



# Article 29 Report ARDIAN France SA

June 30, 2023

ARDIAN

## Introduction

This report covers ARDIAN France SA (“**Ardian France**”) and includes:

- the entity-level disclosures corresponding to the disclosure and reporting requirements under Article 29 of the French Energy and Climate Law (and implementing decree N0.2021-663); and
- the statement on principal adverse impacts of investment decisions on sustainability factors (“**PAIs**”) at entity-level pursuant to Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (“**SFDR**”).

The disclosures under Article 29 of the French Energy and Climate Law are intended to make market participants more transparent about their non-financial practices, in particular in relation to the consideration of climate and biodiversity risks. The Article 29 report is made on an annual basis in a specified format, with the content of the report determined by applicable legislation.

### A. General approach of the entity on the consideration of environmental, social and governance quality criteria

#### › Ardian’s responsible commitments

Over the past decade, Ardian has incorporated sustainability as a goal of shaping high-performing business models that also provide measurable outcomes on society and the planet.

As a major investor in the real economy, we believe we can accelerate the building of resilient companies and drive positive transformation. Sustainability is central to our investment approach, both as a way to manage risk and as a lever for value creation. We believe that companies with strong sustainability metrics will perform better financially and ultimately prove more valuable.

As an early signatory of the United Nations-supported Principles for Responsible Investment (UNPRI) in 2009, we are committed to integrating ESG criteria across the investment cycles of our investment strategies and to providing high levels of transparency. Ardian’s Responsible Investment Policy was formalized in 2016 and is publicly available on the Ardian website.

Our approach to investment is rooted in our conviction that finance has the potential to produce positive outcomes benefitting society and the environment at large. Our ambition is to radiate the impact of Ardian across our communities of stakeholders by empowering individuals to collectively create sustainable value. With that objective, Ardian has built an extensive Sustainability Program over the last decade. Our key sustainability priorities drive our engagement at the investment and corporate level:

- Fairer society
- Climate transition
- Measurable impact

We are committed to improving our practices and measuring our performance and contribution both in our funds and in our operations as a company.

#### › Responsible investment in practice at Ardian

Ardian is committed to integrating Sustainability into all of its investment activities, while tailoring its approach according to each investment strategy to ensure an appropriate and effective practice. With the 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 having significant negative impacts:

- Tobacco: Ardian refuses to make any investment in the 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 populations 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 is carried out to avoid investing in sectors which are explicitly listed as being banned by Ardian's Responsible Investment Policy or the funds' side letters.

#### Due diligence

The investment team carries out an ESG analysis (which incorporates "sustainability risks" within the meaning of Regulation 2019/2088 as well as wider ESG matters, together "**ESG Issues**") where relevant 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 may also include onsite visits of the company 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 due diligence.
- 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 may identify primary areas for potential improvements.
- For Co-Investment, when Ardian is a minority shareholder, or for direct investments in Private Credit: 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 Secondaries and Primaries activity: The investment team evaluates the overall commitment to responsible investment of the GPs and the level to which they integrate ESG Issues into their investment process. For primary investments, 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 Secondaries and Primaries team and whose practices are advanced, particularly in terms of ESG integration.

Ardian has established a list of ESG-sensitive sectors that may involve material ESG risks (e.g. aerospace and defense, chemicals, plastic). For contemplated direct investments in a company exposed directly or through its value chain to an ESG sensitive sector, the investment team conducts an in-depth ESG due diligence with the support of the Sustainability team and external experts. Following the ESG due diligence, the Sustainability team provides an opinion on the investment opportunity ahead of the Investment Committee.

#### Investment decision

A summary of the ESG analysis is then included in investment memoranda submitted to the Investment Committee (where relevant), which is ultimately responsible for the investment recommendation. Depending on whether material ESG Issues are identified in the due diligence phase, a corrective action plan may 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 ESG considerations in the investment process and also instrumental in supporting the progress of companies' ESG performance.

- For direct investments in Private Equity and Infrastructure (majority shareholder or significant minority): Throughout the holding period, the investment team maintains a dialogue with the portfolio company's management teams and monitors the evolution of their ESG practices. They do this directly and may also do so with the support of external consultants, who carry out ESG reviews. The results of these ESG reviews serve as a basis for the establishment of recommendations and goals with 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 ESG issues and to disseminate best practices. Moreover, to structure the collection and analysis of ESG indicators during the holding period, Ardian has developed an ESG data 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 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 Credit: ESG monitoring takes place via ESG KPIs collection, 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 Secondaries and Primaries 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. Systematic and individual feedback is provided to participating GPs.

#### Exit phase (applicable for direct investments)

At exit, Ardian considers 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 may be assessed in the evaluation of offers made by buyers, in addition to financial considerations. Additionally, investment teams may conduct an ESG Vendor Due Diligence (VDD) when appropriate.

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.

## › Collaborative industry initiatives

At Ardian, we believe that it is key to engage with our peers and the wider financial industry to drive positive transformation and address current and future economic, social and environmental challenges. In line with this objective, Ardian is actively involved in several industry 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 UNPRI in 2009 and is an active member of the UNPRI community that participates in the UNPRI's initiatives to develop and promote key guidance for ESG integration within the Private Equity sector. From January 2017 to 2020, Ardian was a member of the Private Equity Advisory Committee. For the 2021 reporting cycle (the last available), Ardian scored consistently above industry median in all modules of its PRI Transparency Report.

