

APPENDIX I - TEMPLATE PRE-CONTRACTUAL DISCLOSURE FOR TIKEHAU SHORT DURATION
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

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies 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.

Product name: Tikehau Equity Selection (the "Fund"). **Legal entity identifier:** 9695007ZSDR1KXXR5W64

Environmental and/or social characteristics

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 qualify 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 ____% of 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?

The Fund takes the following ESG characteristics :

1. The Fund promotes carbon efficiency efforts developed by corporates by seeking to outperform the Weighted Average Carbon Intensity of its investment universe.
2. The 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.

3. The Fund promotes business activities conducted in accordance with the United Nations Global Compact (UNGC) and OECD guidelines for Multinational Enterprises, by scrutinizing companies that violate these principles.
4. The Fund refrains from investing in companies embedding significant ESG risks as per proprietary ESG scores. The Fund limits investing in companies with a material ESG risk and a pre-approval from ESG and Compliance teams will be required for such investment.

A benchmark has been designated to monitor the carbon intensity of the Fund but no reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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

- ***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 Fund are:

- The weighted average carbon intensity of companies (as defined hereafter).
- The number of holdings in the Fund found to be in breach of the Exclusion Policy adopted by the Tikehau Capital Group (the "**Group**").
- The number of companies that are in violation of UNGC.
- The proprietary ESG profile Score of the issuers (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.

- ***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.



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

☒ Yes,

The primary objective of the non-financial approach is to ensure that the weighted average carbon intensity of the Fund (greenhouse gas ("**GHG**") emissions per million euros of turnover) is at least 20% lower than the Investment Universe, as defined hereafter. As a result, the Fund monitors carbon related indicators both as ESG characteristics and as principal adverse impacts ("**PAI**"). The Fund considers in particular:

- Total GHG emissions and split by scope 1(carbon footprint from fixed or mobile sources controlled by the organisation), scope 2 (indirect emissions linked to energy consumption to produce goods and services) and scope 3 (result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain) emissions (PAI corporate indicator 1),
- Carbon footprint (PAI corporate indicator 2),
- GHG intensity of investee companies (PAI corporate indicator 3), and
- Share of companies without carbon emission reduction initiatives (optional PAI indicator).

Other PAI are directly related to the Tikehau Capital Group exclusion policy and as a result, they are monitored in the non-financial profile rating scale:

- Share of investments in companies active in the fossil fuel sector (PAI corporate indicator 4),
- Proportion of investments in investees with operations near biodiversity-sensitive areas (in percentage) (PAI corporate indicator 7),
- Share of Investments involved in violations of UNGC and OECD Guidelines (PAI corporate indicator 10),
- Share of investments in investee companies involved in the manufacture or selling of controversial weapons (PAI corporate 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?

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

An investment universe is defined for the needs of the non-financial approach as the following index: MSCI World 100% Hedged to EUR Net Total Return Index (the "**Investment Universe**"). Some of the issuers in the portfolio may not be included in the Investment Universe (small issuers that are not integrated in the composition of broad market index). The index used by the Fund is a broad market index that do not necessarily consider in its composition or calculation methodology the non-financial characteristics promoted by the Fund.

1) Exclusions

The exclusion policy is based on (1) the respect of norm-based filters (such as UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and (2) the sectoral exclusion of the Tikehau Capital Group.

- Norm based filters including the Ten Principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. Companies in breach of one or several principles are excluded from the Fund' Investment Universe.
- The Management Company believes that some products and business practices are detrimental to society and incompatible with sustainable investment strategies. Therefore, the Management Company applies the exclusion policy adopted by the Group, excluding companies operating in the controversial weapons sector and companies earning more than a certain threshold of their revenue from tobacco and/or marijuana for recreational purposes (growing and manufacturing of products), pornography and prostitution, or having an adverse effect on critical habitats.
- The Group is committed to limiting its exposure to the most polluting companies, assets or projects where alternatives exist, by excluding companies from the Fossil Fuel sector as defined in its exclusion policy. Thus, (i) thermal coal exclusion criteria include expansion plan of existing coal facilities, relative (revenue) and absolute (mining capacity of power generation) thresholds; (ii) oil & gas (conventional and unconventional) exclusion criteria include expansion plan of existing upstream and midstream capacity, relative (revenue) and absolute (production) threshold.
- Furthermore, the Group has defined a three-level watchlist that seeks to identify the industries, geographical areas (e.g., non-cooperative or sanctioned countries) and behaviours (e.g., allegations of corruption, tax evasion or money-laundering etc.) that may have negative external impacts on the environment or society.

