

Sienna IM

Biodiversity Policy

April 2025

Biodiversity Policy

Sienna Investment Managers is a pan-European, multi-expertise asset manager of the listed investment company GBL ("Groupe Bruxelles Lambert"). With approximately 300 professionals, Sienna IM operates in Paris, Milan, Hamburg, Frankfurt, Madrid, Amsterdam, Luxembourg, London, and Seoul. By combining listed and private assets, Sienna IM develops customized and innovative solutions for its clients to give meaning to their investments. As of the end of December 2024, the Group manages over 40 billion euros in assets, of which more than 80% (within the SFDR eligible scope) are classified as articles 8 or 9.

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The biodiversity policy of Sienna IM Group applies to all the activities mentioned below:

- Sienna Investment Managers
- Sienna Investment Managers Luxembourg SA
- Sienna AM France (Private Debt Expertise France)
- Sienna Gestion (Listed Assets Expertise)
- Sienna Real Estate (Real Estate Expertise)
- Ver Capital (Private Debt Expertise Italy)

An adapted version of this biodiversity policy will be necessary for the activities of Sienna Real Estate.

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Introduction

Biodiversity is defined as the diversity between species, among species, of ecosystems, and their interactions.

Biodiversity and the benefits of nature for humanity influence almost all aspects of human development and are essential for achieving the United Nations Sustainable Development Goals (SDGs). They contribute to food production, water purification, climate regulation, and disease control, known as ecosystem services.

However, these resources are depleting and degrading much more rapidly than at any other time in human history, and this is almost exclusively due to human activities. One million species, out of an estimated total of 8 million, are threatened with extinction; 75% of the Earth's surface has been significantly altered, and 85% of wetlands have disappeared¹. This decline jeopardizes a significant number of ecosystems as well as the ecosystem services essential to the economy and our society. The IPBES² estimates that 50% of global GDP will be affected by biodiversity loss. In this regard, biodiversity loss constitutes a financial risk.

Moreover, climate change and biodiversity loss are intrinsically linked. The latest IPBES³ report presents the interconnectedness of biodiversity, water, food, health, and climate change issues. These threats influence each other and amplify one another.

Sienna IM's activities, like those of any company, depend on services provided by nature. Conversely, Sienna IM has direct and/or indirect impacts on biodiversity. As a responsible investor, we recognize the crucial importance of biodiversity for long-term economic and environmental stability. This biodiversity policy reflects our commitment to the protection of biodiversity and its integration into our activities and investment decisions.

Biodiversity frameworks and standards

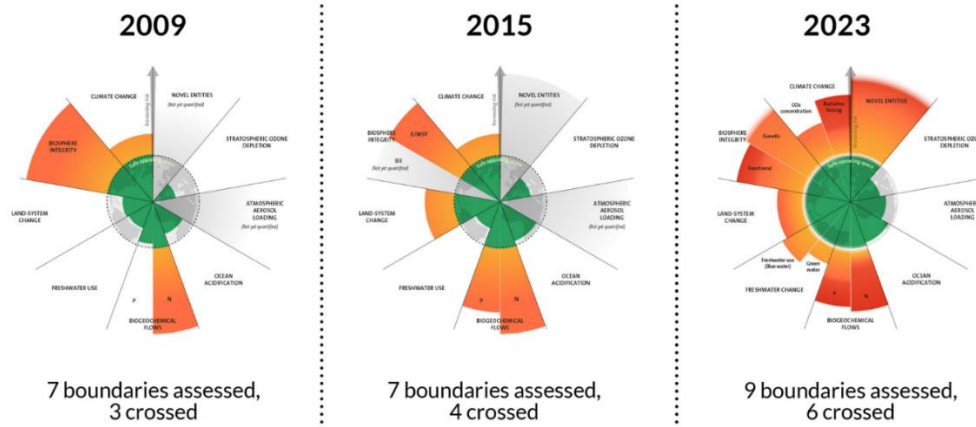
Several standards and frameworks currently address the topic of biodiversity, whether to define it or to formalize global targets to achieve.

