

## APPENDIX 1

### Pre-contractual disclosure for products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product designation: Tikehau SubFin Fund (the “**Sub-Fund**”)

Legal entity identifier: 222100SNB56F1LE09J94

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provides that the investment does not significantly harm any environmental or social objective and that the investee follow good governance practices.

The **EU Taxonomy** is a classification system laid down in regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

*[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective**: %

☐ in economic activities that qualified as environmentally sustainable under the EU taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: %

☐ It promotes **Environmental / Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0% sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics , but **will not make any sustainable investments**



## What environmental and/or social characteristics are promoted by this financial product?

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-Fund considers the following ESG criteria in its investment strategy:

1. The Sub-Fund promotes certain minimum environmental and social safeguards through applying exclusion criteria with regards to products and business practices that have been demonstrated to have negative impacts on the environment or society.
2. The Sub-Fund promotes business practices that uphold the United Nations Global Compact (UNGC) and OECD Guidelines for Multinational Enterprises, avoiding companies that violate these principles.
3. The Sub-Fund refrains from investing in companies embedding a high ESG risk and places limitations on investments in companies with a medium ESG risk. Investments in companies classified as medium ESG risk are subject to a review by the Compliance-Risk-ESG working group, leveraging its members' specific areas of expertise. This working group issues a favourable or unfavourable opinion, which will be considered for the investment decision.

These elements are described in further detail in the sections that follow.

### What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators of the Sub-Fund are as follows :

- The number of holdings in the Sub-Fund portfolio found to be in breach of the Exclusion Policy adopted by the Tikehau Capital Group (the “ **Group** ”) or when applicable exclusions required by the label to which the Sub-Fund is subject.
- The number of companies that are in breach of the UN Global Compact and OECD Guidelines for Multinational Enterprises.
- Issuers' ESG Profile according to the in-house analysis grid (as defined and described below).

### What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable. The Sub-Fund does not commit to investing in sustainable investments.

### How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable. The Sub-Fund does not commit to investing in sustainable investments.

The **principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU taxonomy sets out a "do no significant harm" principle which taxonomy-aligned investments should not significantly harm EU taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?



Yes

The carbon-related indicators are considered by the Sub-Fund both as ESG characteristics and as principal adverse impacts ("PAI").

The Sub-Fund takes into account in particular the following elements:

- Total GHG emissions and split by scope 1 (emissions generated from fixed or mobile sources that are controlled by the company that issues the underlying assets), 2 and 3 emissions (PAI indicator 1),
- Carbon footprint (PAI indicator 2),
- GHG intensity of portfolio companies (PAI indicator 3), and
- Share of investments in companies that have not taken steps to reduce their carbon emissions (optional PAI indicator).

Other PAIs are directly related to the Exclusion Policy and, as a result, are monitored in the non-financial profile rating scale:

- Share of investments in companies active in the fossil fuel sector (PAI indicator 4),
- Share of investments in companies with activities that have a negative impact on biodiversity-sensitive areas (PAI indicator 7),
- Share of investments in companies in violation of UN Global Compact principles and OECD Guidelines (PAI indicator 10),
- Share of investments in companies involved in the manufacture or selling of controversial weapons (PAI indicator 14).

More information on the principal adverse impacts on sustainability factors will be made available in the periodic report in accordance with Article 11(2) of the SFDR.



No



## What investment strategy does this financial product follow?

### • Exclusions

The exclusion policy of the Tikehau Capital Group is based on (1) the respect of norm-based filters (such as UNGC principles and OECD Guidelines for Multinational Enterprises); (2) the Tikehau Capital Group's exclusion of certain sectors (the "**Exclusion Policy**"); and 3) when applicable the exclusions required by the label to which the Sub-Fund is subject.

- Norm based filters including the Ten Principles of the UNGC and the OECD Guidelines. Companies in breach of one or more principles or guidelines are excluded from the Sub-Fund investment universe. However, if robust mitigation measures have been implemented following this breach, the company may be eligible for investment. In this case, the Compliance-Risk-ESG working group must be consulted. This working group issues a favourable or unfavourable opinion, which will be considered for the investment decision.
- The Management Company believes that certain products and commercial practices have adverse consequences for society and are incompatible with the environmental and social characteristics promoted by the Sub-Fund. Accordingly, the Management Company excludes companies exposed to controversial weapons and those with more than a certain proportion of revenue from activities connected to pornography, prostitution and tobacco.
- The Management Company is also committed to limiting its exposure to the most polluting companies, assets or projects where alternatives exist, by excluding any direct financing of projects connected to fossil fuels and related infrastructure as well as any direct investments in companies with significant exposure to fossil fuels, as defined in the Exclusion Policy.
- Moreover, the Tikehau Capital Group has defined a watchlist that seeks to identify the business sectors, geographical areas (e.g. non-cooperative or sanctioned countries) and behaviours (e.g. allegations of corruption, tax evasion or money-laundering) likely to have an adverse impact on the environment or society.

