

e) A quantitative estimate of the financial impact of the main ESG risks

Tikehau IM has not performed a detailed quantitative assessment of the financial impact of the main ESG Risks and will perform a qualitative assessment in 2023/24.

In addition to the exercises already carried out in 2022, a detailed mapping of extra-financial risks will be carried out in 2023/24, covering the three pillars of environmental, social and governance risks.

We also aim to estimate the financial impacts on our portfolio companies through stress testing exercises as presented below.

f) An indication of the changes in the methodological choices and results

Tikehau IM contemplates using climate stress testing methodologies for both listed and private assets, including the potential financial impacts of climate risks and opportunities (impact on portfolio valuation) as well as the impact on their credit risk when relevant.

X. ECONOMIC AND PROFESSIONAL EQUALITY (RIXAIN LAW)

As of 31 December 2022, the investment teams at Tikehau IM were composed as follows:

Entity	Share of Women
Tikehau IM France	27%
Tikehau IM International	23%

Tikehau IM's parent company, Tikehau Capital, has defined an objective of 60:40 balanced representation between men and women in the investment teams; in line with the [France Invest Parity Charter](#).

Annexes - Article 29 reports at Tikehau IM fund levels

In December 2022, Tikehau IM has the following funds larger than 500 million (> €500mn) in assets:

1. Tikehau Short Duration,
2. Tikehau International Cross Assets,
3. Tikehau Direct Lending IV
4. Tikehau Direct Lending V
5. Tikehau Special Opportunities II Master Fund
6. T2 Energy Transition Fund
7. Tikehau Real Estate Opportunity 2018 SCSp

These fund reports are presented as part of the individual funds' sustainability reports and/or as separate annex to this report.

Annex 1 - Tikehau Short Duration (« TSD »)

Disclosure	Comment
Article 1, III, 5° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	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 NZAM initiative. The targets set by Tikehau IM's parent company, Tikehau Capital, have multiple objectives: Firstly, there is the portfolio coverage target. By 2030, 50% of in-scope AUM in Capital Market Strategies (including Tikehau Short Duration) are to be considered net zero or aligned net zero.
a) Share of AuM eligible to the EU Taxonomy (assess against the technical criteria)	8.4% based on ISS estimates
b) Share of AuM in the fossil fuel sector	4.22% based on ISS data
Article 1, III, 6° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	
a) Definition of a climate quantitative objective in line with a recognised methodology	In March 2021, Tikehau Capital, Tikehau IM parent, joined the Net Zero Asset Managers initiative, and, in this context, the Group has undertaken to define decarbonisation trajectories in line with the Paris agreement to limit global warming to 1.5 °C with intermediate targets (by 2030 or before) for its business lines.
b) The role of the assessment in the investment strategy	The NZAM targets will have an impact on the investment strategy, both for the selection of new investments and for the engagement with portfolio companies.
c) The main updates of the responsible investing strategy to promote alignment with the Paris agreements	Tikehau Capital, Tikehau IM parent, continuously reinforces its responsible investing charter to further include climate and biodiversity considerations. In addition, the Group developed its NZAM target. In this context, 4 main pathways will be used to materialise commitments: <ul style="list-style-type: none"> ▶ Invest in solutions (>€ 5Bn targets of investments in climate and biodiversity strategies by 2025 at Tikehau Capital level) ▶ Reinforce negative screening ▶ Measure impacts and engage ▶ Identify and manage climate-related risks
Article 1, III, 7° Information on the strategy of alignment with long-term objectives related to biodiversity	As of 2022, Tikehau Capital has not selected a biodiversity footprint indicator.
Article 1, III, 8° Information on the procedures for taking environmental, social and governance quality criteria into account in risk management	
a) ESG risk management and process of integration into the investment cycle	The internal framework for the monitoring of sustainability risks relies on the three following pillars: (i) the exclusion policy (For details, please refer to the Tikehau Capital Exclusion policy); (ii) monitoring of controversies; and (iii) integration of sustainability risks into remuneration policy.
b) A description of main ESG risks	Please refer to Tikehau IM Sustainability Risk Management Policy available here .

