SWEN Capital Partners

Nature Policy

APPLICABLE AS OF JUNE 20TH, 2023

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Why are we adopting a Nature policy?

The very title of this policy reflects a deliberate stance, one that has emerged from a strong conviction and given rise to a firm commitment.

A conviction that climate-related and biodiversity-related issues cannot and should not be addressed separately

A commitment to adopt a policy based on this all-inclusive view that the climate, ecosystems and each species, including man-kind, form part of one and the same system. This is what the term “Nature” encompasses.

What is “Nature”?

The Taskforce on Nature-related Financial Disclosures (TNFD)[1] defines Nature as “The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment”[2]. This includes categories such as biodiversity, ecosystems (how they are structured and how they function), evolution, the biosphere, humanity’s evolving shared legacy and biocultural diversity.

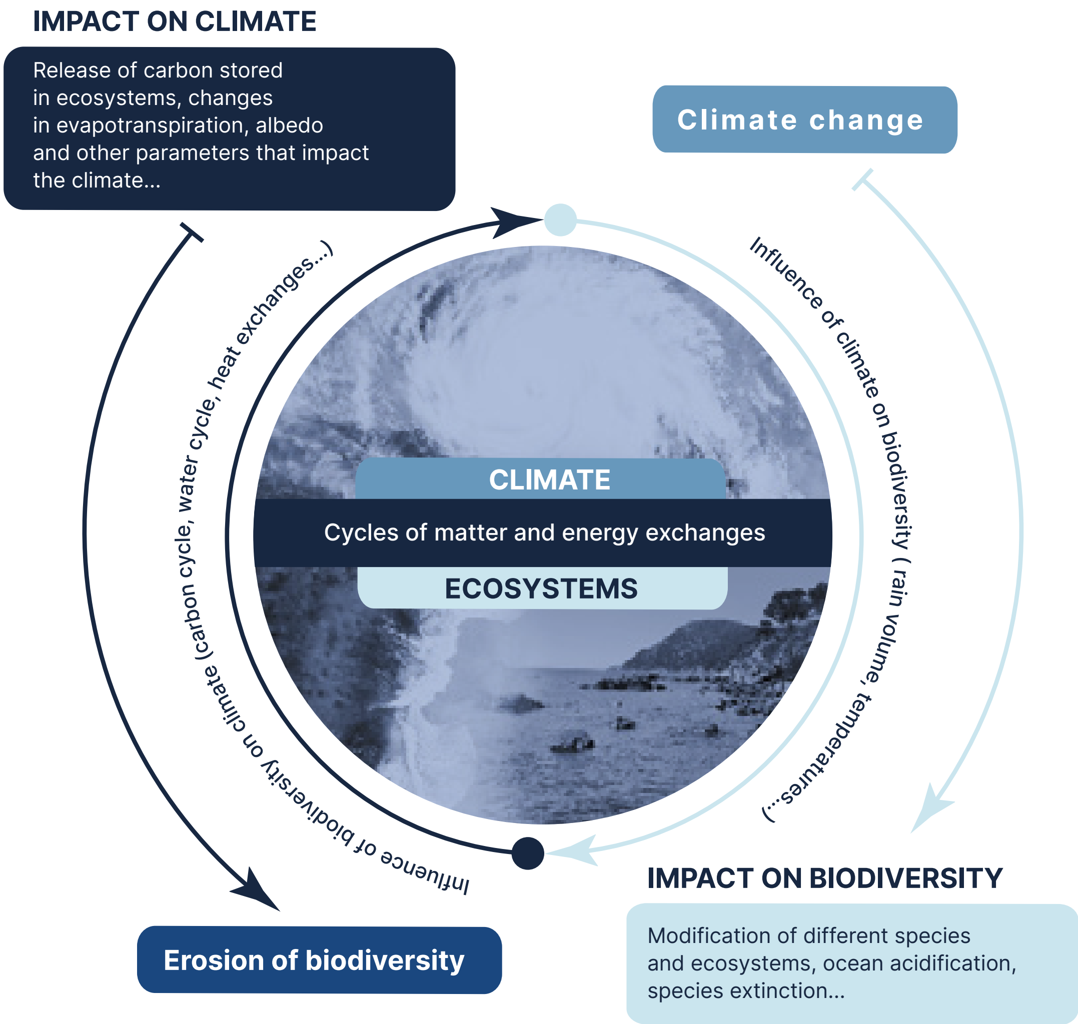
1 A private international working group established in 2021 by the Financial Stability Board. It consists of banking and finance organisations from around the world and was set up to establish a framework governing the disclosure of financial risks and opportunities relating to Nature, biodiversity and the ecosystem crisis. The TNFD is based on the same model as the Taskforce on Climate-related Financial Disclosures (TCFD), which was set up in 2015 to encourage companies to disclose their financial risks resulting from climate change.

2 https://framework.tnfd.global/concepts-and-definitions/definitions-of-Nature/#:~:text=The%20TNFD%20defines%20ecosystem%20services,%2C%20freshwater%20from%20a%20river).

The financial sector has factored climate issues into its activities, at least to some extent, but practices promoting biodiversity are still rather rare. And there is a good reason for this, since biodiversity is a complex matter and there is not yet as clear and robust an approach to biodiversity as there is to climate. A scientific consensus has nonetheless emerged, for instance through reports from the IPCC (Intergovernmental Panel on Climate Change) and IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services), about the fact that climate change and biodiversity loss are two phenomena that are indeed interdependent and complementary and that interact closely with each other.

1) Climate change affects biodiversity: it is one of the five factors driving biodiversity loss.

Climate change therefore has a direct impact on biodiversity. For example, higher temperatures can modify the habitats and lifecycles of species; this, in turn, can lead to population displacement, changes to the geographical distribution of species and disruptions to ecological interactions. Moreover, the dissolution of certain greenhouse gases in the oceans makes them more acidic, which impacts marine biodiversity. Extreme climate events such as droughts, storms and floods can also cause biodiversity losses on a large scale.



Source: https://uicn.fr/wp-content/uploads/2018/06/brochure-sfn-mai2018-web-ok.pdf (p.13)

2) Biodiversity plays a crucial role in climate regulation.

Healthy ecosystems, such as forests, oceans and wetlands, store carbon and regulate the concentration of greenhouse gases in the atmosphere. Biodiversity loss can make ecosystems less able to absorb atmospheric CO2, which increases the concentration of greenhouse gases in the atmosphere and exacerbates climate change.

3) Such feedback loops can have cumulative and complex effects.

For example, biodiversity loss can make ecosystems less able to regulate the climate which, in turn, can exacerbate climate change and lead to further biodiversity loss.

Furthermore, climate and biodiversity both have tangible implications at both a local and global level.

Local level: climate and biodiversity issues have tangible effects at a local level.

- For instance, the consequences of climate change can affect local communities living in specific regions as they may face extended droughts and more frequent and more intense floods and storms; local adaptation measures are therefore required.
- Similarly, some biodiversity impacts are local (for instance, the contamination of certain environments) and biodiversity loss can create local ecological imbalances, for example involving the extinction of species or the loss of natural services delivered at a local level.

Global level: climate and biodiversity issues can also have global repercussions.

- For example, the effects of greenhouse gas emissions on climate change are global, with consequences spanning all continents and all oceans due to higher average temperatures, rising sea levels and extreme weather events.
- Similarly, some biodiversity impacts are global (for instance, those caused by greenhouse gas emissions or certain types of contamination) and biodiversity loss can create global ecological imbalances, involving the loss of natural services delivered at a global level.

It is important to understand that climate and biodiversity are closely correlated and interdependent on both these levels. Once the combination of local and global impacts has been acknowledged, it is possible to implement integrated and holistic solutions that can rise to the challenges of climate and biodiversity effectively while factoring in specific contexts and the complex interactions that exist between different impact levels.

The economic community needs to reverse the trend

Biodiversity and ecosystem services are crucial to global economic stability and prosperity. It is estimated that approximately 50% of the world's gross domestic product (GDP) is directly or indirectly dependent on these elements[3].

The decline and loss of biodiversity therefore pose major risks to the economy. The destruction of natural habitats, overexploitation of natural resources, pollution and climate change are disrupting ecosystems and rendering them less able to deliver ecosystem services. This can come at a huge economic cost, for instance in the form of lower crop yields, higher water purification costs, greater damage caused by natural disasters and poorer human health.

Globally, ecosystem services are estimated to be worth between 125 trillion USD and 140 trillion USD per year, i.e. more than one and a half times the size of global GDP. And the increased pressure placed on biodiversity by businesses is very costly: between 1997 and 2011, the world lost an estimated 4 trillion USD to 20 trillion USD per year in ecosystem services owing to land-cover change and between 6 trillion USD and 11 trillion USD per year from land degradation[4].

Therefore, by protecting Nature, we are protecting the very foundations of our economy.

