Disclosure Regulation

<u>Integration of sustainability risks in our investment decision process</u>
Priveq undertakes to comply with the EU's Sustainability Finance Disclosure Regulation (SFDR) ((EU) 2019/2088) and is transparent regarding sustainability related information about our funds and our investment process.

When evaluating possible investments, Priveq takes into account the target companies' values, principles and business operations. Priveq's requirements are that a target company lives up to Priveq's guidelines and requirements related to ESG issues, or that we assess that we, as owners, can change the company's attitudes and behaviours when it comes to these issues. If Priveq deems it to be impossible to change existing attitude and behaviour of the prospective company to align with Priveq's guidelines and requirements, the sustainability risk stemming from the company is considered to be too high and an investment will not be made. When companies are considered to be in risky areas, special emphasis shall be placed on analysing ESG issues. This applies to, among other things, companies with a high proportion of their operations located in developing countries, companies that directly or indirectly hire staff in low-cost countries, companies with large emissions in their production, companies whose operations have a major impact on the environment, companies that supply products and services to customers in sensitive industries, and companies that are in industries that have historically been associated with corruption. In these instances, Priveq always engage sustainability experts to contribute to the ESG due diligence. Regardless of the above, Priveq's principle is to never invest in companies with significant operations within weapons, betting, tobacco, alcohol, recreational drugs or pornography.

Sustainability risks are identified, analysed and documented from the early evaluation phase to final investment decisions according to a predetermined checklist, which includes industry, geographical location and sustainability management. In the initial prospect PM, the investment team conducts a desktop analysis, combined with information gathered during prospect meetings of the potential company. A negative screening is carried out, and sustainability risks related to geography, operations, suppliers, etc. are analysed, as well as industry risks, where the Sustainability Accounting Standards Board's (SASB) risk framework is used to identify industry specific risks. The ESG assessment is summarised in an ESG checklist.

An investment decision is always preceded by an ESG due diligence assessing the company's sustainability risk profile. The decision to pursue the analysis of a prospective company through a due diligence is taken by the Board of Directors. Depending on the complexity of the industry, the nature of the company and the potential risks, experts in sustainability are hired to perform the due diligence. Internal and external documents are analysed and the review is complemented by interview(s) with the company. The interview(s) cover(s) environmental, social and governance aspects. The result is an assessment of the sustainability risk level of the company in the areas of environment, governance, social, anti-corruption and overall ESG maturity. An initial risk level is then appointed to the company within these areas. The sustainability risks identified are included in the decision material presented to Priveq's Board of Directors and taken into consideration in the decision on whether to pursue the investment opportunity. For example, a company breaching against UN Global Compact's 10 principles would be deemed a high-risk company, and Priveq would sustain from investment. The company is also compared to Priveq's basic requirements and ESG roadmap to assess potential additional risks, and what actions of improvement will be needed if an investment is made. The roadmap sets out different levels of ESG maturity ranging from having limited processes in place concerning ESG, having implemented steering documents, to working systematically and proactively with ESG and integrating it into business strategies.

As an owner, Priveq requires all portfolio companies to establish a code of conduct and a supplier code that covers the ten principles of the UN Global Compact. Priveq also works to ensure that the portfolio companies establish a whistleblowing policy, incident reporting and gender equality and diversity policy. In addition, Priveq requires and supports the portfolio companies in establishing their own strategy in sustainability and annually monitors how they are performing in areas such as gender distribution, staff turnover, environmental emissions, etc.

A public sustainability report covering the portfolio companies' and Priveq's ESG activities and KPIs is to be published annually.

Integration of sustainability risks in our remuneration policy

Priveq's remuneration to employees aims to promote sound sustainable risk management and discourage excessive risk taking. The compensation to employees (non-partners) and partners consists of both fixed and variable salary. The variable salary of employees is determined on the basis of an annual evaluation with both financial and non-financial criteria. The non-financial criteria include, among others, how each of Priveq's employees meets our values, including compliance with our ESG policies.

Adverse sustainability effects (PAI) are taken into consideration

Priveq considers the main adverse sustainability effects (PAI) of our investment decisions in accordance with Article 4 of SFDR. This data can be found in the PAI statement on our website.