

SUSTAINABLE INVESTMENTS

Principal adverse impacts statement

Privium Fund Management B.V. ("Privium")

March 2021

Art 4 SFDR- Regulation (EU) 2019/2088 (the "Regulation")

Introduction

In addition to sustainability risks, the most important adverse impacts of Privium's investment decisions on sustainability factors are also identified and prioritized. The declaration of the main adverse impacts required by the Regulation can be found in this document

Policy for assessing the most important adverse effects on sustainability

Investments may have a negative impact on sustainability factors (i.e. environmental, social and governance factors). For example, investments can have a negative impact on climate change, deforestation, or respect for labor rights.

This also applies to Privium's investments. Privium therefore pays attention to such negative impacts when making investment decisions. When selecting investments, Privium checks whether the investment may have a negative impact on sustainability factors. To obtain this information, Privium conducts due diligence. Due diligence is tailored to the type of assets. The basic principle is that for the due diligence the research data of the Sustainability Accounting Standards Board (SASB) is used to determine for each investment which sustainability factors are relevant to integrate in the investment decision. Alternative methods are used for the assets for which SASB research data is not suitable. Research and data from the World Bank are used for investments in sovereign debt and for fund-of-funds the integration of sustainability is assessed by the fund manager in the due diligence.

This method is applied to the funds that Privium manages and that qualify as a fund that has a sustainable investment objective (as referred to in art. 9 SFDR). In the case of investments for funds without a sustainable investment objective, negative sustainability effects are not (yet) taken into account in the investment process.

If it becomes apparent that an investment for a fund with a sustainability objective may have an unfavorable effect on one of the sustainability factors mentioned above, Privium will use the (1) research data from SASB, or (2) data and research data from the World Bank, or (3) Check information about the fund manager of the likelihood of the negative impact occurring and how severe this impact is. Depending on the sustainable objective of the respective Fund and the timelines of the investment, it will be determined on which adverse effects the most immediate action is needed to ensure the sustainable objective of the Fund. An action plan will be drawn up

which will be shared in the communication with participants in the Fund.

Actions may include, for example, Privium entering into discussions with the company, limiting the increase of a position, or exiting certain investments.

Currently, Privium considers (1) CO2 intensity of investments (2) negative effects on biodiversity (3) diversity at board level (4) potential human rights violations by investments as the main negative effects of its investments on sustainability factors.

For the sake of completeness, we explain in the sections below per fund category whether or not adverse sustainability impacts are integrated into the investment process.

Funds designated as Art 6 under the Regulation

When making investment decisions, Privium does not consider the possible negative impacts of investments on sustainability factors for the Funds designated Article 6 funds. Privium does not intend to consider such adverse impacts in the future when making investment decisions for these funds.

Privium has opted for this because it believes that there is currently insufficient reliable data available to adequately analyze these negative impacts and integrate them into the investment process. Where detailed data is available, it is often expensive and its analysis is time and labor intensive. Privium therefore believes that the costs of including such analysis in the investment process do not outweigh the expected benefits for the time being.

Funds designated as Art 8 under the Regulation

When making investment decisions, Privium also does not consider the possible negative impacts of investments on sustainability factors for the Funds that are designated as Article 8 funds. The reason for this is the same as for Art. 6 funds.

However, Privium does intend to consider such adverse impacts in the future when making investment decisions for the Article 8 funds. Every year at the start of the calendar year, Privium will assess whether sufficient reliable data is available to adequately analyze these negative effects and integrate them into the investment process.

Funds designated as Art 9 under the Regulation

When making investment decisions, Privium pays attention to the possible negative effects of investments on sustainability factors for the Funds designated as Article 9 funds, in the manner described above.