2) ESG Profile Scoring

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 scoring (the "**ESG Score**"), This ESG Score is determined by applying a proprietary tool developed with an ESG expert, and ranges from 0% (ESG opportunity) to 100% (significant ESG risk) with a 5-level scale:

- ESG opportunity,
- moderate ESG risk,
- an average ESG risk,
- material ESG risk,
- significant ESG risk.

Investments in issuers that represent an ESG opportunity, a moderate ESG risk or an average ESG risk are allowed without internal prior approval. Issuers with a material ESG risk are subject to a pre-approval from ESG and Compliance teams according to their field of expertise. The Fund shall not invest in investments embedding a significant ESG risk. The ESG Score of each issuer in the Fund's portfolio is reviewed on a periodic basis. In the event that, following a review of the ESG Score, an issuer is no longer eligible with regard to the above criteria, the Fund should remove the said issuer from its investment universe and proceed with a divestment within a period of 12 months in the absence of an improvement in the said ESG Score within this period.

The ESG Score is based on the evaluation of the E, S and G components of the issuer on which the Fund will invest and may include the following ESG criteria:

- Governance: quality and transparency of financial and non-financial information, sector risks associated with bribery and cybersecurity (based on the ESG expert analysis), quality of the management team and governance bodies.
- Societal/Social: sector risks associated with health and safety (based on European and local statistics by sector), environmental and social risks in the supply chain, management of quality and risks associated with consumer safety, management and materiality of social/society-related controversies, contribution of products and services to the betterment of society.
- Environment: sector risks associated with the environmental footprint of the business (based on an ESG expert input by sector), management and materiality of environment-related controversies.

The implementation of this approach may lead to the exclusion of several potential opportunities across the steps of the selection process.

3) Carbon footprint reduction

The primary objective of the non-financial approach is to ensure that the weighted average carbon intensity of the Fund (GHG emissions per million euros of turnover) is at least 20% lower than that of its Investment Universe.

The carbon intensity of a company is the ratio of its GHG emissions, calculated in tonnes of CO₂ equivalent, to its total turnover converted into the reference currency, it being specified that the Fund will take into account emissions calculated on scope 1 (carbon footprint from fixed or mobile sources controlled by the organisation), scope 2 (indirect emissions linked to energy consumption to produce goods and services) and scope 3 (result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain), as defined by the Greenhouse Gas Protocol. The weighted average carbon intensity of the portfolio is calculated weekly.

The Management Company will monitor compliance with the 20 % threshold applicable to the Fund in connection with any investment or divestment decision and throughout the investment on a weekly basis. In the event that the 20 % threshold is exceeded during the course of the investment as a result of a deterioration in the carbon intensity of one or more issuers in the portfolio, the Fund will carry out the necessary arbitrages, in the best interest of the shareholders, in order to ensure that the weighted average carbon intensity of the Fund is again at least lower by 20% than that of its Investment Universe at the end of the quarter following the quarter in which the excess was observed.

The sources used to determine GHG emissions may include information published by emitters as well as additional data source from major databases such as for example ISS, S&P Trucost or Bloomberg. However, the Fund may exclude specific issuers from the calculation where no information is available and where sector averages are not considered relevant by the Management Company.

This Non-Financial Approach relies on qualitative and quantitative analyses which may present certain methodological limitations. These limits are mainly about (i) the availability, completeness and quality of the ESG data available, which may be erroneous or incomplete, either because of the data providers or because of the issuers,

and (ii) the trade-offs between variables and weightings in the analyses aimed at reflecting the ESG issues of issuers may also constitute a limitation.

Finally, ESG analyses may lead to sectoral biases in portfolio construction.

● ***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 Fund has the following binding elements:

- at least 90% of portfolio securities (as a % of Net Assets) are subject to an ESG and carbon footprint 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 in the determination of the Net Asset Value,
- the weighted average carbon intensity of the Fund (GHG emissions per million euros of turnover) must be at least 20% lower than that of the Investment Universe,
- assigning to each company an ESG Score, ranging from 0% to 100% (as detailed above). Investments in issuers that represent an ESG opportunity, a moderate ESG risk or an average ESG risk are allowed without internal prior approval. Issuers with a material ESG risk are subject to a pre-approval from ESG and Compliance teams according to their field of expertise. The Fund shall not invest in investments embedding a significant ESG risk,
- excluding companies operating in the controversial weapons sector and companies earning more than a certain threshold of their revenue from tobacco and/or marijuana for recreational purposes (growing and manufacturing of products), pornography and prostitution, or having an adverse effect on critical habitats.
- excluding companies from the Fossil Fuel sector as defined in its exclusion policy. Thus, thermal coal exclusion criteria include expansion plan of existing coal facilities, relative (revenue) and absolute (mining capacity of power generation) thresholds; oil & gas (conventional and unconventional) exclusion criteria include expansion plan of existing upstream and midstream capacity, relative (revenue) and absolute (production) threshold.

