

RESPONSIBLE INVESTMENT POLICY

January 2019

SWEN Capital Partners Overview

Active in the sectors of Private Equity, Private Debt and Infrastructure, SWEN Capital Partners invests through the following operations: "Primary" (selection of funds), "Secondary" (redemptions or fund portfolios) and "direct investments" (acquisition of direct equity stakes alongside managing partners or mezzanine managers). SWEN Capital Partners offers a wide range of open and dedicated investment programmes for institutional and retail clients, as well as value-added services for portfolio monitoring and follow-up.

A subsidiary of the OFI AM groups (MACIF, MATMUT and health insurers that are members of the FFAⁱ and the FNMFiⁱⁱ, and Federal Finance Gestion (Arkéa Investment Services), SWEN Capital Partners has from the outset shared the values of the mutuality of its two founding groups.

As a PRI signatory, SWEN Capital Partners has deployed an active and rigorous responsible investment approach since 2012 and is convinced that the integration of ESG issues in business management contributes to creating more value and better risk management. The team has thus developed a strong non-financial expertise in the evaluation, monitoring and reporting of its investments and is very active within professional associations and French and international organisations in promoting the integration of ESG issues in private equity.

This approach is based on the belief that companies and infrastructure assets that integrate environmental, social and governance (ESG) issues into their strategy, offer better long-term prospects and will be among the leaders in their sector tomorrow, therefore outperforming in the long term. In general, the consideration of ESG criteria in the evaluation of management companies as holdings, meets four objectives:

- to have an overview of performance and improve our decision support tools for investment;
- to anticipate and prevent extra-financial risks and their financial impact in order to preserve value;
- to identify our exposure to current and emerging ESG issues to seize opportunities and create long-term value;
- to report to our investor clients and respond to their expectations and commitments with transparency and completeness.

2. Objectives of the policy and scope of application

The aim of this responsible investment policy is to present the broad lines of SWEN Capital Partners' approach to responsible investment and to the integration of ESG considerations into key stages of the investment, its different commitments and contributions.

SWEN Capital Partners systematically integrates all ESG criteria (including the climate issue) into all its institutional management (funds and mandates managed and advised by SWEN Capital Partners).

With regard to the FIP (Proximity Investment Fund) and FCPI (Investment Fund in Innovation) created before 2018, distributed to the individual clients and managed by SWEN

Capital Partners, the integration of ESG criteria was progressive (in terms of scope and granularity of analysis) between 2015 and 2018 where SWEN Capital Partners was at the origin of investment decisions for the share of outstanding assets. The share of assets, whose management is delegated to third-party management companies, used to comply with the investment policies of these same delegated management companies. Starting in 2019, ESG analysis will be integrated into the investment decisions made by SWEN Capital Partners in the management of these vehicles. The analysis of compliance with the sectoral exclusion policy for SWEN Capital Partners is systematically conducted and the analysis of ESG issues is carried out on a discretionary and non-binding basis. These investments will also be subject to ESG monitoring.

3. Guiding principles of the responsible investment philosophy

As a signatory for the Principles for Responsible Investment (PRI), SWEN Capital Partners shares the convictions and ambitions of this international initiative and is committed to fully implementing the six founding principles in its conduct of business, as follows :

1. we will integrate ESG issues into our decision-making and investment analysis processes;
2. we will be active shareholders and integrate ESG issues into our share ownership policies and procedures;
3. we will seek, as much as possible, the entities in which we invest to be transparent about ESG issues;
4. we will encourage the adoption and implementation of the principles in the investment sector;
5. we will cooperate to improve the effectiveness of our implementation of the principles; and,
6. we will report on our activities and progress made in implementing the principles.

In 2018, SWEN Capital Partners responded to the PRI reporting for the third year in its own name and obtained the maximum A+ rating for each of the modules "Strategy & Governance", "Indirect - Private Equity" and "Indirect - Infrastructure". SWEN Capital Partners previously reported to PRI as an entity of OFI AM (now the majority shareholder of SWEN Capital Partners) and also had the highest score for its indirect activities.

4. Organisation and governance of the responsible investment approach

Supervised by the Board of Directors, the ESG strategy for SWEN Capital Partners is proposed and developed by the "Development & ESG" division in charge of this strategy and validated by its General Management. The General Management is the first and essential promoter of its application by the teams.

Furthermore, this ESG strategy cannot exist without the constant involvement of all the teams, and in particular, the investors who are the main actors in its deployment, through their analyses and exchanges with the various stakeholders.

The proper implementation and deployment of the ESG strategy is also ensured internally by a dedicated internal team. This team, integrated into the "Development and ESG" division, has the main responsibility of meeting the

commitments and the ambition of SWEN Capital Partners in terms of ESG. It provides expertise alongside investors in different investment projects studied and monitored and meets and anticipates the requirements and expectations of its customers.

Finally, this ESG strategy cannot be applied without the management's desire to create the necessary conditions for the emergence of a corporate culture focused on responsible investment. Teams are regularly sensitised internally but also trained on multiple extra-financial issues by external stakeholders.

