

# ESG Methodology for Private Markets Instruments

June 2025

## Summary

Overview .....	2
Structure and Methodology of the Sustainability Evaluation Framework.....	2
Conversion from ESG scoring to ESG rating.....	9

## Overview

In 2021, Nummus.Info developed a dedicated ESG assessment model specifically designed for Private Market instruments. This model was created in collaboration with a leading Italian investor and several asset managers of Private Market Funds. This partnership enabled Nummus.Info to align the needs of end customers with the feasibility of ESG assessment, incorporating data from managers while considering the various investment stages typical of these financial instruments.

The creation of this independent ESG evaluation model for illiquid products—one that was not previously available in the market—has allowed Nummus.Info to expand its ESG analysis services. This unique offering enables a comprehensive 360-degree valuation of both liquid and alternative financial instruments, resulting in an overall portfolio assessment. The model was rigorously tested on over 400 Private Market financial instruments from more than 180 different investment firms. Originally developed as an Excel-based tool, the model later evolved into a fully digital platform, set to be launched in 2025 under the name EthiQA.

2

## Structure and Methodology of the Sustainability Evaluation Framework

The evaluation model categorizes by type, asset class, and product:

- Private Equity & Private Debt
- Infrastructure
- Domestic and Global Real Estate

For each asset class category, 6 distinct sections are identified relating to:

- Policy and Procedures of the Issuer
- Issuer ESG KPI Analysis
- Procedures, Commitments and Integrations
- Portfolio ESG Risk Factors
- SDGs
- Monitoring and Reporting

Each section has a maximum achievable score and includes a quantitative and a qualitative assessment component.

The qualitative assessment involves a subjective evaluation by an analyst for key areas of the model that carry significant weight and require supporting documentation for validation.

The quantitative component, on the other hand, relies on responses provided by the managers, which are then processed by the algorithm to generate a score based on a precise scheme. The underlying architecture ensures that certain elements of the model are interdependent and correlated, allowing any inconsistencies in the managers' responses to be detected and reflected in the final judgment.

### Methodological Insights

The online questionnaire for private market product managers includes explanations for most topics to guide them in providing accurate responses.

Not all questions on the platform carry the same weight. Some have a greater impact on the overall evaluation due to their relevance and significance. As a result, answering certain items negatively can lead to a more substantial reduction in the product's final score.

## Section: INFO

The initial page of the questionnaire on our website consists of three essential questions aimed at gathering key information about the private market fund. The first question asks whether the issuer is a European resident, while the second question inquires if the portfolio is invested. The investment requirement is considered met once the private market fund has successfully raised capital and started the investment process.

The final question focuses on whether the private market fund has any involvement with Italian law 220/2021. These questions help us ensure that the relevant details are captured before proceeding with the rest of the evaluation.

3

**Please note that, once saved, the answers to these three questions cannot be modified.**

**Key options \***

☒ **Is the fund domiciled in the European Union?**  
The product may not be subject to European SFDR regulations if the fund is not domiciled in the European Union.

☒ **Has the fund started investing the capital?**  
The portfolio is considered "Invested" even if there is only a company/issuer in the portfolio.

**Italian Law No. 220/2021 \***

Pursuant to Italian Law No. 220 of 9 December 2021, it is strictly prohibited to finance companies involved in activities related to anti-personnel mines, cluster munitions, and submunitions, except as provided by the Ottawa and Oslo Conventions. This prohibition applies to all licensed intermediaries, including credit institutions, banking foundations, investment companies, asset management companies, financial intermediaries, and pension funds.

Article 4 of the law requires licensed intermediaries to adopt appropriate measures to ensure compliance with the prohibition. When the fund invests in unlisted financial instruments, specific procedures must be implemented to assess the risk of involvement in prohibited activities.

*In light of the above and in accordance with the adopted investment policy, it is hereby declared that:*

☒ **the fund is not involved**

☐ however, it is not possible to guarantee with absolute certainty the absence of involvement

...in activities prohibited by Law No. 220/2021.

## Section: Policy and Procedures of the Issuer

### Does the Issuer adopt an ESG policy?

Having a sustainability policy represents a particularly important aspect of the model, as it reflects a fundamental commitment to ESG principles. Depending on the presence of this policy, a series of related sub-items are shown. To receive the maximum score for this point, it is not necessary that all sub-items receive a positive response, they must be predominantly positive.

☒ **Does the Issuer adopt an ESG policy?**

Please attach documentation  
Drag&Drop or [Browse](#)

**Subjective component**  
Missing

☐ Environmental issues

☐ Working conditions

☐ Health & Safety

☐ Gender Diversity and Inclusion

☐ Ethical Code

☐ Corporate governance

☐ Child Labor

☐ Whistleblowing Directive and/or Speak-up Directive

☐ Bribery and corruption

☐ Data protection and privacy

☐ Climate Change factors

Is the Issuer a signatory of the UN PRI?

