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Sienna IM
Biodiversity policy

December 2023

Sienna
INVESTMENT MANAGERS



Sienna IM is the asset management company of the publicly-traded investment holding company GBL (“Groupe Bruxelles Lambert”). Its team of over 280 professionals operates in Luxembourg, London, Paris, Hamburg, Frankfurt, Madrid, Amsterdam, Zurich and Seoul. With extensive experience in asset management, Sienna invests on behalf of third parties. Sienna oversees over €31 billion of assets under management as of December 2022 on behalf of its shareholder GBL as well as institutional clients, mainly through real estate assets (expertise Real Estate), private debt (expertise Private Credit), investments in private and public market funds (expertise Listed Assets) as well as through direct equity investments in unlisted companies (Sienna Private Equity and Sienna Venture Capital).

www.sienna-im.com

The Sienna IM Group’s biodiversity policy applies to all the activities mentioned above, conducted through the following legal entities:

- Sienna Investment Managers S.A.
- Sienna AM Luxembourg
- Sienna AM France (acting under the Sienna Private Credit brand)
- Sienna Gestion
- Sienna Real Estate

Introduction

Sienna IM defines it as the diversity between species, within species and of ecosystems and their interactions.

Biodiversity and the benefits of nature to people influence almost every aspect of human development and are essential to achieving the UN's Sustainable Development Goals (SDGs). They help to produce food, clean water, regulate the climate and control disease. 50% of global GDP is expected to be affected by biodiversity loss (*source: IPBES*).

However, these resources are being depleted and degraded much more rapidly than at any other time in human history. 1 million species are threatened with extinction, 75% of the Earth's surface has been significantly altered and 85% of wetlands have disappeared (*source: French Ministry for Ecological Transition*).

Moreover, climate change and biodiversity loss form a vicious circle and are already having irreversible repercussions on human and social systems.

As a responsible investor, we recognize the critical importance of biodiversity for long-term economic and environmental stability. This biodiversity policy demonstrates our commitment to biodiversity protection and its integration into our operations and investment decisions.

Our commitment and action for biodiversity

The climate issue has been one of the structuring themes of ESG over the decade 2010-2020. The methodological developments, reporting frameworks and approaches to structuring commitments developed on the climate theme provide fertile ground for significant advances on complementary themes such as biodiversity.

Sienna believes that biodiversity will become one of the key differentiating factors of a quality sustainable offer in the future. Sienna therefore already integrates biodiversity challenges in its investment solutions, based, particularly, on concrete and quantifiable indicators that measure the impacts, dependencies and efforts made to protect biodiversity.

To this end, Sienna benefits from the expertise of Iceberg Data Lab, a company specialized in biodiversity data in which the group acquired a stake in July 2021.

Alignment strategy with long-term biodiversity objectives

Sienna is determined to respect the long-term objectives for biodiversity set out in the Convention on Biological Diversity adopted on June 5, 1992, and more recently those adopted during the UN's Biodiversity Conference "COP15" in December 2021.

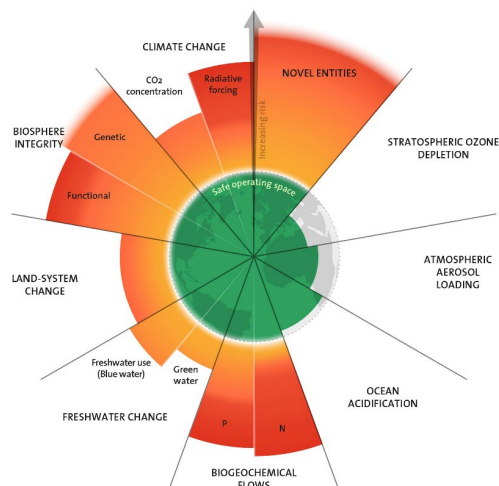
Biodiversity and the benefits of nature for people influence almost every aspect of human development and are essential to achieving the Sustainable Development Goals (SDGs) defined by the UN. They help produce food, clean water, regulate the climate and even control disease. However, these resources are being depleted and degraded, far more rapidly than at any other time in human history. Furthermore, climate change and biodiversity loss form a vicious circle already having irreversible repercussions on human and social systems.

The Convention on Biological Diversity, dating from 1992, has set three global objectives regarding biodiversity:

- The conservation of biological diversity;
- The sustainable use of its components; and
- The fair and equitable sharing of the benefits arising out of the utilization of genetic resources.

Enhanced with four goals and 23 measurable targets at the COP15 setting out a vision for biodiversity by 2050.

The concept of planetary limits, defined by an international scientific community in 2009, defines a safe and fair development space for humanity, based on nine biophysical processes that together regulate the planet's stability: climate change, biodiversity erosion, disruption of the biogeochemical cycles of nitrogen and phosphorus, changes in land use, ocean acidification, global water use, stratospheric ozone depletion, increased aerosols in the atmosphere, introduction of new entities into the biosphere. Six have been overtaken.



The IPBES has identified five major pressures affecting nature and having the greatest impact on a global scale, as detailed below:

1. Land and sea use change and habitat destruction
2. Overexploitation of resources
3. Climate change
4. Pollution
5. Invasive alien species

Objectives

Our biodiversity policy is driven by the clear objective of transparently integrating biodiversity integration into main steps of our investment processes and operations. We acknowledge that the sustainability of our investments is closely linked to the health of the ecosystems in which our investee companies operate.