c) An indication of the review frequency of the risk management framework	The Tikehau Capital proprietary ESG tools are reviewed periodically to include and update sources and benchmarks.
d) An action plan to reduce exposure to main ESG risks	ESG risks are considered in portfolio definition and monitoring, however they are not systematically considered in financial modelling.
e) A quantitative estimate of the financial impact of the main ESG risks	Investment teams are invited to assess the financial impact of material sustainability risks and opportunities. Tools must be reinforced to ensure effective integration.
f) Methodological developments	These may be shared upon request.
Article 1, III, 8° bis – Minimum standards to ensure the quality of the data, the assessment of climate-related risks and biodiversity-related risks	Tikehau Capital has developed proprietary tools and appoints ESG and environmental experts to contribute to the quality of data. Climate risks and opportunities are considered as part of the fundamental analysis of investment targets and during the holding period.
Article 1, III, 9° - Action plan to ensure the compliance with the Article 29 recommendations	Tikehau Capital hired a Climate and Biodiversity director in May 2022 as well as an ESG risk manager in early 2023 to reinforce policies, processes and monitoring of climate and biodiversity on one hand and on ESG risks on the other hand.

	Regulatory ratio (mandatory) based on public information	Voluntary ratio (optional) reflecting estimates of alignment ⁸	Source
Share of total net assets exposed to taxonomy eligible activities	Not available	8.4%	ISS estimates
Share of total net assets exposed to non-taxonomy eligible activities		10.4%	ISS estimates
Share of net assets exposed to central administration, central banks and sovereign investments		0	Tikehau IM data
Share of total net assets in derivatives		0.01%	Tikehau IM data
Share of total net assets which fall outside of article 19 bis and 29 of the Directive 2013/34/EU on non-financial reporting		73.49%	ISS data

⁸ Based on an average of 4 quarters in 2022

Annex 2 - Tikehau International Cross Assets

Disclosure	Comment
Article 1, III, 5° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	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 NZAM initiative. The targets set by Tikehau IM's parent company, Tikehau Capital, have multiple objectives: Firstly, there is the portfolio coverage target. By 2030, 50% of in-scope AUM in Capital Market Strategies (including Tikehau International Cross Assets) are to be considered net zero or aligned net zero.
a) Share of AuM eligible to the EU Taxonomy (assess against the technical criteria)	1.33% based on ISS estimates
b) Share of AuM in the fossil fuel sector	0.15% based on ISS data
Article 1, III, 6° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	
a) Definition of a climate quantitative objective in line with a recognised methodology	In March 2021, Tikehau Capital, Tikehau IM parent, joined the Net Zero Asset Managers initiative, and, in this context, the Group has undertaken to define decarbonisation trajectories in line with the Paris agreement to limit global warming to 1.5 °C with intermediate targets (by 2030 or before) for its business lines.
b) The role of the assessment in the investment strategy	The NZAM targets will have an impact on the investment strategy, both for the selection of new investments and for the engagement with portfolio companies.
c) The main updates of the responsible investing strategy to promote alignment with the Paris agreements	Tikehau Capital, Tikehau IM parent, continuously reinforces its responsible investing charter to further include climate and biodiversity considerations. In addition, the Group developed its NZAM target. In this context, 4 main pathways will be used to materialise commitments: <ul style="list-style-type: none"> ▶ Invest in solutions (>€ 5Bn targets of investments in climate and biodiversity strategies by 2025 at Tikehau Capital level) ▶ Reinforce negative screening ▶ Measure impacts and engage ▶ Identify and manage climate-related risks
Article 1, III, 7° Information on the strategy of alignment with long-term objectives related to biodiversity	As of 2022, Tikehau Capital has not selected a biodiversity footprint indicator.
Article 1, III, 8° Information on the procedures for taking environmental, social and governance quality criteria into account in risk management	
a) ESG risk management and process of integration into the investment cycle	The internal framework for the monitoring of sustainability risks relies on the three following pillars: (i) the exclusion policy (For details, please refer to the Tikehau Capital Exclusion policy); (ii) monitoring of controversies; and (iii) integration of sustainability risks into remuneration policy.
b) A description of main ESG risks	Please refer to Tikehau IM Sustainability Risk Management Policy available here .

