ANNEX III

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name: FMO Privium Impact Fund **Legal entity identifier:** 724500QHNLXM39RBB475

Sustainable investment objective

Does this financial product have a sustainable investment objective?

[x] **Yes**	[ ] **No**
[x] It will make a minimum of **sustainable investments with an environmental objective: 30**%	[ ] It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
[ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
[x] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	[ ] with a social objective
[x] It will make a minimum of **sustainable investments with a social objective: 75**%	[ ] It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

There is no specific index designated as a reference benchmark to meet the Fund's sustainable investment objective.

What is the sustainable investment objective of this financial product?

In addition to achieving the Target Return, the Fund has making sustainable investments as its objective and aims to make socially and environmentally responsible investments, hereby aiming to provide investors with an attractive financial return while at the same time endeavouring to create Impact in Developing and Emerging Economies

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

- ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

Following FMO's impact strategy, the Fund aims to support the Sustainable Development Goals 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities) and 13 (Climate Action). It does so by investing in loans to banks, businesses, and projects in emerging and frontier economies in the selected geographies and sectors. The Fund Manager, on behalf of the Fund, follows FMO's methodologies in how to evaluate and measure its contributions to the SDGs.

1: Decent Work and Economic Growth (SDG 8)
FMO deems all its investments in support of SDG 8 as all investments are based in emerging economies, supporting both direct jobs as well as indirect jobs.
All of the Fund's loan investments therefore contribute to SDG 8 and to the Fund's social objective.

2: Reduced Inequalities (SDG 10)
A part of the loans also contributes to SDG 10 and receive a Reduced Inequalities label. SDG 10 addresses inequalities between countries (by supporting the Least Developed Countries or LDC's) and within countries (by supporting disadvantaged groups in the economy, such as small and medium sized enterprises, and is also connected to gender and equality of opportunity for women and men.
The Fund's target for investments contributing to this SDG and to the social objective is set at ≥30% of the invested capital of the Fund.

3: Climate Action (SDG 13).
For Climate Action, FMO developed a green label. It is given to those investments that are aimed at reducing greenhouse gas emissions, increasing resource efficiency, preserving, and growing natural capital, and supporting climate adaptation. The "Green methodology" document, which is available on FMO's website, describes the Green criteria, eligible investments and the internal green labelling process.
The Fund's target for investments contributing to this SDG and to the environmental objective is set at ≥30% of the invested capital of the Fund.

Specific impact targets have been defined per SDG and performance indicators have been attached in order to be able to measure and compare the defined targets. Please see the below table for additional information:

SDG	Target	Key Performance Indicator (KPI)	How is the impact being measured
8	Promoting Economic growth that is a) sustained, b) inclusive and c) sustainable; and employment that is a) full, b) productive and c) decent.	The impact is being measured by the number of jobs supported (attributable to the Fund based on the invested capital of the Fund). All investments in the Fund's portfolio are considered to contribute to SDG 8.	This indicator comprises two components: 1) The number of employees (FTEs) working at the company – a figure that's relatively easy to come by via the annual reports; 2) Indirect jobs created – this is based on an estimate based on the outcome of FMO's Joint Impact Model (JIM). This is an input-output model in which the estimated impact of the investment on the chain is modelled. Together, these components form the outcome of the number of jobs supported.

10	1)financing inclusive business that reduce inequalities within countries by expanding access to goods, services and/or increase livelihood opportunities on a commercially viable basis to people at the Base of the Pyramid by making them part of the companies' value chain of suppliers, distributors, retailers or customers; and 2) all investments made in low income countries.	The impact is being measured by the percentage of inclusive businesses and by the percentage of low income countries being supported (attributed to the Fund based on the invested capital of the Fund).	Investments which receive a Reduced Inequalities label (based on FMO's methodology) contribute positively towards SDG 10. Two tracks underlie the SDG 10 label: 1) investment in the poorest countries (reducing inequality among countries). This results in a 100% acknowledgement of the loan, and 2) investment in inclusive businesses (reducing inequality within countries) which may result in a percentage based on applicability of the underlying investment. These two tracks are combined in one target: a loan can acquire the Reduced Inequalities label by investing in a poorest country or in inclusive business.
13	Providing finance to projects that reduce greenhouse gas emissions, increase resource efficiency, preserve and grow natural capital, support climate mitigation and climate adaptation in the region in which they operate.	The impact is being measured by the percentage of the portfolio which has received a Green label, the number of avoided CO2 emissions and lowering the number of financed CO2 emissions (based on the invested capital of the Fund).	Investments which receive a Green label (based on FMO's methodology) contribute positively towards SDG 13. This includes finance to projects that reduce greenhouse gas emissions, increase resource efficiency, preserve and grow natural capital, support climate mitigation and climate adaptation.
			Avoided CO2 emissions: The greenhouses gas emissions avoided are calculated as the company’s or project’s anticipated CO2 emissions compared against the most likely alternative. The required data is taken from independently verified documentation and is calculated as tons of CO2 equivalents per year.
			Financed CO2 emissions: This number indicates the greenhouse gas emissions equivalent of tCO2 and is measured for all investments in the portfolio according to the methodologies of the Partnership for Carbon Accounting Financials (PCAF).

