

SWEN Capital Partners

Statement on principal adverse impacts of investment decisions on sustainability factors

June 2024



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1. Summary

SWEN Capital Partners [969500T4R5D8N0OQM202] considers the principal adverse impacts¹ of its investment decisions (or investment advice) on sustainability factors. This statement is the consolidated statement on principal adverse impacts on sustainability factors for SWEN Capital Partners.

The Management Company's core activities are:

- management of alternative investment funds (AIFs), including when management is delegated;
- discretionary portfolio management (management mandates);
- investment advice.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

It covers assets under management² valued at EUR 5.76 billion (net asset value of EUR 3.648 billion at 31/12/2023) out of a total EUR 8.1 billion of assets managed or advised by SWEN Capital Partners at 31/12/2023 (a coverage ratio of 71%). Since SWEN Capital Partners does not collect environmental, social and governance (ESG) data for its open-ended funds for non-professional investors established prior to 2012 or for portfolios under management or advice that are not required to produce an ESG report under the contract documents, it cannot calculate the PAIs for these funds or portfolios. Furthermore, as of 2023, SWEN Capital Partners has narrowed the scope of consolidation for calculating PAI indicators and now excludes investments for which it provides advisory or other services, to report exclusively on the investments it manages.

2. Description of the principal adverse impacts on sustainability factors and historical comparison

SWEN Capital Partners analyses the principal adverse impacts (PAIs) on sustainability factors of all its investments, whether or not they are classed as sustainable. For a detailed explanation of the stages involved and resources committed to this analysis, see section 3 in this document, "Description of policies to identify and prioritise principal adverse impacts on sustainability factors".

The PAI analysis aims to:

- measure the level of maturity attained by each investee company to address the PAIs of its activities on sustainability factors;
- examine the measures implemented by the investee company to avoid or reduce the PAIs identified;
- identify improvement opportunities and propose recommendations for setting the investee company more firmly on the path to sustainability.

¹ Principal adverse impacts (PAIs) are defined as impacts of investment decisions or advice that result in material or potentially material negative effects on sustainability factors. These factors are environmental, social and employee concerns, respect for human rights, and anti-corruption and anti-bribery matters.

² This is the size of the portfolios expressed as the amount committed by investors (total amount subscribed). This amount is likely to increase since some funds are in the process of raising capital.

For its direct investments, SWEN Capital Partners assesses potential adverse impacts through several processes: while verifying compliance with the Fund's sector exclusion policies; while monitoring exposure to controversies; and while assessing the investment opportunity's maturity to address its material ESG issues (beyond the sustainability risk assessment). Identifying adverse sustainability impacts is also an important aspect of the climate and biodiversity analyses that are systematically conducted during our due diligence prior to an investment decision.

For its investments resulting from primary and secondary transactions, the Management Company examines the procedures and resources employed by the funds to take account of adverse sustainability impacts in their investment strategy and management decisions. Our teams make sure that the practices and methods of the funds being considered for investment are aligned with our own in this area.

This statement also presents the PAI indicators calculated for 2023. Note that SWEN Capital Partners began calculating these PAI indicators in 2023 to assess 2022 performance.

The following data sources were used to calculate the PAI indicators.

- **ESG questionnaires** completed by **management companies** for funds invested in by SWEN Capital Partners at 31/12/2023 or directly by **portfolio companies or infrastructure assets** held by SWEN Capital Partners at 31/12/2023. The questionnaires collect information on our holdings' economic, financial and sustainability performance, which is used to calculate PAI indicators in accordance with the guidelines in the applicable regulations at 31/12/2023.
- The **revenue and enterprise value** data collected as described above may have been supplemented with information sourced from the **annual management reports** provided by the fund management companies for funds invested in by SWEN Capital Partners. Note that when the ESG questionnaires or management reports did not give revenue and

enterprise value data at 31/12/2023, the missing information may have been sourced from the data available at 31/12/2022 or, failing this, at 31/12/2021. When at least one of the data points required to calculate the PAIs was not available for a company, that company was considered to have not responded to the indicator in question. For each PAI, a coverage ratio indicates the percentage of investments (at their current value) covered by the indicator.

