# SIMCo Sustainability Framework

## Evidence and Procedures

31st March 2026

## Negative screening

Negative screening is applied to avoid actively or intentionally investing in certain sectors and assets that are likely to cause significant harm to the environment and/or society.

The exclusion criteria apply to the primary nature and objective of the borrower's business and direct revenues occurring from such activities.

The following sub-sectors or asset types are excluded from investment:

- **Controversial weapons** (anti-personnel mines, cluster munitions, chemical and biological weapons) manufacturing and distribution;
- **Violation of human rights** (companies in severe violation of the UN Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises);
- As our investment criteria limits investment to only certain types of infrastructure, this means that, in practice, many harmful or controversial asset types de facto will not fall within investment consideration, for example: **alcohol production, gambling operations, tobacco cultivation or production, pornography production and adult entertainment activities**.

Ancillary revenues arising from the following excluded activities would not normally constitute a material part of that business (i.e. more than 5% of its total revenues):

- **Thermal coal mining** and directly related infrastructure, for example a dedicated thermal coal transportation asset like a railroad or wagons;
- **Power generation from coal** and any asset using thermal coal; and
- **Upstream exploration or production of oil and gas**, such as oil rigs and platforms, fracking facilities, and facilities involved in tar sands.

For the avoidance of doubt, metallurgical coal, oil and gas assets part of the midstream (such as pipelines) and downstream segments (such as refineries), as well as power generation from oil and gas, are not necessarily excluded pursuant to application of the negative screens but are, as with all assets, subject to SIMCo's scoring and monitoring processes.

Where there is any question over whether the transaction veers into any of the excluded categories, evidence should be saved to support its compliance with the negative screening criteria, such as a breakdown of the borrower's revenue streams.

From time to time, we may fund transition projects that, in their current state, do not fulfil the negative screens but that have the aim of shifting their business away from excluded activities towards compliant ones, for instance a power plant phasing out coal in favour of cleaner energy sources. In such cases, there should be explicit documentation that covers this transition plan, such as covenants in the loan agreement, externally verified targets, or regulated public disclosures/reports.

Post acquisition, all assets are monitored for their continued compliance with the policy, which is documented in Investment Committee memoranda.

If over the course of a loan, a business changes in nature such that its main activity becomes one featured on our exclusion list or ancillary revenues from an excluded activity become material, SIMCo would look to engage with the borrower with the aim of seeking to bring it back within compliance. Where no resolution can be sought, SIMCo would look to dispose of the asset when the time and circumstances did so allow.

The percentage of the portfolio in compliance with the negative screening policy is assessed on a NAV basis for the year by taking the average of each quarter end.

## Thematic investing (positive screening)

SIMCo adopts a range of investment thematics, including but not limited to three with sustainability themes:

- **Renewable energy** (e.g. generation of solar, wind, and geothermal energy and directly related businesses including renewable energy suppliers).
- **Enabling the transition to a lower-carbon world** (e.g. grid stabilisation, electric vehicles infrastructure, traffic congestion reduction) and **transition financing** (i.e. companies or assets that are not yet sustainable but that are on a credible transition path, such as the substitution of coal by gas).
- **Infrastructure with social benefits**, which provides for basic or critical human needs and requirements (e.g. clean water and food security) or brings a positive change by addressing social challenges and inequalities (e.g. healthcare, education and affordable housing) or advancing society as a whole (e.g. progressing and facilitating telecommunications).

Positive screening will be employed to increase the fund's exposure to these investment themes, subject to existing concentration limits.

During the early stages of the credit process, the prospective borrower is initially assessed for whether it falls into any of the three themes.

Evidence should be saved to support any classification, such as reports detailing the nature of the borrower's operations or photos of the asset.

Post acquisition, all assets are monitored to ensure the label is still applicable, which is documented in Investment Committee memoranda.

The percentage of the portfolio that falls within each theme is calculated on a NAV basis for the year by taking the average of each quarter end.