



TIKEHAU IM 2023 ENGAGEMENT & VOTING ACTIVITY REPORT

PUBLISHED IN JUNE 2024

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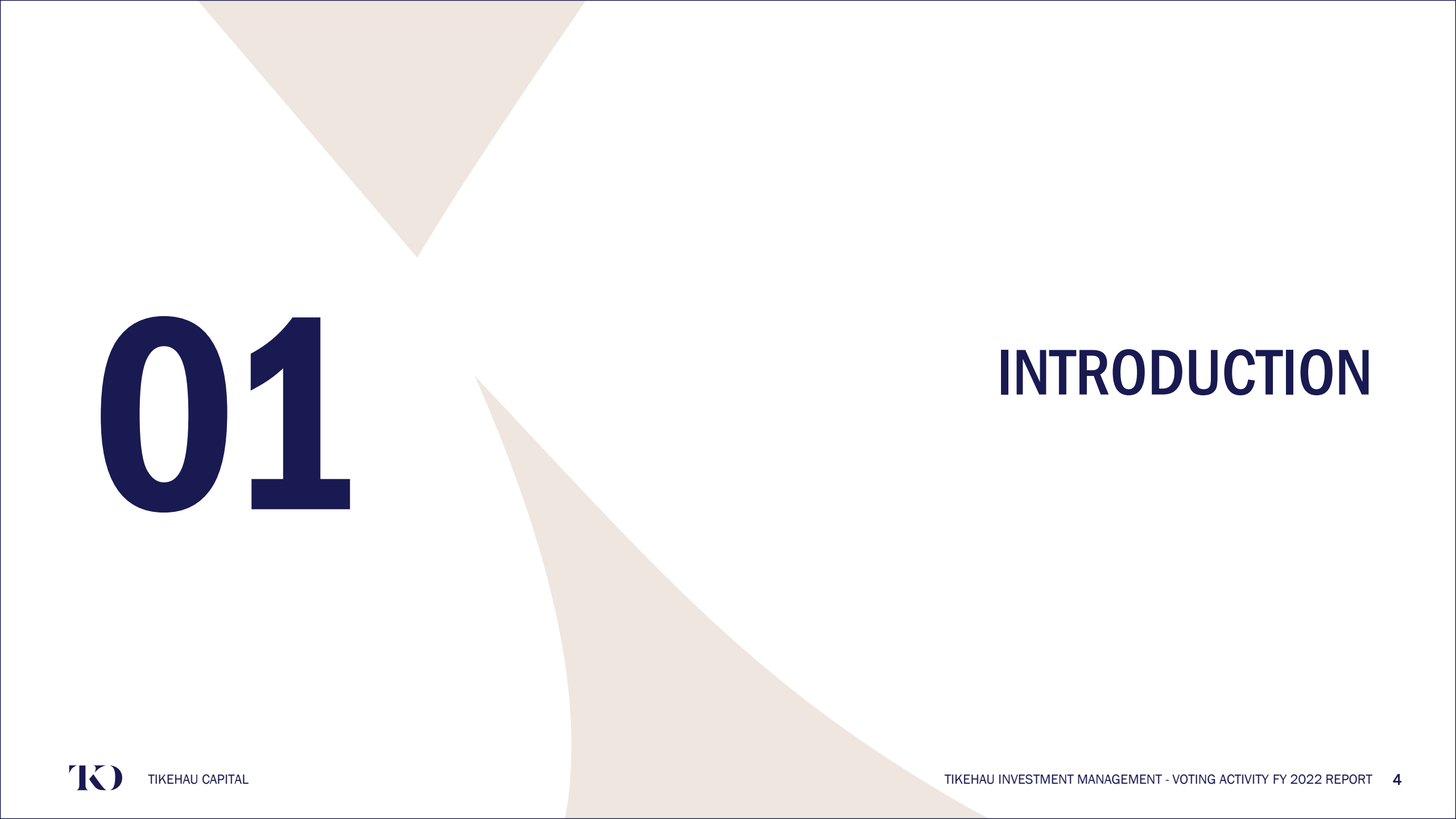
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For further information, please contact Tikehau Investment Management.

Content



1. Introduction on Engagement & Voting policy
2. FY 2023 Engagement & Voting Activity for Capital Markets Strategies
 - Engagement activity
 - Votes by proponent
 - Votes by geography
 - Votes by theme
 - Votes against management
 - Environmental & Social Related Votes
3. FY 2023 Engagement & Voting Activity for Private Equity
 - Engagement activity
 - Votes by geography
 - Votes against management
4. FY 2023 Engagement Activity for Private Debt
 - Engagement activity
 - LBA case study



01

INTRODUCTION

Overview of our active ownership approach

ACTIVE INTERACTION WITH COMPANIES TO ENCOURAGE & IMPROVE ESG PRACTICES AND PERFORMANCE

As affiliate of Tikehau Capital, Tikehau Investment Management (“Tikehau IM”) implements the Group’s engagement process with portfolio companies. Starting at the investment decision and throughout the holding period, Tikehau Capital promotes the adoption of practices that align financial performance with social and environmental impact. Tikehau IM investment teams and its ESG team maintain dialogue with the portfolio companies with a view to creating sustainable value. This report also offers an overview of Tikehau IM engagement and voting practices across the Capital Markets Strategies, Private Equity and Private Debt business lines.

