

2022 SUSTAINABILITY REPORT





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OUR VISION

**Our
purpose**

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



LEVEL UP
IT'S ABOUT LOOKING
BEYOND THE HORIZON

Sustainable value creation at the heart of our entrepreneurial DNA



MATHIEU CHABRAN

CO-FOUNDER OF TIKEHAU CAPITAL

CÉCILE CABANIS

DEPUTY CHIEF EXECUTIVE OFFICER,
TIKEHAU CAPITAL

ANTOINE FLAMARION

CO-FOUNDER OF TIKEHAU CAPITAL

In early 2022, you insisted on the need to link profitability and sustainability in order to achieve growth. Is it still tenable to promote such an approach in the current macroeconomic and geopolitical context?

Mathieu Chabran_ Now more than ever. For decades, the global economy has been built with the ultimate goal of growth based solely on profitability, resulting in a model where cost optimisation has prevailed over any other criterion, failing to attach any value to the resources used, whether natural, human or financial. The illusion of an infinite model has evaporated with the geopolitical and macroeconomic crises and environmental disturbances of the last two years. We need to repurpose the model as a sustainable growth model.

“

The need to move to a sustainable growth model has never been so pressing. Ignoring this would be losing the license to operate in the future, regardless of the sector or industry.”

Cécile Cabanis

Cécile Cabanis_ For most companies, environmental and cyber risks, are among the most likely occurrences. The need to move to a sustainable growth model has never been so pressing. To ignore this is to lose the license to operate in the future, regardless of the sector or industry.

How can Tikehau Capital effectively support the emergence of sustainable growth on a large scale?

Antoine Flamarion_ It requires comprehensive transformation. We need to move away from short-term management so that we are not constrained by every crisis. We are not subject to contradictory injunctions between long and short timeframes as long as we operate with patient capital. This positions us to take action.

M. C._ Tikehau Capital has unique strengths in this change of model. Our entrepreneurial DNA, which places innovation at the heart of our action, sparks innovation in our work and an ability to invent solutions. For instance, the *T2 Energy Transition fund*, with the successful exits of Rougnon Group, GreenYellow or EuroGroup Laminations, illustrates how sustainability and profitability are compatible. A culture of aligned interests between the Group's shareholders, employees and clients is also a strength. Long-term, we all stand to gain by turning the model around.

How is this reflected in the day-to-day work of the Group?

C. C._ Our investment policy is focused on performance and sustainable value creation. This is why we integrate the monitoring of risks and ESG opportunities into our decisions. In 2022, this led to the strengthening of an ecosystem dedicated to sustainable development, notably including the Impact Committee and reinforced governance with ESG contacts for each sector and industry. This is also evidenced by our variable compensation, 20% of which is linked to social and environmental targets.

A. F._ Our commitment is reflected in the development of innovative products, sustainability-themed and impact funds, which today represent €3 billion of our assets under management (AuM)⁽¹⁾ around four pillars: decarbonisation, nature & biodiversity, cybersecurity and resilience. Our theme-based approach makes it possible to operate across all value chains, which is a *prerequisite* for ensuring systemic change and a transition at scale. In 2022, for example, we launched a Private Equity strategy with AXA Climate and Unilever to support regenerative agriculture at scale. Our commitment is also demonstrated when, on the same basis as our financial performance, our impact performance determines the levels of performance commissions in our impact funds launched since 1st January 2022.

Does the growing number of regulations act as an accelerator or a brake to the emergence of sustainable growth?

M. C._ The challenge for regulators will be to find a balance in order to ensure the transparency of investment products and to put an end to attempts at greenwashing, but without standing in the way of progress, by avoiding rules that are too far removed from the reality of situations and challenges, and encouraging initiatives from investors who wish to play a role in the transition action.

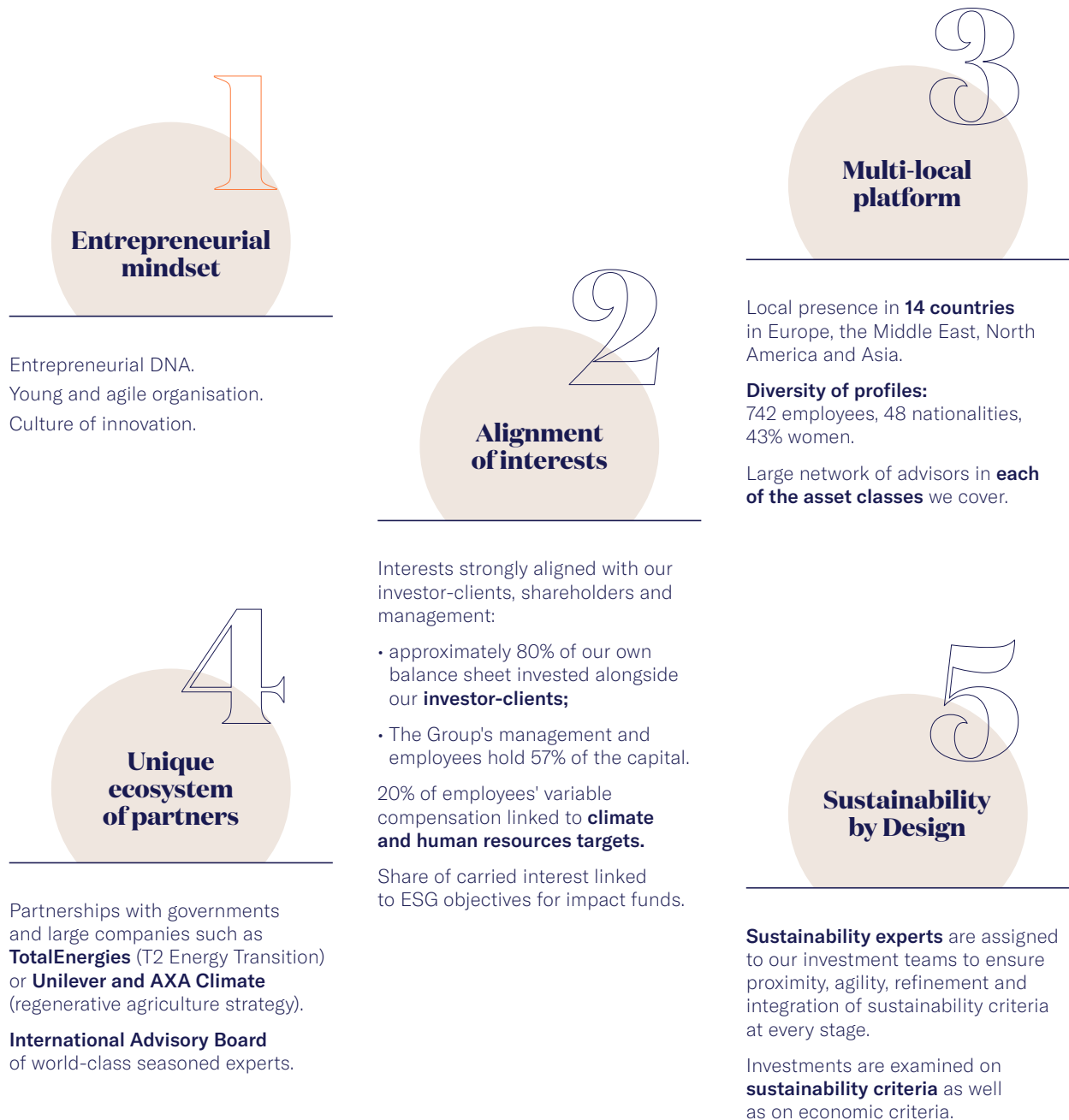
A. F._ We remain convinced that there is a need for unrelenting purpose, collective action and the means to drive forward the transition, with targeted, measurable and measured commitments, which are neither submerged in the mass, nor alone in the desert.

(1) By end-2022, including €2.3 billion for climate and biodiversity. Performance in line with our target of 5 billion in climate and biodiversity assets by 2025.

What sets us apart

Tikehau Capital was founded in 2004 by two financial entrepreneurs. Since its inception, the Group has experienced robust growth and continues to develop based on a unique culture and strong differentiation. Entrepreneurship and the alignment of interests with its investor-clients, employees and portfolio companies are the foundation of Tikehau Capital's development and growth. The Group has a multi-local platform in 14 countries, a singular ecosystem of partners and promotes an alternative vision of asset management. Its sustainable development policy and its "Sustainability by Design" progress approach are integrated throughout the investment cycle.

Our five pillars of differentiation



Key figures

INVESTMENTS

60%
of AuM classified
as SFDR Articles 8
and 9

€3bn
in AuM in the
sustainability-themed
and impact platform⁽¹⁾
o/w

35%
of Private Equity
investments have
a sustainability
roadmap

98%
of AuM in Capital
Markets Strategies
classified as SFDR
Article 8

€2.3bn
in AuM dedicated
to Climate and
Biodiversity

50%
of companies financed
through private debt
(direct lending and
corporate lending)
with an “ESG ratchet”⁽³⁾

Plus, close to
€1bn
of real estate AuM with
excellent environmental
performance⁽²⁾

GROUP

79%
of the balance sheet
invested alongside
our investor-clients

20%
of employees' variable
compensation linked
to climate and human
resources targets

43%
of women in the
total workforce

60%
of employee
shareholders

48
nationalities

23%
of women among
Executive Directors
and Managing
Directors

65%
of the Group's
financing operations
linked to ESG criteria

At end-December 2022.

(1) Funds with an investment strategy comprising a sustainable theme or impact approach. In addition, during the last quarter of 2022, several Sofidy funds filed amendments for their regulations with the AMF (French Financial Markets Authority), mentioning a sustainable investment objective (with social or environmental characteristics). These funds will therefore be considered in the Group's sustainability themed & impact platform from 2023.

(2) Energy Performance Certificate A, BREAM very good, LEED gold, HQE very good or above.

(3) An ESG ratchet is a trigger that adjusts the interest rate margin up or down depending on whether ESG targets are met.

OUR ACTION

Progress in our Sustainability by Design approach

We ensure proximity, agility and integration of sustainability criteria at every stage. Our strict approach involving all employees is supported by a team of experts and robust governance.

RESULT AT END-2022

60%

OF ASSETS UNDER MANAGEMENT
CLASSIFIED SFDR ARTICLES 8 AND 9



LEVEL UP
IT'S ABOUT STAYING
ON COURSE AT ALL TIMES

A robust Sustainability by Design approach and impact framework...

FROM EXCLUSION TO IMPACT STRATEGIES

Tikehau Capital's responsible investment policy covers the full spectrum of responsible investment strategies, from exclusions to the development of sustainability-themed and impact products. ESG integration is at the heart of the Group's strategy and engagement initiatives are implemented on an *ad hoc* basis, with the aim of advancing the sustainability journeys of portfolio companies.

OUR SUSTAINABILITY BY DESIGN APPROACH



Exclude some risky sectors, behaviours and jurisdictions to protect value



Incorporate ESG factors in financial analysis to increase value



Work with management and/or governance bodies to identify value-creating ESG measures

SUSTAINABILITY-THEMED INVESTMENTS

RESPOND TO **SOCIETAL CHALLENGES** WHILE GENERATING COMPETITIVE FINANCIAL RETURNS FOR INVESTORS

IMPACT INVESTMENTS

Intentionality

1

Impact measurement & reporting

2

Additionality

3

Alignment of interest

4

Independent assessment

5

See more details in Section 4.2 (Responsible Investment Approach) of Tikehau Capital's 2022 Universal Registration Document (pages 205-215).

