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1. Scope

This Policy applies to all ARCHIMED staff, including both Strategic and Operating Partners, as well as our portfolio companies across our funds:

Fund Name	SFDR Classification
MED I	Article 8
MED II	Article 8
MED III	Article 8+
MED Platform I	Article 8
MED Platform II	Article 9
MED Rise	Article 8+
MED Access	Article 8

Last update: April 2024

2. Responsible Investment Approach

At ARCHIMED, we see human, animal and environmental health as a common value and a key condition to long-term sustainable development. Our goal is to make tangible healthcare advancements; by enhancing the resiliency of our portfolio companies, we are supporting the provision of sustainable and life changing healthcare solutions and fulfilling our stewardship role. This ethos encapsulates ARCHIMED's DNA; only through the rigorous application of our responsible investment strategy are we able to accelerate the delivery of equitable healthcare systems and facilitate global access to healthier lifestyles.

The ARCHIMED team brings decades of medical, scientific, operational, and financial experience, all of which is leveraged to focus on accelerating the growth of healthcare companies through innovation, internationalization, acquisitions, and capacity expansions. Thanks to the team's unique healthcare expertise, ARCHIMED has consistently delivered excellent performance to investors in terms of financial returns, sustainability improvements and positive health impacts; these outcomes serve as the underlying drivers behind the ARCHIMED responsible investment approach:

- VISION – human, animal, and environmental health is a common value amongst all people and a key condition for long-term development.

- **MISSION** – to join forces with scientists, healthcare professionals, entrepreneurs, and investors to drive the sustainable development of the healthcare industry through ARCHIMED’s three main activities:
 - 1) **FUND** – to ensure funds are channeled into companies contributing to improving healthcare outcomes, while achieving sustainability and impact objectives.
 - 2) **SUPPORT** - to empower healthcare entrepreneurs in their companies’ development, seeking to drive value for multiple stakeholders and build a better healthcare future.
 - 3) **RETURN** - to deliver superior returns to investors and fair rewards to portfolio companies, but also to have a wider impact on society by supporting charitable projects through the EURÊKA Foundation.
- **AMBITION** – by driving more resources to the healthcare industry, ARCHIMED is improving people’s health and economic status across all levels.

To further ingrain the ARCHIMED responsible investment approach and make it synonymous with our overall investment strategy, we made four sustainability commitments that outline the mechanisms for its implementation:

2.1. IMPACT – Contribute to Health Objectives

- Pre-investment: Assessment of contribution to Health Objectives and SDG targets (‘impact potential assessment’)
- Defining a clear Impact Thesis for investments contributing to the sustainable objective of the fund
- Setting short and long term ESG and impact targets within the Sustainability Roadmap and monitoring progress against these targets through specific KPIs
- Accelerating our impact on health through the IMP framework

2.2. ESG – Build Responsible Businesses

- Pre and post investment: Assessment of ESG materiality and maturity
- Establishment of Roadmap with specific milestones that are reviewed yearly
- Regular discussions on key ESG topics at board level and continuous engagement with companies to ensure sustainability stewardship