The list of activities targeted, and the thresholds for determining excluded activities and label-specific exclusions, can be consulted in the Group's Exclusion Policy, which is available on the Tikehau Capital website: [https:// www.tikehaucapital.com/en/our-group/sustainability/publications](https://www.tikehaucapital.com/en/our-group/sustainability/publications)

### • ESG Profile

For the purposes of the bottom-up analysis conducted prior to any investment, the Management Company will also assign to each company an ESG profile (the "**ESG Profile**"), reflecting an ESG risk classification, on the understanding that the investment process applicable to such company will depend on that ESG Profile:

- Acceptable ESG risk: no restrictions apply to investment in the company.
- Average ESG risk: consultation with the Compliance-Risk-ESG working group is required. This working group issues a favourable or unfavourable opinion, which will be considered for the investment decision.
- High ESG risk: investment in the company is prohibited.

The ESG Profile is based on a company's quantitative ESG score, provided by an external data provider. In cases where the external data provider does not cover the company, the Management Company employs a tool adapted from the same external data provider to generate a quantitative ESG score. These quantitative scores are comparable in scale and both measure a company's performance on and management of material ESG risks, opportunities, and impacts. ESG scores are notably based on information provided by companies.

More details about the ESG Profile, scoring methodology and thresholds governing each of the ESG risk categories can be found in the Tikehau Capital Group Sustainable Investing Charter: <https://www.tikehaucapital.com/~media/Files/T/Tikehau-Capital-V2/documents/sustainability/esg-publication/ri-charter-en-2017-12-06.pdf>

ESG Profiles are updated on a periodic basis. A change in an ESG score may or may not prompt a change in the corresponding ESG Profile: (i) if a deterioration of the ESG Score triggers a downgrade of the ESG Profile from acceptable to medium risk level, this downgrade will necessitate consultation with the Compliance-Risk-ESG working group; (ii) if the ESG Profile downgrades to a high-risk status, the Sub-Fund is required to exclude the company from its investment portfolio and to sell the positions in it within a 12-month timeframe. Nevertheless, divestment may not occur if the company successfully manages to improve its ESG Profile before the end of this period, or if the Management Company considers that such divestment within this period is not in the best interest of the investors of the Sub-Fund.

The methodological limitations of the non-financial approach are presented in the Risk Factors section of the Prospectus.

The implementation of this approach may lead to the exclusion of several investment opportunities.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Sub-Fund has the following binding elements:

- at least 90% of portfolio securities (as a % of Net Assets) are subject to an ESG and/or carbon intensity analysis, it being specified that (i) bonds and other debt securities issued by public or quasi-public issuers, cash held on an ancillary basis, (ii) derivative instruments for hedging purposes, and (iii) securities whose performances are swapped via TRS over a period exceeding one month, are not taken into account;
- companies are excluded using sectoral exclusions covered by the Exclusion Policy or, where applicable, by the requirements of the label the Sub-Fund is subject to, as described in point 1 in response to the question "What investment strategy does this financial product follow?",
- an ESG Profile must be assigned to companies and the process described in point 2 in response to the question "What investment strategy does this financial product follow?" must be applied.
- when relevant, the Tikehau Capital Group has pledged to vote at shareholder meetings of companies held in the Sub-Fund, regardless of the nationality of issuing companies, as long as the company provides sufficient information and as long as its custodians are able to take its votes into account. Resolutions put on the agenda by external shareholders (including resolutions on ESG topics) are analysed on a case-by-case basis and approved if they help to improve the company's practices or can enhance shareholder value.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

While the approach described above lead to a reduction of the scope of the investment, there is no committed minimum rate of reduction.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

In assessing good governance practices, the Management Company considers, among other things: the ESG scores of the companies, adherence to international codes of conduct (UNGC signatory, for example) and controversies.

The ESG scores used by the Sub-Fund integrate the four good governance practices specified by the SFDR within their governance and economic pillar or social pillar: sound management structures, employee relations, remuneration of staff and compliance with tax obligations.

The Management Company believes that assessing good governance practices is an ongoing process. If a company fails on one or more of the substitute indicators assessed, it could still be included in the portfolio if, upon review, the issuer is exhibiting good governance practices overall (such that the results of the substitute indicator tests do not indicate a material impact on good governance). In reaching this conclusion, the Management Company may take into account any remedial actions being undertaken by the investee company.