... supported by a team of experts and strong governance

Tikehau Capital has established ESG governance covering all levels of the Group, from the Supervisory Board to operational task forces. In each of the asset classes, we adopt a disciplined Sustainability by Design approach.

The **Governance and Sustainable Development Committee** of the Supervisory Board reviews the Group's sustainability strategy and ensures its progress.

The **Group's Sustainability Strategy Orientation Committee** sets the rules and structure for sustainability initiatives, including decarbonisation strategies. It defines excluded sectors, including the establishment of a Group-wide watchlist; and the identification of strategic collaborations and partnerships on sustainability issues.

The responsibility for ESG integration and engagement falls to the investment teams. As such, all investment analysts, managers and directors are responsible for integrating ESG criteria into the fundamental analysis of investment opportunities.

A **director who is an expert in sustainable development has been appointed in each business line** and is supported by ESG analysts and apprentices, who work alongside the investment teams to ensure the proximity, agility, development and integration of sustainability criteria throughout the life of the investments.

Under the leadership of each activity's sustainable development management team, task forces define the annual sustainability roadmap, make decisions specific to portfolio companies and report on their progress.

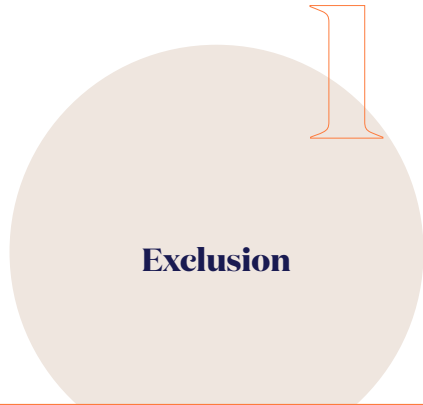
For Impact funds, an **Impact Committee** ensures that investment opportunities correspond to the mission of each fund (positive impacts) and that they comply with the principle of *do no significant harm* to other sustainable objectives. In addition, the **Sustainable Bond Allocation Committee** oversees the allocation of our sustainable bond proceeds.



At end-December 2022, the ESG team included ten people. It oversees the integration of ESG policy into all activities and trains investment and management teams on ESG, impact, climate and biodiversity.

Our climate strategy

TIKEHAU CAPITAL HAS IDENTIFIED FOUR PRIORITY AREAS



Tikehau Capital has implemented an exclusion policy that the Group regularly adapts. In early 2023, Tikehau Capital revised its fossil fuel exclusion policy to limit the financing of new projects dedicated to fossil fuels and related infrastructure. Moreover, Tikehau Capital excludes new direct investments in companies with material exposure to fossil fuels⁽¹⁾.



In line with the recommendations of the Task Force On Climate-Related Financial Disclosures (TCFD), Tikehau Capital factors in the risks related to climate change:

- Physical risks: 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);
- Transition risks, especially regulatory, technological, market and reputational risks.



Carbon footprint is an essential indicator. It aims to estimate the quantity of greenhouse gases ("GHGs") measured in tonnes of CO₂ equivalent (tCO₂e), allocated to a company or a fund through different sources of emissions grouped in a scope (or Scope 1, 2 and 3)⁽²⁾.



Since 2014, Tikehau Capital has provided equity to renewable energy developers. On the strength of its track record, the Group has set itself the goal of developing an asset platform of €5 billion by 2025, with a focus on financing the energy and ecological transition and protecting biodiversity through its various business lines.

In March 2021, Tikehau Capital joined the **Net Zero Asset Managers initiative (NZAM)**. In this context, the Group has undertaken to define decarbonisation trajectories in line with the Paris Agreement to limit global warming to 1.5°C with intermediate targets (by 2030 or earlier) for its business lines. **In April 2023, Tikehau Capital's initial target of managing circa 40% of assets under management in line with the global target of zero net emissions by 2050 was approved by the NZAM initiative.**

For real estate assets, the Group aims to improve energy and carbon intensity. With regards to Private Equity investments, it involves supporting companies towards decarbonisation commitments and steering the trajectory of such commitments.

In December 2022, Tikehau Capital commissioned AXA Climate to develop a sector-based screening tool to assess risks related to biodiversity, as well as the physical and transition risks related to climate change by 2030 and 2040, based on three scenarios according to their relevance to the risk under consideration:

- The physical risk analysis is based on the most pessimistic climate change scenario, the Representative Concentration Pathway (RCP) SSP5 - 8.5 from the Intergovernmental Panel on Climate Change (IPCC) which assumes the continuation of human activities with carbon emissions at current rates. This scenario is expected to result in global warming of 5°C above pre-industrial levels by 2100.
- The analysis of transition risks and opportunities (regulatory, technological, market and reputational risks) adds the consideration of the "Nationally Determined Contributions" scenarios, (NDC, including the policies pledged, whether or not implemented) and Net Zero 2050 scenarios of the Network for Greening the Financial System (NGFS)⁽³⁾.



Lindee Wong

Director of Climate and Biodiversity,
Tikehau Capital

“Climate change is not just a problem for the future, it is a crisis in the present. As asset managers, we need to act urgently and work together to invest in a sustainable future for our stakeholders and society at large.”

Participation of Tikehau Capital in working groups and task forces

Tikehau Capital is an active member of a number of professional associations that help represent its interests and those of its sector, including: the *Association Française des Entreprises Privées* (AFEP), the *Association Française de la Gestion Financière* (AFG), the Alternative Investment Management Association (AIMA), the *Association Française des Sociétés de Placement Immobilier* (ASPIM), the European Leveraged Finance Alliance (ELFA), France Invest, the *Institut pour la Finance Durable* (formerly Finance For Tomorrow), Invest Europe, Loan Market Association (LMA), One Planet Private Equity Funds (OPPEF), and the Principles for Responsible Investment (UN PRI).

Tikehau Capital contributed to the development of the guide *“Investissement à impact - Une définition exigeante pour le coté et le non coté”* (“Impact

investment - A ambitious definition for listed and unlisted companies”) published by France Invest and by the *Forum pour l'Investissement Responsable* (FIR, Forum for Responsible Investment) in March 2021 and available to view or download on the following website: <https://bit.ly/41BUAyM>

In 2022, Tikehau Capital co-led a France Invest working group on Sustainability Linked Loans, aimed at accelerating the role that the private debt market can play in financing and supporting companies towards more sustainable models. The Sustainability Linked Loans guide is available on the France Invest website here: <https://bit.ly/3LbGHAK>. Tikehau Capital also collaborates with a Principles for Responsible Investment (PRI) task force on the same theme.

(1) As defined by the NGO Urgewald's Global Coal Exit List (GCEL) and Global Oil and Gas Exit List (GOGEL).

(2) At the date of publishing this report, the carbon footprint of the Group's investments has not been finalised and will be published later.

(3) The network aims to strengthen the financial system in risk management related to climate change.

An approach adapted to our activities

EXAMPLE OF
Private Equity

In Private Equity, sustainable development is a component of value creation.

We invest in companies that are at different stages of their sustainable transformation: some have only started to implement a few environmental or social initiatives, while others are integrating these issues into the heart of their business model. The role of the investment and ESG teams is therefore to identify their level of maturity and to implement tailored support wherever possible.

In parallel, we have identified initiatives that can be implemented in the portfolio regardless of company maturity, and have set five cross-functional objectives. New in 2022 was the inclusion of a target linked to the definition of a decarbonisation plan, validated by a third party organisation (such as the Science Based Targets initiative, "SBTi") for all new portfolio companies.

In addition, regular monitoring of these objectives has been conducted and communicated to the Private Equity Senior Advisory Board on a quarterly basis. Three of these topics in particular were at the heart of the team's priorities in 2022: the definition of sustainability roadmaps (with 35% of companies having a roadmap); the measurement of carbon footprints (with 79% of companies covered by a Scope 1, 2 and 3 analysis in 2022); and the definition of a decarbonisation roadmap (with the launch of two pilot projects for the submission of targets to the SBTi).

35%

of our Private Equity activity investments have a sustainability roadmap

Private Equity⁽¹⁾ objectives

.....
At least one member of the Board of Directors or Supervisory Board considered to be external⁽²⁾

.....
A sustainable development action plan
(defined by the company or initiated by the investment team within 12 months of acquisition)

.....
Sharing of ESG issues with the Board of Directors or Supervisory Board at least once a year

.....
Carbon footprint measurement
(within 12 months of acquisition)

.....
Decarbonisation plan
(aligned with SBTi targets to the extent possible within 24 months of acquisition, starting with 2022 investments)

EXAMPLE OF **Private Debt**

In direct lending and corporate lending, Tikehau Capital intends to position itself as a partner on ESG issues.

Keen to further integrate ESG into the investment process, the Private Debt team introduced ESG ratchets⁽³⁾ into the transactions it structures in 2020, thereby positioning the Group as a pioneer in this field for direct lending. This interest rate adjustment mechanism based on ESG criteria supplements existing ratchets that focus on financial criteria such as the leverage ratio. Tikehau Capital works closely with its portfolio companies to develop tailored sustainability roadmaps. ESG themes are also discussed with shareholders.

Since 2021, our Collateralised Loan Obligations (CLO) team is increasing the transparency of its ESG scores and the carbon footprint of CLO vehicles.

The team also monitors loans with an ESG ratchet (sustainable loans or sustainability linked loans) to compare instruments and provide feedback where appropriate. The credibility of “sustainable” financing depends on the commitment of borrowers to setting ambitious targets rather than targets that are easy to achieve and that require little effort on their part.

50%
of companies financed
through private debt
(direct lending and
corporate lending)
with an “ESG ratchet”

EXAMPLE OF **Capital Market Strategies**

In Capital Markets Strategies, incorporating ESG criteria is more frequently becoming a license to operate in Europe, both for asset managers and for the underlying companies.

The quality of a company increasingly depends not only on its ability to anticipate and comply with regulations, but also on its readiness to take up the challenges and opportunities linked to sustainability (parity, decarbonisation, cybersecurity, etc.). In this context, we are working to strengthen our ESG scoring system.

In parallel, we are also working on innovative impact products while taking into account the specificities of the bond market.

(1) There is no guarantee that the sustainable targets will be met, but Tikehau Capital is making every effort to encourage portfolio companies to meet these targets.
(2) To be considered an external member of the Board of Directors, the person must not be employed by the Tikehau Capital group or the portfolio company and must not own more than 5% of the company's shares.
(3) An ESG ratchet is a trigger that adjusts the interest rate margin up or down depending on whether ESG targets are met.

An approach adapted to our activities

EXAMPLE OF Real estate

Nearly
€1bn
of real estate assets
under management
with excellent
environmental
performance⁽¹⁾

92%
of the real estate assets
studied by the Group
(in AUM) are **located
within 500 metres of a
public transport network**

< 0.1%
in real estate assets
under management
exposed to fossil fuels⁽²⁾

83%
of the Group's real estate
assets analysed with
respect to climate risk

SOFIDY'S ESG APPROACH

Sofidy has obtained the SRI (Socially Responsible Investment) label, a French government label involving a rigorous annual audit, for four of its real estate funds.