In 2022, Ardian became a member of the ILPA-supported ESG Data Convergence Initiative, a coalition of more than 250 LPs and GPs working towards the objective of aligning the industry around a set of common ESG KPIs, facilitating reporting to LPs, and improving transparency for the global non-listed industry.

### Value sharing-related initiatives

- Ownership Works: In December 2022, Ardian became the first European-rooted partner of Ownership Works, a US non-profit organization that partners with companies and investors to provide employees with the opportunity to build wealth at work.
- France Invest Value Sharing Charter of Commitment: In June 2023, Ardian signed this charter, expressing a commitment to support (in the case of equity investments) or promote (in the case of credit investments) the implementation of value sharing mechanisms in certain companies headquartered in France.

### Diversity-related initiatives

- ILN: Since September 2019, Ardian has been 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.
- ILPA: 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.
- France Invest Gender Diversity Charter: 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.
- Level 20: Since March 2021, Ardian has been a supporter of Level 20, a not for profit organization dedicated to improving gender diversity in the European private equity industry.

### Climate-related initiatives

- Initiative Climat International: 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 has been supported by the UNPRI since 2018 and now numbers more than 160 signatories worldwide.

- AMF Climate and Sustainable Finance Commission: From its creation in 2019 until 2022, Candice Brenet, Ardian's Head of Sustainability, was 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.
- OPPEF: 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.
- TCFD: 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.

### › ESG reporting to investors

Ardian believes that transparency is the foundation of long-term partnerships with stakeholders and is committed to complying with high standards of reporting.

The following channels are used by Ardian to communicate ESG-related information to LPs:

- Semi-annual and annual fund management reports
- Ardian website, which contains a section on sustainability
- Annual Sustainability Report and ESG studies on specific investment activities on a case-by-case basis, available on Ardian website
- Annual Activity Report which includes concrete Sustainability initiatives, available on Ardian website
- Annual General Meetings (AGM)
- One-on-one calls on request

## B. Internal means deployed by the entity

### › Dedicated Sustainability Team

As of 31 December 2022, the Sustainability team, led by Ardian's Head of Sustainability Candice Brenet, was composed of eleven full-time specialists (representing 2.2% of Ardian France's permanent FTE) and is responsible for developing and implementing Ardian's Sustainability strategy in its investment portfolio and firm operations. Capitalizing on its extensive experience on sustainability and responsible investment, the team brings a wide range of complementary technical skills and expertise to support portfolio transformation and provide added value to Ardian clients.

Ardian's Sustainability team incorporates individuals with specific expertise in climate strategy, data management and ESG regulations.

Based in France, the United States, and the United Kingdom, the Sustainability team is organized to work in an agile manner with its internal and external stakeholders. It notably works in close collaboration with other Ardian teams to support the strategy's effective integration.

The Sustainability team provides regular reporting to clients on sustainability issues through fund activity reports and one-on-one meetings when requested. The Sustainability team also engages with external stakeholders (e.g., industry experts, external advisors, thought leaders) to build a prolific ecosystem that fuels innovation and fosters Ardian's leadership in Sustainability.

As of June 2023, the Sustainability team is composed of fourteen full-time specialists. Ardian has opted to provide biographies of the current Sustainability team rather than the team as at 31 December 2022.

Please find below the biographies of its members.

**Candice Brenet, Member of the Executive Committee Operations, Head of Sustainability**

Candice Brenet has been leading the design and implementation of Ardian's ESG strategy in all investment operations and activities worldwide since 2008. She began her career in 2000 in capital markets at Société Générale's hedge fund division, where she held various positions covering financial control and structured product valuation, before heading up the marketing department. Candice Brenet joined Ardian in 2008 to structure product marketing and customer service within the investor relations department. She quickly capitalized on her in-depth knowledge of investment strategies to launch Ardian's sustainability program. With the aim of catalyzing the transformation of a wide range of companies towards sustainable models and accelerating investments in climate and social transitions, she has established bespoke portfolio programs and a strong multi-local team of ESG experts who proactively support the Ardian ecosystem, including investment teams, portfolio assets and GPs, LPs.

Candice Brenet has also been heavily involved in global initiatives supporting the transition of private markets to large-scale sustainable finance. Candice Brenet is a member of the steering committee of the OPSWF Private Markets Platform and a board member of the Investor Leadership Network. She has also chaired the ESG commission of France Invest (a French trade association) from 2017 to 2020 and was a member of the PRI advisory committee on private equity. She was a member of the Climate and Sustainable Finance Commission of the AMF (French regulator) from 2019 to 2022. Candice Brenet is also a member of Ardian's Foundation Board and serves as chair of Hy24 's ESG strategic committee.

Candice Brenet is a graduate of Sciences-Po Lille (specializing in economics and finance) and Nijmegen Business School.

