

ARCHIMED Report on Principle Adverse Impacts (PAIs)

Information pursuant to Article 4 Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to Regulatory Technical Standards (RTS)

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A) Summary

The investment Funds managed by ARCHIMED are classified as follows under the European Sustainable Finance Disclosure Regulation (SFDR):

- MED I, MED II, MED Bio and MED Platform I are classified under Article 8 and thus, investments in these funds seek to promote environmental and social characteristics among others.
- MED III and MED Rise are classified under Article 8 and thus promote environmental and social characteristics amongst others but also goes beyond by having a significant part of the fund pursue a social sustainable investment objective in line with the investment strategy of an Article 9 fund (marketed as Article 8+; a category emerging from market practice).
- MED Platform II is classified under Article 9 and as such it pursues a social sustainable investment objective, namely ARCHIMED's Health Objectives, alongside financial objectives.

Principal Adverse Impacts (PAIs) on sustainability factors are systematically considered pre-investment through ARCHIMED's Internal Sustainability Tool, as well as further ESG due diligence conducted by external experts. Post-investment, PAIs are monitored on an annual basis through data collection of ESG & Impact indicators, inclusive of the PAIs.

This PAI Statement covers the reference period from 1st January to 31st December 2024. ARCHIMED considers the PAIs of its investment decisions on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters in the manner prescribed by the SFDR and Delegated Regulations. In addition to the mandatory PAIs, two additional PAIs have been considered: PAI 2.4 "Investments in companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement"; and PAI 3.1 "Share of investments in investee companies without workplace accident prevention policies".

B) Description of policies to identify and prioritize principal adverse impacts on sustainability factors

Management and monitoring of principle adverse impacts during the due diligence process

Before every first Preliminary Investment Committee (PIC 1), an Impact Referent is appointed from the deal team to ensure that all pre-investment sustainability and impact processes are properly followed, in parallel to commercial, financial, legal, or other requirements that are systematically assessed for each investment. The Impact Referent is responsible for completing the Internal Sustainability Tool (IST), ARCHIMED's proprietary sustainability analysis comprising the following components:

- (i) A negative screening based on our exclusion and watchlist criteria, designed to filter out activities in restricted sectors, such as fossil fuels, tobacco, and weapons, and mandate higher scrutiny for activities that could raise potential regulatory and/or ethical risks, such as investments in animal testing, stem cells activities or opioids.
- (ii) A high-level ESG review based on material topics, aiming to collect preliminary information on sustainability performance and highlight potential ESG risks and/or opportunities that can be the focus of further due diligence.
- (iii) An impact assessment based on the Five Dimensions of Impact and the principles of intentionality, additionality and measurement, seeking to evaluate the contribution of investments to United Nations (UN) Sustainable Development Goals (SDGs), especially SDG 3 "Good Health and Well-being: ensure healthy lives and promote well-being for all at all ages" and SDG 9 "Industry, Innovation and Infrastructure: build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation", and our Health Objectives: Better Safety, Efficacy, Efficiency, Accessibility, Affordability.

The Sustainability & Impact (S&I) team is actively engaged in this process, providing support and guidance to the Impact Referent and reviewing the analysis. The results are integrated into the PIC1 paper and presented to the Investment Committee (IC). To build ESG capacity beyond the S&I team, a Business and Impact Reviewer, typically an experienced Operating Partner or a senior investment team

member but external to the deal team, is also appointed ahead of PIC1 to challenge this analysis with relevant ESG and impact questions, providing an alternative perspective rooted in their deep understanding of the industry.

Should the investment move forward, an extensive ESG and Impact Due Diligence is performed by external experts to obtain more comprehensive information on the target's sustainability performance and maturity against peers on material ESG topics based on the business activity, healthcare industry sector, and company size, and validate the impact thesis. Specialized due diligence may also be performed on a case-by-case basis to further deep-dive into a specific topic of concern, e.g., environmental pollution, supply chain resilience, health and safety, animal testing, etc. The DD results are integrated into the respective PIC paper and play an important role in informing the investment decision-making process as well as the Post-Completion Action Plan (PCAP), which includes actions on the management of ESG and impact topics. If the IC approves an investment, ESG and impact obligations also form part of the respective contractual agreements. Aside from the Policy and internal Procedure, these processes are formalized in the Investment Execution Checklist, against which compliance is routinely verified by the Risk and Legal team aligned with ARCHIMED's global risk management plan.