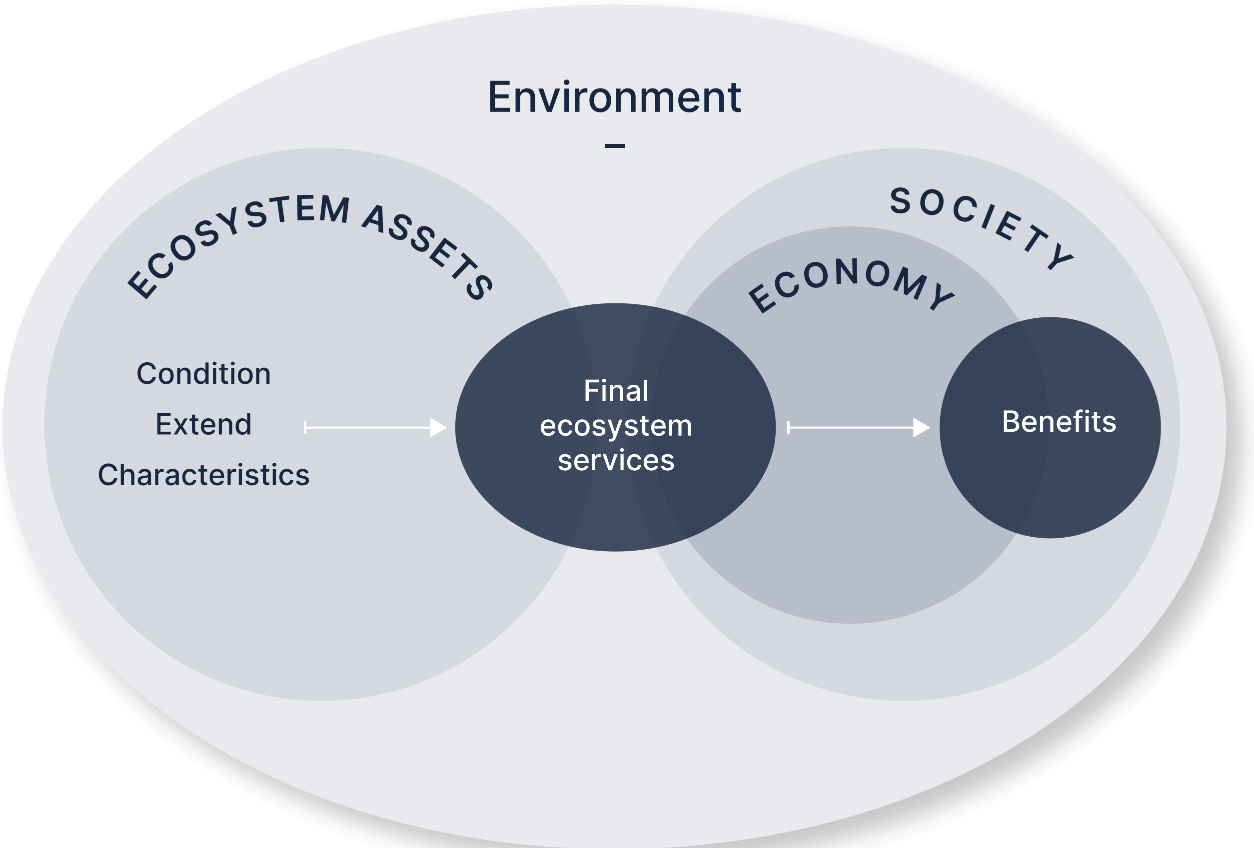
Ecosystem services

Ecosystem services, or Nature's contributions to people (NCP), are "all the contributions, both positive and negative, of living Nature (i.e. diversity of organisms, ecosystems, and their associated ecological and evolutionary processes) to the quality of life for people. Beneficial contributions from Nature include such things as food provision, water purification, flood control, and artistic inspiration, whereas detrimental contributions include disease transmission and predation that damages people or their assets"[5].

3 et 4 Source: Synthesis prepared by the OECD for the French G7 Presidency and the G7 Environment Ministers' Meeting, 5-6 May 2019 (https://www.oecd.org/environment/resources/biodiversity/Executive-Summary-and-Synthesis-Biodiversity-Finance-and-the-Economic-and-Business-Case-for-Action.pdf)
5 Source: IPBES glossary https://www.ipbes.net/fr/node/16381

The TNFD defines 3 categories of ecosystem services[6]:

- **Provisioning services:** these refer to supply services (water, food and other natural resources used as raw materials such as wood).
- **Regulating and maintenance services** result from the ability of ecosystems to regulate biological processes and to influence climate, hydrological and biochemical cycles, and thereby maintain environmental conditions beneficial to individuals and society. Provisioning services are dependent on these regulating and maintenance services (e.g. the provision of freshwater depends on the ability of forests to absorb carbon and regulate climate change).
- **Cultural services** are the experiential and intangible services related to the perceived or actual qualities of ecosystems whose existence and functioning contributes to a range of cultural benefits (e.g. the recreational value of a forest or a coral reef for tourism).



Source: p. 28 of the "System of Environmental-Economic Accounting – Ecosystem Accounting". Available at: seea_ea_white_cover_final.pdf (un.org)

6 https://framework.tnfd.global/wp-content/uploads/2022/06/TNFD-Full-Report-Mar-2022-Beta-v0-1.pdf

The Nature approach: a paradigm shift

Our relationship to Nature in past decades and even centuries has often been governed by utilitarian and extractive considerations. We have exploited natural resources to excess and polluted Nature through the way we produce and consume, without giving enough thought to the consequences of our actions for the environment and biodiversity. This approach has created ecological imbalances and had negative impacts not only on the climate, biodiversity and ecosystems but also on our quality of life (an unstable climate, a polluted environment).

The "Nature" approach is thus emerging as a necessary paradigm shift in light of the complex environmental challenges we face. It involves redefining our relationship with Nature, acknowledging its intrinsic value and adopting a sustainable approach to living things.
This paradigm shift implies considering Nature no longer as a source of resources to exploit but also, and above all, as a complex system of which we form an integral part. It encourages us to rethink our place in the natural ecosystem, to acknowledge our dependence on biodiversity and on the ecosystem services it provides, but also to become aware of the planet's limitations.

In this respect, the "Nature" approach is far more than just a change of perspective. It is a thorough transformation in the way we think, make decisions and take action, particularly as investors.

A pioneering approach that is consistent with our positioning

What sets SWEN CP apart is that we seek to surround ourselves with an ecosystem of experts and scientists to ensure the relevance of our approaches. This is the case for our impact strategies, which are co-designed with scientific experts, but also for all our ESG analyses, which are based on methods and tools that are grounded in science wherever possible and aligned with industry best practices. This meticulous approach enhances both our credibility and our ability to generate positive impacts at both an environmental and financial level.

Back in 2017, we adopted a Climate Policy, one of the first in our industry (French private markets) to do so. The aim was to take concrete measures in order to factor the issues raised by the energy transition into our investment activities, in keeping with the recommendations issued by the Taskforce on Climate-related Financial Disclosures (TCFD). The policy sought to identify, understand, evaluate, incorporate, monitor and, ultimately, manage our exposure to climate risks by applying sector policies and directing a share of our investments to assets aligned with a low-carbon economy. However, we have spent the last year or so exploring biodiversity more in-depth and have realised that separating climate issues from biodiversity issues does not make sense since they are so closely interconnected. Therefore, we concluded that we needed to adopt a Nature Policy to replace our Climate Policy. **This Nature Policy is our way of emphasising how important it is to address climate change and biodiversity together by avoiding negative crossover effects and promoting solutions that benefit both issues.**
We are working to meet the targets set out in the Paris Agreement by reducing greenhouse gas emissions. In addition, we aim to be active participants in efforts to meet the targets set out in the Kunming-Montreal Agreement which stems

from the Convention on Biological Diversity aimed at conserving and restoring biodiversity. We fully recognise that incorporating climate issues and biodiversity issues on the same level poses a major challenge, one that we must face when making our investment and management decisions. This means there might be decisions that must be arbitrated in order to avoid negative crossover effects (e.g. solutions that are beneficial to the climate but detrimental to other environmental issues) as far as possible and to maximise solutions that can benefit various environmental issues.

We pay particularly close attention to this complex equilibrium as we fully understand that both aspects are interdependent and essential when it comes to tackling the climate crisis and loss of biodiversity.

Therefore, we apply the principle of double materiality to all our analyses and asset management activities. We systematically identify the impacts that our activities might have on Nature (especially the climate and biodiversity), for example, in terms of greenhouse gas emissions and other environmental pressures. We are also aware of the need to consider our dependence on ecosystem services and we therefore factor in the risks and opportunities created by climate change and Nature loss for our funded activities in the short and long term.

We acknowledge that these issues may have a negative impact on our long-term financial performance and therefore apply this principle of double materiality systemically to our investment and asset management approaches to ensure that our activities remain sustainable and to maximise sustainable value creation for all our stakeholders.

Last of all, we are adopting a transparent approach, establishing continuous assessment processes and bringing our stakeholders on board. This approach forms part of our broader Sustainable Finance Policy, helping us to meet its objectives and promote a sustainable and engaged economy.

This Nature Policy was drawn up as a collaborative project by the ESG department alongside all of SWEN CP's other teams. It was then submitted for a critical review by BL Évolution, a consultancy firm specialising in Nature-related issues, then for an assessment by another consultancy firm, I Care, to gauge its alignment with the targets set out in the Paris Agreement. The policy adheres to the recommendations issued by the Taskforce on Nature-related Financial Disclosures and is based on three fundamental pillars.

PILLAR

01. **Adhere to international frameworks and conduct our policy at a strategic level**

PILLAR

02. **Contribute to ecosystem regeneration by factoring Nature-related issues into all our investment decisions**

PILLAR

03. **Help our stakeholders incorporate Nature-related issues into their activities**

Part 2

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What does our Nature Policy consist of?

PILLAR

01.

Adhere to international frameworks and conduct our policy at a strategic level

1.
International frameworks

Our first engagement pillar refers to the orientation of our Nature Policy and all corresponding action plans towards alignment with the objectives set out in international frameworks, i.e. the Kunming-Montreal Global Biodiversity Framework and the Paris Agreement. This approach seeks to ensure that our commitments are consistent with priority environmental issues and contribute to global objectives. Setting aside the specific Nature of our business, our aim is to show that finance can be done differently by making climate and biodiversity issues central to our activities and practices. We are therefore convinced that we can play an active role in preserving Nature while pursuing our efforts to create sustainable value.

a | We pledge to contribute to the targets set for 2050 and to those set for 2030 under the Kunming-Montreal Global Biodiversity Framework

The Kunming-Montreal Agreement

The Kunming-Montreal Agreement, adopted during the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity, held in Montreal on 19th December 2022, was a major landmark in efforts to protect and preserve biodiversity worldwide. It is an unprecedented commitment made by the international community to reverse the current trend towards biodiversity loss and to promote ecosystem conservation. The agreement seeks to uphold global efforts to conserve biodiversity, restore degraded ecosystems and promote Nature-friendly forms of sustainable development. The global agreement constitutes a strategic framework and a call to action by setting goals for 2050 and 23 ambitious targets to reach by 2030[7].
As a global biodiversity framework, the agreement provides essential guidelines for protecting Nature, unlike the COP21 agreement which sets easily applicable objectives, but it does not directly provide a vision that is suited to or shared by businesses and financial organisations. It is therefore up to each organisation to take ownership of the agreement by interpreting it and putting it into action. The COP21 objectives are easier to transpose into climate mitigation strategies, whereas biodiversity conservation requires an approach that is more nuanced and specific to each ecosystem, each species and to each sector-specific issue.

Our Nature Policy is our commitment to adopt this approach and adhere to the Global Biodiversity Framework with the aim of contributing to efforts to achieve the long-term goals set for 2050 as well as the targets to be reached by 2030 (see table below).

