

# STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Management Company: SWEN Capital Partners

LEI<sup>1</sup> : 969500T4R5D8N0OQM202

## SUSTAINABILITY-RELATED DISCLOSURES

*This document presents SWEN Capital Partners' approach to addressing Principal Adverse Impacts ("PAI") at entity level, as required by SFDR<sup>2</sup> Regulation and for which disclosure is specified in the Chapter II of the Commission Delegated Regulation (EU) 2022/1288<sup>3</sup>.*

*The approach described applies to all the range of SWEN Capital Partners' investment strategies, and it is consistent across all its activity (indirect and direct).*

*This document will evolve in line with SFDR requirements and any relevant changes that SWEN Capital Partners makes to its strategy and/or ESG and impact approach.*

***First version of 31/12/2022***

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<sup>1</sup> LEI: Legal entity identifier.

<sup>2</sup> Regulation (EU) 2019/2088 of the Parliament and of the Council of 27 November 2019 on sustainability reporting in the financial services sector (SFDR)

<sup>3</sup> Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

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# 1. Summary

**SWEN CAPITAL PARTNERS**, a joint stock company (société anonyme à conseil d'administration) authorized by the AMF under number GP-14000047 as a portfolio management company, whose registered office is located at 20-22 rue Vernier, 75017 Paris, France, registered with the Paris Trade and Companies Register under number 803 812 593.

SWEN Capital Partners, considers and measures the Principal Adverse Impact of investment decisions on sustainability factors as defined by Article 4 of the SFDR Regulation.

**Principal Adverse Impacts (“PAI”)** are defined as significant or potentially significant adverse impacts on sustainability factors that are caused, exacerbated by, or directly related to the investment decisions and advice provided by a legal entity. Principal adverse impacts are understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors.

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of SWEN Capital Partners.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022. The information on the PAI of SWEN Capital Partners’s investment decisions will be published by 30 June 2023<sup>4</sup>, and continuously on an annual basis.

SWEN Capital Partners applies its ESG strategy, including this Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors, to its entire unlisted open management platform, which encompasses the following segments:

- The multi-strategy range combining Primary, Secondary, direct co-investment in Private Equity and Infrastructure
- The direct investment range combining mezzanine debt, Infrastructure Impact, VC Innovation and VC Impact

SWEN Capital Partners considers the principal adverse impacts at the entity level by measuring and tracking the aggregate adverse impact on the sustainability factors of its financial products' investments.

Within its financial products, SWEN Capital Partners considers the mandatory principal adverse impacts indicators and relevant optional indicators of Annex 1 of the Delegated Regulation (EU) 2022/1288 listed below, subject to the availability and quality of data.

**Table 1. Indicators applicable to investments in investee companies**

***Climate and other environment-related indicators***

Greenhouse gas emissions	1. GHG emissions 2. Carbon footprint 3. GHG intensity of investee companies 4. Exposure to companies active in the fossil fuel sector 5. Share of non-renewable energy consumption and production 6. Energy consumption intensity per high impact climate sector
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas
Water	8. Emissions to water
Waste	9. Hazardous waste and radioactive waste ratio

***Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters***

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
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<sup>4</sup> The information will be published on SWEN Capital Partners’ website at the entity level, and in the dedicated annual reports of the funds at the financial product level.

12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

**Table 2. Indicators applicable to investments in investee companies**

***Additional climate and other environment-related indicators***

Emissions	4. Investments in companies without carbon emission reduction initiatives
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**Table 3. Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

***Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters***

Social and employee matters	1. Investments in companies without workplace accident prevention policies
	2. Rate of accidents
	3. Number of days lost to injuries, accidents, fatalities or illness
	4. Lack of a supplier code of conduct
	5. Lack of grievance/complaints handling mechanism related to employee matters
	7. Incidents of discrimination

Adverse sustainability impacts are systematically addressed during the due diligence phase. They are notably investigated during the compliance phase of the Management Company's exclusion policies, during the analysis of the company's exposure to extra-financial risks on its value chain, during the analysis of the main material ESG issues for each company (beyond the analysis of sustainability risks) and during the impact analysis of the company. They are also an important axis of analysis upstream of the investment during the climate and biodiversity analyses that are systematically conducted. Consequently, the indicators mentioned above, applicable to investments in investee companies, are defined and integrated in the generic part of the due diligence questionnaire and within the framework of the Management Company's annual ESG performance monitoring campaign. The description and integration are explained further in section 2 "DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS" of this document.