Listed assets	Voting practices	Active ownership is practiced in our listed strategies through both proxy voting and engagement with invested companies. We actively exercise our voting responsibilities, taking into account the priorities of the Group’s sustainability approach and the guidelines of the Tikehau Capital voting policy. In 2023, we voted at 100% of the AGMs.
	Beyond voting practices	Beyond voting, our engagement approach emphasizes direct dialogue on sustainability and governance issues that have a material impact on long-term financial performance.
Private assets	Standard ESG & climate clauses	To raise the management’s awareness in the early stages of the investment relationship, an ESG clause is included wherever possible in shareholders’ agreements or credit documentation. This clause lists Tikehau Capital’s commitments to sustainable investment and binds executives to adopt a progressive approach based on their resources. In 2023, the Private Equity ESG clause was strengthened to include the climate commitments expected from portfolio companies.
	ESG roadmap <i>in private equity</i>	For all funds launched since 2022, the Private Equity deal team works alongside the ESG team for the implementation of sustainability roadmaps , based on the insights provided during the pre-investment phase (e.g. ESG due diligence). Every red flag ESG risk shall be linked to a reasonable mitigation pathway and a proposed implementation timeline.
	ESG ratchets <i>in private debt</i>	The Private Debt team positions itself as a partner of the companies in which it invests. Where possible, the investment teams influence the integration of sustainability issues into business models by linking the terms for providing a loan to the ESG performance of the portfolio company. This is the principle of Sustainability Linked Loans (also known as ESG ratchets), which include a mechanism for upward or downward adjustment of loan interest rates depending on the achievement of specific ESG criteria.

Foreword on our Voting Policy

▮ Voting Policy

The Tikehau Capital Group believes that active shareholding stimulates communication and contributes to the creation of value. In this context, the Group is committed to voting at general meetings of the shareholders of companies held in the funds managed by Tikehau IM (excluding funds of funds).

With regard to investments in listed companies (equity and flexible funds of the Capital Markets Strategies activity), the Tikehau IM analysts and funds' portfolio managers analyse the resolutions of the general meetings. They may use proxy advisors to help assess problematic resolutions. Resolutions added to the agenda by external shareholders (including resolutions on ESG-related topics) are analysed on a case-by-case basis and approved if they contribute to the improvement of business practices or have the potential to create value for shareholders.

Tikehau IM buy side analysts and fund managers analyse resolutions. Proxy advisor's research may be used to assess problematic resolutions. However, the team reserves the rights not to follow proxy advisors' recommendations. ISS was used as voting platform in 2023. The Voting Policy of Tikehau IM is available on its website : <https://www.tikehaucapital.com/en/investor-client/legal>

▮ Scope of this report

In accordance with article L.533-22 of the French Monetary and Financial Code, Tikehau IM makes available the following report on the implementation of voting rights to investors of :

- Listed equity and flexible funds including Tikehau Equity Selection (French UCITS) and Tikehau International Cross Assets (Luxembourg UCITS, compartment of Tikehau Fund SICAV)¹ as well as,
- Private equity funds : all the securities granting voting rights held by the funds managed by Tikehau IM Private Equity business line, currently driven by five strategies: Decarbonation, Regenerative Agriculture, Growth Equity, Cybersecurity, and Aerospace.

¹ Tikehau Equity Selection and Tikehau International Cross Assets (respectively French and Luxembourg UCITS managed by Tikehau IM)



02

FY 2023 ENGAGEMENT & VOTING ACTIVITY FOR CAPITAL MARKETS STRATEGIES

FY 2023 Engagement activity

AROUND 40 COMPANIES ENGAGED WITH, OF WHICH 29 THROUGH OUR IMPACT STRATEGY

Our engagement activities encompass active engagement within our Impact and SRI-labeled funds and more reactive engagement for our other funds.

Within our Impact funds, "active" engagement is utilized to motivate improvements in corporate performance and is a crucial component of our impact "additionality" feature. The topics and substance of the proposals or requests to investee companies are directly linked to the impact objectives embedded in the strategy. Our intent is for our engagement efforts with a given issuer to span a multi-year period, aiding the fund in achieving its stated objectives.

For SRI-labeled funds, areas of engagement can cover environmental, social (incl. human rights) and Governance pillars. These factors are considered within our SRI scores or are used to compute the four performance indicators of the funds.

In both cases, specific attention is given to how Principal Adverse Impacts are identified and managed. For non-Impact and non-SRI-labeled funds, most of the engagement will be reactionary, focusing on risk management in response to controversies and ESG issues.

We also engage opportunistically when invited to attend conferences, roadshows or field trips. These opportunities allow us to learn more about companies' actions, policies, and performance while simultaneously updating them on our areas of focus and scrutiny.

2023

40

Engagement cases across :

- Sustainability disclosure
- Initiative to mitigate negative externalities
- Decarbonization commitment under international initiatives
- Action plan to achieve GHG emissions reduction
- Circular economy

FY 2023 Engagement activity – industry collaboration

WHILE MOST OF OUR ENGAGEMENT IS BASED SOLELY ON OUR OWN EFFORTS, WE ALSO BELIEVE THAT COLLABORATING WITH OTHER LIKEMINDED INVESTORS AND STAKEHOLDERS CAN HELP US TO ACHIEVE OUR GOALS



Tikehau Capital is a member of the **Institutional Investors Group on Climate Change (IIGCC)**, a leading global investor membership body and the largest in Europe focusing specifically on climate change. Through our IIGCC membership, we support and help shape the public policies, corporate action and investment practice required to address financially material climate risks.