c) An indication of the review frequency of the risk management framework	The Tikehau Capital proprietary ESG tools are reviewed periodically to include and update sources and benchmarks.
d) An action plan to reduce exposure to main ESG risks	ESG risks are considered in portfolio definition and monitoring, however they are not systematically considered in financial modelling.
e) A quantitative estimate of the financial impact of the main ESG risks	Investment teams are invited to assess the financial impact of material sustainability risks and opportunities. Tools must be reinforced to ensure effective integration.
f) Methodological developments	These may be shared upon request.
Article 1, III, 8° bis – Minimum standards to ensure the quality of the data, the assessment of climate-related risks and biodiversity-related risks	Tikehau Capital has developed proprietary tools and appoints ESG and environmental experts to contribute to the quality of data. Climate risks and opportunities are considered as part of the fundamental analysis of investment targets and during the holding period.
Article 1, III, 9° - Action plan to ensure the compliance with the Article 29 recommendations	Tikehau Capital hired a Climate and Biodiversity director in May 2022 as well as an ESG risk manager in early 2023 to reinforce policies, processes and monitoring of climate and biodiversity on one hand and on ESG risks on the other hand.

	Regulatory ratio (mandatory) based on public information	Voluntary ratio (optional) reflecting estimates of alignment ⁹	Source
Share of total net assets exposed to taxonomy eligible activities	Not available	1.3%	ISS estimates
Share of total net assets exposed to non-taxonomy eligible activities		10.5%	ISS estimates
Share of net assets exposed to central administration, central banks and sovereign investments		12.8%	Tikehau IM data
Share of total net assets in derivatives		2.1%	Tikehau IM data
Share of total net assets which fall outside of article 19 bis and 29 of the Directive 2013/34/EU on non-financial reporting		87.1%	ISS data

⁹ Based on an average of 4 quarters in 2022

Annex 3 - Tikehau Direct Lending IV

Disclosure	Comment
Article 1, III, 5° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	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 NZAM initiative. By 2030 as well, the Group aims to decrease by 50% the weighted average carbon intensity (WACI) of in-scope Private Equity and Private Debt strategies (it should be noted that Tikehau Direct Lending IV is not in the scope of this target).
a) Share of AuM eligible to the EU Taxonomy (assess against the technical criteria)	At the date of this report, none of Tikehau Direct Lending IV's company has finalized its taxonomy alignment assessment.
b) Share of AuM in the fossil fuel sector	As at Dec-22, Tikehau Direct Lending IV had a 0% exposure to companies that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels
Article 1, III, 6° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	
a) Definition of a climate quantitative objective in line with a recognised methodology	In March 2021, Tikehau Capital, Tikehau IM parent, joined the Net Zero Asset Managers initiative, and, in this context, the Group has undertaken to define decarbonisation trajectories in line with the Paris agreement to limit global warming to 1.5 °C with intermediate targets (by 2030 or before) for its business lines.
b) The role of the assessment in the investment strategy	The NZAM targets will have an impact on the investment strategy, both for the selection of new investments and for the engagement with portfolio companies.
c) The main updates of the responsible investing strategy to promote alignment with the Paris agreements	Tikehau Capital, Tikehau IM parent, continuously reinforces its responsible investing charter to further include climate and biodiversity considerations. In addition, the Group developed its NZAM target. In this context, 4 main pathways will be used to materialise commitments: <ul style="list-style-type: none"> ▶ Invest in solutions (>€ 5Bn targets of investments in climate and biodiversity strategies by 2025 at Tikehau Capital level) ▶ Reinforce negative screening ▶ Measure impacts and engage ▶ Identify and manage climate-related risks
Article 1, III, 7° Information on the strategy of alignment with long-term objectives related to biodiversity	As of 2022, Tikehau Capital has not selected a biodiversity footprint indicator.
Article 1, III, 8° Information on the procedures for taking environmental, social and governance quality criteria into account in risk management	
a) ESG risk management and process of integration into the investment cycle	The internal framework for the monitoring of sustainability risks relies on the three following pillars: (i) the exclusion policy (For details, please refer to the Tikehau Capital Exclusion policy); (ii) monitoring of controversies; and (iii) integration of sustainability risks into remuneration policy.
b) A description of main ESG risks	Please refer to Tikehau IM Sustainability Risk Management Policy available here .