It is challenging to interpret the changes in performance observed from year to year as reflected by PAI indicators. While such changes may stem from improvements or deterioration of practices reported to SWEN CP through the data collection methods outlined above, other significant factors, listed below, are also at play.

- **Irrelevant responses and "over-" or "under-" statements of performance** that are unaudited and consolidated. SWEN CP conducts consistency tests to strip out the impact of outliers; however, it cannot guarantee the reliability of this consolidated data. Our Sustainable Finance team is on hand throughout the data collection campaign to answer any questions from respondents, and the data collection software company also provides a dedicated support team.
- **Changes to the scope of portfolios surveyed and consolidated.** Portfolios or management mandates may be added to or removed from the scope compared to prior years. In 2023, investment advisory activities were withdrawn from the scope of consolidation for the calculation of PAI indicators.
- **Changes within the scope of portfolios surveyed and consolidated.** The stages in a fund's life and investment cycles result in underlyings moving in or out of the portfolio, which in turn varies the scope of investee companies included in data collection.
- **Variations in response rate from year to year.** Different response rates on PAI indicators, which rarely exceed 60%, impact the degree to which performance can be usefully compared. Some

respondents in the prior year may not be included in the scope of the current year's respondents, even though they were approached to provide the data.

- **Changes to the phrasing of questions and/or to calculation formulas.** Some questions on PAI indicators may be rephrased for greater accuracy compared to the previous year. How respondents understand and answer these questions may change as a result, even though their practices remain identical. In addition, calculation formulas for PAI indicators may be adjusted from one year to the next to reflect updated interpretations of the regulations.

Investment valuation data, if available, was taken into account at the end of each quarter in 2023, as required by the EU Sustainable Finance Disclosures Regulation (SFDR). The availability of this information depends on when and how often the value of the underlying portfolios is measured (quarterly or half-yearly) and provided to SWEN Capital Partners. Some underlying funds only transmit this data to SWEN Capital Partners at a late stage. When no data is provided for one or more quarters, the calculations only include those quarters for which information is available, to eliminate the effect of the reporting gap.

SWEN Capital Partners has opted not to use estimates when data is not available to calculate a PAI indicator (except for greenhouse gas emissions indicators, PAIs 1 to 3). The estimates on the market are based on sector data sourced mostly from listed companies. In our opinion, they cannot be representative of the companies in our portfolio. We choose to report transparently, using only the data collected by investee companies and disclosing the coverage ratio for each PAI indicator.

SWEN Capital Partners reserves the possibility to change its approach in the future, if estimates are developed that better align with the specific characteristics of its investments.

This year, money market funds, which make up only a minority share of in SWEN Capital Partners' investment portfolio, have again been excluded from the scope of calculation for PAI indicators, because the format of the data provided to us by the funds' managers was incompatible with our own data. Money market funds, along with cash and cash equivalents, are excluded from the denominator used to calculate the coverage ratio. Future developments will aim to incorporate money market fund data in PAI indicators for subsequent years.

