QUADRIGA CAPITAL

Disclosure Statement 2022

Operating Principles for Impact Management

To our stakeholders:

Quadriga Capital VI GP Limited ("**Quadriga**") is a signatory to the Operating Principles for Impact Management (the "**Impact Principles**"). Quadriga hereby affirms that its investment assets are managed in accordance with these Principles.

The assets managed and/or advised by Quadriga in accordance with the Impact Principles comprise equity commitments of approximately EUR 160 million – corresponding to US$ 177 million - as of March 31, 2022.

SIGNATURE
April 2022

____
STEPHAN JAAX
DIRECTOR

Principle 1: Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Quadriga is a long established and highly regarded pioneer of responsible investing in Germany, Austria and Switzerland (together the “DACH” region), with a proven track record of socially valuable investments. Since the early 2000s, Quadriga’s previous funds have strictly applied socially responsible investment principles and since 2007, ESG criteria have been stepwise integrated into the investment process and value creation approach. Already in 2012, Quadriga became a UN PRI signatory, and has always achieved high ratings since then. A proprietary ESG Impact Monitor was developed in 2014 to regularly measure ESG impact and enable a continuous improvement of ESG performance during the ownership of the Quadriga Capital funds.

- As a next step, Quadriga further enhanced its investment strategy to contribute to solutions for urgent global challenges. Quadriga invests in companies that i) enhance Human Wellbeing & Personal Growth, ii) help with Preservation of the Environment, and iii) undertake Sustainable Transformations driven by digitalisation and innovative technologies, as shown in Figure 1:

Figure 1: Strategic Impact Objectives

Quadriga has chosen six primary Target SDGs (3, 4, 8, 9, 12 and 13) as well as four secondary Target SDGs (6, 7, 11 and 15) to guide the asset selection.

- Quadriga targets companies that are, or can become, leading, mission-driven businesses with the potential for transformative improvement or expansion of impact themes with the support of Quadriga's sustainable value creation system "QC-Sustain".

- QC-Sustain includes ESG criteria, adverse impact avoidance and positive impact creation tools & processes.

- The strategic impact objectives were chosen in line with Quadriga's record of investing in the sectors Healthcare, Tech-Enabled Services and Smart Industries on the assumption that Quadriga can provide the highest/most effective contribution ("additionality") to positive impact generation.

- Quadriga intends to support companies creating a positive impact for society and the environment, also by providing access to financial and non-financial resources that they would not have otherwise.

Principle 2: Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognising that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- Quadriga manages Impact & ESG achievement through the integration of dedicated Impact & ESG criteria in its screening and due diligence process. Investments are required to fulfil certain criteria during the screening process. During the due diligence process, a standardised Impact & ESG assessment is conducted by a third-party adviser as shown in Figure 2:

Figure 2: Integration of impact in Quadriga's investment process

	Lead Phase	Deal Phase	Value Creation Phase
Impact Integration	• Identification of thematic impact alignment with the three strategic impact objectives	• Identification and assessment of impact potential • Identification and assessment of key impact metrics/KPIs • External impact due diligence • Impact target setting and roadmap	• Active ownership • Impact value creation through QC-Sustain system • Monitoring of impact metrics/KPIs based on relevant impact theme for investee company • Company and portfolio level impact reporting

- During the impact assessment, Quadriga identifies the relevant IRIS+ metrics for every target company to monitor the assigned SDG's impact during Quadriga's ownership and help measure the development of these impacts. Throughout the ownership period, Quadriga collects data (both Impact & ESG) from its investee companies based on relevant KPIs. Those measurable impact metrics of multiple companies are aggregated at the sector or portfolio level.

- In addition to the dedicated internal Impact & ESG Team, Quadriga has established an Impact Advisory Board ("**IAB**"). Members of the IAB are external impact experts with significant experience gained in a corporate, academic or advisory role.

- The IAB meets on a regular basis, supports and monitors Quadriga in assessing potential investments to ensure consistency with Quadriga's impact investment policy, reviewing impact analyses and advises Quadriga with respect to the impact roadmaps and reporting.

- Quadriga's staff incentive system includes the adherence to the impact processes and the achievement of impact targets.

Principle 3: Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- During the due diligence process, the Quadriga Impact & ESG team drafts a detailed description of Quadriga's proposed contribution, which outlines how Quadriga plans to contribute to the potential investee company's creation of impact along with its financial and managerial contributions. This contribution is based on a clear strategic intention of Quadriga to enhance businesses in their sustainability efforts. An active engagement is ensured by the internal Impact & ESG Team as well as the external IAB. Furthermore, Impact & ESG attributes are measured. Quadriga is constantly emphasising the importance of impact to all its stakeholders.

- Quadriga leverages its proven capabilities manifested in QC-Sustain for the creation of impact in the investee companies. By investing into respective targets and applying a consistent, systematic approach to integrating Impact & ESG considerations, Quadriga signals that impact matters. Quadriga is engaged by adopting active governance position and through the implementation of Quadriga's QC-Sustain with its modules, dedicated to improve material aspects of the value chain, to increase operational efficiency and to implement responsible business practices. Additionally, Quadriga may support investee companies in growing underpenetrated impact driven target markets by providing private capital to DACH mid-market companies.

Principle 4: Assess the expected impact of each investment, based on a systematic approach.

For each investment, the Manager shall assess in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable result measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- The first step of Quadriga's approach to assess the potential impact of an investment, is the application of a thematic alignment tool. It can be determined whether an investment opportunity aligns with the objectives of Quadriga's investment strategy. If an impact potential is identified, the due diligence process commences with the definition of an impact thesis. For each investment opportunity an impact thesis describes how Quadriga's investment can enable impact-oriented outcomes based on the identified challenges, activities and outputs, also taking into account potential impact risks. Throughout the impact assessment of an investment opportunity, Quadriga works with a specialised external impact consultant.

