

SFDR-related disclosures

To conform with the requirements of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ('SFDR'), Thuja Capital Management (Thuja) discloses the following:

Sustainability risk

A sustainability risk means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment". ESG criteria form an integral part of our selection and investment processes and guide us in the interactions with our portfolio companies. As such, we identify, assess, consider and manage the ESG (sustainability) risks that are (potentially) material to our portfolio.

We address sustainability risks through a multi-faceted approach:

- Exclusion - We have compiled a list of industries and activities that we exclude from our investment portfolio's because, by definition, they do not comply with international agreements or treaties (i.e., chemical or biological weapons) or because they do not comply with our ethical standards (i.e., promotion of tobacco). The content of this list is aligned with the exclusion criteria set by our main investors.
- ESG integration - Our approach to ESG integration governs how we embed sustainability into the practice of investment selection and decision-making:
 - We systematically integrate ESG factors into the investment process. As a part of due diligence, an analysis is conducted to identify existing and potentially emerging ESG risks and opportunities.
 - We monitor progress on material ESG factors, where possible in terms of key performance indicators (KPIs). This allows us to have an informed understanding of the developing ESG profile of the company, supporting the continued consideration of risks.
- Active ownership - We systematically integrate ESG factors into our portfolio management process. Our governance framework for active ownership is designed to mitigate sustainability risks through monitoring and engagement. By regularly assessing ESG performance, we can monitor progress and offer focused guidance to portfolio companies, to support continuous improvement.

Good governance practices

As part of Thuja's investment strategy, we:

- Do not invest in companies that do not (intend to) follow, or do not respect good governance practices; and
- Actively promote good governance practices in our portfolio companies.

Governance is one of the key ESG factors central to investment decision-making and engagement. In selecting and managing portfolio companies, we follow a list of basic principles for good governance.

Good governance principles

Thuja supports and actively engages with companies to ensure, as a minimum:

- A solid and effective governance structure, which supports the company in matters of business strategy, including social and environmental issues. The basis of such a structure is:
 - a. a sound and solid management team; and,
 - b. an effective board that supports the management team and is balanced in terms of structure, size, diversity, skills and representation
- The protection of shareholder rights
- Remuneration that is fair, whilst providing proper incentives
- Sufficient stakeholder interactions, and
- A good relationship between a company's management, board, shareholders and other stakeholders.

Pre-investment conditions

At the closing of the first financing round in which Thuja participates, we minimally establish the following:

- The company and all investors have agreed on a suitable governance structure.
- The newly set-up governance structure includes a supervisory board with representation from key investors, with Thuja typically having board representation.
- The company and all investors have agreed on a foundation for a management team fitting the company stage.

International standards

Thuja supports the [Invest Europe Professional Standards Handbook](#) and [ICGN Global Governance Principles](#), and we follow these principles when referring to good governance practices.

Remuneration policy

Thuja's Remuneration policy ensures alignment of the interests of the Thuja team members with the interests of our investors.

The management of Thuja seeks to promote sound and effective risk management and discourages the taking of risks, including sustainability risks, which are excessive in view of the risk profile of our Funds and our ESG Policy.

Through this Remuneration policy we aim to stimulate the adequate control of sustainability risks so as to safeguard the continuity of our investee companies' operations and support their development into sustainable and resilient companies.

Thuja pays staff a fixed remuneration. In setting annual remuneration increases, performance is considered. Performance appraisals are largely an assessment of an employee's professional development; no performance targets are set.

To align the interests of the Thuja team with the interests of the investors, employees are also entitled to a performance fee, which is linked to the fund performance and is structured as carried interest. Carried interest provides a long-term incentive. The carried interest allocation is established on a per fund basis, and has a vesting scheme aligned with the life cycle of the respective fund.

The standards we apply to the investment professionals in the Thuja team include intensive and high-quality coaching and guidance, including on ESG risks and opportunities, in all relevant aspects of

work, and training on and adherence to Thuja's processes and policies, which include the Investment Process, Code of Conduct, Cybersecurity Policy, and the Impact and ESG Policy.

No consideration of sustainability adverse impact

Thuja Capital does not consider Principal Adverse Sustainability Impacts as defined per article 4 of the SFDR¹, and therefore will not make the disclosures as described in article 6 of the SFDR RTS². The main rationale for this decision is that the administrative burden and the data challenges related to the collection of the principal adverse impact indicators are not proportional to the small size of both Thuja and the early-stage nature of its portfolio companies.

¹ 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

² Draft Regulatory Technical Standards issued under the SFDR