Raft Capital Management, UAB

May, 2024

CONTENT

1. SUSTAINABILITY RISK POLICY

Sustainability risks

A "Sustainability Risk" is defined in Article 2 (22) of the SFDR as: "an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment".

Sustainability Risks include (but are not limited to) the following:

- environmental risks such as the impact of environmental events such as increased flooding risks on operations of portfolio companies;
- social risks such as impact of non-compliance with anti-slavery or working conditions laws and regulations by portfolio companies; and
- governance risks such as inadequate management oversight of portfolio companies.

The different Sustainability Risks depend on portfolio companies' operations and the sector in which they operate. In our view, the most important Sustainability Risks relate to social risks in the supply chain.

Integration of sustainability risks in investment processes

As a responsible investor, Raft Capital Management (Raft Capital) incorporates factors that encompass sustainability (ESG) into the entire investment cycle through a robust and pro-active approach to mitigate sustainability risks as much as possible. The approach is fully applied by the investment team and makes it possible to tailor the process to each investment or opportunity to ensure appropriateness and effectiveness.

Raft Capital will seek investments in small and medium enterprises and small mid-cap entities (i.e. portfolio companies). Raft Capital will not make investments in companies in certain sectors, which have potential negative effects on the environment and society. Those sectors are excluded on the basis of the funds' managed by Raft Capital Partners' Agreement.

By investing in the portfolio companies, Raft Capital will promote social characteristics. Raft Capital will seek to invest in companies that through their operations contribute to solving the social problems and by:

(i) establishing the initial benchmark for chosen social characteristics through analysis of the target portfolio companies during the due diligence stage of the investment process (the Initial Benchmark);

(ii) requesting the portfolio companies in the investment/shareholders' agreements to make the best efforts in improving the Initial Benchmark;

(iii) actively engaging in the boards of portfolio companies with the aim to propose the implementation or adoption of policies that promote the social characteristics and monitoring how the portfolio companies adhere to the same;

(iv) by respective provisions in the investment/shareholders' agreements requesting the portfolio companies to annually report on the progress of improving the social characteristics by providing year-on-year data in comparison to the Initial Benchmark;

(v) reporting the progress of promoting the social characteristics to its investors and authorities as required by law.

2. REMUNERATION IN RELATION TO SUSTAINABILITY RISKS

Raft Capital Remuneration Policy

At Raft Capital Management, UAB (hereafter referred to Raft Capital), we are committed to fostering a culture of excellence and responsibility. Our remuneration policy reflects our dedication to recognizing and rewarding exceptional performance while aligning with our commitment to sustainability, responsibility and risk-consciousness.

Compensation Structure

At Raft Capital, we recognize that our team members are integral to our success. Through our remuneration structure, we aim to attract, retain and foster a motivated workforce committed to our mission and values. Our remuneration structure comprises fixed and variable components, ensuring a balance between stability and incentivizing outstanding contributions:

- **Fixed Remuneration:** Comprised of salaries and benefits, providing stability and security to our employees. Fixed salary should be competitive and non- discriminatory;
- **Variable Remuneration:** Includes performance-based bonuses to recognize and reward outstanding individual contributions and company achievements. Variable remuneration is discretionary and subject to an annual performance review

Performance Review and Criteria

Remuneration decisions are primarily based on the outcome of our annual performance review process in December every year. The assessment encompasses both financial and non-financial criteria and shall recognize the impact of an employee's contributions to our investments and the firm as a whole. Raft Capital's remuneration framework is designed to actively support and reward behavior that aligns with our commitment to sustainability and responsible investing while discouraging excessive risk-taking concerning direct or indirect financial and/or sustainability risks. Our evaluation and remuneration process comprises:

- **Financial Criteria:** Objective financial metrics reflecting individual and team performance
- **Non-Financial Criteria:** Evaluation against Raft Capital's core values, emphasizing significant contributions to promote sustainability characteristics in our investment process, not least as active owners to our portfolio companies, and supporting the overall integration of sustainability risks. Any non-adherence to Raft Capital's Policies or core values related to sustainability and responsible investing will impact variable remuneration negatively, ensuring that our team embodies and promotes sustainability in their actions;