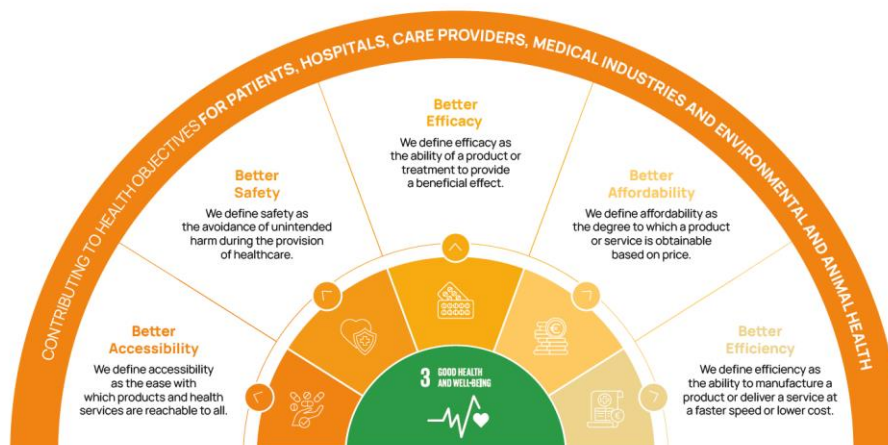
2.3. ENGAGEMENT – Align interests

- Integration of impact and ESG topics at company board level
- Top management variable remuneration aligned with progress on the Roadmap
- ARCHIMED investment team variable remuneration aligned with sustainability objectives

2.4. TRANSPARENCY – Monitoring and Reporting

- Regular assessment of progress against the Roadmap
- Integration of the Principle Adverse Indicators (PAIs) within due diligence
- Annual data collection to measure, monitor and report on ESG performance publically via ARCHIMED’s yearly Sustainability and Impact Reports, as well as within Quarterly investor reports

Every ARCHIMED fund was created with the objective of directing investments towards companies whose ultimate goal is to improve health outcomes, and we assist all portcos on developing and acting upon their CSR and ESG strategies. Our more recent funds, namely MED III, MED Platform II and MED Rise, have an additional aspect of their mandate relating to impact. These funds target investments that seek to generate a positive and measurable social impact, at either the human, animal, or environmental health level. This is determined through assessing each investments potential contribution to one of more targets of SDG 3: ‘Good Health and Wellbeing’ and SDG 9: ‘Industry, Innovation and Infrastructure’, utilizing ARCHIMED’s five Health Objectives (depicted below) as a framework from which this is analyzed:



We define:

- SAFETY as the avoidance of unintended harm during the provision of healthcare
- EFFICACY as the ability of a product or treatment to provide a beneficial effect.
- ACCESSIBILITY as the ease with which products and health services are reachable to all.
- AFFORDABILITY as the degree to which a product or service is obtainable based on price.
- EFFICIENCY as the ability to manufacture a product or deliver a service at as low cost and faster delivery as possible.

3. Sustainability Priorities

ARCHIMED believes that sustainable development is not only a value creation driver, but also a necessary pre-condition for realizing our mission of improving health outcomes for human, animal, and environmental health. ARCHIMED's responsible investment strategy is focused on supporting and accelerating portfolio companies' sustainable transformation alongside ARCHIMED's. For this purpose, we have selected the following five key priorities areas on which to focus during the year ahead:

3.1. Establish climate targets and drive decarbonization efforts across the portfolio

ARCHIMED has been working with a specialist carbon consultancy firm to assist its portfolio companies in carrying out a carbon footprint, and using the results of this to develop a decarbonization strategy under which ARCHIMED and its portfolio companies will have a clear trajectory aligned with the Paris Agreement. Adopting this progressive approach will enable ARCHIMED to have a clear view on portfolio-level carbon emissions, based on homogenous data, and identify actionable decarbonization opportunities. Both of which are pivotal steps in ARCHIMED's overall decarbonization strategy and targeting-setting aspirations.

3.2. Engage with portfolio companies to set impact objectives and accelerate ESG improvements

As a majority shareholder, ARCHIMED is uniquely positioned to engage with portfolio companies to assist them in accelerating their impact across several sustainability topics. Alongside the investment team members, ARCHIMED's Sustainability & Impact (S&I) team support the management of portfolio companies in their sustainability journey. Beyond the implementation of the Sustainability Roadmaps each company has committed to achieving, the S&I team is working on the development of specific guidance and tools for various ESG topics, such as decarbonization levers, employee initiatives, etc, which will serve as an advisory platform for portfolio companies to learn and be inspired from.