c) An indication of the review frequency of the risk management framework	The Tikehau Capital proprietary ESG tools are reviewed periodically to include and update sources and benchmarks.
d) An action plan to reduce exposure to main ESG risks	ESG risks are considered in portfolio definition and monitoring, however they are not systematically considered in financial modelling.
e) A quantitative estimate of the financial impact of the main ESG risks	Investment teams are invited to assess the financial impact of material sustainability risks and opportunities. Tools must be reinforced to ensure effective integration.
f) Methodological developments	These may be shared upon request.
Article 1, III, 8° bis – Minimum standards to ensure the quality of the data, the assessment of climate-related risks and biodiversity-related risks	Tikehau Capital has developed proprietary tools and appoints ESG and environmental experts to contribute to the quality of data. Climate risks and opportunities are considered as part of the fundamental analysis of investment targets and during the holding period.
Article 1, III, 9° - Action plan to ensure the compliance with the Article 29 recommendations	Tikehau Capital hired a Climate and Biodiversity director in May 2022 as well as an ESG risk manager in early 2023 to reinforce policies, processes and monitoring of climate and biodiversity on one hand and on ESG risks on the other hand.

Annex 4 - Tikehau Direct Lending V

Disclosure	Comment
Article 1, III, 5° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	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 NZAM initiative. By 2030 as well, the Group aims to decrease by 50% the weighted average carbon intensity (WACI) of in-scope Private Equity and Private Debt strategies (it should be noted that Tikehau Direct Lending V is not in the scope of this target).
a) Share of AuM eligible to the EU Taxonomy (assess against the technical criteria)	At the date of this report, none of Tikehau Direct Lending IV's company has finalized its taxonomy alignment assessment.
b) Share of AuM in the fossil fuel sector	As at Dec-22, Tikehau Direct Lending V had a 0% exposure to companies that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels
Article 1, III, 6° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	
a) Definition of a climate quantitative objective in line with a recognised methodology	In March 2021, Tikehau Capital, Tikehau IM parent, joined the Net Zero Asset Managers initiative, and, in this context, the Group has undertaken to define decarbonisation trajectories in line with the Paris agreement to limit global warming to 1.5 °C with intermediate targets (by 2030 or before) for its business lines.
b) The role of the assessment in the investment strategy	The NZAM targets will have an impact on the investment strategy, both for the selection of new investments and for the engagement with portfolio companies.
c) The main updates of the responsible investing strategy to promote alignment with the Paris agreements	Tikehau Capital, Tikehau IM parent, continuously reinforces its responsible investing charter to further include climate and biodiversity considerations. In addition, the Group developed its NZAM target. In this context, 4 main pathways will be used to materialise commitments: <ul style="list-style-type: none"> ▶ Invest in solutions (>€ 5Bn targets of investments in climate and biodiversity strategies by 2025 at Tikehau Capital level) ▶ Reinforce negative screening ▶ Measure impacts and engage ▶ Identify and manage climate-related risks
Article 1, III, 7° Information on the strategy of alignment with long-term objectives related to biodiversity	As of 2022, Tikehau Capital has not selected a biodiversity footprint indicator.
Article 1, III, 8° Information on the procedures for taking environmental, social and governance quality criteria into account in risk management	
a) ESG risk management and process of integration into the investment cycle	The internal framework for the monitoring of sustainability risks relies on the three following pillars: (i) the exclusion policy (For details, please refer to the Tikehau Capital Exclusion policy); (ii) monitoring of controversies; and (iii) integration of sustainability risks into remuneration policy.
b) A description of main ESG risks	Please refer to Tikehau IM Sustainability Risk Management Policy available here .

c) An indication of the review frequency of the risk management framework	The Tikehau Capital proprietary ESG tools are reviewed periodically to include and update sources and benchmarks.
d) An action plan to reduce exposure to main ESG risks	ESG risks are considered in portfolio definition and monitoring, however they are not systematically considered in financial modelling.
e) A quantitative estimate of the financial impact of the main ESG risks	Investment teams are invited to assess the financial impact of material sustainability risks and opportunities. Tools must be reinforced to ensure effective integration.
f) Methodological developments	These may be shared upon request.
Article 1, III, 8° bis – Minimum standards to ensure the quality of the data, the assessment of climate-related risks and biodiversity-related risks	Tikehau Capital has developed proprietary tools and appoints ESG and environmental experts to contribute to the quality of data. Climate risks and opportunities are considered as part of the fundamental analysis of investment targets and during the holding period.
Article 1, III, 9° - Action plan to ensure the compliance with the Article 29 recommendations	Tikehau Capital hired a Climate and Biodiversity director in May 2022 as well as an ESG risk manager in early 2023 to reinforce policies, processes and monitoring of climate and biodiversity on one hand and on ESG risks on the other hand.

