

ARDIAN

RESPONSIBLE INVESTMENT POLICY

ARDIAN'S COMMITMENT

PURPOSE OF ARDIAN'S SUSTAINABILITY PROGRAM

At the heart of Ardian's culture lies a commitment to responsibly create enduring value. Our role as a long-term shareholder and investor is to foster growth that is both sustainable and shared across all stakeholders.

Consistent with this ambition, Ardian has been since 2008 developing an extensive Sustainability Program in order to maximize Ardian's contribution to society at large and to support the sustainable growth of Ardian by incorporating ESG in investments and in the firm operations.

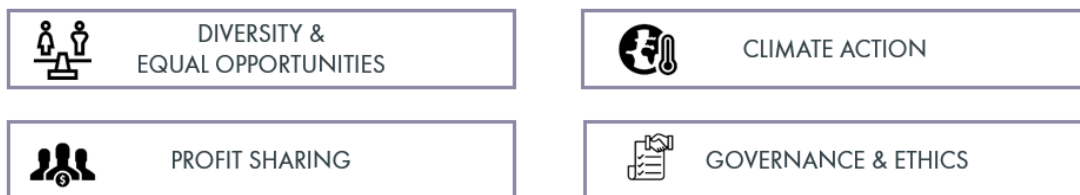
This purpose is rooted in our Sustainability vision:

- **Our ambition is to radiate the impact of Ardian across our communities of stakeholders** in a meaningful way by empowering individuals in order to collectively create shared sustainable values.
- **We aim to act as a driver of positive change for society and the environment.** We believe that our business, as an investor, and our responsibility, as a global leader, is to ensure that our companies are agents in this change.
- **Our duty is to leverage the scale of Ardian's organization** and of our broader community to make a significant positive contribution to social and environmental challenges, in addition to deliver financial performance.

KEY PRIORITIES AND OBJECTIVES

As a major investor in the real economy, we can speed up the change to **build resilient companies and drive positive transformation**. Over the past decade, Ardian has incorporated Sustainability as a central tenet of its investments with the goal of shaping high-performing and resilient business models that also provide measurable outcomes and impacts on society and the planet. We also nurture the idea of a more inclusive and accurate system, drawing on discussions with LPs, portfolio companies, underlying funds, our employees and shareholders, and our communities.

Ardian has defined four key priorities driving its Sustainability Program. We are committed to improve our practices and measure our performance and contribution both in our funds and in our operations as a company.



SUSTAINABILITY ORGANIZATION WITH ARDIAN

Driven by a deep, **shared conviction** within the whole firm and direct **involvement of the top management** to lead the agenda, the sustainability organization within Ardian relies on a tailored model to meet our unique business philosophy, on dedicated expert resources and time commitment.

The Sustainability team is composed of five experts and is responsible for developing and disseminating the Sustainability strategy across all activities throughout the offices. They are in charge of designing and implementing the projects and tools serving

Ardian Sustainability Program and provides tailored training to share Sustainability knowledge within the firm. They work in close collaboration with Ardian teams to ensure the effective integration of ESG within Ardian's operations and investments. The Sustainability team also engages with external stakeholders (industry experts, external advisors, thought leaders) in order to build a prolific eco-system that fuels innovation and fosters Ardian's leadership in Sustainability.

Ardian's **Sustainability Committee** is composed of eleven top management representatives from the investment teams and support functions, including several members of Ardian's Executive Committee. They meet quarterly to provide input to the global sustainability strategy at Ardian and monitor progress.

ADHERENCE TO INTERNATIONAL CODES AND STANDARDS

INDUSTRY ENGAGEMENT

At Ardian, we believe that it is key to engage with our peers and wider financial industry to drive a positive transformation and address current and future economic, social and environmental challenges. In this objective, Ardian is actively involved in several leading working groups, organizations and collaborative platforms to contribute to the development of strategic initiatives, market methodologies, tools and regulations.



Ardian was an early signatory of the UN Principles for Responsible Investment (PRI) in 2009, becoming one of the first signatories from the private equity industry in the process. These Principles urge investors to integrate environmental, social and governance (ESG) issues into their decision-making to better manage risk, generate sustainable and long-term returns and benefit the society as a whole. Ardian's ESG performance is assessed by the PRI on an annual basis and benchmarked against peers in the industry. The results reflect Ardian's strong commitment as **Ardian scored consistently above average in all areas assessed in 2020:**

- > Strategy & Governance: A+
- > Direct Investments in Private Equity: A+
- > Direct Investments in Infrastructure: A+
- > Investments in External Funds: A+
- > Investment in Real Estate: A+

Ardian **is an active member of the PRI community** and regularly participates in initiatives to develop and promote key guidance for ESG integration within non-listed investments. In addition to the PRI, Ardian is a member of several other organizations, including Invest Europe and France Invest.



