ARCHIMED IMPACTING HEALTHCARE	**Responsible Investment and integration of sustainability and ESG risks Policy**	Reference: VIII-7 Version: 2.0

Liability	
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Purpose of the procedure
The policy relating to the responsible investment strategy and integration of impact assessment, sustainability and environmental, social and governance ("ESG") risks into the investment process. The policy was integrated within the framework of taking into account extra-financial criteria in the policy for selecting and managing the assets of portfolios managed and/or advised. It also incorporates integration of the principal adverse impacts (PAI) in terms of sustainability into the investment process and management of portfolio companies.

List of tools/applications used	
Tool(s)	• Internal Sustainability Tool • Investment Information memorandum • ARCHIMED's Annual ESG Reporting framework • External ESG and Impact Due Diligences • Sustainability Assessments and Sustainability Roadmaps • Sustainability Follow-up reviews
Application(s)	Platform Reporting21 (SIRSA) for the ESG Reporting

Management of procedure updates

Version	Date	Status	Author	Nature of changes
1	10/03/2021	Preliminary	Sandrine Laporte	Document creation
2	08/02/2022	Update	Alice Morillon	Update of document
3	10/12/2022	Update	Alice Morillon	Integration of impact analysis

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1. Context, objectives and definitions

1.1. Context and objectives

Pursuant to Article 3 of Regulation (EU) 2019/2088 ("Disclosures" or the "SFDR) and Article L. 533-22-1 of the CMF (resulting from a\Article 29 of the Energy-Climate Act), financial market players publish information on their website on their policies relating to the incorporation of sustainability risks in their investment decision-making process, including for French players, risks related to climate change as well as the risks associated with biodiversity.

The objective of this policy is to enhance transparency on how financial market players incorporate relevant sustainability risks in their investment decision-making processes to identify whether they be significant or likely to be significant.

The policy is based on the principle of double materiality:

- Sustainability risk: Impact of external events on the performance of the product or service (*In the risk management policy, how is the impact of external events on the performance of the financial product integrated ?*),
- Adverse sustainability impacts: Impact of investments made on external sustainability factors *(How does the entity ensure that the investments made do not cause significant damage to environmental and social objectives?)*.

The policy also includes all methodologies, processes and tools to manage and improve sustainability topics across all Funds and measure the contribution to healthcare objectives to identify sustainable investments.

1.2. Definitions

- **Sustainability risk**

A sustainability risk is an **environmental**, **social** or **governance**-related event or situation which, should it occur, could have a significant or potential adverse impact on the value of the investment.

Sustainability factors include environmental, social and personnel issues, respect for human rights and the fight against corruption and acts of corruption.

In their sustainability risk policy, made public pursuant to Article 3 of the Regulation of the European Parliament and of the Council concerning the publication of information on sustainable investments and sustainability risks, amending Directive (EU) 2016/2341, French investment management companies include information on the risks related to **climate change** as well as on the risks associated with **biodiversity**.

- **Environmental risk (climate change)**

Physical risks, which result from damages directly caused by meteorological and weather-related phenomena, such as:

- loss of value of investments held by funds managed and issued by entities affected by these weather events;
- the increase in the frequency and cost of claims payable by insurers to policyholders;

Climate change or the loss of biodiversity are integrated in this risk.

Transition risks, which result from the adjustments made in view of a transition: exposure to changes triggered by the ecological transition, in particular the environmental objectives defined by the Taxonomy regulation[1], in particular when they are poorly anticipated or occur suddenly. These risks are linked, for example, to:

- the depreciation of assets, following regulatory changes that would adversely impact, or even prohibit, certain activities that are deemed to emit too many greenhouse gases (GHGs);
- losses following the end of certain funded activities deemed to be too polluting or emitting too many GHGs;

Generated **liability risks** (legal and reputational risks), linked to the financial impacts of compensation claims of portfolio companies from those suffering damage due to climate change, such as:

- investments funding the development of industries and activities that pollute or emit a lot of GHGs;
- professional insurance, operator liability, construction of infrastructure.

- **Social risk**

Social risk concerns the review of the company's relationship with its stakeholders: employees, customers, suppliers, civil society. It includes, in particular, the protection of employees with respect to health and safety, the fight against discrimination, their well-being, respect for human rights within the supply chain or the company’s philanthropic approach, its relations with local communities, customer satisfaction...

- **Governance risk**

Governance risk encompasses both the competence of the company's management team, the structure of the CEO compensation plan or its legitimacy, and the existence of checks and balances. The assessment of this last point entails analysing the composition of the boards of directors, the suitability of the professional backgrounds of directors with the needs of the company, their independence, respect for minority shareholders, business ethics and the company's commitment to CSR issues.

