



SUSTAINABILITY REPORT

2020

Published in September 2021 and including an update as of June 2021

TK TIKEHAU
CAPITAL

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About this report

This sustainability report aims to provide the information that is material and relevant for our stakeholders to form a view on how Tikehau Capital SCA and its affiliates ('Tikehau Capital' or 'the Group') are performing on environmental, social and governance ('ESG') criteria both at group level (see section II) and at investment level (sections III-VI). There have been no significant changes from previous reporting periods in the material topics we are reporting on. This report relates to the financial year to 31 December 2020. Due to timing delays at portfolio company level, this report was published in September 2021 and comprises an update on events until September 1st, 2021.

Tikehau Capital considers that the Global Reporting Initiative ('GRI'), Sustainability Accounting Standards Board ('SASB') and Regulation (EU) 2019/2088 on Sustainable Finance Disclosure Regulation ("SFDR") constitute its main ESG reference standards and cross-referencing tables are available in Appendices.

This report should be read in conjunction with the Tikehau Capital Universal Registration Document 2021 and with the Sustainability policies published on the Group website [here](#).



I Introduction

Profile

Tikehau Capital is a major player in alternative asset management and has been developing and cultivating its pioneering vision for over fifteen years. We support our clients with sustainable financing solutions, taking a responsible approach to investment. **We seek profitability while supporting companies. Our investment strategy helps match global savings with the financing needs of real-economy players on a daily basis.**

With offices in Europe, North America and Asia, our team of experts closely follows our clients' interests with four areas of expertise: private debt, real assets, private equity and capital markets strategies. We strive to adopt a unique approach in each of these areas, driven by an atypical way of thinking and an alternative vision. Our independent mindset and analysis mean that we can offer **conviction-based management, underpinned by a strong alignment of interests between shareholders, management and clients.**

Our profitable sustainable development model is built on a solid equity base, selective investments, successful strategies and strong growth. This approach, combined with our entrepreneurial spirit and the mutual trust and interest of shareholders, management and clients, makes Tikehau Capital a unique player in the asset management industry.



Paris, Amsterdam, Brussels, Frankfurt, London, Luxembourg, Madrid, Milan, New York, Seoul, Singapore and Tokyo

629

partners and employees

€30.9bn

assets under management

€2.9bn

group shareholders' equity

4

asset management business lines supported by 1 multidisciplinary strategic activity

PRIVATE DEBT

REAL ASSETS

PRIVATE EQUITY

CAPITAL MARKETS STRATEGIES

Tactical strategies

6

subsidiaries alongside Tikehau IM ("TIM"), Tikehau Capital Europe ("TCE"), Tikehau Capital north America ("TCNA")



As of June 30, 2021

Message from our Co-Founders

The global crisis has revealed the fragility of our economic system and its lack of resilience, shining a light on the climate emergency and biodiversity collapse. As a stakeholder in the financial system, we aim to generate returns on savings, finance the real economy and contribute to global efforts towards meeting carbon neutrality goals.

In many regions, warming has already surpassed 1.5 degrees Celsius above pre-industrial levels. To avoid radical transitions and dramatic social costs, the Intergovernmental Panel on Climate Change (IPCC) indicates that emissions need to reach a maximum no later than in 2030.

So we only have 3,000 days to unwind 50 years of unsustainable growth and return to 1970 emissions rates. This does not mean that we advocate a shrinking economy, it means that we should take coordinated action to ensure the transition.

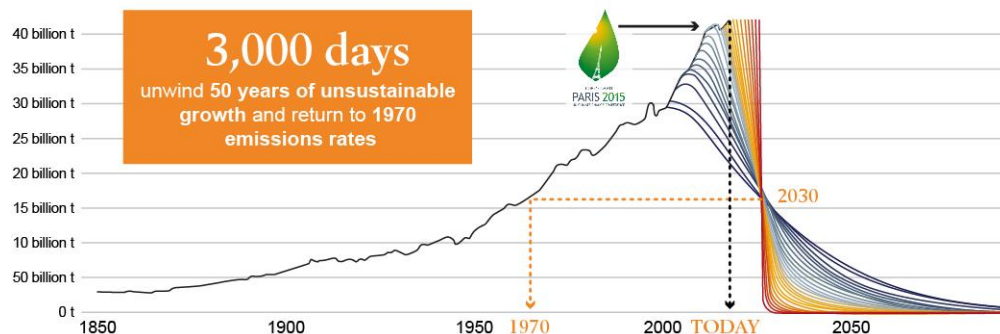
In its Net Zero by 2050 report, the International Energy Agency (IEA) identifies a pathway to reach net zero through a radical transformation of the global energy system. Fortunately, most of the technologies needed to achieve the necessary deep cuts in global emissions by 2030 already exist and the global investment efforts needed represent \$5 trillion per annum by 2030, less than 3% of global AuM estimated at circa \$110 trillion.

Despite all the claims, the financial system is clearly not yet doing enough. As an asset manager, we have both the responsibility to launch funds dedicated to fighting climate change and biodiversity collapse, but also to engage across our mainstream portfolios to ensure support for the real economy to transition. Armed with the benefit of scientific and sector-led insights, we aim to make fully informed investment decisions about how and where to allocate global savings to ensure they reach companies with the potential to contribute to a systemic change. For example, over the coming decade, the IEA identifies investments in energy efficiency, green energy and low-carbon transport as a priority, and other frameworks such as the EU Taxonomy are also providing technical advice to select investments.

Our teams are very motivated and develop dedicated products alongside climate and ESG experts. We recently announced the launch of a platform dedicated to low carbon transition and decarbonisation of the economy, although this is only one element of our Sustainable Investing approach. Such vital topics as diversity and inclusion (D&I) and innovation are also addressed through our thematic investments.

More than ever, we argue for a long-term approach and vision. We believe that patient capital, either listed or unlisted, is useful for companies and that the vast network of medium-sized companies plays a vital role in driving transformation. We see ourselves as facilitators and catalysts of model transitions via the various financing solutions that we offer. Equally, we see ourselves as sparring partners with a role to share best practice and seek opportunities related to a transition toward a low carbon and more sustainable and inclusive economy.

CO₂ EMISSIONS REDUCTION NEEDED SCENARIOS



Antoine Flamarion



Mathieu Chabran

Business model

Solid resources...

MULTI-LOCAL PLATFORM 12 countries Global base of investor-clients and savers Global sourcing of investment opportunities	HIGHLY DIVERSE EXPERTISE 15 years of experience on average 26 nationalities 41% women in the workforce	ROBUST FINANCIAL STRUCTURE Assets under management: €30.9bn Group shareholders' equity: €2.9bn Fitch Credit Rating: BBB-/Stable At 30 June 2020
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...and entrepreneurial DNA..

ALIGNMENT OF INTERESTS BETWEEN SHAREHOLDERS, INVESTOR-CLIENTS AND MANAGEMENT

- Lending institutional shareholders** committed over the long-term
- 56%** of capital controlled by our management and employees
- 64%** of our portfolio invested in our strategies alongside our clients

Tikehau Capital invests global savings to scale the shift toward a more sustainable economy creating value for all stakeholders

...invested through 4 business lines... to create sustainable value...

ASSETS UNDER MANAGEMENT

Private Debt €9.9bn	Real Assets €10.9bn	Private Equity €5.4bn¹	Capital Markets Strategies €4.7bn
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3 DRIVERS

- Management fees
- Performance fees / Carried interest
- Dividends / Coupons / Capital gains

CONVICTION-BASED MANAGEMENT

Over 240 companies financed through our long-term strategies

A dedicated **impact and thematic investment platform** focusing on

Climate Over €1bn	Healthcare Over €1bn
Innovation	Social inclusion

LONG-TERM OBJECTIVES

- Over **€35bn** in assets under management
- Fee-related earnings **above €100m** **BY 2022**

...in long-term strategies...

95% of the assets under management in closed-end funds committed for 3 years or more

¹ Of which €3.9bn for Asset Management and €1.5bn for Direct Investments

* At June 30, 2021 excluding figures on capital controlled by management dated July 15, 2021.



II A committed company

Key milestones

2014-2015	2016-2017	2018-2019	2020	2021
<p>UN PRI signatory</p>  <p>Principles for Responsible Investment</p> <p>Definition of the Group's CSR policy</p>	<p>Creation of proprietary ESG grid</p> <p>Creation of dedicated ESG role</p> <p>First sustainability report published</p> <p>Employee shareholding scheme at Tikehau Capital SCA level</p>	<p><i>Achieved A+ for the UN PRI Strategy & Governance module in 2019</i></p> <p>All financial analysts given ESG responsibilities and definition of tailored ESG strategies for each business line</p> <p>Set-up of an ESG Committee at Group level and ESG Committees for each investment platform</p> <p>Launch of the T2 Energy Transition Fund and 1st impact report</p> <p><i>LuxFLAG ESG label for 10 major open-ended funds</i></p> 	<p><i>Renewed A+ for the UN PRI Strategy & Governance module and A+ for the Fixed income module in 2020</i></p> <p>Development of a platform dedicated to impact and the climate (T2 Energy Transition, Tikehau Impact Lending)</p> <p>Private debt: development of ESG ratchets mechanism</p> <p>Private equity: strengthening of ESG governance at portfolio company level</p> <p><i>LuxFLAG ESG and ESG applicant fund status labels for 5 alternative investment funds (private debt and tactical strategies)</i></p> 	<p>Signatory of the Net Zero Asset Manager Initiative (accredited by the United Nations Framework Convention on Climate Change)</p>  <p>Partner of One Planet summit</p>  <p>Development of 2 climate-related impact strategies:</p> <ul style="list-style-type: none"> • Tikehau Impact Credit (high yield) • North America Decarbonisation (private equity)*
<p>Key:</p> <p>External recognition</p> <p>Responsible investing</p> <p>CSR approach</p>		<p>First carbon footprint assessment at Group level</p> <p>>60% of employee shareholders</p>	<p>Excellent ESG ratings</p>    	<p>Inaugural Sustainable bond issue for €500m with positive Second Party Opinion</p> 

* This fund has not been launched and terms & conditions may vary.

ESG Governance

Strong engagement across the firm in the roll-out of ESG and climate policies

From investment and operations teams to the Manager and the Supervisory Board representatives, more than 8% of the Group employees hold formal ESG responsibilities.

On a daily basis, investment analysts, managers and directors integrate ESG criteria in their fundamental analysis and stand at the forefront of our strategy.

Supervisory Board	Senior Management	Group ESG Committee	Operational ESG Committees for each investment platform	Climate action centre and ESG team
<ul style="list-style-type: none"> Review our ESG and CSR strategy at every meeting Dedicated "Governance and Sustainable Development Committee" 	<ul style="list-style-type: none"> Ad hoc committees specialised on particular fields Comprising a deputy CEO focusing on human capital, ESG, communications and brand marketing 	<ul style="list-style-type: none"> Set and oversee our ESG and Climate policy Manage our CSR policy Discuss ESG & Climate priorities and trends 	<ul style="list-style-type: none"> Ensure the consistency of our investment decisions Make decisions for complex investments (right of veto) 	<ul style="list-style-type: none"> Supervise integration of ESG policy across all activities Raise awareness internally Engage with portfolio companies
10		12	4	4
members including 50% independent members and 40% women		experienced members, including one of our co-founders, meet at least twice a year	operational ESG committees	full-time employees with ESG and impact expertise including one Head of Climate
Investment teams <ul style="list-style-type: none"> Integrate ESG considerations in the fundamental analysis for new investment opportunities Develop and use highly selective proprietary grids 		c.200 investment analysts and fund managers		

* At end 2020

Tikehau Capital Group ESG Committee

 Pierre Abadie Group Climate Director	 Marwan Lahoud Chairman of Ace Capital Partners executive board
 Guillaume Arnaud Chairman of Sofidy's executive board	 Cécile Mayer-Lévi Head of Private Debt
 Mathieu Chabran Co-Founder of Tikehau Capital	 Bruno de Pampelonne Chairman of Tikehau IM and Head of Asia
 Cecile Cabanis Deputy CEO of Tikehau Capital*	 Christophe Petit Co-Founder and President of Star America
 Peter Cirenza Chairman of the UK, Chairman of the Private Equity activity, Chairman of Tactical Strategies	 Geoffroy Renard General Counsel
 Thomas Friedberger Co-CIO and CEO of Tikehau IM	 Laure Villepelet Head of ESG & CSR Secretary
 Daniel Cruise Senior Advisor Permanent invitee	 Christian de Labriffe Chairman of Tikehau Capital's Supervisory Board Permanent invitee

* From Sept. 1st 2021

Sustainability priority themes

Working with key stakeholders (including employees & client-investors), we have identified our main non-financial risks and opportunities. Organised into 6 themes, they bring our priorities together into a robust CSR approach aimed at maximising our positive impact on employees, consumers, the environment and wider community.

At the heart of this strategy, our sustainable investing approach incorporates sustainability considerations. Given that our potential for impact is mainly related to our investment decisions, we have chosen to focus on our sustainable investing practices and results in the first chapters of this report. At Group level, we also strive for best practices, hence we are also seeking to develop and monitor quantitative targets for our operations.



Governance & business ethics	Climate change
Diversity & inclusion and talent management	Customer & stakeholder relations
Healthcare	Innovation

Sustainability metrics and priority SDGs at a glance

Underlying measurement system for our CSR, ESG and Impact initiatives. At the date of this report, certain targets remain under discussion.

Foundations

Governance & business ethics

- Operating acts (CSR)**
- **>60%** of Group employees holding or entitled to receive shares of Tikehau Capital SCA
 - **65%** of all Group investments in its own funds by 2025
 - Maintain **zero** monetary losses as a result of legal proceedings*

Customer & stakeholder relations

- Reference to responsible purchasing policy added to standard contracts.
- Target to engage with the Group's **5** top suppliers on ESG in H1 2022
- **>10** partnerships with associations & NGOs

* e.g. associated with marketing and communication of financial product or other breaches (fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations)

Impact platform & group actions focusing on 4 themes essential for the post-Covid recovery

	Operating acts (CSR)	Product offer (ESG)
<p>Climate change</p>	<ul style="list-style-type: none"> • 1 Head of Climate nominated at Group level, climate strategy and interim targets (ongoing) • 2 proactive memberships in climate working groups (NZAM, OPPEF)** • Offset operational emissions at group level since 2019 	<ul style="list-style-type: none"> • Seek to actively contribute to net zero economy at global level • 4 funds dedicated to the low carbon transition of the economic system across 3 business lines (private equity, private debt, capital markets strategy) • Increasingly monitor carbon intensity and physical risks
<p>Diversity & inclusion and talent management</p>	<ul style="list-style-type: none"> • 26 nationalities • 41% of women at Group level • Strong focus on increasing diversity amongst investment teams as well as executive and managing directors with targets 	<ul style="list-style-type: none"> • 1 private debt strategy promotes a more inclusive economy • 6 ESG ratchets negotiated with private debt companies with at least one criterion on diversity & inclusion
<p>Innovation</p>	<ul style="list-style-type: none"> • 1 digital team and data quality team • Group employees trained on cybersecurity 	<ul style="list-style-type: none"> • 1 fund dedicated to cybersecurity
<p>Healthcare</p>	<ul style="list-style-type: none"> • Robust set-up to protect employees during Covid (PCR tests, etc.) • Donation to APHP to accelerate research on Covid 	<ul style="list-style-type: none"> • 1 strategy dedicated to medtechs & biotech • >50 companies financed in pharma & healthcare sector

** NZAM (Net Zero Asset Managers initiative) and OPPEF (One Planet Private Equity Funds) under the One Planet Summit umbrella



ESG financing & external non-financial ratings

We innovate both at the level of products we offer and across our own financing lines. Our continuous ESG efforts are recognised.

Sustainable financings at Group level

Sustainability bond ➤ Its innovative Sustainable Bond Framework allows the Group to invest in: (1) green and social activities in line with ICMA*; and (2) eligible ESG Funds aligned with the Group's Priority SDGs (including SFDR** article 9 funds)

Sustainability linked loan ➤ Indexation of the margin of the group's revolving credit facility to relevant ESG criteria (green AuM, gender balance in top management, alignment of interest)


* International Capital Market Association (ICMA) ** Sustainable Finance Disclosure Regulation (SFDR)

Leading non-financial rating agencies at Group level


 **SUSTAINALYTICS** a Morningstar company ➤ ESG rating of 12/100 (0-20 is low ESG risk)

 ➤ Entry into the Gaia Research Index of the CSR best-performers among European midcaps

 ➤ ESG rating of 65/100 corresponding to A1 rating

 ➤ Governance score of 2/10 (1/10 = highest score possible)

Bloomberg ➤ ESG disclosure score of 39.5 (good compared to sector average)

 ➤ Positive second party opinion on innovative sustainable bond framework

Key CSR themes at Group level



Ensure clear and efficient governance

- Supervisory board including **50%** independent members and **40%** women. Remuneration committee renamed Governance and Sustainable Development Committee to formalise strategic sustainability planning
- Additional details on ESG governance and the Climate action centre are available on pages 9 and 24 of this report.*

Make business ethics and compliance a priority

- In 2020, a Group **Code of Conduct** was prepared with the objective of defining a common set of rules and principles across asset management affiliates for employees, suppliers and service providers, shareholders, investors and clients, portfolio companies and other stakeholders. The Code of Conduct covers: relations with customers, suppliers and external stakeholders; rules of conduct on protection and reputation; anti-corruption conduct rules; roles of conduct for governance; social conduct rules; environmental approach.
- In 2020, the Group also introduced a **Code of Conduct on the prevention of corruption** and influence peddling. The Group encourages compliance with the highest international anti-corruption standards for both its teams and service providers. The Group prohibits deals or conduct which could be considered anticompetitive.

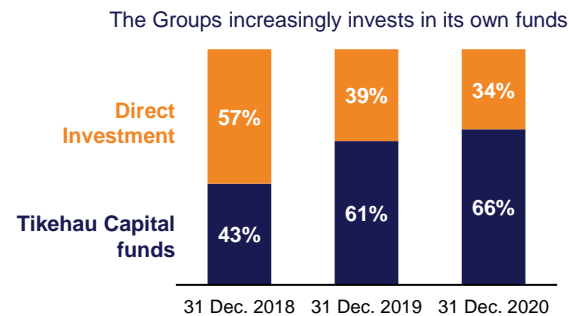
Promote alignment of interest at all levels

- Strong shareholders' equity supporting the alignment of interests between shareholders, investor-clients and management
- Management and employees hold **56%** of capital as of July 15, 2021
 - 62%** of employees are entitled to receive shares
 - Long-term 2022 incentive plan** for senior executives based on our financial & ESG objectives

Figures at end 2020

Promoting a strong alignment of interest

Tikehau Capital regularly invests its balance sheet resources in the launch of the funds operated by the Group to create an alignment of interests between its balance sheet and its investor-clients, and to provide its funds with sufficient assets to attract investors. For this purpose, Tikehau Capital also may make significant investments to seed new products.



