



ARCHIMED

IMPACTING HEALTH CARE

ARTICLE 29 LEC

Report

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Article 29 « Loi Energie Climat »¹

2022 Report

ARCHIMED

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¹ This report follows the requirements of article 29 of law n°2019-1147 of November 8, 2019 and its implementing decree n°2021-996 published on May 27, 2021. It is based on the structure described in Appendix B of AMF instructions DOC-2008-03 and DOC-2014-01.

1. Our general approach to ESG and impact

Founded in 2014, ARCHIMED was born out of the belief that setting up a private equity firm dedicated to investing in the healthcare industry would create a positive difference for both companies and investors alike. As a specialized impact investor within the health sector, improving patient outcomes is one of our foundational goals, with contributing to better healthcare being the overarching mission here at ARCHIMED.

The ARCHIMED team brings decades of medical, scientific, operational, and financial experience, and is purely focused on accelerating the growth and business development of healthcare companies through innovation, internationalization, acquisitions, and capacity expansions. Through our healthcare expertise, we have consistently delivered excellent performance to our investors in terms of financial returns, as well as sustainability improvements and positive health impacts; these outcomes serve as the underlying drivers behind our responsible investment approach.

OUR VISION – We believe in human, animal, and environmental health ('HEALTH') as a common value amongst all people and a key condition for long-term development.

OUR MISSION – We join forces with scientists, healthcare professionals, entrepreneurs, and investors to drive the sustainable development of the healthcare industry through our 3 main activities:

- **FUND** – We ensure funds are channeled into companies contributing to improving healthcare outcomes, while achieving sustainability and impact objectives.
- **SUPPORT** - We empower healthcare entrepreneurs in their companies' development, seeking to drive value for multiple stakeholders and build a better healthcare future.
- **RETURN** - We deliver superior returns to our investors and fair rewards to our companies, but we also aim to have a wider impact on society by supporting charitable projects through the EURÉKA Foundation.

OUR AMBITION – By driving more resources to the healthcare industry, we are improving people's health and economic status across all levels.

[ARCHIMED'S approach as a responsible investor](#)

At ARCHIMED, we believe that sustainable development is a key precondition for realizing our mission of advancing healthcare industries and improving health outcomes for human, animal, or environmental health, and driving long-term value creation. Thus, our commitment to sustainability permeates every aspect of our business and is positioned at the core of our dynamic approach to responsible investment. This investment strategy guides us in prioritizing, selecting, and investing in mission-driven companies with the ambition of impacting healthcare and building leading responsible businesses designed to leave a positive footprint on society beyond ARCHIMED's investment horizon.

[Responsible Investment Strategy](#)

ARCHIMED's goal is to deliver long-term performance for investors and institutions on a global scale. To exemplify how this goal is fulfilled at an individual investment level, in 2022-2023 we updated our [Responsible Investment Policy](#). This Policy reinforces the implementation of our responsible investment strategy by outlining:

- definitions of the environmental, social, and governance risks considered;
- methodologies, tools, and processes employed to establish extra-financial criteria and ESG considerations throughout the investment process;
- how sustainable investments are identified from the outset;
- how we measure contribution to our sustainable ('HEALTH') objectives – namely better safety, efficacy, accessibility, affordability and, efficiency;
- how sustainability topics are managed and improved across the portfolio.

To ensure that we follow the highest industry standards, our responsible investment strategy is built upon a range of established international sustainability and impact frameworks, including but not limited to the Sustainability Accounting Standards Board (SASB), the UN Principles of Responsible Investment (PRI), the UN Sustainable Development Goals (SDGs), and the Impact Management Project (IMP).

Our responsible investment strategy can be encapsulated in the following four commitments:

1. Impact – Contribute to Health Objectives

- Pre-investment: Assessment of contribution to HEALTH objectives and to SDG targets (“impact assessment”)
- Defining a clear impact thesis when the investment is made to contribute to the sustainable objective of the Fund.
- Short- and long-term impact target setting within an Impact Roadmap
- Acceleration of impact on health through the IMP framework
- Monitoring of progress on the impact thesis and Roadmap

2. ESG – Build Responsible Businesses

- Pre and post investment: Assessment of key ESG material topics and company's maturity against these topics
- Establishment of Sustainability Roadmap with specific objectives, milestones and ESG KPIs
- Yearly review of progress against the Roadmap for each company
- Regular discussions of ESG key topics at board level and continuous engagement with companies to ensure sustainability stewardship.