In 2023 and early 2024, we decided to join:

Bondholder Stewardship Engagement Working Group

The working group represents asset owners and asset managers, aiming to support bondholders' influence by providing a forum for participants to discuss best practices and effective engagement strategies. We believe this platform is valuable for refining engagement strategies and strengthening our collective impact in shaping corporate behaviour. This could also enhance bondholders' influence on companies, particularly larger ones that may be less responsive to individual bondholder requests.

Bank Engagement Working Group

The working group is established to focus on engaging 20 banks regarding the Paris Agreement goals. Recognising the pivotal role banks play in achieving net zero emissions by 2050 and limiting global warming to 1.5°C, this group aims to address the lack of clarity surrounding the assessment frameworks for net zero initiatives within this sector. By engaging with these banks, we seek to foster transparency, accountability, and action towards a sustainable future.



**INVESTOR MEMBER & SIGNATORY LEAD
ENGAGER IN THE NON-DISCLOSURE CAMPAIGN**

Bondholder Stewardship Engagement Working Group Tikehau is a member of the CDP, a not-for-profit charity that operates a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

In 2023 and 2024, we participated in the Non-Disclosure Campaign (NDC), a collaboration with capital markets signatories to engage with companies that have failed to respond to CDP's climate change, forests, and water security questionnaires. The NDC runs alongside the main CDP disclosure request to boost transparency and increase corporate disclosure rates. This initiative is crucial, as a recurring concern among investors who consider ESG factors in their investment processes is the lack of high-quality, actionable ESG data from companies. Company risk analysis would be strengthened if issuers identified and developed appropriate disclosures related to material sustainability issues.

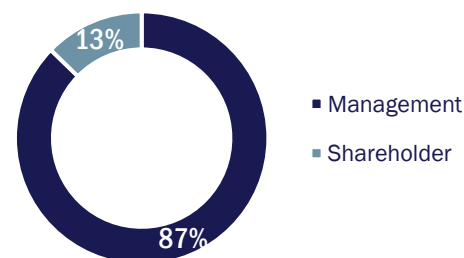
FY 2023 Voting activity (1/4)

In this report we provide a summary of our voting activities for the fiscal year 2023, running from 1 January 2023 until 31 December 2023. In 2023, the voting perimeter consisted of the securities held by the 2 funds managed by Tikehau IM, Tikehau Equity Selection (“TES”) and Tikehau International Cross Assets (“InCA”). For InCA, there were 29 votable meetings splitted as follow 26 Annual General Meetings (AGM), 1 Bondholder Meeting, 1 Extraordinary Meeting and 1 Special Meeting. For TES, there were 27 votable meetings in 2023 (26 Annual General Meetings and 1 Special Meeting).

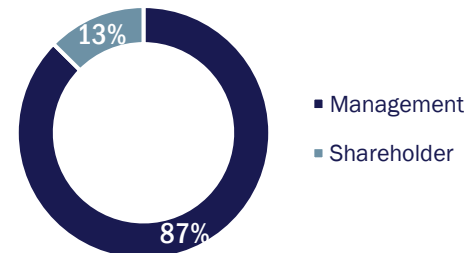
We report our vote cast in terms of number of resolutions. For both funds, we voted 100% of general meetings with 463 items for TES and 468 items for InCA. We noted an increase of the number of resolutions proposed compared to 2022 when 435 proposals were made. This year, most of the resolutions came from management (87%).