Annex 5 - Tikehau Special Opportunities II Master Fund

Disclosure	Comment
Article 1, III, 5° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	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 NZAM initiative. By 2030 as well, the Group aims to decrease by 50% the weighted average carbon intensity (WACI) of in-scope Private Equity and Private Debt strategies (it should be noted that Tikehau Special Opportunities II is not in the scope of this target).
a) Share of AuM eligible to the EU Taxonomy (assess against the technical criteria)	As at Dec-22, none of Tikehau Special Opportunities II's company has finalized its taxonomy alignment assessment.
b) Share of AuM in the fossil fuel sector	As at Dec-22, Tikehau Special Opportunities II had a minor exposure to companies that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels
Article 1, III, 6° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	
a) Definition of a climate quantitative objective in line with a recognised methodology	In March 2021, Tikehau Capital, Tikehau IM parent, joined the Net Zero Asset Managers initiative, and, in this context, the Group has undertaken to define decarbonisation trajectories in line with the Paris agreement to limit global warming to 1.5 °C with intermediate targets (by 2030 or before) for its business lines.
b) The role of the assessment in the investment strategy	The NZAM targets will have an impact on the investment strategy, both for the selection of new investments and for the engagement with portfolio companies.
c) The main updates of the responsible investing strategy to promote alignment with the Paris agreements	Tikehau Capital, Tikehau IM parent, continuously reinforces its responsible investing charter to further include climate and biodiversity considerations. In addition, the Group developed its NZAM target. In this context, 4 main pathways will be used to materialise commitments: <ul style="list-style-type: none"> ▶ Invest in solutions (>€ 5Bn targets of investments in climate and biodiversity strategies by 2025 at Tikehau Capital level) ▶ Reinforce negative screening ▶ Measure impacts and engage ▶ Identify and manage climate-related risks
Article 1, III, 7° Information on the strategy of alignment with long-term objectives related to biodiversity	As of 2022, Tikehau Capital has not selected a biodiversity footprint indicator.
Article 1, III, 8° Information on the procedures for taking environmental, social and governance quality criteria into account in risk management	
a) ESG risk management and process of integration into the investment cycle	The internal framework for the monitoring of sustainability risks relies on the three following pillars: (i) the exclusion policy (For details, please refer to the Tikehau Capital Exclusion policy); (ii) monitoring of controversies; and (iii) integration of sustainability risks into remuneration policy.
b) A description of main ESG risks	Please refer to Tikehau IM Sustainability Risk Management Policy available here .

c) An indication of the review frequency of the risk management framework	The Tikehau Capital proprietary ESG tools are reviewed periodically to include and update sources and benchmarks.
d) An action plan to reduce exposure to main ESG risks	ESG risks are considered in portfolio definition and monitoring, however they are not systematically considered in financial modelling.
e) A quantitative estimate of the financial impact of the main ESG risks	Investment teams are invited to assess the financial impact of material sustainability risks and opportunities. Tools must be reinforced to ensure effective integration.
f) Methodological developments	These may be shared upon request.
Article 1, III, 8° bis – Minimum standards to ensure the quality of the data, the assessment of climate-related risks and biodiversity-related risks	Tikehau Capital has developed proprietary tools and appoints ESG and environmental experts to contribute to the quality of data. Climate risks and opportunities are considered as part of the fundamental analysis of investment targets and during the holding period.
Article 1, III, 9° - Action plan to ensure the compliance with the Article 29 recommendations	Tikehau Capital hired a Climate and Biodiversity director in May 2022 as well as an ESG risk manager in early 2023 to reinforce policies, processes and monitoring of climate and biodiversity on one hand and on ESG risks on the other hand.