Management and monitoring of principal adverse impacts during the holding process

During the holding period, a comprehensive sustainability assessment is performed by the S&I team or expert consultants to deliver key insights to company management on the most material ESG topics, SFDR PAIs and overall ESG performance. This analysis is tailored for each company, taking into consideration factors such as the nature of its business activities, industry sector, geographic location, supply chain characteristics, regulatory environment, and ESG maturity and best practices of peers. The findings form the basis of the company's Sustainability Strategy and Roadmap, which is co-developed with company management to define clear ESG objectives and improvement actions fitted in a realistic timeline that is aligned with business priorities and resources. Also, relevant KPIs and targets are set to monitor progress year-on-year and inform decision-making.

To ensure effective governance and accountability on sustainability topics, an internal ESG Committee or Taskforce that is led or overseen by company management is created and meets regularly to discuss tasks. As part of the continuous effort to educate companies on sustainability and drive engagement at the executive level, whenever it is a viable option, the S&I team conducts interactive on-site workshops focused on providing hands-on support for developing the ESG Strategy, setting up the governance, and guiding the practical implementation of the roadmap. Similar to the pre-investment process, a Portfolio Impact Referent is appointed from the deal team who works closely with the S&I team to ensure that sustainability commitments are consistently integrated into the company's strategy and vision.

For MED Platform II (SFDR Art. 9), and relevant MED III (SFDR Art. 8+) and MED Rise (SFDR Art. 8+) investments, defining a healthcare impact mission and refining the Health Objectives and related KPIs that were identified pre-investment form a critical part of this project, bringing to the forefront the intentional positive contribution of these companies to society.

To further incentivize sustainability initiatives and elevate them to the level of commercial and financial goals, for all MED Platform II (SFDR Art. 9), MED III (SFDR Art. 8+), and MED Rise (SFDR Art. 8+) investments, 20% of management's annual variable remuneration is linked to ESG targets. Moreover, sustainability topics are a standard item on the board meeting agenda, actively reinforced by ARCHIMED investment team members who hold board seats within companies.

The S&I team runs an annual ESG Reporting Campaign to collect sustainability and impact portfolio data, performs follow-up reviews to evaluate each company's progress against its ESG objectives, and offers guidance on future improvements. The consolidated results are shared through quarterly Fund Investor Reports and the annual [Sustainability & Impact Report](#), including Portfolio Snapshots. Sustainability and impact results are also shared as part of the exit success story.

C) Engagement Policies

ARCHIMED's engagement strategy reinforces its responsibility as a shareholder to carefully select, evaluate, and invest in companies with a long-term outlook, to generate sustainable business and societal value alongside financial returns. To this end, for each investment target, ARCHIMED performs comprehensive due diligence procedures, including systematic financial, legal, tax, commercial, ESG & impact analysis, as well as HR, IT, and IP. Furthermore, the effective governance and management of ESG topics constitute crucial investment objectives to be activated within the first year of acquisition as per the PCAP. As described in sections A and B, the S&I team members directly engage with each company's management and deal teams to coordinate this effort, co-developing strategic action plans focused on material ESG objectives, offering practical expert insights, and providing continuous advisory support. Sustainability topics are typically structured through internal working groups or committees at each company, which are in direct contact with the S&I team throughout the investment lifecycle. This engagement strategy covers 100% of ARCHIMED's investee companies (28 current investments as of 31st December 2024, excluding exits), strengthening responsible portfolio stewardship practices and contributing

towards sustainable business and societal value creation. Also, the Board of Directors, which almost always consists of ARCHIMED team members, is vital in facilitating and shaping constructive dialogue concerning sustainability matters at the highest level of strategy planning and risk management. In 2024, the S&I team initiated quarterly monitoring of ESG-related discussions at board meetings.

ARCHIMED's [Shareholder Engagement & Voting Rights Policy](#) aims to create value and strengthen transparency, accountability, and good governance practices for all stakeholders across all investment operations and the value chain. Voting rights are held by the Chairman, Managing Directors, and all employees or Operating Partners who represent ARCHIMED. They are responsible for thoroughly examining and analyzing the resolutions presented by the senior managers of investee companies, including on ESG topics, which are put to a vote on a case-by-case basis. Although this Policy is primarily focused on addressing corporate governance, organizational structure, and compensation matters, it also aims to encourage responsible business practices, fostering fairness and non-discrimination at work, protecting human rights, and promoting environmental stewardship in line with the consideration of PAI indicators in investment decisions.