- The impact potential of a target company is evaluated, possible outcomes are aligned to SDG targets and classified as Avoid / Benefit / Contribute.

- Based on the thematic alignment as well as the impact assessment and classification, specific SDGs and SDG targets for every investee company are identified. Based on those targets, the corresponding IRIS+ metrics are classified to track the investee companies' performance over the course of the holding period. An impact roadmap summarises the various targets as a guideline for the coming years.

- The Impact Advisory Board reviews the results of the impact due diligence, the chosen targets and metrics and renders its advice to Quadriga before and after an investment.

Principle 5: Assess, address, monitor and manage potential negative impacts of each investment.

For each investment, the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor the investee companies' ESG risk and performance, and where appropriate, engage with the individual management to address gaps and unexpected events.

- All impact-related investment considerations are built on Quadriga's investment process, which integrates ESG and non-financial risk considerations. ESG factors are an integral component of QC-Sustain and are considered in every investment. With years of experience in working with management teams to develop and execute value creation roadmaps during the ownership period, Quadriga establishes ESG engagements with its investee companies to improve the management and measurement of ESG topics. With these roadmaps, Quadriga aims to either mitigate ESG risks that could distract from achieving SDG targets or take advantage of opportunities to further increase the impact of an investment through ESG factors, as shown in Figure 3:

Figure 3: Integration of ESG in Quadriga's investment process

	Lead Phase	Deal Phase	Value Creation Phase
Sustainability and ESG Integration	• Application of ESG exclusion criteria	• External due diligence on material sustainability and ESG factors to identify risks and opportunities • SASB materiality analysis • EU SFDR principle adverse sustainability impact (PASI) assessment • ESG target setting and roadmap	• ESG value creation through QC-Sustain system • Monitoring of ESG and PASI reporting • ESG reporting in Quadriga ESG Impact Monitor

- Quadriga complies with the EU's Sustainable Finance Disclosure Regulation's Article 8 requirements and therefore monitors 16 principle adverse sustainability impacts (PASI) as defined by the EU Taxonomy, in addition to the more extensive list of KPIs in Quadriga's ESG Impact Monitor.

- For every stage of the investment value chain, Quadriga has proven tools and processes to ensure the thorough integration of ESG factors, starting with the utilisation of the UN Responsible Investment Screening Framework during the sourcing process. Subsequently, Quadriga involves a specialised ESG/impact adviser during the due diligence phase who identifies potential risks and opportunities for every investment opportunity based on the SASB materiality framework as well as possible mitigation strategies. Over the course of the holding period, all ESG and other non-financial risks are closely monitored and mitigated through the Quadriga Impact & ESG team in collaboration with the responsible investment team.

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the result framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee company. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. If it becomes apparent that the investee company faces difficulties achieving its intended impact goals, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the result framework to capture investment outcomes.

- Post-closing, Quadriga continues to implement the impact thesis, corresponding impact metrics/KPIs as well as an impact roadmap. At this point of the investment value chain, the set-up of impact documentation and definition of priorities takes place. During the regular implementation sessions with the investee companies' senior management, the characteristics of impact creation are further discussed together with an individual investment and management concept and its strategic impact intent.

- The measurement of Impact & ESG is fully institutionalised in the QC-Sustain system. Its modules are part of Quadriga's systematic framework to analyse, control and accelerate sustainability. Based on the individual impact theses, the Impact & ESG performance of each investee company is monitored. This includes the refinement of Impact & ESG targets during the post-closing phase. The impact performance of an investee company is measured by using impact metrics from the IRIS+ catalogue and tracking them against the achievement of particular SDG targets identified during the assessment (see Principle 4).

- The reporting of impact progress takes place on a regular basis, depending on data availability and reporting requirements. In addition, an Impact & ESG reporting will be integrated in the investor report, comparing annual baseline data for selected impact metrics similar to Quadriga's ESG Impact Monitor report.

Principle 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure and exit process will have on the sustainability of the impact.

- Quadriga has not conducted an exit since adopting its impact investment strategy.
- Quadriga will reflect on potential lessons learnt regarding the definition, monitoring and fostering of impact during the holding period. These will be reflected in Quadriga's continuous improvement process, monitored by the IAB.
- Furthermore, Quadriga aims to provide prospective acquirers of its investee companies with an impact vision & guidelines going forward, fostering the sustainability approach of all Quadriga investee companies.

Principle 8: Review, document and improve decisions and processes based on the achievement of impact and lessons learnt.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions as well as management processes.

- Quadriga establishes the basis for the review process already during the due diligence phase, when preliminary impact targets are discussed. ESG considerations are evaluated and impact and ESG performance are planned. Selected IRIS+ impact metrics are monitored to capture the performance over time and relative to Quadriga's expectations.

- Quadriga established the IAB as an additional independent supervisory body. The IAB advises Quadriga in all impact-related processes and, where appropriate, raises concerns and suggests potential improvements.

- Quadriga's Impact performance and ESG management are communicated to stakeholders on an annual basis.

- Lessons learnt during both the investment and divestment process are captured in Quadriga playbooks to reflect on events over the holding period in terms of creating, optimising and sustaining positive impact. These findings are considered for the future selection and management of investee companies.

QUADRIGA CAPITAL

Principle 9: Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and arrange for independent verification of this alignment at regular intervals. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- This Disclosure Note is a preliminary re-affirmation of the alignment of Quadriga's procedures with the Impact Principles and will be updated annually.

- This information has not yet been independently verified. The independent review will take place within the specified two-year period before 16 February 2023.