

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Issuer and Sustainable Bond Framework

Tikehau Capital  
17 March 2021

### VERIFICATION PARAMETERS

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Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>• Sustainable Bonds</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>• Green and Social Bond Principles, and Sustainability Bond Guidelines, as administered by ICMA</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>• Tikehau Capital's Sustainable Bond Framework (March 2021)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>• Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>• As long as Tikehau Capital's Sustainable Bond Framework remains unchanged</li></ul>

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## Scope of work

Tikehau Capital commissioned ISS ESG to assist with its Sustainable Bonds Framework by assessing three core elements to determine the sustainability quality of the instrument:

1. Sustainable Bonds link to Tikehau Capital's sustainability strategy – drawing on Tikehau Capital's overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Tikehau Capital's Sustainable Bond Framework (March 2021 version) – benchmarked against the International Capital Market Association's (ICMA) GBPs, SBPs and SBGs.
3. The eligible categories – whether the projects contribute positively to the UN SDGs and perform against ISS ESG's issue-specific key performance indicators (KPIs) (See Annex 1).

## ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>1</sup>
<p><b>Part 1:</b></p> <p><b>Sustainable Bonds link to issuer's sustainability strategy</b></p>	<p>Tikehau Capital is an alternative asset manager that invests with a focus on Europe in different asset classes such as private debt, real assets, private equity, and capital market strategies. As part of its ESG approach for its own operations as well as investments, the company and its affiliates have established clear responsibilities by setting up ESG committees in charge of climate and ESG policies as well as special ESG-related investment decisions.</p> <p>The Use of Proceeds financed through this bond are consistent with the issuer's sustainability strategy and address material ESG topics for the issuer's industry. The rationale for issuing sustainable bonds is clearly described by the issuer.</p>	<p><b>Consistent with issuer's sustainability strategy</b></p>
<p><b>Part 2:</b></p> <p><b>Alignment with GBPs, SBPs AND SBGs</b></p>	<p>The issuer has defined a formal concept for its Sustainable Bond Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. All the Green/Social/Sustainability Bond Principles requirements are met by the issuer's framework, except for the Eligible ESG funds Use of Proceeds category.</p> <p>Under this category, the proceeds of bonds will be allocated to thematic investment funds managed by the issuer or an external asset manager but without direct specification of projects or expenditure categories. ESG Funds managed by an external asset manager have to comply with Tikehau Capital CSR policy and the Sustainable Bond exclusion list.</p> <p>ISS ESG finds that the eligibility and exclusion criteria, alongside processes related to "principal adverse impact" screening, governance and reporting, defined by the issuer's framework ensure adequate sustainability quality for both investments and funds (re-) financed through the Sustainable Bonds.</p>	<p><b>Positive</b></p> <p><b>Alignment with the ICMA GBPs, SBPs and SBGs. Only the 'Eligible ESG funds' Use of Proceeds is, per nature (pursuing general ESG objectives and not specific projects), not fully aligned with the above principles.</b></p>
<p><b>Part 3:</b></p> <p><b>Sustainability quality of the Eligible categories</b></p>	<p>The overall sustainability quality of the eligible categories in terms of sustainability benefits, and risk avoidance and minimisation is good based on the ISS ESG assessment. The Sustainable Bonds will (re-) finance eligible asset categories which include:</p> <ul style="list-style-type: none"> <li>- Eligible Green Activities (clean energy, clean transportation, energy efficiency, green buildings, water and wastewater management, waste &amp; pollution control, environmentally sustainable management of land use and living natural resources, other climate change mitigation and adaptation activities)</li> </ul>	<p><b>Positive</b></p>

<sup>1</sup> ISS ESG's evaluation is based on the Tikehau Capital's Sustainable Bond Framework (March 2021 version)

- Eligible Social Activities (financial inclusion, healthcare, education, promotion of diversity, employment generation and preservation)
- Eligible ESG Funds

Those use of proceeds categories have a significant contribution to SDGs 1 'No Poverty', 2 'Zero Hunger', 3 'Good Health & Well-Being', 4 'Quality Education', 5 'Gender Equality', 6 'Clean Water & Sanitation', 7 'Affordable and clean energy', 8 'Decent Work and Economic Growth', 10 'Reduced inequalities', 11 'Sustainable cities and communities', 12 'Responsible Consumption & Production', 13 'Climate action' and 15 'Life on Land'. The issuer sustainability risk management is in place, but further measures to assure a holistic management of all key sustainability risks could be implemented.

## ISS ESG SPO ASSESSMENT

### PART I: SUSTAINABLE BONDS LINK TO TIKEHAU CAPITAL'S SUSTAINABILITY STRATEGY

#### A. TIKEHAU CAPITAL'S INDICATIVE SUSTAINABILITY PROFILE

Methodological note: Please note that Tikehau Capital is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the 'Financials/Asset Managers & Securities Brokerages' sector based on publicly available information exclusively. No direct communication between the issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Sector classification: Financials/Asset Managers & Securities Brokerages

Key Issues of the sector:

1. Sustainable investment criteria
2. Customer and product responsibility
3. Employee relations and work environment
4. Business ethics
5. Social and environmental impacts of products and services

Indicative ESG risk and performance assessment:

Tikehau Capital is an alternative asset manager that invests, with a focus on Europe, in different asset classes such as private debt, real assets, private equity, and Capital Market Strategies.

As part of its ESG approach for its own operations as well as its investments, the company and its affiliates have established clear responsibilities by setting up ESG committees in charge of climate and ESG policies as well as special ESG-related investment decisions. Next to ESG integration Tikehau Capital excludes some controversial business sectors from investments across all business lines, e.g., controversial weapons, thermal coal, tobacco and cannabis production, and adult entertainment. However, some of these exclusions are restricted (e.g., companies involved in thermal coal, tobacco and cannabis are only excluded if these activities account for more than 30% of total revenues). In addition, ESG committee approval is required for investments in issuers involved in further controversial practices and activities such as UN Global Conduct breaches, severe environmental impacts, and gambling. With its Sustainable bond framework and its Sustainability Investing Platform currently being rolled out, Tikehau Capital is in the process to complement its exclusion approach with positive criteria for parts of its activities. Beyond investment due diligence, Tikehau Capital monitors the issuers' sustainability performance and engages with them on ESG aspects (with a focus on corporate governance, diversity and climate change). In sum, the company's approach to ESG consideration in its investment criteria is clearly outperforming the industry average.