In 2015, Ardian launched the **Initiative Climat International (iC International)** with four other French GPs. Through this voluntary pledge, Ardian commits to:

- Recognizing that climate effects on the economy represent risks and opportunities;
- Integrating climate issues during the investment process; and
- Reducing the greenhouse gas emissions of majority-owned portfolio companies when the subject is material.

The iC International is supported by the UNPRI since 2018.



Since September 2019, Ardian is a signatory of the Investor Leadership Network (ILN), a collaborative platform for leading investors interested in addressing sustainability and long-term growth. Ardian has been particularly involved in the ILN diversity stream with the objective to increase gender diversity in investment and management roles in the financial industry.

Since March 2021, Ardian is also a supporter of Level 20, a not for profit organization dedicated to improving gender diversity in the European private equity industry.

Since its creation in 2019, Candice Brenet is a member of the Climate and Sustainable Finance Commission of the AMF (French Financial Markets Authority). The Commission provides a forum for dialogue and works with the aim of contributing to the effective mobilisation of the financial sector in the face of climate risk and contributing to making sustainable finance a practice with a significant impact on the process of allocating capital to a sustainable economy.

In 2020, Ardian signed France Invest's Gender Diversity Charter. The initiative promotes gender parity within French private equity firms and the companies they support.

In November 2020, with four other global private investment firms, Ardian founded the One Planet Private Equity Funds (OPPEF) initiative to support the members of the One Planet Sovereign Wealth Funds (OPSWF). The OPSWF Framework focuses on integrating climate change risks and investing in the smooth transition to a low-carbon economy. In December 2020 Ardian became a founding signatory of the ILPA's Diversity in Action initiative making a commitment to take new concrete steps to advance diversity, equity and inclusion, both within their organization and the industry more broadly.

In December 2020, Ardian became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). By publicly declaring support for the TCFD and its recommendations, Ardian demonstrates its commitment to build a more resilient financial system through climate-related disclosures.

These active memberships are a testament to Ardian's wider commitment to responsible investment. We continue to develop ever-increasing standards of reporting not only to our clients but also to the broader business community. Ardian believes that **transparency is the foundation of long-term partnerships** and is committed to complying with the highest standards of reporting, whether through fund management reports, or through PRI annual transparency reports, which provide information at Ardian level, fund level and portfolio company level, when applicable.

RESPONSIBLE INVESTMENT IN PRACTICE

Ardian is committed to integrating Sustainability into all of its investments activities, while tailoring its approach according to each investment strategy to ensure an appropriate and effective practice. With the full support of the Sustainability team, each investment team is ultimately responsible for implementing this policy during the different phases of the investment process.

Additionally, Ardian refuses to invest in sectors it considers unethical or having significant negative impacts:

- **Tobacco:** Ardian refuses to make any investment in tobacco industry
- **Pornography:** Ardian refuses to make any investment in pornography
- **Controversial weapons:** Ardian refuses to make any investments in companies manufacturing and/or distributing controversial weapons. Ardian defines controversial weapons as weapons having a disproportionate impact on civilian population such as chemical weapons, biological weapons, nuclear weapons, anti-personnel landmines and cluster bombs
- **Coal:** Ardian commits to phase-out any direct thermal coal investments by 2030 within EU / OECD countries and by 2040 in the rest of the World.
- **Gambling:** Ardian refuses to make any direct investments in companies whose main activity consists of operating casinos, gambling/betting venues or websites.

Pre-due diligence phase: Preliminary screening ensures that the investment team avoids investing in sectors which are explicitly listed as being banned by Ardian or the funds' side letters.

Due diligence: The investment team systematically carries out an ESG analysis while taking into account the fund's (or mandate's) strategy as well as the details of each opportunity, with the support of the Sustainability team and ESG consultants when appropriate.

- **For direct investments in Private Equity and Infrastructure (majority shareholder or significant minority):** Due diligence is based on dialogue with the management team and onsite visits of the company, in order to identify and assess key ESG issues and understand how they are taken into account by the management team. Depending on the sector and initial discussions with management, the investment team may decide to hire an external consultant to carry out ESG audits.