7 Official press release: https://www.cbd.int/article/cop15-cbd-press-release-final-19dec2022

Incorporating the Kunming-Montreal Agreement targets into our Nature Strategy

For SWEN Capital Partners, alignment with the Kunming-Montreal Agreement means participating in efforts to:

Pillar of the Nature Strategy

Reduce harmful funding
(Target 18)

Increase beneficial funding
(Target 19)

PILLAR 1
Adhering to international frameworks and conducting our policy at a strategic level

In order to provide transition funding for sectors and economic practices:

Sustainable consumption
(Target 16)

Sustainable agriculture and fisheries
(Target 10)

Sustainable urban planning
(Target 12)

Taking dependencies into account
(Target 15)

With the aim of mitigating negative impacts on biodiversity:

Land/sea use change: limit the conversion of land and sea areas (Targets 1 and 3)

Overexploitation of resources: illegal trade + sustainable use of wild species (Targets 5 and 9) + ecosystem functions and services (Target 11)

Climate change: minimise the impact on biodiversity (Target 8)

Pollution: reduce the risks of nutrients, pesticides and plastics (Target 7)

EEE: reduce the introduction and establishment of invasive alien species (Target 6)

And participate in conservation and restoration efforts:

Zero loss of areas of high biodiversity importance (Target 1)

Conservation of 30% of ecosystems of particular importance (Target 3)

Urgent actions towards endangered species
(Target 4)

PILLAR 2
Contributing to ecosystem regeneration by factoring Nature-related issues into all our investment decisions

With the help of dedicated capabilities:

Systematic integration of biodiversity
(Target 14)

Consideration for impacts and dependencies
(Target 15)

Best available data, information and knowledge
(Target 21)

Technological capacity, access to and transfer of technology
(Target 20)

Inclusive representation, participation, justice and access
(Target 22)

Gender equality in implementation
(Target 23)

PILLAR 3
Helping our stakeholders incorporate **Nature-related issues into their activities**

We have aligned our commitments with this Agreement in order to contribute to Nature regeneration efforts by mitigating the pressure exerted on biodiversity and by promoting ecosystem conservation and restoration. Both these aspects (mitigation and conservation/restoration) are recognised as being complementary strategies in the drive to tackle biodiversity loss. Accordingly, our first commitment towards regeneration consists in mitigating pressure on biodiversity by reducing the factors that lead to its erosion. This involves taking measures to limit the degradation of natural habitats, prevent the overexploitation of resources, reduce pollution, control the spread of invasive species and minimise the impacts of climate change. By mitigating such pressures, we can slow down biodiversity loss and protect the ecosystems that support life on earth.

Our second commitment will seek to contribute directly to regeneration by financing ecosystem conservation and restoration operations. This will involve setting up concrete measures to protect threatened species and habitats and to restore degraded ecosystems. This could include developing solutions to fund efforts to create natural reserves, protect marine areas, regenerate forests, reintroduce native species and implement sustainable agricultural practices. The conservation and restoration of ecosystems help species to survive and make it possible to sustain ecological interactions and resilience against future stresses.

These two approaches are complementary and mutually beneficial in promoting ecosystem regeneration. Mitigating the pressures on biodiversity helps to curb biodiversity loss, while protecting and restoring ecosystems help to re-establish better conditions for biodiversity. **This joint approach is the one we have adopted as part of our policy, beginning with attempts to mitigate adverse impacts and support economic activities as they transition (see part 34 and the following) and then innovating on behalf of Nature to create financial products that promote restoration and conservation (see page 41).**

To demonstrate our alignment with the Global Biodiversity Framework, we will initially use indicators that measure the contribution or performance of our investments as regards environmental issues (“Nature Share” and “Net Environmental Contribution - NEC”), while continuing to participate in efforts to develop actual trajectory indicators (see page 49).

b | We pledge to follow a trajectory aimed at alignment with the targets set out in the Paris Agreement to keep global warming as close as possible to +1.5°C by 2050.

What is a Paris Agreement alignment trajectory?

The Paris Agreement, adopted during COP21 in December 2015, is a binding international treaty aimed at tackling climate change. The 196 signatories undertake to “hold the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels.”

We have established a decarbonisation trajectory for our portfolios as part of our commitment to contribute to these objectives. This trajectory consists of a forecast reflecting how we expect our carbon footprint to evolve between now and 2050. By comparing it with the initial Paris Agreement objective - which is to limit global warming to 1.5°C by 2050 - we are able to evaluate the decarbonisation efforts needed to meet this target.

I | We are joining the Net Zero Asset Managers (NZAM) initiative

We are stepping up our contribution to global decarbonisation by committing to a trajectory aimed at alignment with the targets set out in the Paris Agreement to keep global warming as close as possible to +1.5°C by 2050.

In order to solidify this commitment, we are joining Net Zero Asset Managers (NZAM)[8] initiative in June 2023, a global initiative bringing together asset managers engaged in the transition to a carbon-neutral economy[9]. This decision shows just how firmly committed we are to being active contributors to efforts to tackle climate change and achieve the objectives set out in the Paris Agreement.

By joining NZAM, we have made 3 concrete pledges:

1) To work in partnership with Asset Owner clients on decarbonisation goals;

2) To set an interim target for the first proportion of assets to be managed in line with the attainment of net zero emissions by 2050;

3) To review our interim target at least every five years, with a view progressively increasingthe proportion of AUM covered until 100% of assets are included.

Through this alliance, we are also joining forces with a global network of financial organisations that share the same vision of the transition to a zero-carbon economy. Our participation in NZAM will enable us to discuss best practices with other organisations in our industry and give us access to collective expertise which will help us reinforce the action we take to promote the Paris Agreement’s objectives.

8 https://www.netzeroassetmanagers.org/
9 Carbon neutrality means having a balance between emitting carbon and absorbing carbon from the atmosphere in carbon sinks. To achieve net zero emissions, all greenhouse gas emissions worldwide will have to be offset through carbon sequestration

II | We have set a quantified emissions reduction target covering an initial portion of assets

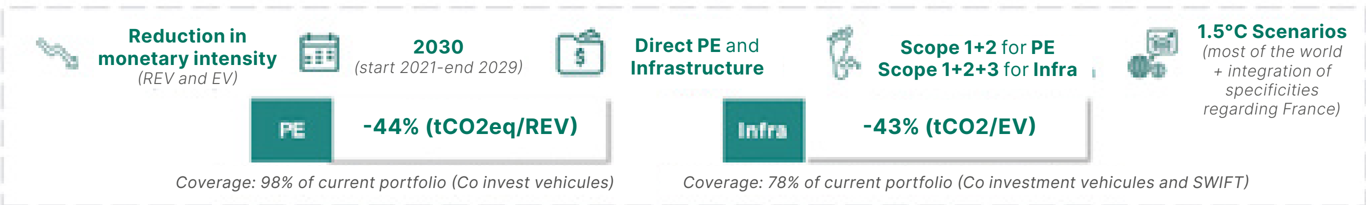
In keeping with our pledge to the Net Zero Asset Managers (NZAM) initiative, we have set **a quantified intermediary target for reducing greenhouse gas emissions covering a specific portion of assets.**

→ We have opted to initially focus our efforts on **our direct Private Equity and Infrastructures portfolio.** By defining this initial perimeter, we seek to concentrate on the assets and investments we are able to influence directly. It corresponds to 19% of our amounts invested at 31/12/2022. The scope covered includes direct investments made by the open-ended funds managed by SWEN CP (not including FIP local investment funds, FCPI venture capital funds or dedicated funds, but including direct co-investments made through a co-investment vehicle).

→ Moreover, we have set a target for this scope **to reduce emissions by approximately 40% (tCO2eq/revenue) by 2030[10].** This quantified target gives us a means of monitoring our progress and of measuring how effective our actions are. It will also enable us to publicly disclose our performances and our contribution to the transition towards a carbon-neutral economy. The deadline set for our target (2030) is consistent with NZAM criteria.

→ Lastly, we have chosen to formalise an initial aggregate objective per portfolio (private equity and infrastructure) between the different sectors in terms of monetary intensity. This will allow us to begin decarbonising our portfolio assets as soon as possible. At this stage, the lack of available data does not allow us to commit to sectoral targets in terms of physical intensity. We are aware that we need to move towards specific targets for the most carbon-intensive asset sectors, but this requires sufficiently reliable activity data. To achieve this, we are aiming to gradually improve data collection so that we can at least set a physical data target for infrastructure by 2025.

Summary of recommendations to fulfill commitment (I/II)



10 This reduction target is the result of analysis work carried out by SWEN CP on the basis of data available at 31/12/2021. Most of the climate data used is estimated on the basis of market sector proxies. The proportion of actual data used is
- For Infrastructure: 19 lines out of 42 lines, i.e. 45% of the data.
- For Private Equity: 1 out of 33 lines, i.e. 3% of data.
Analyses of the climate data for portfolio companies will become increasingly accurate over the next few years as a result of progress made in the underlying companies, which will increasingly communicate on the basis of real data. This objective will therefore be regularly reviewed and the evolution of the proportion of actual data in these trajectory calculations will also be communicated.

Scopes

- *We only use scopes 1 and 2 for the Private Equity portfolio. Scope 3 data for the Private Equity portfolio is largely modelled and not covered by sectoral decarbonisation scenarios[11].*

- *Scopes 1, 2 and 3 are used for investments in infrastructure because scope 3 data is more precise for infrastructure than for private equity (linked to specific assets and not to corporate activies), and most scope 3 emissions in infrastructure are covered by a decarbonisation scenario.*

This first emissions reduction target set for a perimeter consisting of direct investments is a milestone within a broader strategy aimed at gradually aligning our entire investment portfolio with the trajectories laid out in the Paris Agreement objectives. We thus recognise how important it is to set ambitious goals while also taking into consideration the operating realities and constraints specific to each business sector. We firmly believe that this gradual and measurable approach is essential for guaranteeing tangible and sustainable outcomes throughout our journey as we strive to fulfil our commitment to contribute to the objectives set out in the Paris Agreement.

