



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 4

ANNEX

to the

Commission Delegated Regulation (EU) .../...

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- Product name:**
- MED III GP
 - MED III A SLP
 - MED III B SLP
- Legal entity Identifier:**
- MED III GP: 901148106
 - MED III A SLP: 901553271
 - MED III B SLP: 901553628

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

●● <input checked="" type="checkbox"/> Yes	●○ <input type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 66% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It made sustainable investments with a social objective: 66%	<input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



To what extent were the environmental and/or social characteristics promoted by this financial product met?

As an Article 8+ classified fund, MED III (or 'the Fund') and its management approach is focused on the contribution of social and environmental factors, as well as social sustainable investment objectives. The investment strategy uses the Sustainable Development Goals and respective targets as a framework from which to analyze companies' responsible and sustainable factors. A particular focus is applied on improving

outcomes related to the UN SDGs 3 “good health and wellbeing”, SDG 8 “Decent work and economic growth”, SDG 12 “Responsible production and consumption”, 13 “Climate Action”, and 16 “Peace, justice and strong institutions”. To date, MED III has contributed to its environmental and social characteristics through its investments. In 2022, all investee companies of MED III had fully completed the ESG reporting on 2021 data and provided information on all ESG indicators. In 2022, all investee companies within MED III have had a Sustainability Assessment carried out by external consultants and a Sustainability Roadmap approved at Board level or are currently involved in the process of conducting such Assessment and Roadmap. ARCHIMED’s Impact Investment team and investment team have engaged with the management of each portfolio company to assess progress against the KPIs and will continue to do so on an annual basis during the holding period of each investment.

● ***How did the sustainability indicators perform?***

Our systematic approach enables us to ensure our investments are contributing to healthcare solutions through the promotion of social and environmental characteristics and enables ESG considerations to be kept at the forefront. MED III has and will continue to have a substantial contribution to improving healthcare access and promoting wellbeing through its contribution to environmental and social characteristics, as well as through the pursuit of its sustainable investment objectives for 66% of the portfolio. The results of our regular ESG and Impact monitoring and management are shared on a periodic basis with investors in the Fund’s quarterly and annual reports, as well as at the Group level within our annual Impact Report. Please find details of our progress on the most recent sustainability indicators in our 2021 Impact Report.

● ***...and compared to previous periods?***

Prior to our ESG and Impact Reporting exercise carried out in 2022 for the 2021 reporting period, we have not collected data relating to sustainability indicators. Our next ESG Reporting cycle will be launched in January 2023 to collect relevant information from our portfolio companies for the 2022 period. We will use this data to show historical comparisons from 2021-2022 in an updated PAI Statement that will be published on our website by June 2023. These indicators will also be included in the next iteration of our Impact Report, due to be published in June 2023.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

As an Article 8+ classified Fund, 66% of MED III’s investments have a specific sustainable investment objective, namely to improving healthcare outcomes by contributing to one or more of our four updated healthcare objectives: improving efficiency, safety, accessibility and affordability. These objectives seek to provide better healthcare outcomes at the doctor, patient, animal, and environmental health level, through improvements directly to patients or through the medical industries and services to hospitals and care providers. In addition to the healthcare objectives, the sustainable investment objective also encompasses measurement of the fund’s contribution to one or more of the 17 UN SDGs. Through this framework, investments with a socially sustainable objective can be identified through their contribution to the four healthcare objectives as depicted in our sustainable healthcare investment matrix included below:

- **Efficiency:** protection efficacy of vaccines, number of people reached through prevention initiatives
- **Safety:** number of tests performed, treatments and surgeries completed, and patients recovered
- **Accessibility:** number of patients gaining access to care, patient satisfaction rate of healthcare services
- **Affordability:** number of products sold enabling cost savings.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Improve health outcomes	Better safety	Better efficacy	Better accessibility	Better affordability
At patient level				
At hospital, doctors, care providers level				
At the level of the medical industries				

To ensure the Fund attains its sustainable investment objective, the Management Company has implemented an exclusion policy and a watch-list for additional vigilance. Investments into Healthcare sectors or companies exposed to strict regulations, having potential negative impacts, or limited positive impacts are thus restricted. In addition, vigilance is applied to a watch-list of 17 Healthcare sectors. Every investment in these sub-sectors is discussed on a case-by-case basis during the Investment Committee, with the presence of the Management Company’s Advisory Board:

- Vigilance due to strict regulations on: Human reproductive cells (embryonic stem cell research), Drug Discovery Services and preclinical development (animal testing conditions), and Stem cells, Cell therapy and Gene therapy (only for preventive, diagnostics, or therapeutic purposes)
- Vigilance due to potential negative impacts on: Biocontrol (risks of chemically based fertilizer and pesticides), Pain relief and sleep aids (risks of substance dependence), Assisted living (risks regarding quality of care)
- Vigilance due to limited positive impacts on: Aesthetics (non-essential plastic surgery). Probiotics, Vitamins, and minerals (only products with clinical studies considered impactful).

