

POLICY TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

1. Summary

Sienna AM France has around forty employees and therefore does not fall within the scope of the mandatory "Comply" for portfolio management companies, which is set at 500 employees.

Sienna AM France has chosen to consider the principal adverse impacts (PAI) of its investment decisions on sustainability factors on a best-effort basis. Sienna AM France complies with the 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 indicator and 1 additional 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, 2024 is included in the Article 29 LEC report available on the [company's website](#).

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

Identifying the principle adverse impacts of Sienna AM France's financing activities requires access to quality data.

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

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

Sienna AM France's approach is based on three types of information:

- Information provided by the borrower: Sienna AM France organizes an annual ESG data collection campaign for its borrowers. The questionnaire covers the ESG aspects, including questions relating to the information needed to calculate the principal adverse impacts. The last ESG data collection campaign was carried out in 2025, for the 2024 financial year, via the Tennaxia platform, which manages data submissions and aggregation. In addition, the financing documentation signed since 2022 provides for annual reporting commitments on non-financial performance for the SFDR Article 8 and Article 9 funds.
- Information deduced by the Sienna AM France teams: mainly concerns binary questions (Yes/No) for which the knowledge of the borrower allows the management team to answer with certainty on behalf of the borrower. This includes exposure to fossil fuel-related activities, controversial weapons, etc.

- Calculated information: regarding environmental data that companies are not able to provide, Sienna AM France uses estimates mainly calculated by external data providers for the carbon footprint and biodiversity.

If Sienna AM France does not have enough data to calculate proxies, or when this approach is deemed irrelevant, then no data is provided.

The prioritization of the principal adverse impacts is reflected in Sienna AM France's definition of sustainable investing 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 Sienna AM France's exclusions policy, which provides for a 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 the principles of the Global Compact and the OECD Guidelines
- PAI 14: activity involving controversial weapons

These principal adverse impacts are reflected in Sienna AM France's exclusions policy.

4. Engagement Policy

Sienna AM France is a portfolio management company specializing in private debt which core business is different from companies focused on listed securities. Sienna AM France is not a shareholder with the ability to buy or sell securities. As such, while it is entirely possible to start 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 engagement, 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 whole or in part. As a lender, Sienna AM France must go to the maturity of its loan and its influence is mainly exercised during the implementation of the transaction.

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

- Most transactions (about 80%) are the result of bilateral deals that allow for an in-depth initial dialogue with the borrower. When setting up the transaction, Sienna AM France includes the borrower's commitment to provide ESG data annually in the key elements of the discussion.
- Where possible, in the case of impact funds developed by Sienna AM France, the company 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. They may include penalties in the form of an increase in the interest rate in the event of non-compliance with the objectives or bonuses in the form of a reduction in the interest rate in the event of meeting pre-set targets.

5. Reference to international standards

Sienna AM France, either directly or through the Sienna IM Group, participates in international and local initiatives in the field of responsible investment:

- Adherence to the Principles for Responsible Investment (PRI): in 2015, Sienna AM France officially committed to responsible investment by becoming a signatory of the PRI (since 2023, through the signing of Sienna IM).
- Science Based Targets initiative (SBTi): Sienna IM committed to SBTi in January 2024. Sienna AM France, as Sienna IM's Private Credit expertise, is concerned by this commitment.
- Carbon Disclosure Project (CDP) : CDP Climate Change, CDP Water Security et CDP Forest. Sienna IM adheres to CDP since April 2023.
- Task Force on Climate-related Financial Disclosures (TCFD): Sienna IM supports the TCFD recommendations and encourages all companies in its portfolio to align their disclosures with the TCFD recommendations.
- Task Force on Nature-related Financial Disclosures (TNFD): Sienna AM France supports the TNFD's recommendations.
- Sustainability Accounting Standards Board (SASB): Sienna AM France relies on the SASB methodology to assess financial materiality.
- International Climate Initiative (ICI): Sienna AM France has been a member of the iCI since 2021. The iCI was originally created by French private equity firms which decided to join forces and contribute to the Paris Agreement's objective of limiting global warming to well below 2°C.

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