[1] Mitigation of climate change, adaptation to climate change, sustainable use and protection of aquatic and marine resources, transition to a circular economy, prevention and reduction of pollution, protection and restoration of biodiversity and ecosystems

- **Principal Adverse Impacts (PAI)**

Principal Adverse Impacts (PAI) in terms of sustainability: the effects of investment decisions that have **adverse effects**, whether **significant** or **likely to be significant**, on sustainability factors (environmental, social and personnel issues, respect for human rights and the fight against corruption and acts of corruption)

- **Sustainable investments**

In accordance with the SFDR, sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices. ARCHIMED's definition of a sustainable investment relate to investments that contribute to **the attainment of healthcare objectives** (to be understood as social objectives for the purpose of the SFDR).

To be considered a sustainable investment, a company must demonstrate that at least half of its revenues contribute to at least one of the targets of the Sustainable Development Goal 3 "Good Health and Well-being", or to one of the healthcare objectives set out below ('the Healthcare Objectives"):

- **Resilience of health care systems and risk factors**: protection efficacy of vaccines, number of people reached through prevention initiatives
- **Natural environment pollution:** number of tests performed; number of treatments completed
- **Health status:** number of patients recovered; number of treatments completed
- **Quality of care:** number of surgeries completed, patient satisfaction rate of healthcare services
- **Access to care and expenditure:** number of patients gaining access to care, number of products sold enabling cost savings

ARCHIMED focuses on investments that contribute to the targets of SDG 3, however investments that can demonstrate contribution to the targets of other SDGs will also be considered sustainable investments.

2. Identification of ESG and Sustainability risks (Art. 3 of the SFDR)

2.1. Relevant activities

ARCHIMED provides the following services which are subject to sustainability risks:

Collective management	UCITS management	☐
	AIF management	☒
Investment services	The receipt and transmission of orders on behalf of third parties	☐

	Execution of orders on behalf of third parties	☐
	Trading on own account	☐
	Investment portfolio management on behalf of third parties	☐
	Investment advice	☒
Other services and activities	Real estate investment advice	☐
	Marketing of UCITS/AIFs managed by another fund manager	☐
	Insurance brokerage	☐
	Unit-linked trading authorities	☐

ARCHIMED applies this policy in an indiscriminate fashion by major categories of financial support.

2.2. Exposure to ESG or sustainability risks

Environmental, social and governance ("ESG") and sustainability factors can have a significant effect on the value of companies.

We feel that all ESG factors should be taken into consideration along with traditional financial indicators to paint a more complete picture of the potential value, risk and performance of investments.

There are short, medium and long-term potential risks.

2.3. Frequency of review of this risk exposure analysis

ARCHIMED reviews its risk exposure analysis at least once a year and more regularly on an ad-hoc basis.

3. Primary ESG and Sustainability Risks (Art. 3 of the SFDR and Art. 29 of the LEC (Energy-Climate Act)

A preliminary analysis on any ESG risks that may affect the valuation of the companies invested is performed first through an internal sustainability tool that includes the negative screening, positive screening (only for sustainable investments) and a due diligence questionnaire on several ESG topics. We then work on mapping out these risks, taking into account the level of probability of occurrence and the level of severity according to a weighting system including the amounts invested and the weight that the funds managed by ARCHIMED represent with respect to the capital of the companies contained in the portfolio. This risk analysis should be refined i) company by company, then ii) consolidate the overview of each of the portfolios managed by ARCHIMED.

3.1. Primary environmental risks (including climate change)

Amongst potential environmental risks, ARCHIMED has identified the following non-exhaustive list of risks:

- **Industrial environmental risks**: covers all the risks associated with the operation of an industrial site for storing materials as well as for production (soil, groundwater and air pollution risk, fire risk, risk of explosion, etc.)
- **Risks related to climate change**: physical risks produced by extreme weather events and transition risks (regulatory risks, technological risks, risks of changes in customer preferences, reputational risk).
- **Risks related to degradation of biodiversity**

These risks affect the portfolio companies differently. A detailed analysis of the climate-risks and impacts of ARCHIMED's portfolio has been carried out in 2021, and an assessment of ARCHIMED's portfolio footprint on biodiversity and biodiversity risks has been carried out by external consultants in 2022.

Our approach to climate change risks and reduction of carbon emissions

Climate change is a global challenge that concerns all firms regardless of their activities. As a healthcare investor, the correlation between climate challenges (increased air pollution, extreme climate events, destruction of biodiversity or human habitat, etc.) and health issues reinforces the urgency to act. In recognition of this challenge, we decided to place climate change among our key priorities and measure our contribution to SDGS 12 and 13. We firmly believe that all companies, independently of their activities, size, and location, can implement tailored initiatives to fight against climate change, adapted to their footprint and use of resources. We applied this belief to our management company: we assessed our carbon footprint for scope 1, 2 and 3 and implemented different climate-related actions.