III | We pledge to extend our engagement scope

→ We pledge to continually improve the quality of the data (estimated and real) on which we base our trajectories

We believe it is of utmost importance to continually improve the quality of the data we use to establish our trajectories. As far as our direct investments are concerned, we seek to improve our coverage rate based on actual carbon footprints and to report on them. We pledge to seek out and obtain accurate and reliable data in order to assess the carbon impacts of these direct investments as effectively as possible. With regards to our other investments, we will also endeavour to increase our coverage rate based on estimated carbon footprints. We recognise that it is important to improve data quality if we are to make informed decisions and implement effective action plans[12].

→ We pledge to reinforce our objectives

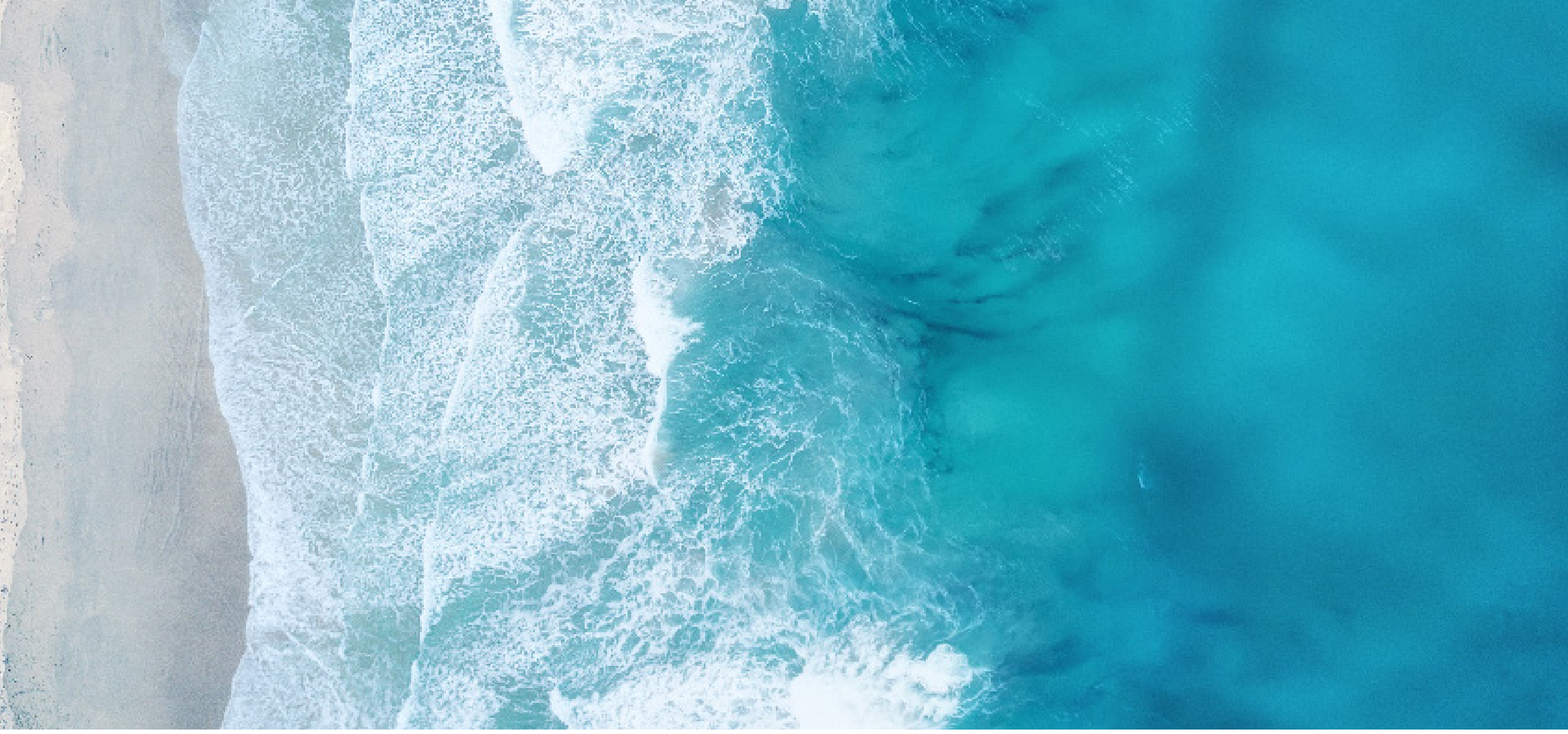
We intend to improve data collection so that we can set a physical intensity target for the infrastructure investments we own directly over the course of 2024 and 2025. For the energy sector, for instance, this could consist in setting targets based on energy consumption (MWh).

Meanwhile, we will examine the feasibility of extending our engagement to scope 3, i.e. to include indirect emissions generated, for the key sectors in our direct Private Equity investment portfolio.

→ We pledge to make commitments for our indirect scope by 2025

In 2025, we will extend our engagement to a larger portion of our assets by adopting targets aimed at alignment with the Paris Agreement for our indirect investments, i.e. those made in investment funds.

11 Science Based Targets, 2015, Sectoral Decarbonization Approach (SDA) https://sciencebasedtargets.org/resources/files/Sectoral-Decarbonization-Approach-Report.pdf
12 A specific action plan forming part of SWEN CP's ESG digital transformation is currently underway and working to improve the coverage and reliability of ESG data, including climate data.



IV | We are now putting decarbonisation levers in place

Our strategy for reducing our carbon emissions is based on concrete levers.

➔ We are establishing rules to apply to our investment portfolio construction processes

- By applying clear exclusion policies and commitments to phase out investments in the fossil oil & gas and coal sectors.
- By steering our investments to assets that contribute to the environmental transition. We will do so by systematically analysing the environmental issues surrounding each investment case, i) using key metrics developed either in-house, such as the Nature Score – see page 38 – or externally, such as NEC; ii) setting ambitious resource allocation targets in the form of minimum percentages of "sustainable" investments[13], within the meaning of SFDR, in activities aligned with the European Taxonomy or in businesses that meet SWEN CP's definition of Nature Share (see part 23); and iii) deepening and widening our range of financial products dedicated to financing environmental impact activities.
- By investing only in funds through primary transactions that agree to include our Nature-related clauses in their side letters. These clauses stipulate our sector policies and an undertaking by the funds to take climate and biodiversity issues on board, to factor them in more fully if necessary, and to disclose the outcomes achieved.

➔ We ensure that our investment, ESG and risk management teams have the tools they need to manage the trajectories of their portfolios ex ante and ex post for each investment opportunity. Trajectories will also be managed on a consolidated basis across the entire scope for which we have made a commitment.

13 SWEN Capital Partners' definition of sustainable investment within the meaning of SFDR is presented in detail in the "Sustainable Finance" section of its website

➔ **We provide our staff with training on these issues.** For example, we have organised mandatory training courses for our Executive Committee, our Sustainable Financial Steering Committee (SFSC), our investment, ESG and risk management teams. A second training course dealing with our issues more specifically was targeted at those involved in validating our trajectory, i.e. the Executive Committee and SFSC. Most of these training courses are, and will continue to be, carried out by external consultancies or independent experts in order to ensure that the knowledge provided is objective and reliable and to inform decisions as effectively as possible. The aim is to make sure that our decision-makers are equipped to make choices based on the recommendations of their teams but also to factor in the objective and inspiring perspective of an external third party.

➔ **We support our portfolio companies and our funds.** A decarbonisation expert (in the process of being hired) will soon be available to assist our investment teams but also our portfolio companies and partner funds.

As far as the latter are concerned, we are currently preparing an engagement procedure which we will then be able to apply. This will specifically target the management companies that are least advanced and/or whose investment vehicles have been identified as being particularly big greenhouse gas emitters or at significant risk as regards biodiversity. Moreover, we will include “Nature Clauses” in our side letters specifying our expectations.

Lastly we will monitor the percentage of companies held and funds subscribed that have made a commitment to align with the Paris Agreement (SBTI, ACT certification, etc.), so that we can measure the progress made by our portfolio and therefore how effective our support is.

2. Strategic management

We are aware that a policy's effectiveness depends largely on its strategic steering and have therefore made this Nature Policy central to our Sustainable Finance governance, with strategic monitoring indicators to measure its progress and assess its impact on our internal practices.

a | Governance geared towards the policy

Our Sustainable Finance Policy came into force on April 4th, 2023[14] and included a pillar dedicated to developing a policy that would incorporate both climate and biodiversity issues. The Nature Policy presented in this document thus forms part of this general framework and has its own specific governance.

Upon presenting our Sustainable Finance commitments, we also set up a dedicated governance structure on three levels.

1) A Board of Directors committee specialising in Sustainable Finance (SFC) chaired by the specialist Sustainable Finance director. The committee's role is to issue an informed opinion not only on the definition of the Sustainable Finance Policy's action plans proposed by the Sustainable Finance Steering Committee (SFSC) and approved by the Executive Committee, but also on its proper execution.

2) Executive Committee meetings dedicated to sustainable finance matters are also scheduled three times a year to approve the action plan and associated budget proposed by the Steering Committee (SFSC), provide a midpoint progress report, and then validate the review and the prospects for the following year.

3) Last of all, we have set up a **Sustainable Finance Steering Committee (SFSC)** made up of specialists appointed from within each business line, representing each investment strategy but also the interdepartmental support functions. It meets monthly and is tasked with proposing, coordinating and overseeing all the action plans decided under the Sustainable Finance Policy.

The Nature Policy presented in this document is supported by this dedicated governance structure and was accordingly put to a vote and unanimously backed by the SFSC on May 24th, 2023 before being submitted to the Executive Committee which approved it on June 6th, 2023. It also benefited from the informed opinion of the CFD which supported its publication.

14 Click here to access the policy
https://www.swen-cp.fr/en/site/parameters?url=https%3A%2F%2Fparametersservices.ofivalmo.fr%2FgetFile%3Fid%3D5d0786ae14ee3%26filename%3D5d0786ae14ee3-document-6426c6c4376b7.pdf%26type%3D3#:~:text=Notre%20seconde%20strat%C3%A9gie%20d'impact,pollution%20et%20le%20changement%20climatique.

b | Strategic management indicators

Our Nature Policy is continually managed (for a specific scope, which will gradually be extended), primarily by monitoring the newly-established "Nature Share", the NEC[15], and a decarbonisation trajectory indicator. These various indicators allow us to monitor our efforts to invest in Nature-friendly assets. Additionally, we intend to develop trajectory indicators for the biodiversity component, which will enable us to gauge our alignment with international targets.