The assessment of the principal adverse impacts is described in SWEN Capital Partners' Sustainability Policy, Shareholder Engagement Policy, SWEN Capital Partner's "Sustainable Investment Definition", and in this Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors, all published in its website(<https://www.swen-cp.fr>). These policies allow SWEN Capital Partners to identify and prioritize principal adverse impacts on sustainability factors.

In addition, SWEN Capital Partners adheres to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement.

## 2. Description of the principal adverse impacts on sustainability factors

Table 1. Indicators applicable to investments in investee companies						
<i>Climate and other environment-related indicators</i>						
Adverse sustainability indicator	Metric	Impact [year n] <sup>5</sup>	Impact [year n-1] <sup>6</sup>	Explanation <sup>7</sup>	Actions taken, and actions planned and targets set for the next reference period	
<b>Greenhouse gas emissions</b>	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	N/A	<p><b>Pre-investment actions</b></p> <p>During its due diligence phase, SWEN CP systematically questions each entity, using the ESG and/or impact questionnaires, about its carbon footprint and the contribution of its activities to climate action to meet commitments under the Paris Agreement.</p> <p><b>Post-investment actions</b></p> <p>GHG emissions indicators are then systematically measured and monitored through the annual ESG and/or impact questionnaires. Furthermore, SWEN CP performs a carbon footprint assessment, through an external party, each year on each portfolio investment.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>Not determined - future developments will be determined in accordance with SWEN CP's climate strategy that will be published on SWEN CP's website in the first quarter of 2023.</p>
		Scope 2 GHG emissions	N/A	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	N/A	
		Total GHG emissions	N/A	N/A	N/A	
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	<p><b>Pre-investment actions</b></p> <p>As part of its due diligence process, SWEN CP ensures that each deal is compliant with all the exclusions policies,</p>

<sup>5</sup> Information on impact will be published by 30 June 2023, and continuously on an annual basis. This information will cover the period of 1 January until 31 December of the preceding year. Impact will be calculated and illustrated as the average of impacts on 31 March, 30 June, 30 September and 31 December of each reference period.

<sup>6</sup> Information on impact compared to previous year will be reported by 30 June 2024, and continuously on an annual basis.

<sup>7</sup> Explanation of difference in impact reported will be published by 30 June 2023, and continuously on an annual basis

						<p>including those referring to fossil fuels and coal, available in SWEN CP's website<sup>8</sup> (<a href="http://www.swen-cp.fr">http://www.swen-cp.fr</a>).</p> <p>Furthermore, SWEN CP carries out a controversy check to evaluate all material findings concerning the environmental practices of the deal's key stakeholders.</p> <p><b>Post-investment actions</b></p> <p>SWEN CP monitors variation in the exposure to companies active in the fossil fuel sector during the holding period through the annual ESG questionnaires.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>Compliance with exclusions policies, including those referring to fossil fuels and coal, available in SWEN CP's website (<a href="http://www.swen-cp.fr">http://www.swen-cp.fr</a>).</p>
5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A	N/A	<p><b>Pre-investment actions</b></p> <p>During its due diligence phase, SWEN CP systematically questions each entity, using the ESG and/or impact questionnaires, about their renewable energy consumption and production.</p> <p><b>Post-investment actions</b></p> <p>SWEN CP monitors renewable energy consumption and production during the holding period through the annual ESG and/or impact questionnaires.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>Compliance with exclusions policies, including those referring to fossil fuels and coal, available in SWEN CP's website (<a href="http://www.swen-cp.fr">http://www.swen-cp.fr</a>).</p>

<sup>8</sup> SWEN Capital Partners' « oil and fossil gas” exclusion policy will be published on its website in the first quarter of 2023

