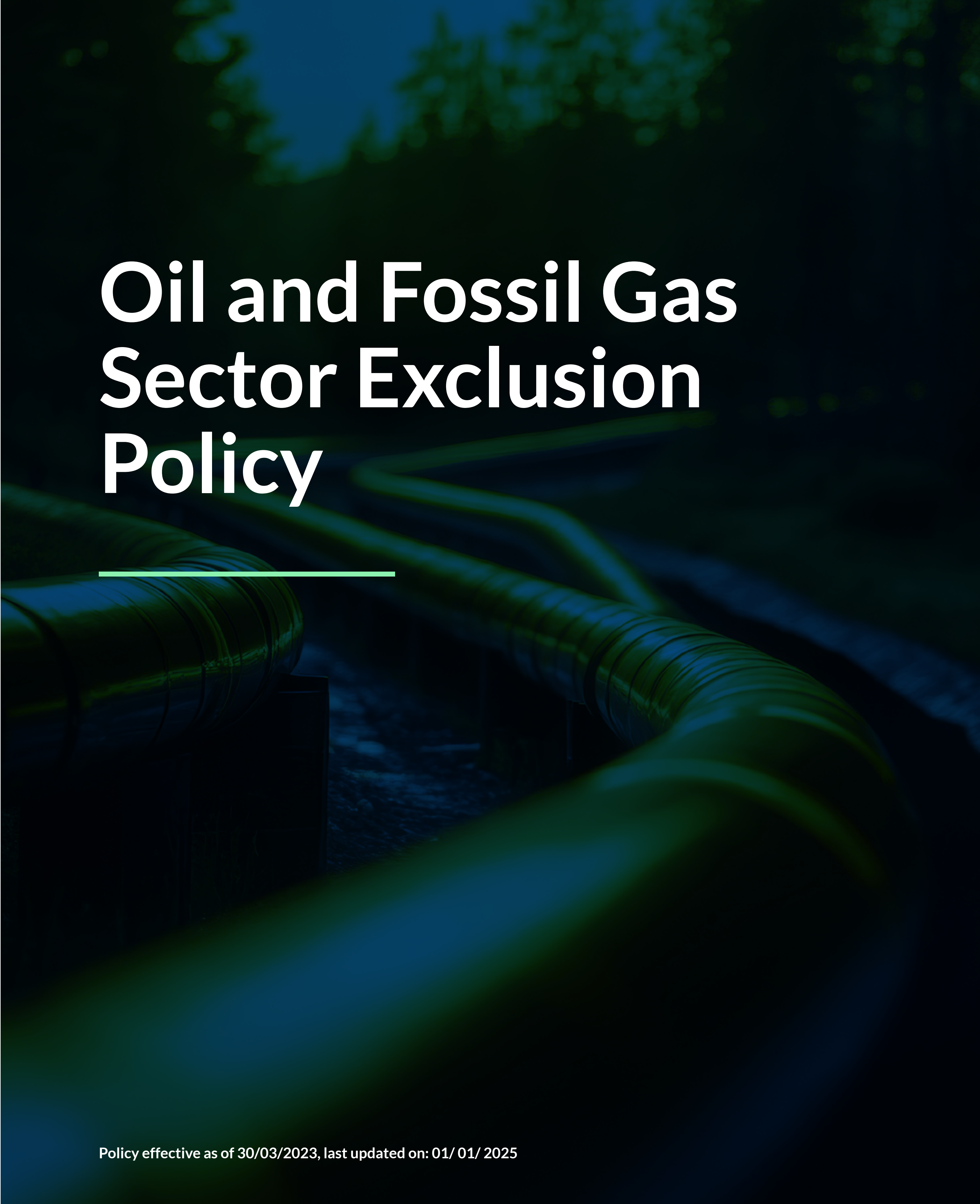

Oil and Fossil Gas Sector Exclusion Policy

Policy effective as of 30/03/2023, last updated on: 01/ 01/ 2025

SWEN CAPITAL PARTNERS

Context

Introduced in 2023, SWEN Capital Partners' restrictive policy on investments in the oil and fossil gas sector applies to the activities of companies operating in the sector and to those of the sector's direct suppliers.