I | Establishing and monitoring a "Nature Share"

Since 2017, we have been eager to measure our proactive commitment to steering our investments towards assets that contribute to the Ecological and Energy Transition (EET), and for this purpose we created our "Green Share" indicator[16]. At the time, we pledged to allocate a minimum percentage of Green Share investments to each open-ended fund that we launched, adopting a specific approach to each one. These minimum green share thresholds have gradually risen over the years as a reflection of our growing ambition.

We now aim to take things even further by incorporating the biodiversity component and "Nature" in a broader sense into our procedures. Our objective is therefore to determine a "Nature Share" consolidated at the level of the asset management company and to be used as a benchmark and pillar for all our teams and investment strategies.

Initially, the aim of this global management indicator will be to help us understand our current positioning more precisely. It will subsequently supplement the portfolio construction rules we will apply as part of our future investment strategies, with minimum Nature Share thresholds defined specifically for each fund. Keeping this in mind, the Nature Share we are introducing will be **based on the 5 drivers of biodiversity loss identified by the IPBES[17], enabling us to measure the share of our investments that, at the very least, ease one of the pressures on Nature without contributing significantly to an increase in the other 4 pressures (the principle of a "Nature DNSH").** This indicator will be monitored in both absolute and percentage terms from 2023.

This assessment will initially cover our scope of direct investments[18], and we will strive to extend it to our scope of indirect investments in 2024[19]. The applicable scope will therefore evolve according to our ability to evaluate this share, which in turn will depend on the data available.

Last of all, we undertake to publish annually the percentages of assets reducing their impacts on each pressure.

15 The Nature Share and NEC will initially be calculated for the consolidated perimeter covering all the direct investments made by the open-ended and dedicated funds managed by SWEN CP since 2019.
16 The following are deemed eligible for the Green Share: infrastructure companies and assets assumed to derive more than fifty per cent (50%) of their revenue from activities featured in the Greenfin label's taxonomy. Also deemed eligible for the Green Share, more broadly, are companies and assets if the majority of their activities participate directly or indirectly in efforts to tackle climate change, protect the environment and/or contribute positively to the Ecological and Energy Transition.
17 https://www.biodiversante.net/les-5-grandes-pressions-sur-la-biodiversite/
18 Investments made directly by the funds managed by SWEN CP, excluding mandates and excluding advisory services
19 Investments made by the funds managed by SWEN CP in funds managed by third parties, excluding mandates and excluding advisory services

II | Using the NEC indicator

The NEC indicator is the first universal, holistic environmental measurement grounded in science and based on lifecycle analysis: it can be applied to any type of business or project and any asset class, across a global scope. We firmly believe that it is by developing reliable and comparable indicators that we can collectively change our practices and invest to support a sustainable form of finance. For this reason, we became shareholders in the NEC Initiative in January 2022 alongside Sycomore Factory, OFI Invest and Eurinvest.

The NEC indicator thus provides a simple answer to a complex question, i.e. how to measure a product/service/project/infrastructure/business model's degree of alignment with the ecological transition, and therefore that of a business or financial product (e.g. an issuer, fund or index). Measurements are made in three parts, "Climate - Biodiversity - Resources", and therefore correspond to the definition of Nature as we see it and that we aim to evaluate.

The NEC includes 9 impact categories[20] spanning a rigorous 200-point scoring scale:

- -100% for activities that damage the most natural capital, impeding the ecological transition;
- +100% for activities that have a strongly positive net environmental impact, with solutions to speed up the ecological transition;
- 0%, the middle of the scale, corresponding to the current global average for each function or usage analysed.

Our ESG teams were closely involved in developing version 1.1 of the NEC indicator and, more specifically, an approach specific to methanisation. In addition, everyone in our investment, risk and compliance departments received training on the calculation method used depending on their needs.

The NEC is a robust indicator and its “Nature” approach covers climate and biodiversity issues alike, which is why we chose to make it one of our Policy’s strategic management indicators.

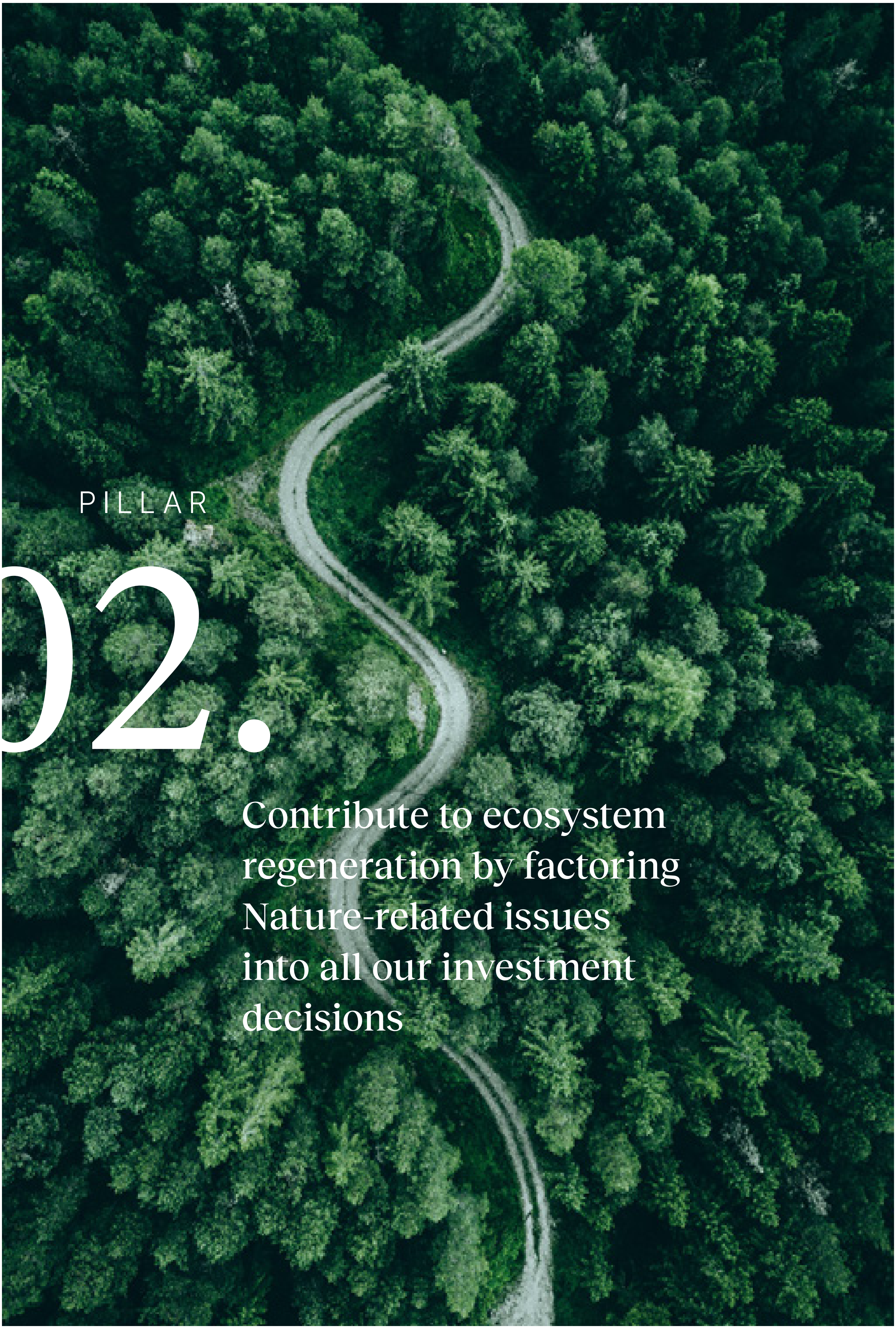
For now, the NEC can be used only to monitor our scope of direct investments. However, a future roll-out should also enable us to estimate the NECs of our managed funds.

20 Greenhouse gas emissions, energy resource use, ground pollution, land use change, water pollution, water consumption, air pollution, ground pollution, non-energy resource use

III | Decarbonisation trajectory indicator

Our 3rd strategic indicator seeks to measure the alignment of our investments with our decarbonisation target for the scope established as part of our first commitment, i.e., assets held directly in our Private Equity and Infrastructure portfolio (see page 9).

Additionally, we aim to continue participating in efforts to develop trajectory indicators for the biodiversity component, enabling us to gauge our alignment with international targets.



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02.

Contribute to ecosystem regeneration by factoring Nature-related issues into all our investment decisions

Through this Policy, we pledge to contribute to efforts to regenerate ecosystems by taking two complementary approaches aimed at mitigation and at conservation/restoration. Mitigation consists in creating the right conditions for ecosystem regeneration by reducing the pressures exerted on ecosystems. By limiting greenhouse gas emissions, protecting natural habitats and adopting sustainable practices, we can give ecosystems a chance to regenerate autonomously. In some cases, however, more direct and specific conservation/restoration measures may prove necessary. These two approaches involve different types of measures but are both necessary to achieve sustainable ecosystem regeneration.

By combining these approaches, we therefore make ecosystems more capable of regenerating by themselves and we will also endeavour to find solutions that will speed up this process where necessary.

However, before adopting these approaches to regeneration, we must first understand where we stand today by assessing our environmental footprints, our impacts on ecosystems and our dependencies on these ecosystems. An in-depth analysis of our activities and practices will enable us to identify which areas require action in order to reduce our footprint and minimise our negative impacts. Moreover, an understanding of our dependencies on ecosystem services will enable us to become more resilient and develop more sustainable approaches. This diagnosis and assessment stage is therefore a necessary starting point that will determine the ecosystem regeneration and engagement actions we take.

1. Understand in order to act

If we want the action we take to be effective and properly targeted, we must have a thorough understanding of the impacts on Nature we have as an asset management company and of our dependencies on ecosystem services. Nature is complex in itself when it comes to understanding the mechanisms that define and comprise it, therefore Nature and the issues it raises cannot be analysed in the same way for all the business sectors considered. Each sector has its own particular features and specific approaches that must be taken for each of them. This is why we believe that an in-depth understanding constitutes an essential starting point for our strategy.

We therefore pledge to measure our impact at portfolio level each year (essentially by carrying out a qualitative diagnosis of impacts and dependencies on Nature, and also by determining carbon and biodiversity footprints) but also for each of our portfolio companies (based on metrics that are better suited to the issues they face locally).
This approach will thus enable us to better assess our actions, adjust our investment strategies and take informed decisions.

