Version 1.0 January 2023

Principal Adverse Impact Statement

Privium Sustainable Impact Fund

Purpose & scope

This is the Principal Adverse Sustainability Impacts Statement of Privium Sustainable Impact Fund (PSIF) effective as of January 1, 2023, as per SFDR article 4.

This statement provides insights into the sustainable investment objective of the fund. This is not marketing material. This statement is required by law and is intended to give an overview of how each Principal Adverse Impacts (PAI), mandatory and voluntary will be addressed and reported on by ultimo June 30, 2023.

Contents

Summary

Privium Sustainable Impact Fund (PSIF) considers the principal adverse impacts (PAI) of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. The present statement contains the aggregated principal adverse impacts on sustainability factors of the Fund's underlying investments.

This statement concerns the reference period of 1 January 2022 to 31 December 2022. Initial reporting on the PAI metrics will be done in June of 2023 at the latest concerning the same reference period.

The Fund 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 the context of the Sustainable Finance Disclosure Regulation ("SFDR"), the Fund is classified as an Article 9 Fund. The related pre-contractual disclosure is available on the Fund's website, the website of the Fund Manager and as an annex to the Fund's prospectus.

While the Fund strives to achieve impact, it is part of the Fund's investment approach to aim to mitigate the negative impacts of the investment decisions on sustainability factors. These negative impacts are also called adverse impacts, whereby the most significant adverse impacts are referred to as principal adverse impacts by the SFDR. These impacts can occur in different areas, such as related to environmental, social and employee matters, human rights, corruption, or bribery matters. The Fund aims to address, by avoiding or reducing, principal adverse sustainability impacts when investing.

In this statement the Fund provides more information on the Fund's overall approach to identifying, prioritising, and addressing principal adverse impacts of its investment decisions on various sustainability factors. In line with the Fund's strategy, sourcing of investments as well as the analysis of PAI, the collection of related data and engagement is performed by the Investment Advisor in close relationship with the Fund Manager who makes the final investment decision and is responsible for filing any required disclosures. Prior to making its investment decision, the Fund Manager reviews the Fund Advisor's analysis on the principal adverse impacts of the proposed investment as well as any mitigating factors and engagement actions for alignment with its own policy on principal adverse impacts. The Fund Advisor's overall approach and process is reviewed annually by the Fund Manager.

The statement consists of the following four sections:

A. Description of principal adverse sustainability impacts

This section describes the principal sustainability indicators related to principal adverse impacts on sustainability factors and how the Fund intends to report on each indicator. This is done by way of an explanatory matrix contacting both the mandatory and voluntary PAI the Fund intends to report on, as well as how each specific indicator is embedded in the Fund's data collection and monitoring process.

B. Description of policies to identify and prioritise principal adverse sustainability impacts

This section provides information about the Fund's approach to investing and relevant policies on the identification and prioritisation of principal adverse sustainability impacts and indicators. As the

Fund is an impact fund, sustainability indicators, factors and risks are considered even before investing, and throughout the investment process. All investments made by the Fund are screened against sustainability factors and are linked to positive impacts and principal adverse impacts.

Given the thematic nature of the Fund's investments, PAI are prioritized per investment theme. If the Fund adds another impact theme, it will receive its own prioritization of PAI. For each investment, the environmental, social and governance risks are assessed, and possible improvements identified.

C. Engagement policies

The Fund directly engages with an investee before, during and after investment. As the Fund can support the initial offering of new funds or companies coming to market as well as take a sizable minority position, it often has a very effective engagement relationship with the board and management teams. Often, the Fund has a direct impact on their practices and reporting.

The principal adverse impacts are considered in each stage of the engagement process and inform the applicable engagement track and subsequent progress monitoring. The Fund considers new investments only when the new holding clears its minimum requirements, has committed to the reporting requirements and does not do significant harm to an environmental or social objective

D. References to international standards

The Fund's minimum investment criteria require that all investees are either classified as Article 9 under SFDR or apply investment policies that are similar and are either signatories of or conform with the UN Principles for Responsible investment (UNPRI).