The Planetary boundaries, defined by an international scientific community in 2009, outline a safe and equitable development space for humanity, based on nine biophysical processes that together regulate the stability of the planet: climate change, biodiversity loss, disruption of biogeochemical cycles of nitrogen and phosphorus, land use changes, ocean acidification, global freshwater use, stratospheric ozone depletion, increase of aerosols in the atmosphere, and introduction of new entities into the biosphere. Six of these boundaries have been exceeded.

¹ According to the French Ministry of Ecological Transition

² IPBES: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

³ Called 'Nexus Assessment' (December 2024)



The evolution of Planetary Boundaries⁴

The IPBES identified in 2019 five major pressures exerted by human activities threatening biodiversity:

1. Land and sea use change and habitat destruction
2. Over-exploitation of resources
3. Climate change
4. Pollution
5. Invasive species

International targets related to biodiversity are defined by the Kunming-Montreal Agreement adopted at COP 15 on biodiversity in 2022. This historic agreement allowed for the clarification of the principles of the Rio Convention on Biodiversity from 1992. It marked the adoption of the first global commitments for biodiversity conservation with 23 targets for 2030, aiming to slow biodiversity loss, and 4 long-term goals for 2050 to reverse the trend of biodiversity degradation.

These milestones are echoed by European standards through the Green Deal and, more specifically, through the EU Biodiversity Strategy for 2030. At the national level, the National Biodiversity Strategy (NBS) for 2030 was adopted at the end of 2023, defining the orientations and actions to be undertaken for biodiversity conservation within French territory.

Voluntary international initiatives are also being structured to encourage companies to formalize policies and objectives for biodiversity conservation. The following two initiatives can be mentioned among others:

- Science Based Targets for Nature (SBTN) supports companies in defining targets for biodiversity conservation.
- Taskforce for Nature-Related Financial Disclosure (TNFD) provides a voluntary reporting framework dedicated to natural capital, allowing companies to assess, report, and act on their dependencies, impacts, risks, and opportunities related to nature.

⁴ Azote for Stockholm Resilience Centre, Stockholm University. Based on Richardson et al. 2023, Steffen et al. 2015, and Rockström et al. 2009

Governance

We believe that effective internal governance is essential for a successful integration of biodiversity considerations into our activities and investments.

The development and updating of Sienna IM's Biodiversity Policy are coordinated by all ESG experts from the various expertise areas of the group ultimately participating in its deployment. A biodiversity referent specifically leads these topics. The policy has been presented and validated in the ESG correspondents committee and presented to the Management Committee of Sienna IM.

The daily responsibility for integrating biodiversity and operationalizing commitments relies on ESG teams from the various expertise areas.

Objectives

Building on the Global Biodiversity Framework of Kunming-Montreal, Sienna IM commits to biodiversity protection through the following achievements and objectives:

1. Integrating biodiversity into our investment analysis and selection process;
2. Engaging through dialogue with companies and supporting initiatives for biodiversity conservation;
3. Monitoring the impact of our investments on biodiversity;
4. Monitoring the dependence of our investments on biodiversity;

More specifically, Sienna IM directly contributes to the following targets of the Kunming-Montreal Agreement:

Target n°	Target	Associated Action(s)
8	Minimization of climate change impacts	✓ Sectoral exclusion policy ✓ Climate roadmap ⁵ ✓ Decarbonization trajectory through SBTi commitment ⁶
14	Integration of biodiversity issues into investment decision-making processes	✓ Integration of biodiversity issues into the ESG scoring of the selection process ✓ Dedicated private debt fund for biodiversity ✓ Dialogue with companies

⁵ https://www.sienna-im.com/wp-content/uploads/2024/12/sienna_im_climate_roadmap_vf.pdf

⁶ https://sciencebasedtargets.org/resources/files/Target-language-and-summary_Sienna-Investment-Managers.pdf

15	Monitoring and publication of risks, dependencies, and impacts on nature by economic actors	✓ Measurement of the biodiversity footprint of investments ✓ Assessment of investment dependencies
19	Mobilization of financial resources	✓ Launch of a dedicated private debt fund for biodiversity in 2024
21	Knowledge sharing	✓ Trainings on biodiversity ✓ Advocacy

The dedicated private debt fund for biodiversity refers to the Sienna Biodiversity Private Credit Fund, which aims to preserve and/or restore biodiversity in Europe by investing in companies offering solutions to enhance biodiversity, in companies implementing a transition in favor of biodiversity, and in companies demonstrating best sectoral practices in terms of biodiversity preservation.