**Taea Calcut, Sustainability Director**

Taea joined Ardian in 2022. Prior to joining Ardian, she worked at Anchorage Capital Group as the firm's ESG Officer. Prior to Anchorage, Taea worked at the sustainability consultancy Environmental Resources Management (ERM). She started her career working for several non-governmental organizations focused on international development issues. Taea holds a Master of Science in Foreign Service from Georgetown University and a Bachelor of Arts in Anthropology from the University of California, Los Angeles (UCLA).

**Antoine Bateman, Sustainability Senior Manager**

Antoine joined Ardian in 2022. He was previously a manager in a large consulting firm supporting corporate clients in structuring their climate strategies. Antoine has a Master's degree in economics (Dauphine) and sociology (EHESS).

**Thomas Bonniseau, Sustainability Senior Manager**

Thomas joined Ardian in 2022. Previously, he worked as an environmental and social officer for the French Development Agency focusing on infrastructure and industrial assets. Before that, he worked as a consultant and project manager in a leading sustainability consultancy on due diligences and impact assessments. Thomas graduated from Centrale Lille (MEng) and Imperial College (MSc).

**Louise Doucet, Sustainability Senior Manager**

Louise joined Ardian in 2023. Previously she worked 10+ years in the CIB industry (ABN Amro and Crédit Agricole), including 7 years on Sustainability. Louise holds a Master II degree in Finance & Risk Management from ESSCA, a Business and Climate Change diploma from Cambridge and a Sustainable Investing diploma from Oxford.

**Tamara Krzisch, Sustainability Senior Manager**

Tamara joined Ardian in 2017. Previously, she worked in the Corporate Social Responsibility (CSR) department of CNP Assurances. Tamara holds a Bachelor's degree from ESSEC and a Master's degree in CSR Management from IAE Paris Est.

**April Tissier, Sustainability Senior Manager**

April joined Ardian in 2015. Prior to joining Ardian, she worked at the Global Reporting Initiative and Publicis Groupe on sustainability reporting issues. April holds a Masters in Corporate Finance from la Sorbonne and a Masters in Sustainable Development from Utrecht University (the Netherlands). April previously served as a member of the PRI Private Equity Advisory Committee.

**Laura Andremont, Sustainability Manager**

Laura joined Ardian in 2018. Previously, she conducted an internship in a consulting firm focused on social impact measurements. Laura graduated from EM Lyon Business School and from La Sorbonne University with a Magistère in Finance.

**Henry Glasford, Senior Sustainability Compliance Officer**

Henry joined Ardian in 2023. He is a qualified solicitor admitted to the roll and was previously an associate in the Financial Regulation team at Ashurst. Henry graduated from the University of Bristol with a Bachelor of Arts in History and also holds a Master's degree in Law, Business and Management.

**Anne Lescure, Sustainability Senior Associate**

Anne joined Ardian in 2023. Previously, she worked as a Senior Associate in PwC's Sustainability Department focusing on responsible investment. Anne holds a Bachelor's degree from King's College and a Master's degree from the London School of Economics.

**Lucile Degrave, Sustainability Associate**

Lucile joined Ardian in 2022. Previously, she has worked in the non-profit sector and then at PwC as a Sustainable Performance & Strategy Consultant. She also conducted an internship in Ardian's Sustainability Team in 2019. Lucile graduated from Sciences Po Paris (Bachelor's degree with Economics major and Master's degree in International Development).

**Alice Bordas, Sustainability Analyst**

Alice joined Ardian in 2022. Previously, she worked at the European Central Bank. Alice holds a Master's degree in international and European environmental law from Aix-Marseille University and a MSc in Sustainable Finance from KEDGE business school.

**Marine Morelli, Sustainability Analyst**

Marine joined Ardian in 2022. She conducted her final internship in Ardian's Sustainability Team in 2022. Marine graduated from AgroParisTech (agricultural engineer with a specialization in sustainable finance).

**David Chelma, Data Specialist**

David has worked for Ardian since 2015, initially in charge of the Master Data Management solution, part of the Ardian data platform. He joined the Sustainability Team in 2022. Previously, he was partner in a consulting firm in the Business, Technology and Data practice. He advised several financial and non-financial companies on Data challenges. David holds a Master's degree in computer science from Paris-Saclay University and a Master's degree in Mathematics and Decision Making from Paris Dauphine PSL University

› **Collaboration with external experts**

In addition to its Sustainability Team, Ardian regularly works with external consultants for specific ESG due diligences and portfolio ESG reviews as part of Ardian's Sustainability engagement program.

Ardian has also consulted with external experts to assist with technical analysis such as Taxonomy eligibility and alignment assessments and carbon trajectories. External data providers additionally be used by Ardian where data cannot be obtained directly from portfolio companies.

Over the course of 2022, Ardian engaged the services of 17 external service providers in relation to sustainability matters.



### › Data management and dedicated tools

Ardian has developed a proprietary ESG Deal Kit to support investment teams with ESG integration and provided training to certain investment teams for whom the kit has been developed so far. The kit describes ESG requirements over the investment process and includes tools and resources. Examples of these tools and resources include a list of common ESG issues by sector to help investment teams consider potentially material issues in an investment opportunity; a tool to screen, during due diligence, potential climate risks related to the investment opportunity; and a description of the UN Sustainable Development Goals to support investment teams in identifying the possible contribution (positive or negative) of the target company to social and environmental challenges.