Some information is available on Tikehau Capital's approach towards business ethics (e.g., Code of Conduct) and on relevant compliance procedures (e.g., trainings, whistleblower channels). In addition, the company reports on several staff-related topics such as collective bargaining, health and safety,

equal opportunities and non-discrimination. With regards to customer and product responsibility, Tikehau Capital addresses responsible marketing, data protection in its Code of Conduct. The document also includes information on the Group's approach to responsible sales practices and tax compliance. All in all, the company displays a sound management of issues such as customer and product responsibility and staff relations.

Indicative Product portfolio assessment<sup>2</sup>:

- **Environmental impact of the product portfolio**

Tikehau Capital has established a fund financing enterprise tackling the energy and ecological transition. While this may contribute to the solution of sustainability challenges (e.g., climate change), it only constitutes a minor share of the business activity of the company (3.5% total assets under management ("AUM") as at December 2020).

- **Social impact of the product portfolio**

Tikehau Capital has set up two funds focused on healthcare and biotech in particular. As at Dec-20, Tikehau Capital financed more than 50 SMEs and medium sized companies in the healthcare and pharmaceuticals sectors (3.8% of AUM<sup>3</sup>) and 13 companies in the education sector (0.6% of AUM).

In 2020, Tikehau Capital started to structure loans with ESG ratchets for SMEs and medium sized companies, thereby addressing certain global social challenges (e.g. diversity, social inclusion).

The majority of the investment portfolio does seem to have net neutral environmental and social impacts, i.e. neither positive nor negative, according to ISS ESG methodology.

**Controversy assessment:** *Based on a review of controversies logged from 1 January 2019, the greatest risk reported against companies operating in the Financials/Asset Managers & Securities Brokerages sector relate to business malpractice and activities that may have adverse impacts on the environment. This is closely followed by the failure to respect consumers' rights. The top three issues that have been reported against companies within the industry are as follows: alleged failure to prevent deforestation/illegal logging, failure to prevent money laundering and failure to assess environmental impacts. This is closely followed by the alleged failure to mitigate climate change impacts, failure to prevent bribery and poor stakeholder consultation.*

*There is no indication of Tikehau Capital being involved in any of the above-mentioned controversies.*

## B. CONSISTENCY OF SUSTAINABLE BONDS WITH TIKEHAU CAPITAL'S SUSTAINABILITY STRATEGY

### *Key sustainability objectives and priorities defined by the issuer*

Since signing the United Nations-supported Principles for Responsible Investment ("PRI") in 2014<sup>4</sup>, Tikehau Capital have deployed efforts each year to improve the Group's approach to responsibility, both in terms of investments and in its relations with stakeholders. Those efforts are mainly supported by the Group ESG Committee<sup>5</sup> (composed of eleven experienced members and including one of the

<sup>2</sup> Assessment mainly based on non-public information shared by the issuer

<sup>3</sup> Excluding investments in funds dedicated to healthcare

<sup>4</sup> In 2020, the PRI renewed Tikehau Capital's A+ rating (the highest available) for its ESG strategy and governance module and the Group improved its performance across the different business lines

<sup>5</sup> It meets at least twice a year and is responsible for defining and overseeing the Group's ESG and Climate policies

co-founders of Tikehau Capital) and operational ESG committees<sup>6</sup> for each of Tikehau's investment platforms.

At Tikehau Capital, sustainability-themed and impact investing was launched in 2018 with the creation of the T2 Energy Transition fund. The Group has set the target of developing a platform dedicated to impact investing covering four main themes across seven Sustainable Development Goals<sup>7</sup> ("SDGs"):

- SOCIAL INCLUSION: Finance European SMEs and medium sized companies with the objective to contribute to preserve or create decent employment. Promote an inclusive growth (e.g. enhance diversity, decent employment and equal opportunities, encourage employee training schemes)
- CLIMATE CHANGE: Fight against climate change either by investing in companies with a positive contribution through their products & services or companies with decarbonization initiatives at the level of their operations of supply chain
- HEALTHCARE: Support companies advancing healthcare (prevention and treatment of diseases) and wellbeing (e.g. promoting sports, nutrition)
- INNOVATION: Support companies in R&D and innovation (e.g. green innovation, encourage knowledge transfer)

### *Rationale for issuance*

In line with its commitment to Sustainable Finance, Tikehau Capital has developed this Sustainable Bond Framework under which it plans to raise Sustainable bonds for investments that deliver environmental and social benefits.

As described above, Tikehau Capital's impact investing platform cover four main themes across seven SDGs that will be covered by the Use of Proceeds defined in this framework.

### *Contribution of Use of Proceeds categories to sustainability objectives and priorities*

ISS ESG mapped the Use of Proceeds categories financed under this Sustainable Bonds with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Financials/Asset Managers & Securities Brokerages sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

<sup>6</sup> These committees are responsible for making decisions on complex investments which were identified by the investment teams as potentially representing high ESG risks

<sup>7</sup> SDG 3 (Good health and well-being), SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth), SDG 9 Industry, innovation and infrastructure), SDG 10 (Reduced inequality), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action)



USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER <sup>8</sup>	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Clean Energy	✓	✓	Contribution to a material objective
Clean Transportation	✓	✓	Contribution to a material objective
Energy Efficiency	✓	✓	Contribution to a material objective
Green Buildings	✓	✓	Contribution to a material objective
Water and Wastewater Management	✓	✓	Contribution to a material objective
Waste & Pollution Control	✓	✓	Contribution to a material objective
Environmentally sustainable management of land use and living natural resources	✓	✓	Contribution to a material objective
Other Climate Change Mitigation and Adaptation activities	✓	✓	Contribution to a material objective
Financial Inclusion - Access to essential services	✓	✓	Contribution to a material objective
Healthcare	✓	✓	Contribution to a material objective
Access to education	—	✓	Indirect contribution to the objectives, but link with material ESG topics
Promotion of diversity	✓	✓	Contribution to a material objective

<sup>8</sup> We consider that a UoP is key when, according to our SDG assessment (cf. part 3), it contributes to a SDG considered as key by the issuer

Employment generation and preservation	✓	✓	Contribution to a material objective
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**Opinion:** ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing sustainable bonds is clearly described by the issuer.