2.1. Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	50,462 tCO ₂ e	76,491 tCO ₂ e	Since the 2023 report, SWEN Capital Partners differentiates between scope 1 and scope 2 emissions. 2023 response rate: 50.0%.	Pre-investment actions SWEN CP's due diligence systematically includes ESG questionnaires to assess each entity's carbon footprint and the contribution of its activities to climate action. Strict sector-specific policies covering coal, oil and fossil gas are also applied. In addition, we calculate a Nature score for funds eligible for investment (primary transactions), which determines future engagement actions. This score will be an increasingly decisive factor.
		Scope 2 GHG emissions	20,107 tCO ₂ e		Since the 2023 report, SWEN Capital Partners differentiates between scope 1 and scope 2 emissions. 2023 response rate: 50.0%.	
		Scope 3 GHG emissions	1,051,203 tCO ₂ e	718,681 tCO ₂ e	These indicators are derived from data reported by the companies as well as from data estimated based on company characteristics (sector, revenue, physical data and more). The significant variations observed from 2022 to 2023 stem from changes in the scope of coverage (removal of SWEN CP's advisory activities from the scope of consolidation), the response rate (companies for which actual and estimated data is available vary over time) and the quality of the estimation models used. 2023 response rate: at least 46.1%.	
		Total GHG emissions	1,116,372 tCO ₂ e	718,681 tCO ₂ e		
	2. Carbon footprint		666 tCO ₂ e / €M invested	447 tCO ₂ e / €M invested	Post-investment actions GHG emissions indicators are then systematically measured and monitored through annual ESG questionnaires. SWEN CP also contracts an external provider to perform an annual carbon footprint assessment for the bulk of its investments. In addition, we are committed to divest by 2030 from investee companies whose income is derived from conventional or unconventional fossil gas or oil exploration and production or thermal or metallurgical coal (by 2035 in the specific case of underlyings of portfolio funds with exposure to oil and fossil gas).	
	3. GHG intensity of investee companies		1,769 tCO ₂ e / €M revenue	879 tCO ₂ e / €M revenue		Actions planned SWEN CP is committed to improving the quality of estimated and reported climate data to make the consolidation exercise as useful as possible. A study of how the main direct investments in our portfolio align with the Paris Agreement will soon be up and running. Engagement efforts will focus on funds and management companies in the portfolio whose underlying assets either have the highest greenhouse gas emissions or show the weakest commitment to reducing them. DNSH compliance threshold for sustainable investments While a threshold was not determined in 2023, SWEN CP is stepping up its contribution to achieving GHG emissions reduction targets by committing to a Paris Agreement-aligned trajectory that is as close as possible to +1.5°C by 2050. The SWEN CP Nature Policy, available on our website, sets out what we are doing to achieve this. Compliance with sector exclusion policies is a prerequisite. A minimum Net Environmental Contribution (NEC) score has been set for particular investment vehicles and is closely monitored for others.

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.3%	0%	<p>SWEN CP introduced a climate strategy in 2017 that includes a coal sector exclusion policy. This policy was updated in 2023 with the publication of our Nature Policy and our sector exclusion policies for Coal and for Oil and Fossil Gas.</p> <p>2023 response rate: 68.1%.</p>	<p>Pre-investment actions SWEN CP's due diligence process ensures that each investment is compliant with all exclusion policies, including fossil fuel exclusions. These policies can be found on our website.</p> <p>Post-investment actions SWEN CP monitors exposure to companies active in the fossil fuels sector, throughout the holding period, by sending out annual ESG questionnaires. The Management Company has made commitments to exit fossil fuels (see the explanation for indicators 1 to 3) and pays close attention to monitoring assets and companies still active in the sector.</p> <p>DNSH compliance threshold for sustainable investments Compliance with exclusion policies, including fossil fuel exclusion policies, available on the SWEN CP website.</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	Consumption: 60.3% Production: 22.4%	Consumption: 78% Production: 59%	<p>The reduction observed between 2022 and 2023 could be due to decarbonisation of the production and consumption energy mix by companies and infrastructures assets in the portfolio. Yet, because the sharp drop could also be attributed to changes in reporting and consolidation scopes, as well as variations in the scope of respondents, the utmost caution is advised.</p> <p>2023 response rate for the consumption of non-renewable energy indicator: 43.0%; for the production of non-renewable energy indicator: 63.4%.</p>	<p>Pre-investment actions SWEN CP's due diligence systematically includes ESG questionnaires to assess each entity's consumption and production of renewable energy.</p> <p>Post-investment actions SWEN CP monitors the consumption and production of renewable energy, throughout the holding period, by sending out annual ESG questionnaires.</p> <p>DNSH compliance threshold for sustainable investments Compliance with exclusion policies, including fossil fuel exclusion policies, available on the SWEN CP website.</p>

