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# ESG

## Exclusion Policy

**2022**  
December

Sienna Investment Managers or "Sienna" as part of its ESG policy (the "ESG Policy"), implements an ESG exclusion policy (the "Exclusion Policy").

Sienna acts in accordance with domestic and international laws, bans, treaties, and applicable embargoes to define its investment universe. Beyond these legal requirements, Sienna will also consider the following exclusionary criteria when assessing potential investments. The Exclusion Policy describes the standards and sectors to which it applies.

The Exclusion Policy applies to all the entities that compose Sienna. Regulated entities (alternative investment fund managers or "AIFM") specifically adapt it. The Exclusion Policy is reviewed on a three-year basis.

The Exclusion Policy was communicated to Sienna IM's Board of Directors in December 2022.

## NORMATIVE EXCLUSIONS

### Controversial behavior and legally required exclusions

Recognizing the provisions included in the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, Sienna assesses the behavior of organizations in accordance with these frameworks and excludes investments in organizations involved in severe violations of these principles, the seriousness of which is assessed according to the nature and extent of the impact under consideration.

Sienna also excludes investments in controversial jurisdictions (EU sanctions list).

## SECTORAL EXCLUSIONS

### Controversial weapons

Sienna excludes investments in organizations directly involved in the development, production, maintenance and trading of controversial weapons. Banned or controversial weapons are those that fall under the scope of the following international conventions:

- Anti-personnel landmines as defined in Article 2 of the 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (*Anti-Personnel Mine Ban Convention, Ottawa Treaty*);
- Cluster munitions as defined in Article 2 of the Convention on Cluster Munitions from 2008 (*Convention on Cluster Munitions, Oslo Treaty*);
- Biological and toxin weapons as defined in Article I of the 1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (*Biological Weapons Convention*);

- Chemical weapons as defined in Article II of the 1992 Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (*Chemical Weapons Convention*).

### Pornography

Sienna does not wish to be associated with any business where human rights are violated. Sienna excludes direct investments in organizations involved in the production of pornographic content, prostitution and sex industries (thresholds for application: revenues above 5%) and distribution of such production (thresholds for application: revenues above 50%).

### Tobacco

Considering public health concerns associated with tobacco, but also human rights abuses, poverty impact, environmental consequences, and the substantial economic cost associated with tobacco, Sienna excludes direct investments in the production of tobacco products (thresholds for application: revenues above 5%).

Sienna also excludes direct investments in the supply and distribution of tobacco products if they represent a significant contribution to the company's turnover (application thresholds for application: revenues above 50%).

### Fossil fuels

#### *Coal*

As coal is the biggest contributor to climate change derived from human activity, Sienna excludes direct investments in :

- Companies developing and/or planning to develop new thermal coal capacities in mining, production, utility or transportation infrastructures;
- Companies generating revenues from thermal coal mining (thresholds for application: revenues above 20%);
- Companies generating revenues from thermal power generation or transportation (thresholds for application: revenues above 20%) without a climate strategy in line with the Paris Agreement of the United Nations Framework Convention on Climate Change (climate strategy for phasing out coal by 2030 in EU and OECD countries and in all other countries by 2040; climate strategy in place by 2025).

Sienna does not apply an absolute criterion in defining these exclusion thresholds. However, some group entities and/or products may have them.

### *Non-conventional oil and gas*

Considering the environmental damages, social cost and carbon profile associated with the exploration and production of non-conventional oil and gas, Sienna excludes investments in organizations deriving more than 20% of their revenues from the exploration, production, trading or transportation of non-conventional oil and gas products.

Non-conventional oil and gas activities are defined according to the composition in which they operate and include in particular oil sands, heavy oil, rock shale oil, shale gas, coal seam gas, tight gas, and methane hydrates.

The 20% threshold will be reviewed in the future with the aim of reaching a 5% eligibility threshold by 2030.

## OTHER EXCLUSIONS

This set of exclusion criteria applies to Sienna. Other specific exclusion criteria may be applied at fund or mandate level, due to specific client requests, fund positioning and/or specific label requirements.

In addition, while industries with potential exclusions such as palm oil, gambling, GMOs or deforestation have not been included in the above list, they remain inherently exposed to significant sustainability risks that may constrain investment. These potential investment opportunities will therefore be evaluated on a case-by-case basis by Sienna's ESG research professionals.

Furthermore, while the Exclusion Policy is intended to be applied without exception, certain situations must be anticipated. The proposed exceptions must therefore be the subject of a detailed and documented argument and be validated initially by the CEO for the asset class and then by Sienna's ESG Strategic Committee. This exception is therefore subject to continuous monitoring and will be reassessed annually.

The compliance of the existing portfolio of shareholdings with the exclusion policy is reviewed on an annual basis.

Sienna Investment Managers, Exclusion Policy, version 1.0, December 2022.