The assessment of the governance quality of the companies, organizations, vehicles, and funds managing the ultimate investments. This analysis is based on a combination of international standards from the UNPRI, UN Global Compact, the OECD Guidelines for Multinational Enterprises the UN Guiding Principles on Business and Human Rights and the Sustainability Accounting Standards Board (SASB). Focus points for the analyses conducted include employee engagement, diversity & inclusion; business ethics; operational and manager quality.

The Fund targets alignment with the Paris Agreement for its investments in renewable energy.

A. Description of principal adverse sustainability impacts

The following section describes the principal sustainability indicators related to principal adverse impacts on sustainability factors and how the Fund intents to report on each indicator. The indicators related to principal adverse impacts on sustainability factors, additional indicators the Fund intends to report on as well as how each specific indicator is embedded in the Fund's data collection and monitoring process.

It should be noted that a large part of the Fund's investments is made in companies with a small market capitalisation, that are relatively young, and headquartered outside the EU. As a result, many of the Fund's investments are not in scope of the EU Sustainable Finance Regulation and thus are not required to disclose information. To obtain this information, the Fund engages with its investees

All collected and applied PAI information is based on what the Portfolio Manager is already able to collect and record from its portfolio companies. Most of the PAIs were already considered by the Portfolio Manager to be material for its investments in some form. But given the differences in methodologies, existing data could not be reliably grandfathered into the PAI statement.

Even though the gathering of the data and/or information is challenging, the Portfolio Manager and the Fund fully underscore the intentions of the EU regulation, progress is being made to gather more data and comparability should improve as quality and availability of datapoints increases.

As this is the Fund's inaugural PAI statement, no calculations or historical comparisons are available. Initial reporting on the PAI metrics will be done in June of 2023 at the latest concerning the 1 January 2022 to 31 December 2022 reference period.

Adverse sustainability indicator		Metric	Description of policy, measurement and/or intentions
GHG Emissions	1. GHG Emissions	Scope 1 GHG emissions	Amount of greenhouse gases (GHG) emitted through the organisation's operations from direct emissions sources during the reporting period. The GHG Protocol defines direct emissions as emissions from sources that are owned or controlled by the reporting entity. Scope 1 emissions are calculated by dividing the current value of investment by the investee company's enterprise value multiplied with GHG emissions from the investee company. The usage of enterprise value to calculate the "fair share" or "attributed amount" is in line with the PCAF standard. For non-listed companies, the sum of total debt and equity is used to calculate the total value. Scope 1 data is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
		Scope 2 GHG emissions	Amount of greenhouse gases (GHG) emitted through the organisation's consumption of purchased electricity, heat, or steam during the reporting period. Scope 2 emissions are calculated by dividing the Fund's current value of investment by the investee company's enterprise value multiplied with GHG emissions from the investee company. Scope 2 data is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
		Scope 3 GHG emissions	Amount of greenhouse gases (GHG) emitted by the organisation's suppliers and suppliers of suppliers during the reporting period, except from direct energy providers (i.e. scope 2). Scope 3 data is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
		Total GHG emissions	Total of scope 1, scope 2 and scope 3 emissions.

			GHG emissions data is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
	2. Carbon Footprint	Emissions of investee companies expressed as tCO2/€M invested	The carbon footprint are emissions expressed as tonnes of scope 1, 2 and 3 emissions per EUR million invested (tCO2/€M). Carbon footprint data is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
	3. Green House Gas intensity	GHG intensity of investee companies	GHG intensity is calculated by dividing the Fund's current value of investment by the investee company's enterprise value multiplied with the investee company's total GHG emissions divided by its revenue in Euro's GHG intensity is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The Fund excludes direct investment in the fossil fuel sector. For indirect investments it accepts only taxonomy aligned fossil fuel energy generating assets.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	<u>Production:</u> The Fund excludes direct investment in the fossil fuel sector. For indirect investments it accepts only taxonomy aligned fossil fuel energy generating assets. <u>Consumption:</u> The energy consumption data is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	The energy consumption data is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.

Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	Investees with sites/operations located in or near to biodiversity sensitive areas are required to explain how they avert or mitigate any negative effect. Data on companies' operations in or near biodiversity sensitive areas is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Data on emissions to water is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	Data on tonnes of hazardous waste generated is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	The Fund applies the OECD Guidelines for Multinational Enterprises and the UNGC principles in its analysis. Violations of these standards cover Disclosure, Human Rights, Employment and Industrial Relations, Environment, Combating Bribery, Bribe Solicitation and Extortion, Consumer Interests, Science and Technology, Competition and Taxation. Company documents and disclosures as well as news reports are investigated to confirm no violations. In addition, violations are reported by NGOs. Investments that are not signatories of, or do not conform with the UNPRI are excluded. In addition, the Fund's good governance investigation is based on the UN Global Compact and the OECD Guidelines for Multinational Enterprises amongst other standards.

	11. Lack of processes and compliance mechanisms to OECD Guidelines for Multinational Enterprises monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	The Fund applies the OECD Guidelines for Multinational Enterprises and the UNGC principles in its analysis. Violations of these standards cover Disclosure, Human Rights, Employment and Industrial Relations, Environment, Combating Bribery, Bribe Solicitation and Extortion, Consumer Interests, Science and Technology, Competition and Taxation. The Fund's good governance investigation is based on the UN Global Compact and the OECD Guidelines for Multinational Enterprises amongst other standards.
	12.Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Information on the gender pay gap is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
	13. Board gender diversity	Female board members expressed as a percentage of all board members.	Data on the number of male and female identifying board members is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Following the Fund's exclusion list criteria, it will not select investees involved in the manufacture or selling of controversial weapons

	15 -16	PAIs related to Sovereigns and Supranationals	PAIs 15 and are non- applicable to the portfolio of the Fund as there are no investments in this spectrum
Real Estate	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	While the Fund does not directly invest in real estate assets, it may gain indirect exposure though its social impact theme which targets social housing amongst other objectives. These potential real estate exposures are however not involved in the extraction, storage, transport or manufacture of fossil fuels
	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	While the Fund does not directly invest in real estate assets, it may gain indirect exposure though its social impact theme which targets social housing amongst other objectives. Information on any investments in energy-inefficient real estate assets is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.
Voluntary PAI 1	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	Considering the Fund's aim to align with the Paris Agreement, this voluntary PAI greatly informs its progress towards this target and is therefore an important addition to the data collection process. The investee's TCFD reporting as well as other reporting and external verification regarding the alignment with a net zero pathway is collected.
Voluntary PAI 2	Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest -compensated individual)	In addition to screening the managers for the quality of their projects' operations and reporting, the Fund also expects them to do no harm in their internal operations. These are often structured as financial companies. Excessive CEO pay remains an issue in the financial sector and therefore the Fund has a particular focus on this metric. This data is collected directly from the investees wherever available and comparable. The Fund will continue engaging to complete missing data.

B. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

This section provides information about the Fund's approach to the identification and prioritisation of principal adverse impacts and indicators. As the Fund is an impact fund, sustainability indicators, factors and risks are considered even before investing, and throughout the investment process. All investments made by the Fund are screened against sustainability factors and are linked to positive impacts and principal adverse impacts.

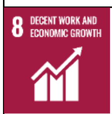
Identifying principal adverse impact

PSIF has a broad impact mandate and thus offers a diversified impact portfolio. The Fund's investments are divided into multiple themes and associated SDGs (UN Sustainable Development Goals). The Fund considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. For sustainable investments this means ensuring that the investments do no significant harm to any environmental or social objective.