## PART II: ALIGNMENT WITH GBPs, SBPs AND SBGs

### 1. Use of Proceeds

An amount equivalent to the net proceeds of each Sustainable Bond will be used to finance and/or re-finance in whole or in part, new and/or existing “**Eligible Sustainable Investments**”, defined as:

Investments (in equity or debt<sup>9</sup> or in any other form whatsoever) into:

- “**Sustainable Assets**”, i.e., projects, assets or companies dedicated to:
  - Eligible Green Activities, as further described in Section 3.1.1 below and including Renewable Energy, Energy Efficiency, Green Buildings, Waste and Water Management and Waste & Pollution control, and/or
  - Eligible Social Activities, as further described in Section 3.1.2 and including Healthcare services and Education,

and/or;

- “**Eligible ESG Funds**”, as further described in Section 3.1.3 and comprising thematic investment funds managed by the Group, or an external asset manager, which are dedicated to Sustainable Assets and provide measurable environmental and/or social impacts.

An amount equivalent to the proceeds of a Sustainable Bond issued under the Framework will be allocated to Eligible Sustainable Investments:

- that have already been disbursed, with a lookback period of no more than three years from the date of Sustainable Bond issue; or
- that have not yet been disbursed at the date of the Sustainable Bond issue, it being provided that Tikehau Capital will do its best effort to allocate all of the net proceeds from any Sustainable Bond that may be issued in the future within three years of the issuance<sup>10</sup>.

Tikehau Capital may choose to extend the categories of Eligible Sustainable Investments in the future. Any such changes will be documented in an updated Framework and published accordingly on Tikehau Capital’s website at <https://www.tikehaucapital.com>. Such extension would however not apply to outstanding Sustainable Bonds issued under a previous Framework.

Should any Eligible Sustainable Investments already allocated cease to meet the eligibility criteria, Tikehau Capital will remove such investment from the allocated amount and replace it with new Eligible Sustainable Investment(s).

<sup>9</sup> Mostly private debt

<sup>10</sup> In the case of Eligible ESG Funds, the drawdown of Tikehau’s capital committed to the relevant Funds is being made overtime and could occur beyond the three-year objective above

## Eligible Green Activities

GREEN ACTIVITIES	ELIGIBILITY CRITERIA
<b>Clean Energy</b>	Investments in equipment, development, manufacturing, construction, operation, distribution and maintenance [from][relating to] sources (including onshore and offshore wind energy, solar energy, geothermal, biomass energy and green hydrogen) with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$ in line with the EU Taxonomy technical screening criteria for electricity generation.
<b>Clean Transportation</b>	Investment in clean transportation infrastructures, services and equipment including public mass transportation, electric, hybrid and hydrogen vehicles, charging infrastructure for electric vehicles, electric rolling stock, railway extensions, multimodal transport <sup>11</sup> , public transportation <sup>11</sup> and other low-carbon dedicated infrastructures in line with the EU Taxonomy.
<b>Energy Efficiency</b>	Investment in energy storage, smart grids, district heating or cooling <sup>12</sup> , data centers, energy savings products and appliances such as sensors, demand response equipment, smart meters that achieve material energy savings <sup>13</sup> .  Investments in energy efficiency of existing buildings: heating systems renovation, geothermal energy systems, insulation retrofitting, solar panels installation, LED lightening.
<b>Green Buildings</b>	Investments in new or recently built buildings that have obtained or expected to obtain one or more environmental certification or label (e.g. Energy Performance Certificates (EPCs) grade A, BREEAM 'very good', LEED 'Gold' or HQE 'very good' or above).  Investment in major renovation of existing buildings in order to obtain at least one environmental certification or label and/or upgrade them in to the top 15% of the most energy-efficient buildings in the correspondent local market and/or demonstrate at least 30% of energy consumption savings.
<b>Water and Wastewater Management</b>	Water and wastewater treatment infrastructure and facilities including pipework, infrastructure to support distribution efficiency and water conservation such as leakage detection and repair equipment, apparatus and products, smart meters and other efficiency enabling infrastructure, equipment, apparatus and products that achieve material efficiency savings using the best available techniques in line with the future EU taxonomy.
<b>Waste &amp; Pollution Control</b>	Waste prevention & reduction such as collection, sorting, recycling and material recovery facilities, waste to energy from biological method where food waste is diverted from landfill.

<sup>11</sup> Zero direct emissions land transport activities (e.g. light rail transit, metro, tram, trolleybus, bus and rail) or other fleets if direct emissions are below  $50\text{gCO}_2\text{e/pkm}$  until 2025 in line with EU Taxonomy

<sup>12</sup> Comprising (i) combined heat and power (CHP), (ii) district heating including energy from waste and excess heat utilization, small-scale and / or heat generating only geothermal and / or geothermal combined with other renewable technologies for instance

<sup>13</sup> Material energy savings are defined as achieving at least 30% energy consumption savings on average

<p><b>Environmentally sustainable management of land use and living natural resources</b></p>	<p>Sustainable forestry: afforestation, reforestation, restoration and rehabilitation, and forest management practices with a certification or international standard (PEFC, FSC, and/or in line with EU taxonomy).</p> <p>Sustainable agriculture (e.g. biocontrol, bio-stimulant, alternative proteins and dairy in line with the EU taxonomy).</p>
<p><b>Other Climate Change Mitigation and Adaptation activities</b></p>	<p>Professional, scientific and technical activities dedicated to climate change and environmental consultancy services in line with the EU taxonomy (e.g. climate modelling, adaptation technologies and solutions to mitigate or increase resilience of the impacts of climate change).</p> <p>High-emitting manufacturing sectors adapting to the EU taxonomy thresholds: manufacture of cement, aluminium, iron and steel, hydrogen, other chemicals, fertilizers and nitrogen compounds and plastics in primary forms.</p> <p>Sustainable packaging: demonstrate significant reduction of resources consumption and waste, significantly increase re-use and recyclability well above market practice in Europe (e.g. 30% improvement threshold for chosen environmental indicator such as GHG emissions, or in line with the future EU taxonomy)<sup>14</sup>.</p> <p>Sustainable distribution and retail: system-wide integration in the entire supply chain to achieve material reduction of the environmental impact of the distribution of goods and services well above market practice in Europe (e.g. 30% improvement threshold for chosen environmental indicator such as GHG emissions, or in line with the future EU taxonomy)<sup>15</sup>.</p>