3.3. Develop position statements on specific ESG topics

ARCHIMED aims to develop statements that define its position on highly material ESG topics such as animal testing, profit-sharing, biodiversity, human rights, etc. The purpose of these statements is to provide clarity to our stakeholders on ARCHIMED's perspective on these topics and related commitments, developed in line with industry best practice and internationally recognized frameworks, which will be enforced through pre-investment screenings as well as monitoring processes during the holding period.

3.4. Identify most impactful sub-sectors and activities within each MedSeg

Building on ARCHIMED's revised Health Objectives, most recently revised in early 2023, the S&I team plans to work on a health taxonomy to be termed 'MedImpact'. The purpose of this taxonomy will be to define eligibility criteria for activities within each MedSeg, enabling the early detection and prioritisation of business activities that substantially contribute to at least one of our five Health Objectives, as well as SDG 3 and 9 targets.

3.5. Continue to build capacity within the investment team on extra-financial topics

At ARCHIMED, we believe that involving our entire team in our responsible investment strategy is a key driver of its successful implementation. To that end, strengthening ESG related knowledge and skills across teams is a top priority. This year we aim to ramp up our efforts to build capacity within the investment team by conducting both more regular trainings on sustainability, as well as organizing formal, focused sessions on our internal sustainability tool and impact assessment processes. This will help to ensure that our teams are properly equipped to evaluate investment targets on ESG and impact criteria, drive portfolio sustainability performance, and accelerate positive impacts on health.

4. Sustainability Responsibilities

ARCHIMED SUSTAINABILITY & IMPACT TEAM

The S&I team at ARCHIMED consists of ESG and impact experts with a combined 25 years' experience of working in the realm of sustainable finance. Governed by Alice Morillon, the Head of the S&I team and the Director of the Eureka Foundation, the team is responsible for the development and implementation of ARCHIMED's responsible investment strategy and the wider sustainability and CSR strategy at ARCHIMED. Leveraging on their tailored expertise and interdisciplinary skillsets, the S&I team work collaboratively across the company, supporting multiple ARCHIMED teams to realize sustainability value creation; be it during the investment cycle or embedded within our reporting and communication activities.

MANAGING PARTNER OVERSIGHT

The **Impact Steering Committee** holds ultimate responsibility for both the group and portfolio level sustainability oversight. This is comprised of two managing Partners: the ARCHIMED CEO, Denis Ribon, and the CFO, Sandrine LaPorte, as well as the Head of S&I, Alice Morillon.

On an operational level, it is the responsibility of the appointed '**Impact Referent**' in the investment deal team to work alongside the S&I team to ensure all ESG and impact due diligence workstreams are completed in a timely manner. Post-acquisition, the investment team members are in charge of proactively engaging with portfolio company management to ensure the key actions of the companies' individual Sustainable Roadmaps are completed according to the pre-defined timeline. ARCHIMED systematically takes multiple board seats with portfolio companies and is therefore able to directly monitor impact and ESG performance.

Driven by our unwavering commitment to accountability, ARCHIMED has created an **ESG Committee** which meets on an ad-hoc basis to discuss sustainability updates in general and serves as an

opportunity to bring up deals in which the impact potential is more complex to assess. The Committee is comprised of the CEO, CFO and Head of S&I, all of whom are responsible for the portfolio level Impact oversight. When relevant, Operating or Strategic Partners with specific healthcare expertise in the ESG or impact being discussed may also attend.

REMUNERATION

ARCHIMED has implemented a Remuneration Policy that details the process in place relating to compensation as well as the risk management procedures to manage conflicts of interest. In addition, all team members, including Partners, have impact objectives linked to the implementation of our responsible investment strategy within our investment approach. To fully align business interests with sustainability and impact objectives, ARCHIMED has mandated that 20% of the CEO's variable remuneration is linked to the achievement of the Roadmap for MED III, MED Platform II and MED Rise investments.

