

ESG Policy at Auxilium Capital

The team of Auxilium Capital is convinced that its focus on long term profitable growth is well aligned with good stewardship on Environment, Social and Governance (ESG) factors. ESG factors have always formed part of our investment decisions and have now been laid down in our ESG policy document. The purpose of this policy is to make us, team Auxilium, but certainly also our investee companies even more aware of the importance of good relationships with our social and natural surroundings.

In our efforts to address ESG within our investee companies, we respect the fact that these companies are typically small, and that limited human resources are available. Our ESG policy should hence be approachable, and tangible and its principles should form a solid base from where to initiate an ongoing dialogue on what we feel is just doing good business!

Our ESG policy is structured around three stages.

1. Our investment processes

ESG is incorporated into our investment process. During our regular (financial, legal, tax, etc.) due diligence we will also assess target companies on ESG dimensions, to identify risks and opportunities, and to make them aware of ESG. Dimensions or relevance are:

- Environmental, including energy efficiency measures, waste management, raw material procurement of sustainable sources
- Social, including compliance with prevailing employment legislation, health, and safety
- Governance, including communication with workers councils, compliance with bribery and anti-corruption legislation, responsible marketing and sales procedures, supply chain audits and internal audit functions

For this first step, we will compile a due diligence questionnaire.

2. During our investment

Based on the ESG due diligence outcome, and in our subsequent conversation with our management teams, we will stimulate and motivate them to define a company ESG 'policy'. This should in essence be a practicable list of (1 to 5) tangible priorities and/or targets with which the investee company, and its workforce, can work. This list of priorities and targets will be monitored and discussed with our companies on a regular (yearly) basis. Obviously, we will address ESG issues and opportunities on an ongoing basis.

3. Reporting to our investors

Reporting creates its own reality. It helps to embed ESG into the practice and thinking of both Team Auxilium and our management teams. Hence, we wish to regular report ESG to our investors. We will do so, again, in a practical manner, during our (annual) Advisory Board meetings, whereby ESG will be a returning topic on the agenda, both in terms of new investments, as well as progress made by investee companies.

To conclude

ESG is and will remain a hygiene factor in who we are and what we do as a responsible investor. This policy document is a tangible and practical guide to make ESG part of the Auxilium DNA. To us, it is a matter of just doing good business!

SFDR

To comply with the sustainable finance disclosure regulation (SFDR)¹, Auxilium Capital Management B.V. (Auxilium) 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 Auxilium manages, an investment decision process is followed. Auxilium views ESG as a standard topic in the preinvestment process. Part of the investment decisions process is that Auxilium aims to assess the risks attached to a potential investment opportunity, which includes sustainability risks. Identified sustainability risks are considered by Auxilium when making investment decisions where needed.

In addition, Auxilium pays staff a combination of fixed remuneration and variable remuneration (including a possible bonus). Variable remuneration for relevant staff also considers compliance with all policies and procedures which are in effect within Auxilium, including those relating to considering sustainability risks on the investment decision making process.

Employees are made aware of the applicable policies and procedures when starting their employment with Auxilium.

No consideration of sustainability adverse impacts

In accordance with article 4 sub 1 (b) of the SFDR, Auxilium states that it does not consider adverse impacts of investment decisions on sustainability factors as set forth in article 4 sub 1 (a) of the Disclosure Regulation and therefore does not make the disclosures as described in article 4 sub 1 (a) of the SFDR. Given the small size of the organization of Auxilium, 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.

¹ Regulation (EU) 2019/2088