3. Engagement- Align Interests

- Integration of Impact and ESG topics at companies’ Board level.
- Top management variable remuneration aligned with progress on the Roadmap
- ARCHIMED investment team's variable remuneration aligned with sustainability objectives.

4. Transparency – Monitoring and Reporting

- Regular assessment of progress against the Sustainability Roadmaps
- Integration of Principle Adverse Impacts (PAIs) at due diligence, and yearly monitoring of progress and reporting
- Collection of data to measure progress on impact and ESG improvements
- Yearly sustainability and impact reports and all-time availability of impact information through regular reporting on progress.
- Integration of Sustainability-related updates in ARCHIMED’s Quarterly Reports to our investors

2. Sustainability Across the Investment Lifecycle

Our responsible investment strategy is embedded into all steps of our investment lifecycle and is focused on supporting and accelerating our portfolio companies’ sustainable transformation alongside ours. For this purpose, we select mission-driven companies and engage with them to uphold the highest ethical, environmental, social and governance standards and ensure that they directly contribute to the UN SDGs. Furthermore, we bring advice on the definition of their Corporate Social Responsibility (CSR) strategy and assist them in developing actionable Sustainability and Impact Roadmaps that help set clear objectives, assign internal responsibilities, and monitor progress over time through dedicated KPIs.

Our approach to embedding sustainability and impact considerations into both pre-investment and post-investment phases is summarized below:

Pre-investment

1. Screening:

- An **impact referent**, responsible for completing the internal sustainability screening through our proprietary tool, is identified.
- A **negative screening** analysis is conducted based on our exclusion and watchlists.
- A **positive screening** analysis is conducted to develop a solid impact thesis and assess the investment’s contribution to our HEALTH objectives and relevant SDG targets.
- A **preliminary ESG assessment** is conducted to highlight potential ESG risks, to be subjected to further investigation.
- All parts of the internal sustainability screenings are systematically **challenged and validated by the Sustainability & Impact team** ahead of the first investment committee.

- Results of the internal sustainability screening are included in the preliminary Investment Committee (PIC) memo and discussed during the PIC.

2. Due Diligence:

- An **extensive ESG due diligence** is conducted by external experts.
- If deemed necessary, **topic-specific due diligence** (impact, environmental, animal health, supply chain etc.) is also performed.
- The results of the due diligence are included in the **investment memorandum** and considered during investment decision-making.
- Results of the due diligence are integrated into the Post-completion Action Plan (PCAP), as well as mitigating actions if required.

Post-investment:

3. Holding Period:

- An external **sustainability assessment** is carried out within 100 days of closing, to deliver key insights on maturity and materiality of ESG topics.
- A **Sustainability Roadmap** is developed with the support of expert consultants to set objectives, identify critical actions and KPIs to monitor performance.
- Sustainability-related topics are **closely monitored and administered** at board level with the support of ARCHIMED within portfolio companies.
- **Follow-up reviews** are carried out annually to assess progress company progress against Roadmap targets.
- **Reporting campaigns** are run annually to collect both ESG and impact portfolio data, the analysis of which is then shared through quarterly LP reports and the annual Sustainability and Impact reports.

4. Exit

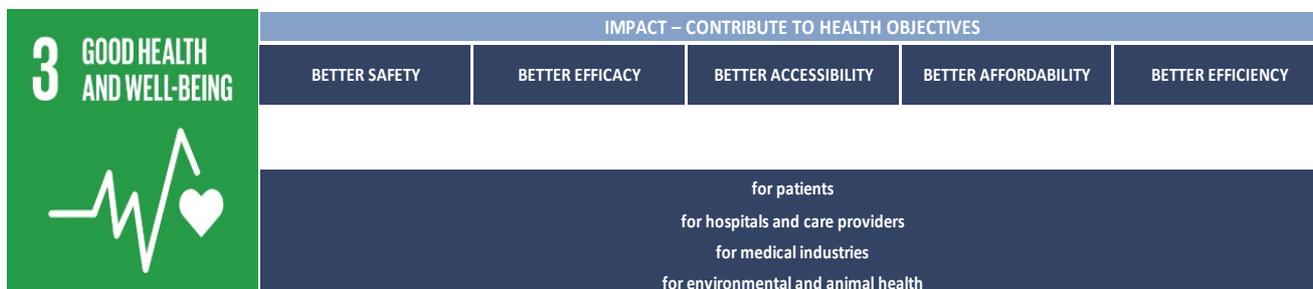
- A **sustainability vendor due diligence** is performed as often as possible.
- Sustainability and impact results are shared as part of the exit success story.