SPLIT OF VOTES BY PROPONENT TYPE

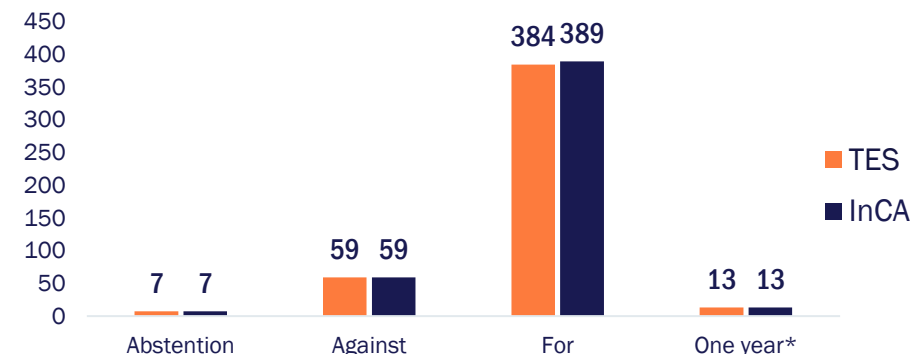
TES



INCA

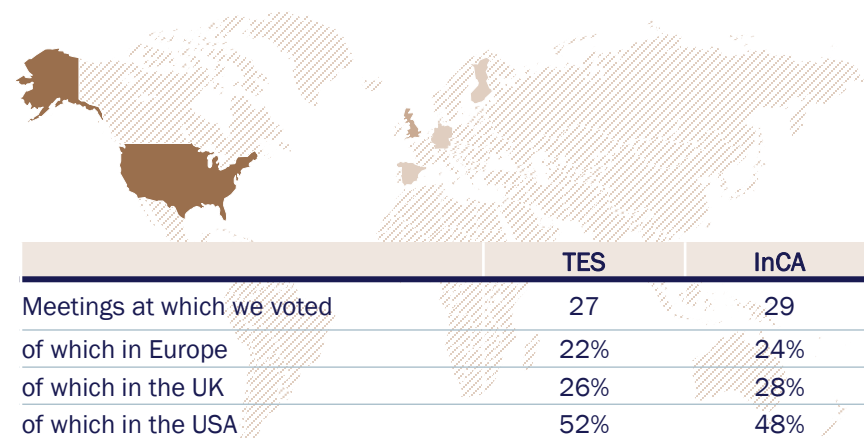


NUMBER OF PROPOSALS VOTED



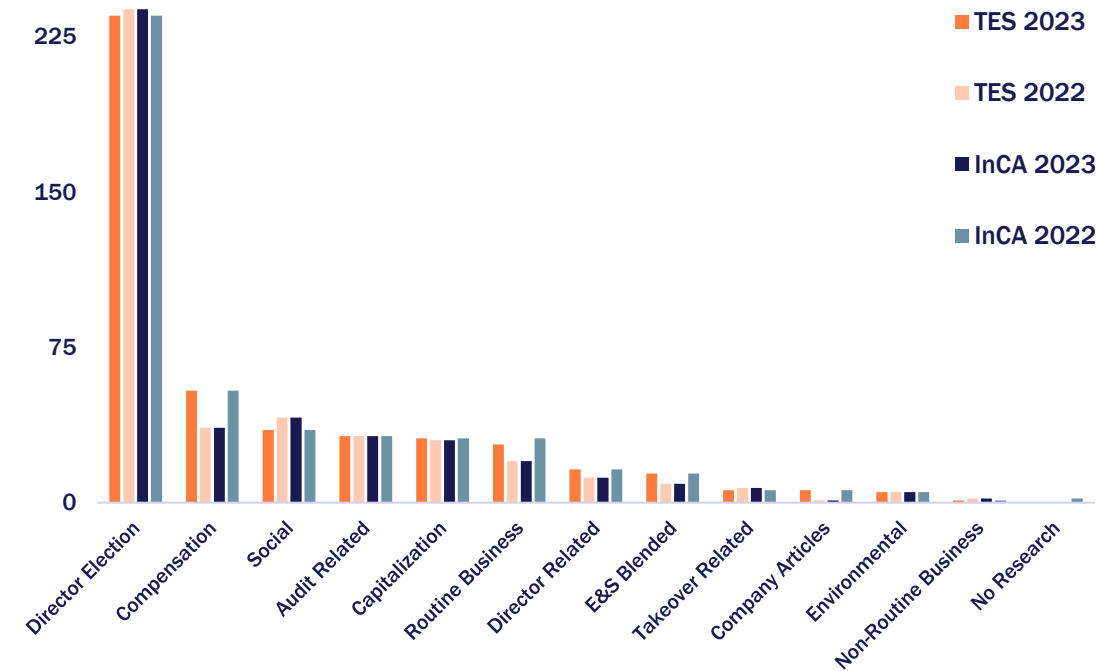
* Vote casted on a say on Pay Frequency resolution that cannot be categorized as for or against

VOTED MEETINGS BY GEOGRAPHY



FY 2023 Voting activity (2/4)

NUMBER OF PROPOSALS VOTED BY RESOLUTIONS' THEMES



In terms of themes, proposed resolutions remain mostly similar compared to last year for the bulk of resolutions (50.7%) that remains related to Director Election. We observed a slight increase of remuneration related resolutions (11.6%) while social resolutions have diminished slightly (7.5%).

We adhere to our Tikehau Capital voting policy when making voting decisions. In 2023, the majority of our votes are based on the following rationale:



Director election: resolutions related to the director election represent the majority of votable items. We mostly vote in favour of resolutions as our voting approach aims to uphold the balance of power within the organization. We also consider each candidate's track record and field of expertise.



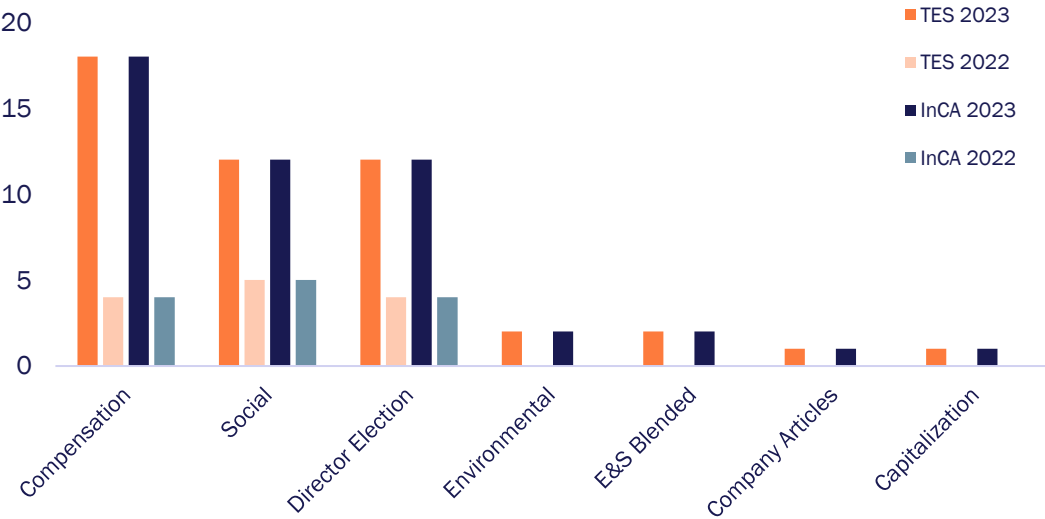
Compensation: resolutions related to the remuneration constituted the 2nd largest portion. We mostly voted for those resolutions, prioritizing transparency and a compelling rationale behind the remuneration plans. Additionally, we assess sound management practices and strategic orientation as critical factors.