5. ESG & Impact Integration within our Investment Process

ARCHIMED's responsible investment strategy is embedded within every stage of the investment cycle and has been applied unanimously across all funds since 2021. Keeping our approach dynamic and subjecting it to constant scrutiny has resulted in a refined, proprietary framework that enables us to identify the companies that not only contribute to positive health outcomes today, but ones that we can work with to building leading responsible businesses designed to leave a positive footprint on society beyond ARCHIMED's investment horizon.

From the outset, we engage with the portfolio companies to ensure they are upholding the highest ESG standards and advise them on their Corporate Social Responsibility ('CSR') strategies by working with them to develop Sustainability Roadmaps that state their impact and ESG objectives and detail actionable targets against which to monitor progress. By channeling investment towards sectors, companies, entrepreneurs and teams that deliver better health outcomes, we directly contribute to the positive social sustainable investment objectives of ARCHIMED's latest funds: MED III, MED Platform II, and MED Rise.

PRE-INVESTMENT

- Prior to the first investment committee an **Impact Referent** is appointed from the deal team. It is their responsibility to complete ARCHIMED's proprietary **Internal Sustainability Tool** which was developed to carry out a preliminary ESG and impact assessment.
 - 1) An initial **negative screening** is conducted based on ARCHIMED's **exclusion** and **watchlist criteria**. Subjecting potential investments to a high degree of

scrutiny enables us to filter activities that raise critical ethical risks associated with investing in healthcare, such as bioethics issues, risks of substance dependence, or aggressive marketing tactics.

- 2) This is followed by a **positive screening** analysis, or impact potential assessment, which is based on the IMP Framework and serves to identify the **intentionality, additionality, and measurability** indicators through the **five dimensions of impact** to determine the investment's contribution to the relevant **SDG targets**, and subsequently to determine contribution to at least one of ARCHIMED's **Health Objectives**.
- 3) The third part of the tool includes a high-level **ESG assessment** which is performed to determine the materiality of different ESG risks and the investee company's related maturity on these topics. This process serves to highlight which areas should be prioritized during later due diligence, and also provides a starting point for ESG discussions with management which, in practice, is where ESG-related opportunities have become transparent.
- 4) All elements of the Internal Sustainability Tool are systematically reviewed and challenged by the S&I team. Once validated, the results of the screening analyses and ESG assessment are used to develop the **Impact Thesis** which is subsequently included within the first pre-investment committee ('PIC1') memo and discussed during each meeting.

DUE DILIGENCE

- Following PIC1, an **ESG & Impact red flag due diligence** assessment is conducted by external consultants, with a combination of sustainability and healthcare expertise. This systematically includes a physical climate risk assessment.
- If the deal progresses past the second pre-investment committee ('PIC2'), this initial red flag assessment is expanded upon in the form of an **extensive ESG & Impact due diligence**, carried out with the same external consultants.
- If deemed necessary, **topic-specific due diligence** may also be performed (e.g. on impact, animal health, supply chain or environmental factors), depending on the nature of the investment at hand.
- The results of the due diligence are presented in each subsequent investment committee papers. If any red flags are brought to light during either phase of the due diligence, it is determined whether the risks posed can be minimized or reduced entirely via the implementation of tailored mitigation action post-closing. If so, these actions are included in the **post-completion action plan** ('PCAP') as required, for example the need to conduct a carbon footprint assessment post-closing. If the risk is deemed irreversible during the holding period, the deal will not be progressed with.

POST-INVESTMENT / HOLDING PERIOD

- The PCAP for all investments requires an in-depth **Sustainability Assessment** to be conducted by external consultants within 100 days of closing, the outcome of which is a company-specific **Sustainability Roadmap**. ARCHIMED S&I and investment deal teams

unceasingly mentor the portfolio companies through this process and facilitate the Roadmap development and implementation once finalized.

