

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Danum Ecosystem Fund **Legal entity identifier:** 213800BA45JEBNA36E76

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

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

- with an environmental objective in economic activities that 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

It promotes E/S characteristics, but **will not make any sustainable investments**

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.

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The Fund focusses on the urgent need for business models to evolve in a manner that either halts or reverses biodiversity loss. Therefore, it aims to select a minimum of 50% of its investments to align with this environmental characteristic. The fund does not select investments based on assurances of their individual impact on biodiversity since such guarantees are challenging to validate. Instead, potential investments should align with one of the following pivotal stages in the journey towards a biodiversity-positive world:

- Fix and conserve: Current system
- Re-arrange: Transitory part of the system
- New Ecosystems: Desired system

Fix – and conserve: companies that offer remediation services and alike to remove past and current pollution

Re-arrange Ecosystems: Business models that allow current corporate ecosystems to make a shift towards partial circularity or offer innovations that provide potential solutions to limit biodiversity loss as a result of traditional business models.

New Ecosystems: Business models that together drive a systemic transformation towards a biodiversity positive world.

The fund has instituted investment criteria where merely incremental strategies and enhancements to promote biodiversity are deemed insufficient for inclusion in its investment portfolio. The focus is entirely on the business model of the company and how this eventually may serve biodiversity.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The fund uses a quantitative score to assess the biodiversity footprint of the portfolio. This score is expressed in species loss per unit of investment and serves as the main indicator to measure the attainment of the biodiversity characteristics of the portfolio.

The score is calculated using the Biodiversity Footprint Financial Institutions (BFFI) approach advocated by the Partnership for Biodiversity Accounting Financials (PBAF). The BFFI approach uses the ReCiPe pressure-impact model to quantify the biodiversity impact of corporate environmental pressures in seven categories: land use, water use, terrestrial acidification, eutrophication, ecotoxicity, photochemical ozone formation, and climate change.

We also calculate species loss caused by each of the seven corporate environmental pressures. These categorized indicators help to better understand the transmission mechanism of corporate economic activity to biodiversity loss and assists the Fund's selection of business models that should –contribute to fixing and conserving, re-arranging or developing new ecosystems.



It has to be clear that any outcome is a modeled outcome and offers no assurance of the true impact of a company or and industry.

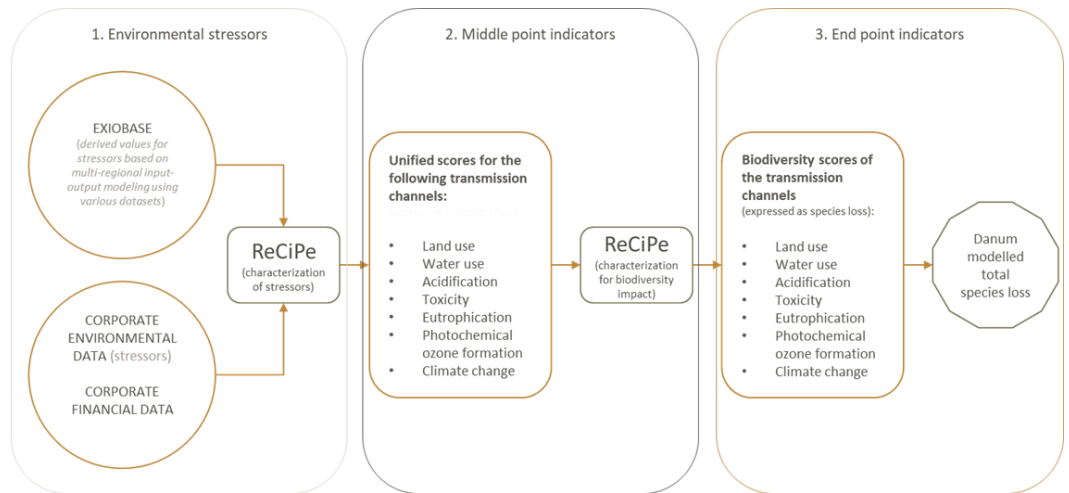
In order to judge if biodiversity outcomes of our investments are aligned with the investment strategy, we will compare the portfolio species loss scores with a modeled score of the reference situation where the corresponding products and services are provided by conventional ecosystems.

To illustrate the attainment of the environmental characteristic, the Fund reports on the total estimated number of species lost per unit of investment figure of the portfolio and on which percentage of its investment portfolio contributes to the 7 biodiversity pressure points.