Social: resolutions related to the social aspect represent the 3rd largest part of votable items for 2023. We mostly voted for these resolutions as we supported increasing information transparency, approving political donations and improving human rights policies.

FY 2023 Voting activity (3/4)

DETAILS OF VOTE AGAINST MANAGEMENT



Nearly 90% of the votes we casted were in line with management for both funds. We voted against management on 48 resolutions highlighted above, mostly on remuneration, social resolutions and director election.

During the reporting period, the challenge towards management has notably increased from 15 to 48 opposition votes, especially in the first three categories. We voted against 12 proposals regarding director election due to committee's inadequate response to low vote support for last year's say-on-pay proposal.

The following two votes were casted against management but align with our commitment to promoting good governance and shareholder value.

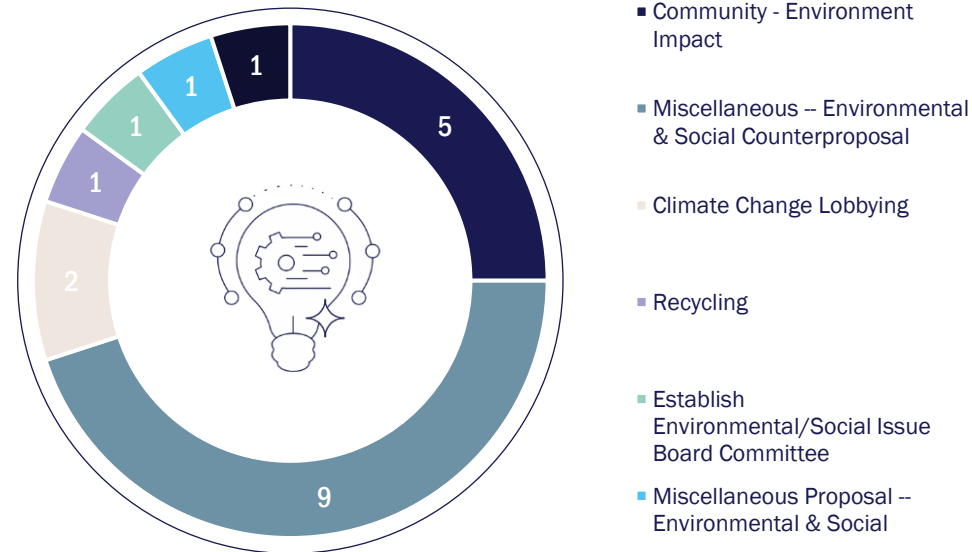
- Unilever - Re-election of CFO and CEO**
 We opposed the re-elections of CEO and CFO due to clear capital misallocation, as shown by their unsuccessful attempt to acquire GSK's consumer business in January 2022. The withdraw of the bid and subsequent retirement of the CEO also proved the shareholder's concern. We see this as a positive move, as it's in accordance with our dedication to both sound governance practices and shareholder interests.
- NVR, Inc. - Advisory Vote to Ratify Named Executive Officers' Compensation**
 An opposition vote is made to Management to Ratify Named Executive Officers' Compensation due to the significant front-loaded option grant to the former CEO, now current executive chairman. This grant lacks clear justification and raises governance concerns regarding equity.

Note : Tikehau IM, as at December 2023. This is an example from a selection of portfolio companies, selected for illustrative purpose only. This example is not representative of all other situations with companies held.

FY 2023 Voting activity (4/4)

SUSTAINABILITY INTEGRATION- ZOOM IN ENVIRONMENTAL & SOCIAL RELATED VOTES

ENVIRONMENTAL & SOCIAL RELATED VOTES



During the 2023 voting session, our votes on the overall environmental and social proposals increased from 14 to 18 proposals compared to last year.

Alphabet's Climate Change Lobbying Proposal

Tikehau IM supported the proposal, as greater transparency on Alphabet's framework for addressing climate-related lobbying as more transparency in this area is needed and will help identifying risks of misalignments between climate goals and lobbying activities, ultimately benefiting shareholders and promoting sustainable business practices.

Amazon's Recycling proposal

We voted to support Amazon's Recycling proposal associated with plastic waste generation. Supporting this initiative aligns with our commitment to environmental stewardship and sustainability. This proposal also underscores the focus on transparency and risk management.

Note : Tikehau IM, as at December 2023. This is an example from a selection of portfolio companies, selected for illustrative purpose only. This example is not representative of all other situations with companies held.