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	N/A	N/A	<p><b>Pre-investment actions</b></p> <p>During its due diligence phase, SWEN CP systematically questions each entity, using the ESG questionnaires, about their energy consumption, if active in a high impact climate sector. Furthermore, SWEN Capital Partners performs a Climate physical and transition risks analysis of the deals considered.</p> <p><b>Post-investment actions</b></p> <p>SWEN CP monitors energy consumption and production of companies active in a high impact climate sector, during the holding period, through the annual ESG questionnaires.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>The identification of sustainability performance related to impact on Climate judged insufficient, with no serious prospects for development can result in the investment not being made.</p>
<b>Biodiversity</b>	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A	N/A	<p><b>Pre-investment actions</b></p> <p>During its due diligence phase, SWEN CP questions each entity, using the ESG questionnaires, about biodiversity risks and policies, waste treatment and water consumption, if relevant for the specific investment opportunity.</p> <p><b>Post-investment actions</b></p> <p>SWEN CP monitors biodiversity risks and policies implemented by the company, waste treatment and water consumption, during the holding period, through the annual ESG questionnaires.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested,	N/A	N/A	N/A	<p>SWEN CP also assesses since 2022 the biodiversity footprint of its investments.</p>

		expressed as a weighted average				<b>Actions planned</b>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	<p>In 2023, SWEN CP will systematically address biodiversity-related risks using the TNFD framework when relevant for the investment opportunity, SWEN CP will also assess the impacts and dependencies of the investment to ecosystem services.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>The identification of sustainability performance related to impact on biodiversity, water and waste judged insufficient, with no serious prospects for development can result in the investment not being made.</p> <p>In terms of emissions to water and waste, SWEN Capital Partners expects the respect of the thresholds establish per industry by regulations and local authorities.</p>
<b>Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	<p><b>Pre-investment actions</b></p> <p>During its due diligence phase, SWEN CP systematically questions each entity, using the ESG questionnaires, about their risk management practices to for ensuring proper consideration of the UNGC principles or OECD Guidelines for Multinational Enterprises.</p> <p>Furthermore, SWEN CP carries out a controversy check to evaluate all material findings concerning the social and governance practices of the deal's key stakeholders.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global	Share of investments in investee companies without policies to monitor compliance with the	N/A	N/A	N/A	<p>Also, as part of its due diligence process, SWEN CP monitors the country risk score related to ESG and corruption (devoir de vigilance).</p> <p><b>Post-investment actions</b></p>



	Compact principles and OECD Guidelines for Multinational Enterprises	UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				<p>Proper consideration of the UNGC principles or OECD Guidelines for Multinational Enterprises are systematically reviewed and monitored through the annual ESG questionnaires.</p> <p>Furthermore, SWEN CP uses Controversy Monitoring to monitor the social and governance practices of the deal's key stakeholders.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>The investment considered must meet a maximum threshold in terms of exposure to controversies (considering their nature, frequency, and seriousness as well as the particularities of the companies reviewed). This threshold is assessed qualitatively by SWEN Capital Partners internal teams.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	<p><b>Pre-investment actions</b></p> <p>During its due diligence phase, SWEN CP systematically questions each entity, using the ESG questionnaires, about their unadjusted gender pay gap and gender diversity.</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A	N/A	<p><b>Post-investment actions</b></p> <p>Unadjusted gender pay gap and gender diversity indicators are systematically measured and monitored through the annual ESG questionnaires.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>The identification of sustainability performance related diversity issues judged insufficient, with no serious prospects for development would result in the investment not being made.</p>

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	N/A	N/A	N/A	<p><b>Pre-investment actions</b></p> <p>As part of its due diligence process, SWEN CP ensures that each deal is compliant with all the exclusions policies, including those referring to weapons-related activities, available in SWEN CP's website (<a href="http://www.swen-cp.fr">http://www.swen-cp.fr</a>).</p> <p>Furthermore, as part of its due diligence process, SWEN CP monitors the exposure to controversial weapons through the controversy check and related questions included in the ESG questionnaire.</p> <p><b>Post-investment actions</b></p> <p>Exposure to controversial weapons is systematically reviewed and monitored through the annual ESG questionnaires.</p> <p>Furthermore, SWEN CP uses Controversy Monitoring to monitor the social and governance practices of the deal's key stakeholders, including exposure to controversial weapons.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>Compliance with exclusions policies, including those referring to weapons-related activities, available in SWEN CP's website (<a href="http://www.swen-cp.fr">http://www.swen-cp.fr</a>).</p>
<b>Indicators applicable to investments in sovereigns and supranationals</b>						
Not applicable. SWEN Capital Partners does not carry out activities relating to investments in sovereigns and supranationals						
<b>Indicators applicable to investments in real estate assets</b>						
Not applicable. SWEN Capital Partners does not carry out activities relating to investments in real estate assets						