Pre-Investment:

Building on our sustainability and impact capacity, in 2022 we developed a proprietary **internal sustainability tool** to facilitate and streamline integration of sustainability and impact factors in the pre-investment process in a consistent manner. Prior to every first investment committee, an impact referent from the deal team is appointed and utilizes this tool to conduct a (i) preliminary negative screening, which is composed of our exclusion and watchlist criteria, (ii) a positive screening - namely the impact assessment, and (iii) a high-level ESG assessment.

- (i) **The exclusion and watchlist criteria** filter activities which raise critical ethical risks associated with investing in healthcare, including but not limited to bioethics issues, risks of substance dependence, aggressive marketing tactics, and price increases. Subjecting potential investments to a high degree of scrutiny across these topics is essential in ensuring that we stay true to our mission of improving health outcomes for all.
- (ii) **The impact assessment** evaluates each investment's potential contribution to our sustainable investment objectives. These objectives have been defined through ARCHIMED's HEALTH objectives as well as by SDG 3 "Good health and well-being" and the relevant targets of SDG 9 "Industry, innovation and infrastructure".

More precisely new investments should contribute to at least one of the following HEALTH objectives, at least one of the following levels:



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.

The impact assessment process is based on the IMP framework, which covers the overarching criteria of **intentionality, additionality, and measurement**:

- **Intentionality:** ARCHIMED intends to invest to pursue positive social and environmental impacts through its investments in solution providers that improve human and animal health conditions. Intentionality corresponds to the company’s intention to contribute to the generation of a measurable social or environmental benefit through its economic activities. Intentionality is not claiming impacts ex-post, without having intended to generate these impacts beforehand. Thus, our decision to invest is based on each company’s capacity to demonstrate:
 - A positive and measurable contribution to SDG 3 and, where relevant, also to SDG 9. To that end, **at least 50% of revenues** are driven by business activities which have an impact on at least one of the HEALTH objectives: safety, accessibility, affordability, efficacy, and efficiency.
 - No significant harm is inflicted on environmental, social or governance related areas, as reflected primarily in the PAI indicators and general health objectives.
- **Additionality:** ARCHIMED is actively involved in increasing the quantity and quality of its portfolio companies’ outcomes beyond what would have transpired without ARCHIMED’s input. Additionality refers to whether the company brings forward a solution that significantly improves what would have happened alternatively, and whether the investment will directly contribute to increasing the positive impact generated by the company’s activities. Additionality is not a financial or extra-financial contribution, like the integration of ESG dimensions, with no specific intention to generate an impact.

Thus, the company’s main economic activities must provide solutions, products or services to society that measurably improve our defined HEALTH objectives and associated outcomes. This criterion is addressed by explaining how this investment will bring additional value or improvement compared to what would otherwise occur without this investment. This is typically conveyed by referring to a sector benchmark for each HEALTH objective pursued.

- **Impact Measurement:** ARCHIMED is committed to measuring and reporting the social and environmental performance and progress of underlying investments, ensuring transparency and accountability. As part of the Impact measurement process, ARCHIMED conducts business case analyses with external consultants, to build on companies’ individual actions and encourage them to develop Impact projects. These cases use the Theory of Change methodology to track how outcomes are achieved.

Measurement ensures that the company’s contribution to the intended HEALTH objectives and associated outcomes can be quantified through robust KPIs suggested during the pre-investment phase.