The 2022 results obtained from the analyses presented below will be published in the LEC Article 29 report (in compliance with France's Energy-Climate Law) which will be made available on our website on June 30th, 2023.

a | An annual qualitative analysis of impacts and dependencies

In order to systematically deploy a double materiality approach whenever possible, for the first time in 2022, we have carried out an analysis covering both:

- the impacts of our portfolio companies on ecosystem degradation. Here we assess businesses according to the various pressures they exert on biodiversity (e.g. pollutant emissions, waste production, etc.).
- the dependencies of our investments on ecosystem services[21]. This analysis enables us to measure the risks faced by our portfolio investments should these ecosystem services decline.

For this reason, we used the ENCORE[22] (Exploring Natural Capital Opportunities, Risk and Exposure) database developed by the Natural Capital Finance Alliance in partnership with UNEP-WCMC[23] and funded by the Swiss State Secretariat for Economic Affairs and the MAVA Foundation[24]. This assessment was carried out with consideration for the business sector in which each portfolio company operates[25].

We pledge to carry out this approximate diagnosis of impacts and dependencies on an annual basis for all our Article 8 funds[26] and to publish the results in our ESG reports. Analyses will be carried out for Article 9 funds[27] as of 2024.

21 See boxed text on page 3
22 ENCORE
23 https://www.unep-wcmc.org/en
24 https://mava-foundation.org/
25 Assessment carried out on all our direct and indirect portfolios for Article 8 funds under the SFDR.
We were unable to include Article 9 funds as ENCORE's sector coverage is currently not sufficiently comprehensive.
26 Funds managed by SWEN CP
27 Funds managed by SWEN CP

b | Annual quantitative measurement of our footprints: carbon and biodiversity

I | Carbon footprint

Since 2017, we have had estimations made for the carbon footprint of our funds and mandates (scopes 1, 2 and 3). These estimations are made for both direct investments as part of our multi-strategy investment activities and for our indirect investments as part of primary and secondary deals. They are also made for the underlying portfolio companies within the funds that are subscribed to through our various investment vehicles.

These measurements are starting points for defining a decarbonisation trajectory and enable us to identify which assets we need to prioritise in our support measures.

Most assets in the unlisted universe do not calculate the carbon footprints of their activities. Unlike large and midcap firms, businesses with fewer than 500 employees are not yet subject to the regulatory requirement to determine their GHG profile, and only a minority do so at present.

We have nevertheless actively opted to calculate these estimations based on recognised models and with the help of an external service provider certified by the Association Bilan Carbone (ABC). For our impact strategies, we are also able to calculate the carbon footprints of our investments using a dedicated tool.

II | Biodiversity footprint

There are currently several methodologies out there for measuring biodiversity footprints and they are still in the process of being developed. We have opted to use two separate methodologies: the Global Biodiversity Score (GBS) and Corporate Biodiversity Footprint (CBF).

We took this decision for various reasons:

- First of all, using both methodologies allows us to cover a larger portion of our investment scope.

- Furthermore, it enables us to challenge the results obtained, gain a better understanding of the strengths and weaknesses of each methodology, and get a more comprehensive and nuanced perspective on our biodiversity impact.

- Lastly, it also meets the expectations of our clients. Using two different methodologies allows us to satisfy the specific preferences and requirements of each of our clients, which may use one metric or the other in their own assessments and analyses.

There is some controversy over the metrics used to measure biodiversity footprints. There are different approaches and methodologies out there, and each has its advantages and limitations. We have therefore made an informed choice by opting for the Mean Species Abundance (MSA) indicator to measure our biodiversity footprint.

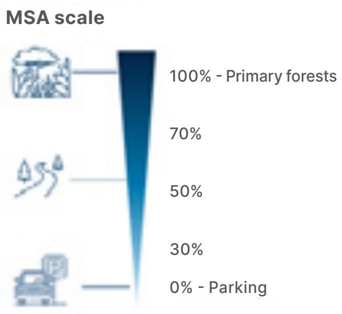
MSA is a widely used metric and factors in both the diversity and abundance of species, offering an aggregated perspective on biodiversity impact. Moreover, MSA can be applied to different ecosystems and so allows us to cover a broader range of our investment sectors. It also has the potential to offer a certain degree of stability and consistency when monitoring biodiversity footprint over time, which makes it easier to analyse trends and assess the effectiveness of our actions, despite rapid developments in the tools that are based on this metric.

However, we acknowledge that MSA is not a perfect metric and has some limitations. It does not factor in specific local features and does not necessarily capture all aspects of biodiversity, such as rare or endemic species. We have nevertheless opted to keep using MSA for the time being as it is so widely spread and is able to provide a comparative measure of our biodiversity footprint. That said, we will continue to stay up to date on other metrics being developed and on changing practices in this area.

Understanding MSA as a unit of measurement

The Mean Species Abundance (MSA) indicator measures the average abundance of a species relative to a given surface area. Our two methodologies use two units of measurement:

- GBS: expressed as a fraction (1/10^9 or parts per billion – ppb - or a billionth) of the earth's surface so as to factor in both aquatic and terrestrial impacts.
- CBF: expressed in square kilometres (km^2) and corresponding to the loss of a square kilometre of natural virgin land.



MSA therefore measures an ecosystem's degree of integrity, ranging from 0% for a fully artificialized ecosystem, such as a car park, to 100% for a fully intact ecosystem, such as a primary forest.

In 2010, the world's terrestrial MSA stood at approximately 65% so around 35% of the planet's terrestrial MSA had been lost by then. To give a concrete idea of what this means, it equates to transforming North America, Europe and Oceania into a massive car park covering over 47 million km^2 with nothing living there. It is estimated that the planet's MSA could plummet to 57% by 2050. This means that our car park will cover an additional 11 million km^2 or so by then, corresponding to a surface area as vast as China and Mongolia combined.

C | Specific indicators

Footprints offer us an aggregated perspective on our biodiversity and climate impacts: such simplification is necessary to understanding our total impact at the level of an asset, fund or fund portfolio, potentially covering all asset classes combined. These are therefore particularly interesting metrics for a financial agent, be it an asset manager or an investor.

However, such representation may be insightful but alone it is not enough to grasp the intricacies and specific features of the ecosystems in which we operate. We firmly believe that when examining a particular asset for which impacts on Nature are a material matter, such representation needs to be supplemented with a more tailored and more local approach so that we can gain a better understanding of the dynamics specific to each context. There is a whole range of possible metrics that can be used. For example, we use metrics that are standardised across Europe, the Principal Adverse Impact (PAI) indicators, as per our Statement on principal adverse impacts of investment decisions on sustainability factors[28]; but we also use the metrics applied for our Blue Ocean investment strategy, which may vary from one transaction to another in order to keep them as relevant as possible to the material specificities of the activities concerned. We therefore make sure to use the most relevant and suitable metrics in each case. For instance, we will assess any future proposals made by the Taskforce on Nature-related Financial Disclosures (TNFD) regarding indicators that can be used to evaluate and manage Nature-related dependencies, impacts, risks and opportunities.

By applying both levels of metrics (aggregate and specific), we seek to gain a more in-depth understanding of our impact on biodiversity and to measure our progress in a fully transparent manner.

28 Available in the Sustainable Finance section of our website

2.

Mitigate adverse effects and support economic activities through the transition

a | Avoid and limit impacts

I | Establish an exclusion policy for activities in close proximity to or in regions where ecosystems need to be protected

In an effort to help protect fragile ecosystems, we pledge, as of 2024, to apply an exclusion policy to activities located in close proximity to or in regions where it is crucial to protect ecosystems. As is the case for our other sector policies, this one will be tailored to the type of investment considered depending on whether it is a direct investment or a subscription to fund units.

This policy will therefore contribute towards Europe's objective to create "protected areas"[29] corresponding to at least 30% of the European Union's land and sea area, and also towards Target 2 of the Kunming-Montreal Agreement on protecting biological diversity by 2030. It could include Natura 2000 zones[30], UNESCO World Heritage Sites and Key Biodiversity Areas[31], among others.

In addition, we will consider developing other regional exclusion policies for the purposes of preventing impacts on and risks to Nature depending on how our Nature Policy evolves.

29 https://www.consilium.europa.eu/en/policies/biodiversity/
30 https://www.natura2000.fr/natura-2000/qu-est-ce-que-natura-2000
31 https://www.keybiodiversityareas.org/

II | Improve our current sector policies and develop new policies and position papers on Nature-related issues, beginning with deforestation

Our current sector policies already help to prevent and limit a number of pressures on Nature.

→ Our Coal Policy enables us to reduce our exposure to the pressures exerted on terrestrial ecosystems affected by exploration and mining activities (habitat degradation / climate change due to greenhouse gas emissions).

→ Our Fossil Oil and Gas Policy, which we published in April 2023, aims to reduce these same pressures while adding that exerted by "emissions of pollutants into the water and air".

We, nevertheless, want to continue improving them and will be updating them soon from the perspective of Nature analyses and developing new ones along with position papers. These position papers will be specific policies regarding our sectors and issues we deem most material. Here, we have identified deforestation as a priority issue because of the significant consequences it has for biodiversity by leading to the loss of natural habitats, the extinction of species and the degradation of ecosystems.

These future position papers will enable us to report on the concrete measures we adopt in a fully transparent manner. We will prepare them by working closely with experts and with our stakeholders and we will seek to develop new approaches.

b | Guide our investments

We systematically factor Nature-related issues into our decision-making process when examining new investment opportunities.

I | Continue to incorporate nature-related issues into the due diligence we perform for our direct investments

When performing due diligence for new direct investments, we closely examine the policies and operating practices of target companies to gauge their commitment to Nature conservation, sustainable management of natural resources and efforts to reduce their impact. This analysis is based on:

→ An ESG questionnaire, part of which is specifically dedicated to evaluating our portfolio companies with regard to Nature-related issues, partly but not exclusively by way of:

- An official biodiversity conservation policy / environmental policy
- The mapping of sites and activities for the purpose of identifying Key Biodiversity Areas
- An analysis of exposure to the physical risks of climate change
- An assessment of their biodiversity footprint and/or carbon footprint
- The inclusion of specific questions relating to the technical and DNSH criteria of the European taxonomy
- The implementation of environmental initiatives (eco-design, lifecycle analysis, recycled materials, etc.)
- Dedicated questions for the purpose of measuring NEC scores.