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	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	Energy consumption intensity:	Section A - Agriculture, forestry and fishing: 4.7 GWh / €M revenue	The sharp changes observed between 2022 and 2023 should be interpreted in light of the very low response rate, at least in 2023, for each of the sub-indicators (around 30%).	<p>Pre-investment actions SWEN CP's due diligence systematically includes ESG questionnaires to assess the energy consumption of each entity operating in a high impact climate sector. Climate and transition risks are also analysed for each investment, where relevant.</p> <p>Post-investment actions SWEN CP monitors the energy consumption and production of companies active in high impact climate sectors, throughout the holding period, by sending out annual ESG questionnaires.</p> <p>DNSH compliance threshold for sustainable investments When sustainability performance on climate impact criteria falls short, with no serious prospect of improvement, the investment may be rejected.</p>
			<p>Section A - Agriculture, forestry and fishing: 0.36 GWh / €M revenue</p> <p>Section B - Mining and quarrying: 0.01 GWh / €M revenue</p> <p>Section C - Manufacturing: 0.06 GWh / €M revenue</p> <p>Section D - Electricity, gas, steam and air conditioning supply: 1.57 GWh / €M revenue</p> <p>Section E - Water supply; sewerage, waste management and remediation activities: 0.56 GWh / €M revenue</p> <p>Section F - Construction: 0.05 GWh / €M revenue</p> <p>Section G - Wholesale and retail trade, repair of motor vehicles and motorcycles: 0.09 GWh / €M revenue</p> <p>Section H - Transportation and storage: 0.26 GWh / €M revenue</p> <p>Section L - Real estate activities: 0.02 GWh / €M revenue</p>	<p>Section B - Mining and quarrying: 0 GWh / €M revenue</p> <p>Section C - Manufacturing: 2.3 GWh / €M revenue</p> <p>Section D - Electricity, gas, steam and air conditioning supply: 1.0 GWh / €M revenue</p> <p>Section E - Water supply; sewerage, waste management and remediation activities: 1.9 GWh / €M revenue</p> <p>Section F - Construction: 0.02 GWh / €M revenue</p> <p>Section G - Wholesale and retail trade, repair of motor vehicles and motorcycles: 1 GWh / €M revenue</p> <p>Section H - Transportation and storage: 19.9 GWh / €M revenue</p> <p>Section L - Real estate activities: 0 GWh / €M revenue</p>		

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Biodiversity	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	6.8%	10%	2023 response rate: 57.8%.	<p>Pre-investment actions SWEN CP's due diligence systematically includes ESG questionnaires to assess each entity's policies on biodiversity, waste management and water use, where relevant. We carry out a biodiversity risk assessment (using the Taskforce on Nature-related Financial Disclosures, or TNFD, framework) for direct investments, where relevant. We also analyse impacts and dependencies whenever these aspects are sufficiently material and relevant in light of the investee company's activities or the asset considered for investment. A Nature score is calculated for the underlying funds for primary transactions.</p> <p>Post-investment actions SWEN CP monitors investee companies' biodiversity risks and policies implemented, waste management and water use, throughout the holding period, by sending out annual ESG questionnaires. We introduced carbon footprint assessments of investments in 2022 and also assess biodiversity impacts and dependencies. Both analyses cover direct investments and fund underlyings.</p> <p>Actions planned In 2024, SWEN CP plans to publish a policy on biodiversity-sensitive areas and will look into opportunities to work on implementing guidelines on financing activities linked to deforestation or the use of biocides. Our Nature Policy also sets out the actions planned for the future.</p> <p>DNSH compliance threshold for sustainable investments When sustainability performance on criteria related to the impact on biodiversity, water and waste falls short, with no serious prospect of improvement, the investment may be rejected. SWEN Capital Partners expects compliance with the limits established by the industry, regulations and the local authorities regarding emissions to water and waste.</p>
	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0000006 tonnes / €M invested	0.0013 tonnes / €M invested	2023 response rate: 40.4%.	
	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	0.000001 tonnes / €M invested	0.0005 tonnes / €M invested	2023 response rate: 43.0%.	