## Other indicators for principal adverse impacts on sustainability factors

SWEN Capital Partners identifies and monitors the exposure to adverse impacts using ESG questionnaires, during the due diligence phase and the annual monitoring process. These questionnaires explicitly include a set of questions pertaining to the full array of PAI indicators from the Table 1 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288. Furthermore, the questionnaires also include questions below pretraining to the questions from Tables 2 and 3 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288.

Finally, depending on the characteristics of each investment, the ESG questionnaire will include additional questions to calculate indicators from Tables 2 and 3 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288, judged pertinent by the ESG analyst.

**Table 2. Additional climate and other environment-related indicators**

### *Climate and other environment-related indicators*

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Actions taken, and actions planned and targets set for the next reference period
Emissions	Indicator 4: Investments in companies without carbon emission reduction initiatives.	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	<p><b>Pre-investment actions</b></p> <p>During its due diligence phase, SWEN CP systematically questions each entity, using the ESG and/or impact questionnaires, about emission reduction initiatives.</p> <p>Furthermore, SWEN CP carries out a controversy check to evaluate all material findings concerning the environmental practices of the deal's key stakeholders.</p> <p><b>Post-investment actions</b></p> <p>SWEN CP monitors evolution in the emission reduction initiatives during the holding period through the annual ESG questionnaires.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>Not determined - future developments will be determined in accordance with SWEN CP's climate strategy that will be published on SWEN CP's website in the first quarter of 2023.</p>

**Table 3. Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

*Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters*

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	Indicator 1: Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	<p><b>Pre-investment actions</b></p> <p>During its due diligence phase, SWEN CP systematically questions each entity, using the ESG questionnaires, about their consideration of social and employee matters, including the indicators selected from PAI table 3.</p> <p>Furthermore, SWEN CP carries out a controversy check to evaluate all material findings concerning the social and governance practices of the deal's key stakeholders.</p> <p><b>Post-investment actions</b></p> <p>Proper consideration of social and employee matters, including the indicators selected from PAI table 3, are systematically reviewed and monitored through the annual ESG questionnaires.</p> <p>Furthermore, SWEN CP uses Controversy Monitoring to monitor the social and governance practices of the deal's key stakeholders.</p> <p><b>Thresholds to comply with DNSH criteria for sustainable investments</b></p> <p>The investment considered must meet a maximum threshold in terms of exposure to controversies (considering their nature, frequency, and seriousness as well as the particularities of the companies reviewed). This threshold is assessed qualitatively by SWEN Capital Partners internal teams.</p>
	Indicator 2: Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	
	Indicator 3: Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	
	Indicator 4: Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	
	Indicator 5: Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	
	Indicator 7: Incidents of discrimination	<ol style="list-style-type: none"> <li>1. Number of incidents of discrimination reported in investee companies expressed as a weighted average</li> <li>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average</li> </ol>	

### 3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

SWEN Capital Partners has established an approach to identify and prioritize principal adverse impacts on sustainability factors for each investment opportunity considered. This approach is described in **SWEN Capital Partners' Sustainability Policy**, latest version published in January 2022, and in **SWEN Capital Partners' Impact Doctrine**, latest version published in May 2022, both are available on SWEN Capital Partners' website (<http://www.swen-cp.fr>).

The Sustainability Policy and Impact Doctrine are formalized by the ESG team in collaboration with the investment and risk management teams. Their compliance is audited by the Compliance team. They are approved by the management of SWEN Capital Partners.