**Eligible Social Activities**

SOCIAL BENEFITS	TARGET POPULATION	ELIGIBILITY CRITERIA
<p><b>Access to essential services - Financial Inclusion</b></p>	<p>Underserved defined as: low income population, young people, elderly people, people who suffered from natural disasters, people with disabilities, single parent families and asylum seekers or refugees</p>	<p>Increase access to financial services for underserved individuals and organisations.</p>

<sup>14</sup> E.g., Paper based packaging and trays (FSC certified, recyclable, compostable); biopack for flowpack and sealing; ecological moulded cellulose for fresh products

<sup>15</sup> E.g., Vegetarian grocery store stocking seasonal local fresh vegetables, fruits and goods that are either organic or pesticide-free; retailer focusing on essential products with zero waste supply chain from producer to consumer; second-hand clothing or furniture (online) store

<p><b>Access to essential services</b> - <b>Healthcare</b> - <b>Supporting medical technology and life science</b></p>	<p>All populations</p>	<p>Target innovative pharmaceuticals and healthcare companies contributing to progress in prevention, diagnosis, therapies and monitoring – and enabling the life science industry to develop sustainable, cost-effective therapies more rapidly.</p> <p>Target medtechs and biotech leveraging new discovery in relation to healthcare.</p>
<p><b>Access to education</b></p>	<p>All populations</p>	<p>Substantially increase access to affordable and quality technical, vocational and tertiary education, including university and associated core education infrastructure (e.g. schooling products &amp; services, education platform or schools).</p>
<p><b>Socioeconomic empowerment - Promotion of diversity</b></p>	<p>Women and/or sexual and gender minorities</p> <p>Ethnic minorities</p> <p>Other disadvantaged groups (low income population, young people, elderly people, people who suffered from natural disasters, people with disabilities, single parent families and asylum seekers or refugees)</p>	<p>Invest with a clear objective of increasing access to and control over assets, services, resources, and opportunities; participation and integration into the market and society, including reduction of income inequality (e.g. invest in businesses led by woman; facilitate access essential services for disadvantaged group. Eligible project should do not significant harm on any of other SDGs).</p>
<p><b>Employment generation and preservation</b></p>	<p>Unemployed</p> <p>SMEs and medium sized companies based in regions with high unemployment rate</p> <p>SMEs and medium sized companies impacted by the consequences of extreme events (pandemic, natural disaster).</p>	<p>Projects designed to prevent and/or alleviate unemployment stemming from economic downturns or more acute socioeconomic crises, including through the potential effect of SME financing and microfinance.</p>

**Eligible ESG Funds**

**a. Selection process for Eligible ESG Funds**

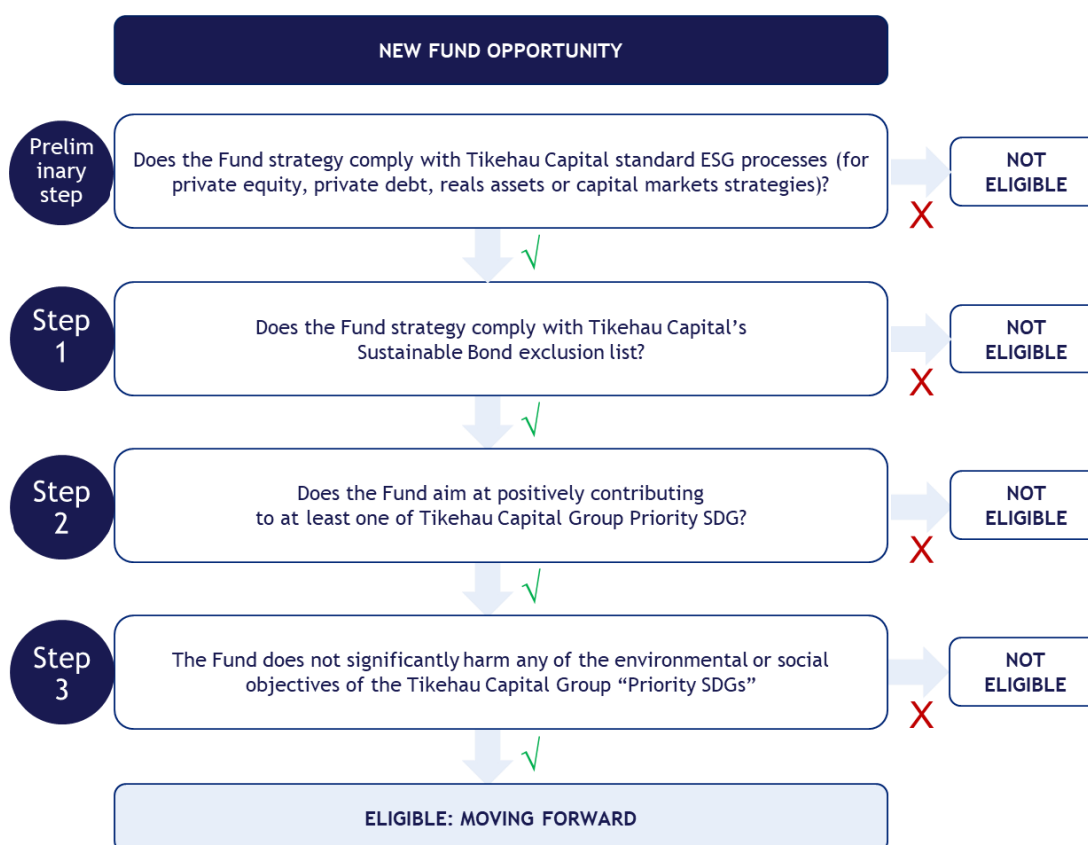
“**Eligible ESG Funds**” are thematic investment funds managed by the Group, or an external asset manager that meet each of the following steps:

Preliminary step – Funds that comply with Tikehau Capital standard ESG processes described in the ‘Responsible Investing across activities’ section above, including exclusions criteria detailed in Pillar 1<sup>16</sup>.

