

Sustainability-related disclosures

Product name: Niam Credit Senior Fund, FCP-SIF – NCS II

Legal entity identifier: 213800ZPE782LU4HNK33

Type of fund: common fund – specialised investment fund (*fonds commun de placement – fonds d'investissement spécialisé*)

R.C.S. Luxembourg: K877

Summary

Through Niam Credit Senior Fund, FCP-SIF – NCS II (the Sub-Fund), Niam Credit Management S.à r.l. (the Management Company) contributes to the sustainability transformation by encouraging borrowers to environmentally and/or socially improve the real estate we finance during the duration of the loan. Since debt capital is essential to most property owners, we as real estate lenders, have significant impact and hence a responsibility to actively promote sustainability.

The purpose of the Sub-Fund is to establish and manage a portfolio of senior property loans with low risk and stable underlying cash flows as determined by the Management Company. Lending may be made through direct sourcing (new loans) or through acquisitions of existing loans from other lenders (e.g. banks). The Sub-Fund promotes environmental and/or social characteristics by offering sustainability linked loans including Key Performance Indicators ('KPIs') and Sustainability Performance Targets ('SPTs') related, but not limited to, climate change mitigation, climate change adaptation, circular economy, safety, mental and physical wellbeing and social inclusion.

Each loan is screened in a thorough due diligence process to ensure good governance and no engagement in excluded activities detailed below. The due diligence process also includes an assessment of sustainability risks and the property's overall ESG performance.

The attainment of environmental and/or social characteristics is monitored by a compliance certificate provided by the borrower annually, confirming the fulfillment KPIs and SPTs under the sustainability linked loan terms.

The Management Company has categorised the Sub-Fund pursuant to Article 8 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended (SFDR).

The target share of investments promoting environmental and/or social characteristic is 50%. In order to reach this, the Management Company promotes active dialogue with borrowers to improve their general sustainability work and also works proactively to improve specific assets.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The Sub-Fund promotes multiple environmental goals with focus on decreased greenhouse gas emissions. Buildings in the European Union account for 40% of final energy consumption and 36% of its energy-related greenhouse gas emissions¹. It is therefore evident that the real estate and construction industry plays an important role in decarbonising the economy. Furthermore, the Sub-Fund promotes environmental characteristics related, but not limited, to climate change adaption and circular economy.

Parallel to the environmental crisis, society faces social challenges. Buildings play a central role in their surrounding neighbourhoods and have the power to contribute to advancing the economic and social well-being of people. Through the Sub-Fund, the Management Company promotes social sustainability aspects in its lending activities related, but not limited to, safety, mental and physical wellbeing and social inclusion.

In addition, the Sub-Fund applies exclusion criteria and may not invest in businesses with direct engagement in activities related to:

- i. Thermal coal, including power and/or heat generation, mining and transportation.
- ii. Uranium, including power and/or heat generation, mining and transportation.
- iii. Production, mixing and tapping of alcoholic beverages with an alcoholic content exceeding 2.25 volume per cent.
- iv. Oil sands, including exploration, production, refining and transportation
- v. Production of tobacco or tobacco products.
- vi. Commercial gambling and related products and services, including casino operations, software and hardware products and/or services.
- vii. Manufacturing, research or sales of weapons, weapon systems and strategic military products.
- viii. Pornography.

Investment strategy

The purpose of the Sub-Fund is to establish and manage a portfolio of senior property loans with low risk and stable underlying cash flows as determined by the Management Company. Lending may be made through direct sourcing (new loans) or through acquisitions of existing loans from other lenders (e.g. banks).

The Sub-Fund will make senior loans that are backed by collateral in properties located exclusively in Sweden. Senior collateral may be in the form of a pledge over mortgage deeds and/or pledges over shares or partnership interests in the company or partnership owning the property. The Sub-Fund will always be the most senior lender in the capital structure.

The Sub-Fund's property and property financing expertise form an important basis for its ability to identify, value and execute value-creating investments. The Sub-Fund will seek borrowers that have a long-term perspective on their presence in the property market and offer them

¹ Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the energy performance of buildings (15088/21)

senior lending. The Sub-Fund integrates environmental, social and corporate governance factors (ESG) into the investment strategy by issuing sustainability linked loans promoting a combination of environmental and social characteristics to borrowers following good corporate governance practices.