To collect, analyze and manage ESG data from its portfolio, Ardian has developed a dedicated ESG Data management platform and includes within its team a Data Specialist.

### › Enhancing Ardian teams' Sustainability skills

At Ardian, developing teams' awareness and knowledge on Sustainability is key to drive Ardian's Sustainability ambition and progress. Throughout the year, Ardian Sustainability team develops tailored content and training sessions. In 2022, the following training sessions have taken place:

#### Training for Ardian employees

- Training on regulations: Ardian's Sustainability team organized training sessions on SFDR and its impact on the company's activities for the investment teams, investor relations teams, fund finance teams and IT teams.
- Training on climate: in 2022, Ardian's Sustainability team launched the Ardian Climate Tour, a 3 hour-workshop aiming to provide Ardian employees with knowledge on climate change causes and consequences and impact. In 2022, 86 employees participated in the Climate Tour. Workshops have continued to be rolled out to offices globally in 2023.

#### Training for new joiners:

- New employees at Ardian have an introduction to Ardian Sustainability values, and its approach and program during their integration seminar.

#### Training for investment teams:

- Investment teams' new analysts participated in a specific training on ESG during Ardian University, a 2-day training program. In particular, this program aims at training and empowering investment teams with regards to ESG issues by explaining ESG responsibilities of deal teams and providing guidance tools on ESG integration in the whole investment process.
- Dedicated Sustainability sessions have also been organized for certain investment teams during the presentation of results from annual portfolio Sustainability engagement campaigns.

#### Training for Ardian senior management:

The Sustainability team has organized 3 ESG sessions for its Executive Committee on ESG regulations and climate.

## **C. Approach to taking into account environmental, social and governance quality criteria at the governance level of the entity**

### › Ardian Holding's Executive Committee

The Executive Committee is composed of the following members:

- Dominique Senequier
- Mark Benedetti

- Mathias Burghardt
- Vladimir Colas
- Jérémie Delecourt
- Philippe Poletti
- Nicolò Saidelli
- Jan Philipp Schmitz

#### › **Ardian France’s Supervisory Board**

The Supervisory Board is composed of the following members:

- Mr Patrick Thomas
- Mr Bernard Goury
- Mr Stéphane Volant
- Mrs Caroline Ruellan
- Mrs Catherine Allonas Barthe

#### › **Ardian France’s Executive Board**

The Executive Board is composed of the following members:

- Philippe Poletti
- Mathias Burghardt
- Jérémie Delecourt
- François Jerphagnon
- Stéphanie Bensimon

#### › **Integration of ESG criteria into the internal regulation of the Executive Board and Supervisory Board**

The environmental, social and governance quality criteria are considered in the context of the decisions/authorizations of ARDIAN France’s Executive Board and Supervisory Board, in connection with ARDIAN France’s prerogatives as a management company. Thus, the annual reports of the funds managed by ARDIAN France included these references.

ARDIAN France will review by the end of 2024 the integration of a section dedicated to these criteria in its Annual report drawn-up by the Executive Board and reviewed by the Supervisory Board [

The Executive Committee, Supervisory Board and Executive Board consist of members with extensive knowledge of, and experience in, the financial industry. As per the section “*Enhancing Ardian teams’ Sustainability skills*” above, specific training on sustainability matters has been provided to the Executive Committee in particular.

In addition and as further described below, the Executive Committee has established a specific Sustainability Committee.

To maintain effective governance with regards to sustainability matters at Ardian, the governing bodies will continue to be provided with updates on sustainability matters, where necessary, during the course of 2023 and beyond.

#### › **Ardian’s Sustainability Committee**

The Sustainability Committee is composed of eleven top management representatives from investment activities and support functions, including three members of Ardian’s Executive Committee. The Sustainability Committee meets on a quarterly basis to review progress. It oversees the deployment of the Sustainability strategy to ensure it is aligned with Ardian’s global strategy and seeks to promote the integration of sustainability matters within different parts of the Ardian organisation.

The Sustainability Committee is composed of the following members:

- Philippe Poletti (Chair), Member of the Executive Committee, Head of Buyout
- Jérémie Delecourt, Member of the Executive Committee, Chief Operating Officer
- Jan Philipp Schmitz, Member of the Executive Committee, Head of Ardian Customized Solutions, Head of Ardian Germany & Asia

- Yann Bak, Managing Director, Buyout
- Edouard Boscher, Chief Operating Officer, Investor Relations
- Candice Brenet, Head of Sustainability
- Bertrand Chevalier, Senior Managing Director, Secondaries and Primaries
- Michael Ferragamo, Head of Global Compliance & Risk
- Stéphanie Grace, Head of Brand and Communication
- Raphaëlle Mulhmann-Eytan, Managing Director, Infrastructure
- Marie-Victoire Rozé, Deputy Co-Head of Secondaries and Primaries

In addition, Candice Brenet, the Head of Sustainability sits on the Ardian Operational Executive Committee and seeks to promote the further integration of ESG matters in Ardian's operational decisions.