Step 1 – Funds that comply with the Sustainable Bond Exclusion List described in point 3.1.4 below.

Step 2 – Funds which contribute positively to at least one of the seven “**Priority SDGs**” defined by Tikehau Capital, i.e., SDG 3 (Good health and well-being), SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth), SDG 9 Industry, innovation and infrastructure), SDG 10 (Reduced inequality), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action).

Step 3 – Funds which do not significantly harm any of the environmental or social objectives of the seven Priority SDGs defined by Tikehau Capital, as described in section 3.1.4 “Principal adverse impacts” below



In the case of funds managed by other asset managers, Eligible ESG Funds will need to demonstrate they follow substantially the same or more demanding ESG investment criteria and exclusion policies. Should Tikehau Capital choose to allocate Sustainable Bonds proceeds to such Eligible ESG Funds managed by third party asset managers, the relevant ESG processes will be detailed in the Sustainable Bond report.

<sup>16</sup> See Tikehau Capital Sustainable Bond Framework

**b. Examples of themes targeted by Eligible ESG funds**

Below is a non-exhaustive list of potential Eligible ESG Funds, which is presented for illustration purposes:

**1. Respond to the climate and environmental transition emergency (SDG 7, SDG 13 and SDG 12):**

Selected Eligible ESG Funds will finance companies and assets, which are directly involved in the global low carbon and environmental transition, including the clean energy transition, thanks to Eligible Green Activities. This may include companies which are already pure players of the green economy (i.e., developing Eligible Green Activities), as well as companies enabling the environmental transition by transforming their business model (i.e., leveraging Eligible Green Activities to transform their activities).

Companies involved in environmental transition demonstrate the following characteristics:

- The environmental transition is already core to their business model or represent a strong potential for the company's development strategy and relevant to the environmentally-material parts of the company's activity, and
- Climate transition strategy is measurable and includes specific targets and pathways, which can be externally verified, and
- Companies provide transparency with regard to the planned capital and operational expenditure decisions which will deliver the proposed transition strategy

**2. Finance an inclusive growth and employment generation in the real economy (SDG 8 and SDG 10):**

- Selected Eligible ESG funds will primarily finance SMEs and medium sized companies which the objective to contribute to employment generation. Eligible ESG funds may include funds which are labelled by the French government to respond to the COVID 19 pandemic and specific industry recovery plans (e.g., funds that have received the "Relance" label <sup>17</sup>).
- Selected Eligible ESG funds may also promote an inclusive growth (e.g., enhance diversity, decent employment and equal opportunities, encourage employee training schemes) through specific financing mechanism i.e. through ESG ratchets (with a minimum of 75% of instruments with such mechanism targeting either social or environmental objectives or a combination of both).
- Selected Eligible ESG funds may target companies run by women, army veterans and ethnic minorities.

<sup>17</sup> <https://www.economie.gouv.fr/plan-de-relance/profils/entreprises/label-relance>

### 3. Finance healthcare & wellbeing (SDG 3):

Selected Eligible ESG Funds will finance at least 75% of companies advancing medtechs and healthcare (e.g., prevention, diagnosis, treatment of diseases and care of patients) and wellbeing (e.g., promoting sports, nutrition)

### 4. Finance innovation & R&D (SDG 9 and SDG 12):

Selected Eligible ESG funds will provide SMEs with investments to promote sustainable innovation (e.g. green innovation, growth of technology start-ups, encourage knowledge transfer...).

#### Eligible Sustainable Investments Exclusions

In addition to the Group's exclusion criteria detailed in section 2 (Pillar 1<sup>18</sup>), Tikehau Capital has decided to apply a further level of exclusions to its Eligible Sustainable Investments.

Tikehau Capital will not knowingly allocate Sustainable Bonds' proceeds to assets or projects involved in the following activities:

- Sectors with potentially significant negative impact to the environment and biodiversity:
  - Mining, quarrying and fossil fuel-related assets
  - Nuclear and nuclear related activities
  - Hydro-power with installed capacity >20MW
  - Biomass which is suitable for food source
  - Trade in wildlife and wildlife products
  
- Sectors with potentially significant negative impact to human health or social cohesion, including:
  - Gambling industry
  - Alcoholic beverages
  - Tobacco and tobacco products and marijuana for recreational purposes
  - Human cloning for reproduction purposes

Tikehau Capital will not knowingly allocate Sustainable Bonds' proceeds to assets or projects with severe controversies:

- Serious public allegations of a United Nations Global Compact breach
  - Entities involved in corruption and money laundering
  - Entities involved in violation of human rights
  - Entities involved in violation of international labour standards incl. forced labour and child labour
  - Entities involved in severe environmental damage
  
- Severe governance breach

<sup>18</sup> See Tikehau Capital Sustainable Bond Framework



- Abuse of management rights or serious conflict of interest
- Very weak checks and balances compared to market standards
- Tax evasion

Should any Eligible Sustainable Investments already allocated cease to meet the eligibility criteria, Tikehau Capital will remove such investment from the allocated amount and replace it with new Eligible Sustainable Investment(s).

### Principal Adverse Impacts

Regardless of where the projects, assets or companies are situated, the Group will refer to the European Union mandatory environmental and social standards (e.g. assessment and management of environmental and social impacts and risks).

Certain ESG criteria shall be carefully considered and monitored referring to international standards such as ISO and other leading certifications such as :

- health & safety referring to existing policies for all activities and using ISO 45001/OHSAS 18001 for Green Activities and healthcare
- data protection for healthcare, education and other B2C or B2B services referring to ISO 27000 for cybersecurity
- environmental impact assessment in the planning phase and environmental management system during the operations for large infrastructure projects related to Green Activities, healthcare and education
- quality management ISO 9001 for healthcare, education and other B2C or B2B services

Regarding Social activities, specific attention will also be given to inclusion policies and practices.

In relation to the principle of ‘do not significantly harm’, Eligible Sustainable Investments will consider principal adverse impacts on the climate and the environment as well as on governance, social and employee matters.

