

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.”

No consideration of adverse impacts of investment decisions on sustainability factors

This section constitutes Rivean's disclosure in accordance with Article 4 (1) (b) of the SFDR

Rivean Capital B.V. (Rivean) does not consider adverse impacts of its investment decisions on sustainability factors (including environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, within the meaning of article 4 sub 1 b of the SFDR. The reasons why Rivean does not consider adverse impacts of its investment decisions on such sustainability factors and therefore does not publish on its website a principle adverse impact statement (PAI statement) are based on proportionality and confidentiality:

- (i) Rivean is not required to publish a PAI statement because it has less than 500 employees;*
- (ii) taking into account sustainability factors in accordance with the SFDR requires data from all portfolio companies on a substantial number of indicators as set forth in Annex I to the SFDR Delegated Regulation. Portfolio companies may not always have such data available. However, Rivean will collect from portfolio companies all PAI indicators on best effort basis and encourages its portfolio companies to report on sustainable indicators and to comply with its ESG-Policy;*
- (iii) Rivean conducts a private equity strategy, and does not and is not allowed offer AIFs to the wider public. Making public disclosures regarding portfolio companies is not in line with private character of the AIFs.*

Rivean will revisit on an annual basis whether it intends to consider publishing a PAI statement but has not intention to do so in the near future.

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.