Given the interconnection of ecosystems and the compounded effects of biodiversity loss, the 7 biodiversity pressure points contribute to at least one but often multiple UN Sustainable Development Goals (SDGs).

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

		Reference	Portfolio species loss per unit of investment	
		Industry score	Score	portfolio contribution
	14 LIFE BELOW WATER	Land use	1	14%
		Water use	1	14%
		Acidification	1	14%
		Eutrophication	1	14%
		Ecotoxicity	1	14%
		Photochemical Ozone Formation	1	14%
		Climate Change	1	14%
		Total species lost score	7	100%



● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Fund does not intend to make sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The Fund does not intend to make sustainable investments. However, apart from investigating if a potential investment aligns with the environmental objective, the Fund applies an ESG risk analysis and an exclusion policy.

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.

a. *Objective Setting:*

Stance and Commitments: The primary aim is to understand the company's stance and commitments in four critical domains: Biodiversity, Environment, Social, and Governance. This has been methodically dissected into 21 research-focused queries. The essence of these questions revolves around understanding the company's strategy and pledges in the aforementioned areas.

b. *Forming an Opinion:*

To build a well-informed view, the company's latest annual sustainability report will be reviewed. Additionally, the transcripts of their last three earnings conference calls will be studied. A quick measure being used is counting keywords to see what issues might be most important for the company. As an example, if 'water' appears more than 600 times in the FY22 sustainability report, it indicates water-related issues are significant for the company.

c. *Extracting Relevant Data:*

Once the documents are reviewed, specific keywords are used to pull out relevant information and quotes. These keywords are closely related to the sustainability topics of interest.

d. *Final Assessment:*

Combining the findings from reviewing the documents with the information extracted from these documents, a brief assessment is offered. This is presented together with observations and quotes supporting this assessment. Where possible, potential areas for further action are mentioned.

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

The Fund does not take into account the indicators for adverse impacts on sustainability factors.

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

The Fund applies human rights and other social indicators as a negative screening criteria in the investment selection process. This analysis is part of the Fund's process to understand the company's stance and commitments in four critical domains: Biodiversity, Environment, Social, and Governance. This has been methodically dissected into 21 research-focused queries. The essence of these questions revolves around understanding the company's strategy and pledges in the aforementioned areas.



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

- Yes
- No



What investment strategy does this financial product follow?

The Fund adopts a long only strategy and focusses on the urgent need for business models to evolve in a manner that either halts or reverses biodiversity loss. The fund does not select investments based on assurances of their individual impact on biodiversity since such guarantees are challenging

to validate. Instead, potential investments should align with one of the following pivotal stages in the systems transformation towards a biodiversity-positive world:

- *Fix and conserve:* *Current system*
- *Re-arrange* *Transitory part of the system*
- *New Ecosystems* *Desired system*

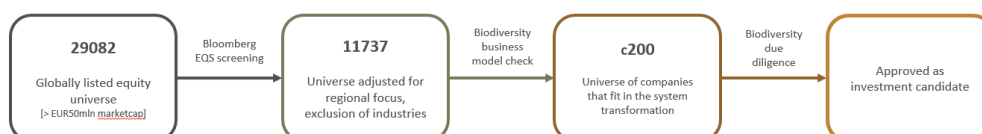
This focus is embedded in the investment process at the very early stage. The investment process (simplified) is structured along three building blocks: Establishing the investment universe; stock selection; portfolio construction. Establishing the investment universe embeds our focus on biodiversity using both qualitative as well as quantitative assessments. Once an investment fits the strategy, it enters the more traditional stage of the investment process, which is stock selection and portfolio construction. All three building blocks of the investment process are continuous, meaning companies can be added or withdrawn from the universe or portfolio at any time, depending on developments that may occur. This could include companies changing strategy, changing product profiles, poor execution and more.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The fund has adopted an exclusion list of industries, which include Metals & Mining, Basic Chemicals, Automotive production, Semiconductor production and more. The binding elements between all industries on the exclusion list is habitat loss and over-exploitation of species and or natural resources.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Through the exclusion list, regional focus and the check on alignment with the above mentioned pivotal stages in the systems transformation towards a biodiversity-positive world, the initial investment scope is reduced to a universe of approximately 200 companies.



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

Although the fund uses governance only as a negative screening criteria, governance practices are part of our primary aim to understand the company's stance and commitments in four critical domains: Biodiversity, Environment, Social, and Governance. This has been methodically dissected into 21 research-focused queries. The essence of these questions revolves around understanding the company's strategy and pledges in the aforementioned areas.