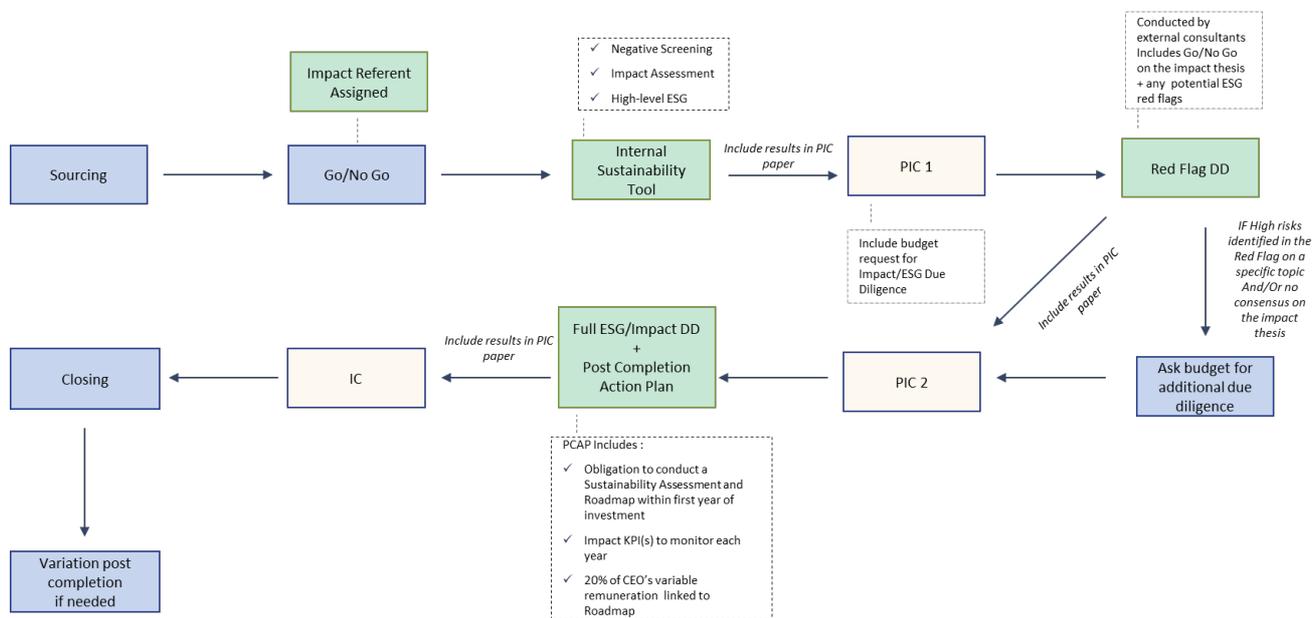
- Specific impact KPIs are defined enabling the portfolio company to track progress against the impact targets established in the Roadmap.

(iii) The high-level ESG assessment, including all the PAI indicators and additional material ESG topics, helps us identify early in the investment process any key ESG risks or opportunities and highlight areas requiring more thorough examination.

The main purpose of this analysis is to ensure that targeted investments: (a) do not cause any significant harm to any environmental or social objectives in line with the Do No Significant Harm principle (DNSH), (b) respect criteria of good governance, (c) support the achievement of the SDGs and (d) contribute to our HEALTH objectives, where sustainable investments are concerned (MED III and MED Platform II investments). The results of this preliminary analysis are thoroughly evaluated to assess whether ESG and impact performance is aligned with our investment goals and can be improved during the holding period. They are always included in the investment memorandum, forming an integral part of the investment decision-making, and are further validated through extensive ESG, and impact due diligence systematically performed by expert consultants as well as more specific due diligence on selected ESG topics, such as environmental and supply-chain risks, where relevant.

Aside from our Responsibility Investment Policy, these outlined pre-investment processes are also formalized in our investment execution checklist, the internal compliance procedure governing our investment activity. If the investment committee decides to pursue the investment in a target company, sustainability and ESG criteria are also consistently integrated in the contracts regulating the investments.

Figure 1: Integration of Impact Throughout ARCHIMED’s Investment Process.



Post-Investment:

The post-completion action plan for all new investments contains the requirement for an in-depth sustainability and impact assessment to be conducted by expert consultants within 100 days of closing. Within the scope of this workstream, the impact thesis developed during the pre-investment phase is substantiated and the materiality and maturity of the sustainability and impact topics most relevant to each company’s sector, activities, location, and supply chain are assessed. For the materiality analysis, ARCHIMED has selected the following key ESG topics as minimum requirements that are pursued and promoted systematically:

ENVIRONMENT



Assessment of GHG Emissions Scopes 1, 2 & 3
 GHG Emissions Reduction Action Plan & Targets
 Biodiversity Risks
 Waste Management and Eco-design
 Environmental Pollution
 Exposure to Climate Change Risks

SOCIAL



Diversity, Inclusion and Equal Opportunities
 Employee Engagement and Labour Relations
 Occupational Health and Safety