SWEN Capital Partners' oil and fossil gas sector policy is an integral part of the overall responsible investment approach in application of its Sustainable Finance and Nature policies. It is a key pillar of its core investment strategy and reflects its mission-driven purpose: to "invest for Nature's benefit". The oil and fossil gas sector policy is an essential component of its decarbonization strategy and contributes to the broader financial sector's efforts to limit global warming and achieve the goals of the Paris Agreement.

This policy:

- Concerns the activities of companies operating in the liquid and gaseous fossil fuel sector (all types of investments) and the activities of the sector's direct suppliers (direct investments only). It covers the sector's entire value chain and applies to new ("Greenfield") projects and extensions of greenfield capacity, as well as to existing ("Brownfield") assets and activities.

- Sets minimum standards to be complied with by all SWEN Capital Partners investments.

- Establishes an exit trajectory to 2030 (for direct investments) and to 2035 (for underlying assets of primary and secondary transactions) for investments that pre-date the policy or no longer meet the portfolio thresholds.

SWEN Capital Partners also implements a policy on coal (see the "Coal Sector Exclusion Policy", available on the website[1]).

This oil and gas sector policy applies to all investment strategies (primary, secondary and direct) and to all asset classes (Private Equity, Private Debt and Private Infrastructure), including for discretionary management clients.

The oil and fossil gas sector policy does not apply to investment advisory activities (although alignment with this sector policy is systematically proposed to SWEN Capital Partners clients). This policy also does not apply to the selection of money market funds, which are held on an ancillary basis to ensure efficient management of investment fund liquidity. Nonetheless, we seek to extend the sector exclusion to the money market funds in the portfolio.

[1] ***Sustainable Finance** section, **Publications,** then **Policies** and **Methodologies** (https://www.swen-cp.fr/en/category/policies-methodologies/)*

I. Definition of the scope of oil and fossil gas-related activities

The following activities are considered related to oil and fossil gas:

- All types of conventional and non-conventional hydrocarbons of fossil origin.
- **Oil and fossil gas sector projects or assets**[2] that derive all or part of their revenue from the exploration, extraction, refining, production of derivative products (fuels), sale, logistics (transportation, distribution and storage), or energy production from oil or fossil gas.
- **Direct suppliers**, including companies whose tier 1 customers are oil and fossil gas companies as previously defined[3] (applicable solely to direct investments).
- **Different types of oil and fossil gas-related fuels**[4], which include but are not limited to: crude oil, fuel oil, petrol, diesel, liquefied petroleum gas (LPG), liquefied natural gas (LNG), heavy fuel oil, light fuel oil, marine diesel oil, kerosene, wide cut fuel, aviation fuel, bitumen, naphtha, shale oil, natural gas, shale gas, blast furnace gas, petrochemical gas, butane and propane.

II. Activities not within the scope of the policy

This policy does not apply to:

- Projects and assets in the conventional fossil sector whose revenue and/or capital expenditure (CapEx) are significantly aligned with the European Taxonomy (Regulation (EU) 2020/852).
- Hydrogen and hydrogen-derived synthetic fuel projects or assets whose operations meet the technical screening criteria of the European Taxonomy relative to these activities.
- Coal sector projects and assets, which are covered by a separate sector policy.

[2] The generic term "projects and assets" used in this document encompasses any company, project company, entity or holding.
[3] Identified in particular through data providers and public sources such as the Global Oil and Gas Exit List (GOGEL) established by NGO Urgewald: https://gogel.org/
[4] Throughout this document, the terms "oil" and "gas" are understood to include these fuels as appropriate for the context.

III. For direct investments (directly or through one or more investment holdings)

1. Criteria for investments in oil and fossil gas projects or assets

Exploration, extraction, refining and production of oil or fossil gas

1.A. SWEN Capital Partners undertakes not to invest in **greenfield or brownfield** projects or assets that derive revenue (0% of revenue) from the **exploration, extraction or production** of oil or fossil gas or their derivative products (fuels).

Logistics[5]

1.B. SWEN Capital Partners undertakes not to invest in a project or asset where more than 5% of revenue is directly derived from **logistics** (transport, distribution and storage) **dedicated**[6] to oil or fossil gas or hydrogen (and hydrogen-derived synthetic fuels) from oil or fossil gas combustion.