5. ESG approach in the investment cycle

Before the ESG due diligence phase

Any investment opportunity (in primary, secondary or direct) first and foremost gives rise to the execution of a compliance analysis of **SWEN Capital Partners' sectoral exclusion policy**. This is based in the first instance on the effective application of the international conventions of Ottawa and Oslo on the prohibition of anti-personnel mines and cluster munitions. In a second instance, this analysis is based on conviction exclusions, namely activities related to weapons (sales and production) and coal-related activities (see section 6 on the Climate Strategy). SWEN Capital Partners systematically requests that these exclusions be specified in the side letters signed with the fund managers in whose funds it invests.

Reputation surveys are first conducted to identify as early as possible any past incident, litigation or non-financial controversy which could require deeper research or lead to questioning of the investment depending on the level of severity determined.

In the ESG due diligence phase

In the due diligence phase, the teams of SWEN Capital Partners systematically perform an ESG analysis of the considered investment, regardless of the type of operation (primary, secondary or direct) which is integrated in the investment report and presented during investment committees. However, the nature of ESG analysis differs according to the type of operation that determines its scope and the information sought.

For its investment activities in funds, whether primary or secondary, the ESG analysis is applied to all the management companies studied, regardless of their investment strategy or size. The cornerstone of this analysis is based on the study of the management companies' response to the ESG due diligence questionnaire (or its response to the annual monitoring questionnaire) and available documentation. An ESG profile of the management company is thus drawn up according to two axes evaluated by a scoring grid:

- i) the CSR performances of the management company studied; and,
- ii) the analysis of its responsible investor policy and approach during each stage of the investment cycle, as well as in reporting or communication.

This analysis may result in several exchanges with the management company designed to better understand the reality of their processes. SWEN Capital Partners' requirements and expectations for ESG integration and regular reporting are specified in the side letters signed with the fund managers. However, the non-integration of ESG criteria by management companies is also acceptable. Indeed, SWEN Capital Partners adheres to an awareness

and progress programme and is available to support management companies that are only in their infancy in terms of responsible investment.

For its direct investment activities (in equity or mezzanine debt), the ESG analysis focuses on the most material ESG issues and takes into account the sector and the size of the companies / infrastructure assets thus financed. This analysis highlights development and questioning points that are complemented by interviews or responses to an ad hoc and tailor-made ESG questionnaire. External advice can also be requested on specific points of expertise (exposure to the physical risks of climate change, for example).

In the investment monitoring phase

In the monitoring phase, the management companies for which SWEN Capital Partners is a subscriber of a fund, are surveyed yearly based on a specific ESG questionnaire. The same applies to the underlying holdings of these funds and those invested directly. Thus the ESG analysis is ensured on the basis of answers to "management company", "participations" and "infrastructure assets" questionnaires completed online, via an ESG data collection and management tool. The reported data enables the implementation of numerous ESG performance indicators that are presented in an aggregated manner in the annual ESG reports of the institutional funds and mandates managed by SWEN Capital Partners. A follow-up of these indicators is then carried out over time for each stakeholder (management company, funds, underlying funds) and makes it possible to fully assess the management companies' responsible investor practices (benchmarking), particularly with regard to proprietary ESG benchmarks. Indeed, thanks to a substantial extra-financial database that has accumulated more than 6 years of history, SWEN Capital Partners is able to calculate benchmarks for these same indicators and track them over time.

In addition, the investment team of SWEN Capital Partners, responsible for the investments made, systematically integrates in its monitoring a particular attention to the material ESG issues and necessary action plans implemented within the companies and financed assets.

Finally, SWEN Capital Partners has set up a monitoring system for controversies that allows daily reporting of information, most often "extra-financial, on the main positions of portfolios managed and / or advised by SWEN Capital Partners. The objective of this daily monitoring is especially to better manage the reputational risk of the main investments indirectly and directly financed, but also, as a resulting consequence, better manage those of SWEN Capital Partners and its own institutional investors.

6. Climate Strategy

In keeping with its commitment to combat climate change, initiated by the launch in late 2014 of a carbon diagnosis of its portfolios under management, and to improve the identification and understanding of its areas of risk and opportunities, SWEN Capital Partners joined the Climate 2020 initiative (iC20) at its inception and strengthened its ESG approach in the second half of 2017 by formalising a climate strategy. Its ambition is to meet the challenges of the Energy and Ecological Transition (TEE) and its aim to describe how SWEN Capital Partners apprehends climate change in its investment strategy. This strategy commits SWEN Capital Partners to notably exclude new sectors, strengthen its ESG analyses from a climate risk (transition and physical risks) point of view and the requirements with

its counterparts (climate meeting clause), complete its network of experts and measure and report carbon impact. Furthermore, the management company undertakes to reserve for each new managed institutional fund, a fraction of the allocation for "green" assets, that is, companies and assets.

Furthermore, the climate strategy is also broken down at each stage of the investment cycle :

Before the ESG due diligence phase. Activities related to the extraction and exploitation of coal are excluded, in particular coal-fired power plants, thermal coal mines and certain diversified assets that fulfil specific conditions in terms of total electricity production mix (coal must be at the origin of less than 30% of the total mix) or of turnover (the coal must be at the origin of less than 20% of the turnover) .