- Within the scope of this workstream, the Impact Thesis and key insights on the company’s ESG maturity and materiality are investigated. Based on this, objectives and targets are set within the Roadmap that are inclusive of improvement actions and KPIs to monitor performance.
- Sustainability topics are systematically addressed at board level, on which ARCHIMED takes multiple seats, and are acted upon by portfolio companies with the continuous support and engagement from both the ARCHIMED S&I team and investment deal teams.
- As part of the **annual ARCHIMED ESG reporting campaign**, ESG and impact data is collected from each portfolio company. Routine **follow-up interviews** are carried out to assess company progress against Roadmap targets, and to reprioritize where necessary.
- After being validated and analyzed, key ESG and impact metrics at the individual company level as well as aggregated across the fund and entire portfolio levels, and are shared across our various reporting methods:
 - Quarterly LP reporting
 - Annual Sustainability Report (Group-level)
 - Annual Impact Report (fund-level)
 - In addition, we have come up with a list of cross portfolio objectives that we have ensured are systematically integrated across all companies and are monitored during our reporting activities. The list of objectives can be found below:

Commitment	#	Cross-Portfolio Indicators	Objective ¹
Ensure improvement of ESG topics	1	Has the company clearly set its ESG objectives for the year?	100% portcos of all Funds
Ensure improvement of ESG topics	2	Has the company clearly set its governance of ESG topics?	100% portcos of all Funds
Ensure alignment of interests	3	Is the variable remuneration of top management linked to the achievement of ESG objectives?	100% portcos all Funds (when CEO has variable remuneration scheme)
Ensure alignment of interests	4	Is the variable remuneration of deal team linked to the achievement of ESG objectives of their portcos ?	100% portcos of all Funds
Reduce energy/plastic consumption or waste production	5	Has the company implemented eco-design initiatives on a product/ service ?	70% portcos all Funds
Improve ESG practices and mitigate risks of negative environmental or social externalities across the healthcare supply chain	6	Has the company implemented a responsible procurement policy with clear environmental & social criteria?	70% portcos all Funds
Improve ESG practices and mitigate risks of negative environmental or social externalities across the healthcare supply chain	7	Does the company collect ESG indicators from its main suppliers ?	70% portcos all Funds
Significantly raise industry’s share of employment and gross domestic product, in line with national circumstances	8	Net job creation	Increase during ownership and at exit all Funds [70% of portcos]

¹ Objectives at 70% have been set as an achievable baseline target for 2024, with the goal to incrementally increase this on annual basis to achieve 100% across all objectives in the near-term.

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IMPACTING HEALTHCARE

Significantly raise industry's share of employment and gross domestic product, in line with national circumstances	9	Company's valuation in its home-country	Increase at exit across all Funds [100% of portcos]
Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, encouraging innovation and substantially increasing the number of research and development workers	10	Capacity / Industrial capex	Increase across all Funds for industrial companies
Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, encouraging innovation and substantially increasing the number of research and development workers	11	R&D / Innovation spend / capex	Increase across all Funds for innovation-focused companies
Foster and ensure gender equality in our companies (pay, promotion, career developments)	12	Is the company assessing if women are paid at the same level as men for same roles ?	100% portcos all Funds
Foster and ensure gender equality in our companies (pay, promotion, career developments)	13	Has the company implemented clear initiatives/ programs to close any possible salary gap and/or career development potential ?	100% portcos all Funds
Ensure employees benefit from value creation	14	Has a profit-sharing mechanism benefitting to a portion or all employees been considered at entry?	100% portcos all Funds
Ensure employees benefit from value creation	15	% of new investments with profit-sharing mechanisms in place	100% of new investments all Funds
Limit impact on biodiversity and climate change and ensure resilience of our portfolio	16	Has a mapping of the physical and transitional risk of climate change and biodiversity loss been conducted on the company at entry?	70% portcos all Funds
Reduce carbon footprint	17	Has the company set decarbonization targets (based on a carbon footprint assessment (GHG protocol) and validated by experts) ?	90% portcos all Funds
Reduce carbon footprint	18	% decrease in GHG emissions (in intensity)	Demonstrate decrease in intensity at portco / fund / portfolio levels

