

Biodiversity: a constructive dialogue with corporate borrowers

Investing in private debt on the theme of biodiversity places borrowers in a virtuous circle with performance indicators adapted to their activity. The management team will lead discussions with these companies on both profitability criteria and non-financial indicators.

"Financing in private debt format allows us to establish a dialogue with the borrowing company to identify its needs, its business model and verify its eligibility for the fund's financial and extra-financial criteria," says Claire Sanson, manager of the Biodiversity fund at Sienna IM. This discussion process can last several weeks or even months. The extra-financial analysis is always conducted by the ESG team in conjunction with the management team. The aim will then be to analyse the environmental, social and governance aspects of the company by submitting a questionnaire to the borrowing company on its spatial footprint, intentionality, impact, additionality and measurability in terms of biodiversity. It is on the basis of these responses that the dialogue continues. Sienna IM's multi-sectoral biodiversity fund addresses very broad issues related to biodiversity. To date, four investments have already been made and the

discussions on biodiversity performance indicators (KPIs) have been very constructive each time. The fund invests in companies that provide solutions in favour of biodiversity (regenerative agriculture, for example) or wishing to follow a transition trajectory (by increasing their share of sourced agriculture for example) or also extra-financial analysis companies with the best biodiversity practices in their sector.

From the almond farm to the anaerobic digestion plants

"We have therefore decided to finance a farm in regenerative agriculture, having previously defined in conjunction with the borrower two biodiversity KPIs, one relating to plant cover to encourage the farm to nourish the land surrounding its almond and olive trees, the other to obtain the organic label and another label that aims to restore the balance

of agricultural ecosystems and promote soil regeneration, water and biodiversity," describes Claire Sanson. Another project funded is anaerobic digestion plants in France, whose methane-generating inputs are overwhelmingly organic waste rather than dedicated or perennial crops. "Audits of the various sites are also carried out annually, to verify, for example, that these anaerobic digestion plants do not negatively affect local biodiversity," she explains. To finance companies that do not provide «solutions», the Biodiversity Fund has put in place impact clauses to verify that the company is well placed on a good trajectory. So many win-win discussions which allow these virtuous companies to borrow at a lower cost and investors to limit their risks.



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