By allocating Tikehau Capital equity to support the Group's various investment strategies, we create the conditions for a clear alignment of interests between the Group's balance sheet and investments made by its investor clients. This approach is key to building a relationship of trust with our shareholders and investor clients.

Mathieu Chabran
Co-founder of Tikehau Capital

Key CSR themes at Group level



Governance & business ethics



Climate change



Talent, diversity & inclusion



Innovation and digitalisation



Beyond business lines

The Group recognises that its environmental impact is mainly due to investments.

Nevertheless, it focuses on applying best practices to reduce its footprint.

- Measurement of office energy consumption: **1,695MWh** (2.89MWh/employee and 0.138MWh/m²) consumed across 9 main offices across the world compared to **1,445MWh** (3.79MWh/employee and 0.208MWh/m²) consumed across 8 main offices in 2019
- Initiatives to limit consumption at the office: avoiding printing, equipping offices with bottle-filling stations to avoid use of plastic bottles, availability of sorting and recycling bins – in 2020, this recycling saved 42 trees or 1,350kg of CO₂
- For offices with more than five employees, environmental indicators are monitored on an annual basis.

Measure, and whenever possible reduce, our carbon footprint while offsetting residual emissions

- Determine and reduce the greenhouse gas emissions produced by our operations. The Group is committed to measuring the carbon footprint of its operations every two years and to communicating the results. **In 2020, more than 2,000 tons of CO₂ equivalent (tCO₂e) – scopes 1, 2 & 3 (upstream)* were estimated at the level of the operations and offset** thanks to the purchase and cancelation of Katingan Forest programme certificates.

* Please see p.26 for details of our Scope 3 downstream emissions for FY2020.

Carbon Footprint Compensation Scheme

To offset the impact of our operations: for each ton of CO₂ equivalent emitted by our operations, we acquire the equivalent number of Verified Carbon Units from the **Borneo-based Katingan Forest** conservation programme certified by Verra (under the VCS Standard).

This project protects and restores peatland ecosystems to offer local people sustainable sources of income, tackle global climate change and maintain biodiversity including protecting endangered species like Bornean Orangutans.

For more information: <http://katinganproject.com>



Key CSR themes at Group level



We believe in people and the learning power of thought-provoking connections. We consider diversity and talent retention to be key growth drivers and pillars of our strategy

- **Average 15 years** of experience
- **44 net jobs** created in 2020 at Tikehau Capital and our subsidiaries
- **41%** of permanent workforce women
- **23%** of women across Managing Directors
- **26 nationalities** across our teams
- **8 nationalities** across Managing Directors

We believe in critical and original thinking, enhanced by diversity in backgrounds and perspectives. We therefore pay particular attention to equal opportunity at all levels and in all company activities.

Emmanuelle Costa,
Head of human capital

In the countries where it's possible, the Group also works on ethnic diversity

- For example, the London office participated to the **"100 Black Interns"** programme

The talent attraction, management and retention policy involves a range of initiatives

Ongoing dialogue regarding career development, training, mobility opportunities, engagement surveys for certain teams, as well as attractive compensation packages and benefits enabling employees to plan for the future. For more details on our Human Capital approach and KPIs, please consult [Tikehau Capital 2020 URD](#) (p. 209-215).

I started my journey at Tikehau Capital as a marketing analyst in Paris and I currently work in our New York office within the Group's Private Debt Secondaries team. Mobility and agility are values that drive the firm and its culture.

Pierpaolo Casamento,
Investment Vice President, Private Debt Secondaries

Leading women at Tikehau Capital

We began setting targets and deadlines for gender balance in management in March 2020. The aim is to reach a minimum of 30% of women in Managing Director positions in 2026 and 40% in 2029.



Carmen Alonso
Head of UK and Iberia

Cécile Mayer-Lévi
Head of Private Debt



Nathalie Bleunven
Head of Corporate Lending

Erika Morris
Senior Co-Portfolio Manager



Cécile Cabanis
Deputy CEO of Tikehau Capital*

Nathalie de Mortemart
Head of Corporate & Securities Law



Emmanuelle Costa
Head of Human Capital

Elizabeth Ryan
Head of Transaction Management



Anne Le Stanguennec
Head of Internal Audit

Laura Scolan
Head of France and Director of Operations – Private Debt



Anne Maillé
Head of Compliance and Internal Control at Tikehau IM

Laure Villepelet
Head of ESG & CSR



* From Sept. 1st 2021

Key CSR themes at Group level



Governance & business ethics



Climate change



Talent, diversity & inclusion



Innovation and digitalisation



Beyond business lines

Innovation

- 18 products presented to the New Product committees and 7 launches in 2020
- 2 private asset unit-linked products launched with life insurance partners

The Group's independent spirit has forged an investment culture of conviction, sometimes going against market trends, in keeping with Tikehau Capital's intention to provide enhanced added value for its investor-clients. In an environment of mistrust toward traditional investment solution providers, caused by the Covid-19 virus, the Group strives daily to bring innovative and attractive investment solutions to a growing range of clients.

In 2020, the Group appointed a Business Development manager, whose mission is to drive the firm's business and product development by keeping innovation core to the growth strategy.

Investing in digitalisation and continually strengthening our IT architecture and computer systems

Efforts are made to ensure data quality and to digitalize information tools. Bertrand Honoré, the Group's Chief Technology Officer (CTO), reports to Henri Marcoux, deputy CEO and member of the executive committee.

All personal data is processed in compliance with the European General Data Protection Regulation (GDPR) and other regulations, ensuring respect of fundamental rights and freedoms, particularly the right to privacy.

As a financial institution, the Group is particularly exposed to cyber-security risks, with fraud and IT security identified as key risk factors at Group level. External penetration tests are organised periodically and an independent external auditor is appointed annually to check the measures taken to further strengthen our action plan.

Cybersecurity training is mandatory for all Group employees every year and includes specific attention to phishing and advanced persistent threats.

Unit-linked products giving individuals access to private assets

In early 2021, Tikehau Capital and CNP Assurances launched the first private-equity unit-linked product on the energy transition theme, exclusively for CNP Patrimoine customers. "CNP Relance et Climat" provides individual investors with access – through Tikehau Capital's private equity fund dedicated to the energy transition – to investments in unlisted assets by investing in the real economy to respond to the climate emergency.

At the same time, Tikehau Capital and MACSF launched the first unit-linked product that enables savers to invest in the Private Debt of French and European unlisted SMEs, while keeping their savings available. The evergreen format of the new investment solution enables investors to benefit from a high degree of visibility of the evolution in their savings and liquidity at all times.

At MACSF, we are continuously seeking the most relevant diversification solutions for our savers and we wanted to give them access to unlisted companies with major growth potential. There was no fund on the market offering the flexibility, liquidity and performance outlook that we wanted for our policyholders. This is why we decided to create a new product, based on an innovative mechanism, together with Tikehau Capital, our longstanding partner.

Stéphane Dessirier

Chief Executive Officer of MACSF Group

Key CSR themes at Group level



We actively support the initiatives chosen by our cross-functional working group in line with our values including and donated more than €850k in 2020.

Youth Solidarity Days: over 12 events since 2014 focusing on young people including autistic children and those affected by academic failure

Institut de l'Engagement: enabling young people committed to civic participation to build an ambitious and inclusive future



Entrepreneurs du Monde: working towards the economic inclusion of financially vulnerable families



In early March 2020, we supported **Assistance Publique-Hôpitaux de Paris** (the public hospital system of Paris and its suburbs) in speeding up Covid-19 research, as well as testing innovative organisational solutions for monitoring homebound patients to respond more quickly and effectively to new epidemics.



In summer 2020, Tikehau Capital took part in the **Funds4Food** initiative, a collaboration between various global financial players to help fight hunger amid the Covid-19 pandemic. The donations collected from the fund managers (\$1.9m in total) were donated to selected charities around the world.



Titicaca Challenge: support for Théo Curin

Amputated of all four limbs following a devastating bout of meningitis at the age of six, Théo Curin overcame his disability by swimming. In 2020, this Paralympic athlete left the pool to set himself a new challenge: swimming across Lake Titicaca in South America. Together with two other top athletes, Malia Metella, Olympic silver medallist in swimming, and Matthieu Witvoet, eco-adventurer, Théo plans to cross this 122-kilometre lake located over 3,800 metres above sea level completely independently, using a raft specially designed for the purpose. The Group is proud to support this ambitious challenge: above and beyond the values of self-improvement, courage and teamwork which resonate with Tikehau Capital's culture, this expedition also highlights the predicament of Lake Titicaca, which is threatened by urban development and global warming, and provides assistance to disadvantaged local communities.

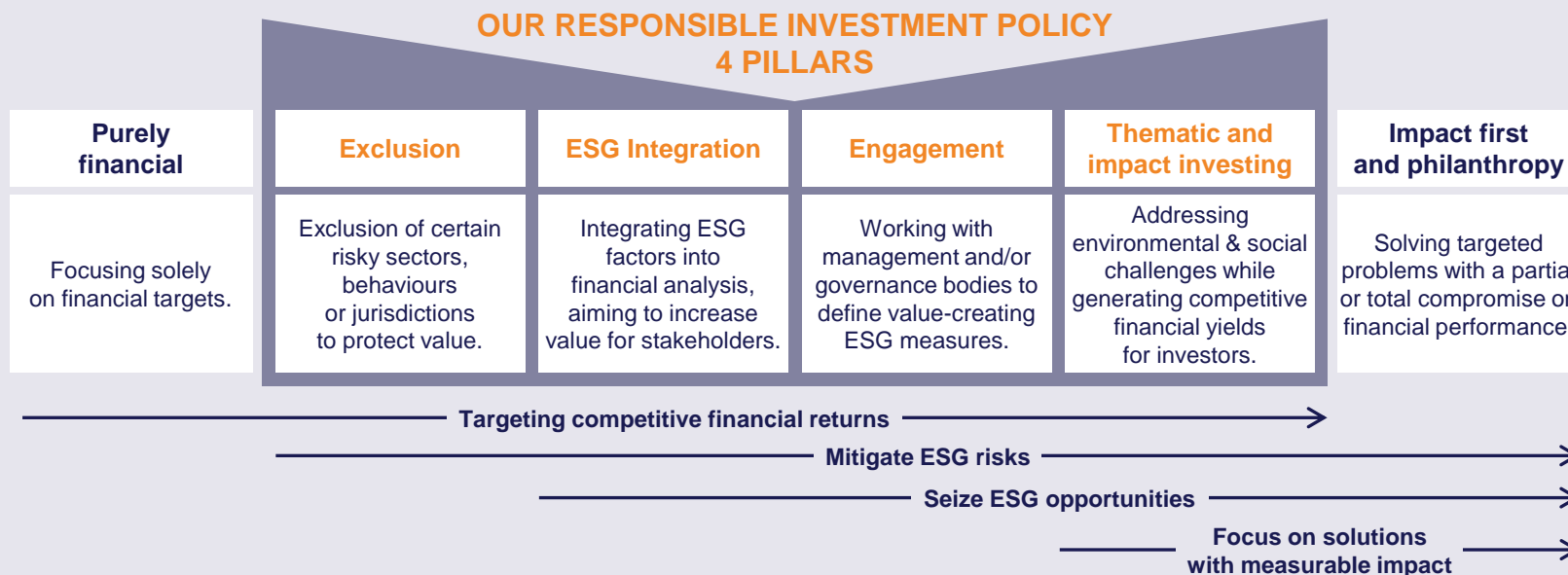




III Sustainability investing

Our sustainability investing strategy

The ESG-by-design approach applied to all asset management activities



Analysing extra-financial performance is foremost a good management practice. It helps to minimise risks and it is also a source of opportunity. We increasingly work to understand the positive and negative contributions of the products and services and operations of our portfolio companies to the SDGs. Impact investing is our new frontier.

Laure Villepelet
Head of ESG & CSR

Widely recognised at Product and Activity level

 <ul style="list-style-type: none"> Signatory since 2014 Top ratings in 2020: A+ for the Strategy and Governance Module A+ for the Fixed Income Module in 2020 and A for the Private Equity Module in 2020 	 <ul style="list-style-type: none"> Excellence in ESG 2020 award to Tikehau Capital in the GP category for ESG approach by the British Private Equity & Venture Capital Association (BVCA)
 <ul style="list-style-type: none"> 16 labels - ESG and ESG Applicant Fund Status labels awarded to 11 major open-ended liquid funds and 5 AIFs (TSO II, TDL V, TDL V ELTIF, TMPE, TIL) 	 <ul style="list-style-type: none"> 2021 environmental fund of the year, private equity/private debt to T2 Energy transition by the leading online news Environmental Finance
 <ul style="list-style-type: none"> 3 label Relance from French Ministry for the Economy attributed to the T2 Energy Transition Fund, T2 ELTIF and Tikehau Growth Equity II 	 <ul style="list-style-type: none"> French SRI label awarded to Sofidy's S.YTIC fund focusing on sustainable cities

Note: As of 31.07.2021, 16 funds had either a LuxFlag ESG label or an ESG label Applicant Fund Status (awarded to 11 major open-ended liquid funds and 5 AIFs) and 5 funds had been awarded a Relance label (T2 Energy Transition Fund, T2 ELTIF, Tikehau Growth Equity II, Bienne III and Ace Aero Partenaires).

Activity overview




































Ensuring maximum coherence, analysis and adoption

Our aim is to develop an ESG approach that is both integrated and customised. The Group exclusions and our ESG watchlist apply across all investment activities to ensure maximum coherence. To encourage our portfolio companies to adopt a progressive approach, each action is adapted to the activity, as well as the size and sector of the issuers.

	PRIVATE EQUITY	PRIVATE DEBT	CAPITAL MARKETS STRATEGIES	REAL ASSETS		DIRECT INVESTMENTS
				REAL ESTATE	INFRASTRUCTURE	
Assets under management at end 2020	€3.5bn (o/w €1.1bn from Ace Capital Partners)	€9.3bn	€4.2bn	€10.3bn (o/w €6.7bn from Sofidy)	€0.6bn (o/w 100% from Star America)	€1.2bn
Investment universe	<ul style="list-style-type: none"> Minority investor Non-takeover situations in an extensive sector & geographic universe Thematic focus for certain funds (e.g. energy transition, cybersecurity) Special Situations 	<ul style="list-style-type: none"> At all levels of capital structure Senior loans, stretched senior, untranche, mezzanine, preferred equity 	<ul style="list-style-type: none"> High Yield credit, Investment Grade Corporate & subordinated instruments mainly European & Asian Equities Selection of "Value" stocks 	<ul style="list-style-type: none"> All classes of real estate assets (offices, retail, logistics, hospitality, residential), existing or to be redeveloped based on Core, Core+ or Value Added strategies 	<ul style="list-style-type: none"> Infrastructure in the social, transportation, telecommunications, and environmental sectors 	<ul style="list-style-type: none"> Investments in an extensive sector & geographic universe
Key differentiation factors & ESG features Capacity for structuring ability, innovative & flexible investment across all asset classes	<ul style="list-style-type: none"> An entrepreneurial spirit shared with portfolio companies Strong origination capacity Capacity for tailored support: ESG, human capital, digitalisation, etc. 	<ul style="list-style-type: none"> A pioneer in alternative financing Solid partnerships with banks & private equity funds Capacity for tailored ESG support 	<ul style="list-style-type: none"> Allocation & selection based on conviction management Fundamental top-down & bottom-up analysis ESG engagement on a case by case basis 	<ul style="list-style-type: none"> Solid track record Cross-sourcing, local sourcing & European platform 		<ul style="list-style-type: none"> Strong origination capacity
Asset management employees at end 2020	47 employees (Tikehau IM and Ace Capital Partners)	34 employees	20 employees	86 employees (Tikehau IM, IREIT, and Sofidy)	12 employees (Star America)	On an as-needed basis
No. ESG contacts in investment teams at end 2020	5	4	3	4	1	1

Responsible investing across the business units

Key:  Best practice  Industry standard

	PRIVATE EQUITY	PRIVATE DEBT	CAPITAL MARKETS STRATEGIES	REAL ASSETS		DIRECT INVESTMENTS
				REAL ESTATE	INFRASTRUCTURE	
Assets under management at end 2020	€3.5bn (o/w €1.1bn from Ace Capital Partners)	€9.3bn	€4.2bn	€10.3bn (o/w €6.7bn from Sofidy)	€0.6bn (o/w 100% from Star America)	€1.2bn
ESG exclusion compliance	 Fully applicable	 Fully applicable	 Fully applicable	 Fully applicable	 Fully applicable	 Fully applicable
ESG integration in the pre-investment phase	 Fully applicable	 Fully applicable	 Fully applicable	 Fully applicable	 Fully applicable	 For certain investments
ESG integration throughout the investment period – monitoring & reporting	 27 companies in the Tikehau IM and Ace Capital partners funds participated in 2020 reporting campaign	 48 companies in Tikehau IM direct lending and corporate lending funds participated in the 2020 reporting campaign	 <ul style="list-style-type: none">Carbon assessments for all main liquid funds2° scenario assessments for all main liquid funds	 <ul style="list-style-type: none">Annual ESG reporting campaign at Tikehau IM fund levelMonitoring tools at Sofidy level under development	 <ul style="list-style-type: none">ESG analysis & risk assessment included in IC MemoOngoing ESG trainingMonitoring tools to be reinforced in 2021	
Engagement	 ESG clause & sustainability roadmaps	 ESG clause & <i>ad hoc</i> sustainability roadmap	 Voting in AGMs	 Green clause in majority of large lease agreements	 <ul style="list-style-type: none">ESG clause in Operating Agreements andESG action plan discussed with partners	 Voting in AGMs
Themed & impact investment	 Cybersecurity strategy, T2 Energy Transition Fund	 Tikehau Impact Lending strategy	 Tikehau Impact Credit fund	 S.YTIC dedicated to sustainable cities	 All funds contributing to infrastructure development (SDG9)	 Direct investment in impact funds**
Labels & recognitions	 A score in the UN PRI report	 A+ score in the UN PRI report	 100% of main funds have received the LuxFlag ESG label***	 B score in the UN PRI report	 B+ score in the UN PRI report	

* After the transfer of a listed equities fund from France to Luxembourg in early 2021, the custodian failed to transfer the fund positions on the ISS platform and as a result the target of 100% votes in this fund could not be reached. An action plan has been defined (incl. setup of a reporting) to avoid the occurrence of a similar event in the future.

** T2 Energy Transition, Alter Equity 3P, Alter Equity 3P II, Blue Like an Orange Sustainable Capital or Essential Capital Consortium Fund from DWS.

