Construction Energie Plus 2 – Article 9 fund

Information on the environmental objectives and sustainable characteristics

a) Summary

The Construction Energie Plus 2 (hereinafter CEP 2) fund is classified as Article 9 under the Sustainable Finance Disclosure Regulation (SFDR). In this context, Omnes will consider and disclose the mandatory Principal Adverse Impact (PAI) indicators referred to in the Regulatory Technical Standards of the SFDR to show that its investments do not cause any significant harm to its sustainable investment goals. The indicators will be collected on an annual basis and reported in the periodic report of the Fund. In addition, we intend to collect optional PAI indicators, adapted to the nature of our investments.

CEP 2's objective is to significantly contribute to climate change mitigation by developing inner-city assets with lower carbon emissions. The Fund aims to reduce the carbon impact of infrastructure and mobility in cities through the development of assets aligned with the Paris Agreement[1]. CEP 2's environmental sustainable investment objective focuses on financing real estate and infrastructure assets in France and Europe, ensuring their carbon emissions are significantly reduced compared to regulatory requirements.

The Fund's investment strategy revolves around selecting assets that align with the Paris Agreement's carbon reduction trajectory. CEP 2 invests at various stages, including development, construction, or operation, prioritizing assets with high energy and environmental performance. The strategy encompasses investments in new building construction, building renovation, energy performance, and infrastructure mobility, each with specific criteria to measure their alignment with the Paris Agreement. All investments of CEP 2 will contribute to the sustainable objective and will qualify as sustainable investments in the meaning of SFDR's article 2(17). Consequently, all material investments will be classified as sustainable investments with an environmental objective in the meaning of the SFDR.

To prevent significant harm to its sustainable investment objectives, the Fund considers the mandatory Principal Adverse Impact (PAI) indicators, collecting and reporting them annually in its periodic report. For corporate assets, 16 PAI indicators are considered, including optional indicators like lost workdays due to work accident and investments in companies without carbon emission reduction initiatives. Real estate assets are assessed through three PAI indicators, including one optional indicator, namely energy consumption intensity.

To support the attainment of the sustainable objective set for CEP 2, ESG considerations are integrated throughout the investment process. Preliminary screening ensures compliance with exclusion lists and potential alignment with the 2°C trajectory. Omnes Capital employs an internal ESG scoring tool during due diligence for investment in projects, evaluating governance, human capital, environment, external stakeholders, and other specific criteria linked to the projects. A specific sustainability analysis is conducted for each investment at a corporate level, considering environmental, social, and governance factors.

[1] The Paris Agreement on climate change is the first legally binding universal agreement to combat climate change. It was signed on 22 April 2016 and ratified by the European Union on 5 October 2016. The text of the agreement is available PAI here : [Adoption of the Paris Agreement](#).

For monitoring the sustainable investment objectives, Omnes Capital, with the assistance of an external consultancy, defines tailored criteria for each asset type. These criteria assess the alignment of investments with long-term targets set by the Paris Agreement, ensuring ongoing adherence to carbon emissions goals.

The data used by Omnes come directly from its portfolio companies. They are transferred through a SaaS platform and controlled internally. The only limit related to data is the capacity of portfolio companies to transfer the requested qualitative and quantitative data.

ESG due diligence is undertaken by the investment team to assess the portfolio companies' practices in terms of sustainability risk management, identify areas of improvement, and evaluate potential non-compliance with the OECD Guidelines for Multinational Enterprise (MNEs) and the UN Guiding Principles on Business and Human Rights (UNGP).

b) No significant harm to the sustainable investment objective

Omnes will consider and disclose the mandatory Principal Adverse Impact (PAI) indicators referred to in the Regulatory Technical Standards of the SFDR. The indicators will be collected on an annual basis and reported in the periodic report of the Fund. The indicators for the Principal Adverse Impact are identified in accordance with the typology of the asset that the Fund will invest in.

a. Corporate assets – PAI

For Corporate assets 16 PAI indicators are considered, including all mandatory PAI indicators and the following optional PAI indicators:

- Number of days lost to work-related injuries, accidents, ill health, and fatalities.
- Investments in companies without carbon emission reduction initiatives.

Omnes believes these optional indicators are important for the real estate and infrastructure development sector. Monitoring lost workdays due to injuries ensure effective risk management, considering projects under such sector require an intensive human capital and are associated with higher health and safety risks. The second indicator aligns with the Fund's sustainable investment goal, financing assets committed to reducing carbon emissions in accordance with the Paris Agreement.

b. Real estate assets – PAI

For Real estate assets 3 PAI indicators are considered, including all mandatory PAI indicators and the following optional PAI indicator:

- Energy consumption intensity.