Integration of biodiversity into our investment analysis and selection process

Firstly, we strictly follow Sienna IM's ESG exclusion policy⁷ ("the exclusion policy"), which includes normative and sectoral exclusions: tobacco, pornography, coal, unconventional oil, and gas. It is important to highlight that some sectoral exclusions related to climate or ESG can imply reductions in pressure on biodiversity. The increase in greenhouse gas emissions has negative consequences for biodiversity, and carbon-intensive sectors also cause direct harm to local biodiversity. We can also mention the exclusion of tobacco, which leads to a reduction in pressures related to deforestation.

Sienna IM does not specifically implement a systematic exclusion policy for sectors with a strong impact or a strong dependence on biodiversity. We favor engagement and dialogue with these actors to promote concrete and sustainable improvements rather than systematically excluding certain sectors. Thus, we adopt an approach that focuses on evaluating companies' practices in this area before exclusion.

Furthermore, biodiversity-related criteria and issues are integrated into the investment processes specific to each expertise. For listed assets expertise, biodiversity issues are integrated into the ESG risk analysis used in the securities selection process. This extra-financial rating considers the most relevant ESG issues, presenting a significant impact on the financial value of an issuer and, consequently, on the financial risk and return profile of an investment. For each identified ESG issue, the policies, practices, and results obtained by the systems dedicated to managing ESG risks are analyzed, resulting in an ESG risk rating. The ESG issues may include, depending on the

⁷ <https://www.sienna-im.com/wp-content/uploads/2024/10/sienna-im-politique-dexclusions-2024-221024.pdf>

sector, issues directly related to biodiversity degradation, excluding climate issues, with topics such as:

- Emissions, effluents, and waste
- Land use and biodiversity
- Resource use

Poor management of biodiversity issues is thus reflected, along with other ESG issues, in the ESG risk rating, which is then used to exclude the riskiest issuers. Finally, controversies related to biodiversity are also included in the ESG risk rating.

For private debt expertise, biodiversity issues are integrated into the extra-financial analysis conducted for assets (companies or projects) intended to enter the portfolios through:

- In-depth analysis of controversies to identify those related to biodiversity issues. This assessment contributes to a better understanding of risks and a more responsible selection of assets within the portfolios.
- Potential impacts on sensitive biodiversity areas are also considered through the ESG due diligence questionnaire. This analysis helps identify and assess the risks associated with the activities of companies and projects.

The private debt expertise has an internal methodology that allows for the assignment of an ESG rating based on environmental criteria. These criteria cover proximity to sensitive biodiversity areas as well as other factors that may affect ecosystems and biodiversity preservation (excluding climate issues), such as waste management and water discharges.

Engagement

- **Dialogue**

Sienna IM's approach is to engage rather than systematically exclude. In this regard, the Group joined the PRI's collective engagement initiative dedicated to nature: SPRING⁸, for its listed asset expertise in 2024. This initiative aims to address systemic risks related to biodiversity loss to protect the long-term interests of investors. Companies influencing deforestation and land degradation in priority geographic areas are selected for the engagement group.

Sienna IM's approach for private debt is based on the nature of relationships with financed companies. Most financing is negotiated bilaterally. Thus, dialogue with each financed company is at the heart of our investment approach, and biodiversity is an integral part of the ESG challenges that are analyzed in detail. If Sienna participates in a syndication, we ensure, before financing, that the identified material ESG issues are taken into account. Furthermore, Sienna IM provides communication kits to its financed companies to help them progress on ESG topics, including biodiversity.