Ardian will seek to strengthen the integration of ESG matters in the strategy and governance of the organization by adopting a terms of reference or similar document in 2024 to clearly identify the roles remit of the Sustainability Committee and its function within the wider Ardian governance framework.

### > **Impact Committee**

In addition, in an effort to reinforce governance and prevent risks regarding ESG regulations, Ardian has established an Impact Committee which is involved in the deal selection of investment opportunities for prospective sustainable investments within the meaning of the Sustainable Finance Disclosure Regulation (SFDR). The Impact Committee is independent of investment teams and from the Investment Committee and provides recommendations as to whether potential investments should be considered as "sustainable" within the meaning of SFDR. It is chaired by Candice Brenet, Ardian's Head of Sustainability.

A terms of reference or similar document will be adopted by 2024 clearly identifying the role and remit of the Impact Committee.

### > **Ardian's Remuneration Policy**

The main principles of Ardian's remuneration policy are the following:

- Reinforce the strategy, objectives, values and long-term interests of Ardian Group  
ARDIAN Group aims to provide its clients with long-term performance on their investments. The Appointments and Remuneration Committee and the CPCD (Compensation, Personal and Career Development committee) ensure that the remuneration practices do not conflict with this strategy.
- Ensure a connection between results, remuneration and performance evaluation  
ARDIAN Group uses a performance-related compensation approach to reward employees who contribute the most to the company's development, by considering their performance, experience and skills. Individual performance is reviewed through the performance evaluation process, which assesses how employees achieve the quantitative and qualitative objectives related to their function, and takes into account individual behaviors.
- Successfully prevent excessive risk taking  
ARDIAN Group institutes a reasonable and appropriate remuneration environment and ensures that employees are not encouraged to take risks that could be deemed excessive or inappropriate. To this extent, ARDIAN Group considers the whole spectrum of risks (financial risks, sustainability risks, etc).
- Commit to Gender diversity  
Within its Inclusion & Diversity policy, the Group commits to non-discrimination for talents appointments and compensation evolution. The Group conducts yearly comparative analysis and alerts managers on the importance to pay attention on non-justified salary gaps between female and male employees. Ardian includes a diversity objective in employees' annual

appraisals. Ardian decided to update its annual appraisals to widen the scope of extra-financial criteria which will be systematically taken into account at the end of 2022. Beyond considerations on Diversity & Inclusion, there will be objectives tied to other priorities of Ardian's Sustainability Program, such as climate action and profit sharing. Work is ongoing to implement this decision.

Ardian has set diversity and inclusion targets to reach 25% of women in Investment Committees by 2030, 30% by 2035 and to reach 40% of women in investment teams by 2030.

## D.Strategy for engagement with issuers or management companies and its implementation

### › Overview of Ardian's engagement strategy

#### Direct investments in Private Equity and Infrastructure (majority shareholder or significant minority)

During the holding period, the investment team maintains a dialogue with the portfolio company's management teams and monitors the evolution of their ESG practices. Furthermore, the investment team often has a seat on the Supervisory Board of portfolio companies, which are powerful means of promoting the integration of ESG criteria and to disseminate best practices. For the Buyout, Expansion, and Infrastructure investment strategies, the team also performs, under the direction of the Sustainability team and with the support of external consultants, annual Sustainability engagement campaigns. The results of these annual campaigns serve as a basis for the establishment of recommendations and goals with action plans to help portfolio companies to improve their ESG performance.

#### Real Estate

After acquisition, the investment team and Sustainability team, in association with property managers and facility managers, define the value creation strategy and specify the ESG criteria for which an improvement is targeted for the property. Beyond bringing the Real Estate properties towards their decarbonization trajectories, and using proprietary and external frameworks as well as certifications such as BREEAM, LEED or Wired Score, the investment team ensures that strategic renovation plans are addressing the potential impact of assets on other environmental topics such as biodiversity, water, circular economy, or pollution. This strategic plan is implemented in collaboration with the property manager, the facility manager, tenants, and Ardian's Real Estate and Sustainability teams. The property's ESG performance is assessed on a yearly basis by the investment team using Ardian Real Sustain tool to track progress. Ardian Real Sustain is made of real estate KPIs and aims to monitor the ESG performance in accordance with industry standards.

#### Co-Investment and Private Credit

Ardian has developed a tailored approach taking into account the specificities of these investment strategies notably the limited levers for improvement on ESG criteria and/or access to information. Ardian maintains a dialogue with sponsors which are ultimately responsible for supporting portfolio companies improving on their material ESG issues. When Ardian has a Board seat, it is used to further promote ESG integration in the portfolio. Beginning in 2023, Ardian has also launched annual Sustainability engagement campaigns to enable systematic collection of a common set of sustainability indicators, building from pilot data collection activities from 2022.

#### Secondaries and Primaries

Along with active dialogue with GPs, an ESG monitoring questionnaire was developed in order to raise awareness of ESG and evaluate progress over time. This questionnaire has been sent to Ardian's GPs on annual basis since 2011, 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. Systematic feedback is provided to participating GPs in the form of an individual ESG scorecard and one-on-one call at a GP's request.