Obtaining these labels reflects Sofidy's commitment to a responsible investment and management strategy. They testify to the exemplary consideration of Environmental, Social and Governance criteria within all business lines, and for all assets in the portfolios of these funds. These real estate funds have a best-in-progress approach: they are part of a process of continuous improvement of the non-financial performance of assets.

Beyond these SRI labels, Sofidy wanted to extend its sustainability approach to all its funds. It was based on the Sustainable Finance Disclosure Regulation (SFDR) implemented in the European Union since 2021 to promote greater transparency in terms of non-financial performance.

In this context, Sofidy classifies 100% of its funds as "Article 8" within the meaning of the SFDR. As a result, Sofidy commits to promoting environmental and/or social characteristics for each of its funds, and also sets sustainability objectives.

In doing so, Sofidy has adapted its ESG scoring grid in the acquisition phase to factor in the criteria of the real estate SRI label, as well as the "Article 8" criteria of the SFDR. By way of example, this analysis takes into account the energy and carbon performance of buildings, the social impact of tenants' activities and stakeholder engagement. The ESG performance of the assets is then monitored during the operational phase and communicated annually to investors.

(1) Energy Performance Certificate A, BREAM very good, LEED gold, HQE very good or above.

(2) Real estate assets used for the extraction, storage, transport or production of fossil fuels (e.g., independent petrol stations).



FR RÉPUBLIQUE FRANÇAISE

SRI (Socially Responsible Investment) labelled real estate funds

Fund overview

ESG theme



Sofimmo is a Professional Real Estate Collective Investment Undertaking (*Organisme Professionnel de Placement Collectif Immobilier* (OPPCI) reserved for professional clients) holding assets directly or indirectly in local retail premises in France.

Launch date: March 2009.

By investing in responsible and sustainable local businesses, Sofimmo contributes to the regeneration of regions.



Sofidy Pierre Europe is a Real Estate Collective Investment Undertaking (*Organisme de Placement Collectif Immobilier* - OPCI) for the general public that combines real estate and financial assets, by investing both in physical real estate (office assets, retail and hotel premises, logistics assets or residential assets) and in financial assets mainly focused on the real estate sector⁽³⁾ (listed property companies).

Launch date: January 2018.

Sofidy Pierre Europe invests for the long term and places the resilience of its real estate assets at the heart of its priorities. This means factoring in the impact of buildings on their ecosystem and the impact of ecosystems on buildings. The fund strives to limit the environmental footprint of buildings (optimisation of energy consumption and greenhouse gas emissions). The tenant's comfort of use via the proximity of transport and services and the quality of the workspace are also taken into account. In addition, the fund is committed to improving the resilience and/or reversibility of its buildings over the long term.



Sofidy Europe Invest is a real estate investment company (*Société Civile de Placement Immobilier* - SCPI) that targets the most buoyant real estate markets in the European Economic Area (EEA), the UK and Switzerland. The SCPI invests primarily in commercial real estate in the broadest sense (offices, retail premises, hotels and leisure facilities, logistics, warehouses, healthcare real estate, etc.).

Launch date: April 2021.

Sofidy Europe Invest works to optimise the energy efficiency and to reduce the greenhouse gas emissions of its assets. Depending on the specific characteristics of the assets, the funds will also develop mechanisms for the protection, maintenance and development of biodiversity. Lastly, the fund aims to better integrate the expectations of users and stakeholders, by being very demanding with regard to the location of assets and access to services inside them or in their immediate vicinity.



SoLiving is a Real Estate Collective Investment Undertaking (*Organisme de Placement Collectif Immobilier* - OPCI) for the general public which aims to invest in European assets embodying the different ways of living throughout life.

Launch date: April 2022.

The SoLiving OPCI seeks to invest directly and indirectly in assets embodying different housing styles. From free, intermediate or social housing, through managed residences such as student residences, RSSs (senior service residences) or co-living, to tourist accommodation assets such as hotels or tourist residences, as well as financial assets.

⁽³⁾ Geographical area concerned: eurozone and, on an ancillary basis, in the rest of Europe (notably the United Kingdom and Switzerland). There is no guarantee that the investment objectives will be met.

OUR ACTION

Our sustainability-themed & impact platform

Informed by scientific reports from the IPCC⁽¹⁾, the IEA⁽²⁾ and the work carried out on planetary boundaries, Tikehau Capital has set up a sustainability-themed and impact investing platform to help speed up the necessary transitions. This platform focuses on four themes: (i) decarbonisation, (ii) resilience, (iii) cybersecurity and (iv) nature and biodiversity.

RESULT AT END-2022

€3bn

IN AUM IN OUR SUSTAINABILITY-
THEMED AND IMPACT PLATFORM
O/W

€2.3bn

IN AUM DEDICATED
TO CLIMATE AND BIODIVERSITY

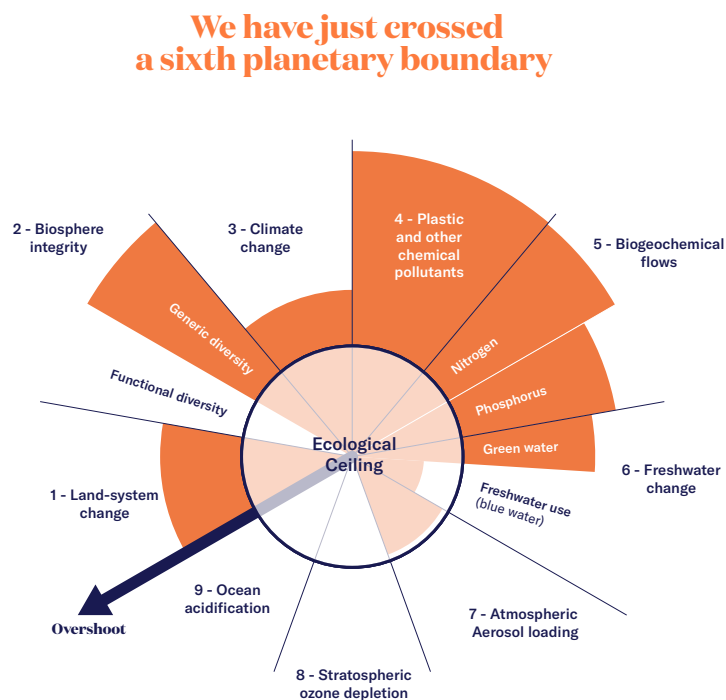
LEVEL UP
IT'S ABOUT ANTICIPATING
CHANGES IN THE WORLD



Planetary boundaries

Globalisation has favoured efficiency over resilience, the global over the local, and economic growth over the living.

Since 2009, the team at the Stockholm Resilience Centre (Sweden) has been working on the concept of planetary boundaries by modelling the nine main processes that regulate the planet and the thresholds that must not be exceeded in order to maintain the state of the planet's ecosystem. In April 2022, scientists published research showing the transgression of a sixth planetary boundary, the change in fresh water ("green" water available in the soil for plants). This phenomenon emerges in addition to the planetary boundaries that have already been exceeded: (i) climate change, (ii) biosphere integrity (biodiversity loss), (iii) biogeochemical cycles (disruption of the nitrogen and phosphorus cycle), (iv) earth system change and (v) new entities (chemical and plastic pollution).



Source:
Stockholm Resilience Centre.

In August 2021, the IPCC's Sixth Assessment Report confirmed that the average global warming threshold of 1.1°C compared with the pre-industrial era had already been reached. Climate change affects all regions of the world and its impacts are intensifying. At the end of the 26th United Nations Climate Change Conference (COP26) in Glasgow in November 2021, the United States and the European Union committed to achieving net zero emissions by 2050, China by 2060 and India by 2070. With 74 committed states (representing 80% of global greenhouse gas emissions), the majority of the world's population is linked to a net zero emission commitment. However, the World Energy Outlook (WEO) of the International Energy Agency (IEA) estimates that, collectively, we are not acting quickly enough to slow the acceleration of climate change and limit the global average temperature rise to 1.5°C.

To help solve these global challenges, Tikehau Capital has set up a sustainability-themed and impact investing platform that focuses on four themes: (i) decarbonisation, (ii) nature and biodiversity, (iii) cybersecurity and (iv) resilience.

To help accelerate the necessary transitions, Tikehau Capital has set up a sustainability-themed and impact platform



At end-2022.

N.B.: It will be possible to include Sofidy funds with sustainable themes from 2023 onwards.

(1) Funds reserved for professional investors and closed to subscriptions.

(2) Fund open for marketing.

(3) Mutual investment fund with risk and exclusively accessible within unit-linked life insurance contracts marketed by Société Générale Private Banking France.

Decarbonisation & Private Equity

PIERRE ABADIE

GROUP CLIMATE DIRECTOR &
CO-HEAD OF PRIVATE EQUITY ENERGY
TRANSITION STRATEGY, TIKEHAU CAPITAL

CLARA MOUYSSET

HEAD OF GREEN
ASSETS STRATEGY,
TIKEHAU CAPITAL

MATHIEU BADJECK

CO-HEAD OF PRIVATE
EQUITY ENERGY TRANSITION
STRATEGY, TIKEHAU CAPITAL



INVESTING IN DECARBONISATION PLAYERS AND ASSETS

How does the theme of “decarbonisation” have an impact?

Pierre Abadie_ While CO₂ emissions are not the only causes of climate change, they are nevertheless the most obvious ones for measurement and impact of reduction. Decarbonisation is therefore an essential part of the process to reduce the impact of human activities on the planet⁽¹⁾. Faced with the climate emergency and the objective of halving CO₂ emissions by 2030, we need to focus, not only the complete carbon cycle, but also on the short term to develop existing solutions on a much wider scale by providing the necessary capital or original solutions. We are absolutely convinced that we cannot simply wait around for technical solutions that may arrive in 20 years' time. Concretely, we achieve this by supporting companies that enable the reduction of the carbon footprint with our Private Equity fund, but also by financing real assets, such

as eco-friendly equipment, infrastructure and projects such as vertical farms or recycling units, to reduce the footprint of end-users, with our Green Assets strategy. This theme is not just an impact factor; it also has the advantage of being a long-term megatrend which is resilient to the uncertainties of economic cycles.

How does the T2 Energy Transition fund address this issue?

