

Published on: 10 May 2023

Last review on: 27 November 2025

## SUSTAINABLE INVESTMENTS

Integration of sustainability risk at Privium Fund Management B.V.

November 2025

Article 3 SFDR Regulation (EU) 2019/2099

### Introduction

The Sustainable Finance Disclosure Regulation (**SFDR**) prescribes that Privium Fund Management B.V. (**Privium**) discloses on sustainability, including the integration of sustainability risk.

Privium defines a sustainability risk as an environmental, social or governance (**ESG**) event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of investments. Therefore, the identification, assessment and monitoring of sustainability risks for the funds managed by Privium is an ongoing exercise that requires collaboration and communication across the company and with all our investors, partners and service providers.

### Integration of Sustainability Risk

Events and circumstances in the world could impact the value of investments. As this also applies to sustainability risks, we have implemented a sustainability risk policy which as part of Privium's Compliance Handbook (**Sustainability Risk Policy**).

Privium identifies, assesses and monitors the sustainability risks and their potential impact on all the investments made and maintained by its funds. How this is done depends on the type of investment strategy and investments the funds pursue. The identification and assessment of sustainability risks is part of the initial due diligence process of each investment, within the boundaries as set by Privium's Global Risk Management Framework, Due Diligence on Investments Policy and Sustainability Risk Policy (each included in the Compliance Handbook).

Control measures are in place through internal procedures and the use of a central data collection tool. Monitoring of sustainability risks takes place on a monthly basis and the review of the control measures is part of the annual compliance review.

### *Sub-Sector Approach*

Privium applies the concept of materiality to determine which (type of) sustainability risks are relevant for the analysis of investments. Sustainability risks are deemed material if they are likely to have a significant impact on an investment's value. The relevance of sustainability risks can differ per asset class, economic sector and even sub-sector or individual investment. How these sustainability risks are applied and monitored therefore differs according to the investment strategy and type of investments.

Not all sustainability risks may have a material negative effect on the value of an investment. Also, the relevancy of each sustainability risk may differ based on the economic sector related to the investment. Therefore, the Materiality Map of the Sustainability Accounting Standards Board (**SASB**) is applied to determine which sustainability risks are material to consider in the investment decision making process.

SASB has identified over 25 sustainability risks divided across the environmental, social and governance topics. Five industry-specific sustainability dimensions have been defined: (1) Environment, (2) Social Capital, (3) Human Capital, (4) Business Model and Innovation, and (5) Leadership and Governance. Depending on the economic sub-sector related to the investment, these risks are classified as either (i) not material, (ii) not likely material, or (iii) likely material. For a risk to be classified as likely material, SASB has found that the risk has a significant impact on the financial position or operational activities for over 50 percent of the companies active in that sector.

#### *Data Collection*

Privium uses independent software for its data collection, reporting and monitoring of the various sustainability risks, sensitivities and impact metrics. Given the complexity and the need for standardisation, Privium uses external software to collect, analyse and monitor sustainability risk data for various asset classes.

The results of the sustainability risk analyses are recorded in the software. Each material sustainability risk per investment is scored according to a fixed methodology. When an investment is added to the portfolio of a specific fund, the software generates a data request to the person responsible for adding sustainability risk scores. An automated request is sent out periodically to actualise the data in line with the monitoring requirements of the respective funds.

The identified sub-sector, sustainability risk scores and descriptions are reviewed according to a four-eyes principle. The scores are converted into numerical values in order to calculate a fund's sensitivity to a specific sustainability risk. The data related to a fund's exposure to sustainability risks is used to generate SDFR Article 6 reporting on a Privium aggregate, individual fund, specific investment, and individual sustainability risk level. The reporting data is used by Privium's Risk Management team in its monitoring activities.

#### *Monitoring*

On a monthly basis, the material sustainability risks for investments of the various funds are reviewed and updated, if and when applicable. The material sustainable risk exposure of an individual asset is based on the sustainable risk sensitivity and the portfolio weight of that particular asset. Material changes to the sustainability risk sensitivity of an investment are not expected to occur frequently. An update of the (estimated) sustainability risk sensitivity may be triggered by a change in the policies

and practices of the investment, or by a significant incident regarding the sustainability risk. Any changes in the sustainability risks or sensitivity to these risks are documented in the monitoring system.

Both Privium's Fund Management and Risk Management teams monitor the funds' sustainability risks and underlying analyses, as well as the concentration of environmental, social and governance risk for each fund. Depending on the valuation frequency and monitoring cycle of the fund, the sustainability risk analysis is reviewed and updated when applicable by the Fund Management team in close cooperation with the Risk Management team. The specific activities of the Risk Management team are laid out in Global Risk Management Framework.

#### *ESG Committee*

Privium has a dedicated ESG Committee to oversee the implementation of the Sustainability Risk Policy. The ESG Committee consists of a member of the Board and members of the Fund Management team. The committee members regularly receive compliance training on SFDR and other sustainability-related topics.

The responsibilities of the ESG Committee are:

- Ownership of Privium's Sustainability Risk Policy
- Monitoring and implementation of new or updated sustainability regulations
- Monitoring of all ongoing SFDR-related action items
- Communication with the Compliance and Risk Management teams regarding new or updated sustainability regulations