Therefore, this policy serves as our commitment to proactive and responsible stewardship of the environment. By raising awareness, engaging with stakeholders and integrating comprehensive biodiversity assessments into our investment processes, we seek not only to mitigate risk, but also to actively :

- Contribute to the preservation of biodiversity through our investment activities.
- Minimize our environmental footprint and mitigate negative impacts on biodiversity.
- Encourage our clients and partners to adopt biodiversity-friendly practices.
- Be part of an international framework such as IPBES and COP15, and also comply with the various regulatory requirements relating to biodiversity, mainly SFDR with the Principal Adverse Impact 7 “activities negatively affecting biodiversity-sensitive areas” and those relating to climate, water and waste, EU Taxonomy and the Article 29 Loi Energie Climat.

Through transparency, collaboration, and continuous improvement, we aspire to set new standards for ethical and sustainable investment practices, recognizing that our success is not merely measured in monetary terms but also in the positive impact we make on the biodiversity.

Guiding principles

For our investments

1. Integrate biodiversity considerations into our investment decision-making process

In addition to strictly follow Sienna IM's ESG Exclusion Policy ("The Exclusion Policy"), which includes exclusions in accordance with domestic and international laws, bans, treaties and applicable embargoes to define its investment universe, as well as sector and norms-based exclusions such as human rights, tobacco, pornography and coal exposure.

We aim to exclude investment opportunities in sectors with significant negative impacts on biodiversity with no remediation plan and especially on the five major pressures affecting nature and having the greatest impact on a global scale.

To do so, we are actively incorporating biodiversity risk and opportunity assessment into our investment due diligences processes particularly comprehensive for non-listed assets leveraging on an in-house screening analysis tool combined with an automatic scoring Km2 MSA from Iceberg Datalab which is compared to sub-sector peers average in terms of intensity.

2. Monitor and mitigate potential biodiversity risks (impacts and dependencies) associated with our investments during the holding phase

3. Collaborate with key stakeholders to strengthen our commitment to biodiversity

Our commitment extends beyond financial considerations. We actively engage with portfolio companies and investees, advocating for sustainable practices that contribute positively to biodiversity conservation. By leveraging our influence, we strive to create a ripple effect, encouraging industry-wide adoption of environmentally responsible practices.

For our own operations

4. Promote sustainable management practices within our internal operations

5. Training and awareness

We are dedicated to fostering a deep understanding of biodiversity issues among our teams. Through regular training programs and ongoing communication channels, we aim to raise awareness of the importance of biodiversity and its direct link to the resilience and sustainability of our investments.

6. Transparency

We believe in transparency as a cornerstone of responsible investment, and plan to regularly disclose our biodiversity-related activities, initiatives, and performance. Through public reports, including our website and annual sustainability reports, we invite stakeholders to join us on this journey, sharing both our successes and challenges.

Implementation measures

1. Governance

We believe that effective internal governance is essential to the successful integration of biodiversity considerations into our operations and investments. Our governance structure is designed to foster a culture of responsibility, transparency, and continuous improvement in biodiversity conservation.

Our governance is mainly supported by ESG correspondents in all areas of expertise who are responsible within the investment committees to oversee biodiversity-related issues, and the Sienna IM ESG team which is in charge of ensuring ESG correspondents' coordination, efficient monitoring and implementation of the biodiversity policy which has been validated by the Sienna IM Management Committee in December 23.

2. Strategy

Biodiversity criteria integration

Biodiversity criteria are integrated into every main steps of our investment decision-making process, from the deal sourcing phase such as screening with high impact sector exclusion and due diligence with a performance assessment and improvement opportunities identification, to the holding phase with a continuous monitoring of the biodiversity performance and engagement with investee/funded companies.

Engagement and stewardship

We commit to engage continuous dialog with portfolio companies to encourage biodiversity-friendly practices and advocate for improved biodiversity management.

3. Biodiversity risk assessment

We have defined and implemented a systematic approach to identify biodiversity risks in terms of impacts and dependencies within our investment portfolio leveraging both internal expertise and external screening tool and data to address biodiversity risks for enhancing business resilience and contributing to a sustainable future.

Our risk assessments encompass both quantitative and qualitative analysis, ensuring a nuanced understanding of potential dependencies and impacts on biodiversity, and enabling us to evaluate the financial materiality associated with the investment opportunity reliance on diverse ecosystems. This process enables us to identify and mitigate risks stemming from potential biodiversity-related disruptions, reinforcing our dedication to preserving both biodiversity and the long-term financial resilience of our portfolios. We pay particular attention to the five major pressures affecting nature and having the greatest impact on a global scale as defined by the IPBES which are land and sea use change and habitat destruction, overexploitation of resources, climate change, pollution and invasive alien species.

4. Metrics and targets

Biodiversity metrics and indicators are collected through external sources (Iceberg DataLab, WWF, ENCORE,...) as well as developed internally through specific analysis. Biodiversity performance indicators are tracked and monitored for each investment.

Moreover, the biodiversity performance of our investments are also compared with industry benchmarks and peers.

Continuous improvement

We commit to regular reviews of our biodiversity policy. This ensures its relevance and effectiveness in the face of evolving challenges and industry best practices. This commitment to continuous improvement reflects our dedication to being at the forefront of responsible investment practices.

Conclusion

At Sienna Investment Managers, we believe that our role in biodiversity conservation is an integral part of our mission. Through responsible investment practices, we aspire to contribute to a sustainable and resilient global ecosystem, a legacy that goes beyond financial returns, shaping a world that future generations can thrive in.

December 2023



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