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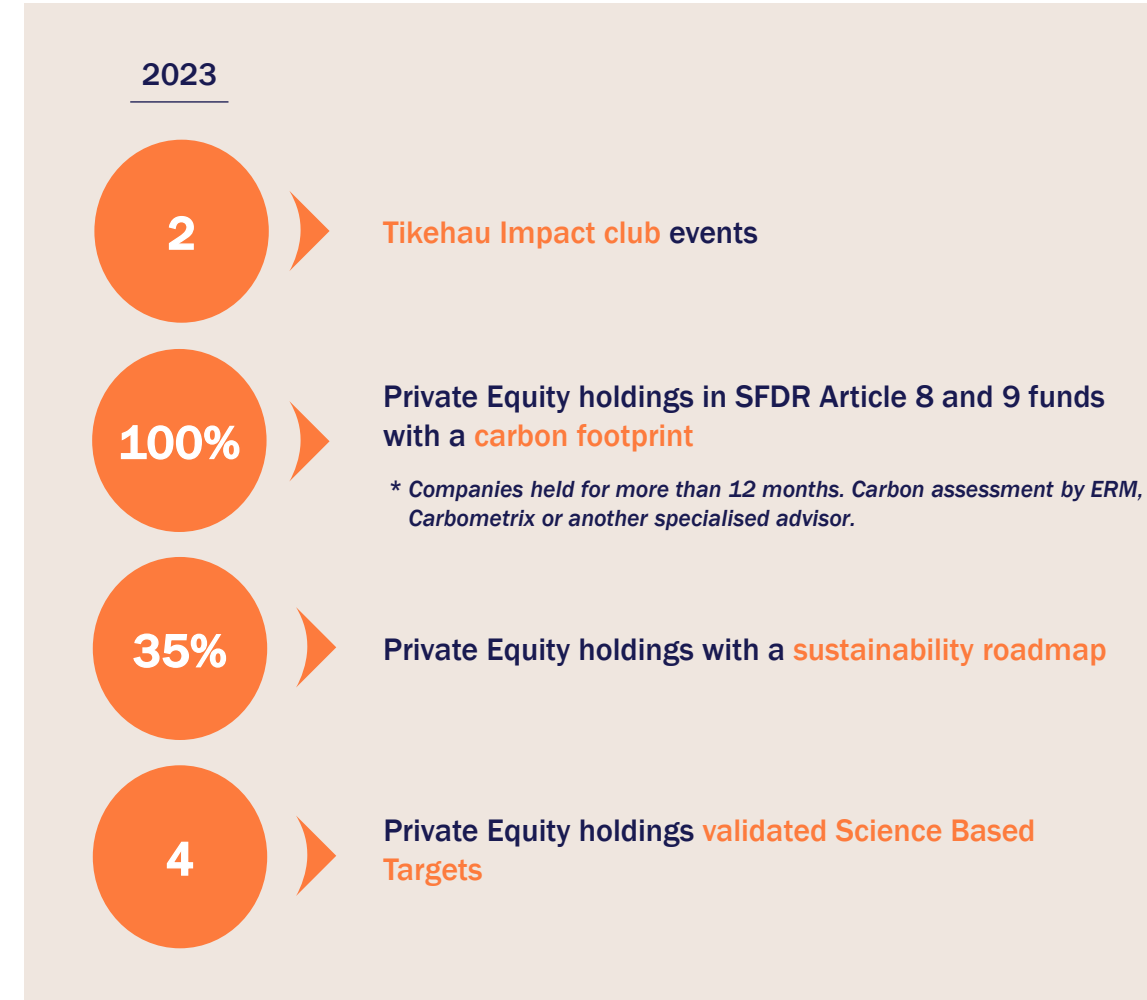
FY 2023 ENGAGEMENT & VOTING ACTIVITY FOR PRIVATE EQUITY

FY 2023 Engagement activity (1/2)

Tikehau IM teams work closely with portfolio companies to develop tailor-made sustainable development roadmaps. Targets are defined according to the activity, size and geographical location of each company. The Tikehau Capital teams assess the Company's position in relation to a sustainable transformation trajectory and in relation to the achievement of the five objectives defined for private equity.

TIKEHAU PRIVATE EQUITY SUSTAINABILITY MUST-HAVES

	TARGET
 At least one external board member	100%
 A Sustainability roadmap	100%
 Discussing sustainability topics at board level at least annually	100%
 Carbon footprint assessment	100%
 Carbon reduction plan, aligned with Science-based targets where possible	100%



FY 2023 Engagement activity ^(2/2)

Tikehau Sustainability Must-Haves¹

companies in scope



At least one external board member²



A Sustainability roadmap

(defined by the company or at the initiative of the investment team in the 12 months following the acquisition)

Statistics under finalization will be published by the end of July 2024



Discussing sustainability topics
at board level at least annually



Carbon footprint assessment



Carbon reduction plan, aligned with Science-based targets where possible

FY 2023 Voting activity ^(1/2)

In this report we provide a summary of our voting activities on behalf of our Private Equity funds for the fiscal year 2023, running from 1 January 2023 until 31 December 2023. In 2023, the voting perimeter consisted of all the securities granting voting rights held by the funds managed by the Private Equity business line, currently driven by five strategies: Decarbonation, Regenerative Agriculture, Growth Equity, Cybersecurity, and Aerospace.

This report describes the general manner in which voting rights have been exercised, the rationale of most significant votes and the orientation of votes cast at general meetings.

GENERAL PRINCIPLES

Tikehau IM considers the exercise of voting rights to be an integral part of the management of its investment funds and intends to fully fulfill its role as shareholder, in its clients' best interests.

Accordingly, voting rights are exercised by Tikehau IM's Private Equity investment teams at the general meetings of all of its portfolio companies, without use of proxy advisors and without granting proxy votes to external parties (including to the Chairman of any general meetings). Tikehau IM favours an actual participation in general meetings (physical or remote) over casting postal votes, wherever possible and appropriate. Tikehau IM also pays particular attention to receiving sufficient information on all proposed resolution within a reasonable timeframe ahead of shareholders meetings to be in a position to vote in an informed manner.

2023 VOTING RIGHTS REPORT

We consider as **most significant** the votes relating to

- (i) resolutions or general meetings with a significant flow of information and media coverage,
- (ii) the matter of the vote is particularly salient given the company's strategy and prospects or Tikehau IM's holding interest, and
- (iii) the refusal to follow a management recommendation.