*** Luxembourg Finance Labelling Agency (LuxFLAG) ESG label awarded to our 8 main liquid funds in 2019 and renewed in 2020: Tikehau Credit Plus for the period starting on 01.04.2020 and ending on 31.03.2021, Tikehau Income Cross Assets (InCA), Tikehau Global Value, Tikehau Taux Variables (TTV), Tikehau SubFin Fund, Tikehau Global Short Duration, Tikehau Court Terme and Tikehau 2022 for the period starting on 01.07.2020 and ending on 30.06.2021. In addition, the private debt funds Tikehau Direct Lending V and Tikehau Impact Lending received the ESG applicant fund status label for the period starting on 01.07.2020 and ending on 30.06.2021.

Sustainable Finance Disclosure Regulation (SFDR)

Sustainable Finance Disclosure Regulation (SFDR) by the European Commission

In 2020, the Group launched a project aiming at complying with the **(EU) 2019/2088 regulation of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR Regulation)**. As a result:

- ✔ The Group sustainability investing policy was updated to highlight sustainability risks and principal adverse impacts that were already considered in the investment assessments. ESG disclosure at Group level was reinforced .
- ✔ The remuneration policy was updated to include ESG criteria for all Subsidiaries. ESG remuneration criteria are expected to evolve in the coming years to reflect the Group’s ambition.
- ✔ ESG disclosures in the legal documents of all new and all Capital Markets Strategies funds were reviewed and changes are undergoing for other funds.

Breakdown of Tikehau Capital funds (% of AuM) according to SFDR*

Article 6 covers funds which do not consider sustainability risks or adverse effects at the core of the investment decision-making process, as they are not part of the strategy for the Fund. However, the manager considers minimum sustainability safeguards across its funds taking into consideration that Tikehau Capital Group, the manager’s parent company, is committed to investing responsibly, and believes that the effective integration of certain ESG criteria is key in achieving a long-term sustainable performance.

Article 6
53%

Article 8
42%

Article 8 applies “where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.”

Article 9
5%

Article 9, also known as ‘products targeting sustainable investments’, covers products targeting bespoke sustainable investments and applies “where a financial product has sustainable investment as its objective” and an index has been designated as a reference benchmark where possible

The sustainability investing policy covers 100% of new investments. While more than two-thirds of our AuM integrate ESG considerations at end 2020, over 47% of the AuM are expected to be aligned with the SFDR Article 8 & 9 toward the end of 2021, once legal documentation and information letters to investors have been updated. The share of Article 8 and 9 funds is expected to increase over 2022-2023

* Based on AUM at June 30, 2021 and expected toward the year end 2021, once legal documentation and information letters to investors have been updated.



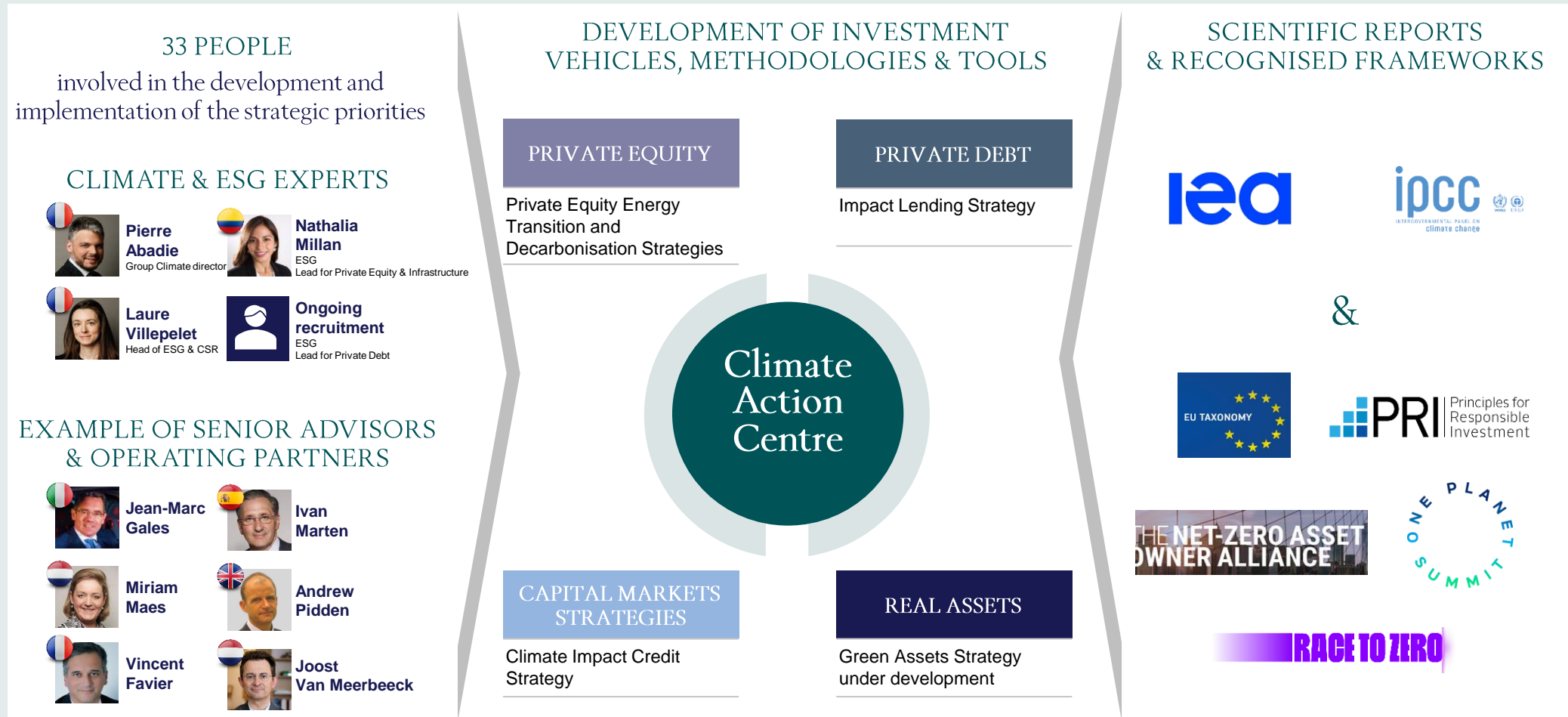
IV Focus on climate approach

Climate-related governance

In 2021, Tikehau Capital launched its **Climate Action centre**, a platform aiming at defining the Group's climate strategy and actioning it through the launch of investment vehicles with a twofold objective: to deliver superior market financial returns and to help combat the climate emergency by participating in the reduction of the carbon footprint of our economy. The Climate Action centre is also an innovation platform that contributes to the development of methodologies, training and tools to empower the Group's employees to take action and consider climate in investment decisions across all investment vehicles. It already includes 33 people across the organisation from investment professionals to senior advisors and operating partners in the Tikehau Capital ecosystem.

To achieve our climate ambition we are leveraging leading scientific research, experts and methodologies in the form of an unique Climate platform at Group level.

Pierre Abadie
Head of Climate

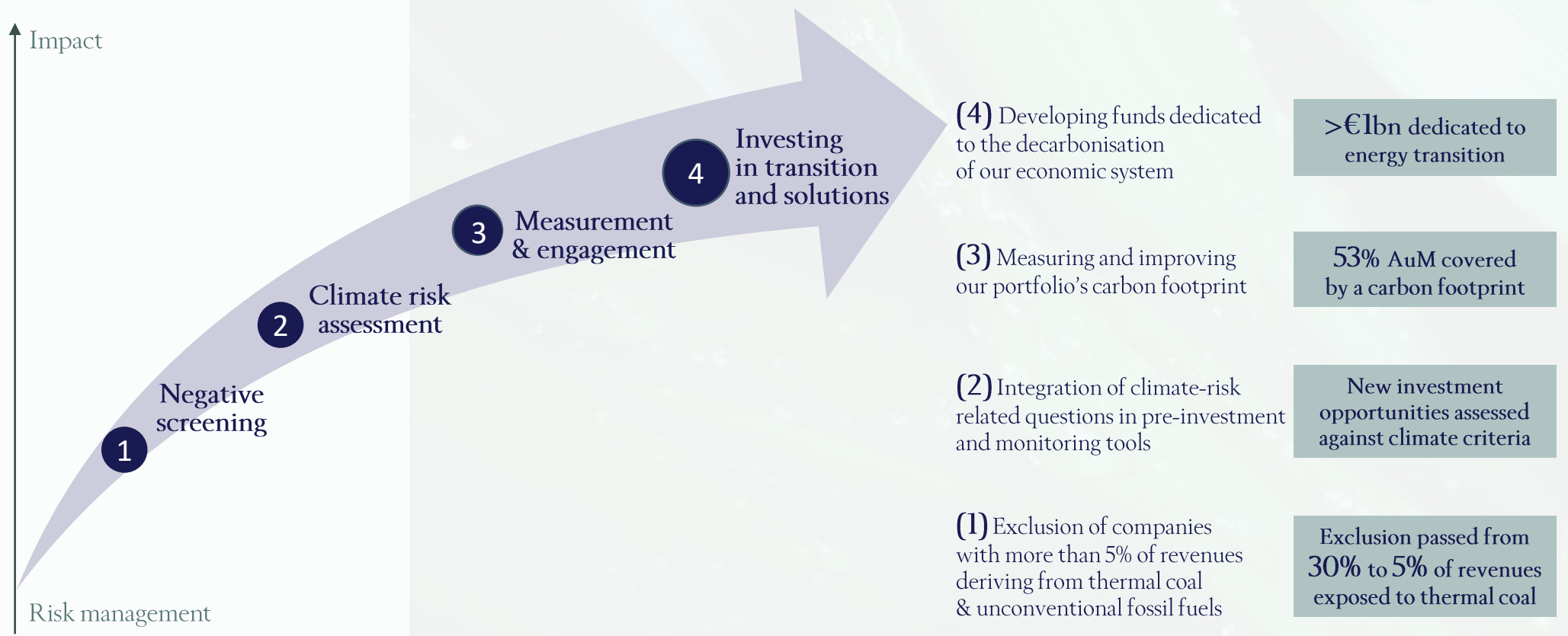


The pillars of Tikehau Capital Climate Strategy

Conscious of its critical role in the energy and ecological transition, Tikehau Capital is addressing climate change holistically. The Group joined the **Net Zero Asset Managers (NZAM)** global initiative accredited by the United Nations Framework Convention on Climate Change's (UNFCCC) "Race to Zero" campaign, thus joining the largest global alliance of credible climate commitments. As such, the Group is committed to setting intermediate targets towards carbon neutrality.








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



Climate-related metrics

	PRIVATE EQUITY	PRIVATE DEBT	CAPITAL MARKETS STRATEGIES	REAL ASSETS	
				REAL ESTATE	INFRASTRUCTURE

Climate-related impacts

Our approach to carbon impact assessment	Full carbon footprint with portfolio companies in flagship funds*; modelling for other funds	Modelling of carbon footprint for main funds incl. direct lending, corporate lending and CLO vehicles	Modelling of carbon footprint for main funds	Modelling of carbon footprint for IREIT	Modelling of carbon footprint for main funds
% of AuM covered by carbon-related assessment					
Metrics	WACI (Scope 1, 2 & 3): 416 tCO ₂ e	WACI (Scope 1, 2 & 3): 504 tCO ₂ e	WACI (Scope 1 & 2): 137 tCO ₂ e WACI (Scope 1, 2 & 3): 579 tCO ₂ e	Intensity per sqm (Scope 1 & 2): 72 kgCO ₂ e per sqm	Intensity per sqm (Scope 1 & 2): 114 kgCO ₂ e per sqm

*Excl. Ace Capital Partners

Climate-related risks

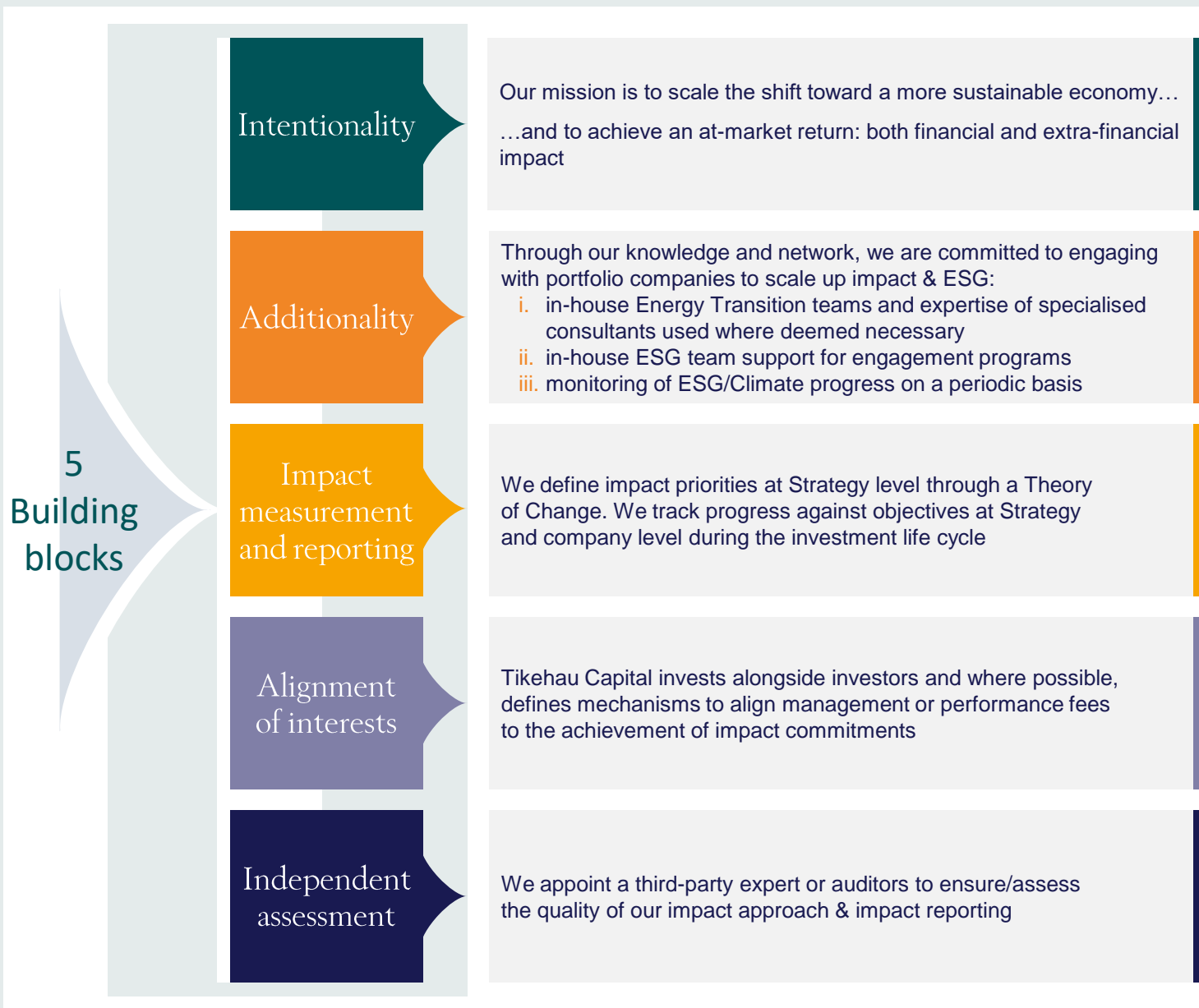
Our approach to climate-related risks	Climate-related questions in ESG pre-investment tool; Physical & Transition risk for flagship funds in 2020	Climate-related questions in ESG pre-investment tool; Physical & Transition risk for flagship funds in 2020	Climate-related questions in ESG pre-investment tool	Physical risk assessment for flagship funds in 2021 (incl. IREIT and Sofidy)	Physical risk assessment for flagship funds in 2021
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Our data partners	ERM (Full carbon footprint for Tikehau IM); Trucost S&P Global (Modelling for Ace and Tactical strategies)	Trucost S&P Global	Trucost S&P Global	Trucost S&P Global, TALOEN of the French Green Building Observatory for Sofidy	Trucost S&P Global
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V Focus on impact approach

Building blocks of Tikehau Capital's impact approach



Given the increasing number of impact initiatives and in order to avoid “greenwashing” practices, actively participating in working groups appears to be essential to harmonise the definitions of this emerging investment practice. To this end, we have contributed to the guide "Impact investing – A demanding definition for listed and non-listed products" published by France Invest and the Forum for Responsible Investment (FIR) in March 2021 and available [here](#).

Nathalia Millan
 ESG Lead for Private Equity & Infrastructure



Sustainability-themed and impact investing

Our platform for thematic and impact funds

Addressing climate and social issues while generating growth and profitability



T2 ENERGY TRANSITION

Private Equity

Launch: December 2018

Closing: >€1bn

Tackling the **climate emergency** by focusing on companies operating in:

- clean power generation
- low-carbon transport
- improving energy efficiency, electricity storage and digitalisation



IMPACT LENDING STRATEGY

Private Debt

Launch: December 2020

Enabling SMEs and intermediate-sized companies to accelerate **their transitions** and effectively contribute to a **more inclusive and sustainable economy**:

- broadening their offer of sustainable goods and services
- improving operational management (human capital, supply chain, etc.)



TIKEHAU IMPACT CREDIT

Capital Markets Strategies

Launch: July 2021

Fostering the **transition toward a net zero carbon economy** by supporting companies from a wide array of sectors that:

- contribute to reducing CO₂ emissions and/or other highly material environmental externalities
- have made advanced commitments towards climate change
- are involved in solutions for the transition through their financing or as a key part of their business



S.YTIC (SUSTAINABLE CITY)

Real Assets – Sofidy

Launch: March 2018

Managing and promoting **sustainable urban development** by supporting companies operating in:

- vertical development of large cities
- urban renewal
- infrastructure management
- waste processing
- digital transformation



INVESTING IN HEALTH AND RESEARCH

Private Equity

Supporting companies that:

- contribute to advances in **healthcare** – prevention, diagnosis and monitoring
- enable the life sciences industry to more quickly develop sustainable and cost-effective therapies

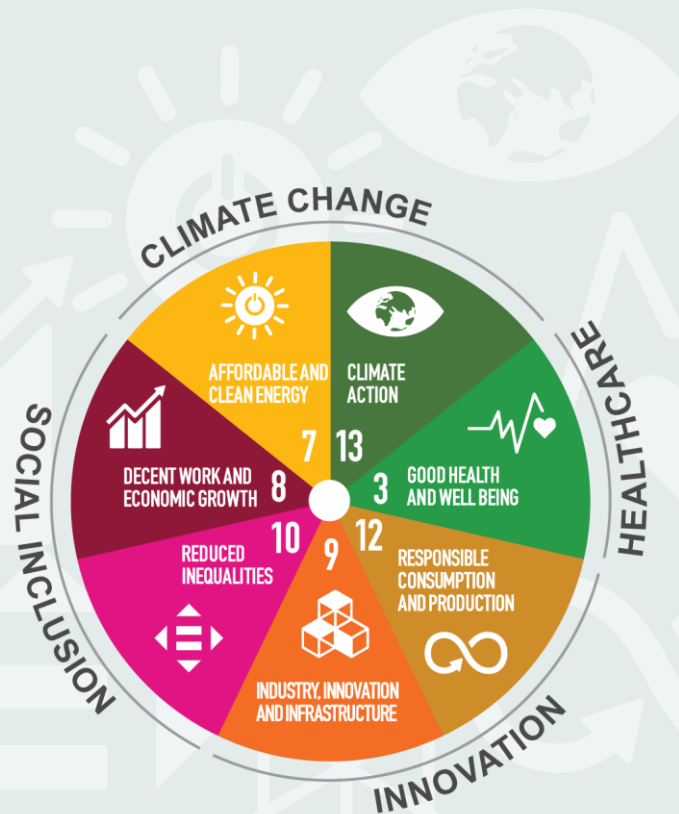


CYBERSECURITY STRATEGY

Private Equity – Ace Capital Partners

Launch: June 2019

Supporting young companies offering **innovative digital security technologies**, and supporting their acquisition strategy, both in France and abroad.