D) [References to international standards](#)

- United Nations Principles for Responsible Investment (UN PRI): ARCHIMED has been a signatory since 2018, illustrating our long-standing commitment to responsible investment.
- United Nations Development Goals (UN SDGs): the SDGs have been used as the foundation for our Responsible Investment Policy and Impact strategy.
- Initiative Climat International (iCI): ARCHIMED has been a signatory since 2022 and our Climate Strategy is aligned with the Paris Agreement's objectives. We have also aligned our climate strategy with the principles of the Private Markets Decarbonization Roadmap (PMDR), the progress made by our portfolio to decarbonize their operations and activities has been disclosed in our [2024 Sustainability & Impact Report](#).
- Five Dimensions of Impact (Impact Frontiers): is the impact assessment framework utilized as the basis of the positive screening analysis we carried out systematically during the pre-investment stage.
- European ESG Data Convergence Initiative (EDCI): After becoming a member in 2024, ARCHIMED's ambition is to streamline its LP reporting processes using EDCI's standardized data frameworks, benefiting from high-level benchmark dashboards and annual insights.
- Sustainability Accounting Standards Board (SASB): as part of our annual ESG Reporting Campaign, we collect and report on healthcare-specific SASB indicators across our portfolio.
- France Invest: ARCHIMED has been an active member of the Sustainability Commission GT1 Climate, a working group whose mission is to promote climate strategy within the private equity realm.
- World Health Organization (WHO): ARCHIMED systematically follows its guidance and resources for assessing investment opportunities and developing position statements on specific healthcare topics.

E) Description of the principal adverse impacts (period: 1st January – 31st December 2024)¹

PAI Indicator	Metric	ARCHIMED Portfolio 2024 ⁽¹⁾	ARCHIMED Portfolio 2023 ⁽²⁾	Explanation	Actions taken & planned actions for the next reporting period
GHG emissions	PAI 1.1 - Scope 1 GHG emissions	26,526 tCO ₂ e	4,115 tCO ₂ e	The values are based on financed emissions calculations conducted according to the PCAF standard for unlisted equity investments. This methodology assigns ARCHIMED a share of each investee company's carbon footprint proportional to its ownership stake and utilizes sectoral estimates or revenue-based extrapolations for emissions where carbon data is not available for that year.	While the general approach to GHG emissions estimates has remained consistent, the calculation parameters for certain large assets have evolved in 2024 to reflect their full organizational boundaries. As a result, the carbon footprint coverage has expanded, explaining the 2023 data adjustments and moderate year-on-year variation. These key methodological improvements enhance data reliability and accuracy and increase confidence in producing more comparable carbon footprint results within the next three years.
	PAI 1.1 - Scope 2 GHG emissions	16,294 tCO ₂ e	27,551 tCO ₂ e		
	PAI 1.1 - Scope 3 GHG emissions	331,284 tCO ₂ e	181,068 tCO ₂ e		
	PAI 1.1 - Total GHG emissions	374,104 tCO ₂ e	212,734 tCO ₂ e		
	PAI 1.2. - Carbon footprint	88.2 tCO ₂ e / €M invested	61.2 tCO ₂ e / €M invested		
	PAI 1.3 - GHG intensity of investee companies	249 tCO ₂ e / €M revenue	151 tCO ₂ e / €M revenue		
	PAI 1.4 - Share of investments in companies active in the fossil fuel sector	Nil	Nil	ARCHIMED invests exclusively in companies across healthcare industries and thus has no exposure to the fossil fuel sector. Investment activity in this sector is officially prohibited as per the exclusion list criteria.	Not applicable
	PAI 1.5 - Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	74%	62%	ARCHIMED has strategically expanded its investment activity in the US and South Korea. Renewable energy adoption remains less mature in these markets, where the energy mix relies heavily on fossil fuels, compared to more advanced clean energy transition practices in Europe. In 2024, two-thirds of investee companies were engaged in healthcare manufacturing or industrial activities under the high-impact climate sector C.	Investee companies continue to make significant strides in their sustainability efforts by implementing several initiatives focused on optimizing traditional energy-intensive manufacturing and/or production operations for energy efficiency, rebalancing their energy mix to include a larger share of clean energy, and installing renewable energy infrastructure such as photovoltaic panels for on-site energy production and circularity. In addition, as part of their decarbonization strategies, certain companies have set objectives to electrify their vehicle fleet and adopt sustainable logistics for the transport of products.
	PAI 1.6 - Energy consumption in GWh per million EUR of revenue of investee companies, per high-impact climate sector	0.02 GWh/€M	0.06 GWh/€M		
	PAI 2.4 - Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	84%	96%	This indicator intends to capture only the share of investee companies without carbon reduction initiatives specifically aligned with the Paris Agreement (e.g., net-zero or SBTi reduction targets and/or climate strategies). It does not represent the full scope of companies committed to carbon emissions reduction efforts.	ARCHIMED's S&I team and its climate expert network engage with investee companies to support them in measuring their GHG emissions and developing carbon reduction action plans with tangible near- and long-term targets. To date, about half of the investee companies have completed at least one carbon footprint assessment, of which the majority are also working on implementing meaningful carbon reduction initiatives, including one company with a Paris-aligned net-zero strategy and two in the process of committing to SBTi targets. ARCHIMED uses the PMDR (Private Market Decarbonization Roadmap) tool to monitor, report, and communicate