As at 31 December 2023, 66 companies were in scope and Tikehau IM participated to 144 meetings, corresponding to a 100% participation rate. The most significant votes for Private Equity primarily concerned:

- **Capital transactions** (M&A, capital increases, management packages...);
- **Other financial matters** (approval of annual accounts, dividend distribution, shareholder contributions...);
- **Governance matters** (appointment, renewal or removal of the Chairman, the CEO or members of the Board, compensation...).

FY 2023 Voting activity ^(2/2)

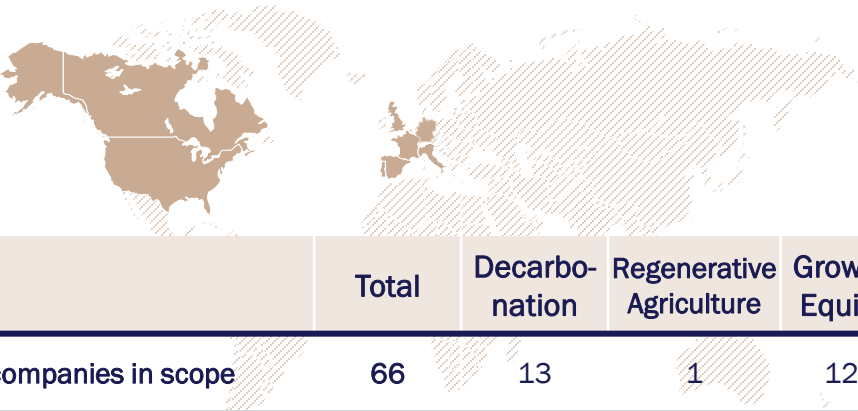
2023 VOTING RIGHTS REPORT ^(FOLLOWED)

For all submitted resolutions (most significant, as well as other votes), we voted **in line with management recommendations**.

This results from Tikehau IM's position and engagement in the governance of its portfolio companies. In practice, votes are generally submitted to shareholders after approval by the Board of Directors (or other similar body), where Tikehau IM is represented and may benefit from veto rights to certain reserved matters, or they are otherwise discussed in advance with our investment teams.

Further information on the votes cast by our Private Equity team is available to any investor of invested funds upon request.

VOTED MEETINGS BY GEOGRAPHY AND STRATEGY



	Total	Decarbo- nation	Regenerative Agriculture	Growth Equity	Cyber- security	Aero- space
# companies in scope	66	13	1	12	16	24
Meetings at which we voted	144/144	38/38	2/2	35/35	16/16	51/51
of which in Europe (excl. the UK)	88 %	87 %	100 %	71 %	100 %	98 %
of which in the UK	10 %	13 %	-	29 %	-	-
of which in North America	<1 %	-	-	-	-	2 %

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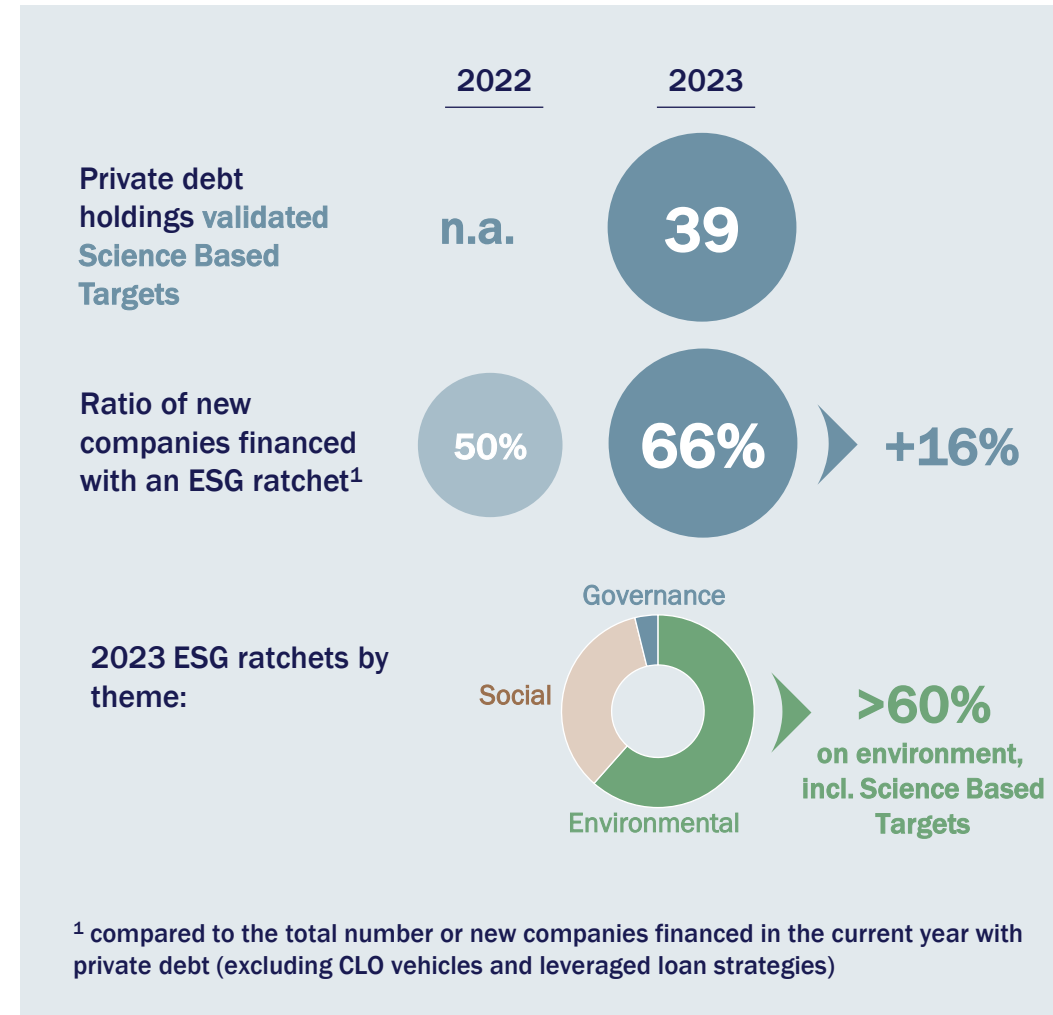
FY 2023 ENGAGEMENT ACTIVITY FOR PRIVATE DEBT