SWEN CP's ESG team is responsible for the effective implementation of the ESG approach in the investment and monitoring process, the calculation of metrics (carbon footprint, biodiversity footprint, NEC scoring, internal ESG scoring, analysis of SDG contributions, eligibility, and alignment to the European Taxonomy, etc.), the operation of the internal ESG database and the promotion of ESG to stakeholders. This approach is approved by the management of SWEN Capital Partners, which in turn is responsible for its strategic deployment across all investment strategies. Therefore, each investment team is allocated the responsibility of selecting investment opportunities that are aligned with the applicable Sustainability Policies of SWEN Capital Partners. Furthermore, the proper application of these policies is controlled during each investment committee by all its members and by the Compliance team through second level control.

These policies describe in detail the approach and methodologies presented below, which are used systematically by the ESG team during each investment process to assesses and manage the extent to which an investment is likely to harm an environmental or social objective as established in SWEN Capital Partner's "Sustainable Investment Definition", published in its website (<http://www.swen-cp.fr>). The gravity of the harm is assessed qualitatively or using specific metrics at each key stage of the analysis:

- **Respect sector-based exclusion policies.** SWEN Capital Partners ensures compliance with its sector-based exclusion policies, particularly regarding coal, oil and fossil gas and weapons, as published on its website (<http://www.swen-cp.fr>)<sup>9</sup>.  
*Necessary condition: Full compliance with the guidelines of its sector-based policies is applied.*

**AND**

- **Comply with the requirements of SWEN Capital Partner's internal process for reviewing past incidents, disputes, or controversies.** Reputation surveys are carried out prior to each investment to identify as early as possible any past incident, litigation or extra-financial controversy which could require further investigation or lead to the questioning of the investment, depending on the nature, the frequency and severity of the controversies identified. This review may also include key suppliers and customers. In addition, SWEN Capital Partners carries-out daily monitoring of its direct investments and the underlying assets of the funds subscribed.  
*Necessary condition: the investment considered must meet a maximum threshold in terms of exposure to controversies (considering their nature, frequency, and seriousness as well as the particularities of the companies reviewed). This threshold is assessed qualitatively by SWEN Capital Partners internal teams. Moreover, the level of severity for each controversy identified is set following a specific methodology, where each level of severity corresponds to criteria in terms of dialogue/commitment, communication, and reporting.*

**AND**

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<sup>9</sup> SWEN Capital Partners' « oil and fossil gas» exclusion policy will be published on its website in the first quarter of 2023

- **Undergo an in-depth analysis of each ESG issue considered material, and an assessment of the level of maturity reached for each of them.** During its due diligence, SWEN Capital Partners performs an in-depth analysis of each of the ESG issues considered material, and studies the level of maturity reached by each company to manage the identified ESG issues. In the same way, climate and biodiversity-related analyses are carried out. Monitoring is ensured over time.

*Necessary condition: if the sustainability performance is deemed inadequate and if there is reasonable doubt of the ability of the company concerned to put in place an appropriate corrective plan, the investment will not be approved.*

#### **AND**

- **Comply with the established conditions specific to the mandatory and optional SFDR PAI (“Principal Adverse Impacts”) indicators.**

*Necessary condition: the conditions are set by SWEN Capital Partners in the first section of this document, called “Description of the principal adverse impacts on sustainability factors”.*

SWEN Capital Partners uses many tools into its investment processes to assess sustainability risks. The data used by SWEN Capital Partners to assess the sustainability risk are:

- Data communicated by the companies in the ESG due diligence questionnaires, in the ESG and impact annual questionnaires, in the data room during the due diligence process, in dedicated meetings held between SWEN Capital Partners and the companies.
- The website of the portfolio companies.
- For controversies monitoring:
  - o Google alerts
  - o Worldcheck tool
  - o An analysis made by OFI Invest under a specific service contract
- The NEC frameworks tools
- Data from external providers to assess:
  - o The carbon footprint of the portfolio company, when not assessed by the company itself
  - o The biodiversity footprint of the company (from 2023)
  - o The alignment of the company with a decarbonation pathway closest to 1.5°C (from 2023)
- The criteria described in the EU Taxonomy
- For impact funds, data used in specific impact frameworks codeveloped with external independent experts

## **4. Engagement policies**

SWEN Capital Partners, as a committed investor, and in line with its “raison d'être”, has identified the values and strategic markers on the ESG level that guide it in its role as a shareholder or creditor, as well as vis-à-vis its ecosystem. To this end, SWEN Capital Partners has formalised a shareholder engagement policy which describes its commitment to the participations in its portfolio. The shareholder engagement policy is available on its website: <https://www.swen-cp.fr/en/regulatory-notice>.