In parallel, Ardian launched its Ardian Circle initiative in 2021. This is a community of executives and decision-makers from Ardian's portfolio companies across its various investment strategies which aims at facilitating interactions between peers, enabling networking and capitalizing on collective intelligence to design concrete solutions that support sustainability and digital transitions for portfolio companies while further stimulating long term value creation. Through Ardian Circle, Ardian meets regularly with portfolio representatives to discuss practical solutions to sustainability issues most businesses face independently from their size or industry.

### › Sustainability Engagement Campaign

As part of its engagement strategy, Ardian undertakes an annual Sustainability Engagement Campaign which involves collecting ESG data from portfolio companies and assets, analyzing this data and formulating actions plans to promote improvements, where deemed necessary.

At the time of publication, 200 portfolio companies/assets and 247 GPs have been covered as part of the Sustainability Engagement Campaign covering the reporting period for 2022.

### › Voting policy and results

Ardian includes the consideration of ESG criteria in its voting policy. The voting policy is available at the following [link](#).

### › Decisions on investment strategy

Ardian did not make any firm-wide strategic decisions to disengage or divest from a particular sector during 2022.

## E. European taxonomy and fossil fuels

As of 31 December 2022, Ardian France's exposure of its assets under management to Taxonomy-aligned economic activities<sup>1</sup> was: Turnover 1%, CapEx 2%, OpEx 1%<sup>2</sup>.

This assessment of Taxonomy-alignment was based on the Taxonomy disclosures of investee companies as required by reporting requirements Article 19a or Article 29a of Directive 2013/34/EU. In order to identify which portfolio companies are subject to these reporting requirements, Ardian France filtered its portfolio assets on the basis of those deemed to be in scope of the Non-Financial Reporting Directive ("NFRD") according to the following criteria: headquarter based in an EU member state and total FTE in excess of 500 employees.

---

<sup>1</sup> Being activities in compliance with the technical screening criteria defined in the delegated acts relating to Articles 10 to 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, in accordance with the delegated act adopted pursuant to Article 8 of that regulation.

<sup>2</sup> Please note that 25% of companies considered did not publish data for the OpEx KPI and the value was therefore assumed to be zero.

It should be noted that there are significant data gaps in respect of the number of companies identified as in scope of NFRD and those which have published reports on Taxonomy-alignment. In total, only four investee companies provided disclosures.

The proportion of outstanding assets in companies operating in the fossil fuel sector has been determined according to the methodology identified in Annex I to Commission Delegated Regulation (EU) 2022/1288. Exposure to companies is 1.30%<sup>3</sup> and real estate is 0%.

## **F. Alignment strategy with the international objectives of Articles 2 and 4 of the Paris Agreement relating to the mitigation of greenhouse gas emissions and, where applicable, for financial products whose underlying investments are entirely made on French territory, the national low-carbon strategy mentioned in Article L. 222-1 B of the Environmental Code**

### **› Ardian's approach to climate**

At Ardian, climate transition has been defined as a key priority of the Sustainability Program. Ardian has been committed to climate action since 2015 when it co-founded Initiative Climat International, and assessed its first carbon footprint. Over the years, we have undertaken a number of initiatives at both the firm and portfolio levels and joined leading initiatives to address climate risks and opportunities management in the industry. In 2021, Ardian committed to phase out any direct thermal coal investments by 2030 within EU / OECD countries and by 2040 in the rest of the world. Ardian has not set a formalized commitment for the phase out of non-conventional hydrocarbons<sup>4</sup> from its portfolio as we do not consider Ardian's exposures to be material. Ardian does not typically maintain exposure to such investments for direct investments and for indirect investments exposure is generally limited (typically <1% of AuM for funds monitored with available data).

#### At the investment level

Ardian seeks to integrate consideration of climate-related risks and opportunities throughout investment strategies, with a tailored approach taking into account access to information, levers for improvement and role in the transaction.

When carbon is identified as material, climate-related topics are integrated in the due diligence phase. Investment teams with deal kits have a tool to screen, during due diligence, potential climate risks related to the investment opportunity.

Throughout the holding period, Ardian collects climate-related KPIs such as companies' Scope 1, 2, and 3 GHG emissions. For companies within scope of annual Sustainability Engagement Campaigns, and where carbon is material, Ardian supports companies' efforts to measure their emissions and mitigate their exposure to climate risks, including through emissions reduction. Agreed actions may be included in portfolio companies' action plan, which are developed with the company's management team.

Ardian's coverage in respect of carbon footprint assessments for portfolio companies in which it maintains a controlling interest is >80%.

For the Infrastructure and Real Estate strategies specifically, Ardian, with the support of external consultants, also seeks to perform a climate trajectory analysis to determine potential gaps between levels of greenhouse gas emissions and alignment with the Paris Agreement forms as part of annual

---

<sup>3</sup> This figure is based off of data collected as part of the Sustainability Engagement Campaign for Buyout, Infrastructure and Real Estate strategies only, due to the limited availability or quality of other data. It therefore does not represent a full coverage of the Ardian France AuM.

<sup>4</sup> Ardian defines non-conventional hydrocarbons by reference to companies listed in the Global Oil and Gas Exit List for the purposes of this disclosure (<https://gogel.org/>).