Mathieu Badjeck_ The goal of the T2 Energy Transition fund is to invest in both the players who act to promote decarbonisation and those who provide the tools which enable it. Our approach focuses on three main areas: renewable energy, low-carbon mobility and energy efficiency. We identify major emitters of CO₂ and then the companies that provide solutions to tackle the problem. The T2 Energy Transition fund invests in companies that will scale up via

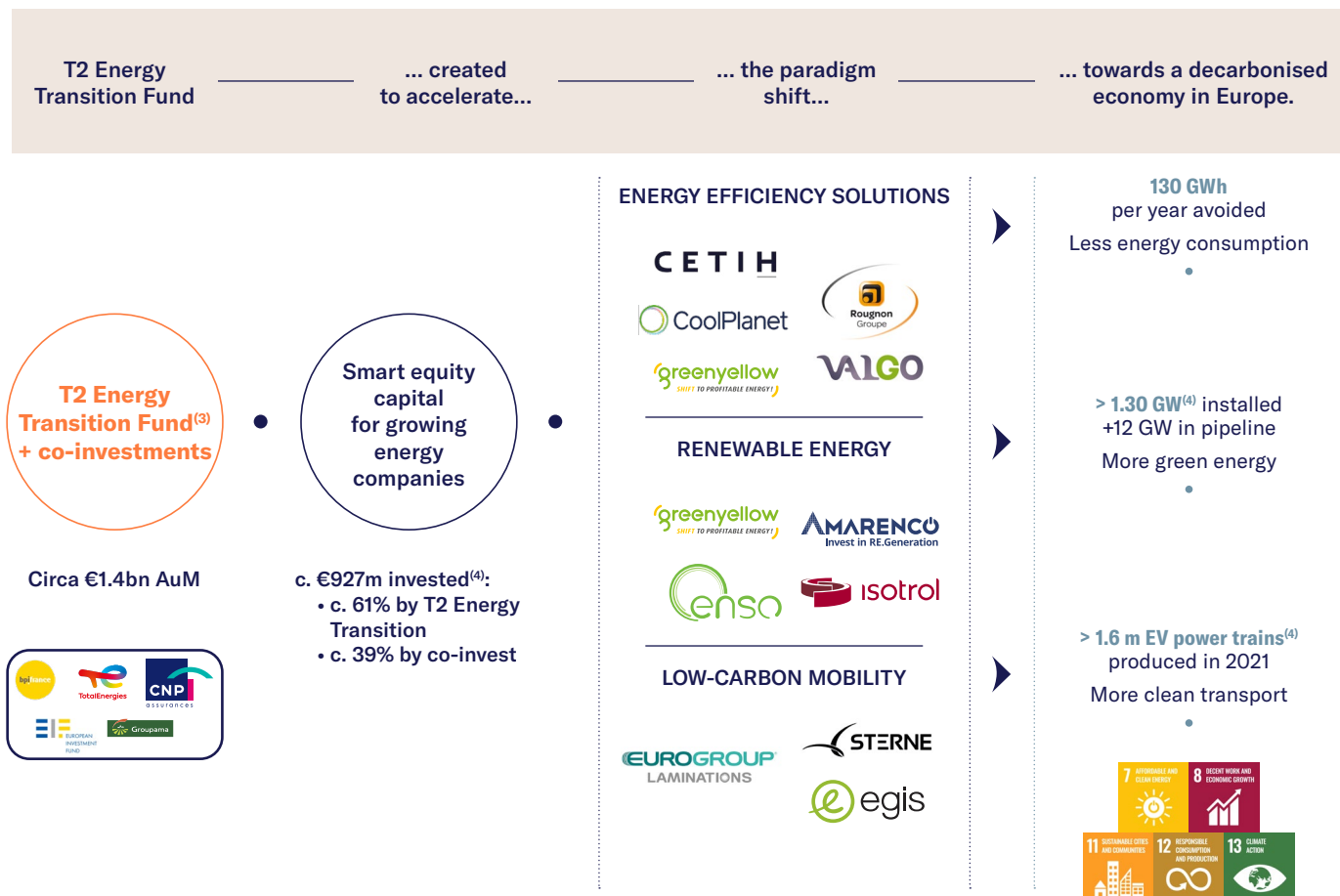
strong organic growth and the consolidation of fragmented markets in their local market, as well as internationally, with the objective of creating effective decarbonisation champions. Given the growing need for decarbonisation and the backdrop of the energy crisis, the return on investment provided by energy efficiency solutions is also particularly rapid. This is evidenced by the partial sale of our stake in GreenYellow and the sale of Rougnon Group in summer 2022, which generated a multiple of 1.9 and gross internal rates of return (IRRs) of 18% and 25% respectively. Another example is EuroGroup Laminations, which has just been successfully listed on the Milan Stock Exchange, where the sale of part of our stake delivered a multiple of 3.1 and a gross IRR of 55%.

What does the Green Assets strategy bring to the table?

Clara Mouysset_ While there are funds dedicated to large-scale infrastructure such as wind or solar farms, this does not apply to smaller scale assets. During the deployment of the T2 Energy Transition fund, we noted a lack of financing solutions for small, so-called decentralised assets whose development needs to take place on a much larger scale in

order to effectively decarbonise the building, industry and mobility sectors. Our Green Assets strategy was created to meet this need. While these projects may seem small they represent significant CapEx for companies, not all of which are able to finance them. We therefore provide a solution by investing directly in these assets that enable decarbonisation. This may include eco-friendly equipment (LED lighting, new refrigeration units, heat recovery systems, etc.), infrastructure (electric vehicle charging stations, batteries, etc.) or more specific projects, such as vertical farms. We form partnerships with players who intend to decarbonise or with providers of decarbonisation solutions. Together, we deploy between €20 million and €50 million over two to three years. These programmes may focus on several types of assets, several sites and several counterparties. The aim is to offer a flexible, tailor-made solution to effectively meet the financial needs resulting from the climate emergency. By giving our partners the means to finance their assets, we support their business and increase the penetration of the energy transition in the consumption patterns of clients. In fact, our Green Assets strategy has a strong regional footprint.

T2 Energy Transition was one of the first mega-funds⁽²⁾ dedicated to decarbonisation in Europe (2018)



Source: Tikehau Capital.
 (2) Mega-fund defined as a fund above €1bn.
 (3) Closed-fund, no longer open to commercialization.
 (4) As of 31/12/2022, with T2 and T2 ELTIF funds.
 There is no guarantee that the investment objectives will be met.

case studies

ROUGNON GROUP AND GREENYELLOW

In Private Equity, 2022 was marked by the first disposals of our T2 Energy Transition fund, notably two investments in **Rougnon Group** (in 2018) and **GreenYellow** (in 2019).

Both investments generated a gross multiple of 1.9x and gross IRRs of 25% and 18% respectively.

Rougnon Group

Rougnon Group provides solutions in technical building trades: air conditioning, heating, electricity, plumbing, roofing, waterproofing, insulation, safety and layout.

Its teams assist their clients with renovation, maintenance and repair issues.

How does Tikehau Capital contribute in terms of ESG?

- Supporting the launch of a comprehensive “energy efficiency and performance” commercial offer for residential and commercial buildings.
- Integration of ESG issues into the variable compensation system for managers.
- Development of a carbon footprint covering Scope 1, 2 and 3 and a methodology to assess emissions avoided linked to products and services.
- Benchmark of ESG practices in its competitive universe, with an assessment of priority sustainability issues and the definition of a roadmap.

GreenYellow

GreenYellow is a leading French developer of smart energy solutions: turnkey renewable energy production projects, value-add energy services and energy efficiency.

How does Tikehau Capital contribute in terms of ESG?

- Support in the implementation of the sustainability roadmap.
- Detailed review of the inaugural ESG report and follow-up of other publications.
- Development of an initial carbon footprint covering Scope 1, 2 and 3 (with Quantis) and methodology to assess emissions avoided linked to products and services.
- Supported the integration of carbon savings into business communication.



©GreenYellow. Solway solar power plant in Bulgaria with a capacity of 4 MW and an annual production of 5.3 GWh of green energy.



“We work alongside managers and their teams to strengthen the positive impact of their businesses and limit their negative externalities.”

Nathalia Millan
Private Equity ESG Manager, Tikehau Capital



VINCENT LEMAÎTRE

HEAD OF ESG FOR PRIVATE DEBT
AND TACTICAL STRATEGIES,
TIKEHAU CAPITAL



RAOUL BLONDET

BUSINESS DEVELOPMENT
MANAGER, TIKEHAU CAPITAL

focus

ESG TIKEHAU PRIVATE DEBT

ACTING AGAINST THE CLIMATE EMERGENCY WHILE GIVING MEANING TO YOUR INVESTMENTS.

The asset management sector has a role to play in channelling European investments to the financing of companies and the real economy. Tikehau Capital has teamed up with **Société Générale Assurances** to create a private debt unit-linked product, available in the French market.

This product aims to contribute to climate change mitigation by mobilising the capital of individual investors in favour of decarbonisation and by accelerating the decarbonisation strategies of European SMEs.

Our methodology

- A decarbonisation strategy aligned with the Paris Agreement (limiting global warming to 1.5°C) using the Science Based Targets initiative (SBTi) methodology.
- The cost of borrowing for portfolio companies is contractually linked to their annual decarbonisation performance.
- The decarbonisation trajectory of portfolio companies is subject to contractual monitoring and reported annually.
- Action will be taken if companies do not meet their annual decarbonisation targets.

Why a retail private debt fund (FCPR⁽¹⁾)?

- To address the concerns of retail investors and their desire to accelerate change in companies.
- To mobilise the capital of retail investors towards one of our greatest collective challenges: decarbonisation.

Why private debt?

- To support companies in their decarbonisation strategy, we need to play an active role alongside them in the long run, which is inherent to the private debt market.
- Access to the senior management of portfolio companies enables private debt investors to influence the adoption of best practices in sustainability.

For companies, what is the added value of being part of such a fund?

- Companies are under increased scrutiny from stakeholders and thus have more incentive to give credibility to their best practices in terms of ESG.
- They can demonstrate their ESG credentials and set themselves apart from their competitors.
- They can benefit from the expertise of Tikehau Capital's ESG team in sustainable development.

(1) Mutual investment fund with risk and exclusively accessible within unit-linked life insurance contracts marketed by Société Générale Private Banking France. There is no guarantee that the investment objectives will be met.

MARIE SARDARI

INVESTMENT DIRECTOR,
TIKEHAU CAPITAL



THE NUMEROUS IMPACTS OF A VALUE-ADD REAL ESTATE STRATEGY

How does a value-add strategy deliver impact?

The construction phase accounts for approximately 60% of the greenhouse gas emissions in the entire life cycle of a real estate asset. The improvement and transformation of existing buildings therefore appears to be the most relevant strategy for achieving the carbon footprint recommendations of the Paris Agreement. All the more so as the profound changes taking place in society, particularly in terms of professional habits, such as working remotely, or consumption, with greater use of local or online retail, make it necessary to rethink certain uses of real estate. Our investment in the Charenton-Bercy project through our first discretionary Tikehau Real Estate Opportunity 2018 value-add fund⁽¹⁾ (TREO 2018) shows that redevelopment leads to increased energy efficiency and the creation of social connections.

To this end, our new value-add strategy focuses on opportunities to change uses, including restructuring, conversion and development. The purpose is to seize the opportunities offered by increasing urbanisation, changing consumer interests, new uses of office space and the dynamic evolution of residential markets in favour of sustainability.

How does the value-add impact real estate strategy address this issue?