A specific process has been implemented with regards to ESG incidents and potential principal adverse impacts pertaining to Eligible Sustainable Investments under the Framework:

- For Eligible Green and Social activities, the Group’s ESG policies will be supplemented by additional, specific and mandatory ESG standards (listed above) so as to avoid the inclusion of such projects into any Sustainable Investment.
- The Sustainable Bond Committee shall meet at least annually. A specific report detailing the decision process for eligible investments approved for allocation as well as report of “no incident” shall be included in the documents provided to Sustainable Bond Committee.
- In case of an identified potential ESG incident or principal adverse impacts for Sustainable Investments already selected, the Sustainable Bond Committee shall be informed by the relevant asset management team as soon as practicable, so that the exclusion of specific investments can be notified and reported in the Sustainable Bond allocation in due course.

For eligible ESG funds, depending on the fund target SDGs, enhanced due diligence will be required on top of the Group’s ESG policies to consider material potential adverse impacts on other SDGs.

Periodic ESG & impact reportings will include adverse impacts identified as most material (e.g., induced GHG emissions or companies and assets' exposure to biodiversity-sensitive areas, board diversity or gender pay gap where possible).

**Opinion:** ISS ESG considers the Use of Proceeds provided by Tikehau Capital as aligned with the GBPs, SBPs and SBGs. Only the 'Eligible ESG Funds' Use of Proceeds is, per nature (pursuing general ESG objectives and not specific projects), not fully aligned with the above principles. Under this category, the proceeds of bonds will be allocated to thematic investment funds managed by the issuer or an external asset manager but without specification of project or expenditure categories, allowing the borrowing entities / the investees to allocate proceeds to any business activities although they are screened by relevant criteria consistent with the issuer CSR policy in the aspect of either environmental management, business continuity management, or healthcare management, and including specific eligibility and exclusion criteria, alongside processes related to "principal adverse impact" screening, governance and reporting.

Outside of this category, ISS ESG finds that the eligibility criteria set by the issuer's framework ensure adequate sustainability quality for projects (re-)financed through eventual Sustainable Bonds. Clear exclusion criteria have been defined in order to avoid potential investments in controversial activities. The issuer sustainability risk management is in place, but further measures to assure a holistic management of all key sustainability risks could be implemented.

## 2. Process for Project Evaluation and Selection

Tikehau Capital has established a "Sustainable Bond Committee" in charge of:

- Verifying the compliance of potential Eligible Sustainable Investments with the Group's responsible investing policy and CSR policy;
- Selecting the Eligible Sustainable Investments in line with the eligibility criteria stated in "Use of Proceeds" section of the Framework;
- Monitoring the Eligible Sustainable Investments and replacing investments that no longer satisfy the eligibility criteria with new Eligible Sustainable Investments, if need be;
- Validating the annual reporting publication; and
- Managing future updates of the Framework.

The Sustainable Bond Committee is comprised of at least one representative from the Finance team as well as the members of the Group ESG committee, as described in section 2. The Sustainable Bond Committee shall meet at least once a year and, occasionally, as and when necessary. The Sustainable Bond Committee's decisions shall be taken in consensus and be subject to a presentation to the Supervisory Board of Tikehau Capital at least once a year.

**Opinion:** ISS ESG considers the Process for Project Evaluation and Selection description provided by Tikehau Capital's Sustainable Bond Framework as aligned with the GBPs, SBPs and SBGs. Processes to identify environmental and social risks are well disclosed and structured. Moreover, through the creation of a committee including both the Finance and ESG team, Tikehau Capital is ensuring that relevant internal stakeholders are involved in this process.

### 3. Management of Proceeds

Tikehau Capital has set up an internal tracking system to facilitate the allocation process during the lifetime of the Sustainable Bonds issued.

For each Sustainable Bond, the internal register will be maintained to keep track of the following:

#### a. Sustainable Bonds issued

Tikehau Capital will include details such as transaction date, principal amount of proceeds, maturity date, Sustainable Bond coupon, Sustainable Bond International Securities Identification Number (ISIN), among others.

#### b. Allocation of proceeds

Tikehau Capital will keep track of the portfolio of Eligible Sustainable Investments which have been allocated to outstanding Sustainable Bonds:

- List of Eligible Sustainable Investments by type (Sustainable Assets and ESG Funds)
- Amount of each Eligible Sustainable Investment allocated to each Sustainable Bond proceeds
- The remaining balance of unallocated net proceeds
- Estimated environmental and social impact reporting metrics (as further detailed below)
- Any other relevant information
- Pending the full allocation, unallocated proceeds may temporarily be invested in accordance the Group's liquidity guidelines in cash, deposits and money market instruments

**Opinion:** ISS ESG finds that Management of Proceeds proposed by Tikehau Capital's Sustainable Bond Framework is well aligned with the GBPs, SBPs and SBGs, as Tikehau Capital has set up an internal tracking system and will disclose unallocated net proceeds within one year from the issuance and annually thereafter (until the full allocation of the proceeds of each Sustainable Bond issued).

#### Reporting

Within one year from the issuance and annually thereafter until the full allocation of the proceeds of each Sustainable Bond issued, Tikehau Capital commits to provide investors with both a reporting on the allocation of each Sustainable Bond's proceeds (allocation reporting) and the impact of Eligible Sustainability Investments (impact reporting as further detailed below).

These reports shall be made publicly available to all stakeholders on Tikehau Capital's website.

The Sustainable Bond Annual Report will include the following key content:

#### Summary

The summary will include a list of all Sustainable Bonds outstanding in the reporting period and at the reporting date together with a summary of terms for each transaction.

#### Allocation Reporting

Allocation reporting for each respective outstanding Sustainable Bonds shall include the following:

- Amount of the Sustainable Bond proceeds allocated by type of Eligible Sustainable Investment
- Share of financing and refinancing (in %)
- The remaining balance of unallocated net proceeds
- If feasible, example(s) of allocated Eligible Sustainable Investments

**ESG & Impact Reporting**

When feasible, and subject to the nature of Eligible Sustainable Investments, confidentiality and regulatory constraints as well as availability of information, Tikehau Capital will report on the environmental benefits and the positive social impacts resulting from the Eligible Sustainable Investments from each respective outstanding Sustainable Bond. Impact indicators may change from year to year.