Annex 6 - T2 Energy Transition Fund

Disclosure	Comment
Article 1, III, 5° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	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 NZAM initiative. The targets set by Tikehau IM's parent company, Tikehau Capital, have multiple objectives: Firstly, there is the portfolio coverage target. By 2030, 50% of in-scope AUM are to be considered net zero or aligned net zero in both Capital Market Strategies and Real Estate. Then, there is the portfolio decarbonisation target. By 2030 as well, the Group also 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 39tCO2e/€m revenue. Moreover, by 2030, 100% of eligible, in-scope Private Equity portfolio companies will have validated Science Based Targets (SBTs).
a) Share of AuM eligible to the EU Taxonomy (assess against the technical criteria)	For private equity assets, Tikehau IM promotes standalone taxonomy alignment studies by external experts or completed internally and verified by an external expert. At the date of this report, none of T2 Energy Transition Fund company has finalized its taxonomy alignment assessment.
b) Share of AuM in the fossil fuel sector	T2 Energy Transition has no exposure to companies that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels
Article 1, III, 6° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement	
a) Definition of a climate quantitative objective in line with a recognised methodology	At the date of this report, 2 of T2 Energy Transition fund companies (Sterne and Egis) have started projects to commit to SBTi over the coming months. In addition, 4 additional T2 Energy Transition fund companies have started to define decarbonisation trajectories.
b) The role of the assessment in the investment strategy	The NZAM targets will have an impact on the investment strategy, both for the selection of new investments and for the engagement with portfolio companies.
c) The main updates of the responsible investing strategy to promote alignment with the Paris agreements	Tikehau Capital, Tikehau IM parent, continuously reinforces its responsible investing charter to further include climate and biodiversity considerations. In addition, the Group developed its NZAM target. In this context, 4 main pathways will be used to materialise commitments: <ul style="list-style-type: none"> ▶ Invest in solutions (>€ 5Bn targets of investments in climate and biodiversity strategies by 2025 at Tikehau Capital level) ▶ Reinforce negative screening ▶ Measure impacts and engage ▶ Identify and manage climate-related risks
Article 1, III, 7° Information on the strategy of alignment with long-term objectives related to biodiversity	As of 2022, Tikehau Capital has not selected a biodiversity footprint indicator.
Article 1, III, 8° Information on the procedures for taking environmental, social and governance quality criteria into account in risk management	

a) ESG risk management and process of integration into the investment cycle	The internal framework for the monitoring of sustainability risks relies on the three following pillars: (i) the exclusion policy (For details, please refer to the Tikehau Capital Exclusion policy); (ii) monitoring of controversies; and (iii) integration of sustainability risks into remuneration policy.
b) A description of main ESG risks	Please refer to Tikehau IM Sustainability Risk Management Policy available here .
c) An indication of the review frequency of the risk management framework	The Tikehau Capital proprietary ESG tools are reviewed periodically to include and update sources and benchmarks.
d) An action plan to reduce exposure to main ESG risks	ESG risks are considered in portfolio definition and monitoring, however they are not systematically considered in financial modelling.
e) A quantitative estimate of the financial impact of the main ESG risks	Investment teams are invited to assess the financial impact of material sustainability risks and opportunities. Tools must be reinforced to ensure effective integration.
f) Methodological developments	These may be shared upon request.
Article 1, III, 8° bis – Minimum standards to ensure the quality of the data, the assessment of climate-related risks and biodiversity-related risks	Tikehau Capital has developed proprietary tools and appoints ESG and environmental experts to contribute to the quality of data. Climate risks and opportunities are considered as part of the fundamental analysis of investment targets and during the holding period.
Article 1, III, 9° - Action plan to ensure the compliance with the Article 29 recommendations	Tikehau Capital hired a Climate and Biodiversity director in May 2022 as well as an ESG risk manager in early 2023 to reinforce policies, processes and monitoring of climate and biodiversity on one hand and on ESG risks on the other hand.

