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1. Purpose and Scope

The purpose of this policy is to set out SynCap’s approach to incorporating environmental, social and governance (ESG) factors into its investment decisions.

This policy and the frameworks included apply to all staff and consultants involved in the origination and acquisition of structured trade and commodity finance trade receivables.

2. Sustainability at SYNTHESIS

SynCap’s strategy and practice incorporate environmental, social and governance (ESG) factors into investment decisions making it a Responsible Investor. Sustainability is aligned to SynCap corporate purpose through the adoption of a holistic approach of integration from governance to investment.

The following principals direct our corporate strategy:

- Sustainability is grounded in robust governance, policies and processes¹
- Identification of material environmental and social risks are an integral part of borrower assessment and loan screening
- Investment analysis, valuation and decisions takes account of wider stakeholder impact
- Commitment to internationally recognised standards and principals

SynCap is to become a signatory to the UN Principles for Responsible Investment and aligns its borrower selection criteria to The Ten Principles of the UN Global Compact.



3. Sustainable Finance Framework

- a. Introduction

Transactional Commodity Trade Finance (TCTF) activities are deeply entwined with environmental, social and governance (ESG) concerns because commodity production (mining/drilling, beneficiation/refining), supply (transportation from regions of production to consumption) and consumption (e.g. burning of fossil fuels) have possible adverse consequences for the environment, may be against good governance practices (money laundering, financial crime risk, bribery and corruption²), or be socially/morally unacceptable (e.g., waste/emission generation or use of child labour).

SynCap is committed to sustainable and value creating capital allocation through the adoption of a holistic approach to ESG factors and associated risks. This Policy establishes a consistent and comprehensive methodology for integrating sustainable finance into the credit risk appetite, credit risk policies and loan origination procedures.

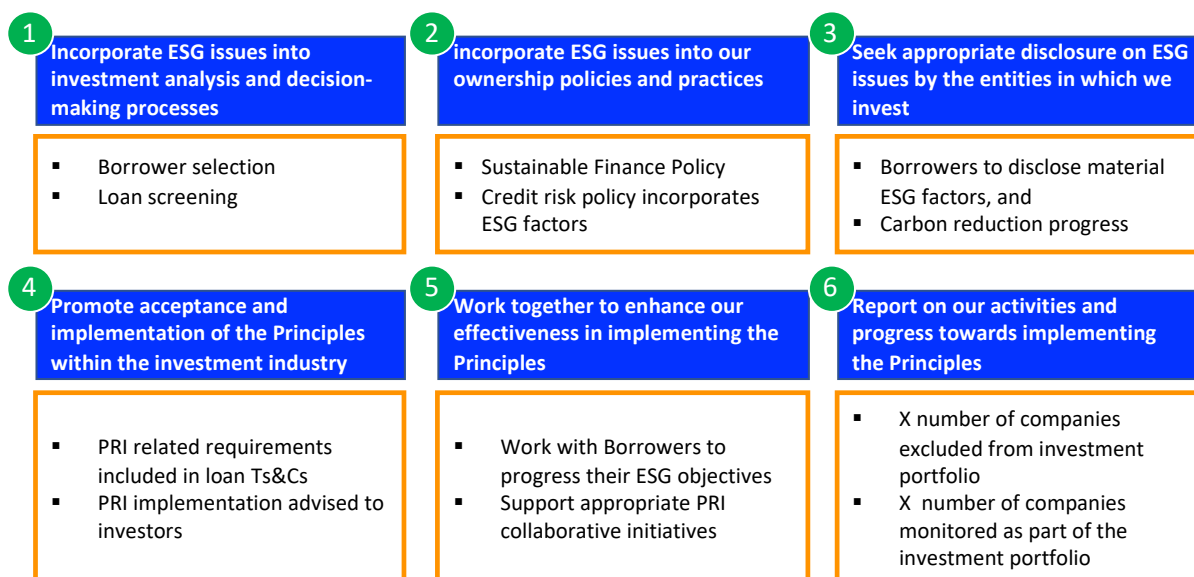
b. Strategy aligned purpose

SynCap's key investment strategy is to make a contribution to the low carbon transition by prioritising carbon reduction across the asset portfolio in which it invests. This strategy supports the Paris Agreement's main objective of keeping *global temperature rise well below 2°C above pre-industrial levels* and is aligned to the United Nation's Sustainable Development Goal #13: *take urgent action to combat climate change and its impacts*.



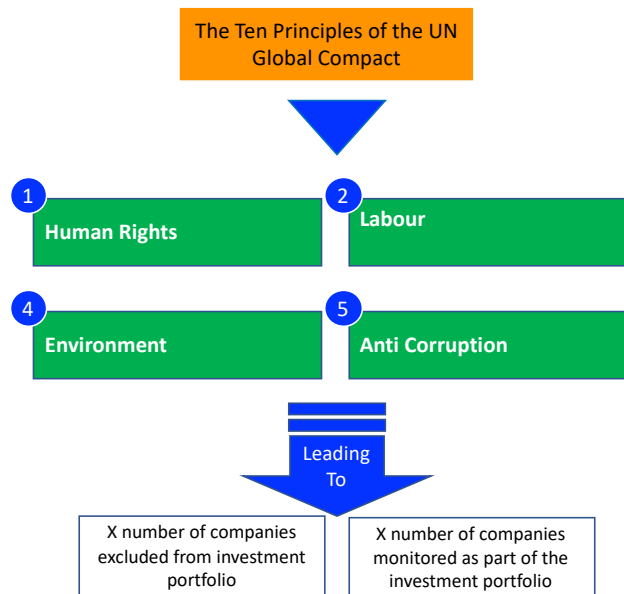
c. Framework

The Framework established below is based on the UN PRI principals:



Additionally, the borrow selection criteria aligns with The Ten Principles of the UN Global Compact:

Borrower screening & selection



d. Exclusion Policy

SynCap aims to be a responsible investor and avoid reputational risks for the company and its funders by excluding from its securitisation loan portfolio, the following:

- Dual use goods
- ‘Greenfield and/or mountaintop removal’ coal mining
- Coal-fired power generators unless replacing older less efficient installations or deemed necessary to maintain a stable electricity supply in the host country
- Oil sands
- Non sustainable palm oil & wood pulp
- Production involving deforestation, peat, exploitation (No NDPE)
- Production which aligns with free, prior and informed consent (FPIC) of local communities
- Activities which result in negative impacts on indigenous peoples, including expropriation/involuntary resettlement
- Activities including illegal labour exploitation, including child labour²
- Negative impact on Ramsar or UNESCO World heritage sites, violation of CITES
- Tobacco

e. Diversity and Exclusion Policy

The diversity of employees throughout the organisation is important to ensure a diverse pipeline of talent for future senior roles and improve equality generally within society. Our firm wide culture has a fundamental focus to create and ensure a diverse working environment which also caters for the mobility impaired, does not discriminate on the basis of age, gender, race, national origin, religion, marital or family status including pregnancy, sexual orientation. SynCap encourages diversity, ownership and career development.



4. Policy Review

Sustainable Finance Policy	Sep. 2023
Author	SP
Reviewer	
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¹As per EBA Guidelines on loan origination and monitoring EBA/GL/2020/06

² See SynCap Compliance Policy