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	10. Violations of UN Global Compact (UNGC) 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	0%	0.1%	2023 response rate: 63.9%.	<p>Pre-investment actions SWEN CP's due diligence systematically includes ESG questionnaires to assess each entity's risk management practices, to ensure compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises. We also perform a controversy check to assess all material controversies involving not only labour relations and governance practices, but also environmental issues liable to affect the main stakeholders linked to the asset or the investee company. In the majority of our due diligence processes, we monitor the corruption and ESG risk scores of the countries to which the investee company is exposed through its value chain (sourcing, production and distribution).</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the 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	45.9%	57%	2023 response rate: 62.5%.	<p>Post-investment actions Annual ESG questionnaires systematically examine and monitor how the principles of the Global Compact or the OECD Guidelines for Multinational Enterprises are taken into account. SWEN CP also keeps a close watch on the exposure to controversy of all its direct investments and its main holdings through funds subscribed in primary or secondary transactions.</p> <p>Actions planned SWEN Capital Partners plans to publish a normative exclusion policy based on compliance with the principles of the Global Compact and the OECD Guidelines for Multinational Enterprises.</p> <p>DNSH compliance threshold for sustainable investments Potential investments must not exceed the maximum threshold of exposure to controversies over time (taking into account their nature, frequency, severity and the specific characteristics of the companies and assets under review). SWEN Capital Partners' teams assess this threshold qualitatively.</p>

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	12. Unadjusted gender pay gap	Unadjusted gender pay gap of investee companies	18.0%	14%	2023 response rate: 50.8%.	<p>Pre-investment actions SWEN CP's due diligence systematically includes ESG questionnaires to assess each entity's unadjusted gender pay gap and gender diversity. Diversity and the fair distribution of value creation are two of our four strategic "markers". We systematically include these two issues in our analysis of all potential investments (based on the availability of applicable frameworks).</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	16.4%	12%	2023 response rate: 64.2%.	<p>Post-investment actions The unadjusted gender pay gap and diversity indicators are measured and monitored through annual ESG questionnaires.</p> <p>DNSH compliance threshold for sustainable investments When sustainability performance on diversity criteria falls short, with no serious prospect of improvement, the investment may be rejected.</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	0%	0%	2023 response rate: 69.1%.	<p>Pre-investment actions SWEN CP's due diligence process ensures that each transaction is compliant with all exclusion policies, including those for activities deriving revenue from weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons). These policies are available on our website. Our due diligence process also assesses exposure to controversial weapons by means of controversy checks and specific questions included in the ESG questionnaire.</p> <p>Post-investment actions Annual ESG questionnaires systematically examine and monitor exposure to controversial weapons. SWEN CP also uses its controversy monitoring system to keep track of the social and governance practices of key stakeholders in the investment transaction, including their exposure to controversial weapons.</p> <p>DNSH compliance threshold for sustainable investments Compliance with exclusion policies, including on weapons-related activities, available on our website.</p>

2.2. Other indicators for principle adverse impacts on sustainability factors

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Explanation
Emissions	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	59.6%	2023 response rate: 67.2%.

Additional 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	Impact 2023	Explanation
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without workplace accident prevention policies	17.9%	2023 response rate: 64.8%
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	3.1%	2023 response rate: 50.1%.
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness in investee companies expressed as a weighted average	5.97 days / €M invested	2023 response rate: 43.3%.
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	33.0%	2023 response rate: 58.7%.
	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	49.4%	2023 response rate: 59.8%.
	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	22.7%	2023 response rate: 65.4%.

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

SWEN Capital Partners identifies and analyses the sustainability impacts of each investment opportunity considered. Our approach includes assessing compliance with sector exclusion policies, compliance with the requirements of SWEN Capital Partners' internal processes for investigating past incidents, litigation or controversies and for conducting reputation surveys, and compliance with the specific conditions applying to the mandatory and optional PAI indicators defined by the SFDR. We also analyse each ESG issue considered to be material and assess the level of maturity attained to address it.

Our Sustainable Finance team performs these assessments and submits the findings to the members of each investment committee and the Compliance team for second-level controls.

The integration of the consideration of PAIs in our investments can also take a more specific form when assessing challenges that are strategic for SWEN CP because they reflect its values. Referred to as ESG "markers", these issues are analysed based on availability of applicable frameworks.

1. Protection of the environment (carbon footprint, waste reduction, water consumption, etc.)
2. Promotion of diversity (gender diversity, closing the gender pay gap, employment of people with disabilities, etc.)
3. Fair distribution of value creation (profit-sharing, employee share ownership, CEO-to-employee pay ratio, etc.)
4. Connection to essential goods and services in the region (donations/partnerships, support for local economies, etc.)