Annex 7 - Tikehau Real Estate Opportunity 2018

Disclosure	Comment
Article 1, III, 6° Information on the strategy for alignment with the international climate change mitigation objectives of the Paris Agreement	
Describe the strategy for aligning the assets managed by the fund with the Paris Agreements and the scope	<p>In March 2021, Tikehau Capital joined the Net Zero Asset Managers (NZAM) initiative and, in this context, the Group has undertaken to define decarbonisation trajectories in line with the Paris agreement to limit global warming to 1.5 °C with intermediate targets (by 2030 or before) for its business lines.</p> <p>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 NZAM initiative.</p> <p>TIM is thus committed to significantly reducing the greenhouse gas emissions of its buildings in the medium term. In 2022, it has defined the first step in this commitment: to align its French tertiary sector assets of more than 1,000 m² with the CRREM (Carbon Risk Real Estate Monitor) trajectory by 2030.</p>
Measuring the achievement of the objective of alignment with the Paris Agreements and with the National Low Carbon Strategy	Monitoring and reporting of the fund's GHG emissions is carried out annually, as well as a gap analysis of its results against the 2030 CO ₂ eq emissions targets suggested by the CREEM from 2023 onwards.
Article 1, III, 7° Information on the strategy for alignment with long-term biodiversity objectives	
Describe the fund's strategy for meeting the objectives of the Convention on Biological Diversity	<p>The Kunming-Montreal Global Biodiversity Framework, adopted by the 15th Conference of the Parties to the Convention on Biological Diversity (COP 15) in 2022, represents the strategic plan for the implementation of the Convention on Biological Diversity. The GBF lays out four long-term goals for 2050 and 23 action-oriented targets for 2030.</p> <p>TIM is analysing the 23 targets set by the Kunming-Montreal Global Biodiversity Framework ("GBF") for 2030, will monitor policy developments including revised National Biodiversity Strategies and Action Plans (NBSAPs) which should be submitted by COP 16 in 2024. Tikehau IM is also analysing private sector frameworks including the Taskforce on Nature-related Financial Disclosures (TNFD) and Science-Based Targets for Nature. These policies and frameworks will guide the development of TIM's biodiversity strategy.</p> <p>In 2022, TIM carried out a consultation with the aim of producing a biodiversity charter for Real Estate activities, which will be released in 2023. The objective is to define the management company's major objectives in terms of biodiversity, to identify priority areas (near sensitive natural areas, for example), and to define the best practices to be followed for each asset category (size, location, etc.). This work will be carried out with Gondwana, a biodiversity consulting agency since 2005 specialised in sustainable property.</p> <p>Furthermore, an analysis on Biodiversity risks was carried out with AXA Climate (see more details in the risks section).</p>
Analyse the contribution to the reduction of the main pressures and impacts on biodiversity	An analysis on the main pressures and impacts on biodiversity is currently being carried out by Gondwana and results will be published at a later stage.
Indicate the indicators used in the framework of the alignment with the Convention's objectives and in the framework of the achievement of the	TIM takes biodiversity criteria into account at acquisition phase and plans to further develop its biodiversity strategy throughout its portfolio. When a project includes construction or renovation, it is checked if it will include design/development requirements (such as managing waste by diverting reusable vegetation, rocks and soil from disposal or protecting and restoring habitat and soils disturbed during construction and/or during previous development).