This strategy is a continuation of the TREO 2018 fund⁽¹⁾ but with an obligation to focus on impact. Indeed, it presents a sustainable investment objective on environmental and social issues through its three pillars: climate, biodiversity and inclusion. With respect to the climate pillar, this strategy, which aims at investing in all types of real estate assets (offices, retail, hotels, housing, etc.) in Europe, promotes



Flora Alter
Head of ESG for Real Estate,
Tikehau Capital

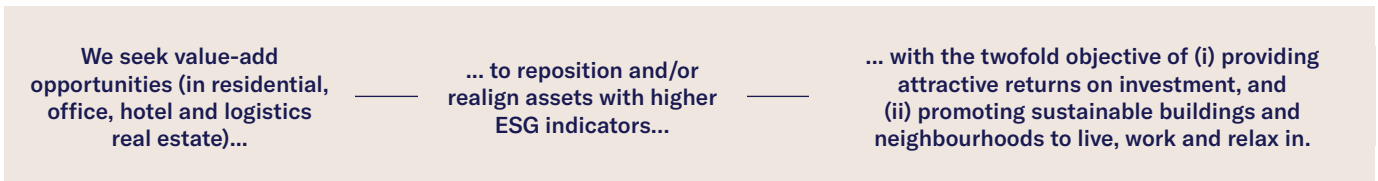
energy savings by ensuring that the assets under management are in line with the Paris Agreement. To achieve this, we are setting up KPIs to monitor trajectories which will be reviewed by independent external auditors and we rely on the Carbon Risk Real Estate Monitor (CRREM), a scientific tool for assessing decarbonisation trajectories in real estate that is perfectly aligned with these objectives.

Aside from decarbonisation, what are the other objectives of the value-add impact strategy?

The value-add impact strategy also seeks to deliver positive impact on biodiversity and social integration. Regarding biodiversity, this refers to limiting land artificialisation, or working on the ecological management of green spaces. As for social aspects, the inclusion of social housing will be reviewed during a change of use in the building. This can involve the conversion of former offices or shopping centres into housing, including social housing. The regeneration of urban centres into inclusive mixed-use neighbourhoods, i.e., integrating residential, office and commercial uses, can also be reviewed. Mixed use creates social interaction and adds value to these neighbourhoods.

“We are implementing a robust approach to enable the reduction of the environmental impact of buildings, and to make them more useful to society.”

Objective of our value-add impact real estate strategy



- Promote real assets with low carbon emissions and a high biodiversity
 - Promote energy-efficient buildings
 - Reduce/offset artificialisation
 - Increase vegetated areas
 - Reduce the use of natural resources
 - Increase the rate of recycling during construction
 - Promote bio-based building materials
-
- Champion the positive impact of real estate assets on local society
 - Promote mixed-use projects
 - Build safe, diverse and vibrant neighbourhoods
 - Develop social housing
 - Improve the well-being of residents
 - Promote sustainable mobility (public transport, soft mobility)

DECARBONISATION AND BIODIVERSITY



INCLUSIVE NEIGHBOURHOODS



Decarbonisation & Capital Markets Strategies

LAURENT CALVET

HEAD OF FIXED INCOME STRATEGIES,
TIKEHAU CAPITAL



HIGH YIELD IMPACT CREDIT FUND: A CRITERION OF DIFFERENTIATION

What is impact in a bond fund such as Tikehau Impact Credit (TIC)⁽¹⁾?

The intention of the fund is to contribute to the transition to a low-carbon circular economy. The cornerstone of this project is the engagement undertaken with certain portfolio issuers to accelerate their journey towards a circular and/or low carbon economy. In this sense, we play the role of sparring partner, and of incubator to try to focus and accelerate their actions. We therefore look to provide insight into the investor's vision, expectations in terms of nature of ESG information, data granularity and level of ambition. We help them position themselves with respect to best practices and those of their competitors. Expecting that, in the medium term, integrating an impact fund could be a differentiation criterion and therefore a source of additional funding.

How does the Tikehau Impact Credit (TIC)⁽¹⁾ fund address this issue?

The TIC fund's approach is to select companies based on a four-stage selection process. This starts with a global exclusion policy practiced by the Group, which excludes, for example, fossil fuel producers expanding their capacity from its spectrum. It continues with the scoring of issuer considered for investment using a proprietary model developed by our teams and validated by an external auditor. In particular, it takes into account the carbon footprint (Scopes 1, 2 and 3), gender parity, the presence of independent directors on the boards of companies and the evaluation of controversies concerning labour and human rights. The third step is to carry out a fundamental analysis integrating both financial and non-financial aspects leading to the reconciliation of a bottom-up and top-down

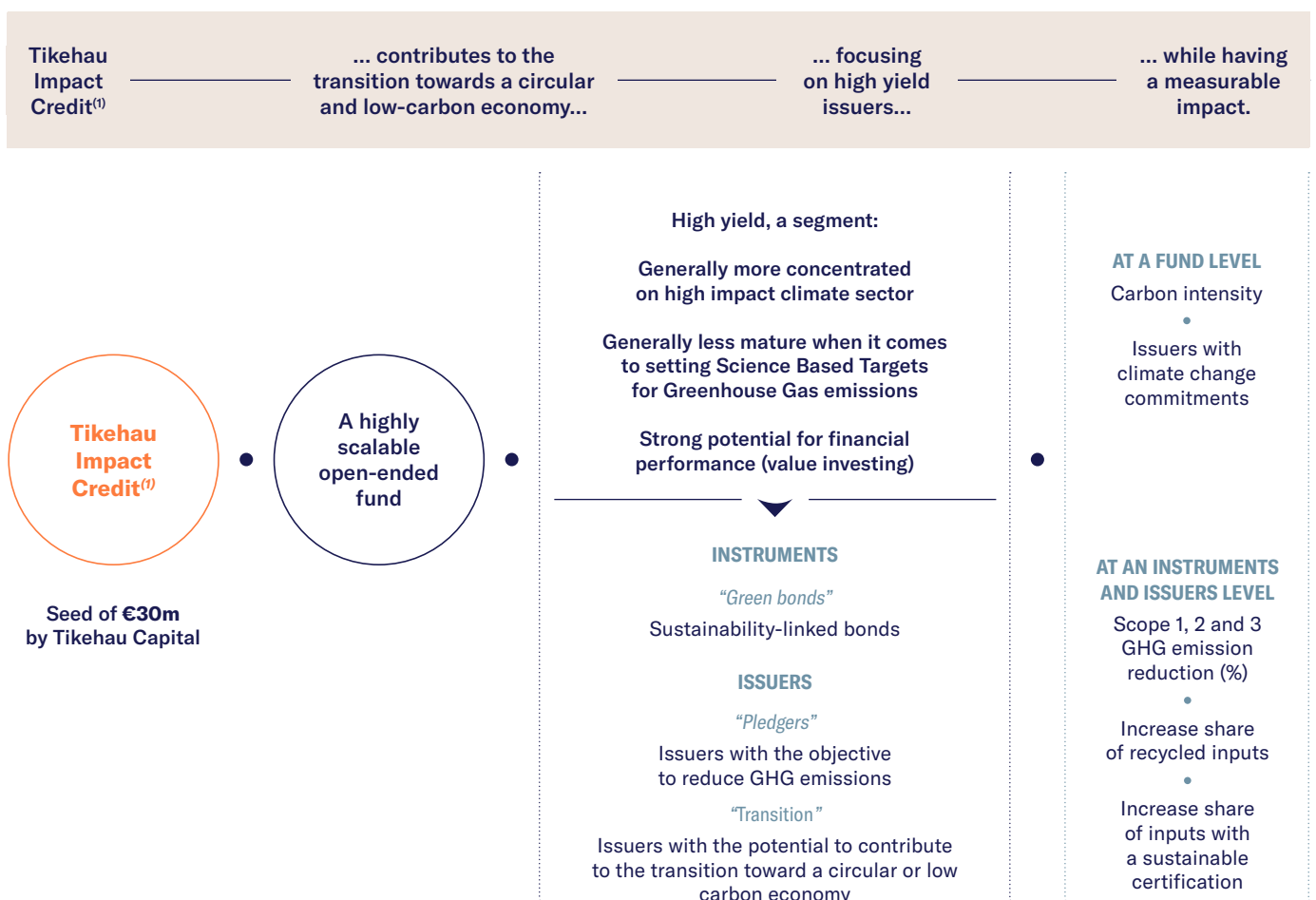


Amélie Pichon
Head of ESG for Capital Markets Strategies,
Tikehau Capital

approach in an efficient ESG universe. Lastly, the process concludes with the implementation of an impact grid and the identification of issuer-specific criteria that will be monitored during the investment period. The fund has two types of investments. They either take the form of a sustainable product such as green or sustainability-linked bonds, or they involve investing in issuers committed to sustainability. Within this category, a distinction should be made between, on the one hand, pledgers, who have an emission reduction target validated or in the process of being validated in at least one of the following two initiatives: Science Based Targets or Glasgow Financial Alliance for Net Zero. On the other hand, there are “transition” issuers who operate in several sectors and have the potential, via their goods, services and production chains, to make a significant contribution to the transition to a low-carbon and circular economy. The nature and rigour of our selection has resulted in our TIC⁽¹⁾ fund being one of the few high-yield products to have obtained an SRI label.

“ We finance companies whose circular economy and CO₂ emission reduction initiatives have the potential to help transition our ecosystem to a more climate-friendly model.”

Tikehau Impact Credit⁽¹⁾



⁽¹⁾ There is no guarantee that the investment objectives will be met.

NATHALIE BLEUNVEN

HEAD OF CORPORATE LENDING,
TIKEHAU CAPITAL



PRIVATE DEBT WITH IMPACT: A TRANSITION ACCELERATOR

How can Private Debt activities create impact?

Private Debt with impact consists of offering more favourable financing conditions, such as lower interest rates, to companies if they meet one or more sustainability objectives defined in advance with management. With this in mind, ESG ratchets are integrated into the financial terms of the loan. These are ESG indicators which, if met, allow the interest rate margin of a loan to be lowered. The definition of relevant non-financial criteria and their measurement are key. We work with companies according to their maturity, sector and size to identify ambitious and measurable indicators: reduction of the carbon footprint, training rate, proportion of women in teams, etc. Consequently, granting an ESG premium when setting up loans should, in our opinion, become a standard for players in the financing

of sustainable growth. Identifying an environmental or social issue in a company and helping to resolve it is also the role of a responsible investor.

How does the impact lending strategy address this issue?