¹ Following the sale of ARCHIMED's majority stake in Ad-Tech, ARCHIMED retained a minority interest in the remaining entity, which is anticipated to be divested in the second half of 2025. Consequently, PAI indicators were not collected for Ad-Tech during this reporting period.

					on decarbonization progress across its investments.
Biodiversity	PAI 1.7 - Share of investments in investee companies with sites/ operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	2%	3%	In 2023, it was identified that two investee companies' sites are located near biodiversity-sensitive areas. In 2024, an initial biodiversity assessment was conducted by modelling their assets' geographical proximity to areas with threatened or protected species and analyzing their impacts and dependencies on terrestrial and aquatic ecosystems. The results revealed that one company is exposed to very low biodiversity risks, and so it is not considered to be negatively affecting biodiversity, whereas the other is exposed to potentially high biodiversity risks.	Investee companies ensure strict compliance with applicable regulatory obligations, particularly in terms of waste and water management, to support the preservation of the environment and protected species. ARCHIMED will support their efforts to deepen understanding of their biodiversity impact and implement relevant mitigation actions.
Water	PAI 1.8 - Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.02	0.07	In 2024, only one investee company generated emissions to water, deriving from the discharge of industrial wastewater.	The investee company has established appropriate procedures for the monitoring and treatment of the discharge of industrial wastewater from the rinsing machine parts, previously treated with an activated carbon filter, as well as runoff rainwater and roof drainage from the manufacturing plant.
Waste	PAI 1.9 - Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.45	0.82	In 2024, more than half of the investee companies generated waste that could be classified as hazardous, including mainly pharmaceutical, biological, or electronic waste derived from healthcare activities.	Investee companies have established specialized waste management procedures for the collection, handling, and disposal of hazardous waste according to applicable regulations, especially concerning biohazardous waste from laboratory processes and electronic waste from medical device manufacturing. Also, certain companies have introduced initiatives to reduce the amount of hazardous raw materials used and/or replace them with safer alternatives, while others operate refurbishing and repair programs, helping extend the product lifespan and the circularity of related components, and integrate eco-design features into the product and packaging design, further reducing the amount of waste.
Social and Employee Matters	PAI 1.10 - Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Nil	Nil	In 2024, investee companies did not report any violations of UNGC principles or OECD Guidelines for Multinational Enterprises.	Not applicable
	PAI 1.11 - Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	70%	39%	In 2024, over two-thirds of investee companies had a code of ethics and/or a grievance handling mechanism, and over one-third had a human rights policy. However, most of these policies do not explicitly address compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises.	Investee companies enforce several stringent business ethics practices designed to protect the rights of employees, customers, stakeholders, and the broader community. ARCHIMED teams directly support companies in developing a code of business ethics, whistleblowing protection, supplier code of conduct, and policies on data privacy and security, and health and safety, upholding high-quality corporate governance and accountability.
	PAI 1.12 - Average unadjusted gender pay	15%	18%	In 2024, women held around one-third of senior management	Investee companies are committed to fostering diversity

	gap of investee companies			positions across investee companies, reflecting an increase in female representation in leadership. Also, one investee company led by a female CEO reported a positive gender pay gap.	and inclusion through targeted initiatives that promote fairness in the workplace. These efforts include the annual monitoring of the gender pay gap, along with the implementation of corrective measures to ensure equitable compensation across all levels of the organization.
	PAI 1.13 - Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	10%	10%		
	PAI 1.14 - Share of investments in investee companies involved in the manufacture or sale of controversial weapons	Nil	Nil	ARCHIMED invests exclusively in companies across the healthcare industries and thus has no exposure to controversial weapons. Investment activity in this sector is officially prohibited as per the exclusion list criteria.	Not applicable
	PAI 3.1 - Share of investments in investee companies without a workplace accident prevention policy	12%	20%	In 2024, most investee companies established comprehensive occupational health and safety procedures, including workplace accident prevention measures in line with applicable health, safety, and quality standards.	Health and safety are priority concerns for all investee companies, particularly those with laboratory or manufacturing operations where employees may face elevated occupational risks compared to a typical office environment. Investee companies continue to implement several initiatives to strengthen accident prevention, like conducting regular health and safety trainings, risk assessments, and external audits.

⁽¹⁾ The 2024 reporting scope includes 28 investments across funds: MED I, MED II, MED III, MED Platform I, MED Platform II, MED Bio, MED Rise

⁽²⁾ The 2023 reporting scope includes 25 investments across funds: MED I, MED II, MED III, MED Platform I, MED Platform II