4 priority themes central to the post-Covid recovery



VI Sustainability investing across activities

Private Equity

Enhanced ESG integration and engagement across the investment lifecycle

The development of climate and impact vehicles, namely the T2 Energy Transition fund, irrigates the ESG and climate strategy across the PE portfolio. In particular in 2021, this is demonstrated by the definition of the *Tikehau PE Sustainability Must-haves*, including the definition and discussion of sustainability roadmaps as well as assessing the carbon footprint of all the portfolio companies in flagship funds.

How do we integrate ESG & maintain engagement across the investment lifecycle?

	Screening	Due Diligence	Investment decision	Holding period	Exit
ESG-by-design	<ul style="list-style-type: none"> Applying the Group's ESG exclusion criteria and ESG watchlist 	<ul style="list-style-type: none"> Assessing ESG risks and opportunities through a proprietary tool Conducting a detailed ESG Due Diligence 	<ul style="list-style-type: none"> Including ESG clause in Shareholder agreements Identifying ESG management strategy 	<ul style="list-style-type: none"> Addressing an ESG questionnaire on an annual basis Reporting to management, investors and institutions Defining sustainability roadmaps with portfolio companies Assessing carbon footprint of 100% of portfolio companies in flagship funds Annual discussion of ESG topics at Board level 	<ul style="list-style-type: none"> Communicating ESG performance to future investors
Energy Transition impact strategy	<ul style="list-style-type: none"> Reinforcing exclusion list – exclusion of production of Oil & Gas Assessing the alignment with the Fund's Theory of Change 	<ul style="list-style-type: none"> Including a "Why T2" section in the Investment Committee Memo 	<ul style="list-style-type: none"> Including climate considerations in the BP definition 	<ul style="list-style-type: none"> Assessing induced and avoided carbon emissions of 100% of portfolio companies in the 12 months following investment Including a CO₂ emission reduction plan within Sustainability Roadmaps Publicly disclosing impact results 	<ul style="list-style-type: none"> Communicating impact results to future investors

100%

of the portfolio companies in Tikehau IM flagship funds at the end of 2020 covered by a carbon footprint

ESG is included in our value-creation proposition and this is why we have decided to define sustainability roadmaps with all companies in our flagship funds.

Emmanuel Laillier
Head of Private Equity

Sustainability is an opportunity. Industry 4.0 technologies are a springboard from which to meet the sector's sustainability imperative.

Guillaume Benhamou
CEO of Ace Capital Partners

Private Equity

ESG monitoring during the holding period



Highlights: 2020 ESG reporting campaign

Our reporting campaign serves 2 main objectives:

1. To engage with our portfolio companies on ESG topics and offer dedicated tools and support. For example, for the 2020 reporting campaign, we included questions relating to biodiversity.
2. To assess and communicate on ESG performance at a fund level.

Impact of products & services

Familiarise the investment team with the SDG framework, so they can systematically integrate SDG considerations into their investment approach.



Governance & business ethics

Promote transparent, accountable and inclusive business models in collaboration with the portfolio company management, fostering best practices in relation to governing bodies, business ethics and CSR policies.



Human capital & external stakeholders

Provide capital to growing companies committed to sustainable projects that contribute to employment and decent working conditions.



Environmental management & climate change

Offer tools and tailored support to help companies measure their environmental footprint and mitigate negative impacts, in partnership with leading service providers.



OUR PORTFOLIO COMPANIES

Tikehau IM portfolio companies products & service SDG exposure:
58% companies with positive exposure:
 37% to SDG 7 (renewable energy & energy efficiency)
 11% to SDG 9 (low carbon mobility & retrofit of infrastructure)
 5% to SDG 11 (affordable housing)
 5% to SDG 3 (access to sport)

OUR PORTFOLIO COMPANIES

67% of portfolio companies with at least one independent member on the Board
63% of portfolio companies with at least one women on Executive Committee
70% of portfolio companies with a CSR policy

OUR PORTFOLIO COMPANIES

41 jobs created (260 jobs excluding companies in the aerospace sector affected by the economic crisis)
26% of women among the employees in the portfolio
67% of the portfolio companies with a gender pay gap assessment

OUR PORTFOLIO COMPANIES

56% of portfolio companies conducted a carbon footprint and identified initiatives to reduce CO₂ emissions
Including 100% in T2 Energy Transition and Tikehau Growth Equity II funds
15% of companies deploying actions to reduce the impact on biodiversity





We collected more than 60 datapoints from each portfolio company that responded on a declarative and unaudited basis. 27 companies contributed to the reporting campaign including 20 Companies from Tikehau IM portfolio and 7 from Ace Capital Partners' portfolio. More details on the reporting campaign are available for investors upon request.

Private Equity

The Sustainability must-haves ensure the definition of a progressive approach within portfolio companies

Tikehau Capital private equity Sustainability Must-Haves

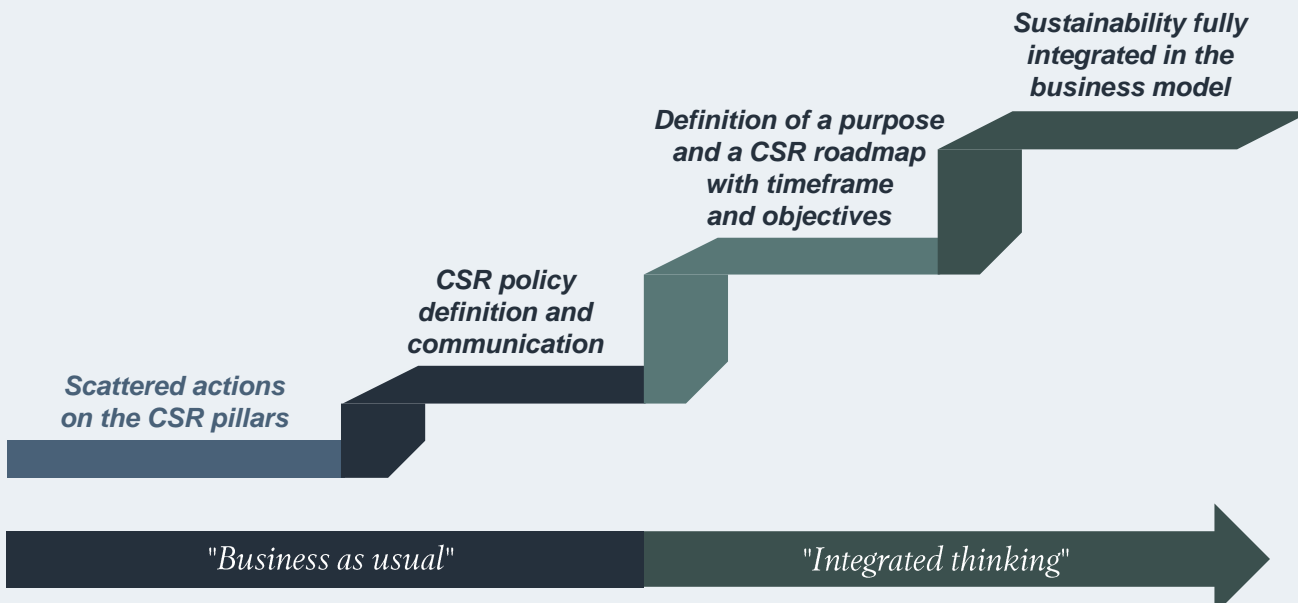
TARGET

 <p>At least one board member able to challenge the executive team & Tikehau Capital</p>	<p>100%</p>
 <p>A Sustainability roadmap (defined by the company or at the initiative of the investment team in the 12 months following the acquisition)</p>	<p>100%</p>
 <p>Discussing sustainability topics at board level at least annually</p>	<p>100%</p>
 <p>Carbon footprint assessment and carbon reduction action plan</p>	<p>100%</p>

Our portfolio companies are at different stages of the sustainability journey and our role is to encourage them to take a step further and embrace ESG challenges and opportunities to future-proof their business models.

Hélène Henry-Prince
Executive Director - Private Equity

Examples of good practice in the PE portfolio



Private Equity in action – ADDEV Materials



The definition of the company’s purpose in 2020 was one of the Group’s key milestones.

Converting industrial challenges into sustainable solutions reflects our goal of supporting our industrial customers in their green transformation. We wanted the wording to carry a valuable meaning for our worldwide teams and stakeholders.

Pascal Nadobny

Chairman & CEO ADDEV Materials

About ADDEV Materials

SECTOR
Specialty
materials

REVENUES
€142m

EMPLOYEES
635

ADDEV Materials is a designer and converter of customised value-added solutions for industrial performance. Across the transformation of high-performance materials, the company focuses on the conversion of technical films, adhesive solutions and customised packaging of adhesives and chemicals. The group is headquartered in France and serving customers worldwide across a variety of sectors, including aerospace and defence, power, automotive, railway, construction, industry, healthcare and hygiene.

Over the past years, ADDEV Materials has been formalising its sustainability policy. In 2020, the Group went a step further by defining its purpose and placing it at the centre of its business model. This purpose was also used to reframe and scale up the Company’s CSR strategy, including quantitative and time-framed objectives:

 **CREATE VALUE**

 **MANAGE**

 **TAKE CARE**

 **PRESERVE**

Launch of the **Innovation for Good** strategy covering the supply chain and product eco-design

2023 objective: 80% of suppliers (c. 150 suppliers) covered by the responsible procurement approach

What does Tikehau Capital bring?

Tikehau Capital accompanies ADDEV Materials by providing tools and methodologies to measure and pilot impact across the value chain. For example in 2020, the Group provided support in the assessment of the Scope 3 carbon emissions. It allowed to identify that more than 85% of the CO₂ emissions came from the supply chain and it contributed to the identification of eco-design projects.

Access to ADDEV Materials carbon footprint infographics



Private Debt

Pioneering ESG ratchets in direct lending and corporate lending

We structure, finance, and implement a variety of deals focusing on senior debt, stretched senior, unitranche financing, mezzanine debt and preferred equity.

In 2020, we started introducing ESG ratchets, a marginal adjustment of the interest rate based on the achievement of pre-defined ESG targets in the credit documentation. We typically negotiate between three and five ESG criteria and related ambitious targets with the company and/or equity sponsor. This mechanism is a core component of our Impact Lending fund and it has further potential to develop as a standard.

How do we integrate ESG & maintain engagement across the investment lifecycle?

	Screening	Due Diligence	Investment decision	Monitoring & Support
ESG-by-design	<ul style="list-style-type: none"> Applying the Group's ESG exclusion criteria and ESG watchlist 	<ul style="list-style-type: none"> Assessing ESG risks and opportunities using our proprietary tools Ad hoc consultation of the ESG Committee for grey cases 	<ul style="list-style-type: none"> Presenting the company's ESG profile to investment committee Including a standard ESG clause in the legal documentation (ESG information undertakings) Entering into dialogue with investment target 	<ul style="list-style-type: none"> Monitoring ESG performance at least on an annual basis Reporting non-financial information Providing tailored <i>ad-hoc</i> support to portfolio companies
Sustainable lending through ESG ratchets			<ul style="list-style-type: none"> Identifying an impact roadmap with the investment target Negotiating and agreeing on impact targets / ESG ratchet mechanism 	<ul style="list-style-type: none"> Monitoring the achievement of impact metrics at least on an annual basis Providing tailored <i>ad-hoc</i> support to portfolio companies on ESG & impact topics
Impact Lending Strategy	<ul style="list-style-type: none"> Applying enhanced exclusion criteria Applying enhanced screening criteria: borrower's commitment to expand its sustainable offering and/or improve resource management 	<ul style="list-style-type: none"> Quantifying the investee's potential contribution to the fund's impact objectives ("theory of change") 	<ul style="list-style-type: none"> Impact board reviews the impact investment thesis and "do no significant harm" criteria 	<ul style="list-style-type: none"> Reporting on the fund's impact performance at least annually Independent audit procedures

1st

Deal including an ESG ratchet in direct lending in August 2020

We have been pioneering ESG ratchets in unitranche financing and we completed a dozen deals with such a mechanism in the twelve months to June 2021.

Cécile Mayer-Lévi
Head of Private Debt

Direct Lending & Corporate Lending

ESG monitoring during the holding period



Highlights: 2020 ESG reporting campaign

Our reporting campaign serves 2 main objectives:

1. To engage with our portfolio companies on ESG topics and offer dedicated tools and support. For example, for the 2020 reporting campaign, we included questions relating to biodiversity to enhance the Company's awareness on this topic.
2. To assess and communicate on ESG performance at a fund level.

Impact of products & services

Familiarise the investment team with the SDG framework, so they can systematically integrate SDG considerations into their investment approach.



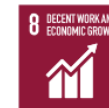
Governance & business ethics

Promote transparent, accountable and inclusive business models in collaboration with the portfolio company management, fostering best practices in relation to governing bodies, business ethics and CSR policies.



Human capital & external stakeholders

Provide capital to growing companies committed to sustainable projects that contribute to employment and decent working conditions.



Environmental management & climate change

Offer tools and tailored support to help companies measure their environmental footprint and mitigate negative impacts, in partnership with leading service providers.



OUR PORTFOLIO COMPANIES

19% of companies positively exposed to the SDGs (in sectors such as healthcare, telecommunications, environmental services and clean energy)

20% of companies aligned to the SDGs (contributing indirectly or through a small share of revenues to the SDGs)

OUR PORTFOLIO COMPANIES

53% of portfolio companies with at least one independent member on the Board

69% of portfolio companies with at least one women on Executive Committee

70% of portfolio companies with a CSR policy

OUR PORTFOLIO COMPANIES

1,615 jobs created in the portfolio companies in 2020

25% of women among the employees in the portfolio

58% of the portfolio companies with a gender pay gap assessment

OUR PORTFOLIO COMPANIES












35% of portfolio companies conducted a carbon footprint and identified initiatives to reduce CO₂ emissions

31% of portfolio companies deploying actions to reduce the impact on biodiversity

We collected more than 60 datapoints from each portfolio company that responded on a declarative and unaudited basis. 55 companies contributed to the reporting exercise on a voluntary basis. More details on the reporting campaign are available for investors upon request.

Direct Lending & Corporate Lending in action

Focus on SDGs supported via ESG ratchets – examples from 2020 deals

Company overview	Investment date	Industry Sub-sector	ESG ratchet themes
 <p>Based in Devon (UK), Forthglade is a leading provider of high quality natural wet and dry dog food addressing the 'premium' segment in the UK.</p>	August-2020	Pet Food	<ul style="list-style-type: none"> • Supplier 's certifications • Recyclable packaging • Employee training • Product quality 
 <p>Talan is an IT services company focused on operations and consulting. The group employs over 2,200 FTEs and is headquartered in Paris.</p>	Nov-2020	IT services	<ul style="list-style-type: none"> • Gender equality • Employee training • Employee satisfaction • Leading CSR certification (Bcorp, ISO 26 000) 
 <p>Xebia is a digital transformation consulting company. The group focuses on value-added projects such as applications, development processes, application deployment and data management.</p>	Nov-2020	IT services	<p><i>Criteria being negotiated as of the publication date of this report</i></p>
 <p>Eureden is a leading French agricultural cooperative, vertically integrated across the value chain and structured around six operating branches (agriculture, long life, eggs, frozen food, meat and green distribution).</p>	Dec-2020	Agriculture	<ul style="list-style-type: none"> • Alternative solutions to crop protection products • Renewable energy • Reducing accidents at work 
 <p>Odigo is a European leader in cloud-based native software solutions that interconnect end-customers, contact centres and CRMs to facilitate information flow and query processing.</p>	Dec-2020	Software	<ul style="list-style-type: none"> • Gender equality • Employee training • Client satisfaction 
<p>[Undisclosed]</p> <p>Provider of fresh and frozen seafood. The company is present across the entire value chain, from fishing and in-house processing to final commercialization.</p>	Dec-2020	Seafood	<ul style="list-style-type: none"> • Renewable energy • Recycled content in packaging 
 <p>Santiane is a French B2B and B2C digital insurance broker mainly specialised in the conception and distribution of individual health & protection insurance contracts.</p>	Dec-2020	Insurance	<p><i>Criteria being negotiated as of the publication date of this report</i></p>

Collateralised Loan Obligation (CLO) vehicles in action

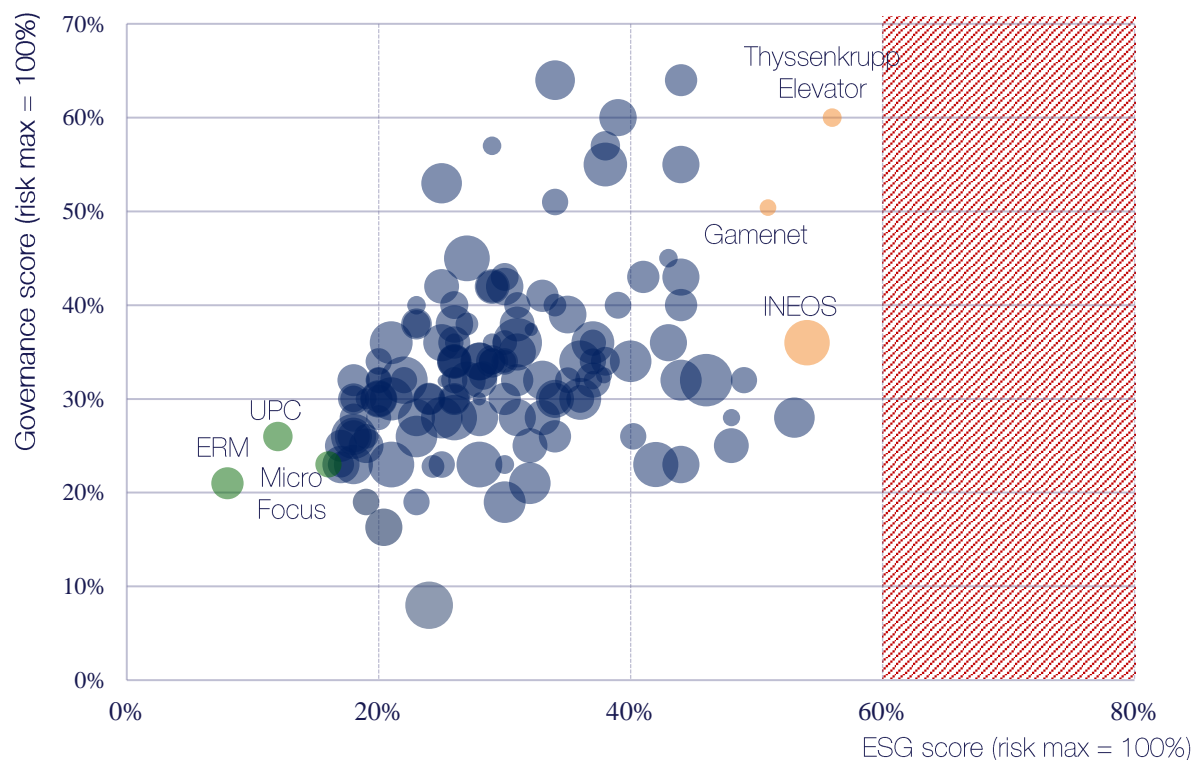
As of 31 Dec. 2020, the Tikehau CLO V vehicle included 138 different issuers each on the ESG pillars

How do we integrate ESG in our CLOs?

