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## **Sustainability related disclosures**

In order to comply with the sustainable finance disclosure regulation (**SFDR**)<sup>1</sup>, Torqx Capital Partners B.V. (**Torqx**) makes the following disclosures.

### **Integration of sustainability risks**

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*".

Before any investment decisions are made on behalf of a fund that Torqx manages, an investment decision process is followed. Torqx views ESG as a standard topic in this pre-investment process. The Torqx ESG assessment comprises three key steps:

1. ESG materiality assessment: identification of the sustainability topics that could potentially materially impact performance of the company
2. Awareness and performance assessment: assessment of target company awareness of material items and (current) performance on such topics
3. Identification of improvement areas: articulation of improvement initiatives that can contribute materially to improvement of ESG profile and to value creation

The identified sustainability risks and opportunities are considered by Torqx when making investment decisions.

As described above, sustainability risks are taken into account, from the due diligence process through the investment decision-making process as well as during the lifetime of the investments through the value creation of the portfolio. Torqx considers sustainability risks as an important part of its business as a fund manager and expects the same from its employees. As part of the remuneration policy of Torqx, the adherence to the ESG policy and ESG goals are taken into account when assessing individual performance of employees. This assessment may also have an impact on the salary development of employees within Torqx. In addition, the importance of sustainability risks and related impact on value creation is also translated to individual impact for employees through carried interest rights. Employees are made aware of the applicable policies and procedures when starting their employment with Torqx.

### **No consideration of sustainability adverse impacts**

As indicated above, sustainability factors are integrated in the investment decisions process of Torqx. Torqx states however that it does not consider adverse impacts of investment decisions on sustainability factors<sup>2</sup> as set forth in article 4 sub 1 (a) of the Disclosure Regulation. Given the small size of the organisation of Torqx itself and the impact on certain of the portfolio companies, such disclosure as set forth in article 4 sub 1 (a) of the SFDR and the administrative burden in connection therewith would not be proportional.

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<sup>1</sup> Regulation (EU) 2019/2088

<sup>2</sup> As set out in article 4 sub 1 (b) of the SFDR in conjunction with article 4 sub 1 (a) SFDR.