For investments relating to Eligible Green Activities, the following potential impact indicators will be considered:

ELIGIBLE GREEN CATEGORIES	POTENTIAL ESG & IMPACT INDICATORS
<b>Clean energy</b>	<ul style="list-style-type: none"> <li>• Tonnes of CO<sub>2</sub> (or other GHG) induced and avoided</li> <li>• KWh of power generated from renewable energy</li> </ul>
<b>Clean Transport</b>	<ul style="list-style-type: none"> <li>• Tonnes of CO<sub>2</sub> (or other GHG) induced and avoided</li> <li>• Number of passengers carried/amount of goods carried</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Tonnes of CO<sub>2</sub> (or other GHG) induced and avoided</li> <li>• KWh of energy saved per year</li> </ul>
<b>Green Buildings - New and existing buildings - Upgrades and retrofits</b>	<ul style="list-style-type: none"> <li>• Amount of energy saved (MW)</li> <li>• Tonnes of CO<sub>2</sub> (or other GHG) induced and avoided</li> </ul>
<b>Eco-Efficient and/or Circular Economy Adapted Products</b>	<ul style="list-style-type: none"> <li>• Tonnes of CO<sub>2</sub> (or other GHG) induced and avoided</li> <li>• Amount of materials recycled</li> </ul>
<b>Water and Waste Water Management</b>	<ul style="list-style-type: none"> <li>• Volume of water (m<sup>3</sup>) saved</li> <li>• Volume of city water (m<sup>3</sup>) network built</li> </ul>
<b>Waste &amp; Pollution Control - Pollution prevention and control</b>	<ul style="list-style-type: none"> <li>• Amount of waste water (m<sup>3</sup>) treated</li> <li>• Amount of waste avoided, managed or treated</li> </ul>

For investments relating to Eligible Social Activities, the following potential impact indicators will be considered:

<b>ELIGIBLE SOCIAL CATEGORIES</b>	<b>POTENTIAL ESG &amp; IMPACT INDICATORS</b>
<b>Access to essential services - Healthcare</b>	<ul style="list-style-type: none"> <li>• R&amp;D spending</li> <li>• Number of patents</li> <li>• Number of people reached with improved healthcare</li> </ul>
<b>Access to essential services - Education</b>	<ul style="list-style-type: none"> <li>• Number of students benefitted</li> <li>• Number of beneficiaries of career training</li> </ul>
<b>Access to essential services - Financial Inclusion</b>	<ul style="list-style-type: none"> <li>• Number of underserved persons benefitted</li> <li>• Amount of credit distributed</li> </ul>
<b>Socioeconomic empowerment - Promotion of diversity</b>	<ul style="list-style-type: none"> <li>• Number of disadvantaged persons benefitted</li> </ul>
<b>Employment generation and preservation</b>	<ul style="list-style-type: none"> <li>• Number of permanent employees and job created and/or maintained</li> <li>• Gender diversity within employees</li> </ul>

For investments relating to Eligible ESG Funds, the indicators listed below for investments in Eligible Green Activities or Eligible Social Activities, as well as the following potential ESG indicators will be considered:

<b>CATEGORIES</b>	<b>POTENTIAL ESG &amp; IMPACT INDICATORS AT FUND LEVEL</b>
<b>Non-financial objectives</b>	<ul style="list-style-type: none"> <li>• Fund alignment with the UN SDGs and the EU Environmental Objectives (if relevant)</li> </ul>
<b>GHG emissions</b>	<ul style="list-style-type: none"> <li>• Tonnes of CO<sub>2</sub> (or other GHG) induced and avoided</li> <li>• GHG intensity of investee companies</li> </ul>
<b>Green buildings</b>	<ul style="list-style-type: none"> <li>• Shares of revenues derived from building with a green label</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>• Share of total sales allocated to R&amp;D (%)</li> <li>• Number of patents</li> <li>• Number of people reached with improved healthcare</li> </ul>
<b>Employment generation and preservation</b>	<ul style="list-style-type: none"> <li>• Number of permanent employees and job created and/or maintained</li> </ul>

<b>Promotion of diversity</b>	<ul style="list-style-type: none"><li>• Average gender diversity on boards</li><li>• Average gender diversity on executive committees</li><li>• Average gender diversity within employees by sector</li><li>• Average gender pay gap</li></ul>
<b>Human capital management</b>	<ul style="list-style-type: none"><li>• Average number of hours of training per employee by sector</li><li>• Percentage of companies with an employee profit-sharing plan</li></ul>

**Opinion:** ISS ESG finds that the reporting proposed by Tikehau Capital’s Sustainable Bond Framework is aligned with the GBPs, SBPs and SBGs. The reporting is provided on both allocation and impact, and the frequency is in line with best market practices.

**External review**

Tikehau Capital has engaged ISS ESG to independently assess the Framework set out herein, in alignment with the applicable guidance and principles in the form of a Second Party Opinion.

This Second Party Opinion will be made available on Tikehau’s website at <https://www.tikehaucapital.com/>

## PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

### A. CONTRIBUTION OF THE ELIGIBLE CATEGORIES TO THE UN SDGs












#### 1. Use of Proceeds category – Sustainable Assets

Based on the assessment of the sustainability quality of the Eligible categories and using a proprietary methodology, ISS ESG assessed the contribution of the Tikehau Capital’s Sustainable Bond Framework to the Sustainable Development Goals defined by the United Nations (UN SDGs).


