Our impact lending strategy is dedicated to financing the sustainable growth of European SMEs and intermediate-sized companies that are committed to driving a transition towards a more sustainable and inclusive economy. We support and finance companies which, through the evolution of their offering and the management of their human resources or their industrial process, contribute to this transformation. Our approach focuses on providing an advantage to companies that undergo transformation



Vincent Lemaître

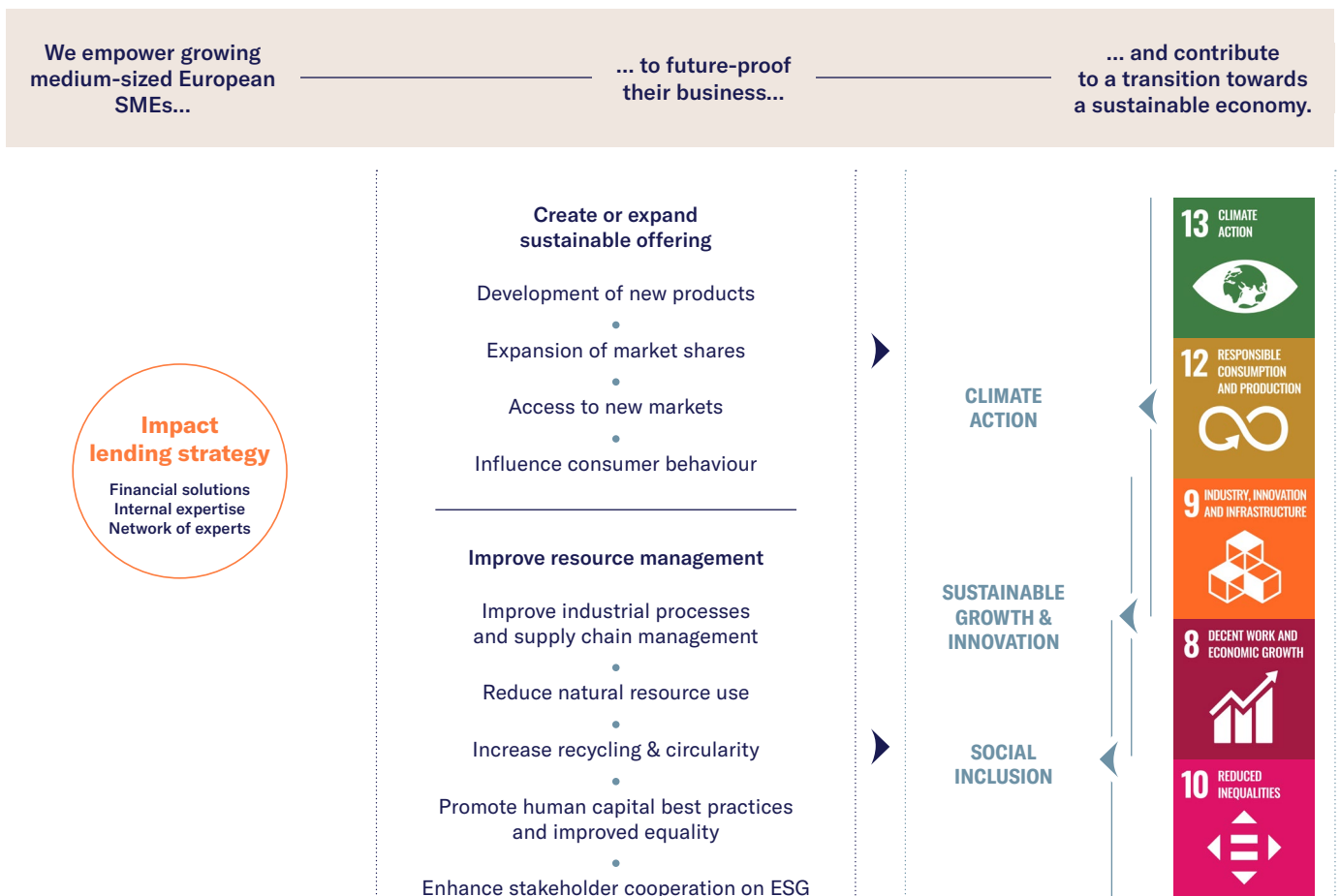
Head of ESG for Private Debt and Tactical Strategies, Tikehau Capital

and encourage others to do so via financing conditions combined with ESG ratchets. For each transaction, the private debt team identifies and negotiates with the company between three and five relevant ESG criteria and sets challenging targets in relation to them. If these targets are met, borrowers are rewarded with a reduction in the interest rate margin, typically between 5 and 25 basis points. In the opposite scenario, a marginal upward adjustment can be considered. Our impact lending strategy invests in three key themes, namely climate, social inclusion and sustainable and innovative growth, with a focus on five of the 17 Sustainable Development Goals (SDGs). If the company meets at least two SDGs and three KPIs related to the themes of the fund, it becomes eligible for the interest margin reduction.

The impact approach also aims to help improve the potential return profile of portfolio companies, with the objective of enabling Tikehau Capital to deliver market-rate returns and positive impact to investors.

“The ambition of our impact lending strategy is to support companies in the ecological transition of their business model.”

Impact lending strategy – Theory of change



MARWAN LAHOUD

GROUP CHAIRMAN
OF PRIVATE EQUITY,
TIKEHAU CAPITAL

GILLES DAGUET

HEAD OF PRIVATE EQUITY
CYBERSECURITY STRATEGY,
TIKEHAU CAPITAL



CYBERSECURITY: RESTORING TRUST AND BUILDING RESILIENCE

How does cybersecurity make an impact?

Gilles Daguet Already in 2021⁽¹⁾, two thirds of the world's population had a mobile phone (5.2 billion people out of 7.8 billion), 60% of human society (4.7 billion people) had internet access and more than half actively used social networks (4.2 billion people). As far as companies are concerned, it does not seem presumptuous to assume that nearly all business are computerised. By 2024, e-commerce is expected to be a market worth US\$800 billion-plus, driven by the emergence of the "metaverse" and NFTs⁽²⁾. Whether it is transmission of information, sharing of knowledge, economic linkage, or many other phenomena. While open digital systems are the greatest opportunity of our time, they are also one of the primary sources of vulnerability for companies, individuals and, more generally, for society at large. Cybersecurity is at the heart of our

societies. It is part of the solution because a technology that both restores trust between economic players and strengthens resilience helps to foster a more sustainable economy. Without cybersecurity, there is no trust. And trust creates value.

What are the economic consequences of these vulnerabilities?

Marwan Lahoud In 2021, the French think tank "*Le club des juristes*" estimated the global cyber risk at US\$ 6 billion⁽³⁾. If it were an economy, it would be the third largest in the world behind the United States and China. This figure is expected to reach US\$10.5 billion by 2025, a growth rate of almost 15% per year⁽³⁾. For this reason, strengthening the cyber protection of companies and organisations is mission-critical. It contributes to their resilience in the

(1) <https://bit.ly/3AwTrge> - Digital report 2021.

(2) The Global Risk Report World Economic Forum 2022.

(3) Cyberwarfare in the C-suite, Cybersecurity ventures, January 2021 and Report of the French Ministry of Interior, *État de la menace numérique*.

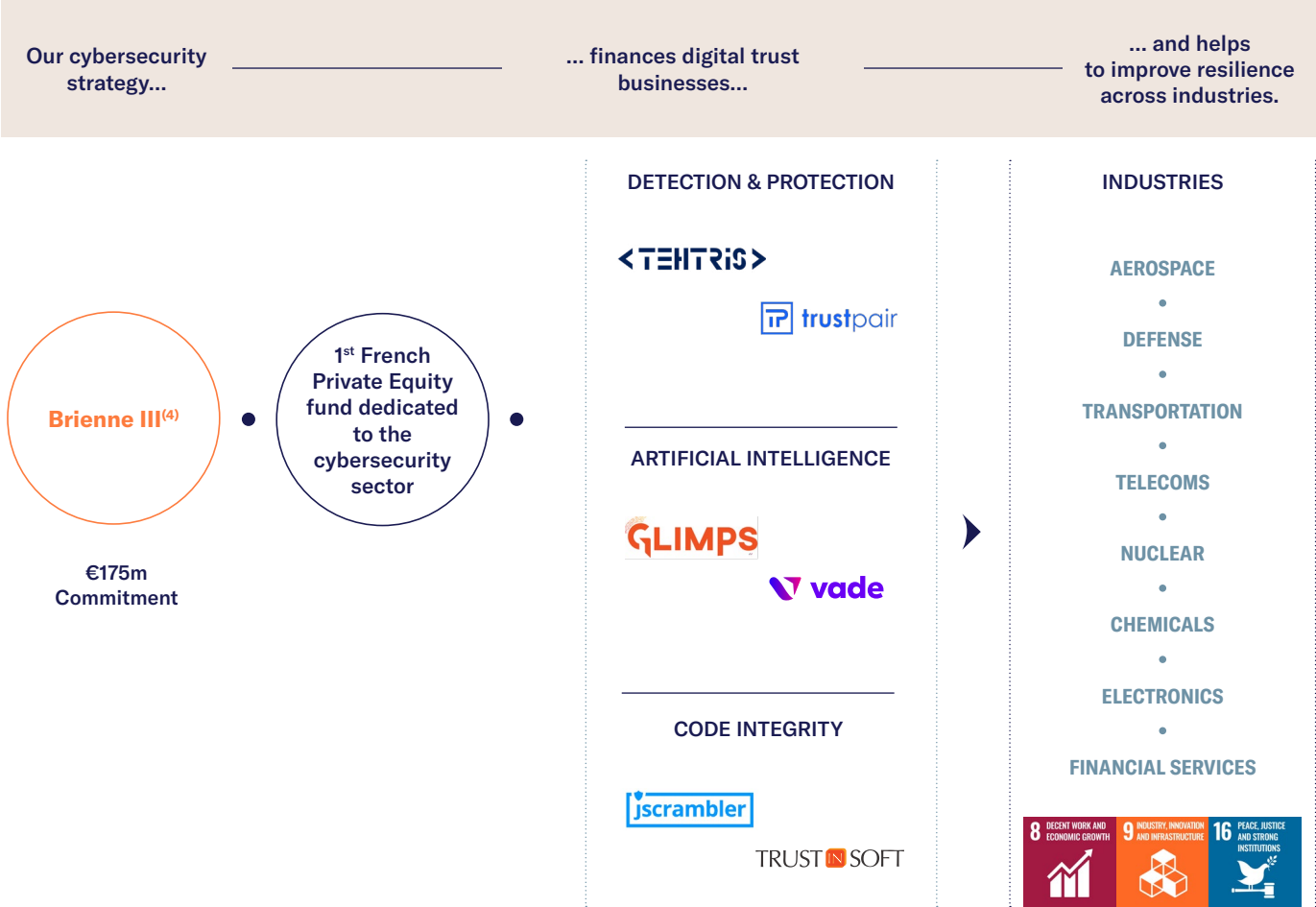
face of attacks and helps to consolidate the social impact, particularly by preserving jobs that would be threatened in the event of an inability to carry out an activity or a financial loss. As such, cybersecurity contributes to business resilience. Because if poorly protected, and in the event of a wide-scale attack, part of the economy could collapse. We therefore need to develop the ecosystem that reduces this systemic risk. Hence the notion of Operators of Vital Importance defined by French law and which are the pillars of the economy, with a strong obligation to protect themselves against cyber attacks.

How does our cybersecurity strategy address this issue?

G. D. The cybersecurity strategy is based on Brienne III⁽⁴⁾, the first French Private Equity fund dedicated to the cybersecurity sector, which was launched in 2019. This fund raised €175 million and is fully deployed, a sign of real investor interest in this megatrend. The next vintages of the cybersecurity strategy are intended to finance young

companies offering innovative digital security technologies and to support their managers in their organic and/or external growth strategy. Against this backdrop, Tikehau Capital carries out permanent sourcing to identify future leaders and then helps them grow by supplying capital. Since 2020, Tikehau Capital has supported the development of Tehtris, the French publisher of the TEHTRIS XDR Platform and technology leader in the fight against cyber espionage and sabotage. In December 2022, we led a €35 million fundraising operation for VMRay, a global player that develops solutions to detect and analyse the most challenging malware and phishing threats. However, we also back our investments by providing access to an ecosystem to structure and develop their strategy. In doing so, Tikehau Capital has built its model on partnerships with major groups investing in its funds, such as EDF, Sopra Steria, Naval Group and Crédit Agricole. As a result, this cybersecurity strategy plays its part in defending Operators of Vital Importance faced with cyber threats.