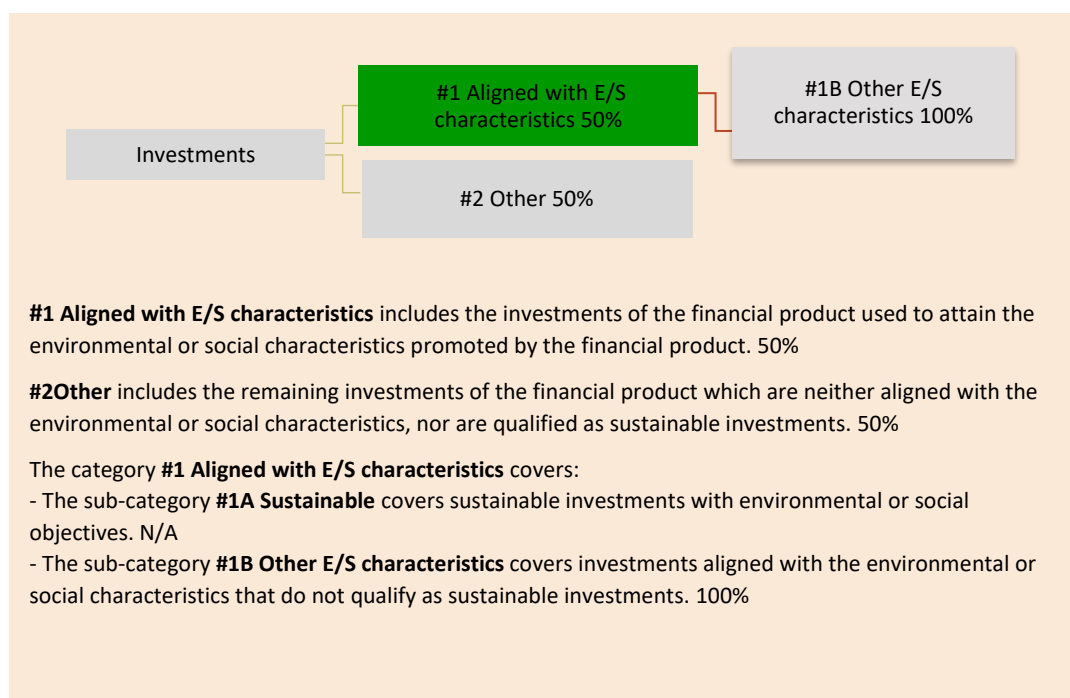
To assess good governance practices a thorough due diligence process is performed. This due diligence process is reviewed and performed on new and existing borrowers on a periodic basis. In this respect, the Management Company is a signatory of the UN Global Compact principles and UN principles for responsible investment (PRI), which form part of the Management Company's policy to assess ESG characteristics, as well as the management structures, employee relations, remuneration of staff and tax compliance of new and existing borrowers on a periodic basis.

In this context, each borrower, among others, confirms no direct or indirect engagement in any of the following activities:

- (i) activities resulting in severe and/or systematic breaches of internationally recognised conventions, norms or protocols regarding environment protection to which Sweden is a signatory,
- (ii) activities in material breach of UN conventions and declarations on human rights, including, but not limited to, child labor and labor rights,
- (iii) activities associated with material and/or systematic corruption.

In addition, the Management Company performs a rigid KYC process when entering a loan in order to understand the ownership structure of the borrower and assess risk related to money laundering, corruption and sanction breach.

Proportion of investments



In accordance with the binding elements of the Sub-Fund's investment strategy (described above) and the Sub-Fund's exclusion policy (described above), a minimum of 50% of the Sub-Fund's investments is used to attain the environmental and social characteristics promoted by the Sub-Fund.

The remaining 50% portion of the Sub-Fund's investments cover loans which do not promote environmental and/or social characteristics. These loans however also follow the restricted businesses and activities as outlined above (i.e. the above exclusion policy).

Monitoring of environmental or social characteristics

The framework for sustainability linked loans specifies that the borrower should submit a sustainability compliance certificate annually in order to confirm the fulfilment of KPIs and SPTs' defined by the Management Company and set out in the loan agreement the Management Company concludes with each borrower. The Management Company will monitor and assess the extent to which each borrower fulfils the KPIs and SPTs'.

Methodologies

The Management Company uses its frameworks for sustainability linked loans to promote environmental or social characteristics. The framework is established in accordance with the "Sustainability-Linked Loan Principles" issued jointly by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA).

The framework includes a pool of predetermined sustainability related KPIs and SPTs. The KPIs and related SPTs are used to measure the attainment of each environmental and social characteristics. The borrower shall undertake to improve its performance under an agreed number of these indicators. The indicators are determined by evaluating the borrowers' sustainability policy and business plan and sustainability performance of the properties.

Data sources and processing

(a) the data sources used to attain each of the environmental or social characteristics promoted by the financial product;

Data used in order to assess environmental or social characteristics promoted by the Sub-Fund is collected from the borrowers. The data collected consists of the predetermined sustainability related KPIs and SPTs received from each borrower and based on the LMA, APLMA and LSTA framework.

(b) the measures taken to ensure data quality;

The obligation of the borrower to provide accurate sustainability data is contractually ensured by being included in the loan documentation. The Management Company will monitor and assess the completeness and accuracy of the data provided. If necessary, the Management Company may decide, with the borrower, to increase the frequency at which data is delivered

to the Management Company and/or to request from the borrower that the data it provides is supported by additional third party independent data sources.

(c) how data are processed;

The borrower must provide transparency on data collection method. Data is reviewed by Head of Sustainability and stored in the Management Company's internal loan data base.

(d) the proportion of data that are estimated.

None of the data related to the attainment of the environmental and social characteristics promoted by the Sub-Fund and received from the borrowers is estimated data. No proxy calculations of environmental and/or social characteristics are used and the borrower is obliged to be transparent on the source of reported data.

Limitations to methodologies and data

The main limitation of the data is the manual collection and the risk that the provider of the data interprets the definition of the data points differently. However, the definition of the data is specified in detail in the loan documentation and reviewed by the Management Company.

Due diligence

All investment proposals are evaluated by the Investment Advisor against strategy and investment criteria with respect to e.g. location of assets, tenant creditworthiness, diversification, alternative use of the Property, stable residual value, technical status, overall ESG strategy of the borrower and sustainability related risks.

For investments promoting environmental and/or social characteristics, the Investment Advisor and Head of Sustainability evaluate the potential for environmental and social improvement of the Property/-ies based on the borrower's sustainability business plan. This evaluation takes into account if the business plan is third party verified and if the borrower has committed to The Science Based Targets initiative (SBTi), a collaboration between the CDP (formerly Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) (or similar initiative).

Engagement policies

The Management Company's engagement with the borrowers is predominately via direct dialogue, both proactively and on borrowers' own initiative. Proactive dialogues mean to influence borrowers to improve their general sustainability work and also to work proactively to improve specific assets. An annual review is performed for every loan and prompts close dialogue with borrowers throughout the lifetime of the investment.