- **Advocacy**

Sienna IM has partnered with the ecological accounting chair at Agro Paris Tech through its dedicated private debt fund for biodiversity. This partnership is essential for us to support

⁸ <https://www.unpri.org/investment-tools/stewardship/spring>

academic research and enhance the skills of all stakeholders on biodiversity issues. The Group also regularly joins initiatives such as FAIRR⁹, which focuses on the ESG risks and opportunities in the food sector. The private debt expertise has signed the Finance for Biodiversity Pledge¹⁰. In 2024, Sienna IM supported the United Nations Finance Statement on Plastic Pollution¹¹.

Sienna IM participated in an AFG working group on biodiversity in 2024 and will continue to participate as much as possible in future initiatives on this topic. The Group may also support other declarations, initiatives, and efforts aimed at supporting the global effort to combat biodiversity collapse.

Monitoring the Impact on Biodiversity

Each expertise of Sienna IM calculates and monitor annually the biodiversity footprint of its investments in their Article 29 LEC reports. Sienna IM relies on an indicator provided by Iceberg DataLab¹² (IDL): the corporate biodiversity footprint (CBF). The CBF measures the impacts on biodiversity through the five major pressures defined by IPBES generated by the economic activities of invested companies throughout their value chain. The metric used is the average species abundance (AMS), expressed in MSA/km². It measures the conservation status of an ecosystem compared to its original, undisturbed state, free from human activities and pressures. Sienna has held a stake since 2021 in this biodiversity specialized data provider.

Furthermore, PAI No. 7 "Activities having a negative impact on biodiversity-sensitive areas" is calculated and monitored annually within the PAI report of each expertise. This allows for the identification of companies with facilities located in or near biodiversity-sensitive areas and whether their activities negatively impact these areas.

However, the stability and accuracy of the biodiversity impact indicators mentioned do not allow for investment decisions to be made. Although frameworks and methodologies continue to be structured, we believe that the data is not yet mature enough to compare issuers against one another and determine the evolution of their impacts on biodiversity.

In some cases, particularly for the dedicated biodiversity private debt fund, detailed impact analysis is conducted by Habitat¹³.

To better understand the impacts of investments, Sienna IM's expertise commits, starting in 2025, to analyze more precisely the sectors and issuers that have a strong impact on biodiversity. Based on the mappings conducted, awareness of management and direct consideration of biodiversity in decision-making processes can be deepened. Sienna will rely on an internal analysis tool combined with an automatic Km2 MSA score, compared to the average of peers in the subsector in terms of intensity. The selection and prioritization of sectors and companies with potentially significant impacts on biodiversity will guide our engagement and investment efforts.

⁹ <https://www.fairr.org/>

¹⁰ <https://www.financeforbiodiversity.org/about-the-pledge/>

¹¹ <https://www.unepfi.org/pollution-and-circular-economy/pollution/the-finance-statement-on-plastic-pollution/>

¹² <https://www.icebergdatalab.com/>

¹³ <https://www.habitat-nature.com/>

Monitoring Dependencies on Biodiversity

Currently, the ESG risk assessment, regardless of the types of assets, reflects risks related to ESG issues, but it does not allow for isolating the direct exposure of investments to the risks of biodiversity loss. Starting from 2025, Sienna IM's expertise commits to mapping invested sectors exposed to financial risk related to biodiversity loss. The goal will be to measure the degree of dependence of investments on ecosystem services, nature's services, and the reasons for this exposure.

Deepening the understanding of impacts and dependencies on biodiversity will allow Sienna IM to better understand its dual materiality specific to biodiversity.

Conclusion

This policy presents Sienna Investment Managers' commitment to systematizing the integration of biodiversity preservation issues into its investments. Sienna IM recognizes its role in biodiversity conservation and wishes to demonstrate its contribution to the Global Biodiversity Framework guiding actions for the protection of life at the global level.

This policy will be updated every three years to ensure its relevance and effectiveness regarding the evolving challenges and best practices in the sector. The Biodiversity Policy was validated by the Management Committee of Sienna in April 2025.

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