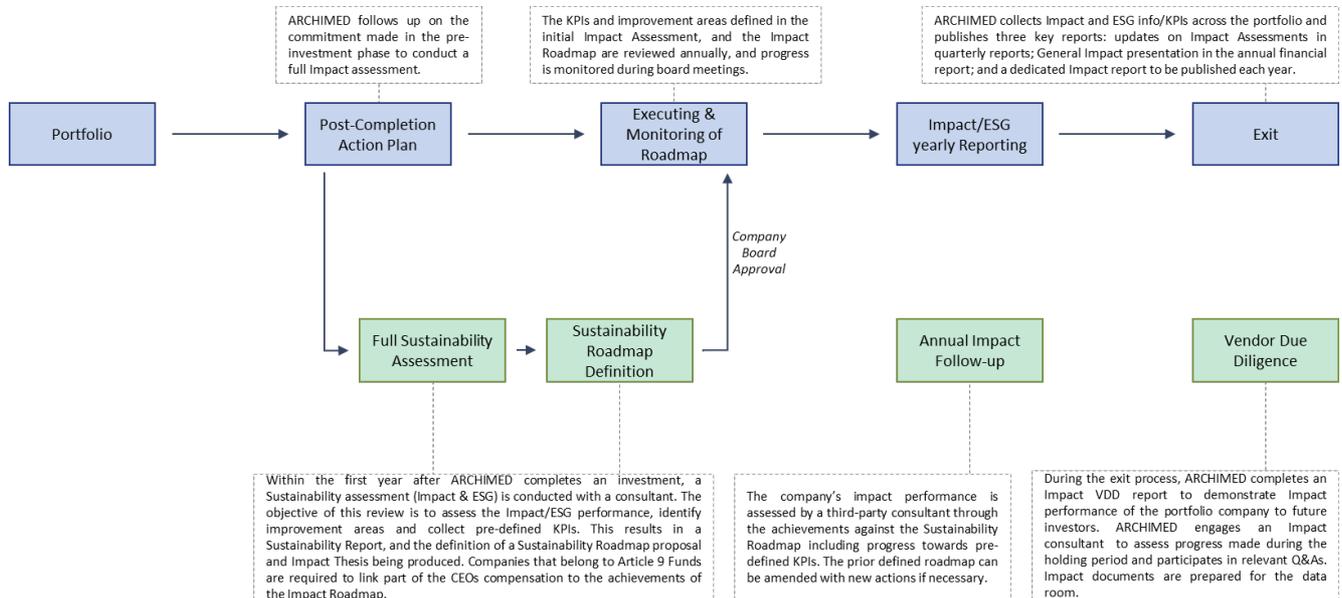
GOVERNANCE



Business Integrity	Safety and Health Equity in Clinical Trials
Local Footprint and Philanthropy	Quality and Product Safety
Innovation and R&D	Supply Chain Management (incl. Human Rights and Environmental Impacts)
Digitalisation and Telemedicine	Distribution, Marketing, and Product Labelling
Risk Management (incl. Data Protection and Security)	

The maturity of each company’s management and performance on the most significant ESG topics identified is assessed against a benchmark of market peers. Based on these results and insights, a Sustainability and Impact Roadmap is developed that includes key implementation actions for each main ESG theme with short and long-term targets set out according to a realistic timeframe. In addition, each action point is monitored by selecting relevant Key Performance Indicators (KPIs) to track and measure progress over time against defined objectives. This approach is tailored to the most material ESG issues each company faces and the company’s specific activities, sector, and markets in which it operates as well as regulatory constraints. This Roadmap is validated at board level and is executed by the company’s management team as a concrete action plan to advance ESG performance and the achievement of impact objectives within the portfolio company. To further 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 this Roadmap for MED Platform II and MED III investments. The ARCHIMED team unceasingly mentors and assists the portfolio companies with their sustainability journey through regular engagement with company management and monitors company progress against this Roadmap through formal follow-up reviews which are performed on an annual basis.

Figure 2: Integration of Impact Throughout ARCHIMED's Holding Period.



3. Sustainability Reporting and Communication

At ARCHIMED, we believe that transparency is an essential component of building trust and long-term relationships with our stakeholders. For this reason, we use various means to regularly update and share accessible and accurate sustainability-related information with our investors and business partners:

- The [Responsible Investment Policy](#), outlining in detail our responsible investment approach, as well as the established processes, tools and methodologies used, is readily available on our website.
- The sustainability-related entity and fund-level disclosures based on EU SFDR Annexes, including the monitoring and reporting of PAI indicators and periodic disclosures, are accessible at the dedicated [SFDR Disclosures](#) page on our website and updated annually. The pre-contractual disclosures are available on our investor data platform.
- Following the publication of our first **Impact Report (2021)**, for the 2022 iteration we decided to enhance our communication by creating two standalone reports: **a group-level Sustainability Report and a specific Impact Report** for our sustainable funds MED III and MED Platform II. These reports will be published annually on our website and include detailed information on our sustainability and impact investment approach as well as our ESG performance at ARCHIMED level and across our portfolio of companies.
- The **Quarterly Reports** of the funds shared with the investors of each fund also include a dedicated sustainability section under which they systematically report on material ESG events or incidents concerning invested companies and corresponding corrective actions taken as well as broader sustainability updates and progress made during the reporting period, both at ARCHIMED and at fund levels.
- The **annual ESG Reporting Campaign** requires portfolio companies to provide data on their sustainability performance across an extensive set of indicators including for Environmental - information on carbon footprint, energy, waste, water, and biodiversity, for Social – information on workforce characteristics, equal opportunities (diversity, equity, and inclusion), employee development and engagement, health and safety and profit-sharing, and for Governance – information on CSR, business ethics, charitable initiatives, cybersecurity and data protection, as well as supply chain, impact on health, ESG policies and processes, PAIs and healthcare-specific indicators based on SASB. Results of this reporting exercise at individual company, fund, and portfolio levels are shared with our investors through dedicated ESG scorecards and general business and investor material on the performance of each company. Our annual Sustainability and Impact Reports, which are available on our website, also share key metrics from this exercise enhancing our reporting transparency to the wider public.