For each investment, our research and investment teams:

1. Perform in-depth due diligence focusing on a constant interchange between their top-down view (a directional market analysis leading to sector screening) and their bottom-up view (a fundamental analysis of each company leading to a selection of the securities to be held).
2. Score new issuers using a proprietary model broadly in line with ELFA (European Leveraged Finance Association) ESG Fact Sheet.
3. Mandate Trucost to perform a carbon footprint analysis on an annual basis.

ESG scores vs Governance score



Source: Tikehau Capital research as of 31/12/2020



Top and bottom performers

➤ The best performing issuers are three companies operating in sectors with positive externalities. ERM is a leading global provider of environmental, health, safety, risk, and social consulting services. UPC is Switzerland's leading telecommunications provider focused on safe use of digital media and energy efficiency. Micro Focus is a diverse enterprise software provider headquartered in the UK with good ESG disclosures and processes.



➤ The bottom performers appear in sectors facing higher ESG risks: Ineos Industries in the chemicals sector and Gamenet in the gambling industry. At end of 2020, Thyssenkrupp Elevator faced private enforcement claims in relation to its participation in an elevator cartel.



Capital Markets Strategies

Innovating with impact investing in high yield

Our experienced Capital Markets Strategies team manages open-ended funds in the equity and fixed income markets. On top of our internal ESG integration approach, we are increasingly setting ESG quantitative targets in the investment objectives of our funds.

Since March 2021, we target a 20% outperformance in terms of weighted average carbon intensity (tCO₂ per million of revenues invested) for the main portfolios*.

20%

Target carbon intensity reduction for main open-ended funds

How do we integrate ESG & maintain engagement across the investment lifecycle?

	Screening	Due Diligence	Investment decision	Monitoring & Support
ESG-by-design	<ul style="list-style-type: none"> Applying the Group's ESG exclusion criteria and ESG watchlist 	<ul style="list-style-type: none"> Assessing ESG risks and opportunities using our proprietary tools <i>Ad hoc</i> consultation of the ESG Committee for grey cases 	<ul style="list-style-type: none"> Including the company's ESG profile in investment recommendations 	<ul style="list-style-type: none"> Monitoring ESG performance at least on an annual basis Reporting non-financial information
Toward Net Zero Carbon Impact Strategy	<ul style="list-style-type: none"> Applying enhanced exclusion criteria Applying enhanced screening criteria: borrower's potential to contribute to a low carbon economy (green and sustainability linked bonds, signatory of net zero schemes such as Sciences Based Target initiative, other eligible issuers) 	<ul style="list-style-type: none"> Assessing the investee's contribution to the fund's impact objectives ("theory of change") ESG team reviews the impact investment thesis and "do no significant harm" criteria 	<ul style="list-style-type: none"> Contacting the investment target to discuss its sustainability roadmap 	<ul style="list-style-type: none"> Monitoring the achievement of impact metrics Providing tailored ad-hoc support to portfolio companies on impact topics Reporting on the fund's impact performance Independent audit procedures

We have been investing in a universe of small and mid-size high yield companies for more than a decade. We know the business and the management of these companies well, having financed them for several years. These privileged relationships allow us to engage in conversations on climate & ESG with management, to carry greater impact.

Raphael Thuin
Head of Capital Markets Strategies

* Carbon intensity target on scope 1 and 2 initially and scope 3 when supporting information becomes available.

Capital Market Strategies in action

Tikehau Impact Credit Strategy - Innovating with impact investing in high yield through engagement with bond issuers with varying levels of contribution toward a net zero carbon economy

Bucket A Climate pure players/solutions



Revenues: **\$595mn**
 EBITDA: **\$431mn**
 Net leverage: **9.7x**
 Yield to maturity: **4.3%**
 Maturity: **08/23**



- With a net installed capacity of 7GW across 15 States in India, Greenko is specialised in generation and distribution of renewable energy. Greenko's portfolio includes solar, wind, hydropower, natural gas, and biomass assets.
- The net proceeds of Greenko's Green Bond are allocated towards refinancing wind and solar projects.
- As a company that contributes directly to the energy transition, Greenko is highly relevant to the construction of the fund.



→ Ad hoc Climate engagement

Bucket B Climate pledge issuers



Revenues: **\$7.1bn**
 EBITDA: **\$1.1bn**
 Net leverage: **5.0x**
 Yield to worst: **3.5%**
 Maturity: **06/27**



- Ardagh is a leading packaging company focusing on infinitely recyclable materials (glass and metal). The company is a leader in the transition toward a circular and climate neutral glass industry.
- The company is building a 'Furnace for the Future' in Obernkirchen, Germany. This furnace will run on renewable energy and use high amount of recycled glass in all glass colours. Other glass companies will co-finance the project, and in return, will receive all the necessary information to run similar plants.



→ Ad hoc Climate engagement

Bucket C Transition issuers



Revenues: **€2.7bn**
 EBITDA: **€650mn**
 Net leverage: **8.9x**
 Yield to maturity: **6.6%**
 Maturity: **05/26**



- Upfield produces a wide range of plant-based spreads, butter, and oils. Opting for plant-based food helps save significant carbon emissions linked to livestock.
- Given the lower carbon footprint of plant-based products and Upfield's commitment to eliminate plastic from its packaging by 2025, the company is an issuer with potential to enter the 'pure player' bucket



→ Systematic Climate engagement

Note: In portfolio as of 31 August 2021

Real Assets – Real Estate

Combining high returns, energy efficiency and urban renewal

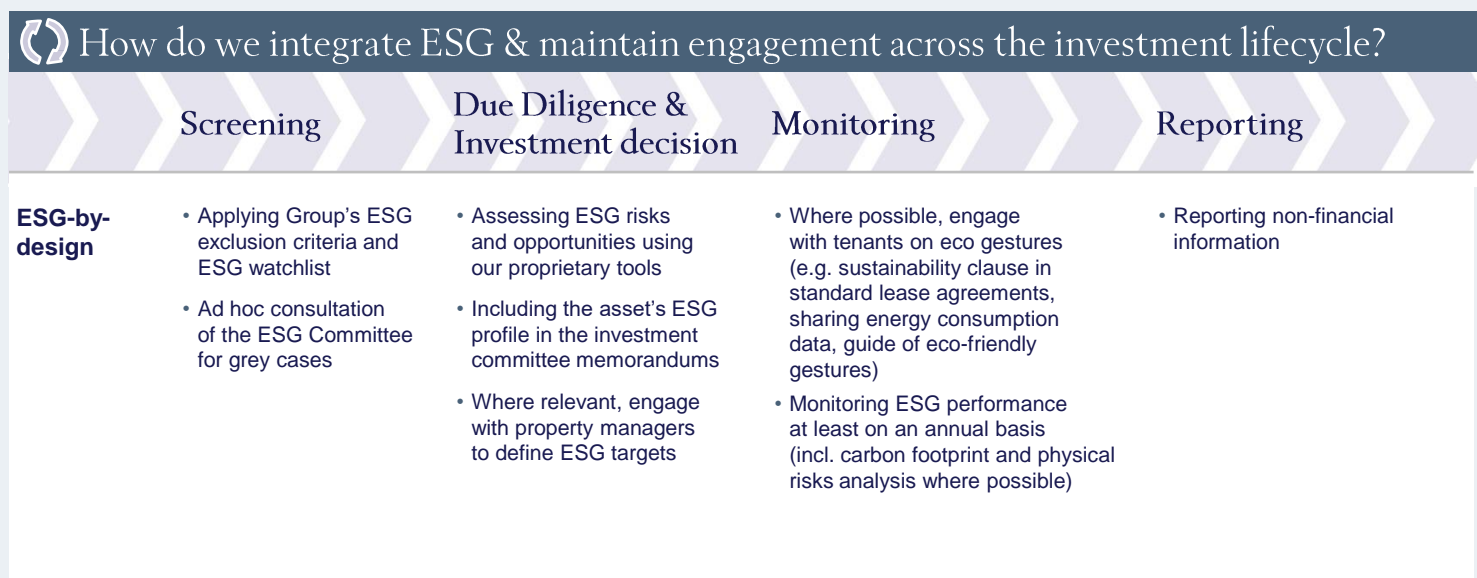
Investing in all real estate asset categories (office, retail, residential, logistics, industrial, healthcare and hospitality), either existing or to be redeveloped mainly in Core/Core+ and Value Added Strategies.



While the conversion of obsolete buildings and urban areas already create added value, the application of Sustainability criteria enhances it.

Frédéric Jariel
Co-head of Real Estate activity

Given the increasingly interconnected nature of ESG and financial criteria, this also means investments that are energy efficient and have a positive environmental impact.



Energy consumption, air quality, accessibility for people with disabilities and the creation of spaces and services that promote the well-being of occupants are the main themes that we consider in pre-investment, and that we seek to improve.

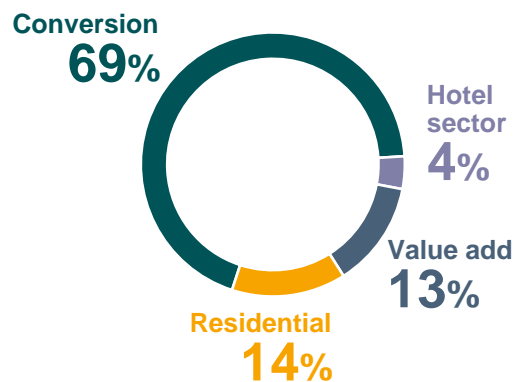
Jérôme Grumler
Deputy CEO, Sofidy

Real Estate in action

TREO Case study - Rehabilitate land and buildings to help cities grow more sustainably

Launched in 2018, TREO is the first pan-European discretionary real estate fund dedicated to a value-added strategy. The principle is to acquire assets with the potential to be repositioned on their market, rotated or refurbished to increase their rental yield and, ultimately, their value. To achieve this, TREO's investment teams deploy an asset and use conversion strategy.

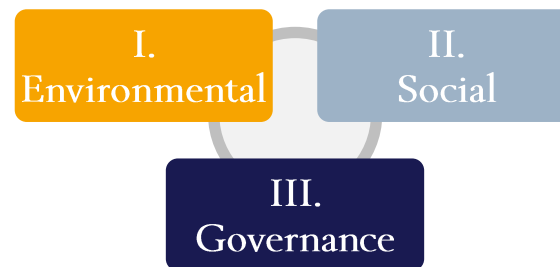
TREO investment strategy



Labels and certificates



- Reconvert old & inefficient buildings to new & energy efficient buildings with highest environmental standard – UK and Italian redevelopments, Charenton
- Creation of density, urbanisation project which reduces transportation pollution
- Collaboration with Green Yellow on EDF portfolio providing electrical charging station
- Create residential scheme on former gas plants



- 140k m² new social housing expected on ongoing residential reconversion projects
- Change of use of the existing building to better fit the need of local communities and improve residents' wellbeing
- Monitor the tenancy situation and provide rent-free support to retail tenants to weather the health crisis
- All deals submitted to investment committee with an ESG profile
- Dialogue-engagement actions with property managers and tenants (where possible)
- Monitor the ESG performance of assets under management on an annual basis

Real Estate in action

TREO Case study - mixed-use redevelopment of the Charenton-Bercy site (offices, shops, housing, leisure)

I. Minimal environmental impact, in line with the Paris agreement		III. Support solidarity, harmony and commitment to the community		II. Guaranteeing the physical and mental wellbeing of the inhabitants	
Resilient and Flexible	Biodiversity	Vibrant	Safe	Air Quality	Biophilic
Embodied Carbon	Resource Efficient	Good neighbour	Diverse	Nourishing	Walkable
<ul style="list-style-type: none"> ➤ E+ C- minimum efficiency level per plot ➤ Wood structure schemes (bridge, school, offices) ➤ Hot and cold system (geothermal energy) ➤ 25k sqm of newly created green areas through replanting incl. 60% greening on private plots ➤ 22% target biodiversity coefficient and ≥70% plants must be native ➤ ≥90% overall recycling rate during construction 	<ul style="list-style-type: none"> ➤ 20k sqm of social housing (c.400 homes) ➤ Create a dynamic community and an attractive environment making sense to its users ➤ Create welcoming spaces to promote meetings across cultures, social backgrounds and lifestyles 	<ul style="list-style-type: none"> ➤ Allow for a nontoxic quality of air <ul style="list-style-type: none"> • 20% less carbon emission per inhabitant ➤ Improve the inhabitant's awareness of the natural environment ➤ Establish prerequisites to increase the importance of soft mobilities <ul style="list-style-type: none"> • 58% share of use of public transport • 4,000 bike spaces created 			



Wooded bridge over 200 metres



Commercial street



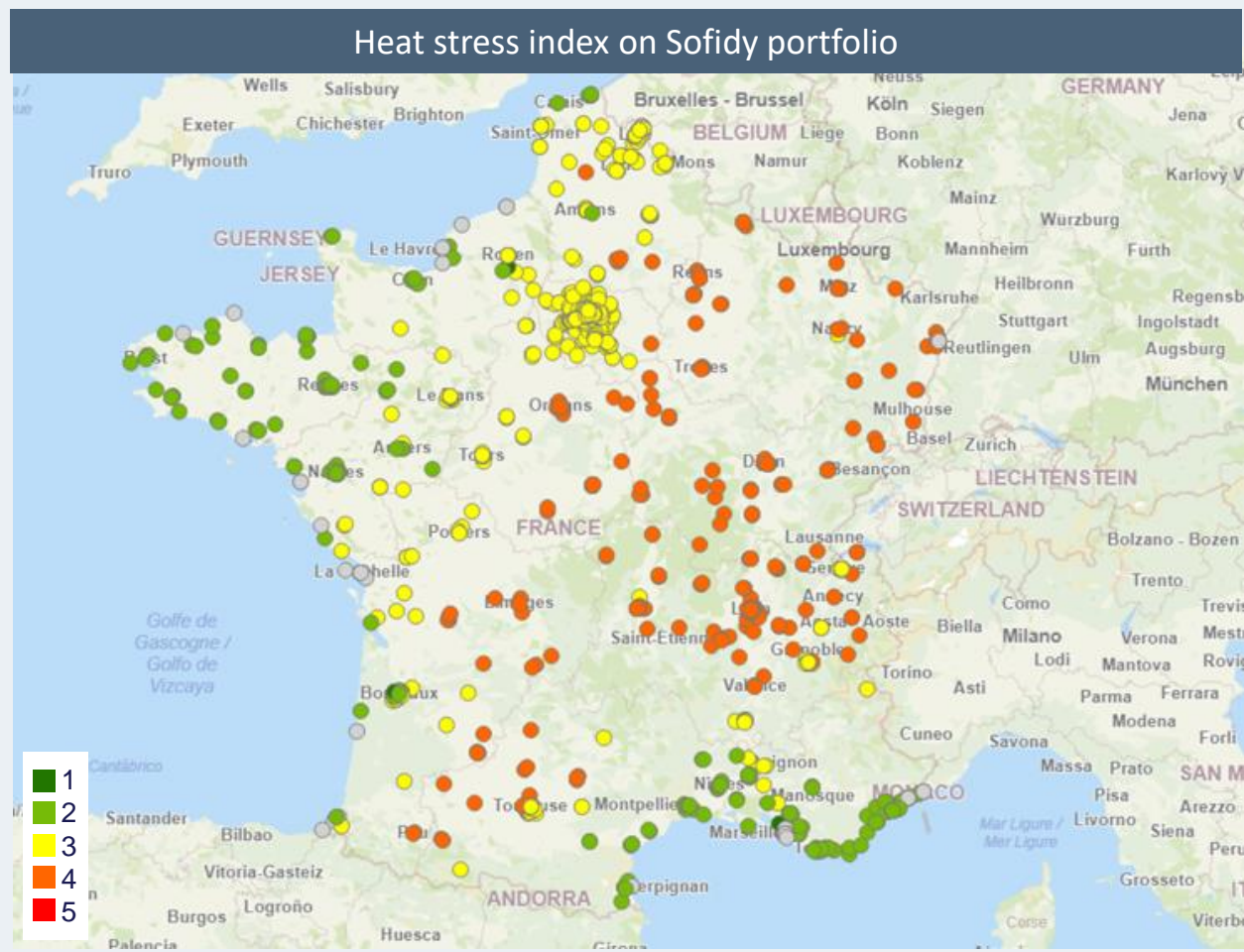
4,000 bike spaces

Real Estate in action

Sofidy considers climate-related physical risks

Sofidy has been designing and developing investment and savings products - French REITs (SCPI, OPCI), listed property companies (SIIC), non-trading companies, real estate UCITS, dedicated funds – since 1987, focusing mainly on commercial and office property. As of the end of Dec. 2020, Sofidy had €6.7 billion under management across a property portfolio comprising more than 2,000 assets.

Sofidy is a member of leading professional associations including Aspim (Association Française des Sociétés de Placement Immobilier), the French association for real estate investment companies) and OID (Observatoire de l'immobilier durable or the French Green Building Observatory) which promote sustainable development in the real estate industry. Sofidy uses the OID TALOEN tool to assess the exposure of its portfolio to heatwaves, drought, river flood and sea level rise.