PSIF has a multi-thematic approach, meaning an investment is categorized under a main ESG theme. The ESG themes currently being targeted are:

Social Objective - Financial Inclusion, Education, Social Impact
Environmental Objective - Renewable Energy, Natural Capital

The themes may change or be expanded on as the investment universe broadens. Each theme aims to contribute to several SDGs. More details on which SGDs are targeted and how the Fund measures its impact are available in the prospectus and pre-contractual disclosure information.

Financial Inclusion (covering investments with a social objective)		
SDG	Target	Key Performance Indicator (KPI)
	Increase gender equality and empower women and girls by facilitating access to finance for women	The % loans to women (based on the Invested Capital of the Fund)
	Increase sustained, inclusive and sustainable economic growth, full and productive employment and decent work	The impact is being measured by the increased number of jobs supported (based on the Invested Capital of the Fund).
	Reduce the development gap between urban and rural communities in developing economies by increasing the number of loans to borrowers in rural areas	The % loans to borrowers in rural areas (based on the Invested Capital of the Fund)

Education (covering investments with a social objective)		
SDG	Target	Key Performance Indicator (KPI)
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities by providing loans to underprivileged students with access to education. Due to the fact that the related investment structure will mature over time as the loans will be paid off, the number of loans will decrease. Any Increase will depend on development of new investment structures.	The number of loans being provided to students (based on the Invested Capital of the Fund)
	Reduce inequality within and among countries by increasing the number of students from developing economies that gaining access to education. Due to the fact that the related investment structure will mature over time as the loans will be paid off, the number of loans will decrease. Any Increase will depend on development of new investment structures.	The % of loans being provided to students from non-high-income countries (based on the Invested Capital of the Fund)
Renewable Energy (covering investments with an environmental objective)		
SDG	Target	Key Performance Indicator (KPI)
	Ensure access to affordable, reliable, sustainable and modern energy by increasing the share of renewable energy in the global energy mix	The number of MWh (megawatt-hour) renewable energy generated or stored (based on the Invested Capital of the Fund)
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation by increasing the construction of renewable energy capacity and related infrastructure	The number of MW (megawatt) renewable energy generation or storage capacity installed (based on the Invested Capital of the Fund)

	Take urgent action to combat climate change and its impacts by avoiding CO^2 emissions from fossil fuel by investing in renewable energy and CO^2-saving projects	The number of tCO^2 emissions avoided (based on the Invested Capital of the Fund)
Natural Capital (covering investments with an environmental objective)		
SDG	Target	Key Performance Indicator (KPI)
	Ensure sustainable management of water and sanitation by responsibly managing waterways in invested natural capital projects.	Kilometres of sustainably managed watercourses. (based on the Invested Capital of the Fund)
	Take urgent action to combat climate change and its impacts by avoiding CO^2 emissions by investing in natural capital projects	Portfolio sequestration of tonnes CO^2e / annum. (based on the Invested Capital of the Fund)
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss by investing natural capital projects	Number of hectares of sustainably managed land area (based on the Invested Capital of the Fund)
Social Impact (covering investments with a social objective)		
SDG	Target	Key Performance Indicator (KPI)
	Reduce inequalities on a local level by providing disadvantaged people with essential services	Number of people provided with essential services (based on the Invested Capital of the Fund)
	Make cities and settlements inclusive, safe, resilient and sustainable by providing safe, affordable housing and basic services to disadvantaged people.	Number of disadvantaged people provided with affordable, quality homes (based on the Invested Capital of the Fund)

For the investments with an environmental objective the Fund commits to the goals of the Paris Agreement. This encompasses a mid-term ambition (2030) and a long-term commitment to be net zero by 2050.

1: 2025 objectives: To align with a pathway towards achieving the Paris Agreement.
2: 2030 ambition: To align with the Paris Agreement pathway.
3: 2050 commitment: Net-zero investor.

