

Sustainability-related Disclosures

This document addresses the public disclosure requirements in accordance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the Sustainable Finance Disclosure Regulation, in short "SFDR").

The SFDR entered into force on 10 March 2021 and required alternative investment fund managers (AIFM), including Rivean Capital B.V. (which is an AIFM authorised by the Netherlands Authority for the Financial Markets (AFM)), to publish information about their policies on the integration of sustainability risks in their investment decision-making processes (Article 3), disclose if and how principal adverse impacts of investment decisions on sustainability factors are considered in their investment processes (Article 4) and disclose how their remuneration policy is consistent with the integration of sustainability risks (Article 5).

The SFDR contains the following two definitions in relation to sustainability.

'Sustainability risk' means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment.

'Sustainability factors' mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Integration of sustainability risks

Article 3 of the SFDR requires: "Financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process."

Rivean Capital is a fund manager with a single product offering. As a result, Rivean Capital has one overall investment process which applies to all its active funds.

Rivean Capital uses a four-step Environmental, Social and Governance (ESG) methodology to flag potential material ESG themes and related events, or sustainability risks as defined under the SFDR, in the early stages of the investment process. A detailed description of Rivean Capital's ESG approach is included in Rivean Capital's ESG policy (www.riveancapital.com/esg). The four steps of its approach are referenced below:

- 1) Industry Context – Assess the potential of the industry for sustainable growth ('License to grow');
- 2) ESG Materiality – Identify the key material ESG themes that are likely to impact the financial or operating performance of a company in the respective industry;
- 3) Company performance – Evaluate performance on key themes and overall ESG management;
- 4) Prioritize issues & opportunities – Define opportunities and risks where ESG and value creation coincide.

The final step illustrates Rivean Capital's belief that ESG should be considered a value-creation lever for investment managers. For that reason, ESG has been fully integrated into Rivean Capital's investment processes and procedures.

Complementary to Rivean Capital's core ESG investment process, climate risks also are assessed during the due diligence phase by applying the framework of the Task Force on Climate-Related Financial Disclosures (TCFD).

Principal Adverse Impact Statement

Article 4 of the SFDR requires: "Financial market participants which consider the principal adverse impacts (PAI) of investment decisions on sustainability factors should disclose in the pre-contractual information for each financial product, concisely in qualitative or quantitative terms, how such impacts are considered as well as a statement that information on the principal adverse impacts on sustainability factors is available in the ongoing reporting. Principal adverse impacts should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors."

Summary

Rivean Capital believes that acting as a responsible investor requires the consideration of the potential negative effects on sustainability factors of any investment decisions made. The integration of ESG in our standard investment process allows Rivean Capital to seamlessly integrate PAI analysis in its investment process.

Rivean Capital distinguishes two types of PAI indicators. The first type of indicators are exclusions, evaluated early in a transaction, e.g. exposure to controversial weapons. The second group of indicators becomes apparent in the due diligence phase, e.g. GHG emissions. These indicators create a baseline measurement which enables us to draft a clear ESG value creation roadmap to improve the performance of the company on these specific indicators. Therefore, Rivean Capital considers sustainability factors as being value creation levers for boosting financial return as well as contributing to society.

Please find below the list of PAI indicators which Rivean Capital considers and will report on:

Adverse Sustainability indicator		Metric
Climate and Other Environment-related Indicators		
Greenhouse Gas emissions	1. GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions (as per Jan'23)
		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 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 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 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 generated by investee companies per million EUR invested, expressed as a weighted average
Social and employee, respect for Human Rights, Anti-corruption and 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 (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	
Additional indicators		
Environmental		
Emissions	4. 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		
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average

Engagement - Stewardship

A fundamental tenet of Rivean Capital's stewardship with our portfolio companies is its Portfolio Enhancement Program. Through this program, Rivean Capital supports portfolio companies' management teams, with the help of industry and functional experts, to unlock maximum value and scale businesses into industry champions. During continued dialogue with the management team throughout the investment lifecycle, Rivean Capital works together to set priorities, identify key actions and track progress against these plans. ESG related initiatives represent, as any other, a critical element in a wholistic approach to value creation.

Commitment to international ESG initiatives

As evidence of its commitment to responsibility, Rivean Capital is a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI). In addition, Rivean Capital adheres to the Task Force on Climate-related Financial Disclosure (TCFD) and has integrated the TCFD analysis in its ESG assessment as part of its standard investment processes and procedures.

Rivean Capital has further committed to the ESG Data Convergence project to contribute to the streamlining of the historically fragmented approach to collecting and reporting ESG data, enabling greater transparency and more comparable portfolio information for our limited partners.

Remuneration

Article 5 of the SFDR requires: "Financial market participants shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites."

ESG is considered to be the prime responsibility of the relevant Rivean Capital investment professional. By embedding ESG in the full investment cycle, accountability of ESG performance is part of the overall performance of Rivean Capital Funds as well as individual performance of employees. Rivean Capital has a remuneration policy that ensures sound and appropriate remuneration, in line with the market standards and European Securities and Markets Authority (ESMA)/AFM principles required for all alternative investment fund managers and in line with Rivean Capital's objectives, performance, and policies. The key purpose of Rivean Capital's remuneration policy is to align the interests of its employees with the interests of the investors in the Rivean Capital funds and to avoid incentives (also with respect to sustainability risk) that could result in excessive risk-taking.