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Fund considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures regarding the Fund. For sustainable investments this means ensuring that the investments do no significant harm to any environmental or social objective. By mapping the Principal Adverse Impact framework to FMO's extensive analysis of local and international environmental, social and human rights regulations, each investment is thoroughly screened on potential significant harm and excluded from FMO's portfolio and therefore the Fund's portfolio if the criteria are not met.

FMO requires, that all clients comply with applicable environmental, social and human rights laws in their home and host countries.

In addition, FMO upholds a number of (inter)national standards as included in FMO's Sustainability Policy and its Sustainability Policy Universe.

Subject to its applicability criteria, FMO also applies the Equator Principles which are based on the IFC Performance Standards. The IFC Performance Standards guide FMO's human rights due diligence with respect to clients. FMO requires clients to assess the likelihood and severity of impact on human rights as part of their assessment of social and environmental impact, and to implement mitigation measures in line with the IFC Performance Standards. As part of the Sustainability Policy Universe FMO has published several position statements including ones on Human Rights, and Gender which aim to further clarify FMO's views and actions.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

With respect to the management of environmental and social impact, the primary standards that guide FMO's relationship with clients are the IFC Environmental and Social Performance Standards and the associated World Bank Group Environmental Health and Safety Guidelines. They cover the larger part of the ESG requirements in the OECD Guidelines on Multinational Enterprises, which also reference the UN Guiding Principles on Business and Human Rights.

Does this financial product consider principal adverse impacts on sustainability factors?

✖ Yes, the Fund considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures regarding the Fund. For sustainable investments this means ensuring that the investments do no significant harm to any environmental or social objective. By mapping the Principal Adverse Impact framework to FMO's extensive analysis of local and international environmental, social and human rights regulations, each investment is thoroughly screened on potential significant harm and excluded from FMO's portfolio and therefore FPIF's portfolio if the criteria are not met. The Fund's PAI statement, available on its website, contains a detailed explanation of the PAIs considered, collected and reported on.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

To achieve the return and impact objective the Fund will co-invest in both existing and new loans (to be) provided by FMO to its clients . The Fund may invest in a diversified portfolio of new and existing loans alongside FMO. The loans support job creation in Emerging and Developing economies while targeting a financial return. It may invest in loans to financial institutions, renewable energy projects, agribusiness companies. The targeted return net of fees is expected to be between 2 and 4 per cent. per annum, over a multi-year cycle.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

Exclusion

In all its investment decisions FMO applies its Exclusion List, available on FMO's website, which automatically also applies to all Fund investments.
FMO and The Fund will not finance any activity, production, use of, trade in, distribution of or involving:

- Forced labor or child labor
- Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans.
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
- Destruction of High Conservation Value areas.
- Radioactive materials and unbounded asbestos fibers
- Pornography or prostitution
- Racist and anti-democratic media
- In the event that any of the following products form a substantial part of a company's primary operations, or a financial institution, investment fund or company's financed business activities.
  - alcoholic beverages (except beer and wine);
  - tobacco;
  - weapons and munitions;
  - gambling, casinos and equivalent enterprises

Additionality

The financing is checked for its additionality, meaning that FMO provides financial services only where the market can or does not do the same, or otherwise does not provide on an adequate scale or on reasonable terms. With its investments FMO also aims to provide additional, non-financial value (such as green and inclusive development impact, environmental and social risk management and governance improvements). If the additionality of a planned investment is not as strong as required, FMO and therefore the Fund, will not invest.

Allocation limits

Sector concentration limits

Financial institutions	Max 80% of the Invested Capital
Energy	Max 40% of the Invested Capital
Agribusiness	Max 45% of the Invested Capital

Geographic concentration limits

Africa	Max 50% of the Invested Capital
Asia	Max 50% of the Invested Capital
Europe and Central Asia	Max 50% of the Invested Capital
Latin America & Caribbean	Max 50% of the Invested Capital

Individual loan size

The Fund will not have an exposure to a specific loan in excess of the amount FMO is financing from its own balance sheet.

The Fund will not have an exposure to a single Borrower in excess of 10% of the Invested Capital.

Minimum Fund cash buffer

The Fund will aim to retain a cash buffer of at least 5% of the Net Asset Value as a buffer for e.g. redemption requests by Unitholders, settlement of currency exposure hedges and fees. Such cash can be invested in Cash Management instruments such as short duration investment grade government bonds, for liquidity management purposes as well as to meet short-term liabilities of the Fund.

Good governance practices include sound management structures, employee relations, remuneration of staff ad tax compliance.

What is the policy to assess good governance practices of the investee companies?

The Fund, follows FMO's policy regarding the Corporate Governance screening since FMO remains the lender of record. A summary of this policy is being described below. FMO's policy may be subject to change based on ongoing developments (including regulatory developments).