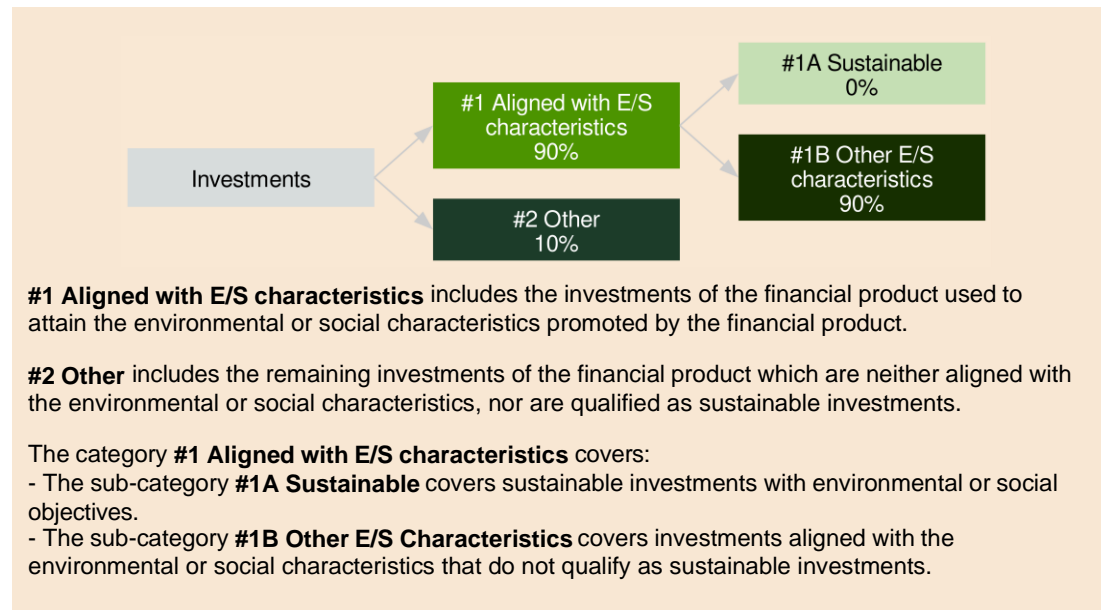
## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The investments in the category Other, estimated at 10%, are mostly in cash, cash equivalents and derivatives as further described below. The planned asset allocation is monitored continuously and evaluated on a yearly basis.



### ● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Sub-Fund does not use derivatives in the context of the non-financial approach: neither for the attainment of its environmental or social characteristics promoted nor in a supporting role.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not currently commit to making any sustainable investments within the meaning of the Taxonomy Regulation. However, the position will be kept under review as the regulatory framework is finalised and the availability of reliable data increases over time. The minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy is set at 0 %.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments aligned with the EU taxonomy. As there is no appropriate methodology for determining the alignment of sovereign bonds\* with the taxonomy, the first graph shows the alignment with the taxonomy in relation to all investments in the financial product, including sovereign bonds, while the second graph shows the alignment with the taxonomy only in relation to investments in the financial product other than sovereign bonds.

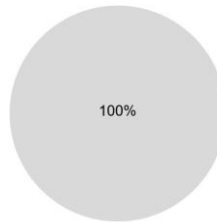
1. Taxonomy-alignment of investments including sovereign bonds\*

■ Taxonomy-aligned:  
Fossil gas - 0%

■ Taxonomy-aligned:  
Nuclear - 0%

■ Taxonomy-aligned (no  
fossil gas & nuclear) -  
0%

■ Non Taxonomy-aligned -  
100%



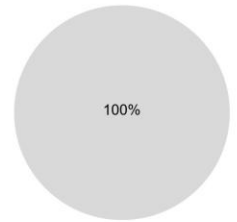
2. Taxonomy-alignment of investments excluding sovereign bonds\*

■ Taxonomy-aligned:  
Fossil gas - 0%

■ Taxonomy-aligned:  
Nuclear - 0%

■ Taxonomy-aligned (no  
fossil gas & nuclear) -  
0%

■ Non Taxonomy-aligned -  
100%



\* For the purposes of these charts, sovereign bonds include all sovereign exposures.

Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

### What is the minimum share of investments in transitional and enabling activities?

As the Sub-Fund does not commit to making any sustainable investments within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is therefore also 0%.



The symbol represents sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?**

The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

The Sub-Fund does not currently commit to invest in any socially sustainable investment.



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Other investments include bonds and other debt securities issued by public or quasi-public issuers, cash held on an ancillary basis, and derivatives for hedging purposes. As such, they are not subject to any minimum environmental or social safeguards. On an ancillary basis, some issuers in the portfolio may not be covered by the the ESG Profile. However, the Group Exclusion Policy remains applicable to these issuers.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.



**Where can I find more product-specific information online?**

**Further information on the product can be found on the website:**

<https://www.tikehaucapital.com/investor-client/our-funds>

<https://www.tikehaucapital.com/en/our-group/sustainability/publications>