Prioritizing principal adverse impact

Key sustainability risks and principal adverse indicators are identified and prioritized based on the Sustainable Accounting Standards Board (SASB) materiality framework. Each theme has its own prioritization of principal adverse impact factors. PSIF's investments must always contribute to one of the themes in order to fit the Fund's sustainable investment objective. Therefore, an investment's principal adverse impacts will always be prioritised based on its theme.

The Fund has selected the following voluntary PAI: Investments in companies without carbon emission reduction initiatives and Excessive CEO pay ratio.
As a fund of funds, PSIF is partially dependent on the quality of the manager of the investment to deliver the expected impact and to consider the related principal adverse impacts in the development and execution of impact projects. In addition to screening the managers for the quality of their projects' operations and reporting, the Fund also expects them to apply the same rigour to their internal operations. The selected voluntary PAI are applicable on the level of the investee's manager and are therefore considered with every investment regardless of the theme.

The Principal Adverse Impacts as identified in the SFDR may apply to the impact themes that PSIF targets in various ways and with various levels of applicability. During the investment process, PSIF applies a combination of the sector specific materiality framework of SASB (Sustainability Accounting Standards Board) to identify principal adverse impacts per theme. SASB's sustainability issues are grouped into five dimensions: (1) Environment, (2) Social Capital, (3) Human Capital, (4). Business Model and Innovation, (5) Leadership and Governance. These are overlaid with the mandatory PAI's. Mitigation and prioritisation are done through the Fund's exclusion policy and minimum inclusion criteria as well as an analysis of the potential investment manager's policies, reporting, commitments, and processes.

The Fund's exclusion policy covers, among other things, controversial weapons, nuclear energy, environmental and human rights issues as well as animal welfare. The full exclusion list is available in in the Fund's prospectus and ESG policy.

The investment process takes principal adverse impact on sustainability factors into account. As PSIF mainly invest in other funds, key is to assess:

- Policies, reporting, commitments and processes of the manager and their approach for avoiding or mitigating the principal adverse impacts

- Assessment of the underlying investments to check alignment with the exclusion criteria and other minimum standards of the Fund.

The Fund prioritizes and addresses the PAIs as follows:

- negative screening/exclusions
- positive screening/investment objective alignment/SDG alignment
- quality investigation of the manager's policies, reporting, commitments and processes.

Depending on the underlying investment and ESG theme, different aspects are considered. The table below is not exhaustive and may change over time.

	Principal adverse indicator	***Renewable energy and natural capital funds***	***Financial inclusion funds***	***Social impact funds***	***Education notes***
	Investee companies / assets/ projects				
GHG emissions	*1. GHG Emissions*	Exclusion: Non-taxonomy aligned fossil fuel energy generating assets. Positive screening: Share of renewable energy, energy efficiency and energy storage assets and other climate mitigation assets.	For Financial inclusion, where main aim is to reduce poverty, GHG emissions become of second-hand order. Nevertheless, some minimum safeguards need to be in place. Exclude: Non-taxonomy aligned fossil fuel generating assets. Quality Investigation: does the fund consider CO2/GHG emissions related to e.g. agricultural lending or small & mid-size enterprises lending?	Same as for Financial inclusion funds.	Not applicable: Education notes is about financing students' education, therefore deemed not to have any significant adverse impact on environment.
	2. Carbon footprint	Quality Investigation: Does the fund consider end-of-life in the investment process?			
	3. GHG intensity of investee companies	This is indirectly considered through CO^2 avoided.			
	4. Exposure to companies active in the fossil fuel sector	Exclusion: Non-taxonomy aligned fossil fuel energy generating assets.			