When relevant, Tikehau Group has pledged to vote at shareholder meetings of all companies held in funds regardless of the nationality of issuing companies, as long as the issuer provides sufficient information and as long as its custodians are able to take its votes into account. Resolutions put on the agenda by external shareholders (including resolutions on ESG topics) are analysed on a case-by-case basis and approved if the resolution helps 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.

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

The Group assesses good corporate governance through a qualitative analysis that relies on 4 criteria:

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

1. UNGC assessment: Whether the investee is exposed to violations and severe controversies related to principles of the UN Global Compact on Human rights, Labor, Environnement and Anti-corruption.
2. Tax compliance: Whether the investee has material controversy on taxation and/or accounting. The country risk rating defined by the Compliance team also considers the list of non-cooperative jurisdictions for tax purposes issued by the EU.
3. Accurate reporting: Whether the investee has published unqualified audited financial statements and reports.
4. Board oversight - Focus on board independence and separation of executive and supervisory powers: Where the positions of chairman and chief executive officer are held by the same person, the reasons behind this choice must be documented by the investment team, and it is important that the board checks for the presence of sufficiently independent members and ensures proper oversight of executive powers.

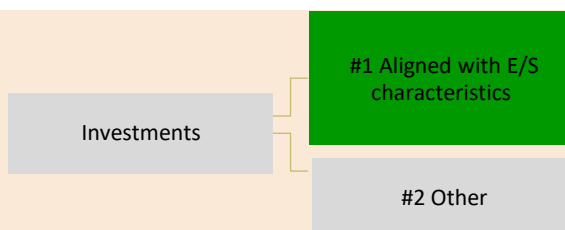
In addition, governance criteria are part of the ESG Criteria (as described above) and are, as such, also fully integrated in the ESG Score.

What is the asset allocation planned for this financial product?

At least 90% of Net Assets of the Fund are aligned with E/S characteristics.

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.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

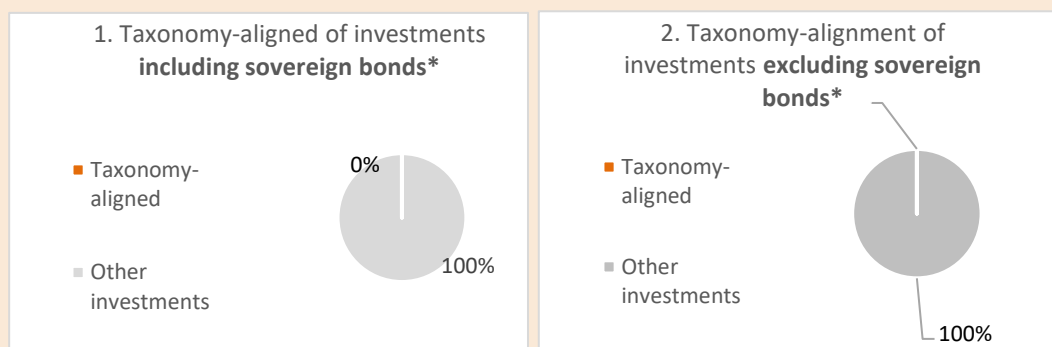
The Fund does not use derivatives in the context of the non-financial approach: neither for the attainment of its environmental or social characteristics promoted nor in a supporting role.



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

The Fund does not currently commit to invest in any “sustainable investment” within the meaning of the Taxonomy Regulation. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time. Accordingly, the Fund commits to a 0% alignment of the net assets of the Fund.

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



* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

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

As the Fund does not commit to invest any “sustainable investment” 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 set at 0%.



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

The Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the 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?

Not applicable.



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 joint assets, and derivative instruments for hedging purposes. As such, they are not subject to any minimum environmental or social safeguards. On an incidental basis, some issuers in the portfolio may not be covered by the carbon intensity analysis or ESG Score. However, the group exclusion policy remains applicable to these issuers.



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?

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

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

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

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