international objectives, and the achievement of the objective	Additional indicators may be defined in 2023 in collaboration with Gondwana at the level of the assets held by the fund.																									
Article 1, III, 8° Information on how environmental, social and governance criteria are taken into account in risk management																										
Detail climate and biodiversity risks	<p>In line with the recommendations of the TCFD, Tikehau Capital takes account of risks related to climate change:</p> <ol style="list-style-type: none"> 1) Physical risks, defined as the exposure of real assets to physical consequences directly caused by climate change (chronic events - such as global warming and rising sea levels - and extreme events - such as fires and cyclones). During the pre-investment stage, the ESG scoring grid comprises numerous questions relating to physical risks. A mapping of the physical risks by country is shared with the investment teams. 2) Transition risks, especially regulatory, technological, market and reputational risks, are taken into account in the basic analysis carried out by the investment teams. <p>In December 2022, Tikehau Capital commissioned AXA Climate to develop a sector-based screening tool to assess the physical and transition risks related to climate change by 2030 and 2040. AXA Climate's analysis adds the consideration of the Nationally Determined Contributions ("NDC") scenario (including the achievement of national climate targets by 2030) of the NGFS network for greening the financial system for transition risk.</p> <p>The level of risk of each sector is assessed taking into account the sector's exposure and vulnerability to these risks, with a focus on Europe given the concentration of assets managed by the Group in this region. The selection tool also includes an assessment of risks for biodiversity and nature at the sectoral level, which will make it possible to identify and prioritise these risks.</p> <p>For Real Estate assets, other complementary analyses were carried out and combined with AXA Climate's analysis. The results were as follows:</p> <ol style="list-style-type: none"> 1) Climate risks: since the end of 2022, Tikehau IM has been using the R4RE tool (Resilience for Real Estate or Bat-ADAPT of the Observatoire de l'immobilier durable, OID) to assess the exposure of its Real Estate assets to heat waves, drought, heavy rainfall and flooding. The analysis of the physical risks presented below is based on the RCP 8.5, which presumes the continuation of human activities with carbon emissions at current rates. The results enable teams to develop their competencies in identifying and taking into account the physical risks associated with climate change. For example, the risk of drought may be accompanied by the shrinkage-swelling phenomenon of clays, which weakens buildings. A reflection on the challenges of adaptation is under way. <p>Here are the results of the analysis of TIM RE asset located in France. The risks levels are determined through a cross-risks evaluation meaning several indicators were aggregated (see R4RE methodology for more information).</p> <table border="1" data-bbox="568 1094 1503 1262"> <thead> <tr> <th>Climate risk</th> <th>Low risk</th> <th>Medium risk</th> <th>High risk</th> <th>Coverage</th> </tr> </thead> <tbody> <tr> <td>Heavy rainfall and river flooding</td> <td>29%</td> <td>3%</td> <td>67%</td> <td>62%</td> </tr> <tr> <td>Heat wave</td> <td>100%</td> <td>0%</td> <td>0%</td> <td>62%</td> </tr> <tr> <td>Droughts</td> <td>27%</td> <td>59%</td> <td>14%</td> <td>58%</td> </tr> <tr> <td colspan="5"><i>in AuM</i></td> </tr> </tbody> </table> <p>An analysis was performed on all assets in Europe as well.</p> <ol style="list-style-type: none"> 2) Transition risks: the risks identified for TIM real estate assets were linked to regulations 	Climate risk	Low risk	Medium risk	High risk	Coverage	Heavy rainfall and river flooding	29%	3%	67%	62%	Heat wave	100%	0%	0%	62%	Droughts	27%	59%	14%	58%	<i>in AuM</i>				
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	<ul style="list-style-type: none"> • Regulation on energy efficiency and certification (for instance the French eco-energy decree for the tertiary sector “décret éco-énergie-tertiaire”) • Increased pricing of GHG emissions <p>To monitor those risks, energy consumption data and Energy Performance Certificate (EPC) grades of assets are collected. Furthermore, some assets are analysed using the CRREM tool to determine their stranding year.</p> <p>3) Biodiversity risks: here are the risks identified for TIM real estate assets:</p> <ul style="list-style-type: none"> • Reduction of mass stabilization and erosion control: <ul style="list-style-type: none"> ○ Natural capital and ecosystem services help maintain and regulate the state of the environment, including the stability of the land. Therefore, due to the high land use footprint of the Real Estate sector, the deterioration of these ecosystem services could increase the vulnerabilities of the properties. ○ If erosion is a natural phenomenon, it can be amplified by certain anthropogenic activities. The Real Estate sector is dependent on mass stabilization and erosion control (e.g., impact on the stability and maintenance of the building structure). • Raw material and biomass scarcity: the Real Estate sector is dependent on the state of natural capital (presence of clean water, natural areas such as forests or parks), as the property values can be affected by the degradation level of the ecosystems. • More intense and frequent natural catastrophes <p>In early 2023, an ESG risk manager has been hired and will be responsible for periodically reviewing the risk management framework.</p>
Article 1, III, 9° Continuous improvement plan	
<p>Identification of opportunities for improvement of the current strategy and corresponding concrete actions to improve the current situation</p> <p>Information on strategic and operational changes introduced or to be introduced as a result of the implementation of corrective actions;</p>	<p>TIM has identified opportunities to improve its current strategy:</p> <ul style="list-style-type: none"> - Implementation of a new acquisition/disposal grid including monitoring of the indicators mentioned in the question above - Carrying out energy audits and implementing action plans to reduce consumption - Implementation of a biodiversity charter and action plans to improve biodiversity on the sites <p>On the date of publication of this report, these actions are already being implemented.</p>

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