As a signatory of both the Initiative Climat International ('ICI') and the UN PRI, we aspire to build a climate-aligned and climate-resilient portfolio. For that purpose, we assess climate issues within our investment cycle and implement activities that measure and reduce GHG emissions. In 2022, ARCHIMED plans to further develop its overall climate strategy. We will work with a third-party expert to adopt a climate strategy that is aligned with the Paris Agreement, with climate targets validated by the Science Based Targets initiative (SBTi).

3.2. Main social and poor governance risks

Amongst potential social and governance risks, ARCHIMED has identified the following non-exhaustive list of risks:

- **Reputational risks**: particularly significant for companies operating in B2C or directly with health professionals (doctors, laboratories, hospitals) and caused by insufficient management of customer relations or quality management

- **Product risks**: risks related to the misuse or non-compliance of the products sold (quality risk, compliance)
- **Human resources management risks**: loss of key skills, recruitment issues, lack of training or skills development of employees, social dialogue crisis within the company, etc.
- **Governance risks**: for example, a crisis triggered by an imbalance of control and management powers, loss of key members of management or issues related to succession.
- **Ethical risks**: more or less direct involvement of companies invested in business practices that do not comply with current regulations, conducting business in areas that are highly exposed to the risks of corruption, fraud and money laundering. Includes also risks of labour rights and human rights violations at company level and along the supply chain.
- **Risks related to suppliers and the upstream and downstream supply chain**: risk of dependency, risks concerning the disruption of the supply or delivery chain.

These risks affect the companies contained in the portfolio differently.

4. Reduction of exposure to ESG and Sustainability Risks (Art. 3 of the SFDR and Art. 29 of the LEC)

4.1. Defining the targeted objectives

Through regulatory documentation and the LPA, each fund managed by ARCHIMED presents its general financial and extra-financial objectives.

ARCHIMED incorporates the environmental and social characteristics of its investments in its investment policy, and this analysis as well as the building of the portfolio are accompanied by specific objectives and limitations, in particular related to the sustainability risk of the portfolios. It aims to:

1. exclusively select companies operating in the health sector (biopharma, medtech, personal care and prevention)
2. support them in understanding their impacts in terms of sustainable development (sustainability opportunities and risks)
3. help them build and implement action plans to bolster their positive impacts and mitigate their negative impacts...

...while engaging in their economic growth, so that they achieve optimal development.

4.2. Resources dedicated to ESG and sustainability risks

- **Human resources**

Monitoring of ESG is spearheaded by an Impact Investment team consisting of the Impact Director and an Impact Senior Analyst. A Sustainability Committee composed of the Impact Director and two ARCHIMED partners: the C.E.O and C.F.O, meets regularly to discuss extra-financial objectives and processes.

In addition, ARCHIMED has been working jointly with specialised consulting firms since 2019 on various support and assessment tasks:

- Training of investment teams in sustainable development challenges in Private Equity
- Support in defining a responsible investment policy (charter, selection tool and monitoring process for companies in the portfolio)
- Conducting specific Due Diligence on environmental, social, governance and impact topics
- Setting up sustainability roadmaps on all companies of the portfolio
- Annual assessment of performance against the sustainability roadmap of investee companies
- Collection and analysis of ESG indicators annually
- Support in the publication of information contained in funds’ reports

An impact referent (within the investment team) is appointed for any new investment target identified, they drive internal action regarding extra-financial objectives and the integration and monitoring of ESG and principle adverse impact indicators.

All investment team members are responsible for analysing and integrating sustainability and ESG risks into their operations and for monitoring ESG performances within their portfolio companies.

- **Technical resources**

An internal sustainability tool in an Excel format has been developed and is used during the investment process to conduct internal screenings and due diligence.

A digital platform (Reporting21) is used to facilitate the collection and use of ESG data related to the companies contained in the portfolio.

4.3. Commitment at all levels

ARCHIMED's goal is to deliver long-term performance for investors and institutions, on a global basis. This is why we are committed to taking ESG characteristics into account across our entire organisation.

These factors are taken into account by the management teams through:

- The Risk Management Policy
- Investment due diligence
- Exclusion policies;
- The portfolio company's ESG Policy
- PRI Reporting;

As an illustration of its commitment to taking ESG criteria into account, ARCHIMED is a signatory of the United Nations Principles for Responsible Investment (UNPRI) and the company also joined the International Climate Initiative in 2020 in taking the impacts of climate change in management portfolios into account.