The Shareholder Engagement Policy, summarized below, details the reasons for the commitment of SWEN Capital Partners to exercise its shareholder rights, which consider sustainability driven factors relating to the full array of PAI indicators from the Table 1 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288, and depending on the characteristics of each investment, can include additional considerations relating to indicators from Tables 2 and 3 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288. The Policy also describes associated objectives and specific measures leading to its implementation, which in turn are put in place and executed by each investment team alongside the ESG team that brings its expertise for the application of the Policy.

### **Monitoring and transparency**

The ESG analysis and monitoring are integrated into all investment decisions made by SWEN Capital Partners in the management of its funds, it encompasses the integration of sustainability risks, which is further described in the Sustainability Policy of SWEN Capital Partners, published in its website (<http://www.swen-cp.fr>). Monitoring the ESG performance of management companies and the CSR practices of direct or indirect holdings makes it possible to understand and manage the extra-financial risks to which they may be exposed to.

SWEN Capital Partners is committed to delivering to its clients clear periodic reporting concerning key sustainability performances and risks, in compliance with SFDR regulation, which serves as basis for engagement and discussion. Furthermore, SWEN Capital Partners allocates exchange spaces with invested companies to engage in dialogue based on the results from the application of SWEN Capital Partners' ESG approach. The sustainability topics reviewed include but are not limited to:

- Daily controversy monitoring to manage reputational risks, which is communicated on a quarterly basis or ad hoc, if the gravity of the controversy is deemed high.
- Carbon footprint estimates (scopes 1, 2 and 3) of funds and mandates made with the help of an external consultant or calculation of GHG emissions based on models developed with market experts.
- Estimation of the level of alignment with a low-carbon world of its investments as defined by the Greenfin label (formerly TEEC label - Energy and Ecological Transition for Climate).
- Analysis of the contribution to the Sustainable Development Goals (SDGs).
- Measurement of the environmental impact of economic activities on 5 pillars (climate, water resources, resource and waste management, air quality and biodiversity) through the Net Environmental Contribution (NEC<sup>10</sup>) metric.

#### ***Dialogue with the companies held***

The funds managed by SWEN Capital Partners have a long lifespan, which promotes long-term dialogue with the companies held. SWEN Capital Partners therefore interacts, as part of its operations, on a regular basis with the companies held and the management companies, whether prior to the investment, during monitoring or exit. The dialogue relates to financial and extra-financial issues and concerns both the management companies of the funds analysed or invested and the companies and assets analysed or already invested. It can take different forms:

- Include clauses or side letters in legal documentation with the purpose of ensuring a minimum frequency of dialogue and high transparency standards pertaining strategic sustainability topics, such as climate or gender diversity.
- Carry out meetings dedicated to Sustainability to present to the managers the results and performances observed over time, based on the results from the annual ESG data collection campaign.
- Organize the event "ESG Best Practices Honours" to bring together private equity and infrastructure players, institutional investors, invested companies and international organizations involved in ESG to showcase and discuss the needs and progress of all stakeholders in ESG encourage remarkable practices (<https://www.esgbestpracticeshonours.fr/>).

#### ***Voting Policy***

SWEN Capital Partners' voting policy is an integral part of its shareholder engagement policy, it frames the principles to which it intends to refer when exercising voting rights, as well as the terms under which it will exercise them. These principles can cover, for example, the following topics related to PAI disclosure and management:

- Resolutions leading to a modification of the statutes: SWEN Capital Partners pays particular attention to the change in the mode of governance of the company; creation of structures abroad; double voting rights, limitation of voting rights; bonus dividend; creation of preferred equity securities.

