Manager level disclosures under the SFDR

On March 10, 2021, the European Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088, as amended "**SFDR**") entered into force. The SFDR emerged from the European Union's 2018 Action Plan on Sustainable Finance and is therefore part of broader efforts at European level to make the financial sector more sustainable. The SFDR requires fund managers such as Holland Capital to provide information regarding (among other things) the integration of sustainability risks, the consideration of adverse sustainability impacts and, where applicable, the promotion of environmental or social characteristics, and sustainable investment as an investment objective.

To comply with the SFDR, Holland Capital states the following:

- **Integrating sustainability into investment decisions (Article 6(1)(a) SFDR)**

Pursuant to the SFDR, sustainability risk means:

"an environmental, social or governance event or condition which, if it occurs, could have an actual or potential material adverse effect on the value of the investment"

The integration of sustainability risks both during the pre-investment stage (selection & due diligence) as well as during the post-investment stage (monitoring & active ownership) is important in order to capture opportunities for long-term value creation, competitiveness and to mitigate risks. In both stages, the size and phase of a portfolio company is taken into consideration to ensure proper assessment.

During due diligence, an ESG scan is carried out in which a (potential) risk classification is made. The scan is structured in line with Holland Capital's 5 ESG objectives (referred to on this webpage above). General points of interest are included for each objective that may be relevant for a large number of companies. The ESG scan also covers several principal adverse sustainability impact indicators (PAIs). However, given the size of Holland Capital, there is no formal PAI reporting.

After investment, the ESG topics of portfolio companies are monitored using the Holland Capital ESG framework.

- **No consideration of adverse impacts of investment decisions on sustainability factors**

In accordance with Article 4(1)(b) of the SFDR, Holland Capital states that it does not take into account adverse effects of investment decisions on sustainability factors as set out in Article 4(1)(a) of the SFDR and therefore does not make the disclosures described in Article 4(1)(a) of the SFDR. Given the small size of Holland Capital's organization, such disclosure as referred to in Article 4(1)(a) of the SFDR and the associated administrative burdens would not be proportionate.

- Remuneration policy (Article 5(1) SFDR)

Employees play a crucial role in achieving Holland Capital's objectives and are therefore a central part of the organization. Holland Capital attaches great importance to the development of the competencies of its employees.

The reward depends on the job profile, experience and personal development. This is determined according to Holland Capital's salary model and personal development plans. Holland Capital regularly benchmarks salaries to ensure that its remuneration policy remains in line with the market and that the balance between the fixed and variable part of the remuneration is reasonable and does not encourage excessive risk-taking.

Holland Capital’s remuneration policy is set out in its employee handbook, which is an integral part of the employment agreement between Holland Capital and each of its employees. The employee handbook is updated on a regular basis and at least annually. The remuneration policy promotes sound and effective risk management with respect to sustainability risks, ensuring that the structure of remuneration does not encourage excessive risk-taking with respect to sustainability risks. Holland Capital also considers the effect of potential conflicts of interest on remuneration in a way that is consistent with the integration of sustainability risks, including (but not limited to), any activities that give rise to greenwashing, mis-selling, or misrepresentation of investment strategies.