4.4. Integration of sustainability and ESG pre-investment

- **Negative screening: exclusion and watchlist of activities**

All potential new investment is screened against different lists of activities that constitute the negative screening analysis. This analysis is conducted systematically before the first investment committee, and conclusions are presented to the investment committee panel. The deal team in charge of the given targeted investment is responsible for filling in the negative screening analysis through the internal sustainability tool. Results are reviewed and validated by the Impact Investment Director and challenged by the chairman of the investment committee. The negative screening analysis consists in the following:

- ***Exclusion list:*** these are banned activities that are automatically excluded. This list includes activities that are either partly or totally banned by one or several EU or US countries, as well as activities that are banned in Fund by-laws, including the sector of tobacco and distilled alcoholic beverages, thermal coal, weapons and ammunition, casinos and gambling, pornography and prostitution, embryonic stem cell research, activities related to human reproductive cloning, activities relating to gestational surrogacy, activities relating to recreational cannabinoids.
- ***Watchlist***: these are activities under particularly strict scrutiny because of the risks and potential adverse impacts on sustainability factors they entail. They are excluded if the target company is not or cannot quickly become compliant on the most demanding regulations, further due diligences may be carried out on activities falling into the regulatory watchlist. Activities in the watchlist include animal testing, medical treatments with high risks of substance dependence (opioids, cannabinoids, anti-obesity medicines), inflated prices and aggressive marketing campaigns, data protection, conflict of interests, etc.

Potential investments in companies on the watchlist are discussed during the Investment Committee with escalation to the Advisory Board if necessary.

- **Positive screening: identify sustainable investments**

ARCHIMED investment teams positively screen investments to target sustainable investments. This analysis is conducted systematically before the first investment committee, and conclusions are presented to the investment committee panel. The deal team in charge of the given targeted investment is responsible for filling in the positive screening analysis using the internal sustainability tool. Results are reviewed and validated by the Impact Investment Director and challenged by the chairman of the investment committee. In case of difficulties identifying if a given investment fits the definition of a sustainable investment, an impact due diligence is carried out by external impact experts.

The positive screening analysis uses the methodology of impact assessment laid out by the Impact Management Project ("IMP") framework. The investment team is asked to analyse the expected outcomes/impacts of a given potential investment by answering the questions:

- ***What*** are the expected outcomes? - An outcome refers to the level of an aspect of social, environmental or economic well-being that results from an action or event. Outcomes can be intended or unintended, and positive or negative with regards to thresholds that define acceptable or sustainable performance
- ***Who*** experiences the outcomes? - Identify the stakeholders they affect — and understand how underserved they are in relation to the social outcomes delivered by the company
- ***How significant*** is/are the outcome(s) to the affected stakeholders? - Identify the extent of the impact across the scale, depth and duration
- ***How much:*** Would the outcome happen without the company's activities? - Assess the enterprise's contribution to the social outcomes that people experience, relative to what likely would have occurred anyway

- ***Risks:*** What could potentially go wrong in delivering the outcome? - Assess the risks, likelihood that the impact will be different than expected?

The results obtained from the IMP framework serve as a basis to define the sustainable investment thesis (also referred to as "the impact thesis"). The impact thesis must contain a detailed description of the following:

- ***Description of the problem*** and why it is a global health challenge
- ***Intentionality:*** State the extra-financial (impact) objective(s) pursued by the company's activities, and how this objective contributes to ARCHIMED's Healthcare Objectives. How do the company's activities contribute to solve the root causes of this problem and achieve an SDG 3 target/ a Healthcare Objective?
- ***Additionality:*** How does this company bring additional benefits to underserved stakeholders compared to what would otherwise happen?
- ***Measurement:*** Set target(s) to the extra-financial objective(s) and define metric(s) to monitor progress on the attainment of the target(s)
- ***Share of the company's revenues*** that are derived from the activities that contribute to the extra-financial objective(s)

In the case of Funds classified as Article 9 Funds, the positive screening analysis must yield positive results as all investments conducted with these Funds are sustainable investments.

- **ESG and sustainability due diligence**

Sustainability and ESG risks and opportunities are first analysed by the investment team on a given targeted investment using the internal sustainability tool. The main purpose of this analysis is to ensure a given targeted investment:

- **does not do any significant harm to any environmental or social objectives**,
- **respects criteria of good governance**, and
- **supports the achievement of the Sustainable Development Goals (SDGs)**

ARCHIMED uses the UN SDGs as a compass to design our responsible investment strategy and to assess our portfolio's sustainable performance. This means we are committed to measuring both the positive and negative contribution of the investments of our SFDR Article 8 and Article 9 classified funds to the achievement of specific targets of the SDGs. Though our investments contribute to several SDGs, ARCHIMED has strategically decided to identify 5 SDGs (and relevant targets) that are the most relevant for our sectors and where ArchiMed is concentrating its efforts:

