Sustainability Policy

This policy applies to both Theta Capital Management B.V. (TCM) and Theta Fund Management B.V. (TFM) which fall under the Theta Capital Management brand name. TFM is a 100% owned subsidiary of TCM. Please see Governance on www.thetacapital.com/governance for more details.

1. **Introduction**
   This Sustainability Policy outlines both TCM and TFM's stance on integrating ESG considerations into our advice and investment portfolio creation processes. We recognize the growing importance of ESG in the financial sector and align with the requirements of the Authority for the Financial Markets (AFM) and the EU's Sustainable Finance Disclosure Regulation (SFDR).

2. **Objectives**

   - To communicate our approach towards ESG considerations in our advice and investment portfolio creation.
   - To ensure compliance with relevant regulations and disclosures related to sustainability risks.

3. **Scope**
   This policy applies to all our discretionary and advisory services (TCM), fund and product services (TFM), and investment decisions (TCM & TFM).

4. **Sustainability Risks & Impacts**

   a. Understanding of Sustainability Risks:

      ❖ Investing can lead to adverse impacts on sustainability factors, which include environmental, social, and governance factors. Examples of sustainability risks encompass environmental physical risks, compliance with labour standards, anti-corruption measures, and reputational risk. Sustainability risks refer to events or conditions that can have an adverse effect on a fund's returns and its underlying assets.

   b. Our Stance on Sustainability Risks:

      ❖ TCM and TFM do not currently consider the adverse impacts of their investment decisions on sustainability factors. This approach is primarily due to our investment into managers of funds, where not all underlying Fund Managers account for these factors, and comprehensive information on this is often not available. Furthermore, our global investment approach means that the underlying assets might not always adhere to the level of sustainability reporting that would be necessary for assessing adverse sustainability impacts.

   c. Implications of Ignored Sustainability Risks:

      ❖ If the external asset managers we select do not take sustainability risks into account, there's a potential for the asset value to decrease. This decrease can adversely affect the results of the Fund and individual portfolios. We acknowledge that not all Fund Managers we collaborate with may prioritize sustainability risks.

d. Monitoring and Due Diligence:

- Despite the challenges, TCM and TFM are committed to monitoring the consideration of sustainability risks by external asset managers. Our due diligence and monitoring processes assess how the underlying managers are accounting for these sustainability risks and gauge their preparedness for evolving regulations (also see 9.).

5. **Product Classification Under SFDR:**

- Our products and services are generally classified under Article 6 of the EU's Sustainable Finance Disclosure Regulation (SFDR). This means that while we are committed to transparency and disclosure, our financial products do not have sustainable investment as their primary objective, nor do they necessarily promote specific environmental or social characteristics in line with the EU criteria for environmentally sustainable economic activities. However, we remain committed to upholding the standards of investment practice and regulatory compliance.

6. **Approach to ESG Integration in Investment Analysis**

- While our primary objective remains the financial appropriateness of our advice and investments, we are progressively exploring ways to integrate relevant ESG considerations into our investment analysis and decision-making processes.

7. **Active Ownership & Engagement**

- We recognize the value of active ownership and are committed to engaging with investee funds on pertinent ESG issues, encouraging them to adopt sustainable practices that align with long-term value creation.

8. **Adherence to Regulatory Requirements**

- We are committed to adhering to all regulatory requirements pertaining to ESG disclosures.
- All mandatory disclosures required by the AFM and SFDR will be transparently provided to our stakeholders.

9. **Monitoring & Accountability**

- Our position holds that investee funds, and by extension, the investee companies themselves, bear the responsibility for their ESG practices. Consistent with industry standards, engagement on ESG with the help of questions outlined by the UN PRI [https://www.unpri.org/investment-tools/hedge-funds] is a key aspect of this process.

10. **Transparency & Reporting**

- We commit to maintaining transparency about our ESG approach in line with the requirements of the SFDR.

- Deviations from this approach, if any, will be transparently communicated to our stakeholders.

11. Review & Amendments
    - This policy will be reviewed annually, with updates to ensure it remains effective, transparent, and in alignment with both regulatory requirements and industry best practices.