	5. Share of non-renewable energy consumption and production	Exclusion: Non-taxonomy aligned fossil fuel energy generating assets.			
	6. Energy consumption intensity per high impact climate sector	Usually not applicable, as focus is on climate mitigating investments.			
Biodiversity	*7. Activities negatively affecting biodiversity-sensitive areas*	Quality investigation: biodiversity and waste. Is biodiversity assessed and/or verified by a third party.	Financial inclusion funds invest in financial institutions, which in turn may lend to activities which impact biodiversity and waste, such as agriculture. Quality investigation: Does the fund consider biodiversity, water and waste?	Same as for renewable energy funds.	Same as above.
Water	*8. Emissions to water*	Quality investigation: if applicable, does the fund include it in operations and can measure it.		Same as for renewable energy funds.	
Waste	*9. Hazardous waste ratio*	Quality investigation: Does the fund consider end-of-life in the investment process?		Same as for renewable energy funds.	
Social and employee matters	*10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises*	Exclude: Non-UNPRI signatories Quality investigation: does the fund follow the OECD guidelines?	By nature, Financial Inclusion funds focus on lending to women ratio, urban/rural ratio and job creation in a fair manner. Exclude: Non-UNPRI signatories	Same as for renewable energy funds.	Student loans aim to lend to students without any other financing options. Therefore, it is deemed there will be no violations to these principles.

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Exclude: Non-UNPRI signatories Quality investigation: does the fund follow the OECD guidelines?	By nature, Financial Inclusion funds focus on lending to women ratio, urban/rural ratio and job creation in a fair manner. Exclude: Non-UNPRI signatories	Same as for renewable energy funds.	Same as above.
	12. Unadjusted gender pay gap	Usually funds invest directly into an infrastructure asset. Gender pay gap is potentially relevant for the operations and maintenance contractor, but usually not for the fund. Engage when relevant.	Could be relevant when the financial inclusion fund is assessing the target lending institution. In principle, these are of secondary order to the aim to reduce poverty and create more jobs. However, poverty reduction and job creation should come at no significant adverse impact on diversity. Therefore, PSIF requires funds to address these aspects into their investment process. Quality investigation: does the fund assess and incorporate gender pay gap and diversity into investment decisions?	Social impact funds can invest in a diverse set of projects from social housing (real estate) to social outcome contracts. Many social impact investments aim to support equality in society and help the exposed and in need (such as temporary housing for abused women). As a principle, the investments should not have any significant adverse impact on (gender) equality, where pay gap could be one of the aspects where relevant. Therefore, PSIF requires funds to have policies in	Not applicable - While gender is an important factor, pay gap is not relevant for single students.

				place to address these aspects into their investment process. Quality investigation: does the fund assess and incorporate gender pay gap and diversity into investment decisions?	
	13. Board gender diversity	Same as above.	Same as above.	Same as above.	Same as above.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Exclusion: Controversial weapons	Exclusion: Controversial weapons	Same as financial inclusion.	Same as above.
	Supranationals				
	15. GHG intensity	Not applicable. Potential instruments issued by supranationals expected to be used only for efficient portfolio management purposes.	Not applicable. Potential instruments issued by supranationals expected to be used only for efficient portfolio management purposes.	Not applicable: Social impact funds may invest alongside governments or supranationals, or into government initiated projects, but do in principle not invest directly into instruments issued by supranationals except for cash management and efficient portfolio management purposes.	Not applicable.

	16. Investee countries subject to social violations	Same as above.	Same as above.	Same as above.	Not applicable.
	Real estate assets				
	17. Exposure to fossil fuels through real estate assets	Not applicable, as real estate is out of investment scope for the funds.	Not applicable, as real estate is out of investment scope for the funds.	While primary aim of e.g. social housing is to provide housing to disadvantaged people it is nevertheless an investment in real estate assets. Quality investigation: does the fund consider measures for sustainable housing where possible?	Not applicable.
	18. Exposure to energy-inefficient real estate assets	Same as above.	Same as above.	Same as above.	Not applicable.
	Optional				
	Investments in companies without carbon emission reduction initiatives	Quality Investigation: Is the investment manager TCFD signatory? Is the fund aligned with a net zero path?	Quality investigation: Are the fund holdings aligned with a net zero path?	Same as Financial Inclusion.	Same as Financial Inclusion.
	Excessive CEO pay ratio	Quality investigation: reporting on fair pay?	Same as Renewables	Same as Renewables	Same as Renewables

The investment process takes principal adverse impact on sustainability factors into account. As PSIF mainly invest in other funds, key is to assess if the target funds have:

- Policies, reporting, commitments and processes in place which take principal adverse impact into account where applicable
- assessment of underlying investments.