#3 Good health and well-being,

#8 Decent work and economic growth,

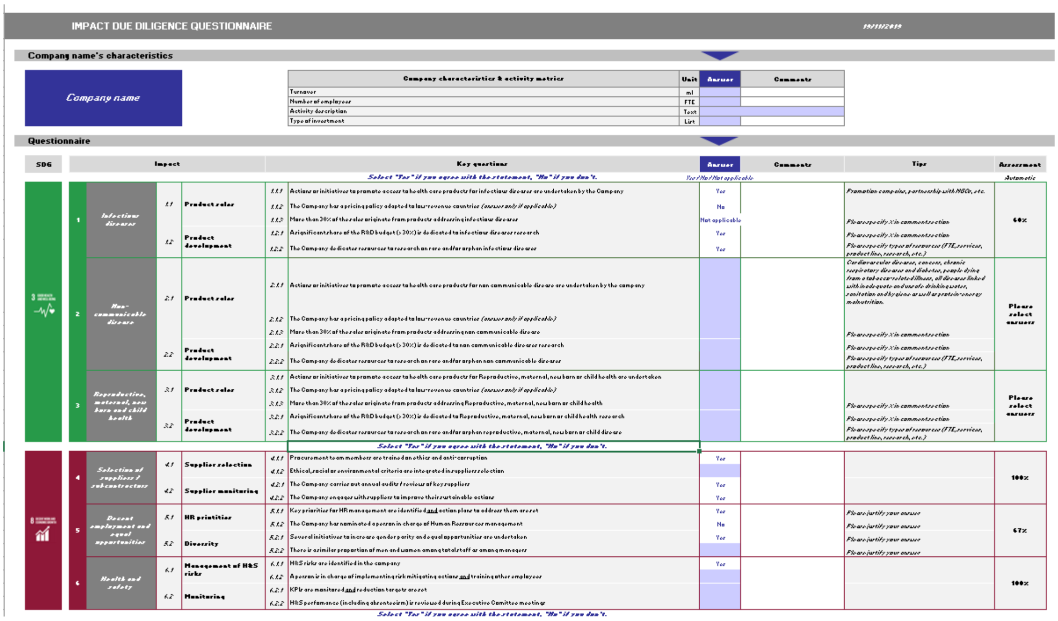
#12 Responsible consumption and production,

#13 Climate action, and

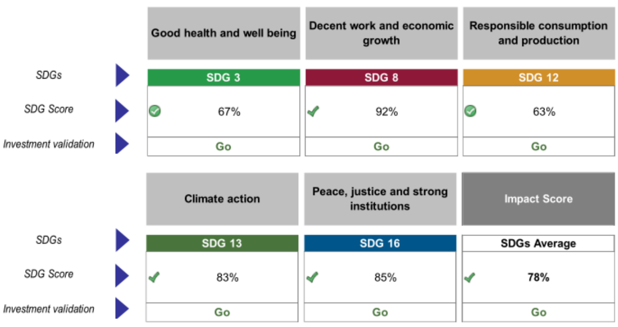
#16 Responsible governing bodies.

In the due diligence phase, to inform the investment committee on specific ESG and sustainability risks and opportunities, the investment team collects information from the target company and complete the internal ESG and sustainability due diligence part of the internal sustainability tool. This tool calculates the ESG & SDG contribution potential and deliver a score based on the answers provided. A qualitative section is also incorporated into the tool where the investment team lists the main strengths & weaknesses, risks & opportunities in terms of the sustainable development of the target being studied, allowing both a projection and a positioning, in addition to the elements highlighted by the scoring system.

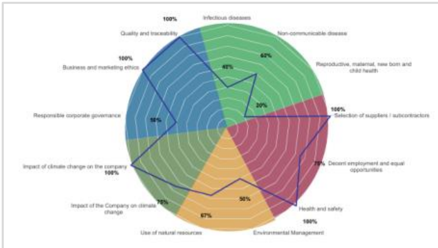
Impact assessment questionnaire



Company's impact profile



Contribution to selected SDGs



The information is validated by ARCHIMED's ESG Director and shared to the investment committee panel before the investment committee.

The results of this internal ESG due diligence are used to decide whether further due diligence should be carried out by external consultants (ESG due diligence, environmental due diligence, impact due diligence, etc.).

- **At closing**

In case the investment committee decides to pursue with the investment in a target company, sustainability and ESG criteria are integrated in the contracts regulating the investments.