→ **An assessment of the company's practices using two risk matrices.**

- A physical and transition risk assessment matrix used in each due diligence performed.
  - "Physical" risks relate to climate change (cyclones, rising sea levels, etc.) and biodiversity degradation (less efficient ecosystem services delivered by Nature, for instance less pollination or deteriorated water supplies). We are on the lookout for any relevant tools that might facilitate our analysis and actively scouting any solutions that might help us with this process.
  - "Transition" risks are the uncertain financial impacts on economic agents caused by the application of an economic model that is low-carbon or Nature-friendly (regulatory, technological, market or reputational risks, new regulatory standards, new consumer habits, etc.).

- For sectors where biodiversity risk is deemed most material[32], a risk assessment matrix applied to the company's impacts and dependencies on ecosystem services.

32 The following sectors are deemed to be major drivers of biodiversity loss: agriculture, livestock farming, aquaculture, wood and paper, agro-food, construction, energy and mining of commodities and metals.

The TNFD introduces the notion of systemic risk associated with the collapse of critical ecosystems or with the aggregation and contagion of different physical and/or transition risks.

Consequently, we will adopt specific approaches and metrics geared towards each type of risk.

Physical risk assessment focuses on identifying climate hazards and an asset's dependencies on ecosystem services. For this we need to understand a company's exposure to extreme weather events, such as storms, floods or droughts, and its dependence on ecosystems that may be degraded as a result.

Transition risk assessment is based on various key elements. First of all, it involves examining current and future regulations applicable to the assets in question. This makes it possible to understand the regulatory restrictions that a company might potentially have to face in the future. It is then important to analyse technological innovations, such as research & development and patents, as well as the company's strategic roadmap relative to behavioural changes within its market or among its clients, competitors and other stakeholders. This analysis will assess the company's ability to adapt to environmental changes and to seize opportunities arising from these changes. The NEC indicator is also a tool for measuring the transition risk taken into consideration during the pre-investment phase as it assesses a company's contribution to climate change and biodiversity loss.

The indicators established from the ESG (due diligence and monitoring) questionnaires also make it possible to assess a company's exposure to these risks and the strategy it has adopted to handle them.

The risk assessment matrix applied to a company's impacts and dependencies on ecosystem services is the same assessment as that performed at portfolio level (see pages 10-12) but on a qualitative and not a quantitative basis.

→ The calculation of NEC scores

(see page 24)

→ The evaluation of Principal Adverse Impact (PAI) indicators[33]

The Principal Adverse Impact indicators are a series of 16 indicators developed under Europe's Sustainable Finance Disclosure Regulation (SFDR). Since 2022, we have taken them into consideration when performing assessments as part of our ESG due diligence procedures prior to investing. Several PAIs refer directly to a company's impact on biodiversity.

→ [by end- 2024] A biodiversity footprint

(see page 31)

33 Statement and reports available in the Sustainable Finance section of our website.

II | Analyse funds using a Nature score and bring them on board via a specific Nature clause

For the purposes of preparing our Nature Policy, we have created a new assessment tool called the "Nature score" which we factor in systemically when deciding whether or not to invest in a fund. The scoring scale is based on existing climate and biodiversity assessment tools with reference to the recommendations issued by the TCFD and TNFD. They aim to gauge the extent to which Nature-related issues are factored into an asset management company's strategy, the governance method and internal resources used to deploy it and, lastly, the objectives, processes and metrics specific to each fund applied to select and support portfolio companies in their efforts to reduce their impacts.

An investment may not receive the go ahead in cases where a fund's Nature performance is deemed inadequate or indeed at risk due to a failure to factor in Nature-related issues, and where there are doubts as to the fund's willingness and capacity to implement a suitable remedial plan.

Moreover, we will soon be incorporating specific "Nature clauses" into the side letters we sign with our partner funds when making investments. These clauses will refer to compliance with our sector policies or the application of more extensive due diligence rules for companies operating in sectors that are particularly exposed to impact and dependency issues. Last of all, these clauses could also refer to the fund's adoption of an official Nature approach and its commitment to report back to our teams.

C | Transparency and reporting

I | Publish a TNFD & TCFD report

For the purposes of transparency in our reporting, we pledge to publish two reports each year as of 2024, one aligned with the recommendations issued by the Taskforce on Climate-related Financial Disclosures (TCFD) and the other with those issued by the Taskforce on Nature-related Financial Disclosures (TNFD) expected by the end of 2023. We will endeavour to publish our first TNFD report in 2024, an opportunity for us to report transparently on the progress we have made regarding the different reporting elements recommended by the TNFD.

These reports will emphasise our determination to be transparent in the way we address these climate and Nature-related risks through our governance, our strategy, our risk management and our measurement procedures and associated metrics.

II | Include Nature indicators in our ESG reports

We pledge to include Nature-related indicators in our ESG reports and in our annual LEC Article 29 (French Energy Climate Law) report. We will therefore report our "Nature Share", which measures the percentage of our investments dedicated to reducing pressures on Nature (see page 23). We will also report our carbon and biodiversity footprints (see page 28 and the following).

By including these indicators in our ESG reports, we are emphasising our determination to report transparently on our impact on Nature and our commitment to Nature conservation. We also encourage our partners and the entire financial industry to adopt this holistic approach to ESG reporting, the aim being to promote a more sustainable and Nature-friendly economy.

d | More in-depth risk management

By assessing our investments with respect to their exposure to the consequences of climate change through their physical and transition risks and impacts and dependencies on ecosystem services, along with the impact they have on climate change, we are able to measure the main risks we face based on the recommendations issued by the Taskforce on Climate-related Financial Disclosures (TCFD). This analysis has formed part of our ESG due diligence procedures since 2022 (see page 36).

However, for the purposes of this Nature Policy, we have decided to step up our approach to risk management by incorporating the recommendations issued by the Taskforce on Nature-related Financial Disclosures (TNFD)[34] and to assess our Nature-related physical and transition risks based on the dependency of our investments on ecosystem services and their impact on Nature. We are nevertheless waiting for the final version to be published, and this is expected in September 2023; it will help us to enhance our approach and our actions.

Here, we follow a three-step process: risk identification, risk measurement and implementation of an appropriate risk management procedure.

Given our Nature-focused positioning and firm belief that climate and biodiversity issues cannot be tackled separately, our approach to risk management will also follow this reasoning by addressing climate and biodiversity risks in a holistic manner, adhering to the possible synergies proposed between the TCFD and TNFD.

34 https://tnfd.global

I | Identify and measure our main Nature-related risks

With this in mind, our first step will consist in carrying out an in-depth and detailed identification of the main Nature-related risks we face, based on the priority climate and biodiversity issues identified for our investments via our qualitative and quantitative footprints and of their material feedback loops. The process of identifying our main Nature-related risks will be aligned with TCFD and TNFD recommendations, which seek to distinguish between regulatory, technological, market and reputational risks (transition risks), acute and chronic risks (physical risks), as well as any associated systemic risks. This process will be carried out over the coming months in 2023 and 2024, taking into consideration the different sectors in which we invest.

The second step will consist in establishing a hierarchy of the different risks identified according to the seriousness of the danger, exposure to this danger and its probability of occurrence, by way of a materiality analysis. The idea is to assign scores to them after factoring in these various parameters. This hierarchy will enable us to determine which risks require immediate attention and which can be managed by taking preventive measures. Meanwhile, we will determine our risk appetite, i.e. the degree of risk tolerance we are prepared to accept (thresholds).

We will also regularly watch out for any emerging Nature-related risks and will decide whether or not they need to be incorporated into our risk management process.

II | Incorporate Nature-related risks into our overall risk management

The third and final step in our procedure will consist in incorporating the Nature-related risks thus identified into our overall risk management, alongside the financial, operational, regulatory and sustainability risks already included. This will allow us to adapt our strategies accordingly by taking informed decisions and, ultimately, a more holistic approach to our risk exposures.

This comprehensive and integrated approach to risk management will make us more resistant to natural disturbances as we will be able to implement preventive and remedial measures to reduce our exposure and seize any opportunities that might emerge.

3. Restore and conserve thanks to the creation of specific solutions

As part of the approach presented above, the third step of our engagement will involve bringing together specific solutions that can be created to help finance ecosystem restoration and conservation.
This challenge is integral to the targets set out in the Kunming-Montreal Agreement and is still an underdeveloped field, but it will benefit from financial innovations that will help steer capital in this direction.

The difference between conservation and restoration

The distinction made between conservation and restoration refers mainly to the initial state of the ecosystem concerned. In theory, restoration measures will be taken if an ecosystem is degraded whereas conservation measures will be applied if it is in good condition.

- Conservation aims to protect species populations and the ecological integrity of their natural habitats. It often involves creating sanctuaries, such as natural reserves. The emphasis is on preserving ecosystems in their current state by limiting any human activities that might have an adverse impact on ecosystems and on species living within them.
- Restoration, meanwhile, consists in taking action to help degraded or destroyed ecosystems to recover. This may include actions such as replanting local plant species, restoring aquatic habitats or reintroducing native species. The aim here is to actively promote ecosystem regeneration and restore their function and biological diversity.

We firmly believe that we have a role to play in ecosystem conservation and restoration, but we do not yet have all the answers we need to put this engagement into practice through our investments by offering suitable financial products and solutions that would fully live up to our aspirations. We are therefore going to call on the services of experts and pay close attention to progress made in the field of research and to any new approaches that emerge.
We will, for example, examine opportunities to direct a share of some of our financial products towards efforts to fund these actions or any other financial solution that would help us make a concrete contribution to ecosystem conservation and restoration objectives.

PILLAR

03.

Help our stakeholders incorporate Nature-related issues into their activities

We firmly believe that we will be unable to tackle climate change and biodiversity loss alone. If we want to make a real contribution, we are aware that we will have to bring all our stakeholders on board as we embark upon our trajectory. By working together and sharing our knowledge and expertise, we are convinced that we can make progress, create solutions and help build a truly sustainable form of finance. In this Nature Policy, we heavily emphasise the need to assist our stakeholders when it comes to factoring Nature-related issues into their activities. We are implementing various concrete actions and engagements for this reason.

