

ESG POLICY: MANIFESTO

“COMMIT TO A FAIR AND SUSTAINABLE ECOLOGICAL TRANSITION”

January 2022

Starting point: ESG efforts need to be deepened and accelerated

Sienna Private Credit principally manages debt funds for institutional investors. Since the launch of its first funds in 2012, they have recognised and appreciated our unique direct financing of companies in the real economy.

At Sienna Private Credit, we think that direct interaction (i.e. not intermediated by banks or the market) with companies in the real economy is the only way to develop a true impact approach. This is what we have done over the past two years with the launch of our real estate or corporate impact funds, in parallel with the activity of our Greenfin certified renewable energy financing funds and our funds dedicated to the financing of research or the local public sector.

We now need to deepen this historical positioning by incorporating more explicitly and clearly the challenges of the ecological transition in their societal context and in a long-term perspective. This growing awareness is a key issue for our clients, our shareholders and all the company’s employees. Our Manifesto sets out this commitment by all the women and men comprising our company and is set to serve as a guideline for our actions. This is reflected in five clear and shared convictions that support the climate transition, not forgetting the other dimensions of ecology or our necessary corporate responsibility.

Conviction #1: Finance plays a key role in supporting the ecological transition and preserving profitability

The decisive role played by finance in the 2020s in the ecological transition is a major shift from the years following the 2008 crisis: if finance was the problem then, it is part of the solution today.

In view of the considerable amounts of capex required to steer production and consumption towards a decarbonised economy in less than 30 years, sustainable finance will help direct the financial flows that shape tomorrow’s world while giving investors and shareholders a return in line with their expectations. Sustainable is not at odds with being Profitable.

Conviction #2: We need to participate actively in changing concepts and practices

We are experiencing an economic revolution linked to the third energy revolution. Our commitment takes the form of new action methods and requires constant adaptation to subjects and practices that are rapidly being developed: working and listening are the keys to action geared to today’s challenges.

This requires the involvement of everyone in the company: it is important to participate, make a contribution, use all our energy and avoid leaving this to advocates or experts.

Sienna Private Credit has signed major French and global commitments: PRI¹, Finance for Tomorrow, FranceInvest and, in 2022, the Net Zero Asset Managers Initiative. All Acofi's funds use the SDG benchmark². All the commitments signed by Sienna Private Credit are listed in this document.

The men and women of Sienna Private Credit participate in the working groups of associations and market think tanks: France Invest, AFG, Finance for Tomorrow. In 2022, our efforts will focus on:

- Impact assessment by introducing the notion of significance, defined as the relationship between the often too weak financial goals of the impact clause and the investments to be made by the financed company to attain thresholds
- The issue of data normalisation

Conviction #3: Our positioning; **commit to a fair and sustainable ecological transition with an impact vision**

We need to start by supporting the energy transition in the context of the GIEC, COP26 and European Taxonomy reports, with two clear time horizons: 2030 ≥ -50% and 2050 ≥ Net Zero.

A fair and sustainable transition requires complementary measures in the social arena. In view of Sienna Private Credit's activity, we are focusing on four subjects: Training, Inclusion, Innovation and Employment.

Our impact and action vision naturally leads us to prefer subjects linked to a best effort approach by directing financing flows more towards investments with major environmental and societal effects and counterbalancing the potential squeeze-out effects of complex regulations.

Conviction #4: Access data and seek certification

Sienna Private Credit solely operates in the world of unlisted assets where data is still difficult to come by and is set to remain so for many years (CSRD data is not due to become available until June 2024). We have decided to invest in our ERP to gather data transferred by specialist service providers or transmitted by the borrower itself with the ultimate goal of attaching it to transactions. Data is key for reporting in accordance with the requirements set by article 29 of the LEC and SFDR and to affirm the article 8 or 9 positioning of the Sienna Private Credit funds, which is natural in view of their activity but demanding in data terms, especially at the level of personal data protection.

The certification approach is also important in harmonising and simplifying the process for investors. Sienna Private Credit will deepen in particular its efforts begun six years ago with Greenfin for the certification of the activity of Energy Transition funds and Ethifinance for the design and approval of the impact approach of real estate and Corporate activities.

Conviction #5: Communicate simple and concrete commitments in the short and medium terms

On the company's women and men:

- >100% of employees receive ESG training each year, in particular on the transition and biodiversity
- >Sienna Private Credit subscribes to employee associative commitments
- >Greater salary indexation on ESG goals introduced in 2021
- >Aid for the green mobility of employees and particular attention made to low CO₂ business travel.

¹ PRI: Principles for Responsible Investment (link: <https://www.unpri.org/>)

² SDG: Sustainable Development Goals developed by the United Nations (link: <https://www.un.org/sustainabledevelopment/fr/>)

On the SFDR classification:

- > 100% of new funds classified SFDR 8 or 9³

On the integration of ESG in investment choices:

- > Introduction of the new extra-financial questionnaire and the associated score with the aid of Ethifinance
- > Modification in H1 2022 of the Sienna Private Credit financial scoring with the inclusion of ESG criteria in the risk model

On the environmental footprint:

- > 100% of companies financed in 2023 will have to present regular carbon reporting
- > Measure and reduction of the carbon footprint for Sienna Private Credit (2022-2030) relative to FTE employees

On the impact:

- > Develop in the Market the concept of “impact +”, i.e. with the addition of the notion of materiality
- > Raise the share of our impact or certified financing for new transactions (excluding granular financing) to 40% of the volume in 2023
- > Begin to link impact clauses and compliance with the trajectory set by the Taxonomy from 2022 when appropriate

On prohibitions:

- > Define an approach applying to big CO₂ emitters that will not evolve in line with the Taxonomy in line with the exclusion of coal activities. Sienna Private Credit’s exclusion policy is aligned with these principles.

³ Excluding mandates and granular financing