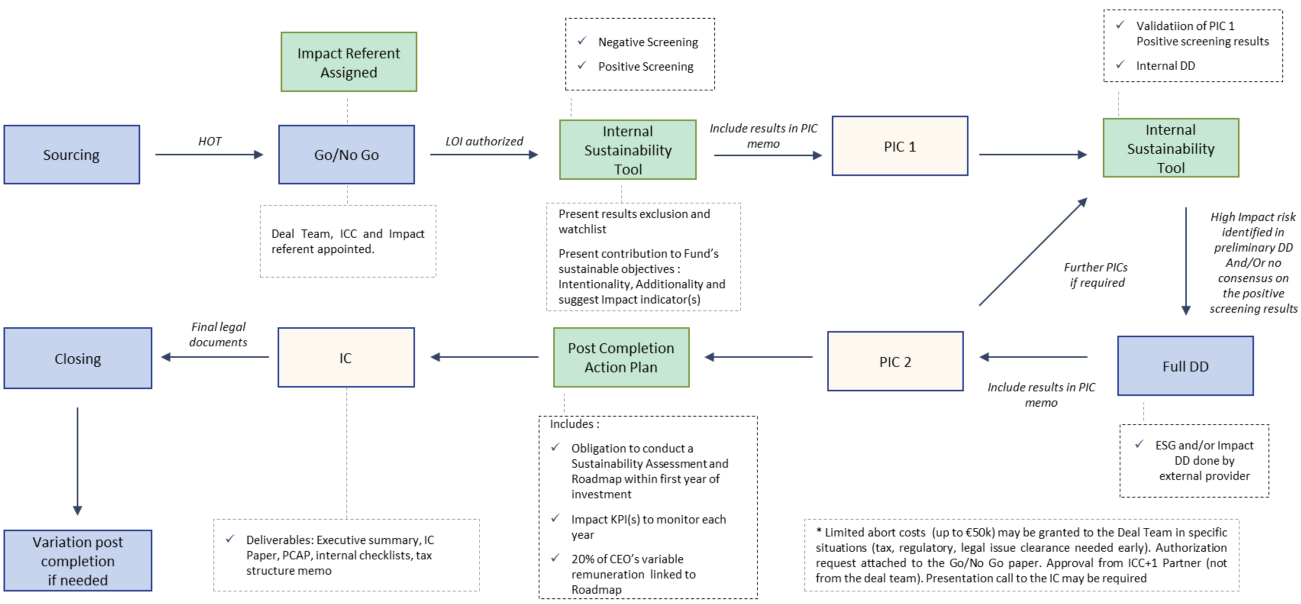
Depending on the results of the internal and external due diligence, and if specific sustainability and ESG risks are identified at the company level, relevant sustainability and ESG initiatives are integrated as condition subsequent to the deal within the shareholders' agreement.

With all new investments, the post-completion action plan contains the requirement to conduct a deep dive sustainability assessment and develop a sustainability roadmap (see section below for more details) within hundred days of closing of the investment.

In the case the investment is a sustainable investment, the sustainability assessment and roadmap must contain a part dedicated to monitor and improve the positive contribution to the healthcare objectives or SDG targets as set in the impact thesis set out through the positive screening.

The Impact Investment Director of ARCHIMED engages with the management of the investee company shortly after closing of the investment.

<u>Integration of sustainability and ESG throughout the investment process</u>



4.5. Integration of sustainability and ESG throughout the holding period

Sustainability, ESG criteria and the positive contribution to extra-financial objectives of sustainable investments are monitored closely throughout the holding period. ARCHIMED's Investment team and Impact Investment team engage with portfolio companies to help them reduce the adverse impacts on sustainability factors of their business activities all through the holding period.

- **Systematic Sustainability Assessments and Roadmaps**

As stated in the post-completion action plan, each new investee company must carry out a Sustainability Assessment and develop a Sustainability Roadmap with dedicated targets, KPIs and initiatives.

The analysis is performed by a third-party consulting firm. The objectives of the Sustainability Assessment are:

- First, to conduct a **materiality analysis** of ESG topics based on each company's sector, activities, location and supply chain.
- Building on the identified most material ESG topics, **assess the maturity** of a given company on the management of these topics and in comparison to its peers.
- For sustainable investments: conduct a deep-dive analysis of each activity of the company and their contribution to sustainable objectives, substantiate and validate the impact thesis set out during the due diligence process.
- Develop a **Sustainability Roadmap** that includes a prioritisation of ESG actions with associated timelines and KPIs for smooth and impactful implementation, according to the Company's ESG materiality and maturity levels, as well as the Company's business strategy and top management's ESG ambition. For sustainable investments, a section of the Sustainability Roadmap is dedicated to the contribution to sustainable objectives with set targets and KPIs.

The materiality diagnosis is evaluated across five key foundational ESG themes and an additional one for sustainable investments (the contribution to sustainable objectives). For each main theme, sub-issues may vary in importance and significance, from one company to another depending on the nature of activities (sector, geography of the company and its supply chain, major stakeholders). Hence the approach is adapted to each company by especially considering its background, its markets, its industry sector, as well as its current context and regulatory constraints. This materiality methodology allows to identify the specific sub-issues or themes that are most material for the company. For each material issue, a detailed assessment is conducted to determine the level of risk coverage through the different procedures and initiatives set up.

