

POLICIES TO IDENTIFY AND PRIORITIZE THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

1. Summary

Sienna AM France (the Private Credit expertise of Sienna IM, whose LEI number is 969500P97QT67DSKMQ68) has around 40 employees and does not therefore fall within the scope of the mandatory “Comply” threshold for management companies, set at 500 employees.

Sienna AM France has chosen to consider the principal adverse impacts (PAI) of its investment decisions on sustainability factors in a best effort approach. The management company will comply with PAI reporting as defined in the SFDR regulation, reporting on the 14 mandatory indicators and 2 indicators specific to real estate assets, supplemented by at least 1 additional environmental and 1 social indicator.

2. Description of the principal adverse impacts

The declaration of the principal adverse impacts covering the reference period from January 1st to December 31st, 2022 is included in the Article 29 LEC report available on the [company's website](#).

The declaration covering the period from January 1st to December 31st, 2023, will be published in the same place on the website.

3. Description of policies to identify and prioritize the principal adverse impacts on sustainability factors

Identifying the principal adverse impacts of our financing activities requires access to quality data.

As part of its activities, Sienna AM France finances small and mid-sized companies (SMEs and ETIs), project companies (SPVs) with renewable electricity generation assets or real estate assets, and local authorities (notably departments, municipalities). Most of these organizations are unlisted and, given their size, are not subject to the CSRD directive. Given this borrower typology, ESG data and in particular data relating to the principal adverse impacts, is not available publicly or on specialized databases.

At this stage, so-called "granular" funds are not included in the analysis of the principal adverse impacts, due to the short-term nature (less than 1 year) of the financing, the absence of a direct commercial relationship with the borrowers, and their typology (start-ups, VSEs).

Our approach is based on three types of information:

- Information supplied by the borrower: Sienna AM France has been collecting ESG data from its borrowers for the 3rd consecutive year. The questionnaires, which are broken down by branch of activity, include questions on the necessary information to calculate the principal adverse impacts. In 2023, to increase response rates, Sienna AM France teams have been made aware of ESG issues and trained to help borrowers measure their extra-financial performance (carbon footprint calculation tool developed internally). The ESG data collection campaign is carried out in 2024 via Tennaxia's platform, which manages questionnaire dispatch and data aggregation. In addition, the

financing documentation signed since 2022 provides annual reporting commitments on extra-financial performance for SFDR art. 8 and art. 9 funds

- Information deduced by Sienna AM France teams: mainly concerns binary questions (Yes/No) for which knowledge of the borrower allows the management team to answer with certainty on behalf of the borrower. This concerns exposure to activities linked to fossil fuels, controversial weapons, etc.

- Calculated information: in the case of environmental data that companies are not able to provide us with, we use a "proxies" approach, based on data available for companies in the borrower's sector. Our approach is based on data from the Sustainalytics database for European companies. The database includes more than 3,600 carbon data points. The proxies consist of a sector average (42 sectors) of intensities (emissions to turnover ratio)

If the necessary data to calculate proxies is not available, or if this approach is deemed irrelevant, then no data is provided.

The prioritization of the principal adverse impacts is reflected in our definition of a sustainable investment, available on the [company's website](#).

The following PAIs are prioritized:

- PAI 3: carbon intensity of financed companies
- PAI 4: activity linked to the fossil fuel sector - PAI reflected in our exclusion policy, which provides for total exclusion of companies in this sector
- PAI 7: activities negatively affecting biodiversity-sensitive areas
- PAI 8: pollutant emissions into water
- PAI 9: polluting waste emissions
- PAI 10: no violation of Global Compact and OECD guidelines
- PAI 14: activity involving controversial weapons

These principal adverse impacts are reflected in our exclusion policy.

The identification and prioritization of PAIs was validated by the Management Board on 26/06/2023.

4. Commitment policy

Sienna AM France, as a portfolio management company specializing in private debt, has a different approach compared to management companies focused on listed securities. The management company is not a shareholder with the ability to buy or sell securities. In this respect, while it is entirely possible to enter into a dialogue with private borrowers on ESG issues and to request compliance with objectives, the escalation process, which is classic and necessary in any form of commitment, cannot be replicated: Sienna AM France cannot sanction the company's management by voting or filing voting resolutions, nor can it reduce its position or sell it in part or in full. As a lender, the management company must follow through to maturity, and its influence is essentially exercised at the time the transaction is put in place.

As a private debt holder, Sienna AM France practices a form of commitment linked to the exercise of its business as a lender:

- Most transactions (around 80%) are bilateral, allowing for an in-depth initial dialogue with the borrower. When the transaction is set up, Sienna AM France includes in the key elements of the discussion a commitment by the borrower to provide ESG data on an annual basis.
- Whenever possible (in the case of impact funds), Sienna AM France includes SLL (Sustainability Linked Loans) clauses, which are discussed with the company and commit the borrower to achieving predefined, business-related indicators. These clauses are the result of an in-depth dialogue with the borrower and are demanding. At this stage, they include sanctions in the form of an increase in the interest rate in the event

of non-compliance with the objectives. Since 2023, interest rate subsidies have been included if the objectives are achieved.

5. Reference to international standards

Sienna AM France participates in international and local responsible investment initiatives either directly or via the Sienna IM group:

- Science Based Targets initiative (SBTi): Sienna IM committed to SBTi in January 2024 and has 2 years to develop targets to reduce its carbon footprint. Sienna AM France, as Sienna IM's private credit expertise, is concerned by this commitment.
- Adherence to the Principles for Responsible Investment (PRI): in 2015, Sienna AM France officially committed to responsible investment by becoming a signatory to the PRI (since 2023, through the signature of Sienna IM).
- Carbon Disclosure Project (CDP): CDP Climate Change, CDP Water Security and CDP Forest. Sienna IM joined the CDP in April 2023.
- Task Force on Climate-related Financial Disclosures (TCFD): Sienna IM supports the recommendations of the TCFD and encourages all companies in its portfolio to align their disclosures with the TCFD recommendations.
- TNFD: Sienna AM France supports the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).
- United Nations Global Compact (UNGC): Sienna AM France signed the UNGC in 2022.
- Sustainability Accounting Standards Board (SASB): to assess financial materiality, Sienna AM France uses the SASB methodology.
- Initiative Climat International (iCI): Sienna AM France has been a member of iCI since 2021. The iCI was originally created by French private equity companies who decided to join forces and contribute to the Paris Agreement's goal of limiting global warming to well below 2°C.

The list of all the initiatives to which Sienna and its expertise have signed up is public and available on the [company's website](#).