- The **ARCHIMED website** provides access to information on how we incorporate relevant sustainability risks in our investment decision-making process, in particular, the organizational, risk management and governance aspects. This information is kept up to date and is consistent with our messaging across our marketing communications.

4. Fund Classification under the European Sustainable Finance Regulation (SFDR)

Since ARCHIMED’s inception, all funds have consistently integrated sustainability across their investment lifecycle and thus 100% of our Assets Under Management (AUM) are taking into account ESG criteria. Our funds are classified as either Article 8, 8+ or 9 under the EU SFDR and are subjected to corresponding mandatory pre-contractual and periodic disclosure obligations at both entity and fund levels. Article 8+ is an unofficial classification based on the EU SFDR but an emerging market practice, whereby funds invest in line with the investment strategy of Article 8 funds to promote environmental and social characteristics but also go beyond this by acquiring some assets that pursue a sustainable investment objective in line with the investment strategy of Article 9 funds. Notably, our latest funds, MED III, and MED Platform II, classified as Article 8+ and Article 9 respectively, were created with the purpose of driving sustainable investments in the healthcare realm: a very large portion (at least 66%) of MED III and 100% of MED Platform II invested amounts are contributing to our sustainable investment objectives.

Article 8 funds	Article 8+ funds ²	Article 9 funds
<i>Promoting environmental and/or social characteristics</i> <i>[65.86% of total portfolio AUM]</i>	<i>Majority of the fund has a sustainable investment goal as its objective</i> <i>[8.94% of total portfolio AUM]</i>	<i>Have sustainable investment as their objective</i> <i>[25.20% of total portfolio AUM]</i>
MED I MED II MED Platform I	MED III	MED Platform II

Specific to Funds making investments that contribute to sustainable objectives (Article 8+ and Article 9 SFDR):

At ARCHIMED, we are convinced of the vital role healthcare companies play in sustaining humanity’s well-being and have witnessed their tremendous contributions, yet we are not blind to the multitude of potential risks that can emerge from inadequate management and control. As a health impact investor, we guide healthcare actors towards building resilient and equitable healthcare systems, facilitating broader access to healthier lifestyles. Over the last 20 years, our leadership team has directly managed and invested €30 billion in aggregated value across healthcare companies globally, with ARCHIMED funds currently representing €8 billion of commitments. ARCHIMED’s return to society is multifaceted: we are driving positive change in the healthcare industry, increasing positive impacts on global health outcomes, improving businesses’ ESG practices, and supporting the needs of vulnerable people through the EURÉKA Foundation.

Alongside superior financial returns, ARCHIMED invests to create positive impacts that constitute a significant part of our responsible investment strategy. Our newest funds, MED III and MED Platform II target investments that also seek to generate a positive and measurable social impact on human, animal, and environmental health. Thus, these Funds have as their sustainable investment objective to contribute to the UN SDGs “Good health and well-being” (SDG 3) through the framework of ARCHIMED’s HEALTH objectives, and to targets of “Industry, innovation and infrastructure” (SDG 9) or other SDGs, where relevant. By channeling investment towards sectors, companies, entrepreneurs, and teams that deliver better health outcomes, we directly contribute to these sustainable investment objectives. MED Platform II is designed to make 100% of its investments with social objectives (Article 9 SFDR), and the Fund MED III was created so that at least two-third (66%) of invested amounts contribute to social objectives (Article 8+ SFDR).