Oil and fossil gas-based power generation

1.C. SWEN Capital Partners undertakes not to invest in a project or asset where more than 5% of revenue is directly derived from **energy generation in the form of electricity, heat or cooling** or hydrogen derived from oil or fossil gas. This criterion also applies to projects or assets where more than 5% of revenue comes from the development or sale/lease of these energy infrastructures or from related financial services (including energy trading activities).

Oil or fossil gas-based hydrogen power generation

1.D. SWEN Capital Partners undertakes not to invest in a **project or asset from which more than 5% of revenue comes from energy production** (in the form of electricity, heat or cooling) **from hydrogen or hydrogen-derived synthetic fuels when the hydrogen is produced from oil or fossil gas combustion**.

Use of carbon dioxide produced from oil or fossil gas

1.E. SWEN Capital Partners also undertakes not to invest (0% of revenue) in **projects or assets that use carbon dioxide generated from oil or fossil gas combustion (for the purposes of producing energy) in the case of synthetic fuel production**.

Specific waiver rules

1.F. SWEN Capital Partners does, however, reserve the right to waive the rules in 1.B, 1C, 1.D and 1.E. This is possible only if the investment thesis provides for a **binding, verifiable and time-bound programme to reduce the total share of non-compliant activities**. With regard to the "fossil back-ups" used in the context of rule 1.C by renewable energy producers (heat, cooling, hydrogen), it is expected that the assets concerned are engaged on an ambitious decarbonization pathway.

[5] Activities that include production and logistics (such as a heat network) are covered by criteria 1.C or 1.D.
[6] Logistics infrastructure is considered dedicated when the majority of the activity is connected with the logistics of oil, fossil gas or hydrogen (and hydrogen-derived synthetic fuels) resulting from oil or fossil gas combustion.

2. Criteria for investments in projects or assets with direct customers in the oil and fossil gas sector

Dedicated or strategic equipment, products and services

2.A. SWEN Capital Partners undertakes not to invest (0% of revenue) in a project or an asset producing **dedicated or strategic equipment, products, or services**[7] intended for the development of **new oil and fossil gas production capacities** (new projects or extensions).

2.B. SWEN Capital Partners undertakes not to invest in a project or an asset from which more than 5% of the revenue is derived directly from **dedicated or strategic equipment, products or services** in the oil and fossil gas sector (**excluding the expansion of production capacity**).

Non-dedicated or non-strategic equipment, products and services

2.C. SWEN Capital Partners undertakes not to invest in a project or an asset from which more than 50% of the revenue comes directly from **non-dedicated and non-strategic equipment, products or services**[8] in the oil and fossil gas sector but sold to it[9].

Specific waiver rules

2.D. By derogation from rules 2.B. and 2.C., SWEN Capital Partners reserves the option to invest in a project or asset whose revenue is derived from:

- Low-carbon energy production (renewable energy and/or energy aligned with greenhouse gas emission limits (where they exist) set by the technical criteria of the European Taxonomy, or
- Equipment, products, or services dedicated to substantially limiting the oil and fossil gas sector's greenhouse gas emissions, or
- Non-strategic equipment, products, or services, if they significantly reduce another major environmental impact generated by the activities of the oil and fossil gas sector.

3. Exit trajectory from oil and gas exposure

SWEN Capital Partners is divesting from projects or assets in the oil and gas sector that are not aligned with the criteria applicable to direct investments by 2030 (criteria 1.A, 1.B, 1.C, 1.D and 1.E). As of 1 January 2030, all portfolio investments will meet the criteria in III.1. The waiver rule referred to in 1.F will remain applicable after that deadline to help support the low-carbon transition of projects and assets.

4. Specific case of investments that no longer meet the policy criteria

In the event that SWEN Capital Partners determines during the holding period that a project or asset invested in on or after the effective date of the policy is no longer aligned with the above criteria:

- A dialogue and engagement process will commence with the various parties concerned, working with the Sustainable Finance and Investment teams.
- If the dialogue and engagement process fails to bring the project or asset into alignment with the criteria of this sector policy, a divestment committee will be formed to decide and, if necessary, optimise the exit conditions.