Cybersecurity is a key factor in a firm's resilience



(4) Fund reserved for professional investors and closed to subscriptions. There is no guarantee that the investment objectives will be met.

HÉLÈNE
HENRY PRINCE

LAURENT-DAVID
CHARBIT

CO-HEADS OF PRIVATE EQUITY REGENERATIVE
AGRICULTURE STRATEGY, TIKEHAU CAPITAL



ACCELERATING THE TRANSITION TO REGENERATIVE AGRICULTURE

What is the impact of the “Nature and Biodiversity” theme?

Hélène Henry Prince_ The “Nature and Biodiversity” theme is at the heart of our strategy dedicated to regenerative agriculture, which tackles the challenge of soil depletion, water pollution and the reduction of biodiversity, all of which are consequences of an agricultural industry focused on productivity. While 95% of food volumes are directly or indirectly produced from the use of soil, the United Nations estimates that more than 40% of soil is currently degraded, in particular as a result of intensive exploitation and excessive use of fertilisers⁽¹⁾. Sterilised, polluted and acidified, soil is struggling to play its vital role for the environment and society. Soil is a bulwark against flooding, filters water and is home to 25% of the Earth’s biodiversity. Moreover, after the oceans, it is the largest natural carbon sink on the

planet. Increasing its carbon content is therefore a unique way to offset the impact of greenhouse gas emissions on the climate. This would also represent a form of support for farmers’ livelihoods in the long run by providing them with new sources of income.

How does the private equity strategy dedicated to regenerative agriculture address this issue?

Laurent-David Charbit_ The aim of this strategy is to invest in large-scale deployable solutions that enable agriculture to integrate regenerative practices. Firstly, by acting on nature and quantity of ingredients to rebuild the organic matter of soil, restore biodiversity and preserve water quality by developing alternatives to traditional fertilisers. Secondly, our strategy focuses on innovative agricultural techniques and equipment, particularly digital

(e.g., precision agriculture, monitoring of regenerative practices implemented and measurement of the impact to facilitate the transition, etc.). Our fund will also target solutions that will bring transparency to upstream value chains, thereby increasing their resilience. Lastly, our investment thesis includes companies that are enabling the conversion of farms to regenerative practices with dedicated solutions both for livestock and crop farmers.

H. H. P._ The fund is built around a partnership with Unilever, which, thanks to its network in the agricultural world, leverages its expertise in agri-food value chains, and AXA via its AXA Climate subsidiary, a transition expert that acts as an impact and ESG advisor for the fund and has extensive knowledge of the main risks. The strategy dedicated to regenerative agriculture, has a target size [or] aims to raise €1 billion, will target equity investments of between €30-150 million in companies offering solutions that deliver positive impact on soil quality, particularly in Europe and North America.

How can this impact be measured?

L.-D. C._ To illustrate the impact of the regenerative agriculture strategy, a specific framework has been defined with specialists in the field using international standards.

Impacts on agriculture are multidimensional and each investment made by the fund must demonstrate a net positive impact on at least one of the three key environmental performance indicators, namely the footprint of production on biodiversity, water and carbon emissions. With respect to biodiversity, impact is measured by calculating the percentage of species lost on a base unit (square metre of land, cube metre of water) over a one-year period in a defined area due to a given anthropogenic process. Water is an essential resource that must also be preserved. Both the amount of water saved (in cubic metres) and the pollutant emissions avoided (in kg) are assessed. With regards to carbon, the reduced greenhouse gas emissions sequestered in the soil are measured in tonnes of CO₂ equivalent. We also consider the socio-economic impacts such as the financial impact of the solution on farmers' income and workers' health and safety. We pay close attention to and review regular updates of tools to improve the quality of these measurements. The objective is to communicate transparently on the impact methodology framework used by the fund and its evolution over time, in order to participate in the emergence of a market standard.

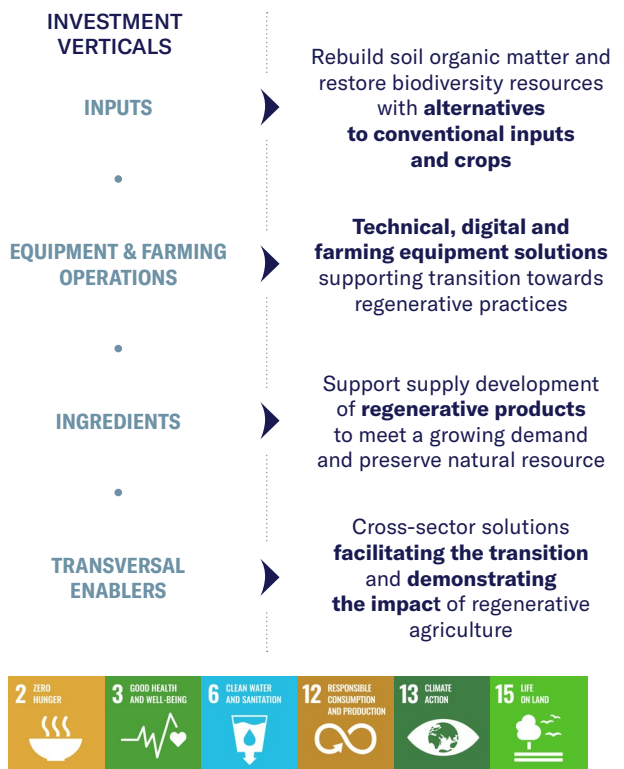
Our strategy aims to unlock the value chain of regenerative agriculture



€200m  



€100m 



Responsible approach

at the Group
operations level

The diversity of gender, culture, profiles, expertise and experience is a guarantee of richness, stronger creative capacity and innovation. This generates substantial value and boosts the appeal of the company.

48
NATIONALITIES

43%
OF WOMEN
IN THE GROUP

LEVEL UP
IT'S ABOUT TAKING RESPONSIBILITY,
FOR A HEAD START



Focus on ethical business conduct

Over and above the alignment of interests that is at the heart of the Group's development model, business ethics are of paramount importance. Tikehau Capital is committed to complying with high standards of Corporate Social Responsibility (CSR) and to adopting ethical behaviour. The Group has subscribed to the United Nations Principles for Responsible Investment ("PRI") and the United Nations Global Compact and cooperates with these initiatives.

A STRONG ALIGNMENT OF THE GROUP'S FINANCING

At the end of 2022, 65% of the Group's financing included an ESG component, providing an additional incentive to step up its impact strategy.

- In March 2021, the Group successfully completed the placement of an inaugural €500 million sustainable bond issue that will mature in 2029. This sustainable bond is the first to be based on an innovative allocation framework (Sustainable Bond Framework) that enables the Group to invest the proceeds of the issue directly in sustainable assets (social or environmental) or in sustainability-themed funds aligned with the Group's priority sustainable development objectives. A Sustainable Bond Allocation Committee has been established and will meet annually before the anniversary date of each issue.
- In July 2021, the interest rate margin of Tikehau Capital's syndicated loan agreement was indexed on three ESG criteria: (1) amount of assets under management dedicated to climate and biodiversity, (2) the feminisation of management and (3) the alignment of interests.
- In February 2022, Tikehau Capital announced that it had successfully issued its first US\$180 million private placement in the US market (USPP). The proceeds of this financing are intended to be used in strict compliance with the Sustainable Bond Framework established as part of the Group's first sustainable bond.

ETHICAL BUSINESS CONDUCT

Tikehau Capital is developing with a commitment to respecting human rights and the environment wherever it operates. The Group aims to act in accordance with, in particular, the International Bill of Human Rights, the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD)'s Principles and Guidelines intended for multinational companies. During the 2022 financial year, Tikehau Capital was not the subject of any complaint, formal notice or conviction in relation to any of the principles of the United Nations Global Compact or the OECD Guidelines for multinational companies.

Tikehau Capital is committed to working towards high standards of Corporate Social Responsibility (CSR) and to adopting ethical behaviour. The Group joined the **United Nations Principles for Responsible Investment (PRI)** in July 2014 and the **United Nations Global Compact** in February 2023 and cooperates with these international initiatives on relevant issues.

The measures taken to limit negative impacts on human rights within the Group are described in the Code of Conduct and the Responsible Purchasing Charter available on the Tikehau Capital website.

In an effort to consolidate the Group's main commitments, policies and procedures and expectations regarding behaviour for both its employees and key stakeholders in a single document, a Code of Conduct was drafted and published on Tikehau Capital's website in 2021 and updated in early 2023.



Laure Villepelet
Head of ESG, Tikehau Capital

“Our behaviour, our beliefs and our business model are key to all our stakeholders. Defining our sustainability roadmap at the investment and Group level is essential.”

This code is not exhaustive and should be regarded as a tool that supplements other existing policies. It covers the following seven themes:

- relations with clients, suppliers and external stakeholders (e.g., responsible marketing and communication);
- rules of conduct on protection and reputation (e.g., cybersecurity and data protection);
- anti-corruption conduct rules (e.g., lobbying);
- rules of conduct for governance;
- social conduct rules (e.g., respect for human rights, freedom of association, diversity policy and the fight against harassment);
- environmental approach (commitments and eco-friendly actions);
- application of the Code of Conduct (whistleblowing system and penalties policy).

CYBERSECURITY AND PERSONAL DATA PROTECTION

Cybersecurity is a critical issue and Tikehau Capital is constantly strengthening its IT architecture and systems. External penetration tests are regularly performed to check the robustness of the Group's information systems. The cybersecurity risk prevention system notably includes due diligence with regard to external IT service providers (cloud applications, data processing, etc.), phishing campaigns and training for all employees.

In 2022, more than 85% of registered employees and external providers received cybersecurity training.

65%
of the Group's financing is
linked to ESG criteria

Human Capital

DIVERSITY AND INCLUSION AS DRIVERS OF DEVELOPMENT

43%

of women in the
total workforce

8.9%⁽¹⁾

Unadjusted
gender pay gap

26%

of women
in investment
teams

23%

of women among
Executive Directors
and Managing
Directors

The diversity of genders, cultures, profiles, expertise, experiences and clients is at the heart of Tikehau Capital's concerns. Its growth will only be sustained by promoting diversity and inclusion. Performance, innovation, responsibility and openness to the world will prove vital in the years ahead.

Tikehau Capital champions diversity, the free expression of each employee's convictions and solidarity between teams.

23% of the Managing Directors and Executive Directors of Tikehau Capital are women (as at 1st January 2022). Management has set itself a target of increasing the proportion of women Managing Directors and Executive Directors to 26% by end-2023, 28% by end-2025 and 30% by end-2027. In October 2021, the pay grid per grade was reviewed between men and women with the same experience, and the Human Capital Department is working to reduce the pay gap.

We have 48 different nationalities in our teams. We trust our employees and believe in the power of learning through connections and stimulating encounters. Our ability to recruit and retain diverse talent is not only a key growth driver, but also a pillar of our strategy. Since French regulations do not allow us to factor in the ethnic diversity of our teams, we primarily focus on countries where it is possible to conduct such monitoring. A case in point is the United Kingdom, where we have partnered with the 10,000 Black Interns association to promote diversity in the recruitment of our interns. Tikehau Capital firmly believes in equal opportunity employment and also encourages diversity in recruitment in the United States.

At end-2022.