FY 2023 Engagement activity

The Private Debt team positions itself as a partner of the companies in which it invests. The investment teams influence the integration of sustainability issues into business models by conditioning the terms for providing a loan on the environmental, social or governance performance of the companies. This is the principle of **Sustainability Linked Loans** also known as "ESG ratchets", which include a mechanism for upward or downward adjustment of loan interest rates depending on the achievement of specific ESG criteria.

19 transactions representing 66% of the Private Debt transactions (direct and corporate lending) carried out with new issuers in 2023 included such a mechanism, demonstrating the intensity of the Private Debt team's ESG engagement and its desire to reduce the sustainability risks of portfolios.

Benefiting from this expertise and experience, Tikehau IM decided to commit the latest vintage of its flagship Direct Lending strategy, to a net zero carbon approach, in line with a trajectory of 1.5 °C compared to pre-industrial levels. The materialisation of this commitment is based on establishing greenhouse gas reduction criteria through Sustainability Linked Loans.



Case study - Lebronze Alloys SAS ESG ratchet (1/2)

Founded in 1934, Lebronze Alloys SAS (“LBA”) is a family business specialising in the transformation and recycling of high-performance copper and nickel-based alloys. With a team of more than 750 employees, it published revenue of around €300 million at the end of 2023.

Since 2015, Tikehau IM has positioned itself as a partner to support the international development and external growth of the metallurgist. In 2023, as part of a refinancing operation, close collaboration with management was established to set up a Sustainability Linked Loan around three key objectives: reduction of water consumption, reduction of the accident frequency rate, and reduction of the carbon footprint across the three scopes in line with the Paris Agreement.

The creation of the LBA Sustainability Linked Loan, which could lead to an upward or downward modulation of the credit margin, within a range of up to 45 basis points, acted as a catalyst for the roll-out of an ambitious action plan through to 2030.

ESG Ratchet Structuration		2023	2024	2025	2026	2027	2028	2029
 6 CLEAN WATER AND SANITATION	Reduction of water consumption	45%	51%	54%	57%	58%	60%	61%
	<i>Reduction compared to 2022, as a %</i>							
 8 DECENT WORK AND ECONOMIC GROWTH	Reduction of accident frequency rate	-	19.5	18.5	18.0	17.5	17.0	16.5
 13 CLIMATE ACTION	Reduction of greenhouse gas (GHG) emissions							
	<i>Reduction in Scopes 1 & 2 compared to 2021, as a %</i>	-4.99%	-7.48%	-9.97%	-12.47%	-14.96%	-17.45%	-19.94%
	<i>Reduction in Scope 3 compared to 2021, as a %</i>	-5.60%	-8.30%	-11.10%	-13.90%	-16.70%	-19.40%	-22.20%

Note : Tikehau IM, Tikehau Capital, Company publication, as at December 2023. This is an example from a selection of portfolio companies, selected for illustrative purpose only. This example is not representative of all others situations with companies held.

Case study - Lebronze Alloys SAS ESG ratchet (1/2)



«Tikehau Capital has been at our side since 2015. The Lebronze Alloys group is the world leader in high-performance copper-nickel alloys, with sales of €300 million. In 2023, ESG index-linked financing was put in place with Tikehau Capital and other financial partners, allowing us to approach the next stages of growth and transition with confidence..»

Alexandra Dumont Nubery
Directrice Générale Lebronze Alloys SAS

ENVIRONMENT



Program to reduce energy consumption overseen by the Energy and Decarbonation Committee, which brings together the COMEX and the technical departments monthly.

- Electrify the energy uses
- Improve energy efficiency of existing equipment
- Obtain ISO 14 001 & ISO 50 001 for several sites



Responsible purchase program :

- Prioritizing local purchases
- Raising awareness among suppliers, service providers and employees
- Promoting the purchase of recycled metals with a target of 85% use of recycled materials by 2030

WATER MANAGEMENT



Implementation of technological transition to cool its heat treatment furnaces integrating a recycling loop and consequently halving water consumption



Move a water-intensive activity from a production site to a modern plant equipped with a closed-circuit cooling system



Investments are planned to upgrade existing infrastructures for wastewater recycling



In-depth studies will be undertaken in 2024 to assess the feasibility of harvesting rainwater and using it for self-consumption

REDUCTION OF ACCIDENTS



Training program for employees, focusing on skills enhancement and health and safety



Integrated the health safety environment (HSE) coordination function within the sustainable performance department



HSE steering committee has been set up, operating at the level of each business unit and site



Prepare for certification to the dedicated ISO 45001 standard