Hence, PSIF is addressing the PAIs as follows:

- negative screening/exclusions
- positive screening/ investment objective alignment/SDG alignment/Paris Alignment
- Quality investigation of the manager's policies, reporting, commitments and processes. Engage where lacking.

Governance

Privium Fund Management is the Fund Manager, and ABN AMRO Investment Solutions (AAIS) is the Investment Advisor to the Fund.

The policies and processes related to this Statement are overseen by the ESG committee of the Fund Manager and applied by the Investment Advisor in their investment proposal as well as the ongoing monitoring of holdings.

This document is reviewed by the ESG committee of the Fund Manager on an annual basis.

Data sources

PSIF applies the sector specific framework of SASB to identify principal adverse impacts per theme. SASB was founded in 2011 to develop sustainability accounting standards. SASB has developed a materiality-based standard for each industry. This is because sustainability issues manifest differently from one industry to another due to differences in business models, resource dependencies, and other factors.

To record and report the principal adverse impact indicators the Fund Manager is using independent software for its data collection. Privium decided to use external software given the complexity and the need of standardization of data collection. In the Treety platform, the identified and reported PAIs are collected, and progress is monitored.

C. Engagement policies

Engagement with fund managers

The Fund directly engages with an investee before, during and after investment. As the Fund can support the initial offering of new funds or companies coming to market as well as take a sizable minority position, it often has a very effective engagement relationship with the board and management teams. Often, the Fund has a direct impact on their practices and reporting.

The principal adverse impacts are considered in each stage of the engagement process and inform the applicable engagement track and subsequent progress monitoring. The Fund considers new investments only when the new holding clears its minimum requirements, has committed to the reporting requirements, and does not do significant harm to an environmental or social objective.

Engagement is done by the Fund Manager, the Investment Advisor or both. Engagement topics are based on the sustainability assessment made on the investee.

As the managers of PSIF's underlying funds are working to collect the PAI's from their investments, completeness and comparability of data is expected to deviate initially. Where data is found to be missing or insufficient in the underlying fund's PAI reporting, PSIF will engage with the fund manager to remedy this. PSIF prioritizes the engagement topics by considering the applicability of the PAIs on the various impact themes in the portfolio.

PSIF accepts that when it first starts working with a potential investee, the disclosure on ESG issues and the PAI indicators as well as the company's mitigation of principal adverse impacts and ESG material risks may not yet be as desired. As opportunities to initiate a position are often time-constrained given IPO or share placement timelines, the Fund makes an assessment on the gaps in the potential investee's reporting and alignment with the sustainable investment objective and if this can be brought to a passing level within a reasonable timeframe. Which timelines are appropriate depends on the severity and the available resolutions. If the potential investee is unlikely or unwilling to improve to a sufficient level, the investment is not made.

All investments are monitored on an ongoing basis from both financial and sustainability points of view. During this monitoring PSIF could find that an investee has invested in assets which PSIF deems to have a negative contribution to the sustainable investment objective, no longer passes the do no significant harm screening or no longer displays good governance. This could happen for instance as a fund broadens its investment mandate or acquires an asset with intention to strip out the non-sustainable assets in due course. When a sustainability issue is detected, PSIF engages with the investment manager or issuer to a) understand the reason for deterioration of the sustainability profile and decide if this is expected to stay, increase or decrease over time, b) investigate what actions are planned/can be taken to improve, c) give input where relevant to help improve.