EXIT

- During the exit process, ARCHIMED engages a specialist consultant to complete an **ESG Vendor Due Diligence** ('ESG VDD') report to demonstrate the ESG and impact performance of the portfolio company during the holding period to future investors, and its adherence to the Sustainability Roadmap which ultimately led to realized **value creation**. This ESG VDD report will include environmental, social, and governance related disclosures, key KPIs, alignment to material SDGs and to ARCHIMED's Health Objectives.
- In addition to the ESG VDD, the documents provided can include:
 - Sustainability Assessment and Roadmap

- Company specific ESG scorecards
- Relevant policy documents the company has developed over the holding period, e.g. climate policies or carbon footprint assessments and any certifications or memberships they have gained, such as B-Corp or EcoVadis.

6. Industry Engagement

Demonstrating ARCHIMED's long-standing commitment to integrating sustainability best practice within our investment approach, we are involved with the following industry initiatives:

- **The United Nation's Principles of Responsible Investment ('PRI')** is the leading international network of financial institutions working to implement its six principles offering possible actions for incorporating ESG issues into investment practice. In 2018, ARCHIMED became a signatory of the PRI, illustrating our long-standing commitment to integrating ESG criteria into our investment strategy.
- **The initiative Climat International ('iCI')** is a collective call to action for private equity firms recognizing the industry's role in tackling climate change and reducing its carbon emissions. In 2020, ARCHIMED became a signatory of iCI, demonstrating our aspiration to build a climate-resilient portfolio and work together with other private equity players to advance sustainability across our industry. To that end, we are committed to adopting best practices such as systematically assessing climate issues and measuring both ARCHIMED's corporate carbon footprint as well as that of the portfolio.
- **France Invest** is a professional association bringing together more than 400 French management companies and nearly 180 consultancies with the aim of promoting sustainable growth across the industry. Since 2022, our Head of Sustainability and Impact, Alice Morillon, has been an active member of the France Invest Sustainability Commission: GT1 Climate. The mission of this working group is to promote ESG within the investment realm by sharing societal and regulatory developments amongst members, provide methodological support to integrate sustainability within corporate strategies and develop action plans on priority themes such as climate change and biodiversity.
- In 2020, we became a signatory of the **France Invest Gender Parity Charter** composed of 30 commitments designed to promote gender parity amongst French private equity players and we also actively support the Level20 initiative aiming for women to hold at least 20% of senior positions in private equity.

7. Investor Reporting & Regulatory Disclosures

All sustainability-related regulatory disclosures can be found in the dedicated '[SFDR Disclosures](#)' area of ARCHIMED's website, which includes the following:

- EU SFDR Article 5 Remuneration Policy
- EU SFDR Article 8 and 9 Period Disclosure Annexes IV and V
- EU SFDR Article 8 and 9 Summary of Sustainability Disclosure documents
- Statement on the Principle Adverse Impacts (PAIs)
- Annual PAI Reports
- Annual Loi Energie et Climat (LEC) Article 29 Rapports

The EU SFDR Article 8 and 9 Pre-Contractual Disclosure Annexes II and III have been made available on our investor data platform.

Investors are kept abreast of relevant information in the "Sustainability News" section of ARCHIMED's quarterly LP reports, and specific sustainability updates are regularly provided for ad-hoc investor requests.

In addition, ARCHIMED's S&I team produce both a group-level Sustainability Report, as well as a dedicated fund-level Impact Report, on an annual basis. These are made publically available in the '[Our Impact Approach](#)' section of the ARCHIMED website.

To ensure that we follow the highest industry standards, our responsible investment strategy has been built upon a range of established international sustainability and impact frameworks, including but not limited to:

- The Sustainability Accounting Standards Board ('SASB')
- United Nation's Sustainable Development Goals ('SDGs')
- United Nation's Principles of Responsible Investment ('PRI')
- Impact Management Project Framework ('IMP')
- The EU Sustainable Financial Disclosure Regulation ('EU SFDR')