The additional PAI indicator was selected because of its materiality to the real estate development sector, as the building sector accounts for 43% of France's annual energy consumption and generates 23% of French greenhouse gas (GHG) emissions[2].

On a broader basis, Omnes implements a comprehensive approach to integrate environmental, social and governance (ESG) consideration at all steps of the investment process.

[2] French Ministry of Ecological Transition, 2022

c) Sustainable investment objective of the financial product

CEP 2 aims to contribute to climate change mitigation by developing inner-city assets with significantly lower carbon emissions. The Fund also develops assets whose use will reduce the carbon impact of infrastructure and mobility in cities. Construction and Real estate sectors are emissions intensive. To contribute to real estate-sector decarbonisation, CEP 2's ambition is to finance real estate assets in France and Europe whose carbon emissions will be significantly reduced compared to the regulations in force, thanks to low-carbon construction or renovation.

As a result, the Fund has an **environmentally sustainable investment objective**, which is to **contribute significantly to the reduction of carbon emissions in cities by investing in real estate and infrastructure assets that meet criteria aligned with the Paris Agreement.**

d) Investment strategy

a. Investment strategy used to attain the sustainable investment objective

The Fund will include in its asset choices an analysis of criteria to measure alignment with the Paris Agreement. The Fund will invest, directly or indirectly, at the development, construction, and/or operation stage, in (i) works or buildings with high energy and environmental performance, and (ii) assets with high energy or environmental performance or contributing, directly or indirectly, to the reduction of CO_2 emissions in cities. For each asset, several types of technical data will be collected that will make it possible to establish an overall measurement of CO_2 emissions, which will be compared to the CO_2 emission reduction targets set out in the Paris Agreement. In addition to the quantitative elements related to the carbon footprint and trajectory, the Fund will consider other environmental criteria referred to in Article 3.2.4 of the Fund's by-laws, as part of its due diligence work.

i. Investments in new building construction

The Fund will ensure that the buildings to be constructed will comply with the standards (regulations, labels, certifications, etc.) that allow them to comply with the CO_2 emission reduction trajectory defined by the Paris Agreement, both during the construction phase and during the life of the asset. To do this, it will be able to rely on the RE2020 environmental regulations in France of BBCA label for example.

ii. Investments in building renovation

For "Renovation of existing buildings" assets, the investment process will include a calculation of the energy consumption reduction (in kWh/m2/yr). The precise assessment of environmental performance will be entrusted to independent environmental consultancies and updated according to the development phase of each asset.

iii. Investments in energy performance

For the "Energy Efficiency of Buildings" assets, the investment strategy will include an assessment of the CO_2 emissions avoided because of the investment (development of a heating/cooling network from renewable sources to replace heating/cooling units that emit more CO_2, renewable electricity generation assets to power the building, etc.). The precise assessment of these avoided CO_2 emissions will be entrusted to independent environmental consultancies.

iv. Investments in infrastructure mobility

For "Mobility" assets, the investment strategy will mainly target assets facilitating the development of clean vehicles, directly or indirectly (e.g. electric vehicle charging infrastructure). The investment strategy will include an assessment of the CO_2 emissions avoided through the investment to meet the trajectory set out in the Paris Agreement. The precise assessment of environmental performance will be entrusted to independent environmental consultancies.

v. Investments in other infrastructure

For "Other" assets, such as data centres or heating or cooling networks, the investment strategy will include an assessment of the CO_2 emissions avoided through the investment to meet the trajectory set out in the Paris Agreement. The precise assessment of environmental performance will be entrusted to independent environmental consultancies.

To attain the sustainable investment objective, the Fund adopts a binding element in the selection of investments. The binding element of the investment strategy is the ability of each participation to contribute significantly to the reduction of carbon emissions emitted by infrastructure. If it is not possible to commit to a carbon trajectory compatible with the Paris Agreement, then the investment cannot be made.

b. Policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance

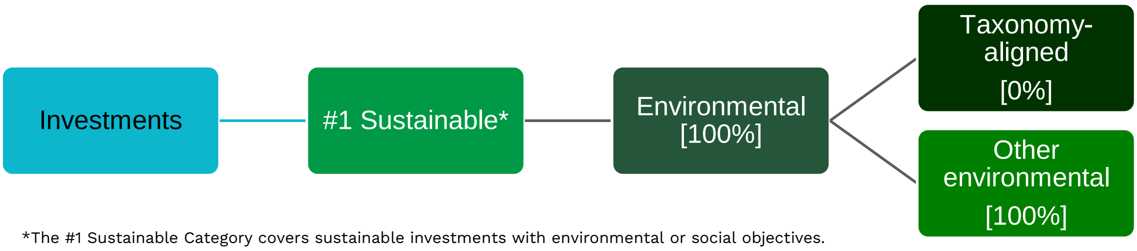
The Fund will include, when applicable, contractual clauses in its investment processes that ensure compliance with good governance practices in the companies in which investments are made to ensure:

- Sound management structures.
- ESG practices and commitments of the co-contractors of the participation if possible.
- Staff relations/social dialogue.
- Remuneration of competent staff (e.g. presence of a remuneration committee).
- Compliance with tax obligations.

In addition, ESG due diligence is conducted to evaluate companies' potential non-compliance with the OECD Guidelines for Multinational Enterprises (MNEs) and the UN Guiding Principles on Business and Human Rights (UNGP)

e) Proportion of investments

All investments of CEP 2 will contribute to the sustainable objective and will qualify as sustainable investments in the meaning of SFDR's article 2(17). Consequently, all material investments will be classified as sustainable investments with an environmental objective in the meaning of the SFDR.



*The #1 Sustainable Category covers sustainable investments with environmental or social objectives.

f) Monitoring of sustainable investment objectives

For each type of asset included in the Fund, Omnes, with the help of an external consultancy firm such as Carbone 4, has defined tailored **criteria to assess whether the investment can align with its environmentally sustainable investment objective by achieving** the long-term targets set by **the Paris Agreement** (i.e. a trajectory limiting the rise in average global temperature to well below 2°C above pre-industrial levels). These criteria are determined and controlled **from the pre-investment phase onwards**.

During the **holding phase** attainment of the sustainable investment objectives are monitored and Omnes has an active role in implementing actions and support at the portfolio company level. These are included in the periodic reporting of the Fund.

Table 1 – 2°C trajectory alignment criteria by asset type:

Asset's typology	Alignment criteria
Real Estate	
Construction	(1) Achievement of RE 2020[3] 2025 threshold, or comparable criteria (2) 10% reduction in primary energy consumption compared to RE 2020
Renovation	Dispositif Eco Energie Tertiaire[4] for tertiary buildings **or** Substantial contribution criteria of the European Taxonomy for activity "7.2 Renovation of existing buildings (Contributing to climate mitigation)" for other renovation lines. Refer to EU Taxonomy Compass.
Infrastructure	
Data Center	PUE (Power Usage Effectiveness)[5]

[3] RE 2020 (Environmental Regulation 2020) in the meaning of Decree no. 2021-1004 of 29 July 2021 is a French regulation (transposition of the European Energy Performance of Buildings Directive EPBD) to lower energy consumption of new buildings and to lower carbon emissions from the construction phase, setting thresholds on buildings' carbon intensity (kg CO2eq/m2).

[4] Dispositif Eco Energie Tertiaire in the meaning of Decree no. 2019-771 of 23 July 2019 (Decree concerning the obligations for actions to reduce energy consumption in tertiary buildings) is a French regulation to contribute to the energy transition by reducing the environmental footprint of tertiary buildings. The Decree requires lessors and occupiers of buildings with more than 1,000 m2 used for tertiary activities to reduce their final energy consumption by at least 40% by 2030, 50% by 2040, and 60% by 2050. It aligns with the national objectives of reducing greenhouse gas emissions and combating climate change.

[5] Power Usage Effectiveness is the ratio of the total energy consumed by a data centre over the total energy used by the IT systems (servers, data storage). It denotes the energy efficiency of the infrastructure.