- **For direct investments in Real Estate:** The investment team preliminarily analyses ESG issues as part of the due diligence process before investing in a property. Based on the results of this analysis, the investment team identifies primary areas for potential improvements.
 - **When Ardian is a minority shareholder, or for direct investments in Private Debt:** The investment team carries out the ESG analysis in two phases. Firstly, the investment team evaluates the lead sponsor according to ESG criteria. Secondly, the investment team assesses the business itself based on: 1) the buyers and vendors' due diligence packages, 2) dialogue with the management of the company and / or the lead sponsor, depending on the configuration of the transaction.
 - **For the Funds of Funds activity:** The investment team evaluates the overall commitment to responsible investment of the GPs and the level to which they integrate ESG factors into their investment process. This analysis results in a rating which represents 10% of the overall score which will be considered during the decision-making phase. When not in a position to undertake an in-depth analysis of the investment (for secondary transactions), the investment team seeks to identify public commitments made by the GPs in terms of responsible investment to get an indication of their position on the subject. As a general rule, Ardian favors GPs which have long-lasting relationship with the Funds of Funds team and whose practices are advanced, particularly in terms of integration of extra-financial aspects.
- > **Investment decision:** A summary of the ESG analysis is then included in every **investment memorandum** submitted to the Investment Committee, which is ultimately responsible for the investment recommendation. Depending on whether material ESG risks are identified in the due diligence phase, a corrective action plan can be included in a post-acquisition plan.
- > **Ownership phase:** Ardian's Sustainability team coordinates the monitoring of portfolio companies and funds ESG practices in collaboration with the investment team. For Ardian, it is key to the successful integration of extra-financial factors in the investment process and also instrumental in supporting the progress of companies CSR performance.
- **For direct investments in Private Equity and Infrastructure (majority shareholder or significant minority):** Throughout the holding period, the investment team maintains a constant dialogue with the portfolio company's management teams and actively monitors the evolution of their ESG practices. They do this both directly and with the support of external consultants, who regularly carry out ESG reviews. The results of these ESG reviews serve as a basis for the establishment of recommendations and goals with concrete action plans to help portfolio companies to improve their ESG performance. Furthermore, the investment team often has a seat on the Supervisory Board of portfolio companies, which are powerful means of promoting the integration of extra-financial issues and to disseminate best practices. Moreover, to structure the collection and analysis of extra-financial indicators during the holding period, Ardian has developed an ESG Framework, based on industry recommendations and active dialogue with investors.
 - **For direct investments in Real Estate:** A post acquisition analysis of the property's current ESG performance, based on data collected by the Property Manager and the Facility Manager, is systematically formalized by the investment team using Ardian Real Estate's ESG performance assessment tool. The investment team, in association with the Property Managers and the Facility Manager, then defines the value creation strategy and specifies the ESG criteria for which an improvement is targeted for the property. This strategic plan is implemented in collaboration with the Property Manager, the Facility Manager, tenants and Ardian's Real Estate team. The property's ESG performance is assessed on a regular basis by the investment team using the ESG performance assessment tool to track progress.
 - **When Ardian is a minority shareholder, or for direct investments in Private Debt:** ESG monitoring takes place via Supervisory Boards when Ardian has a seat, or via interactions with the lead sponsor and/or portfolio companies when possible. An ESG Framework with indicators was established in order to help Ardian's investment teams with the monitoring process during the holding period.
 - **For the Funds of Funds activity:** Along with active dialogue with GPs, an ESG monitoring survey was developed in 2010 in order to raise awareness of ESG and evaluate progress over time. This survey has been regularly sent to Ardian's GPs in order to assess both primary and secondary commitments. Collected data allows the investment team to follow up on progress for each individual fund, and the ESG performance data is then stored in Ardian's database. This information also allows Ardian to establish an ESG benchmark for GPs and is taken into account for future potential investments. The ultimate goal is to encourage GPs to incentivize ESG integration by portfolio companies.

> **Exit phase** (applicable for direct investments):

- At exit, Ardian always favors the company's long-term interests. As a general rule, exit processes are planned and implemented in agreement with management of the companies. The potential impact of the transaction on ESG issues is assessed in the evaluation of offers made by buyers, in addition to financial considerations.
- Ardian believes that ESG integration in portfolio companies should be results-driven - and results are only truly recognized at exit; in order to enhance extra-financial progress made by portfolio companies, the investment team will seek to conduct an **ESG Vendors Due Diligence (VDD)** as often as possible.
- **For direct investments in Real Estate:** The investment team measures through the ESG performance assessment tool the value creation achieved on the property since acquisition.
- In accordance with Ardian's internal charter at exit, under certain conditions, Ardian strives to redistribute a portion of capital gains to employees. Ardian was the first private equity firm in France to call for a portion of capital gains to be redistributed to portfolio company employees at the point of exit and always tries to extend portfolio companies' profit-sharing mechanisms when possible. Ardian strongly believes that such aligned interests are a key lever for long-term value creation.