Sustainability engagement campaigns. The trajectory analysis is based on the SBTi for Infrastructure and Carbon Risk Real Estate Monitor (CRREM) for Real Estate. While Ardian seeks to maximise the coverage of its assets subject to the Sustainability Engagement Campaign and climate trajectory analysis, there are occasions where portfolio companies or assets are excluded.

For Secondaries and Primaries, Ardian monitors GPs' climate practices at both the management company and investment levels through its annual ESG monitoring questionnaire and provides feedback and recommendations to improve when material.

Information regarding our climate mitigation efforts is consolidated and communicated to Investors on an annual basis through our fund management reports.

#### At the management company level

Ardian has measured its carbon footprint since 2015 on scopes 1, 2 and 3 for all its offices. Since then, Ardian has launched green initiatives to reduce carbon emissions and raise employees' awareness.

Ardian has launched a project using science-based methodology to model the carbon reduction trajectory that Ardian will endeavor to follow to meet the Paris Agreement. This work has given us a detailed understanding of the steps that we will need to take each year to play our part in limiting the global temperature increase to 1.5°C above pre-industrial levels.

#### › **Ardian Climate Strategy**

Ardian has been developing a Climate Strategy to formalize a holistic strategy inclusive of goals to reduce greenhouse gas emissions and quantitative targets for both corporate and investment activities. The Ardian Climate Strategy is a long-term project and its final conclusions have not yet been validated by the relevant management bodies of the Ardian Group. Consequently, while Ardian maintains a preliminary view of how it meets certain disclosure requirements as listed under 6° of III of Article D. 533-16-1 of the Monetary and Financial Code, it is not in a position to make all such disclosures at this point given that the Climate Strategy has not been finalized and remains a work in progress.

In view of the above, Ardian is planning to provide its Climate Strategy proposal to the management bodies of the Ardian Group in Q4 2023 for validation and commits to providing this no later than 2024. When the Climate Strategy is validated and approved, Ardian expects to be able to provide further disclosures as specified under 6° of III of Article D. 533-16-1 of the Monetary and Financial Code.

## **G. Strategy for alignment with long-term biodiversity objectives**

At Ardian, we are aware that biodiversity risks and impacts can be important considerations for Ardian investments and the wider financial industry. Along with other ESG issues, biodiversity is considered when conducting the sustainability risk analysis, where they are identified as material risks. These risks are integrated in our decision-making process and monitored, where material, during the holding period of investments.

At the entity level, and for certain funds within the Buyout, Expansion, Infrastructure, and Private Credit investment strategies, Ardian collects data at the portfolio company level in order to calculate the Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impact (PAI) indicator n°7: 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. Biodiversity sensitive areas considered are Natura 2000 network of protected areas, Unesco World Heritage sites and Key Biodiversity Areas ('KBAs') as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139.

Additional quantitative and qualitative indicators can form part of both the due diligence phase before the acquisition of an investment and holding period through annual reporting. Areas for consideration may include, as examples, environmental studies performed by portfolio companies and associated management plans to avoid or mitigate biodiversity impacts.

For Secondaries and Primaries, Ardian monitors GPs' biodiversity practices at both the management company and investment levels through its annual ESG monitoring questionnaire. In May 2022, the Ardian Sustainability team received training on biodiversity matters in a three-hour workshop led by a sustainability consultancy with expertise in biodiversity and climate.

Ardian does not currently assess compliance with the goals listed in the Convention of Biological Diversity, adopted on 5 June 1992 (CBD) or use a biodiversity footprint indicator. Ardian will aim to develop a biodiversity framework by 2026. For the avoidance of doubt, Ardian does and will continue to assess biodiversity risks as part of its wider assessment of sustainability risks within its investment process as further described in this document.

As described earlier in this section, Ardian considers biodiversity as part of its assessments and monitoring of ESG risk. This intends to contribute to the global effort in reduction of main pressures on biodiversity established by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).

## **H. Approach to taking into account environmental, social and governance quality criteria in risk management, including physical, transition and liability risks related to climate change and biodiversity**

### **› Risks assessment and management**

At Ardian, ESG risks are integrated in the investment process with a tailored approach depending on the investment strategy.

During the pre-investment phase, the investment team analyzes whether the company or fund is exposed to a sector listed in Ardian's investment restrictions list or in the fund documentation such as side letters. In case of exposure, the due diligence is discontinued.

For each investment, we follow a disciplined investment approach to make sure that risks and opportunities are analyzed. The investment teams are accountable for performing ESG due diligence in order to properly understand the company, property or fund, its market, environment and identify any potential risk that could arise during the ownership period.

The scope of sustainability risks considered is determined on the basis of variables including fund strategy, investment sector(s) and geography of potential investments. Assessment of liability risks, including those associated with sustainability controversies can form part of the due diligence carried out by Ardian. Additionally, risk related to climate change and biodiversity in particular may be considered during due diligence. Data (including PAI indicator data, where applicable) is collected as part of the Ardian Sustainability engagement campaigns with portfolio companies. Where sustainability risks (including climate change and biodiversity risks) are identified as part of this process, Ardian may include remediation or risk management processes in its action plans for portfolio companies.