When a concern is detected, the position will either be a) divested within 6 months or b) be set on a dedicated engagement track to repair the issue, depending on the severity and mitigation options of the concern. The progress of the engagement track is monitored monthly and failure to repair the issue will result in divestment within 6 months of the engagement period's end date.

Voting

As a result of its investment, PSIF has gained voting rights for many of its holdings. The Fund Manager, on behalf of the Fund, fulfils its voting responsibility mostly by using the option to vote by proxy during annual general meetings and interim or special meetings called by its investments. Voting preparation (advice) and voting execution may in certain cases be outsourced to an external party. In principle, voting will occur in line with the Dutch corporate governance code and relevant international corporate governance codes.

Proposed changes to an investment's mandate, activities or targeted geographies are investigated with scrutiny as alignment with PSIF's minimum criteria needs to be considered.

Industry and Public Policy Engagement

The Fund does not directly engage in any industry or public policy engagement at the moment. But it does expect its investees to do so. Industry-wide initiatives to improve disclosure on sustainability related topics and to establish standards are monitored closely and investees for whom this may be appropriate are questioned on their alignment and contribution.

D. Reference to international standards

The Fund's requires all investee companies to comply with applicable industry specific regulations in their home and host countries. In addition, any governance, environmental, social and human rights laws must also be followed.

In its investment selection process and sustainability analysis, the Fund applies the following standards, as applicable:

- OECD Guidelines on Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- Global Compact
- Sustainability Accounting Standards Board (SASB)
- UN Sustainable Development Goals
- Paris Agreement

PSIF investigates the governance quality of the companies, organizations, vehicles, and funds managing the ultimate investments. This analysis is based on a combination of international standards from the UN Principles for Responsible investment (UNPRI), UN Global Compact, the OECD Guidelines for Multinational Enterprises the UN Guiding Principles on Business and Human Rights and the Sustainability Accounting Standards Board (SASB). Focus points for the analyses conducted include employee engagement, diversity & inclusion; business ethics; operational and manager quality.

SASB's industry-based standards development approach identifies the sustainability disclosure topics most relevant to enterprise value for the typical company in an industry, enabling companies to provide decision-useful information about a range of sustainability-related risks and opportunities to investors and other capital market participants. The material governance risks identified by SASB for the sectors the Fund is active are grouped into five dimensions: (1) Environment, (2) Social Capital, (3) Human Capital, (4). Business Model and Innovation, (5) Leadership and Governance.

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. By aligning its sustainable investment objective with the SDGs, the Fund considers these already in the initial screening of a new investment.

The goal of the Paris Agreement is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century. The Paris Agreement is a landmark in the multilateral climate change process because, for the first time, a binding agreement brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects. The Fund also aims to be a climate neutral investor and considers the emissions and greenhouse gas emissions savings of new investments to fit into that target.

Historical comparison

PSIF has not published any PAIs yet. Historical comparison is therefore not yet available.

Annex I. Reporting template

Indicators applicable to investments in investee companies

Adverse Sustainability Indicator			Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1.	GHG emissions	Scope 1 GHG emissions				
			Scope 2 GHG emissions				
			Scope 3 GHG emissions				
			Total GHG emissions				
	2.	Carbon footprint	Carbon footprint				
	3.	GHG intensity of investee companies	GHG intensity of investee companies				
	4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector				
	5.	Share of non-renewable energy consumption	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to				

		and production	renewable energy sources, expressed as percentage
	6.	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
Biodiversity	7.	Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas
Water	8.	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
Waste	9.	Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average
	Optional Environmental PAI: Investments in companies without carbon emission reduction initiatives		Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTIONAND ANTI-BRIBERY MATTERS		
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13. Board gender diversity	Average ratio of female to male board members in investee companies

14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	
Optional Social PAI: Rate of accidents	Number of accidents	