Being a signatory of the UN PRI is considered a particularly significant aspect of the model, as it demonstrates a clear commitment to responsible investment. Related sub-items are also presented and can contribute to a higher score if answered positively.

International recognition or membership of recognized associations in the ESG investing

☒ Is the Issuer a signatory of the UN PRI? <sup>↗?</sup>

Since how many years?

N.A.

last UN PRI Investment & Stewardship Policy Valuation ⓘ

N.A.

Please attach the Transparency Report from the UN PRI of the issuer

Please attach documentation  
Drag&Drop or [Browse](#)

Subjective component

Missing

☐ Is the Issuer a signatory of the UN Global Compact?

☐ Has the Issuer adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)?

☐ Has the Issuer conducted a B Impact Report as part of its B Corp certification process?

☐ Does the Issuer have any other ESG ratings or scores from recognized agencies?

### Section: KPI ESG

This section includes targeted questions designed to gather data on specific ESG Key Performance Indicators (KPIs) at the Issuer level. These KPIs reflect the issuer's governance practices, environmental impact, and social policies. The goal is to obtain a clear and consistent view of the issuer's ESG performance across relevant dimensions.

☐ Has the Issuer set specific ESG targets or goals?

☐ Is the Issuer committed to the principles of the Paris Agreement?

☐ Has the Issuer committed to achieving Net-Zero emissions?

Social KPI

☐ Does the Issuer have a formal policy or statement on Human Rights and Labor Rights?

What percentage of the Issuer's total employees are women?

<25%

What percentage of the Issuer's total managers (directors) are women?

<25%

What percentage of the Issuer's total employees are under 35 years of age?

<30%

Governance KPI

How would you assess the diversity of the Issuer's board composition in terms of gender, ethnicity, and other factors?

-

What percentage of the Issuer's board members are independent?

<35%

What percentage of the Issuer's board members are women?

<30%

☐ Does the Issuer have a Shareholders Advisory Committee?

☐ Does the Issuer have an Ethics Code or Code of Conduct?


☐ Does the Issuer have an Organization and Control Model in accordance with Legislative Decree 231? ⓘ

### *Section: Procedures, commitments and integrations in the financial product*

#### Is the fund classified under SFDR as Article 6, 8, or 9?

This represents a key component of the model, requiring the classification of the product under one of the SFDR articles: Article 6, Article 8, or Article 9. However, if the fund is not domiciled in the European Union, the manager would have indicated this earlier in the questionnaire by leaving the relevant checkbox unticked. In such cases, this question does not appear, and its weight is automatically redistributed across the remaining sections of the model to ensure a balanced assessment. Supporting documentation is required to prove the identified classification.

5

Is the fund classified under SFDR as Article 6, 8, or 9? 

Art. 9

▼

☐ If classified under Article 9, does the fund have a specific commitment related to sustainability?

Drag & Drop your files or [Browse](#)

Subjective component


Missing

▼

### *Section: Portfolio ESG Risk Factors*

#### Does the fund use a materiality matrix as part of its methodology for valuing companies?


Another important aspect of the model, this carries greater weight than other factors, ensuring sustainability is assessed with sector-specific relevance and properly weighted. The presence of a materiality matrix makes it possible to highlight whether the manager is able to evaluate his portfolio according to different materialities depending on the sector to which it belongs.

☐ Does the fund use a materiality matrix as part of its methodology for valuing companies? 

The absence of the materiality matrix has an impact on portfolio valuation.

#### Portfolio Evaluation

If the product is already invested, the portfolio valuation section will appear and must be completed. If the fund is still in the capital-raising phase, the section does not appear. In that case, its score is distributed across the other sections of the model.

 **Has the fund started investing the capital?**

The portfolio is considered "Invested" even if there is only a company/issuer in the portfolio.

A positive response to the initial question "Has the fund started investing the capital?" will therefore trigger a sustainability assessment of the portfolio.

The portfolio assessment is done by entering the weights in the various sectors in which the portfolio is invested:

Portfolio analysis based on economic sectors and relative materialities ⓘ

Energy  %

Materials  %

Industrials  %

Consumer Discretionary  %

Consumer Staples  %

Health Care  %

Financials  %

Information Technology  %

Communication Services  %

Utilities  %

Real Estate  %

Infrastructure  %

6

A qualitative self-assessment is requested for each selected sector based on ESG characteristics typical of that sector:

Portfolio analysis based on economic sectors and relative materialities ⓘ

**ENERGY**  50 %

**Environmental**

Carbon Emissions\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

Biodiversity & Toxic Emissions\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

**Social**

Health & Safety\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

**Governance**

Governance\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

**MATERIALS**  50 %

**Environmental**

Carbon Emissions\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

Water Stress\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

Toxic Emission & Waste\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

**Social**

Labor Management\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

**Governance**

Governance\* ⓘ ☐ Missing ☐ Unsufficient ☐ Mediocre ☐ Sufficient ☐ Good ☐ Excellent

These characteristics are organized within a materiality matrix developed by Nummus.Info. The matrix not only identifies specific ESG factors to be evaluated but also assigns different weights to each characteristic according to its importance within the sector. The portfolio score is then determined by combining the sector's portfolio weighting, the self-assessment results for each ESG characteristic, and the respective weights from the materiality matrix.