INCLUSION OF CLIMATE AND BIODIVERSITY RISKS

SCOPE : Ardian considers that climate change and biodiversity may be a material risk for its portfolio assets for which it has a majority stake: Buyout, Expansion & Infrastructure.

Climate Change

Ardian identifies climate change as a major challenge for the economy and society at large

In line with global commitments and with recent French Legislation (Article 29 of the French Energy & Climate Law) which requires investment managers to be transparent on (i) their exposure to climate change risks and (ii) their contribution to finance the energy and ecological transition, Ardian assesses exposure to climate risks and measures the carbon footprint regularly.

This information is consolidated, and communicated to Investors on an annual basis through fund management reports.

Biodiversity

Along with other financial and ESG risks, biodiversity is considered when conducting the materiality analysis. These risks are fully integrated in our decision-making process and are closely monitored throughout the holding period of the target investments for which they are considered material.

Quantitative and qualitative indicators form an integral part both of:

- The due diligence phase before the acquisition of a target investment; and
- The ownership phase through annual reporting.

Among others, Ardian addresses biodiversity in its target investments when material through the analysis of the following elements on a case-by-case basis:

- Existence of specific policies or strategy;
- Commitments in place;
- Set targets for net loss/improvement of biodiversity; and
- Follow-up of specific KPIs by the target investments.

INFORMATION ON PRINCIPAL ADVERSE IMPACTS

Information on policies regarding the identification and prioritisation of principal adverse impacts and related indicators

The principal adverse impacts and related indicators are tackled within Ardian Group's "Responsible Investment Policy".

Description of the principal adverse impacts and any actions taken and planned in this context

Principal adverse impacts are taken into account by Ardian through the following measures:

- The exclusion policy implemented by Ardian limits exposure to certain principal adverse impacts on the environment, social and governance aspects by excluding sectors that have a negative impact on ESG factors (tobacco, pornography and controversial weapons); and
- The analysis, monitoring and support of investment portfolio using ESG indicators to assess principal adverse impacts throughout the investment decision process.

Ardian believes that sustainability monitoring of portfolio companies should be individualized and rooted in materiality. Therefore, there is no standard list of ESG criteria taken into account during the different phases of the investment process. ESG issues considered therefore depend on key characteristics such as the company's size, sector, operational specifics, or geographic location.

With regards to **environmental** criteria, Ardian's teams pay particular attention to the environmental policy and environmental management system, energy consumption and greenhouse gas emissions, water consumption and waste generation. These issues are crucial to a large number of companies, and often constitute particularly decisive factors at companies with heavy-industry plants and processes (chemicals, pharmaceuticals, etc.). Since 2016, Ardian's commitment to the Initiative Climat International (iCi) implies materiality assessments of climate issues in portfolio companies.

With regards to **social** criteria, Ardian's teams pay particular attention to social policy and strategy, human resources management, diversity and equal opportunities, social dialogue, and health and safety policy. Whenever possible, Ardian encourages profit-sharing schemes with the employees.

With regards to **governance** criteria, Ardian's teams pay close attention to the functioning of governance bodies: in most cases, when a dual structure does not exist they strive to implement it, in the form of an executive board and a supervisory board, on which external qualified members sit. Ardian systematically strives to secure a seat on the supervisory board. As far as possible Ardian always attempts to create remuneration and audit committees when these structures do not yet exist, in a bid to boost transparency policies. The sustainability strategy and risk management of the portfolio company are also assessed, as well as, its business ethics.

With regards to **external stakeholders**: Ardian's investment team pays particular attention to purchasing processes and suppliers, responsibility towards clients, and the relationship with local communities.

These principal adverse impacts are then analysed and monitored throughout the investment process. Actions to improve these indicators are then taken and planned as described in above-mentioned "RESPONSIBLE INVESTMENT AND ENGAGEMENT IN PRACTICE" section.

Responsible Investment Policy updates

- July 2021: investment restrictions on coal and gambling added in the "Responsible Investment in practice" section