On top of this, the fund developed a quick scan, which allows it to screen for criteria that are deemed important. This scan includes a governance score, which should warn us that a company may have governance issues. If such scores are negative, and further analysis reveal a risk that fund is not willing to accept, the investment candidate may be removed from the investment universe.

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

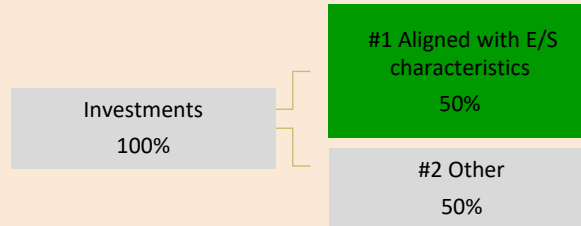
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

As the Fund's focus is on the urgent need to halt or reverse biodiversity loss, it aims to select a minimum of 50% of its investments to align with this environmental characteristic. EU taxonomy alignment or sustainable investments are not part of the fund's focus so it can be expected that 0% of the Fund's holdings will be sustainable or EU Taxonomy aligned.

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

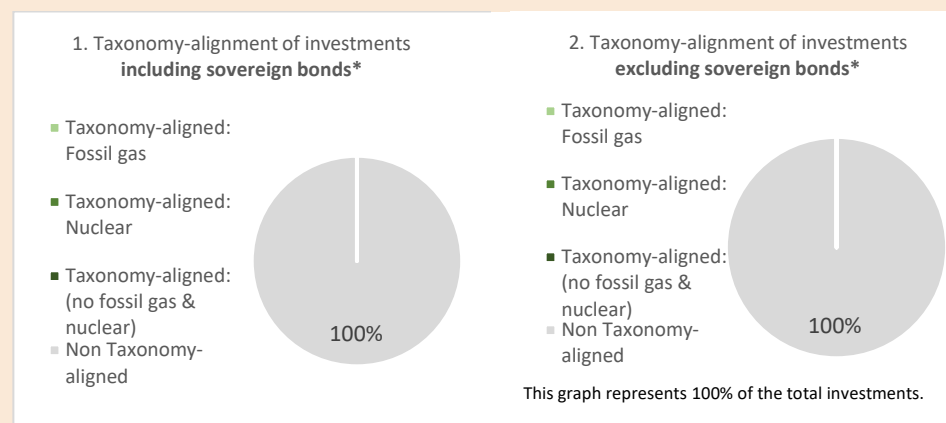
The fund may use derivatives to protect or enhance the financial return profile of cash equity positions, but not the environmental characteristics of the positions. The fund will not take positions in derivatives that are not linked to a cash equity position. As such, any derivative position that may be taken over time will be directly linked to a position for which the investment process has been completed.



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

The Fund does not target alignment with the EU Taxonomy. Alignment can therefore be expected to be 0%.

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. Both graphs represent 100% of the total investments

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

Yes:

In fossil gas In nuclear energy

No

- **What is the minimum share of investments in transitional and enabling activities?**
As the Fund does not target Taxonomy alignment, 0% of the Fund's investments will be in transitional and enabling activities.



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

As the Fund does not target Taxonomy alignment, 100% of the Fund's investments will not be Taxonomy aligned.



What is the minimum share of socially sustainable investments?

The Fund does not target socially sustainable investments



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

An asset may be marked as 'other' for the following reasons:

- Cash: the Fund may hold cash freely available for investment or cash for portfolio management purposes.
- Borrowings: the Fund may incur or assume indebtedness at any time and for any purpose, excluding for investment purposes, up to a maximum of 10% (ten percent) of the Sub-Fund NAV, including to cover expenses of the Sub-Fund and to fund.
- Non-aligned assets: holdings whose activities do not contribute to the social characteristics of the fund.

For non-aligned assets, at minimum the Fund applies human rights and other social indicators as a negative screening criteria in the investment selection process when applicable to the type of asset. This analysis is part of the Fund's process to understand the company's stance and commitments in four critical domains: Biodiversity, Environment, Social, and Governance.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Fund has not designated a reference benchmark to determine whether it is aligned with the environmental and/or social characteristics that it promotes.



Where can I find more product specific information online?

More product-specific information can be found on the website of the AIFM. Please see the below link: <https://www.priviumfund.com/strategies-amsterdam/>

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do no significant harm to any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214