In the ESG due diligence phase. Special attention is given to commitments, performance and targets for climate change and alignment in favour of the TEE.

For its investment activities in funds, SWEN Capital Partners evaluates how management companies consider and address their direct environmental impact (through their activities) and their indirect impact (via their funds and investments). The analysis seeks to determine the commitments, mechanisms and policies adopted by management companies in order to assess the exposure of their holdings to the physical and transition risks related to climate change, as well as the mechanics of support and implemented transformation. If the management company is not sufficiently experienced in these issues, SWEN Capital Partners inserts a "climate-meeting" clause in the side letters signed with the fund managers. This does not constrain but rather provides a specific milestone for the organisation in the 18 months following the subscription to discuss the fund manager's position vis-à-vis the TEE, particularly in the context of its investments. For the most sensitive or technical files (particularly in the context of secondary portfolio buyback operations), an independent climate expert is asked to intervene in advisory investment committees.

In the investment monitoring phase

In the monitoring phase, the annual ESG follow-up questionnaires addressed to management companies and holdings have been strengthened to integrate the issues related to the TEE. Also, SWEN Capital Partners, a signatory of the Climate Initiative 2020, is committed to regularly measure the carbon footprint of its funds and direct investments. These estimates, made annually, are used to assess the alignment of the underlying funds and direct investments vis-à-vis the targets for energy transition.

7. Communication of practices

The approach and commitments of SWEN Capital Partners in terms of responsible investment are presented on its website, through public reporting (PRI reporting for example), commercial documentation and also within the legal documentation of OPCs, Organismes de Placement Collectif, in particular the regulations and statutes. The results of the implementation of the responsible investment policy of SWEN Capital Partners are communicated to all its stakeholders by several means:

1. **ESG reports.** SWEN Capital Partners compiles annual ESG reports for the majority of its funds or mandates

under management. These reports are communicated to investors of SWEN Capital Partners.

2. **ESG controversy reporting.** SWEN Capital Partners monitors ESG incidents that affect its direct investments as well as the main underlyings of its funds and mandates. Quarterly ESG controversial reports are written and communicated to investors of funds and mandates managed or advised by SWEN Capital Partners and benefiting from this monitoring system.
3. **ESG Best Practices Honours, by SWEN.** Since 2014, SWEN Capital Partners has been promoting and distinguishing private equity and international infrastructure management companies demonstrating the most outstanding ESG practices. This annual conference of non-listed responsible investment brings together all of SWEN Capital Partners' international stakeholders with more than 450 professionals (institutional investors; infrastructure management companies; private equity and private debt companies; contractors; advisors; international organisations; professional associations; media...).
4. **PRI Reporting.** SWEN Capital Partners' annual response to the PRI questionnaire is accessible by following this link : <https://www.unpri.org/signatories/swen-capital-partners/1827.article>. All the answers to the questionnaire were voluntarily made public.
5. **Article 173.** Each year, in accordance with French regulations, SWEN Capital Partners publishes on its website the report prepared pursuant to the provisions of Article 173 of the Law on Energy and Environmental Transition (LTEE).
6. **Financial and commercial meetings.** Regular meetings with unitholder representatives and management companies enable SWEN Capital Partners' investment teams to communicate the group's position and strategy on responsible investment. It is also a great opportunity to gather the current and future expectations of our stakeholders.
7. **Specific reports for Institutional Investors.** Each year, institutional investors seek to obtain tailor-made reporting from SWEN Capital Partners on the responsible investment approach implemented in their un-listed investment. These tailor-made reports take different formats depending on the specifications of institutional investors: video testimonial on a remarkable asset; contribution to reporting on the French Article of law *Article 173 de l'institutionnel*; evaluation of the carbon impact of a specific perimeter (green part, brown share, carbon footprint scopes 1, 2 and 3 ...); specific annual ESG questionnaires ...

8. Implication in niche actions, commitment and voting policy

SWEN Capital Partners is very active in French and international professional associations to promote the integration of ESG issues within the profession (in Private Equity and Infrastructure). This involvement is reflected in the participation of SWEN Capital Partners in the governance of several specialised organisations for responsible investment and in various working groups. This constant vigilance on ESG issues is also characterised by numerous interventions at conferences, interviews and publications. The various organisations in which SWEN

Capital Partners is involved are presented in its annual response to the PRI questionnaire.

SWEN Capital Partners is committed to various initiatives in which the company adheres to, encouraging and supporting the management companies with which it collaborates, as well as its direct and indirect investments, to take ESG and climate issues into account in the investment processes.

Finally, SWEN Capital Partners systematically exercises its voting rights when, as an investor, it is consulted by one of the underlying funds to decide on a subject, in accordance with the fund's regulations. In addition, when SWEN Capital Partners is represented on the investment advisory committee of a fund, a member of the management team attends and gives its opinion on the submitted files. The exercise of these voting rights is presented as part of the annual ESG reporting of the fund managed by SWEN Capital Partners.

ⁱ FFA - Fédération Française de l'Assurance

ⁱⁱ FNMF - Fédération Nationale de la Mutualité Française