(1) Pay gaps between men and women are prepared on the basis of defined permanent employee gender categories which are based on role, grade, geographical area and activity for an autonomous management company with specific pay practices.

(2) Employees who hold shares directly or indirectly, including, and without limitation, through a company or *ad hoc* vehicle, or who have been allocated shares, even if they have not been subject to definitive acquisition.



Emmanuelle Costa
Head of Human Capital,
Tikehau Capital

48
nationalities

60⁽²⁾
%
of employee
shareholders

“The diversity of profiles ensures a greater capacity for innovation.”

The talent management and retention policy includes a range of complementary initiatives: ongoing dialogue on career development, training, mobility opportunities, as well as attractive remuneration packages and benefits that allow for long-term planning.

As part of its skills development plan, the Human Capital team conducts monitoring and ensures that all employees have access to diverse and high-quality opportunities. Tailored strategic training projects were developed and rolled out in 2022:

- Tikehau Capital's management training programme: individual and collective training dedicated to all managers. Kick-started in 2022, the course gradually integrates new managers to support them in their new role;
- The Women's Leadership Programme: a course in collaboration with SKEMA Business School, initiated in 2022, to assist Tikehau Capital's female employees with their career development;
- Private Equity Awareness: a training day led by an expert from France Invest, dedicated to our support function employees in order to acculturate them to the investment business;
- The Tikehau Sustainability University: a platform for all employees dedicated to environmental, social and governance (ESG) training programmes. To have a fully integrated approach to sustainability, we need to upskill all teams, businesses and functions in order to embed ESG risks, opportunities and measurement in their day-to-day roles. In addition, to support and accelerate Tikehau Capital's sustainability-themed and impact platform around climate, nature & biodiversity, cybersecurity and resilience, it is vital to build tailored knowledge and develop best practice.

See more details in Section 4.4.3 (Human capital: diversity, attraction and retention of talent) of Tikehau Capital's 2022 Universal Registration Document (pages 228-237).

Sponsorship

22 ASSOCIATIONS SUPPORTED IN 2022 AND €680,000 IN DONATIONS



FOR HEALTH

Tikehau Capital conducts numerous actions to promote health that are rolled out across geographies. They include a commitment to research, support for patients and carers and the fight against discrimination in relation to disabilities.

After contributing to COVID-19 research in March 2020 by making a significant donation to *Assistance Publique Hôpitaux de Paris* (AP HP), Tikehau Capital became a "Grand Mécène" (Major Patron) of *Fondation AP HP* in 2021 to support innovation in health, the teams of the 39 AP HP hospitals and accessibility to healthcare for all. This partnership continued in 2022.

In 2022, the Group also confirmed its support for the Institut Curie's Research Centre in the United States to help advance cancer research, as well as for the HELEBOR association, which contributes to the development of palliative care and the improvement of the quality of life of seriously ill people in France.

Tikehau Capital also decided to support an academic hospital system, the *Chaire de Philosophie à l'hôpital*, over the 2022-2024 period. It is a teaching and research programme designed to combine theory and practice by working with caregivers, patients, students, stakeholders in the health-care system, as well as the general public.

The commitment to health also involves enabling the most vulnerable people to be independent with *Mutuelle d'Épargne, de Retraite et de Prévoyance Carac* ("Carac"). Since June 2011, Tikehau IM and Carac have joined forces to create an associative savings product via the *Tikehau Entraid'Épargne Carac* (TEEC) fund.

Lastly, in April 2022, Tikehau Capital supported the social enterprise *Café Joyeux* by contributing to the launch of their first coffee shop in the United States and the United Kingdom. *Café Joyeux* is a fast food company that employs people with disabilities, mainly affected by Down Syndrome or Autism. Their goal is to make disability visible and to promote meetings, by offering work in an ordinary environment to people who struggle to access employment.



FOR YOUNG PEOPLE

Convinced of the virtues of access to knowledge, the values of sport and of the usefulness of acting early to correct inequalities, Tikehau Capital supports various associations dedicated to young people through the involvement of the Group's employees.

Since 2019, Tikehau Capital has supported the *Institut de l'Engagement*, which enables thousands of young people who are involved in volunteering to promote their civic engagement and pursue a future project with the support of the Institute. As part of this partnership, Tikehau Capital's teams participate in the selection of future laureates, which includes the initial phase of screening applications through to interviews. The Group also supports the institute by selecting interns from the programme.

Tikehau Capital continues to support two associations in Spain: *Fundación Exit*, which supports the prevention of young people dropping out of school, and *Junior Achievement*, which provides local learning centres that support young people and help them succeed and find their way.



FOR CLIMATE

In addition to its daily commitment to the climate in the various impact funds developed by Tikehau Capital's teams, the Group actively supports pioneering initiatives and projects focused on oceans.

In early 2021, Tikehau Capital committed for a period of five years to the *Océan Polaire* association, founded by the doctor and explorer Jean-Louis Étienne as part of its Polar Pod project. *Océan Polaire* organises educational and scientific expeditions and missions in the polar regions. Polar Pod is an extraordinary maritime exploration, as well as a technological challenge for the study of the Southern Ocean that surrounds the Antarctic. The Southern Ocean is a major player in the climate system because its cold waters are one of the main carbon sinks. The Southern Ocean also has a rich biodiversity. Non-motorised, the Polar Pod is silent and allows an unprecedented underwater life census. The purpose of this expedition, which is to be launched in 2023, is to enable the acquisition of long-term data

Since 2021, Tikehau Capital has supported the development of *Espérance banlieues* by contributing to the construction of the new *Cours Charlemagne* premises in Argenteuil (France). The *Espérance banlieues* network is developing an innovative school model specialising in the educational challenges in the French suburbs by preventing school drop outs and promoting the social and cultural integration of young people. It is based on individualised monitoring of students (made possible by working with small groups), learning focused on fundamentals (reading, writing, counting) and a strong involvement of parents in education.

Since 2021, Tikehau Capital has also been supporting the Rugby French Flair Association, notably as part of its commitment to contribute to the development of the Zazakely Orphanage, which works to improve the living conditions of underprivileged children. Rugby French Flair allocates the donations it receives to local organisations that care for young people. The goal is to offer these children, often orphans, values and activities to help them face the violence of their living environment (trafficking, prostitution, recruitment into armed groups), in a context of extreme poverty (Madagascar, Senegal, Colombia, Cuba, Panama, etc.).

In 2022, Tikehau Capital also supported the Life Project for Youth Association, which develops solutions for the professional and social inclusion of young people, aged 17-24, living in extreme poverty and who are victims of exclusion in 13 countries in Asia, the Middle East, Europe and America.

and observations that will be sent to partner researchers, oceanographers, climatologists and biologists. 43 scientific institutions from 12 countries are already involved in the project.

Tikehau Capital also sponsored the initiative of Romain Pilliard, skipper of the trimaran *Use It Again!* who embarked on an attempt to sail around the world in reverse, against the prevailing winds and currents, in December 2021. The trimaran was refurbished over 15 years after it first sailed, with careful attention being paid to the choice of materials used and the transformation or recycling of obsolete equipment. In early February 2022, the trimaran ran aground in gale force winds south of Chile, but a month after the accident in Cook Bay, the trimaran, which aims to raise awareness of the circular economy, was repaired and launched in Ushuaia. Despite extensive damage to the boat, Romain and the *Use It Again!* team did everything they could to complete the project in difficult conditions on the other side of the world. Romain arrived on 9 August 2022, in *La Trinité-sur-Mer* after a 216-day adventure as part of this Round the World in Reverse expedition. The aim of this expedition was also to produce the first global mapping of ocean sounds in order to support the work of a scientist specialising in the sounds made by cetaceans and ocean noise pollution.

Notes and useful ESG links

THE GROUP TAKES INTO ACCOUNT SEVERAL GLOBAL SUSTAINABILITY REPORTING FRAMEWORKS

Appendices presented in the Tikehau Capital 2022 Universal Registration Document

2022 Reporting	Comment
CONCORDANCE TABLE - Task Force On Climate-Related Financial Disclosures (TCFD)	<p>Tikehau Capital publishes a TCFD cross-reference table in its Universal Registration Document. The Group also plans to publish a climate report in 2023.</p> <p>available here pages 253-254</p>
CONCORDANCE TABLE - Sustainability Accounting Standards Board (SASB)	<p>Tikehau Capital publishes a SASB cross-reference table in its Universal Registration Document.</p> <p>available here pages 255-256</p>
TAXONOMY REGULATION REPORTING	<p>Tikehau Capital SCA does not meet the definition of a financial enterprise and must therefore be qualified as a non-financial enterprise. Thus, the activities to be taken into account for Taxonomy reporting are those carried out by the Company and by the companies within its scope of consolidation in the accounting sense. Taxonomy reporting therefore does not consider asset management and investment activities.</p> <p>available here pages 239-245</p>
PRINCIPAL ADVERSE IMPACTS (PAI) REPORTING INDICATORS AT THE GROUP LEVEL	<p>The Group voluntarily presents the principal adverse impacts (carbon emissions, pay gaps, compliance with the United Nations Global Compact, etc.) of its direct operations, carried out by the Company and its consolidated subsidiaries.</p> <p>It should be noted that two of its consolidated subsidiaries, Tikehau IM and Sofidy, are management companies subject to the provisions of the Sustainable Finance Disclosure Regulation which will publish an initial statement relating to the principal adverse impacts of their investment decisions taking into account quantitative information in June 2023.</p> <p>available here pages 246-249</p>

Policies available on the Tikehau Capital website

Responsible investment policy

available here

Code of Conduct

available here

The Group's Responsible Purchasing Charter

available here

Exclusion policy

available here

Modern slavery statement

(Modern-slavery-statement)

available here

Voting policy

available here

Policies available on request

Anti-money laundering policy

Code of conduct on the prevention of corruption and influence peddling

(Anti-Bribery, Corruption and Influence Peddling Code or "ABC Code")

Charter to fight against harassment

IT charter

Information systems security policy

Diversity and inclusion policy

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A major private equity player driving the energy transition in Europe

We must take action on climate change now. For nearly a decade, Tikehau Capital has been taking climate issues into consideration, conscious of the important role it can play in the transition towards a more sustainable economy and future. Our impact platform provides financing solutions to reduce the carbon footprint of our economy drastically by working primarily with companies involved in energy efficiency, low-carbon mobility and clean energy. We have built a network of experts who structure effective solutions and help companies to make progress in their energy transition journey. We must take action on climate change now.

For more information, please go to www.tikehaucapital.com

€1 billion

invested to develop 14 companies working to bring about the energy transition.



↑
2022



EGIS
Global construction engineering and operating Group



NOVAFRANCE ENERGY
Renewable energy projects

2021



GROUPE STERNE
Transport and logistics services



VALGO
Clean up industrial sites



CETIH
Housing envelope and energy renovation specialist

2020



AMARENCO
Independent solar power producer



EUROGROUP
Supplier of components for electric motors



ENSO
Renewable energy service and power generation company



COOLPLANET
Energy efficiency services

2019



GROUPE ROUGNON
Building energy performance

2018



GREENYELLOW
Energy Transition Platform

Pre-2018



EREN
Independent power producer from renewable energy sources (solar and wind)



QUADRAN
Solar power



ASSYSTEM TECHNOLOGIES
Independent engineering group

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Level
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