This approach enables us to ensure that at least 66% of MED III’s investments are contributing to socially sustainable investment objectives, with healthcare outcomes solutions used as assessment criteria to determine their impact on each investments contributions to a healthier society.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

MED III’s Impact Investment strategy is focused on the contribution to one of more of the UN SDGs and relevant targets. This strategy dictates that the investments of the Fund will undergo a pre-investment screening and ESG due diligence to ensure that not only does the Fund contribute to social objectives, but that it will ‘do no significant harm’ (DNSH) to other sustainable investment objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

PAIs were considered throughout the entire investment cycle, from the initial negative and positive screening phases. After the screening is complete, our Internal Sustainability due diligence tool contains PAI-related questions, and from which it is determined if additional due diligence is required from an external consultant. If any PAIs are identified during the screening or due diligence processes, ARCHMED’s Impact Investment team discusses with the management of the investee company and it is decided whether these impacts can be mitigated, and the investment can go ahead, or if the transaction must be dropped based on the incompatibility with the Fund’s social and environmental characteristics. As explained above, our ESG reporting process monitors this by asking portfolio companies for PAI-related data on an annual basis, enabling a table containing PAIs to be included within our [Impact Report](#).



What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: **01/01/22 - 31/12/22**

Largest investments	Sector	% Assets	Country
Corealis	BioPharma Products	43	Canada
Title21	Health Technoloiges & Software	35	USA
Cardioline	MedTech	22	Italy

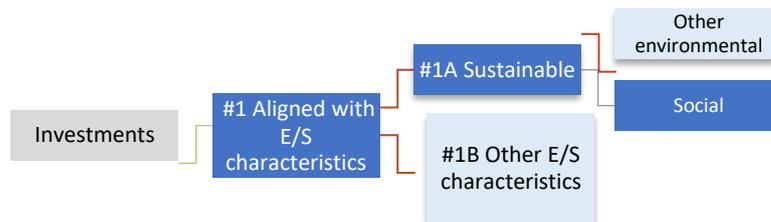


What was the proportion of sustainability-related investments?

MED III currently holds investments in 3 companies within the healthcare industries which are actively contributing to the Fund's healthcare objectives. The Fund seeks to have 66% of its investment in companies with sustainable social investment objectives, as the remainder in companies that promote positive social and environmental characteristics, as explained in our investment strategy.

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?



66% of the Fund's investments are in companies with a sustainable investment objective, and 34% in companies that contribute to environmental and social characteristics.

On this period 100% of the Fund's invested amount were allocated to sustainable investments contributing to the Healthcare Objectives of the Fund.

● In which economic sectors were the investments made?

All investments made through MED III were made in healthcare industries across seven different sectors:

- Biopharma Products
- Consumer Health

- Healthcare IT
- In Vitro Diagnostics
- Life Science Tools and Biologic Services
- MedTech
- Pharma Services



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. MED III does not conduct sustainable investments with an environmental objective aligned with the EU taxonomy.

● **What was the share of investments made in transitional and enabling activities?**

The Fund does not invest in transitional nor enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

MED III's investments do not have environmental objectives as sustainable objectives hence 100% of the Fund's investments were not aligned with the EU taxonomy.



What was the share of socially sustainable investments?

A minimum of 66% of MED III's investments should pursue social objectives through the improvement of healthcare outcomes at various level (as is detailed above).
On this period socially sustainable investments represented 100% of the Fund's investments.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

None of MED III's investment fall into this category.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund attains promotion of social and environmental characteristics by carrying out deep dive sustainability assessments by external consultants on each of MED III's investee companies. These Sustainability Assessments enable to obtain a clear understanding of each company's most material ESG topics and the level of maturity of the company against these topics. Based on this analysis a Sustainability Roadmap is designed with the help of external consultants and approved at Board level. Progress against the Roadmap is assessed yearly by external consultants and ARCHIMED engages with the management of investee companies to ensure progress is made. Specific actions have been implemented at investee companies' level

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

that are specified in the Sustainable Performance part of ARCHIMED's [2021 Impact Report](#), and regularly to our investors in quarterly reports of the Fund.



How did this financial product perform compared to the reference benchmark?

N/A.

- ***How does the reference benchmark differ from a broad market index?***
N/A.
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***
N/A.
- ***How did this financial product perform compared with the reference benchmark?***
N/A.
- ***How did this financial product perform compared with the broad market index?***
N/A.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found under the '[Our DNA](#)' section of the website, as well as within our [2021 Impact Report](#).