### GHG emissions

Within this section, the manager is also asked to report CO<sub>2</sub> emissions, both in absolute terms (tonnes) and relative terms (tonnes per million in sales).

7

GHG Portfolio Emissions (CO<sub>2</sub> tons) ⓘ

Scope 1

Scope 2

Scope 3

Average Portfolio Carbon Intensity (CO<sub>2</sub> tons/Sales Mln) ⓘ

☐ Does the fund support or participate in any carbon emission reduction projects?

### Section: SDGs

#### SDGs Alignment

In this section, the manager is asked to indicate the portfolio's alignment with the Sustainable Development Goals (SDGs). This involves selecting all applicable SDGs and, where relevant, specifying the percentage of alignment for each.

1 NO POVERTY

☒ No Poverty

Portfolio aligned with the SDG

2 ZERO HUNGER

☐ Zero Hunger

3 GOOD HEALTH AND WELL-BEING

☐ Good Health and Well-Being

4 QUALITY EDUCATION

☐ Quality Education

5 GENDER EQUALITY

☐ Gender Equality

6 CLEAN WATER AND SANITATION

☐ Clean Water and Sanitation

7 AFFORDABLE AND CLEAN ENERGY



☐ Affordable and Clean Energy

8 DECENT WORK AND ECONOMIC GROWTH

☐ Decent Work and Economic Growth

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

☐ Industry Innovation and Infrastructure

 <input type="checkbox"/> Reduced Inequalities	 <input type="checkbox"/> Sustainable Cities and Communities	 <input type="checkbox"/> Responsible Consumption and Production
 <input type="checkbox"/> Climate Action	 <input type="checkbox"/> Life Below Water	 <input type="checkbox"/> Life on Land
 <input type="checkbox"/> Peace and Justice Strong Institutions	 <input type="checkbox"/> Partnership for the Goals	

### Section: Monitoring and reporting

Presence of monitoring processes to assess the management of ESG factors by portfolio companies/issuers  
This is another crucial element of the model, reflecting its significant impact on the overall evaluation.

<input checked="" type="checkbox"/> Does the fund have monitoring processes in place to evaluate the management of ESG factors by the companies/issuers in its portfolio?	<a href="#">Please attach documentation</a> Drag&Drop or <a href="#">Browse</a>	<b>Subjective component</b> Missing
---	--	--

### Recording and monitoring ESG incidents/complaints

Linked to this subject, there are related sub-items that contribute to strengthening the score if filled in positively.

<input checked="" type="checkbox"/> Does the fund have a system in place for recording and monitoring ESG incidents or controversies related to the companies/issuers in its portfolio?	<a href="#">Please attach documentation</a> Drag&Drop or <a href="#">Browse</a>	<b>Subjective component</b> Missing
<input type="checkbox"/> Does the fund have a process for communicating ESG-related misconduct, penalties, or incidents?		
The Fund is committed to reporting illegal conduct, sanctions and incidents relating to ESG issues to:		
<input type="checkbox"/> Investors		
<input type="checkbox"/> Public		
<input type="checkbox"/> Others		

### Attached documentation

Where supporting documentation is requested, the analyst's task is to analyse the documentation, check that what is stated in the answer to the relevant point matches the documentation and assign a judgement from 0 (minimum) to 5 (maximum) depending on the comprehensiveness and detail of the documentation. As explained above, this is a subjective judgement that reinforces (but does not compromise) the judgement of the quantitative component.



## Conversion from ESG scoring to ESG rating

By summing up the scores assigned to the quantitative and qualitative evaluations, an overall score / scoring for each Private Market financial instrument is obtained.

Total	ESG	E	S	G
61%	A	61%	57%	59%

Scoring / scoring intervals were identified to translate the numerical sustainability score into a literal rating, the ESG rating.

ESG Score	ESG Rating
86 - 100	AAA
71 - 86	AA
57 - 71	A
43 - 57	BBB
29 - 43	BB
14 - 29	B
0 - 14	CCC

This leads to an overall assessment of the product according to the meaning of the following scale of values:

<b>CCC</b>	<b>B</b>	<b>BB</b>	<b>BBB</b>	<b>A</b>	<b>AA</b>	<b>AAA</b>
<b>LOW sustainability</b> High ESG risk exposure or lack of ESG risk management		<b>AVERAGE Sustainability</b> Management of the most significant ESG risks and opportunities in relation to peers			<b>HIGH sustainability</b> Excellent management of ESG risks and ESG opportunities compared to peers	