	Since France's power supply is very low-carbon, data centers with a PUE below 2.5 are aligned with the 2°C trajectory of the Paris agreement.
District heating and cooling networks in France and Belgium	Substantial contribution criteria of the European Taxonomy for the activity "District heating/cooling distribution (Contributing to climate mitigation)" completed by specific adjustments of the energy mix (e.g. more renewable energy) used by the network to be aligned with the Paris agreement. Refer to EU Taxonomy Compass.
Energy efficiency projects	Substantial contribution criteria of the European Taxonomy for the activity "3.5 Manufacture of energy efficiency equipment for buildings (Contributing to climate mitigation)". Refer to EU Taxonomy Compass.
Smart parking	Case-by-case assessment
EVs charging stations	Since (i) the average French power-generation emission factor is low; and since (ii) the rise in the share of EVs is a central feature of the reduction of transport-sector emissions, installing charging stations in France is estimated to yield emission reductions compared to the 2°C scenario (with emissions avoided exceeding 300kTCO2eq per year).

g) Methodology

ESG considerations are raised and addressed throughout the entire lifecycle to monitor the alignment with sustainable investment objective as well as the consideration of Principal Adverse Impacts (PAI) of investments. The approaches are as follow:

a. Preliminary screening

The Fund's investment team realised a pre-screening of investment opportunities to ensure the respect of the Fund's exclusion list. Furthermore, the team assesses potential assets' capacity to comply with the 2°C trajectory alignment. The objectives were to verify the compatibility of the investment opportunity with the investment thesis and sustainable investment objective, as well as to identify any potential challenges in the ESG data collection process.

b. Omnes Capital's ESG scoring tool:

Omnes Capital incorporated ESG aspects into its initial due diligence, to identify the main ESG risks, suggest areas for improvement and secure the commitment of the management team. This due diligence was undertaken through Omnes Capital's in-house scoring system and is adapted according to the asset typology – whether corporate portfolio companies or real estate assets. This tool allows Omnes Capital to assess ESG maturity on five main ESG themes: Governance, Human Capital, Environment, External Stakeholders, Specific Criteria. As Omnes Capital adapts its ESG procedures on CEP 2 to the SFDR, the ESG scoring tool might be restructured according to regulations' needs.

c. CEP 2 specific due diligence:

A specific sustainability analysis was conducted by the Fund. For each investment, particular attention was given to the following topics when they were relevant to the considered investment:

Environment	Social	Governance
- Compliance with the CO_2 emission trajectory set by the Paris Agreement - Protection of aquatic and marine resources - Transition towards a circular economy - Prevention and reduction of pollution - Protection of biodiversity	- Non-discrimination principle - Respect for gender equality - Respect for Human Rights and Children's Rights	- Sound management structures - ESG practices and commitments of the co-contractors of the participation - Relations with personnel/social dialogue. - Compensation of staff (e.g., presence of a remuneration committee) - Compliance with tax obligations

At the end of the due diligence phase, an action plan is established to assess the target's adherence to the Fund's sustainability investment objectives and ESG requirements, and to identify areas for improvement.

The results of the ESG due diligence are integrated into investment memoranda provided to the investment committee and are then applied during board discussions of the portfolio companies.

d. Holding period:

Sustainable objective assessment and PAI collection questionnaires were sent to portfolio companies to collect and monitor key sustainability KPIs and PAI indicators.

e. Exit:

The investment teams will assess the ESG performance of the assets. A Vendor Due Diligence (VDD) can be performed, when appropriate, depending on the exit context.

h) Data sources and processing

The information used by Omnes comes directly from its portfolio companies. For the assessment on whether the investment can align with its sustainable investment objective we rely on the professional judgment and expertise of our external advisor. For the monitoring of PAI and ESG indicators, we collect directly from our portfolio companies and make a best effort to obtain quality and usable data. Omnes carries out the control of the data obtained internally. This is done by an experienced internal team.

The data is not estimated but comes directly from the assets in the portfolio.

i) Limitations to methodologies and data

The only data limitation is the ability of the assets in the portfolio to report the quantitative or qualitative elements requested. For the assessment on whether the investment can align with its sustainable investment objective, the availability of data is fundamental. Without that no assessment can be performed. For the monitoring of PAI and ESG indicators, we have not set quantitative targets for the Fund based on the collected data, as such their capacity to report and monitor is the main determinant.

j) Due diligence

A specific sustainability analysis was conducted at the time of investment by the investment team. The objective of the due diligence is to (i) assess the portfolio companies' practices in terms of sustainability risk management, (ii) identify areas of improvement. For the ESG elements assessed during the due diligence, please refer to g) Methodology.

In addition, CEP 2 has developed an ESG scoring tool to evaluate potential non-compliance with the OECD Guidelines for Multinational Enterprise (MNEs) and the UN Guiding Principles on Business and Human Rights (UNGP).

Following the due diligence, an ESG action plan was defined, which may include corrective measures to align with these principles if necessary.

k) Engagement policies

Not applicable.

l) Attainment of the sustainable investment objective

No specific index has been designated as a reference sustainable benchmark for the Fund.