For its thematic impact vehicles, SWEN Capital Partners has also identified very specific ESG risks, which, were they to materialise, could reduce the investment's net positive impact. We have drafted specific position papers on these issues, underpinned by our Impact Doctrine. Each investment in the impact vehicle must demonstrate adherence to the criteria outlined in the position papers.

Specific practices for sustainable investments

Consideration of PAIs naturally falls within the scope of the work conducted by SWEN Capital Partners to ensure that its sustainable investments do not significantly harm any other environmental or social objective, which is commonly known as the precautionary principle, or DNSH ("do no significant harm"). Assessing PAIs is a key component of this analysis, together with applying sector-specific exclusion policies and identifying past incidents, litigation or controversies.

In the more specific case of SWEN Capital Partners' investments in funds, we determine how and to what extent fund practices are aligned with our own. To do this, during the due diligence process we analyse how deeply the fund has embedded ESG across all stages of the investment process. The fund's ESG performance is scored based on the data gathered in a dedicated questionnaire sent to management companies. Furthermore, underlying assets are monitored in accordance with the procedures described in our Sustainability Policy, available in the Publications section of our website (<https://www.swen-cp.fr/en/category/regulatory-documents/>).

For each analysis performed to classify an investment as sustainable, either during the investment transaction itself or at the monitoring stage, SWEN Capital Partners assesses the investment's potential to harm any of the environmental or social objectives set out in its definition of sustainable investment. Whether or not the harm is significant is assessed either qualitatively or using specific metrics at each key stage of the analysis. We verify the following control points to identify and prioritise the principal adverse impacts:

- Compliance with sector-specific policies. SWEN Capital Partners monitors compliance with its sector exclusion policies, especially for coal, oil, fossil gas and weapons, as published on its website (<https://www.swen-cp.fr/en/category/policies-methodologies/>).
- Compliance with the requirements of internal processes for reviewing past incidents, litigation or controversies. Reputation surveys are conducted prior to any investment to flag as early as possible any past

incident, litigation or non-financial controversy that could call for more in-depth investigation or cast doubt on the investment, depending on the nature, frequency and severity of the controversies identified. This deep dive may also include key suppliers and customers. In addition, SWEN Capital Partners monitors its direct investments and fund underlyings on a daily basis.

- No reports of poor practices or performance on material ESG issues specific to the company or infrastructure asset. During the due diligence process, SWEN Capital Partners rigorously examines all material ESG issues and the level of maturity attained by each investee company to address these challenges. Climate and biodiversity assessments are performed in the same way. All these aspects are monitored over time.
- Compliance with the conditions applying specifically to the mandatory PAI indicators defined by the SFDR, as presented in this document.

4. Engagement policy

SWEN Capital Partners' shareholder engagement policy describes how we engage with portfolio holdings. Our engagement policy is publicly available (in French) on the Regulatory Information page of our website: (<https://www.swen-cp.fr/wp-content/uploads/2024/06/Politique-engagement-actionnarial-2023.pdf>).

Monitoring and transparency

ESG analyses and monitoring are an integral part of all fund management investment decisions and include sustainability risks. The approach is described in more detail in our Sustainability Policy available on our website. Tracking the ESG performance of management companies and the corporate social responsibility practices of direct and indirect holdings provides insight into the non-financial risks they may be exposed to and how to manage them.

SWEN Capital Partners is committed to provide clear periodic reports to its clients addressing key sustainability risks and performances, as required by SFDR. These reports serve as a springboard for engagement and discussion.

Dialogue with investee companies

SWEN Capital Partners invests in equity, debt and infrastructure assets through primary market transactions (fund selection), secondary market transactions (buying fund units or portfolios) and direct investments. We regularly interact with investee companies and management companies at all stages – before, during investment monitoring and on exit.

Dialogue takes place with fund management companies, investee companies and assets, in which we have invested or are considering investing, and cover both financial and non-financial matters.

At SWEN Capital Partners, we consistently prioritise dialogue and engagement to incentivize management companies that are either lagging behind or in the early stages of adopting ESG criteria to accelerate their efforts. Our dialogue with all management companies, either prior to making the investment or in the monitoring phase, can take many different forms:

- responses to ESG questionnaires;
- ESG feedback sessions to present the results and performance findings from our studies over time giving managers insight into where they stand relative to their peers;
- ESG Best Practices Honours, an annual event since 2014 gathering private equity and infrastructure firms, institutional investors and international organisations with a stake in ESG, to discuss the sustainability needs and achievements of all private market players and encourage excellence in ESG practices;
- sustainability-themed meetings with management companies. For example, “climate rendezvous” clauses have been included in management company contractual documentation since 2019.