Engagement with Industrywide Initiatives:

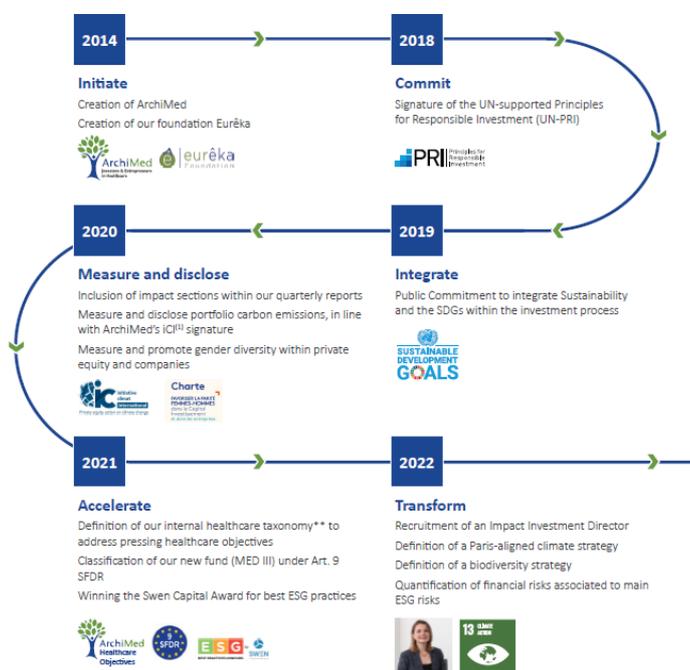
Demonstrating our long-standing commitment to integrating sustainability best practices into our investment approach, we are involved with the following responsible investment and sustainability initiatives:

- In 2018, we became a signatory of the **UN Principles of Responsible Investment (PRI)**, committing to the integration of ESG criteria and recommended actions into our investment practice in line with the six principles.

- In 2020, we became a signatory of the **initiative Climat International (iCI)** and are working towards building a climate-resilient portfolio, continuously assessing climate issues, and measuring our carbon footprint to develop a climate strategy aligned with the Paris Agreement, including SBTi validated climate targets.
- In 2020, we became a signatory of the **France Invest Parity Charter** composed of 30 commitments designed to promote gender parity amongst French private equity players and we also support the **Level20 initiative** aiming for women to hold at least 20% of senior positions.
- Since 2022, our Head of Sustainability and Impact has been an active member of the **France Invest Sustainability Commission GT1**, supporting the mission of this working group to promote ESG within the investment realm and develop action plans on priority themes such as climate change and biodiversity.

Our Sustainability Journey:

Figure 3: Our Sustainability Journey



(1) Initiative Climat International; (**) Because of our healthcare investment strategy, and pending the definition on an EU Social Taxonomy, we developed a proprietary healthcare Taxonomy.

5. The means supporting our responsible investment strategy

Internal governance of sustainability

Human Resources

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, developing and strengthening ESG-related knowledge and skills is a priority. Our team receives regular formalized trainings on sustainability and impact topics and additionally, our investment team receives more extensive trainings and ad-hoc sessions covering our internal sustainability and impact tools and processes as well as company best practices. In this way, we ensure our teams are properly equipped to evaluate investment targets on ESG and impact criteria, drive our portfolio's sustainability performance and accelerate positive impact on health. We have planned to organize follow-up ESG training courses to assess their impact and identify any additional needs. Realizing the increasing need to diffuse impact and sustainability knowledge across ARCHIMED we also decided to pilot Impact

Breakfast training sessions with the Investment and Investor Relation teams to promote enhanced understanding across these topics. Furthermore, in 2023 we launched an internal newsletter focused on raising awareness of our entire team on pertinent health challenges and best practices to improve health impact.

In 2022, ARCHIMED expanded its dedicated Sustainability and Impact team, which brings in unique in-house knowledge on these topics and is entirely focused on the implementation of our responsible investment strategy, supporting the selection of mission-driven companies aligned with our SFDR fund classifications as well as the management of ESG and impact topics across our portfolio companies. The Sustainability and Impact team also sits on the investment committee to further ensure that sustainability and impact criteria are respected and share investment-specific insights on these topics which are affecting investment decision-making. This team is currently composed of the Head of Sustainability and Impact, and a Senior and a Junior Sustainability and Impact Analyst and will continue to grow in 2023. Furthermore, a Sustainability Committee has been set up, composed of the Head of Sustainability and Impact, the CEO, and the CFO, that meets regularly to discuss extra-financial objectives and processes.