Number of French assets* at risk in High Climate Change Scenario over 2020-2100 (RCP 8.5: warming in excess of 4°C by 2100)

Climate hazard indicator	Analysis Metric	Low risk <= 2	Medium risk 3	High risk >= 4
River Flood	River basin flood risk index	823 /2,079	641 /2,079	615 /2,079
Heatwave	Heatwave days	411 /2,079	1,268 /2,079	400 /2,079
Drought and wildfire	Length of drought	965 /2,079	447 /2,079	667 /2,079
Sea Level Rise	Coastal inundation risk index	2,058 /2,079	19 /2,079	2 /2,079

Source: OID, TALOEN Bat-ADAPT Climate risk base as of August 2021
 *The analysis is available for 2,079 French assets and the 258 remaining assets located outside France will be covered at a later stage

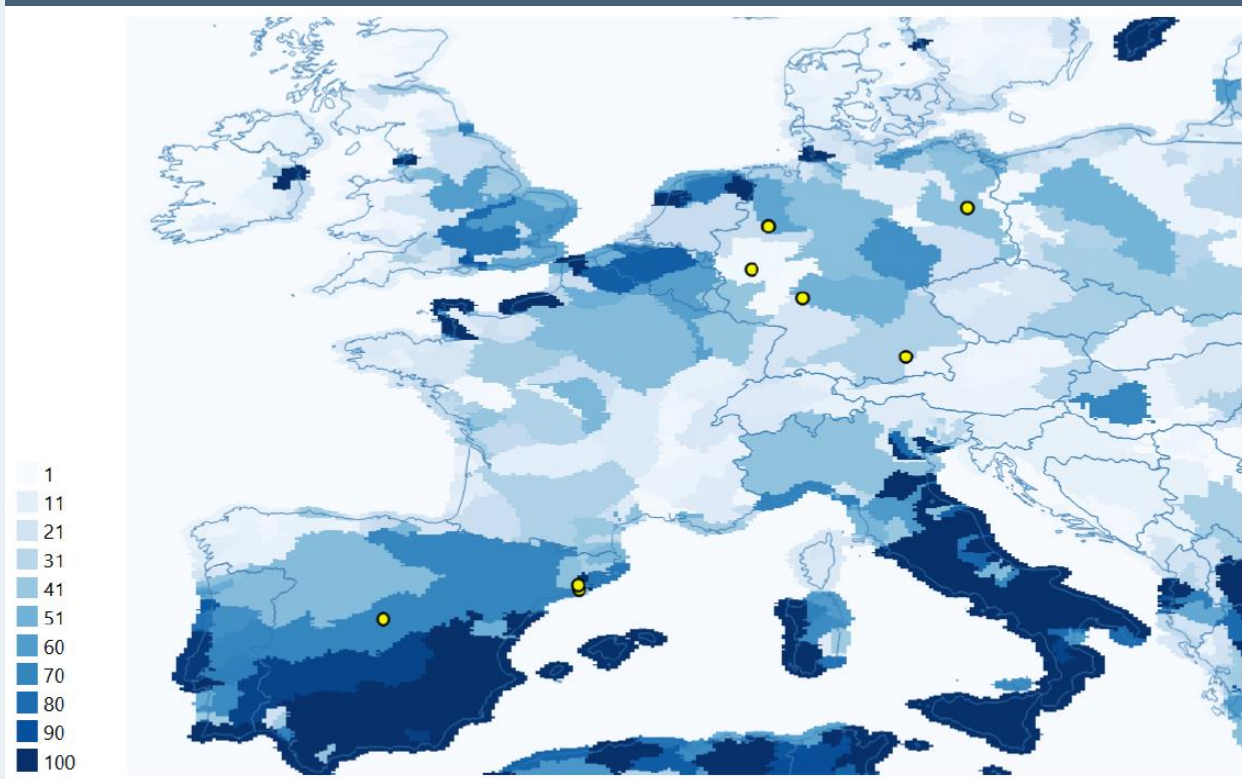
Real Estate in action

IREIT Global considers climate-related physical risks

IREIT Global, a listed REIT based in Singapore is managed by IREIT Global Group Pte Ltd, jointly owned by Tikehau Capital and City Developments Limited. As of 31 December 2020, the 9 real estate assets held by IREIT Global were valued at €0.7 billion, or approximately 3% of Tikehau Capital's AuMs.

Tikehau Capital has mandated S&P Trucost to perform a carbon footprint and climate-related physical risk assessment of the IREIT portfolio as at the end of 2020. The highest physical risks to the REIT portfolio are water stress and river flood. Water stress is measured as the projected future ratio of water withdrawals to total renewable water supply in a given area or the probability of drought estimated on the basis of the Standardized Precipitation Evapotranspiration Index (SPEI). The SPEI measures the "climate water balance", i.e. the difference between precipitation and evapotranspiration, indicating areas with increased or reduced risk of drought. Data is available at a resolution of 100km² to 200km². On the scale, 100 represents maximum water stress and 1 represents sufficient water resources.

Water stress index on IREIT portfolio (RCP 8.5 scenario by 2030)



Source: S&P Trucost

Number of assets at risk in a 2030 High Climate Change Scenario (RCP 8.5: warming in excess of 4°C by 2100)

Climate hazard indicator	Analysis Metric	Low risk <=40	Medium risk <40-<=60	High risk >60
Water Stress	Water stress index	3/9	3/9	3/9
River Flood	River basin flood risk index	8/9	-	1/9
Heatwave	Heatwave days	9/9	-	-
Coldwave	Coldwave days	9/9	-	-
Wildfire	Burnt Area	NA	NA	NA
Sea Level Rise	Coastal inundation risk index	9/9	-	-

Real Assets – Infrastructure

We pursue opportunities to enhance environment, safety, diversity and inclusivity through our investments

The Infrastructure asset class is well suited for ESG and impact across investment and asset management. At Star America we invest mostly in greenfield projects and therefore we contribute to additionality in the SDG 9, Infrastructure and Industrialization. Nevertheless, we are conscious of the ESG stakes in the construction and operation of our projects and this why we have adopted an enhanced ESG approach across our portfolio.

How do we integrate ESG & maintain engagement across the investment lifecycle?

	Screening	Due Diligence	Investment decision	Monitoring & Support
ESG-by-design	<ul style="list-style-type: none"> Assessing gating issues and including results in the introductory IC Memorandum Evaluating high-level ESG risk profiles 	<ul style="list-style-type: none"> Conducting a detailed ESG Due Diligence Reviewing Environmental Impact Studies Completing KYC questionnaire for potential project partners Including full ESG assessment in the Final Investment Committee Memorandum 	<ul style="list-style-type: none"> Including ESG clause in Operating Agreements at the SPV level where possible 	<ul style="list-style-type: none"> Addressing an ESG questionnaire on an annual basis (update expected in 2021) Reporting to management, investors and institutions
Sustainable infrastructure development (SDG 9)	<ul style="list-style-type: none"> Applying an enhanced exclusion list, with gating activities such as Oil & Gas Exploration and/or Development, as well as Private Prison Operations 	<ul style="list-style-type: none"> Systematically engaging with local communities and public authorities 	<ul style="list-style-type: none"> Including the Responsible Contractor Policy in the negotiation Discussing with equity partners and prime contractors to identify ESG risks and value-creation opportunities across the project lifecycle 	<ul style="list-style-type: none"> Introducing ESG action plans with strategic partners, including equity partners, main contractors and subcontractors Evaluating impact across the projects (to be implemented) where possible and relevant

100%

of investments with an ESG profile in the Final Investment Committee Memorandum in 2020

We are investing in assets that are real, essential, long-lived, and resource intensive. It is our responsibility to make sustainability and community a focus of our investing process.

Christophe Petit
President, Star America Infrastructure Partners.

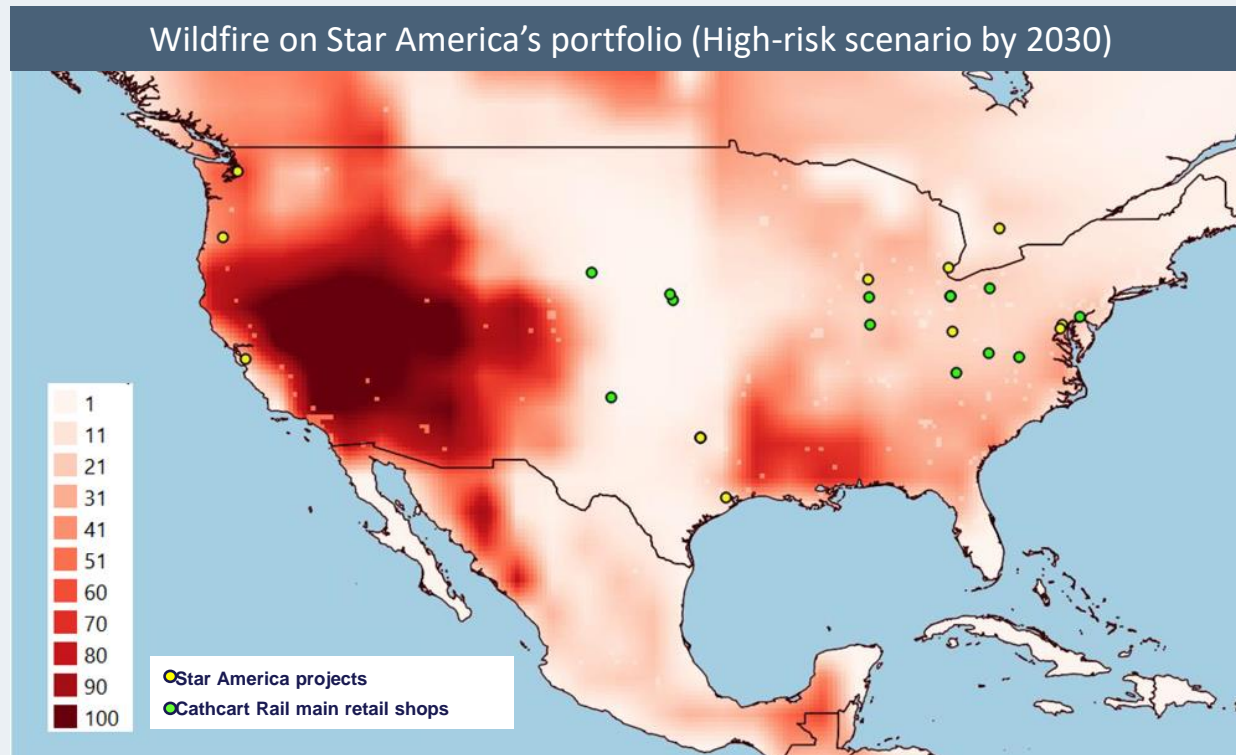
Real Assets – Infrastructure

Star America considers climate-related physical risks

Tikehau Capital’s infrastructure activity is carried out through funds, which are managed by Star America Infrastructure Partners, an independent American asset management company active in the development and management of medium-sized infrastructure projects in North America, acquired by the Group in July 2020. Star America Infrastructure Partners operates in particular through public-private partnerships in four asset categories: transport, social infrastructure, environment and communication. At December 2020, the portfolio amounted to €559 million of AuM across 15 assets located in North America.

Tikehau Capital has mandated S&P Trucost to perform a carbon footprint and climate-related physical risks of Star America’s portfolio at year-end. Within the investment portfolio, Star America supports Cathcart Rail, based in Columbus Ohio, a freight rail platform focused on rail services with 60 locations in 22 states. The assessment identifies that the most material physical risks to the portfolio are related to water stress (3 assets exposed to high risks), cold waves (11 assets exposed to medium risks) and wildfire (1 asset at medium risk).

Across the west coast, fires are already becoming more frequent and extensive, threatening the lives and livelihoods of residents. The map below shows wildfire risks, evaluated by Trucost as the risks of wildfire occurrence by location based on modelled area of burnt vegetation.



Source: S&P Trucost

Number of assets at risk in a 2030 High Climate Change Scenario (RCP 8.5: warming in excess of 4°C by 2100)

Climate hazard indicator	Analysis Metric	Low risk Trucost score <=40	Medium risk Trucost score <40-<=60	High risk Trucost score >60
Water Stress	Water stress index	3/15	9/15	3/15
Heatwave	Heatwave days	15/15	-	-
Cold wave	Coldwave days	5/15	10/15	0
Wildfire	Burnt Area	14/15	1/15	-
Sea Level Rise	Inundation depth	15/15	-	-

Real Assets – Infrastructure in action

Michigan DOT Freeway Lighting

The project involves a 15-year concession agreement to design, build, finance, operate, and maintain the improvements on existing freeway and tunnel lighting systems in the Detroit Metro Region. The project is the first Public-Private Partnership (P3) in the country for a freeway lighting asset and the first P3 for the State of Michigan.

Project sponsor: Michigan Department of Transportation



Located in the Macomb, Oakland, and Wayne counties the freeway lighting system consists of approximately 15,000 fixtures and the underlying infrastructure. Prior to the project, the majority of the system's fixtures were inefficient high-pressure sodium or metal halide.



Starting in August 2015, the system was upgraded and the outdated lights were replaced with energy-efficient LED technology, with 100% of lights completed in just 2 years.



Since the start of operations in August 2017, the project has met and exceeded the client's energy performance goals by achieving **energy savings of more than 78 million kilowatt-hours through December 31, 2020**. In 2020 alone, the system achieved over 23 million kilowatt-hours in energy savings, which is the equivalent of over \$1.2 million in energy cost savings for the client.

Beyond energy savings, **the improved system is helping increase highway safety conditions for the travelling public** through increased visibility, reduced outages, and improved light quality.

This project is a great example of how all parties benefit from a natural alignment of environmental, social, and economic interests. Every step of the way, the project has been a great success for the stakeholders involved.

Mark Melson
Chief Investment Officer – Star America
Board Member – Freeway Lighting Partners



Multi strategies – Tactical Strategies in action

Tikehau Special Opportunities – bespoke capital solutions to sustainably support firms in both private and secondary markets thanks to its flexible mandate and strong structuring expertise

Residential/Office Development

Central London mixed-use residential and office development targeting a BREEAM excellent rating



- The TSO team structured a hybrid mezzanine development facility to support Ghelamco, a developer with green status in line with the EU Energy Performance of Buildings Directive (EPBD) and a market-leading green bond EMTN programme.
- The Arc is targeting a BREEAM excellent rating, a WELL Certified gold and a DGNB Certificate. BREEAM is a leading sustainability assessment method for buildings based on a range of factors including energy use, health & wellbeing, materials used and overall management.



Digital Infrastructure

Market-leading data centre in Amsterdam supplying hot water to a local residential area



- Investment firm Great Grey Investment was supported by a mortgage-backed financing from Tikehau Capital to acquire the site of the future 100MW Westpoort Data centre as well as to begin development works.
- Waste heat from the facility will serve the district heating network of Westpoort Warmte. This closed-loop system will then feed recycled water from the network back to the site to support its cooling systems. Upon completion, the data centre will also use 100% solar and wind energy from panels on the building and nearby wind farms.



Note: Amsterdam data centre financing was completed in July 2021.



Appendices

Appendix 1 – GRI CONTENT INDEX (1/4)

The following table cross-references information relating to Global Reporting Initiative (“GRI”) Standards with information published in this report (Sustainability Report 2020 abbreviated as “2020 SR”), as well as in the [Tikehau Capital 2020 Universal Registration Document](#) (“2020 URD”) and the Group’s website. Material topics were identified using our materiality assessment process (see 2020 URD p. 94 and 189). All topics identified pertain directly to Tikehau Capital SCA and our affiliates.

GRI DISCLOSURE NUMBER	DESCRIPTION	REFERENCE	COMMENT
GENERAL DISCLOSURES			
ORGANISATIONAL PROFILE			
102-1	Name of the organisation	2020 SR p.02 2020 URD p.02	Tikehau Capital SCA
102-2	Activities, brands, products and services	2020 SR p.04, 20, 21 2020 URD p.04-05,10-11,21,26-27,	
102-3	Location of headquarters	2020 URD back cover	
102-4	Location of operations	2020 URD p.33	Please see: https://www.tikehaucapital.com/en/our-group/our-offices
102-5	Ownership and legal form	2020 URD p.111,134, 332-337	Please see: https://www.tikehaucapital.com/en/site-services/legal-notice
102-6	Markets served	2020 URD p.04	
102-7	Scale of the organisation	2020 URD p.04,06-07	
102-8	Information on employees and other workers	2020 URD p.04,07,209-215	
102-9	Supply chain	2020 URD p.215 Group Responsible Purchasing Charter	A responsible purchasing policy is key to mitigate a large number of non-compliance risks, reputational risks and supply chain risks. Promoting such policies is key, specially for our portfolio companies operating in industries such as manufacturing, agri-food, textile or pharmaceuticals, with an internal requirement level similar to that of its investments, the Group wishes to adopt a stringent policy based on high standards.
102-10	Significant changes to the organisation and its supply chain	-	No significant changes took place during the reporting period.
102-11	Precautionary Principle or approach	2020 URD p.94-130	
102-12	External initiatives	2020 SR p.14, 15, 17 2020 URD p.211,215-217	Tikehau Capital has launched partnerships to encourage the recruitment of new employees. Through the TKO University Coverage Project, Tikehau Capital employees regularly present the Group's approach at leading universities such as EDHEC or HEC in France. Through its policy of partnership and philanthropy, the Group proactively supports initiatives and projects that reflect its values or pressing issues. A dedicated philanthropy working group has identified youth and social entrepreneurship as being priority issues, and seeks to build partnerships between Tikehau Capital and organisations working in this area. Despite the constraints posed by the Covid-19 pandemic, the Group continued its partnership and sponsorship actions in 2020.
102-13	Membership of associations	2020 URD p.206	Industry associations: <ul style="list-style-type: none"> • AFEP (Association française des entreprises privées / French Association of Large Companies) • AFG (Association Française de la Gestion financière / French Asset Management Association) • AIMA (Alternative Investment Management Association) • ELFA (European Leveraged Finance Association) • France Invest (Leading association of French private investors) • NZAM (Net Zero Asset Managers initiative) • OPPEF (One Planet Private Equity Funds) under the One Planet Summit umbrella • UN PRI (Principles for Responsible Investment)
STRATEGY			
102-14	Statement from senior decision-maker	2020 SR p.05 2020 URD p.03	

Appendix 1 – GRI CONTENT INDEX (2/4)

GRI DISCLOSURE NUMBER	DESCRIPTION	REFERENCE	COMMENT
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behavior	2020 URD p.186, 190, 206	
GOVERNANCE			
102-18	Governance structure	2020 URD p.134-151,177-178	The Supervisory Board comprises 50% independent members and 40% women.
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups		The groups stakeholders comprise employees, investors clients (shareholders, fund investors and potential investors), investee companies, suppliers, communities, regulatory bodies as well as financial analysts, rating agencies, NGOs and media.
102-41	Collective bargaining agreements	2020 URD p.215	Tikehau Capital adheres to the principles laid down in the fundamental conventions of the International Labour Organisation ("ILO") concerning (i) respect for the freedom of association and right to collective bargaining, (ii) the elimination of discrimination in respect of employment and occupation, (iii) the elimination of forced and compulsory labour, and (iv) the effective abolition of child labour. Tikehau Capital facilitates the exercise of freedom of association and collective bargaining. The Group promotes social dialogue notably through Social and Economic Councils ("Comité Social et Economique" or "CSE") in place at three of its most significant French affiliates. Moreover, circa 50% of the Group employees are covered by collective agreements in France, Italy and Spain.
102-42	Identifying and selecting stakeholders	2020 URD p.189	The first step of Tikehau Capital ESG materiality matrix assessment was to identify key stakeholders.
102-43	Approach to stakeholder engagement	2020 URD p.205-206	The Company intends to meet a high level of transparency concerning its own activities and regularly communicates to its stakeholders. Tikehau Capital Communication and Investor Relations teams have day-to-day responsibility for communications with key stakeholders. The Legal corporate team also ensures that the Group meets relevant disclosure obligations.
102-44	Key topics and concerns raised	2020 URD p. 189	
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	2020 URD p.36,255-256	
102-46	Defining report content and topic boundaries	2020 SR p.2	
102-47	List of material topics	2020 SR p.10-11 2020 URD p. 189	
102-48	Restatements of information	-	No significant restatements compared to the previous reporting period.
102-49	Changes in reporting	-	There have been no significant changes from previous reporting periods in the material topics we are reporting on.
102-50	Reporting period	2020 SR p.1	Calendar year 2020.
102-51	Date of most recent report	2020 SR p.1	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	2020 SR p.63	
102-54	Claims of reporting in accordance with the GRI Standards		GRI Standards were selected to report specific information but were not used as the main reporting framework for this report.
102-55	GRI content index	-	The GRI content index is in accordance with the GRI Standards.
102-56	External assurance	2020 URD p.221-222	At this time, Tikehau Capital does not seek external assurance for its sustainability Report. The Statement of non-financial performance of Tikehau Capital SCA presented in its 2020 URD has been audited in accordance with ISAE 3000.