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<sup>10</sup> Nec-initiative.org

- Approval of the accounts and appropriation of the result: The way in which the company integrates the Environmental, Societal and Governance issues related to its activities is considered by SWEN Capital Partners to assess the quality of the management of the managers.

#### ***Cooperation with other shareholders***

The work of exchange and cooperation with the other shareholders takes place whenever possible within the framework of a governance body at the level of the participation or of the intermediary investment vehicles (board of directors or supervisory board, advisory, strategic committee). The objective is to work in partnership with the other shareholders to implement the growth plan or the development of the agreed participation, and to provide as much as possible the advice and reflections conducive to the achievement of the objectives.

For its direct investments, the acquisition of a minority stake may limit the weight and impact of SWEN Capital Partners in the context of defining the partnership strategy and/or negotiating shareholder agreements with other shareholders. However, SWEN Capital Partners, as a committed investor and to be consistent with the values that drive it, pays particular attention during negotiations with other shareholders to the following extra financial issues:

- The governance of the financed companies.
- ESG clauses relating to the implementation CSR commitments, and for SWEN Capital Partners impact funds, it can also be clauses aimed at achieving impact objectives.
- Periodic extra-financial reporting and information to be communicated by the financed companies.
- Clauses relating to the integrity and ethics of the managers of the companies financed.

For its indirect investments (in funds or via SPV), SWEN Capital Partners makes sure to have a place on the strategic committees or, where applicable, on the advisory committees of the funds. As part of its indirect investments, SWEN Capital Partners may formalize “side letters” with the following requests:

- Integration of ESG-related issues.
- Periodic communication of extra-financial information.
- Corrective actions to be implemented following extra-financial audits carried out as part of the investment process.

#### ***Communication with stakeholders***

As part of its activities, SWEN Capital Partners pays particular attention to the various stakeholders in its ecosystem but also to those specific to each of its investments, it is an integral part of its analysis process upstream of the investment as well as during the monitoring and support phase, both from a risk management perspective and the identification of opportunities.

#### ***Prevention and management of actual or potential conflicts of interest***

SWEN Capital Partners has formalized a Policy for the Prevention and Management of Conflicts of Interest, available on its website (<http://www.swen-cp.fr>) and a Code of Ethics applicable to all of these employees which provides in particular for rules in terms of personal transactions, declaration of external functions and/or corporate offices for all its employees, gifts received/offered, confidentiality obligations, etc.

## **5. References to international standards**

SWEN Capital Partners adheres to the following responsible business conduct codes and internationally recognised standards for due diligence and reporting.

#### ***International Labour Organization, United Nations Global Compact and OECD guidelines***

[Sustainability indicators considered from Table 1 of Annex 1 of the Commission Delegated Regulation \(EU\) 2022/1288](#)



- Table 1, PAI 10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Table 1, PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

Sustainability indicators considered from Table 3 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288

- Table 3, PAI 1: Investments in companies without workplace accident prevention policies
- Table 3, PAI 2: Rate of accidents
- Table 3, PAI 3: Number of days lost to injuries, accidents, fatalities or illness
- Table 3, PAI 4: Lack of a supplier code of conduct
- Table 3, PAI 5: Lack of grievance/complaints handling mechanism related to employee matters
- Table 3, PAI 7: Incidents of discrimination

Methodology and data used

Governance criteria are fully included in the ESG analysis conducted by The Management Company for every investment opportunity. The analysis aims at ensuring the investment is compliant with international treaties, International Labour Organization, United Nations Global Compact or the OECD guidelines.

The analysis of governance risks carried out by The Management Company examines the implementation of risk prevention mechanisms related to Human Rights and ethics, and the integration of social and environmental risks into organisations (CSR strategy, taking into account and anticipating regulations, etc.). Governance risks are thus particularly material for The Management Company.

Further information can be found in sections “2. Description of the principal adverse impacts on sustainability factors” and “3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors” of this document.

**Paris Agreement**

Sustainability indicators considered from Table 1 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288

- Table 1, PAI 1: GHG emissions
- Table 1, PAI 2: Carbon footprint
- Table 1, PAI 3: GHG intensity of investee companies
- Table 1, PAI 4: Exposure to companies active in the fossil fuel sector
- Table 1, PAI 5: Share of non-renewable energy consumption and production
- Table 1, PAI 6: Energy consumption intensity per high impact climate sector

Sustainability indicators considered from Table 2 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288

- Table 2, PAI 4: Investments in companies without carbon emission reduction initiatives.