1. Train our governance bodies and help our staff to meet our objectives

We pledge to give our staff the resources they need to make a contribution and take action on their level and to help our governance bodies take informed decisions by providing them with training and helping them become aware of the complex issues surrounding Nature.

a | A Nature training programme beginning in Q4 2023

We will partner up with a reputed consultancy to build a dedicated training programme. This programme will be designed to provide our staff with the knowledge and tools they need to understand current Nature-related issues, with a particular emphasis on biodiversity and the complex interactions that exist between ecosystems.

The training programme could subsequently be made available to our partner fund clients and the companies in which we invest. Sharing this knowledge would be a way for us to step up our collective engagement on Nature's behalf and inspire other organisations to change their practices.

This is a key milestone in our Policy and we pledge to continue investing in awareness and training initiatives in order to increase our own understanding of the issues as well as that of our partners.

b | A decarbonisation learning kit

We need to get all our staff and governance bodies involved if we are to successfully achieve alignment with the Paris Agreement through an ambitious decarbonisation trajectory. We are therefore aware that we need to help them acquire an in-depth understanding of decarbonisation issues and, above all, we need to put it into action. It is with this in mind that we are going to create a learning kit in 2024.

The kit will include different resources to help users understand the contribution expected from each sector to efforts to meet the objectives set out in the Paris Agreement. It will also present possible emission reduction solutions for each type of business activity. It will therefore enable our staff to identify which companies are at the cutting edge of decarbonisation, to evaluate investment opportunities more accurately, but also to advise our portfolio companies about virtuous practices.

A decarbonisation expert is in the process of being hired and will join our staff within the coming months, with the aim of assisting our investors on these specific and complex matters day to day.

c | A steering tool for our decarbonisation trajectory

We are going to provide our staff with an operational management tool so that they can evaluate investment opportunities through the prism of our Nature strategy, and particularly our commitment to decarbonise our portfolios. This will initially allow them to determine whether a company is a positive or negative contributor to our trajectory towards alignment with the Paris Agreement.

These tools are still emerging in the market for unlisted assets and still flawed, so we will actively be on the lookout for ways to improve the toolbox we provide to our teams.

2. Provide support to our portfolio companies, partner funds and clients

We pledge to support our portfolio companies, partner funds and clients in their efforts to factor in Nature-related issues.

a | Our clients

First of all, we will hold awareness workshops for our clients in 2024 with the aim of improving their understanding of Nature-related issues and promoting virtuous practices. These workshops will be a venue for discussing and sharing essential information that will help them factor Nature-related issues into their investment decisions and activities.

In addition, we pledge to systematically disclose the aforementioned Nature indicator measurements, such as Nature Share, carbon footprint, biodiversity footprint and NEC, in our annual ESG reports published for Article 8 and Article 9 funds under SFDR.

Furthermore, we will offer them opportunities to work with us to build solutions in response to the challenges facing Nature. This approach will seek to meet their specific requirements and help them honour their own commitments.

We are determined to support our clients in their efforts to contribute actively to the environmental action that needs to be taken if we are to live within the planet's limits.

b | Our partner funds

We will also organise awareness workshops for our partner funds and share our feedback on their Nature scores (see page 19).

In addition, we will appraise the Nature strategies (or climate or biodiversity strategies, depending on the approach taken) adopted by asset management companies based on a quantitative and qualitative assessment, establishing a link with their Nature scores.

And for any new investment agreement, we will include awareness events in the side letter along with the other key elements of our Nature clauses described on pages 32.

C | Our portfolio companies

We will also assist our portfolio companies through awareness workshops and learning kits dedicated to the topic of Nature or more specific topics such as decarbonisation.

We will carry out annual assessments in the form of a dedicated questionnaire measuring how mature they are when it comes to taking these Nature-related issues on board. We will also pay close attention to ensure that the reservations and recommendations expressed during due diligence procedures are properly applied. We will share all this information with the companies to help them identify their strengths and weaknesses and therefore make improvements.

Lastly, whenever material, we will assist our portfolio companies with implementing a decarbonisation strategy and factoring in biodiversity-related issues.

For this purpose, we are hiring an expert who will be able to provide them with technical expertise and concrete methodologies to help them improve their practices and implement their own Paris Agreement alignment strategies.

3. Participate in market initiatives and methodology working groups

We are active participants in Nature-related market initiatives and methodology working groups. We are aware of the importance of joining forces with our entire ecosystem in order to promote a better understanding and more effective integration of these issues. With this in mind, we also share our expertise, knowledge and practices.

Collaborate: participate actively in working groups

- In scientific partnership with the **Ifremer** marine exploration institute.
- **SWEN CP** is also a co-founder and steering committee member of the 1**000 Ocean Startups coalition.**
- SWEN Capital Partners is a a member of Cluster Maritime Français bringing together all those involved in the **marine** ecosystem, from industry to services **and maritime** activities of all kinds.
- Participant in the working groups organised by France Invest and the Paris Institute for Sustainable Finance on the topic of biodiversity.
- In late 2022, SWEN Capital became a signatory of the Finance For Biodiversity Pledge to participate in the various working groups organised by this coalition of financial institutions.
- SWEN Capital Partners is a member of **Initiative Climat International** and has thus pledged to incorporate, measure, manage and report on the carbon-related issues faced by its investments. It is an operating committee member of the initiative's French arm.
- A member of the executive committee and board of directors of the European Biogas Association.
- A management committee member of the Association Technique Energie Environnement (ATEE).
- A member of the World Energy Council community and signatory of the Hydrogen Global initiative.
- SWEN is also a member of various organisations working in the fields of gas and biogas: the Association Française du Gaz, France's gas industry trade union (natural gas, biomethane, biogases, hydrogen and LPG), a member of the France Gaz Renouvelables association, and a member of Consorzio Italiano Biogas, an Italian organisation representing biogas and methanisation firms.
- SWEN CP is a WWF partner.

a | Promote our expertise and knowledge of best practices

With this objective in mind, we set up the "ESG Best Practices Honours" conference back in 2014 to share, promote and showcase ESG and CSR best practices among the infrastructure businesses and assets we finance. Prizes are also awarded in recognition of responsible investment approaches and innovations among the 200 asset management companies we monitor in the unlisted segment and our investment universe. For this reason, each year we bring together a jury of external and independent specialists involved in the ESG ecosystem. Our aim here is to put the spotlight on those asset managers that are leaders or innovators in our industry, but also to bring together top ESG specialists to discuss environmental, social and societal matters and move forward together in such areas. The event is also a venue to debate and share best practices. The 10th edition of "ESG Best Practices Honours, by SWEN" will be held on the 22nd of June, 2023 with a focus on the "Re-generation" theme.

Furthermore, we have helped to launch and finance 1000 Ocean Startups, a coalition seeking to spur innovation in the area of ocean health. It brings together a global ecosystem of incubators, accelerators, competitions, matching platforms and venture capital firms supporting startups for ocean impact. Its mission is to scale at least 1,000 transformative startups by the end of the Ocean Decade to restore ocean health and achieve SDG 14. The coalition does this by building synergies between participants and telling the story of successes already achieved to inspire investment in the ocean impact innovation ecosystem. The joint managing director of our SWEN Blue Ocean strategy is Co-Chair of the Steering Committee of 1000 Ocean Startups, and the rest of the team participates in the impact working group's steering committee.
Through SWIFT, our other impact fund dedicated to decarbonising the gas industry, we are a member of the executive committee and board of directors of the European Biogas Association, and of the management committees of the Association Technique Energie Environnement (ATEE), Association Française du Gaz and France Gaz Renouvelables, Consorzio Italiano Biogas, World Energy Council initiative and European Clean Hydrogen Alliance

b | Support R&D

We pledge to actively support research and development, especially by helping to improve methodologies for calculating biodiversity footprints and contributing to efforts to build Nature trajectory monitoring methodologies. We recognise that robust tools and approaches are necessary when it comes to measuring and assessing the impact our activities have on Nature. We aim to participate in the creation of frameworks and standards by working alongside experts and specialist institutions.

In addition, we aim to support research projects that will give us a better understanding of the effects we have on Nature. The first project we are supporting in 2023 is Ice&Life[35].

A combination of science and Nature conservation, Ice&Life is an innovative project that explores one of our planet's greatest current transformations. Glaciers are melting all over the world as a result of human-induced climate change since the Industrial Revolution, and the process is accelerating. Between the end of the Little Ice Age (1850-1900, depending on the region) and the end of the 21st century, glacier retreat will have exposed hundreds of thousands of km^2 globally. In these areas, which are some of the last areas of virgin Nature on our planet, diverse terrestrial (rocky areas, grasslands, forests, etc.), freshwater (rivers, lakes, wetlands, etc.) and marine (fjords, coastlines, lagoons, etc.) ecosystems are developing. Ice&Life aims to increase the protection of these key ecosystems by gathering fresh scientific data on this new ecological frontier and demonstrating the crucial role that glaciers and post-glacial ecosystems play in addressing some of the unprecedented challenges of the Anthropocene (climate change, water scarcity, biodiversity loss, etc.).

Our aim in implementing these tangible support measures is to help our stakeholders factor Nature into their activities, contribute to efforts to incorporate these issues into the financial industry more extensively, and promote a more sustainable and better-balanced perspective on humankind, ecosystems and animal species. We firmly believe such engagement is essential to our activity's future and the planet's equilibrium.

35 https://www.iceandlife.com/

Conclusion

Our comprehensive and integrated approach to Nature goes beyond incorporating climate and biodiversity as two distinct issues; it is based on genuine convictions and reflects our commitment to responsible and sustainable management. We acknowledge that this is a novel approach and that there are still challenges that need to be addressed. However, we are embarking upon this next stage with humility and a determination to join forces with our experts and partners to move forward.

Moreover, this policy is fully consistent with our commitment to a sustainable form of finance. As operators within the financial industry, we believe we have the leverage and thus the responsibility to contribute to efforts to protect Nature. We firmly believe that finance will only be truly sustainable if it transforms its practices, and that the future of our industry lies more than ever in taking a balanced approach which reconciles the interests of humankind, ecosystems and animal species.

The truly sustainable form of finance that we adhere to therefore supports a fresh perspective on Nature. We are aware that challenges lie ahead of us, but we are determined to pursue this engagement to create a more balanced future. We pledge to play our part in full to promote this vision with determination and passion.

SWEN Capital Partners

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