Appendix 1 – GRI CONTENT INDEX (3/4)

GRI DISCLOSURE NUMBER	DESCRIPTION	REFERENCE	COMMENT
MATERIAL TOPICS			
ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	2020 URD p.224	
201-2	Financial implications and other risks and opportunities due to climate change	2020 URD p.197-204	Tikehau Capital launched pilot climate-risk assessments at portfolio level. Tikehau Capital mandated Trucost to identify the physical risks of real estate and infrastructure assets. The results of the analyses will be included in the ESG and Climate reports of the funds concerned.
ANTI-CORRUPTION AND RESPONSIBLE BUSINESS PRACTICES			
205-2	Communication and training about anti-corruption policies and procedures	2020 URD p.206-207	Tikehau Capital is subject to a strict regulatory framework regarding anti-money laundering. Asset managers and investment service providers are required to report to an anti-money laundering unit under the authority of the French Minister of the Economy, Tracfin (the acronym translates as "Intelligence Processing and Action Against Circuits of Illegal Financing"), any amounts recorded in their accounts that they suspect may derive from drug trafficking or organized crime, any unusual transactions exceeding certain amounts and all amounts and transactions that they suspect to be the result of an offence punishable by a term of imprisonment for one year or which may contribute to the financing of terrorism. In addition, the Group deploys internal strategies aiming at reinforcing its anti-money laundering approach. Since July 2011, Tikehau Capital has incorporated the principles included in the "UK Bribery Act", which seeks to fight against corruption and is applied internationally, in its various compliance manuals. In 2019, the professional code of ethics reinforced these principles, reminding people that Tikehau Capital is fully committed to managing its development in accordance with the highest anti-corruption standards at an international level. It takes into account the regulatory framework dictated by the Sapin II Law. The Code of Conduct relative to the Prevention of Corruption and Influence Peddling was finalised in Q2 2020. The employees of each of the Group's entities are especially aware of the risks of non-compliance of all kinds and of corruption.
EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	2020 SR p.14 2020 URD p.208, 200	
305-2	Energy indirect (Scope 2) GHG emissions	2020 SR p.14 2020 URD p.208, 200	
305-3	Other indirect (Scope 3) GHG emissions	2020 SR p.14, 26 2020 URD p. 208, 200	
305-5	Reduction of GHG emissions	2020 SR p. 14, 25	For the Group operations, Tikehau Capital discloses its carbon footprint in terms of carbon emissions per capita. The Group is committed to reducing its environmental impacts where possible (development of low carbon mobility policy, select efficient buildings, responsible purchasing policy at the levels of goods & services). Since 2019, the Group has offset the carbon emissions related to its operations (scope 1, 2 and 3 upstream). In addition, for its investment activities, the Group makes its best effort to measure the greenhouse gas emissions of its portfolios. In addition, the Group is committed to helping 100% of the portfolio companies in flagship private equity funds to conduct a carbon footprint assessment in the 12 months following the investment and to define emission-reduction plans where possible.
ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	-	During the reporting period, no instances of non-compliance with environmental laws or regulations resulting in fines or non-monetary sanctions from competent authorities were identified.
HUMAN CAPITAL MANAGEMENT			
401-1	New employee hires and employee turnover	2020 URD p.210	Tikehau Capital has a Human Capital Department at Group level. The Head of HR directly reports to the Deputy CEO. The Human Capital team is responsible for calculating the Group turnover based on the number of leaves in 12-month rolling period divided by the average workforce number during the year. 2020 Group employee turnover: 10.3% (compared to 12.4% in 2019)
TRAINING AND EDUCATION			
404-2	Programs for upgrading employee skills and transition assistance programs	2020 URD p.213-214	The talent management and retention policy involves a range of complementary initiatives: ongoing dialogue concerning career development, training, mobility opportunities, as well as attractive compensation packages and benefits, enabling employees to plan for the future. The training delivered is designed to ensure that employees can adapt to their roles and develop their skills. As part of its training plan, the Group works to provide employees with a diverse range of training options.

Appendix 1 – GRI CONTENT INDEX (4/4)

GRI DISCLOSURE NUMBER	DESCRIPTION	REFERENCE	COMMENT
MATERIAL TOPICS			
TRAINING AND EDUCATION			
404-3	Percentage of employees receiving regular performance and career development reviews	2020 URD p.213-214	The firm has deployed multiple initiatives aiming at retaining talent (e.g employee shareholding, flexible work schedules in specific conditions, remote working and sports programs)
DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	2020 SR p. 9, 15 2020 URD p. 168-169, 210, 212	The Group believes in a critical and original way of thinking. Thus, promoting a culture of diversity is at the heart of its successful recruitment strategy. Nationalities among the workforce: 26 Percentage of women in permanent staff: 41% Percentage of women across Managing Directors: 26% Proportion of women on investment teams: 27% Percentage of women on the Supervisory Board: 40% Tikehau Capital is a signatory of the Diversity Charter of France Invest , the leading Private Equity association in France. The charter comprises 30 commitments including commitments to increase the alignment of salaries, variable pay and carried interest for women and men or implementing family friendly policies. The Group has measured gender pay gaps of its main affiliates and is proactively working to reduce these gaps across the organisation.
NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	2020 URD p.205, 211	During the reporting period, no incident of discrimination was recorded. The Group trains Human Capital Department employees and raises awareness among all managers and employees involved in recruitment processes to prevent unlawful discrimination in hiring on grounds of race, colour, skin, religion or belief, gender, national or ethnic origin, disability, age, nationality, family status, pregnancy or orientation. In addition, the Tikehau Capital Supervisory Board has adopted a diversity policy that is public.
MARKETING AND LABELLING			
417-3	Incidents of non-compliance concerning marketing communications.	2020 URD p.205	The Group has articulated a responsible marketing approach that is incorporated into its compliance manuals. The Group works hard to communicate accurate and clear information that does not mislead investor-clients. The Compliance Department checks presentations that are prepared with the purpose of promoting the Company or its funds. The financial and non-financial reports undergo an internal revision process and, in some cases, are subject to independent third-party verification.
CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	During the reporting period, no substantiated complaints regarding breaches of customer privacy and losses of customer data were identified.
SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	-	During the reporting period, no incident of non-compliance with laws and regulations concerning social and economic area resulted in fines or legal action.
PRODUCT PORTFOLIO			
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	2020 SR p.20-21,22 2020 URD p.72	T2 Energy Transition fund represented €812m of assets under management as of 31.12.2020.
ACTIVE OWNERSHIP			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	2020 SR p.21, 32, 36	For 2020, the Private Equity team has set a target to invite 100% companies in flagship funds to perform a carbon footprint (if not already the case) , to measure the gender pay gap annually (if not already the case) and more generally to discuss their sustainability roadmap. At the level of the operations, objectives regarding climate action, reduced inequalities, gender equality and good governance have been set.

Appendix 2 – SASB CONTENT INDEX (1/2)

The following table cross-references information relating to the Sustainability Accounting Standard Board (SASB), and in particular Asset Management & Custody Activities disclosure guidelines, with information published in this report (Sustainability Report 2020 abbreviated as “2020 SR”), as well as in the Tikehau Capital 2020 Universal Registration Document (“2020 URD”) and the Group’s website.

SASB CODE	DESCRIPTION	REFERENCE	COMMENT
TRANSPARENT INFORMATION & FAIR ADVICE FOR CUSTOMERS			
FN-AC-270a.1	(1) Number and (2) percentage of covered employees* with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	-	At the end of 2020, no employees have a record of investment-related investigations. Tikehau Capital Stock Market Professional Code complements all of the specific arrangements linked to Asset Management regulations, the provision of investment services and regulations on the prevention of money laundering and finance for terrorism. Training sessions (e.g. prevention of money laundering or finance for terrorism) take place regularly in line with the regulatory obligations of the Group’s asset management companies for all investment teams.
FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	-	During the reporting period, no incident of non-compliance with financial industry laws or regulations resulted in monetary losses.
FN-AC-270a.3	Description of approach to informing customers about products and services	2020 URD p.33,205	The Group has articulated a responsible marketing approach that is incorporated into its compliance manuals. The Group works hard to communicate accurate, clear information that does not mislead investor-clients. The Compliance Department checks all presentations that are prepared with the purpose of promoting the Group, the Company or its funds. The financial and non-financial reports undergo an internal revision process and, in some cases, are subject to independent third-party verification. The Group provides relevant information on the investment strategy and risk profile for each investment product. Such disclosure is included both in the Group’s website (for open-ended funds) and in the legal documents communicated to investors (for all funds). All the hierarchical levels of the organisations are involved in responsible product offering. To this end, a dedicated chapter is included in the Compliance Manual for each investment platform.
EMPLOYEE DIVERSITY & INCLUSION			
FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	2020 SR p.11,13,15 2020 URD p.212	At year-end, the Group employees represented more than 26 nationalities. More detailed racial/ethnic statistics are not allowed in France. Men are overrepresented in the Group’s industry. In this context, the Group’s recruitment policy aims to promote, wherever possible, applications from women, whenever there are vacancies, and particularly for investment roles, to promote gender equality. Special attention is paid to the recruitment of trainees so that more women are welcomed into the teams, and to the development of women’s careers, with measures such as wage increases and possible promotion on return from maternity leave.
INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT & ADVISORY			
FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability-themed investing, and (3) screening	2020 SR p. 20-21	All of the Group’s strategies are covered by the Sustainable investing policy . A tailored approach was designed for each of the business lines considering the specific features of each asset class.
FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	2020 SR p.19 2020 URD p.191-204	The Group’s responsible investing policy covers the full spectrum of responsible investment through four pillars, ranging from exclusions to the development of sustainability-themed products. While ESG integration is the backbone of the Group’s responsible investing strategy, engagement is held on an ad hoc basis with a view to helping the portfolio companies improve.

* SASB defines “covered employees” as employees subject to filing forms with the Central Registration Depository (CRD) of the Financial Industry Regulatory Authority (FINRA) or with the with the Investment Adviser Registration Depository (IARD) of the U.S. Securities and Exchange Commission (SEC). Tikehau Capital Group affiliates also report to other regulators such as the French Autorité des Marchés Financiers (AMF), the UK Financial Conduct Authority (FCA) or the Monetary Authority of Singapore (MAS).

Appendix 2 – SASB CONTENT INDEX (2/2)

SASB CODE	DESCRIPTION	REFERENCE	COMMENT
INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT & ADVISORY			
FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	2020 URD p.194	Tikehau Capital has pledged to vote at shareholder meetings of all companies held in funds (fund of funds excluded) regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and as long as its custodians are able to take its votes into account. Depending on the proximity with the management of the portfolio companies, the Group deploys tailored engagement campaigns. See examples in Private Debt and Private Equity activities in this document.
BUSINESS ETHICS			
FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations		During the reporting period, no incident of non-compliance with financial industry laws or regulations resulted in monetary losses.
FN-AC-510a.2	Description of whistle-blower policies and procedures	2020 URD p.206-207	Compliance with ethical principles is a fundamental pillar of the Group's investment and Asset Management activities and a key element for its reputation. In all of its actions, Tikehau Capital is committed to complying with rules of conduct with respect to all its stakeholders and in the way it conducts its business. These rules of conduct are laid down in the Group's Code of Ethics. One of the essential principles is combating behaviours or practices that run counter to business ethics, such as corruption or influence peddling. Moreover, a whistleblowing system has been implemented and the data gathered in 2020 did not reveal any material problems.
SYSTEMIC RISK MANAGEMENT			
FN-AC-550a.1	Percentage of open-end fund assets under management by category of liquidity classification		At 31.12.2020, Tikehau IM and Sofidy open-end fund assets under management (AuM of €10.4bn) can be classified as follows: (1) 25% of highly liquid investments (one day or less) (2) 18% moderately liquid investments (more than one day or less than seven days), (3) <3% less liquid investments (more than 7 days and less than 31 days), and (4) <55% of illiquid investments (above 31 days)
FN-AC-550a.2	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption	2020 URD p.105-107	Tikehau Capital manages its liquidity risk by maintaining a store of available cash and liquid investments (the current portfolio) that is sufficient for covering its current debts.
FN-AC-550a.3	Total exposure to securities financing transactions	-	Tikehau Capital had no exposure to securities financing transactions as of year-end 2020.
FN-AC-550a.4	Net exposure to written credit derivatives	2020 URD p.67	Through its fixed income activities, and namely through its funds Tikehau Credit Plus (€408m as at year-end) and Tikehau Subfin Fund (€402m as at year-end), the Group could have a limited exposure to credit derivatives.
ACTIVITY METRICS			
FN-AC-000.A	(1) Total registered* and (2) total unregistered assets under management (AuM)	2020 URD p.26-28	As of year-end 2020 Total registered AuM: €28,530m Total unregistered AuM: €9m
FN-AC-000.B	Total assets under custody and supervision		Not applicable as at 31.12.2020

* Registered AuM include those subject to the regulations of the Investment Company Act of 1940 (1940 Act), such as mutual funds, managed under the Employee Retirement Income Security Act of 1974 (ERISA), subject to the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive, or managed under the Commodity Futures Trading Commission's (CFTC's) Commodity Pool Operator (CPO) regulations.

Appendix 3 – Principal adverse impact indicators (SFDR)

PRINCIPAL ADVERSE IMPACTS		DESCRIPTION	CURRENT DATA AVAILABILITY			
			PRIVATE EQUITY	PRIVATE DEBT	CAPITAL MARKETS STRATEGIES	REAL ASSETS
Greenhouse gas emissions	1. GHG Emissions	Measure of the Scope 1 and 2 GHG emissions and Scope 3 from 1 January 2023 expressed in tons of CO ₂ . This is based on absolute emissions, either reported or estimated.	High	Low	Low	Low
	2. Carbon footprint	Measure of the carbon emissions of the portfolio companies. This is based on absolute emissions, either reported or estimated. The result is expressed in terms of tonnes of CO ₂ .	High	Low	Low	Low
	3. GHG intensity of investee companies	This relates to the GHG emissions of companies divided by their revenues and relative to the value of Tikehau Capital's investment in that company (WACI).	High	Low	Low	Low
	4. Exposure to companies active in the fossil fuel sector	Share of AuM in companies exposed to the fossil fuel sector, in particular in companies deriving revenues from exploration, mining, extraction, distribution or refining of various types of fossil fuels.	High	High	High	High
	5. Share of non-renewable energy consumption and production	Assessment of the share of non renewable and renewable energy consumption of the portfolio companies.	Medium	Low	Low	Low
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector.	High	Medium	Medium	Low
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Number of companies operating in biodiversity sensitive areas (using UN PRI maps).	Low	Low	Low	Low
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	Low	Low	Low	Low
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average.	Low	Low	Low	Low
Social matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that are considered to be operating in violation of the UNGC principles or OECD Guidelines for Multinational Enterprises in the year of the report.	High	High	High	High
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD guidelines	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines.	High	High	Medium	Low
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies.	Low	Low	Low	Low
	13. Board gender diversity	Average ratio of female to male board members in investee companies.	High	High	Low	Low
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of anti-personnel mines, cluster munitions, chemical weapons and biological weapons.	High	High	High	High

Source: ESMA, Final Report, including the draft Regulatory Technical Standards (RTS), on the content, methodologies and presentation of disclosures under the EU Regulation on sustainability-related disclosures in the financial services sector (SFDR) available [here](#).