Methodology and data used

SWEN Capital Partners commits to progressively align all its direct investments to the Paris Agreement objectives. To this end, SWEN Capital Partners will assess in 2023 the alignment of its direct portfolio companies with a decarbonation pathway closest to 1.5°C, in line with the Paris Agreement. The results of this analysis will lead to define a decarbonation strategy for the Fund with precise objectives, aiming at aligning in 2030 its direct investments with the Paris Agreement objectives.

Further information can be found in sections “2. Description of the principal adverse impacts on sustainability factors” and “3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors” of this document.

**Other International Standards, Associations and Working Groups Considered**

SWEN Capital Partners is also active within French and international professional associations to promote the integration of ESG (Environmental, Social and Governance) issues within the profession (in Private Equity as in Infrastructure). This involvement is reflected in the participation of SWEN Capital Partners in the governance of several market organizations specializing in Responsible Investment as well as in various working groups.

Associations and working groups on ESG Integration	
	- Member of the <b>Principles for Responsible Investment (PRI)</b> , SWEN Capital Partners has participated in various working groups on private equity and infrastructure. (Table 1 and Table 2 PAI)
	- Member of the <b>Responsible Investment Roundtable of Invest Europe</b> , a European professional association, SWEN Capital Partners participates in the work published by this commission. (Table 1 and Table 2 PAI)
	- Signatory of the <b>Charter for Capital Investors of France Invest</b> and member of the <b>Steering Committee of the Sustainability Commission</b> , SWEN Capital Partners participates each year in several publications and working groups of France Invest. (Table 1 and Table 2 PAI) - SWEN Capital Partners participates in the working groups of <b>France Invest and Finance for Tomorrow on biodiversity</b> . (Table 1 PAI 7 and Table 2 PAI 10, 11, 12,14, 15 and 22)
Associations and working groups on Environmental issues	
	- <b>Shareholder of the NEC initiative (www.nec-initiative.org) since 2019</b> . The Net Environmental Contribution (NEC) is a measure that assesses the extent to which companies are aligned with the environmental and energy transition and with the global climate change mitigation goals. (Table 1 PAI 1 to 9, Table 2 PAI 4 and Table 2 PAI)
	- <b>Scientific partnership with Ifremer</b> (French Research Institute for the Exploitation of the Sea) as part of the Blue Ocean fund. (Table 1 PAI 7, 8 and 9 and Table 2 PAI 12)
	- Member of the <b>International Climate Initiative</b> , SWEN Capital Partners is committed to considering, measuring, managing, and reporting on the carbon issues of its investments. It is a member of the <b>Operational Committee of the French branch</b> of the initiative. (Table 1 PAI 1 to 6, Table 2 PAI)
Associations and working groups on Impact investing	
	- Signatory of the " <b>Pledge for the development of Impact Finance</b> " published by <b>Finance for Tomorrow (F4T)</b> and member of the <b>working group on impact investing</b> . (Table 1 and Table 2 PAI)
	- Member of the <b>Impact Commission of France Invest</b> , SWEN Capital Partners participates in its work and in its promotion. (Table 1 and Table 2 PAI)

**6. Historical comparison**

Adverse impacts on sustainability factors covering the reference period from 1 January to 31 December 2022 will be available under the 'Description of principal adverse impacts on sustainability factors' in Table 1 of Annex I format, following SWEN Capital Partners annual ESG data collection campaign, which will take place on the first quarter of 2023. Historical information of up to the last five previous periods preceding said data collection campaign will not be available under the format proposed 'Description of principal adverse impacts on sustainability factors' in Table 1 of Annex I. Consequently, historical information will be developed starting on 2022.



# SWEN

Capital Partners

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**SWEN Capital Partners**

S.A with a capital of 16 143 920 €  
CS Paris 803 812 593 - APE 6630 Z

Asset management company  
Agrément AMF n° GP-14000047 - FR