FMO's Corporate Governance approach focuses on the rights and responsibilities of its investee companies' shareholders, (supervisory) board of directors, and management. FMO's approach towards improving the corporate governance practices within its portfolio is based on (inter)national benchmarks such as the G20/OECD Guidelines on Corporate Governance and the Dutch Corporate Governance Code. The Corporate Governance Development Framework, signed by FMO (2011) and 33 other Development Finance Institutions, further defines FMO's approach and the methodology and tools FMO uses.

Moreover, FMO requires loan clients to comply with all tax regulations in their home and host countries and show responsible tax behavior in line with what is being aimed for with the OECD/G20 BEPS action plan14 . Pursuant to Dutch law and regulations, FMO's loan clients – including their owners, directors, managers, and other key staff – need to comply with FMO's policies on business integrity and anti-money laundering. Guided by the OECD Convention on Combating Bribery and the UN Convention against Corruption, FMO maintains a zero tolerance policy regarding bribery and corruption. FMO's Know Your Customer ('KYC') Policy describes these policies.

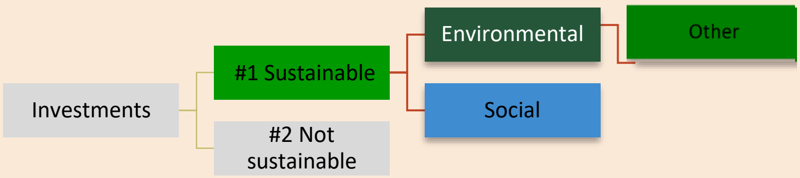
Finally, FMO's responsible finance approach defines the exclusion of certain consumer finance activities, and the adoption of the Client Protection Principles (CPPs) which provide a risk-based approach similar to the ESG processes. The CPPs aim to facilitate a risk-based assessment of financial institutions, non-banking financial institutions and corporates providing finance to natural persons. CPPs define the minimum standards that end-clients should expect to receive when doing business with an entity providing financing to natural persons.

What is the asset allocation and the minimum share of sustainable investments?

Of its assets not needed for cash and portfolio management activities, the Fund's investments are all used to meet the sustainable investment objective. Given that the Fund co-invests with FMO, it will only take on loans that align with FMO's sustainable investment policy. Of the Fund's total NAV, a minimum share of 75% may be expected to be allocated to sustainable investments, while the remainder will be used for cash and portfolio management activities.

Asset allocation describes the share of investments in specific assets.

All sustainable investments will at minimum contribute to SDG 8 and may also contribute to SDG 10 and/or SDG 13. This means that a loan will always have a social objective (SDG 8, Decent Work and Economic Growth), and may have additional social (SDG 10, Reduced Inequalities) or environmental (SDG 13, Climate Action) objectives.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

- ***How does the use of derivatives attain the sustainable investment objective?***

The Fund does not apply derivitives to attain its sustainable investment objective.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

In its investment selection, FPIF does not target a specific EU taxonomy alignment. As all of FMO's loans are made outside the EU and in emerging markets, none of its counterparties are currently reporting their Taxonomy eligibility or alignment. Therefore FMO, and subsequently the Fund currently reports that 0% of its investments are Taxonomy eligible.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?***

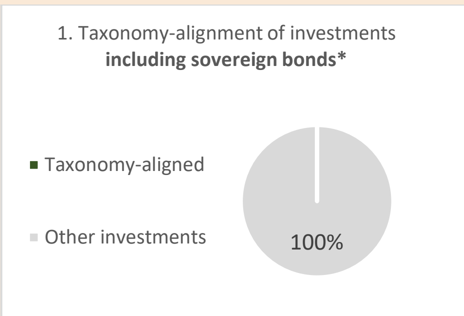
☐ Yes:

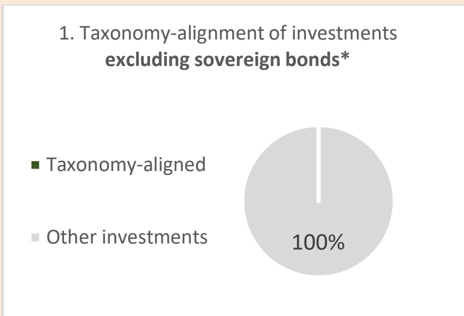
☐ In fossil gas ☐ In nuclear energy

☒ No

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

- ***What is the minimum share of investments in transitional and enabling activities?***

0% as the investments of the Fund do not align with the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

100% of the Fund's sustainable investments are not aligned with the EU Taxonomy

What is the minimum share of sustainable investments with a social objective?

100% of the Fund's sustainable investments has a social objective. Of the Fund's total NAV that is a minimum of 75%.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

Investments included under #2 are Cash and FX derivatives. These are used only for hedging and efficient portfolio management purposes and are held at the Fund's clearing bank. Minimum safeguards are ensured by the fact that this is an internationally established and properly regulated entity with strong corporate policies on both environmental and social issues.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No specific index is designated

Where can I find more product specific information online?

More product-specific information can be found on the Fund's website:
www.fmopriviumimpactfund.nl and on the Fund Manager's website www.priviumfund.com