[7] *Dedicated or strategic equipment, products or services: products or services primarily for the oil and fossil gas sector, or products or services essential to the oil and fossil gas sector.*
[8] *Non-dedicated and non-strategic equipment, products, or services: products or services significantly used by sectors other than oil and fossil gas and not essential to the sector.*
[9] *Excluding equipment, products or services used exclusively in activities related to renewable energy.*

IV. For investments in funds via primary and secondary transactions

1. Criteria for investments in oil and fossil gas projects or assets

Exploration, extraction, refining and production of oil or fossil gas

3.A. SWEN Capital Partners ensures that the fund considered for investment has not invested in, will not invest in or allow exposure to one or more **greenfield** projects or underlying assets that derive revenue (0% of revenue) from **the exploration, extraction, refining or production of oil or fossil gas** and derivative products (fuels). The revenue generated by these same activities by each of the underlying **brownfield** assets of the fund considered for investment may not exceed 1% of revenue.

Logistics[10]

3.B. SWEN Capital Partners ensures that the fund considered for investment has not invested in, will not invest in or allow exposure to one or more projects or underlying assets where more than 5% of revenue is directly derived from **logistics** (transport, distribution and storage), **dedicated**[11] to oil or fossil gas or hydrogen (and hydrogen-derived synthetic fuels) from oil or fossil gas combustion.

Oil and fossil gas-based power generation

3.C. SWEN Capital Partners ensures that the fund considered for investment has not invested in, will not invest in or allow exposure to one or more projects or underlying assets where more than 5% of revenue is **derived directly from energy generation in the form of electricity and/or heat or cooling or hydrogen** produced from oil or fossil gas. This criterion also applies to projects or assets where more than 5% of revenue comes from the development or sale/lease of these energy infrastructures or from related financial services (including energy trading activities).

Specific waiver rules

3.D. SWEN Capital Partners does, however, reserve the right to waive:

- Rule 3.A, solely for brownfield assets, as long as the revenue from the exploration, extraction, refining or production of oil and fossil gas-derived products by the assets concerned does not exceed 5% of revenue and if the fund considered for investment undertakes to support its investments to reach the thresholds given in 3.A.
- Rules 3.B and 3.C if the fund considered for investment undertakes to support its investments to reach the thresholds given in each of these rules. The undertaking by the fund considered for investment must include a binding, verifiable and time-bound programme to reduce the total share of non-compliant activities. With regard to the "fossil back-ups" used in the context of rule 3.C by renewable energy producers (heat, cooling, hydrogen), it is expected that the assets concerned are engaged on an ambitious decarbonization pathway.

3.E. SWEN Capital Partners reserves the right to waive the rules in 3.A (brownfield assets only), 3.B and 3.C in the specific case of a secondary transaction that involves the purchase of units in several funds where at least one of the underlying assets in the portfolio does not comply with the stated criteria. SWEN Capital Partners undertakes to sell the units in the fund(s) concerned by the non-alignment before 31 December of the current year.

[10] *Activities that include production and logistics (such as a heat network) are covered by criterion 3.C.*
[11] *Logistics infrastructure is considered dedicated when the majority of the activity is connected with the logistics of oil, fossil gas or hydrogen (and hydrogen-derived synthetic fuels) resulting from oil or fossil gas combustion.*

2. Exit trajectory from oil and gas exposurez

SWEN Capital Partners is divesting from funds invested in projects or assets in the oil and fossil gas sector that are not aligned with the criteria applicable to investments in funds via primary and secondary transactions by 2035 (criteria 3.A, 3.B, and 3.C).
As of 1 January 2035, all portfolio investments will meet the criteria in IV.1. The criteria for waiving 3.D will remain applicable after that deadline to help support the low-carbon transition of projects and assets.

3. Specific case of investments that no longer meet the policy criteria

In the event that SWEN Capital Partners determines during the holding period that a project or asset invested in on or after the effective date of the policy is no longer aligned with the above criteria:

- A dialogue and engagement process will commence with the various parties concerned, working with the Sustainable Finance and Investment teams.
- If the dialogue and engagement process fails to bring the project or asset into alignment with the criteria of this sector policy, a divestment committee will be formed to decide and, if necessary, optimise the exit conditions.

V. Additional clarification

The conditions for establishing an investment's compliance with the sector policy applies only as of the date of analysis. The compliance analysis considers the past and current activities of the projects and assets and should also cover, if possible, their expected future direction and developments.

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