<u>Sustainability Assessments</u>

			What is assessed, concretely?	Associated sustainability themes
IMPACT		Contribution to sustainable / Healthcare objectives	What is the company's value proposition for society? What is the impact of the company's products and/or services? How much value do those create for society? Does it address a healthcare challenge? Does it address another objectively defined societal need? Which stakeholders are benefitting from the company's products and services? How underserved are they? What impact are those products and/or services on them?	▪ **Societal need** addressed ▪ Contribution to the **Healthcare Challenges** (SDG 3) ▪ **Contribution to SDG target(s)**, including, when relevant, contribution to a low-carbon economy transition
ESG		Fundamentals	What practices and measures are in place to ensure that the Company is built upon solid ethical grounds, which in turn inform transparent decision-making? What CSR policy is in place and re responsibilities been attributed?	▪ **Vision** and **governance** ▪ Business and data **ethics** ▪ **CSR governance** ▪ **Risk management**
ESG		Human resources	How are key, strategic human resources issues addressed and managed by the Company?	▪ **Talent** attraction, retention, and development ▪ **Diversity**, equity, and inclusion ▪ **Occupational health and safety** ▪ Employee's engagement schemes and labour relations
ESG	CLIMATE	Operations	What activities is the Company handling directly? How can the Company limit or offset potential adverse environmental impacts of its activities? How is the Company engaging with its community?	▪ Operational **eco-efficiency** ▪ Carbon **footprint** ▪ **Climate** risks and opportunities ▪ **Community** relations and **thought leadership**
ESG	CLIMATE	Products & services	How are environmental and social elements taken into account into the product conception ? How does the company assess clients' satisfaction ?	▪ **Circular economy** and eco-conception ▪ **Client Satisfaction**
ESG	CLIMATE	Suppliers	What is the Company buying or outsourcing and what is the impact of this supply chain? Which business partners is the Company working with? How is it managing its supply chain?	▪ Environmental and social **impact** of the supply chain ▪ Supply chain **management** ▪ **Human rights** ▪ **Climate** risks and opportunities

- **Regular monitoring of sustainability topics and follow-up reviews**

ARCHIMED monitors ESG progress within its portfolio by engaging with the companies' management and supporting ESG initiatives, placing realistic expectations on the companies and stimulating active management of ESG. ARCHIMED requests portfolio companies to systematically provide a progress report on the Sustainability Roadmap and provides support and guidance on the strategic development of the plan.

Sustainability topics and progress are discussed during portfolio review meetings that are happening every month and cover each portfolio company at least once every quarter.

Progress against the Sustainability Roadmap is discussed regularly between the management of the investee company, ARCHIMED's investment team and the Impact team. In addition, a follow-up review is carried out by external consultants once a year to assess progress against the Sustainability Roadmap and engage with the management of the company to identify value creation levers and areas of ESG improvements.

4.6. Monitoring relevant extra-financial indicators

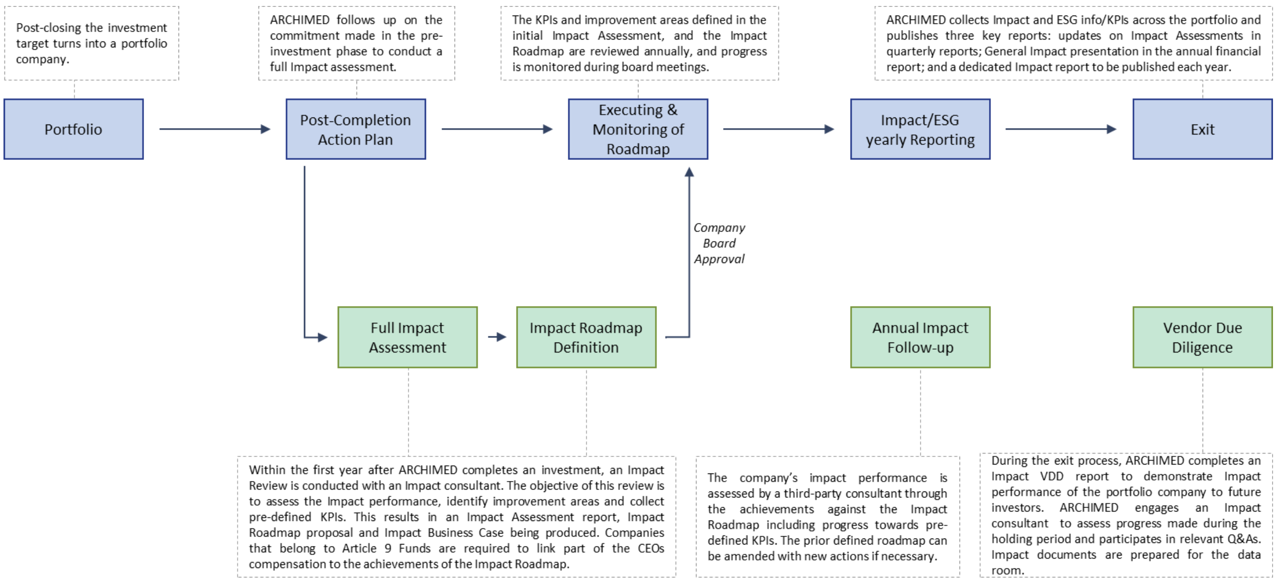
Since 2017, we have established an ESG Reporting Campaign intended to collect key indicators from all investee companies across all funds. It was extended in 2021 to the collection of information related to climate issues (data necessary for calculating carbon footprint) and in 2022 with all principle adverse impact (PAIs) indicators, healthcare-specific indicators (based on SASB[2] indicators) as well as indicators related to the sound management of the supply chain. The list of indicators to collect and report is sent to all parties involved every year in the first quarter.

