

Last update: February 2025

### **ARCHIMED Remuneration Policy – Incorporation of Sustainability Risks**

#### **Incorporation of sustainability risk (Art. 5 of the SFDR)**

In December 2019, the European Union published legislation (SFDR) concerning the disclosure of sustainability-related information in the financial services sector, which came into effect on 10 March 2021. This legislation requires financial market participants and financial advisers to disclose how their remuneration policies are consistent with the integration of sustainability risks.

ARCHIMED incorporates the environmental and social characteristics of its investments as part of its investment strategy, as detailed in our Responsible Investment Policy. This incorporation takes place from the commencement of the investment cycle, enabling the process of portfolio construction to be intrinsically linked to ARCHIMED's Health Objectives and Responsible Investment Policy. This incorporation is performed with respect to several key themes based on the United Nations Sustainable Development Goals (SDGs).

#### **ARCHIMED's Remuneration Policy**

ARCHIMED has designed and implemented a remuneration policy that ensures that the firm maintains and applies a sound remuneration process that is compliant with the group's duty to act in the best interests of investors. The policy seeks to identify and appropriately manage any potential conflicts of interest on remuneration in a way that is consistent with the integration of sustainability risks, including any activities that give rise to misrepresentation or 'greenwashing' of investment strategies. ARCHIMED's remuneration policy seeks to exert competent risk management processes that are consistent with the pre-defined risk profile of the funds under management. The policy stipulates that the balance between the fixed and variable component of remuneration shall be reasonable and not encourage excessive risk taking; instead, it will encourage the consideration and mitigation of inherent sustainability risks. The management of the team members and the funds' portfolio companies who are subject to the remuneration policy shall be assessed on the implementation of the sustainability roadmaps over the course of the holding period.

#### **Alignment of variable remuneration with impact objectives**

All team members, including Partners, have sustainability and impact (S&I) investment objectives. These objectives are linked to the execution of all elements of the S&I investment strategy. An explanation of how this works in practice is included in our annual Sustainability & Impact report, while an in-depth explanation of our investment strategy can be found in our Responsible Investment Policy.

All team members must contribute to responsible practices within ARCHIMED. Pre-investment, the investment team must identify the company's main risks and opportunities on S&I topics as well as contributions to ARCHIMED's relevant Health Objective(s). They must ensure S&I due diligence is completed, and, once acquired, they must work with portfolio companies to implement the actions identified in the sustainability roadmap, reporting annually on general and specific S&I metrics.

Each team member's contribution to the achievement of the S&I investment strategy is assessed on an annual basis affecting its variable remuneration. A discretionary assessment of the performance of the employee is carried out taking into account the integration of sustainability risks during the investment lifecycle.

# ARCHIMED

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## **Portfolio level**

A significant part of our investment strategy revolves around advising portfolio companies on S&I topics and guiding them through the development and implementation of sustainability roadmaps with clear objectives, roles and responsibilities. We strongly believe that good governance plays a significant part in driving S&I performance. To this end, since 2022 (establishment of MED Platform II fund), we have sought to incorporate S&I objectives in the remuneration mechanism, linking a portion (20%) of CEO's variable remuneration to the achievement of the sustainability roadmap.

## **Oversight**

Remuneration shall be distributed in accordance with the performance of the individual concerned; the total amount will be based on the assessed performance of the ARCHIMED employee (or the S&I performance of the portfolio company concerned). The Remuneration Policy is approved by the Management Committee and is reviewed on an ad-hoc basis.