This assessment is displayed on 5-point scale (see Annex 2 for methodology):

<b>Significant Obstruction</b>	<b>Limited Obstruction</b>	<b>No Net Impact</b>	<b>Limited Contribution</b>	<b>Significant Contribution</b>
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Each of the Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Eligible Green Activities</b>		
<b>Renewable energy</b>		
Renewable energy (wind, solar and geothermal)	<b>Significant Contribution</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
Biomass	<b>Limited Contribution</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
Hydrogen (per electrolysis)	<b>Significant Contribution</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
<b>Clean Transportation</b>		
Public transportation	<b>Limited Contribution</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
Electric, hybrid and hydrogen vehicles	<b>Limited Contribution</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
Charging infrastructure for electric vehicles	<b>Limited Contribution</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>










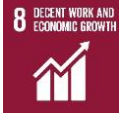


Multimodal transport / Other low-carbon dedicated infrastructures	Limited Contribution	 
<b>Energy Efficiency</b>		
Products / services that enable energy efficiency / savings with a high impact (e.g. energy storage, etc.)	Significant Contribution	 
Products/services that are proven to have a reduced energy consumption	Limited Contribution	 
Smart grid projects	Significant Contribution	 
LED Lightening	Limited Contribution	 
Data centers	Limited Contribution	 
District heating or cooling	No Net Impact	
<b>Green Buildings</b>		
Green Buildings	Significant Contribution	
<b>Water and Wastewater Management</b>		
Water and Wastewater Services	Significant Contribution	
	Limited Contribution	
Production of Wastewater treatment plant	Significant Contribution	



Waste & Pollution Control		
Waste recycling services (utilities company)	Significant Contribution	
Waste to Energy	No Net Impact	
Environmentally sustainable management of land use and living natural resources		
Sustainable agriculture (including forestry)	Limited Contribution	 
Fairtrade agriculture	Limited Contribution	
Organic agriculture	Significant Contribution	 
Other Climate Change Mitigation and Adaptation		
Environmental consultancy services	Significant Contribution	
High-emitting manufacturing sectors adapting to the EU taxonomy thresholds <sup>19</sup>	Limited Contribution	 
Sustainable packaging	Significant Contribution	
Sustainable distribution and retail (plant-based food products)	Limited Contribution	
Sustainable distribution and retail (retailer focusing on essential products with zero waste supply chain / second-hand clothing or furniture (online) store)	Limited Contribution	

<sup>19</sup> With a clear action plan attached to make the financed activities taxonomy aligned within 5 years

Eligible Social Activities		
Financial Inclusion - Access to essential services	Significant Contribution	
Healthcare (products with direct healthcare-links such as treatment or diagnostic devices)	Significant Contribution	 
Healthcare (other)	Limited Contribution	 
Education	Significant Contribution	
Promotion of diversity	Significant Contribution	  
Employment generation and preservation	Significant Contribution	

## 2. Eligible ESG Funds

The association of SDGs presented below follows the self-declaration of Tikehau.

Eligible Funds (managed internally or externally) are funds which contribute positively to at least one of the seven “Priority SDGs” defined by Tikehau Capital, i.e., SDG 3 (Good health and well-being), SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth), SDG 9 Industry, innovation and infrastructure), SDG 10 (Reduced inequality), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action).

## B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBLE CATEGORIES

### Key performance indicators (KPIs) covering both Green and Social activities

#### ASSESSMENT AGAINST ISS ESG KPI

##### Biodiversity



The issuer has ensured that potential impact on biodiversity from the financing under this framework has been mitigated and reduced as it is committed to align to the European Union standard in terms of Environmental Impact Assessments (evaluation and acquisition of land rights, site permitting, and engagement with stakeholders)

##### Dialogue with local communities



Community dialogue features as part of the planning process for all assets issued under this framework as European Union standard in terms of Environmental Impact Assessments (evaluation and acquisition of land rights, site permitting, and engagement with stakeholders)

##### Labour and Health & Safety



All assets to be financed under this framework provide for high labour and health and safety for construction and maintenance work as aligned with the European Union mandatory social standards

##### Users safety



The issuer considers and monitors users safety risk during the pre-investment process for all the real assets. If the risk is high, the issuer will try to reduce it once the asset is financed ('enter and improve')



The issuer considers and monitors data protection risk being attentive to the assets compliance with the EU General Data Protection Regulation (GDPR) and the ISO 27001. If the risk is high, the issuer will try to reduce it once the asset is financed ('enter and improve' approach)

##### Waste Management & Pollution Prevention



The existence of an environmental management system (e.g. ISO 14001) is considered by the issuer both during the pre-investment and monitoring phase. Once the asset is financed, the issuer will try to improve the environmental management system

### Key performance indicators (KPIs) specific to Green activities

#### ASSESSMENT AGAINST ISS ESG KPI

##### Environmental impact of agriculture

- ✓ The issuer is committed to align with EU Taxonomy DNHS criteria regarding sustainable agriculture projects

##### Water management

- ✓ The issuer is committed to align with EU Taxonomy DNHS criteria regarding water management projects

### Key performance indicators (KPIs) specific to Social activities

#### ASSESSMENT AGAINST ISS ESG KPI

##### Inclusion

- The issuer implemented specific measures to promote inclusion and non-discriminatory access internally (Tikehau's level). Limited information are available relating to measures in place at investees level. However, in its Code of Conduct, Tikehau strongly encourages the promotion of diversity within the financed companies. The group is also committed to give a specific attention to inclusion topics

##### Quality management

- No or limited information is available regarding a system in place that systematically monitor the quality management of financed assets. However, during the pre-investment process, he considers and monitors quality system referring to international standards. Once the asset is financed, the issuer will try to improve the quality management system

## DISCLAIMER

1. Validity of the SPO: As long as Tikehau Capital's Sustainable Bond Framework remains unchanged
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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## ANNEX 1: Methodology

### ISS ESG Green and Social KPIs

The ISS ESG Green and Social Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Tikehau Capital’s Sustainable Bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green and Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green and Social Bond KPIs. The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Tikehau Capital (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

### Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Tikehau Capital’s Sustainable Bonds contributes to related SDGs.

## ANNEX 2: Quality management processes

### SCOPE

Tikehau Capital commissioned ISS ESG to compile a Sustainable Bonds SPO. The Second Party Opinion process includes verifying whether the Sustainable Bond Framework aligns with the GBPs, SBPs AND SBGs and to assess the sustainability credentials of its Use of Proceeds, as well as the issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBPs, SBPs AND SBGs
- KPIs relating to environmental and social risk management

### ISSUER'S RESPONSIBILITY

Tikehau Capital's responsibility was to provide information and documentation on:

- Framework
- Asset pool / Eligibility criteria
- Documentation of ESG risks management at the asset level

### ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainable Bond Framework to be issued by Tikehau Capital based on ISS ESG methodology and in line with the ICMA GBPs, SBPs AND SBGs.

The engagement with Tikehau Capital took place in February and March 2021.

### ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For Information about SPO services, contact:

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