Since 2022, ARCHIMED partners with an external digital platform to collect, analyse and collate data from all investee companies across all invested funds.

The data is then collected and communicated to investors as requested.

[2] SASB: Sustainability Accounting Standard Board (SASB) is an internationally recognized organization setting accounting standards that guide the disclosure of financially material sustainability information by companies to their investors.

Integration of sustainability and ESG throughout the holding period



5. Taking into account adverse impacts on sustainability (Art. 4)

Please refer to ARCHIMED Statement on Principal Adverse Impacts.

6. Summary of communication tools (Art. 6 of the SFDR)

6.1. Language(s)

The information is at very least communicated in the official language of the Member State in which the products are sold and possibly in a language normally used in financial matters other than the official language of that Member State.

ARCHIMED communicates information in French and in English.

6.2. Pre-contract documents

ARCHIMED describes:

- how sustainability risks are incorporated into their investment decisions; and

- the results of the assessment investigating the likely impact of sustainability risks on the performance of the financial products they provide.

This information is provided:

- For AIF managers:
    - In the rules or governing documents of the AIF (information to be communicated to investors referred to in Article 23, paragraph 1 of Directive 2011/61/EU)

6.3. Website

Access to information detailing how ARCHIMED respectively incorporates the relevant sustainability risks, whether significant or likely to be significant, in its investment decision-making process, in particular the organisational aspects, risk management and governance of these processes, are kept up to date in a concise manner on its website.

Any information published on the website is kept up to date.

6.4. Marketing documentation

ARCHIMED ensures that its marketing communications do not contradict the information published.

6.5. Periodic reports

When financial market players manage financial products that (i) promote social environmental characteristics and/or (ii) or make sustainable investments, the periodic reports in particular describe:

- for a financial product promoting environmental characteristics, the extent to which environmental or social characteristics are respected;
- for a financial product making sustainable investments:
    - the overall impact that the financial product has on sustainability, using relevant sustainability indicators; or
    - When an index has been designated as a benchmark index, a comparison between the overall impact of the financial product on sustainability and the impacts of the designated index and of a broad market index, employing sustainability indicators.

This information will be included in the Annual Reports of the managed AIFs.

6.6. Quarterly reports to investors

In the quarterly reports of the funds shared with the investors of each fund, ARCHIMED includes a section on Sustainability across the fund, as well as sustainability-related updates and key events for each underlying portfolio company. Eventual sustainability incidents are shared with investors in these reports with undertaken or proposed remediary actions.

6.1. Annual Impact Report

An Impact report containing all information and updates on the progress made across sustainability topics within ARCHIMED's portfolio and at ARCHIMED level is published annually on ARCHIMED's website.

7. Controls

7.1. 1st level controls

The main first level controls are laid out in detail in the analysis and scoring methodology implemented.

Operational risks are monitored at all stages of the internal processes and are subject to a description in the form of procedures, policies or mappings.

In accordance with applicable regulations, ARCHIMED prepares and implements:

- risk mapping that takes into account the risks associated with each position/AIF holding or AIF under management, and the interaction between the individual risks;
- relevant risk indicators and a coherent risk mitigation system with the risk profile chosen for the AIFs under management; and
- a mechanism to generate alerts in order to prevent and detect exceedances of risk limits, as well as procedures for responding to the actual or expected exceedances of limits.

ARCHIMED regularly updates its systems to ensure their relevance and effectiveness.

7.2. 2nd level controls

Internal Control ensures, within the framework of the annual control plan, that:

- Human and technical resources are put in place,
- The investment selection procedure (including ESG/SRI) is properly respected,
- The compliance and risk control system (including ESG and sustainability risks),
- The transparency code (if applicable),
- Pre-contract information,
- The shareholder engagement policy and the voting policy,
- The "Article 173" report then the "Article 29 report",
- Level 1 and 2 disclosure.