Appendix 4 – Article 29 of the French Energy-Climate Law - Cross referencing table (1/3)

DISCLOSURES	2020 SR SECTION	COMMENT
Article 1, III, 1° Information relating to the overall approach of the entity:		
a) general approach and integration of ESG into the investment strategy	II. Sustainability approach; III. Focus on climate approach; V. Focus on impact approach	Please also refer to Tikehau Capital's Sustainable Investing Charter
b) content, frequency and means of communication to investors	Not included in this report	Tikehau capital provides an annual Sustainability Report and a Sustainable Development Chapter within the Group's Universal Registration Document. These documents include the Group's approach to responsible investing as well as the main results of the annual monitoring of ESG or climate-related factors for each activity. Flagship funds may have additional ESG-dedicated reports or ESG sections in the mainstream communication with investors.
c) percentage of assets under management aligned with the Regulation (EU) 2019/2088 on Sustainable Finance Disclosure Regulation ("SFDR") Articles 8 and 9	V. Focus on impact approach	While the Group's responsible investing strategy is applicable across the business units, the Group expects at least 42% of AuM will be aligned with article 8 and 5% with article 9 by the end of 2021 (i.e. updating the fund's documentation to include ESG integration strategy).
d) taking ESG criteria into account when awarding new mandates	n/a	Not applicable for Tikehau Capital activity.
e) joined initiatives or obtained ESG labels	II. Sustainability approach - Key milestones	Tikehau Capital is a signatory of the UN PRI since 2014. The Group has joined the Net Zero Asset Managers Initiative and has an active role in ESG and impact related working Groups across the investment industry (e.g. FranceInvest, ELFA, WRI, etc.) At 31 December 2020, 19 labelled funds represented €6.8 billion (around a quarter of the Group's assets under management). 15 Funds have obtained the LuxFlag ESG, in addition, 3 fund have obtained the French <i>Relance</i> Label and one fund has obtained the French ISR label.
Article 1, III, 2° Description of the means deployed by the entity:		
a) FTE in percentage, amounts spent on ESG integration, in-house research and use of external contractors	II. Sustainability approach – ESG Governance; IV. Focus on climate approach – Climate Action centre	At the date of the publication of the Sustainability Report, the ESG team is composed of 4 FTEs. In addition, investment and research teams have ESG responsibilities (over 200 employees dedicating about 10% of their time to ESG integration). For more information, please refer to Tikehau Capital's 2020 URD p.191
b) developments to strengthen internal capabilities	Not included in this report	The Tikehau Capital ESG team was reinforced in 2020 and 2021 and is now composed of 4 FTEs. There is one dedicated FTE for the integration of ESG and impact across the Private Equity business line and two recruitments are underway for the management of the Private Debt and the Real Estate activities. Trainings are regularly organised to ensure the development of internal capabilities (e.g. interventions of the Head of Climate to address the Group's climate strategy).
Article 1, III, 3° Consideration of ESG criteria at the governance level of the entity:		
a) at the level of governance bodies	II. Sustainability approach – ESG Governance	ESG is integrated in the Group's governing bodies. In March 2021, the Appointment and Remuneration Committee of the Supervisory Board was renamed Governance and Sustainability Committee and new responsibilities were appointed, the Group's ESG and CSR strategy is discussed at every meeting. Cécile Cabanis joined the Group as Deputy CEO supervising ESG, communications and human resources in September 2021.
b) in terms of remuneration policies	Not included in this report	The remuneration policies of the Group's French asset management companies now include sustainability risks, in compliance with the SFDR recommendations. Please refer to Tikehau Capital's 2020 URD p.89
c) at the level of the internal rules of the governance entities	Not included in this report	The rules of the Governance and Sustainability Committee were updated to include ESG responsibilities. Please refer to Tikehau Capital's 2020 URD p.176

Appendix 4 – Article 29 of the French Energy-Climate Law - Cross referencing table (2/3)

DISCLOSURES	2020 SR SECTION	COMMENT
Article 1, III, 4° Voting and engagement strategy and review of the procedures implemented		
a) Scope of the engagement strategy	III. Sustainability investing V. Sustainable investing across activities	Tikehau Capital has defined an Engagement and Voting policy which is applicable to all of the Group activities. Where relevant, Tikehau Capital investment analysts 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. The details of the engagement are described in the dedicated section for each activity. Sofidy has defined its own Engagement and Voting policy as well.
b) Presentation of the voting policy	Not included in this report	Tikehau Capital has defined an Engagement and Voting policy which is applicable to all of the Group activities. The annual general meeting (AGM) is the place for exercising voting rights and therefore a core component of corporate governance. This is why Tikehau Capital has pledged to vote at shareholder meetings of all companies held in funds (fund of funds excluded) regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and as long as its custodians are able to take its votes into account.
c) Results of the engagement strategy	Not included in this report	In 2020-2021, the investment and ESG teams actively engaged with the majority of portfolio companies in flagship funds in private equity and private debt (direct lending and corporate lending activities), as well as with all investments in SFDR article 9 funds.
d) Results of the voting policy	Not included in this report	Tikehau IM voting report here . Sofidy voting report here .
e) Decisions taken in terms of divestment or sector exclusions	Not included in this report	In 2021, Tikehau Capital decided to reinforce the exclusion policy available within the Group's Sustainable Investing policy . Since 2018, 3 investments have been declined by the ESG Committee on ESG considerations.
Article 1, III, 5° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement		
a) Share of AuM eligible to the EU Taxonomy (assess against the technical criteria)	Not included in this report	The assessment Green share of the AuM (initially the alignment and eventually the eligibility to the EU Taxonomy) is included in the roadmap for 2022. The Group will conduct this assessment for the funds with a Sustainable Objective in the sense of the SFDR Article 9 as a priority.
b) Share of AuM in the fossil fuel sector	Not included in this report	Exposure to thermal coal and oil & gas represents less than 1% of the Group's AuM.
Article 1, III, 6° Information on the strategy of alignment with the international objectives of limiting global warming set by the Paris Agreement		
One of the key objectives of the Group's impact platform is to contribute to climate change mitigation.		
a) Definition of a climate quantitative objective in line with a recognised methodology	IV. Focus on climate approach	The Group will launch an SBTi definition exercise as part of the roadmap for 2021-2022. Initially, the exercise will be conducted for the Private Equity business unit, where the Group has the most significant means to influence the trajectory.
e) The role of the assessment in the investment strategy	Not included in this report	The SBTi will have an impact on the investment strategy, both for the selection of new investments and for the engagement with portfolio companies, at least for the private equity strategy.
f) The main updates of the responsible investing strategy to promote alignment with the Paris agreements	Not included in this report	In 2021, the Group reinforced its responsible investing charter to further include climate and biodiversity considerations. In addition, the Group adopted the Net Zero Asset Managers Initiative. In this context, Tikehau Capital has identified 4 main pathways to materialise commitments: <ul style="list-style-type: none"> • Invest in solutions (>€ 1m invested in the energy and ecological transition) • Reinforce negative screening • Measure impacts and engage • Identify and manage risks In particular in 2021, the Group launched new investment vehicles contributing to climate objectives, reinforced the exclusion policy to set more ambitious standards regarding the progressive phase-out of thermal coal and controversial fossil fuels. In particular, (i) the transition from a 30% to a 5% revenues threshold for investments exposed to thermal coal and, (ii) the exclusion of companies with more than 5% of revenues from controversial fossil fuels (i.e. arctic drilling, deep offshore oil and gas, oil sands and shale gas).

Appendix 4 – Article 29 of the French Energy-Climate Law – Cross referencing table (3/3)

DISCLOSURES	2020 SR SECTION	COMMENT
Article 1, III, 7° Information on the strategy of alignment with long-term objectives related to biodiversity	Not included in this report	Tikehau Capital is working on a Biodiversity and Climate Strategy. Overall commitments are included in the Sustainable Investing Charter . In 2021, the Group started to incorporate questions related to biodiversity in the ESG questionnaires at the pre-investment and monitoring phases of the investments.
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	III. Sustainability investing IV. Focus on climate approach	ESG criteria are integrated across business units and across the investment lifecycle. Please also refer to Section 6 “Internal controls” of Tikehau Capital’s Sustainable Investing Charter .
b) a description of main ESG risks	Appendix 3 – Principal adverse impact indicators	
c) an indication of the review frequency of the risk management framework	III. Sustainability investing V. Sustainable investing across activities	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 considered in financial modelling. A pilot project will be launched as part of the ESG roadmap for H2 2021-2022.
e) a quantitative estimate of the financial impact of the main ESG risks		A pilot project at the level of the private equity business line will be launched in H2 2021-2022 to assess the financial impact of sustainability risks and opportunities.
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 intrinsically included in the assessments of investment targets and during the holding period. A pilot project was launched in 2021 to further include climate-related risks in the sense of the TCFD recommendations.
Article 1, III, 9° - Action plan to ensure the compliance with the Article 29 recommendations		Tikehau Capital is working on a Biodiversity and Climate Strategy. Overall commitments are included in the Sustainable Investing Charter .

Appendix 5 – Carbon footprint assessment

Estimate the quantity of carbon emissions emitted or avoided at company and fund level. The latter is based on theoretical carbon emissions allocated to the fund for each portfolio company by comparing the fund's investment to the enterprise value

Induced carbon emissions are measured in tonnes of CO₂ equivalent – tCO_{2e}, and allocated to a company across different scopes:

SCOPE 1

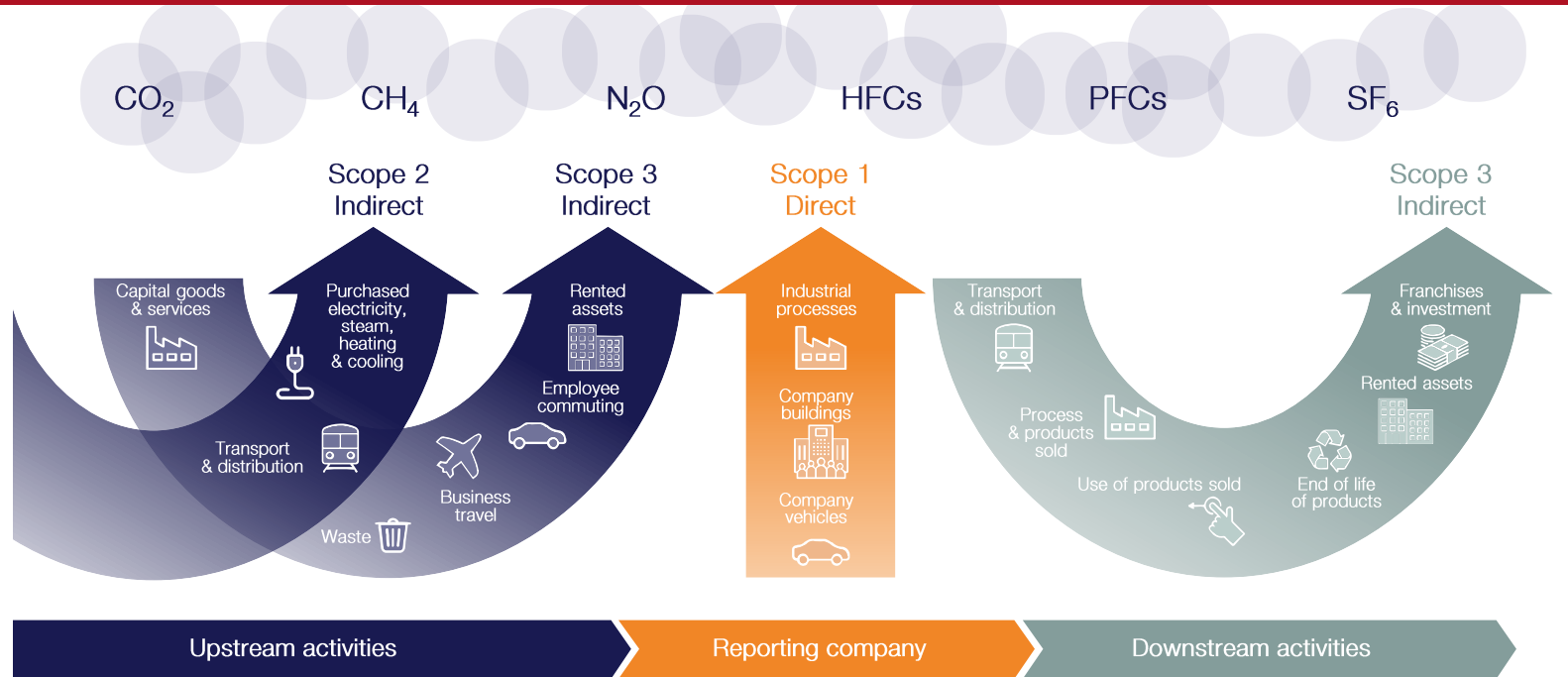
GHG directly emitted by companies from their fixed or mobile facilities

SCOPE 2

Indirect emissions related to energy consumption for the production of goods and services

SCOPE 3

Other indirect emissions that take place upstream or downstream in the value chain



Source: GHG protocol

Avoided carbon emissions are measured in tonnes of CO₂ equivalent – tCO_{2e}, are emission reductions that occur as a result of using a given service or product, outside the service or product's lifecycle or value chain.

Other terms used to describe avoided emissions are: climate positive, net-positive accounting and scope 4.

Source: World Resources Institute (WRI)

Appendix 6 – TCFD – Management of physical and transition risk

The Taskforce on Climate Related Financial Disclosures (TCFD) report highlighted the importance of climate change as a driver of material financial risks that should be assessed, disclosed and managed

TCFD Recommendations

In line with the recommendations of the TCFD, Tikehau Capital considers risks related to climate change:

- i. Transition risks, especially regulatory, technological, market and reputational risks, are taken into account in the basic analysis carried out by the investment teams. The T2 Energy Transition fund teams, in particular, carry out in-depth assessments of the main issues relating to climate change (e.g. changes in energy prices or technological changes associated with lower carbon emissions).
- ii. 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).

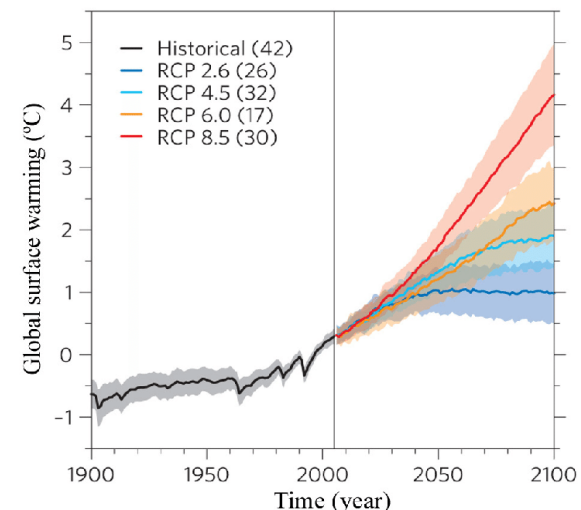
During the pre-investment stage, the ESG scoring grid comprises numerous questions relating to physical risks. A mapping of the physical risks by country is shared with the investment teams. As part of the monitoring of investments, analyses are conducted for certain assets (for Real Estate strategies) or certain funds with the help of specialised service providers.



Trucost methodology and selected scenario

Tikehau Capital mandated Trucost to identify the physical risks of certain real estate and infrastructure assets. Trucost Climate Change Physical Risk Analytics offer an asset level approach to the assessment of physical risk at the company and portfolio level, and in the future, modelling of the magnitude of the potential impact of such risks on financial performance. Trucost Climate Change Physical Risk Analytics incorporates the extensive asset level datasets and expertise of S&P Market Intelligence in the mapping of corporate ownership structures.

Trucost's physical risk analysis shown on pages 45 and 47 is based on the most pessimistic climate change scenario, RCP (Representative Concentration Pathways) 8.5, which assumes continued human activity with carbon emissions at current rates. This scenario is expected to result in a warming of more than 4 degrees by 2100.



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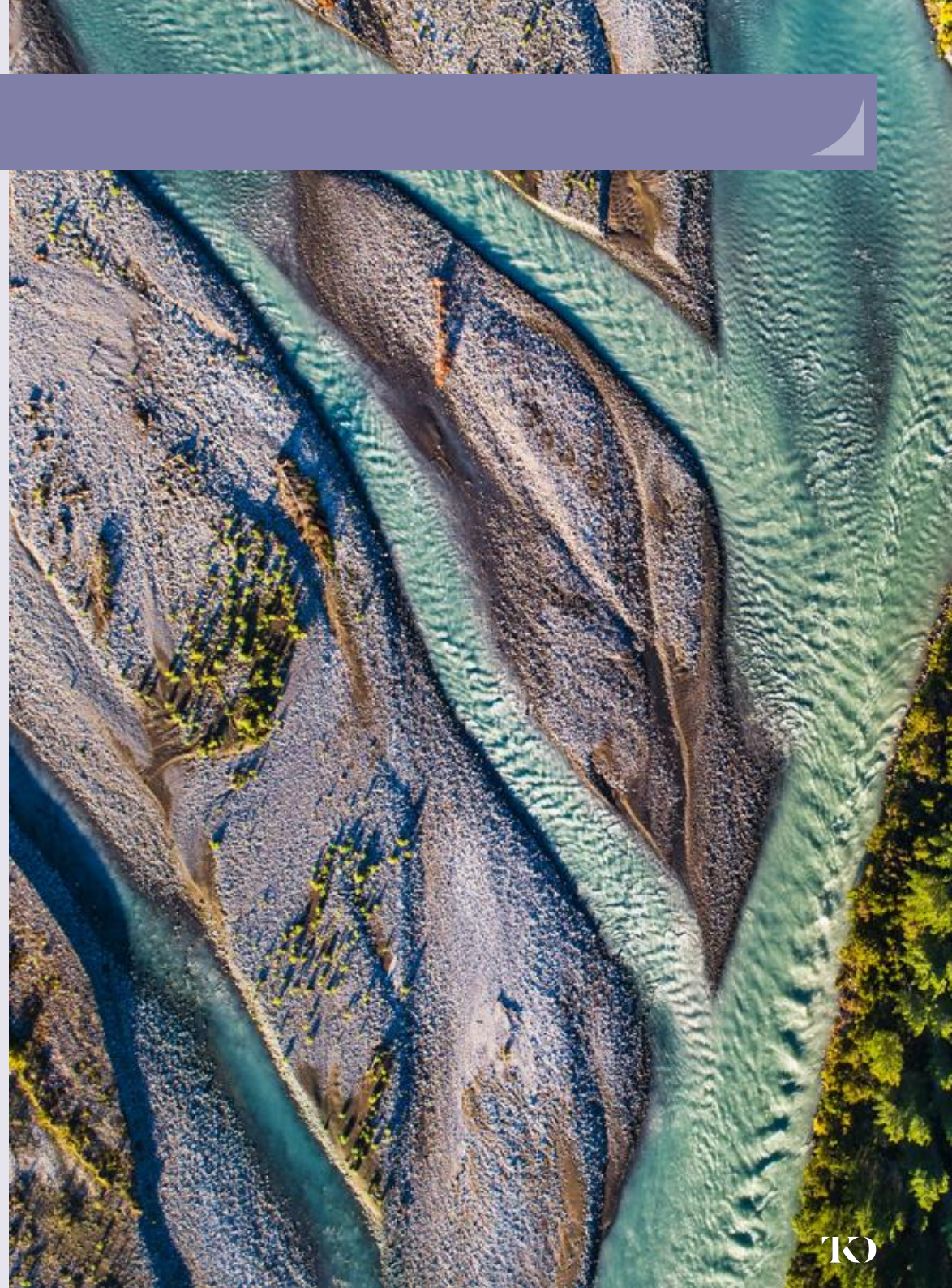
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This report has not been approved by any regulatory body.

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