

Balderton Capital (UK) LLP Engagement Policy and Annual Disclosures

Purpose

Balderton Capital (UK) LLP (“**Balderton**”) is authorised and regulated by the Financial Conduct Authority (“**FCA**”) as a full-scope UK AIFM.

From time to time, alternative investment funds (each a “**Fund**”, and collectively the “**Funds**”) managed by Balderton invest in shares traded on regulated markets.

Balderton is required by the FCA’s Handbook of rules and guidance, in particular COBS 2.2B (transposing Article 3(g) of the EU Shareholder Rights Directive ((EU) 2017/828), to develop and publicly disclose an engagement policy describing certain matters, or to otherwise explain why adopting such policy is not deemed necessary or appropriate for Balderton. This Engagement Policy (this “**Policy**”) has been developed in accordance with such requirements.

In this Policy, “Balderton” shall be deemed to refer, where relevant, to Balderton and/or to each Fund. Nothing in this Policy shall modify or qualify such Funds’ investment objectives and policies as set out in the relevant constitutional and/or offering documents of the Funds.

This Policy will be available free of charge on Balderton’s website at www.Balderton.com

This Policy applies only in respect of Balderton’s investments in shares traded on regulated markets, as such terms are construed for the purposes of COBS 2.2B.

Integration of shareholder engagement into Balderton’s investment strategy

Balderton takes investment decisions following fundamental analysis of investee companies. This includes, amongst other things, consideration of the investee company’s accounts, management team, shareholders and corporate governance arrangements.

Monitoring of investee companies

Balderton shall, when monitoring each Fund’s investments, monitor (amongst other things) each investee company’s approach towards matters such as its strategy, financial and non-financial performance and risk, capital structure, and social, environmental impact and corporate governance (“**Relevant Matters**”).

Balderton may base such monitoring on a variety of sources and mechanisms, including, without limitation:

- a) reviewing financial and non-financial information, such as annual reports, financial statements and public announcements released on the relevant regulated market by the investee company; and
- b) engaging in dialogue with the board of directors and management of the investee company; and
- c) considering third party analysis of the investee company, wider market developments and competitors of the investee company.

The purpose of the assessment is to ensure that the investee company remains an attractive proposition, is still in compliance with the relevant Fund’s investment policy and has the ability to contribute towards the Fund achieving its investment objective.

For the avoidance of doubt, Balderton does not assume any responsibility for the investee company’s conduct of its business or compliance with its legal, regulatory, corporate governance and other obligations.

Engagement with investee companies

Balderton may, at its discretion and having regard to the investment strategy of the relevant Fund, engage with the investee company when Balderton has concerns about any of the Relevant Matters.

Balderton may engage with the investee company through dialogue with its board of directors or management team, or by taking one or more of the following actions:

- a) expressing concerns with the investee company's advisors;
- b) meeting with the chairman or other board members of the investee company;
- c) submitting resolutions and speaking at shareholder meetings or voting against, or abstaining from voting on, resolutions at shareholder meetings;
- d) reducing, or disposing of its holding in, or otherwise adjusting its exposure to, the investee company;
- e) exercising voting rights and other rights attached to shares in the investee company held by Balderton; and
- f) undertaking such other engagement as it determines to be appropriate in the circumstances.

With respect to the exercise of voting and other rights attached to shares in investee companies, in accordance with Article 37 of Commission Delegation Regulation (EU) No 231/2013 (the "**AIFMD Level 2 Regulation**"), Balderton has adopted a policy in relation to the exercise of voting rights. Specifically, Balderton intends to exercise any other rights attaching to shares in investee companies in a manner consistent with the investment strategy of the relevant Fund. A summary description of those strategies and details of the actions taken on the basis of those strategies shall be made available to investors in the Funds on their request.

Cooperation and communication with other shareholders and stakeholders

Balderton may, at its discretion and having regard to the investment strategy of the relevant Fund, enter into dialogue and/or collaborate with shareholders and other stakeholders in investee companies (e.g. employees, suppliers, creditors, etc.).

Any such collaboration must be carried out in accordance with the applicable law and regulation and Balderton's policy on conflicts of interest.

Conflicts management

As a full scope UK AIFM, Balderton is required to take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to manage, monitor and (where applicable) disclose those conflicts of interest, in order to prevent them from adversely affecting the interests of the Funds and their investors, and to ensure that the Funds it manages are fairly treated. This applies not just in the context of the Funds' investments in shares in regulated markets, but in the management of the Funds more generally.

Balderton has adopted a conflicts of interest policy in accordance with Article 31 of the AIFMD Level 2 Regulation which identifies, with reference to the activities carried out by or on behalf of Balderton, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the Funds or investors in the Funds, and sets out procedures to be followed and measures to be adopted to prevent, manage and monitor such conflicts.

Annex I

Implementation Statement - 2023

This Annex, in compliance with COBS 2.2B.7R of the FCA Handbook, sets out how Balderton has implemented its Engagement Policy during the period from 1 January 2022 to 31 December 2023.

I. Voting Behaviour and Significant Votes

During this period, Balderton exercised rights attaching to shares in investee companies in a manner consistent with the investment strategy of the relevant Fund in accordance with the policy described in the 'Engagement with investee companies' section of the Engagement Policy. In general, Balderton supported the relevant investee companies and voted in favour of management proposals.

Balderton is required to provide information on the 'significant votes' that it has undertaken in previous periods. Balderton interprets a 'significant vote' as one in which:

1. Balderton holds >10% of the voting rights eligible to be exercised in respect of that vote (of companies that are listed on regulated markets); and
2. The vote relates to:
 - Remuneration policies;
 - Director appointments;
 - Votes against management;
 - Business plans; or
 - Changes to the capital structure of the investee company

There were no significant votes in the following periods:

- 1 January 2022 to 31 December 2022
- 1 January 2022 to 31 December 2023

Balderton is not required to disclose votes that are insignificant due to the subject matter of the vote or the size of its holding in the company.

II. Use of Proxy Advisers

Balderton does not use a proxy voting adviser for significant votes.

III. Additional Disclosures to SRD Institutional Investors

SRD Institutional Investors, as defined in the FCA Handbook, are notified that each of the Funds has been managed in accordance with its investment strategy and such management has contributed to the medium- to long-term performance of the assets of the Funds.

Such investors should also consider the following:

- (a) the key material medium- to long-term risks associated with the investments as disclosed within the constitutional and/or offering materials (e.g. limited partnership agreement) of the relevant Balderton Fund;
- (b) portfolio composition as disclosed within quarterly fund reporting; and
- (c) turnover and turnover costs as disclosed within quarterly fund reporting.

During the period from 1 January 2023 to 31 December 2023, Balderton's investment decisions were based on an evaluation of the performance of an investee company, including non-financial performance, as described in the constitutional, offering and marketing materials of the relevant Fund.

During the period from 1 January 2023 to 31 December 2023, Balderton did not engage in securities lending and no conflicts of interest arose in connection with its engagement activities.