Ardian incorporates climate risk (including physical and transition risk) into its investment process for certain assets. However, Ardian is currently in the process of finalizing its Climate Strategy, which aims to provide a transversal framework for the integration of climate risk into the investment process.

For direct investments and investments in Private Credit, the Sustainability team has developed a list of ESG-sensitive sectors that require in-depth analysis with the Sustainability team. The list of sectors includes several where climate-related risks may be material, such as oil and gas, plastic, and pulp and paper products, as well as others including but not limited to pesticides, palm oil, genetics, alcohol, and defense.



During the due diligence phase, the investment team is responsible for analyzing the company's potential ESG risks with the support of the Sustainability team and other stakeholders (e.g., Legal team, external consultants) when applicable. For investments in Private Credit and Co-Investment, the investment teams perform a dual analysis of both the company and the lead sponsor.

For Secondaries and Primaries), the investment teams conduct an ESG analysis of the GP practices using Ardian's proprietary database developed through data collected from GPs since 2011, or public commitments (ex: UN PRI) when data is not available internally. Should the due diligence reveal an issue in terms of any business risk, sustainability risks, a counterparty risk, a reputation risk, a financial risk, or a specific legal risk, or if Ardian does not succeed to agree on proper governance, or in the absence of trustful management team, Ardian may decide to abort the process. Such potential issues are key checks made in early phase of the process.

Results of the ESG due diligence are included in the investment memo presented to the Investment Committee, where material.

During the holding period, ongoing dialogue with portfolio companies and GPs and annual ESG monitoring of the portfolio allows Ardian to identify and mitigate potential ESG risks.

For further information, please refer to the section dedicated to ESG integration in the investment process (p.1-3).

### › Risk management framework and governance

As described in the preceding section, sustainability risks are primarily assessed, monitored and managed at the investment level through the integration of sustainability risk in the due diligence and investment decision process and then via ongoing monitoring during the holding period.

Ardian also maintains a group risk management policy which applies to all entities within the Ardian group and is reviewed and updated on an annual basis. The Ardian risk management policy applies at both the corporate and fund levels. Risk management is overseen by the Head of Global Compliance & Risk and implemented via the Corporate Risk Management Team and the Fund Risk Management Team.

Ardian is currently in the process of enhancing how sustainability risk is integrated into the Risk Management Framework and/or associated processes. However, in order to ensure effective synergies between Ardian's Climate Strategy, it is anticipated that certain enhancements related to the monitoring and management of climate-related risks will need to be implemented following the validation of the Climate Strategy.

As part of the enhancements of the Risk Management Framework and/or associated processes, Ardian will develop an internal proposal following validation of the Climate Strategy for how to implement a process for providing a consolidated view of sustainability risk at the fund and separately at the corporate level. This proposal is expected in 2024 and will be subject to validation. Similarly, the feasibility of providing a quantitative assessment of the financial impact of sustainability risk will be assessed as part of this proposal – taking into account potential synergies with elements of the Climate Strategy.

Ardian does not have any changes in the methodological choices and results to report for this year.

### › Action plan to reduce exposure to ESG risks

As described in the section "*Risk Assessment and Management*" above, Ardian seeks to identify key ESG risks across its portfolio as part of the investment process. For direct funds, Ardian incorporates the mitigation of ESG risks into the actions plans produced in response to the Sustainability Engagement Campaign, which seeks to consequently reduce Ardian's exposure to such ESG risks.

In addition, Ardian has identified climate risk as a key point for consideration and is in the process of developing the Climate Strategy in order to further mitigate such risk (please see sub-heading "*Ardian Climate Strategy*" above for further detail).

## I. List of financial products mentioned under Articles 8 and 9 of the Disclosure Regulation (SFDR)

In line with Ardian's Responsible Investment Policy, Ardian France integrates ESG criteria with a tailored approach depending on the fund investment strategy and specificities.

Please find below the list of products classified as Article 8 and 9 under SFDR as of 31 December 2022<sup>5</sup>.

### Article 8 funds

- ARDIAN Buyout Fund VII<sup>6</sup>
- ARDIAN Real Estate European Fund II S.C.S., SICAV-RAIF
- ARDIAN Americas Infrastructure Fund V S.C.S., SICAV-RAIF
- ARDIAN Infrastructure TSH Fund
- ARDIAN Private Credit V S.C.S., SICAV-RAIF
- ARDIAN Real Estate Debt Fund<sup>7</sup>
- ARDIAN Growth III S.L.P.

### Article 9 funds

- ARDIAN Clean Energy Evergreen Fund S.C.A., SICAV-RAIF
- ARDIAN Real Estate European Fund III S.C.A., SICAV-SIF

These funds represented 53.64% of Ardian France's AuM as of 31 December 2022.

---

<sup>5</sup> This list covers Ardian Master Funds managed by Ardian France. All Feeder Funds and sub funds follow the same SFDR classification as their master Fund.

<sup>6</sup> ARDIAN Buyout Fund VII A S.L.P. & ARDIAN Buyout Fund VII B S.L.P.

<sup>7</sup> ARDIAN Real Estate Debt Fund Compartment 1 & ARDIAN Real Estate Debt Fund Compartment 2