SWEN Capital Partners also invests directly as either a minority or majority shareholder and works diligently for deeper integration of ESG criteria. It is on hand for co-investors and the managers of investee companies to achieve this. Our ESG team may also hold discussions with direct holdings on specific sustainability topics, such as:

- presenting the main conclusions of the ESG analyses carried out by SWEN Capital Partners during the due diligence process to help the investee company identify its material ESG issues and areas of potential improvement;
- defining the most appropriate impact indicators and targets for the company in the case of the impact fund dedicated to regenerating ocean health;
- highlighting the sustainability regulatory developments likely to impact investee companies.

We also dialogue with management companies and/or investee companies as part of the controversy monitoring system introduced by SWEN Capital Partners.

Voting policy

SWEN Capital Partners’ voting policy is an integral part of its shareholder engagement policy. It defines the principles that will guide voting decisions, as well as the conditions in which we exercise our voting rights. These principles cover the following points related to PAI disclosure and management.

- resolutions intended to amend the articles of association. SWEN Capital Partners pays particular attention to changes to investee company governance; establishment of overseas entities; double voting rights; limited voting rights; bonus dividends; and the creation of preference shares.
- approval of the financial statements and appropriation of income. SWEN Capital Partners takes account of how the company addresses the environmental, social and governance priorities related to its activities to assess the quality of the management team.

Cooperating with other shareholders

Where possible, dialogue and cooperation with other shareholders of both investments and investment vehicles take place within the governance system (board of directors, supervisory board, advisory committee or strategy committee). Our aim is to work in partnership with other shareholders to drive forward the investee company’s development plan and provide guidance with the right advice and insights to achieve their objectives.

For its direct investments, acquiring a minority share can restrict SWEN Capital Partners’ impact and influence on defining the partnership strategy and/or negotiating shareholder agreements. However, we concentrate in particular on a number of non-financial questions in our negotiations with other shareholders:

- investee company governance;
- ESG clauses dealing with delivering on CSR commitments and, for investments by SWEN Capital Partner’s impact fund, provisions designed to ensure the impact objectives are met;
- periodic non-financial reports and disclosures by financial companies;
- clauses covering the integrity and ethical standards of directors of financed companies.

For its indirect investments (in funds or through special purpose vehicles), SWEN Capital Partners ensures that it has a seat on the strategy committee or, if relevant, the fund advisory committee. We may also issue side letters setting out the following requirements:

- integration of ESG-related issues
- periodic non-financial disclosures
- corrective actions to be implemented following non-financial audits performed as part of the investment process.

Communicating with stakeholders

SWEN Capital Partners sends out an annual ESG or impact report for each investment vehicle to its funds' investors, to keep them informed about the policies and practices of the funds and investee companies in their portfolio.

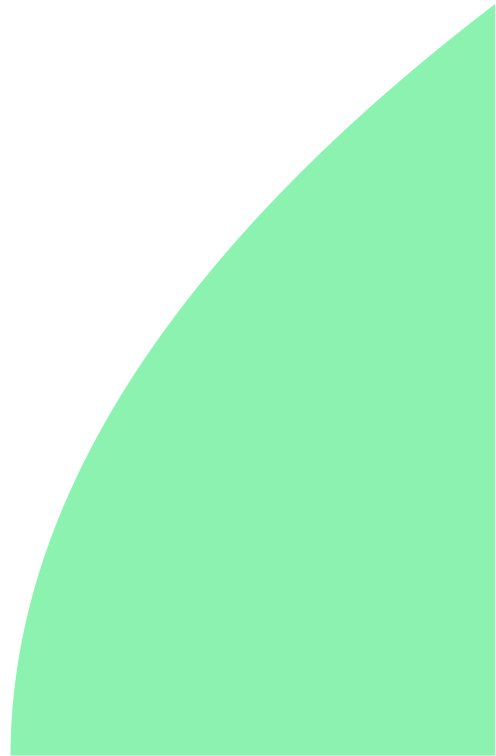
We also provide assistance to clients in meeting their regulatory requirements and anticipate their specific needs as driven by their sustainable finance ambitions.

