

EXCLUSION POLICY

January 2022

This exclusion policy forms part of Sienna Private Credit's commitment to bring about a transformation of the real economy consistent with its objective to "work for a fair and sustainable transition". This commitment and the necessary transition it entails internally at the level of our methods, objectives and people is embodied in a rigorous exclusion policy applying the notions of effort and transition underpinning the Group's approach. This policy is based on information collected by Sienna Private Credit "to its best knowledge" and is tailored to each financing granted by the Group.

The exclusion policy has four pillars:

1. Necessary exclusions relating to activities that cannot be continued in a global warming trajectory of less than 2°C and that must be stopped immediately or whose stoppage requires assistance over time.
2. Exclusions relating to compliance with business ethics that are internationally recognised and formalised by the 10 principles of the United Nations Global Compact.
3. Business areas in which the Group shall be particularly vigilant, notably in relation to biodiversity.
4. Exclusions on request to meet the specific needs of some of our clients.

Lastly, the exclusion policy forms part of Sienna Private Credit's ESG commitments, which are also set out in the following documents (including the hypertext links):

- The ESG policy
- The remuneration policy
- The sustainability policy
- The SFDR classification of funds
- Market and joint commitments

Business-related exclusions

Controversial armaments:

Under the conventions and treaties signed by France on controversial armaments (Ottawa Convention on land mines and Oslo Convention on cluster munitions and the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)), Sienna Private Credit commits to exclude from its financing companies directly or indirectly involved in a significant manner in:

- **land mines,**
- **cluster munitions,**
- **chemical and biological arms,**
- **nuclear arms for non-signatory countries of the NPT,**
- **depleted uranium,**
- **white phosphorous.**

Thermal coal:

The withdrawal from thermal coal is strongly recommended by the AFG¹ and is a key point of compliance with the Paris Agreement. Sienna Private Credit wishes to play its part to tackle climate change and, in the spirit of its commitment to a fair and sustainable transition, commits not to finance:

- **companies with more than 10% of their revenues derived from thermal coal or coal-related infrastructures,**
- **companies with plans to extend their activities linked to thermal coal (mines, infrastructure or electricity),**
- **companies with no plan to withdraw from coal by 2030 for OECD countries (and by 2040 for emerging countries) including site-by-site details and employment aid measures.**

Fossil fuels and non-conventional fossil fuels:

In May 2021, the International Energy Agency (IEA) published a report entitled “*Net Zero by 2050: a roadmap for the global energy sector*”² that constitutes a roadmap for the energy sector. In this report, the IEA proposes a concrete trajectory to attain the net zero target globally by 2050 by spelling out the necessary conditions to be implemented by the energy sector, with measures, technologies and indispensable behavioural changes to achieve this in just three decades. The energy sector holds the key to the decarbonisation of the world economy, as energy-related emissions represent approximately three-quarters of total CO₂ emissions.

According to the IEA, attaining this scenario will require strong action to divest fossil fuels rapidly and, from the end of this year, no new coal, gas or oil field exploration projects. The practical application of this IEA recommendation for our financial sector implies - and this is the commitment taken by Sienna Private Credit in its Manifesto - that we stop financing:

- **Companies with plans to develop their conventional fossil fuel fields (such as gas or oil);**

As the IEA report recommends, the energy sector must begin its transformation. This is also a strong recommendation of the AFG, which published in October 2021 a guide⁵ for asset management companies in this area. In the spirit of our Manifesto to assist economic behaviour consistent with the requirements of the 2°C economy, Sienna Private Credit may finance the subsidiaries of these groups for renewable energy or energy transition projects.

¹ [AFG-guide-16 pages](#)

² [Net Zero by 2050 – Analysis - IEA](#)

Aside from conventional fossil fuels, a crucial area of focus in the short term is the development of the non-conventional fossil fuels that emit particularly high amounts of CO₂ and are consequently dangerous for both the climate and the environment (because of the fragility of ecosystems where they are extracted). It is urgent to halt all activities related to these non-conventional fossil fuels and to assist the transition to other forms of green energies.

Sienna Private Credit commits to stop financing companies with a direct or indirect operating activity (infrastructure, transport network, etc.) linked to:

- **arctic drilling according to the scope defined by the *Arctic Monitoring and Assessment Programme (AMAP)*,**
- **drilling in deep waters,**
- **bituminous sands,**
- **gas and shale oil.**

Tobacco:

The exclusion of tobacco is a public health issue beyond any ethical or cultural consideration. In this regard, the United Nations Global Compact³ has excluded the possibility for tobacco producers to be signatories of the Compact, as it initially did for companies producing land mines or cluster munitions⁴. This decision was taken in 2017 following several reports by the WHO⁵ demonstrating the impacts of tobacco consumption on mortality and public health. According to the UN, the tobacco industry is the biggest obstacle to reducing tobacco-related deaths. Its interests are irreconcilable with public health strategies, and it is therefore indispensable to exclude it from global efforts to counter tobacco usage. In this regard, Sienna Private Credit commits not to finance:

- **tobacco-producing companies (zero tolerance) or industry groups whose activity is principally dedicated to tobacco.**

⁴ <http://www.globalcompact-france.org/>

⁵ <https://www.unglobalcompact.org/participation/join/who-should-join>

⁶ WHO: world health organization; https://www.who.int/tobacco/global_report/2017/executive-summary/en/

This document is solely intended for professional investors in the meaning of the MiFID Directive .

Normative exclusions

Sienna Private Credit commits not to finance organisations that are recognized to violate one of the ten principles of the United Nations Global Compact listed below:

LES DIX PRINCIPES DU GLOBAL COMPACT DES NATIONS UNIES



DROITS DE L'HOMME

- 1 Promouvoir et respecter la protection du droit international relatif aux Droits de l'Homme
- 2 Veiller à ne pas se rendre complices de violations des Droits de l'Homme



NORMES INTERNATIONALES DU TRAVAIL

- 3 Respecter la liberté d'association et reconnaître le droit de négociation collective
- 4 Contribuer à l'élimination de toutes les formes de travail forcé ou obligatoire
- 5 Contribuer à l'abolition effective du travail des enfants
- 6 Contribuer à l'élimination de toute discrimination en matière d'emploi



ENVIRONNEMENT

- 7 Appliquer l'approche de précaution face aux problèmes touchant à l'environnement
- 8 Prendre des initiatives tendant à promouvoir une plus grande responsabilité en matière d'environnement
- 9 Favoriser la mise au point et la diffusion de technologies respectueuses de l'environnement



LUTTE CONTRE LA CORRUPTION

- 10 Agir contre la corruption sous toutes ses formes, y compris l'extorsion de fonds et les pots-de-vin

Les Dix Principes du Global Compact des Nations Unies sont dérivés de : la Déclaration Universelle des Droits de l'Homme, la Déclaration de l'Organisation Internationale du Travail relative aux principes et droits fondamentaux au travail, la Déclaration de Rio sur l'environnement et le développement, et la Convention des Nations Unies contre la corruption.

This document is solely intended for professional investors in the meaning of the MiFID Directive .

Vigilance

When the organisations it finances may be linked to the following activities, Sienna Private Credit shall pay particular attention to the way in which these activities are conducted and to safeguards put in place to ensure that potential adverse effects are identified, analysed and minimised. These activities are:

- **Bitcoin and crypto-currencies more generally,**

And in particular relation to biodiversity issues:

- **palm oil,**
- **GMOs,**
- **construction.**

Exclusions on request

Sienna Private Credit is aware that some of its clients may have an exclusion policy that differs from its own one. On this point, the Group is able to put in place exclusions that meet the specific demands of its clients.