We sometimes share the main findings of our due diligence process to boost investee companies' sustainability efforts.

SWEN Capital Partners has helped launch and finance 1000 Ocean startups (1000os), a coalition formed to accelerate innovation for ocean impact. It assembles the global ecosystem of incubators, accelerators, competitions, matching platforms, and venture capital firms that support startups for ocean impact.

Preventing and managing actual or potential conflicts of interest

SWEN Capital Partners' Conflicts of Interest Policy, available on our website, explains how conflicts are prevented and managed. A Code of Conduct applies to all staff and defines the rules on personal transactions, declaring external positions and/or corporate offices, offering or receiving gifts, and confidentiality obligations.



5. References to international standards

SWEN Capital Partners adheres to the following responsible codes of conduct and internationally recognised standards on due diligence and disclosures.

International Labour Organization, United Nations Global Compact and the OECD guidelines

Sustainability indicators drawn from Annex 1, Table 1 of 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 drawn from Annex 1, Table 3 of 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 6: Insufficient whistleblower protection
- Table 3, PAI 9: Lack of a human rights policy
- Table 3, PAI 15: Lack of anti-corruption and anti-bribery policies

Methodology and data used

Governance criteria form an integral part of the Management Company's ESG assessment for each investment opportunity to ensure that the investment complies with international treaties, the ILO standards, the UN Global Compact or the OECD guidelines.

The governance risk assessment covers risk prevention measures targeted at human rights and ethical risks and the integration of social and environmental risks by the organisation (CSR strategy, regulatory compliance, early adoption of regulations, etc.). Governance risks are of prime importance for the Management Company.

For its investments through transactions in the primary and secondary markets, SWEN Capital Partners systematically analyses the procedures and resources committed by the target funds to ensure that the proposed investments will meet or have met the requirements of a governance best practices assessment. This is particularly important for target funds with a sustainable investment objective. SWEN Capital Partners checks that the target funds' practices and methods align with its own in this area and issues side letters requiring that they are applied to all investments.

Annual ESG questionnaires, which include a set of questions on governance practices, gather data to monitor underlying assets over time. During the holding phase, SWEN Capital Partners also monitors ESG incidents that may affect its direct investments and the main underlyings of its funds and management mandates.

For more information, see 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" in this document.

Paris Agreement

Sustainability indicators drawn from Annex 1, Table 1 of Commission Delegated Regulation (EU) 2022/1288.

- Table 1, PAI 1: GHG emissions
- Table 1, PAI 2: Carbon footprint
- Table 1, PAI 3: GHG emissions 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 drawn from Annex 1, Table 2 of 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 undertakes to actively contribute to fighting climate change and achieving the goals of the Paris Agreement. In June 2023, we committed to a trajectory of alignment with the Paris Agreement targets to limit global warming as close as possible to +1.5°C by 2050. To deliver on this commitment, SWEN CP signed up to the Net Zero Asset Managers (NZAM) initiative and is working with NZAM with a view to submitting its decarbonisation targets. We have also issued an ambitious new oil and fossil gas exclusion policy. The first target to date is a reduction of almost 40% (CO₂e/revenue) by 2030 for our direct investments. Work is also under way on a more granular breakdown of this target.

For more information, see 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” in this document.

Other international standards, organisations and working groups considered

SWEN Capital Partners also plays an active role in French and international professional organisations to promote the integration of ESG issues by the industry – in private equity, private debt and infrastructure. To translate these goals into action, we participate in the governance of several specialist responsible investment organisations and working groups. For more information on the initiatives SWEN CP is involved in, see the Article 29 of the Energy and Climate Law Report (in French) in the Publications section of our website (<https://www.swen-cp.fr/en/sustainable-finance/esg-publications/>). Our constant attention to ESG also translates into our frequent participation in conferences, interviews and publications.



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Management company approved by the French financial markets authority, the Autorité des Marchés Financiers (AMF) under number GP-14000047