ESG/Impact Committee	<ul style="list-style-type: none"> • Denis Ribon – Managing Partner and C.E.O of ARCHIMED • Sandrine Laporte – Partner and C.F.O of ARCHIMED • Alice Morillon – Head of Sustainability & Impact • Other Partners/Strategic Partners where relevant
Investment Committee	The Head of Sustainability & Impact sits at all investment committees and challenges the impact thesis and ESG considerations of target deals.
Sustainability & Impact team	<ul style="list-style-type: none"> • Alice Morillon – Head of Sustainability & Impact (9 years’ experience) • Phoebe Wright – Senior Analyst (4 years of experience) • Evangelia Nteventzi – Junior Analyst (1 year experience)
Investment team	<p>An ‘impact referent’ is identified for each new deal within members of the deal team, prior to every first pre-investment committee, and across all seniority levels. The impact referent is responsible for conducting the negative screening based on our exclusion and watchlist criteria, the impact assessment as well as the preliminary ESG due diligence through our internal sustainability tool. They are also in charge of monitoring external Due Diligence.</p> <p>Post-investment, the deal teams are engaged on sustainability topics at board level of investee companies and assist with the execution of the Sustainability Roadmap.</p> <p>Part of their variable remuneration is linked to the achievement of sustainable objectives.</p>
Middle Office	Contributed to data collection and calculation of ARCHIMED’s carbon footprint assessment under the GHG protocol across all ARCHIMED offices.

External support on sustainability topics

In addition to internal capacity, ARCHIMED is also leveraging external expertise by engaging with third-party service providers to enhance various workstreams.

	<p>Strategy</p> <p>Sustainability Roadmaps</p> <p>Impact/ESG Due Diligences</p> <p>Trainings</p>	<ul style="list-style-type: none"> • Development of sustainability tools / Regulatory gap analysis • ESG and impact due diligence as well as more extensive due diligence on specific topics such as due diligence on supply-chain risks and animal welfare.
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		<ul style="list-style-type: none"> the development of thorough sustainability and impact assessments and improvement Roadmaps post-investment for each portfolio company. ESG vendor due diligence at exit, where possible.
	Climate Strategy	<ul style="list-style-type: none"> Portfolio: measure the carbon footprint and support development of relevant carbon reduction action plans, which would also allow ARCHIMED to build a climate strategy and reduction plan in line with the Paris Agreement.
	Carbon footprint assessment	<ul style="list-style-type: none"> Calculated ARCHIMED carbon footprint Assessment Scopes 1, 2 and 3 (excluding cat.12 – financed emissions)
	ESG Reporting Annual ESG progress assessment Carbon proxies	<ul style="list-style-type: none"> Supported our annual ESG Reporting Campaign facilitated through Reporting 21 platform. Verified ESG data reported and organized calls to assess progress on Sustainability Roadmaps with each portfolio company – Created Sustainability Scorecards. Used CO2Logic proxies to calculate carbon emissions when no information was available.
    	Due Diligence Portfolio support Vendor Due Diligence	<ul style="list-style-type: none"> Various consulting firms are involved on ad-hoc missions or topics for the management firm or directly at portfolio company-level when necessary.
   	Sectorial frameworks	<ul style="list-style-type: none"> ARCHIMED is involved in several market initiatives and learns from exchanges with peers, good practices, tools, and reports.

Financial Resources

Pre-investment, a fixed budget is always requested from the investment committee for the purpose of conducting external ESG and impact due diligence and where necessary, additional due diligence on specific topics, performed by expert consultants. Post-investment, financial resources are assigned to complete a comprehensive sustainability and impact assessment, including a maturity and materiality analysis, and develop an improvement Roadmap with tailored targets, milestones, and recommended actions for each portfolio company. In addition, a year after the validation of the Roadmap, follow-up reviews are conducted annually to monitor progress, also mandated to external consultants working closely with the ARCHIMED Sustainability and Impact team. During the holding period, ad-hoc spending is dedicated to supporting the implementation of ESG initiatives, such as improved energy-efficiency measures and talent recruitment schemes across the portfolio and varies according to the key priorities and needs of each portfolio company. From 2023, a fixed budget will also be dedicated annually to the measurement and refinement of carbon emissions at group and portfolio company levels, as well as corresponding actions based on the carbon reduction action plans and climate targets. At exit, a fixed budget is also set aside as often as possible for sustainability vendor due diligence conducted by external consultants.

Technical Resources

ARCHIMED's main technical resource supporting our responsible investment strategy is the proprietary internal sustainability tool, developed in an Excel format and used to conduct preliminary screenings and analysis on sustainability and impact topics pre-investment. In addition, ARCHIMED uses the SaaS platform Reporting 21 to facilitate the collection and analysis of ESG data across our portfolio companies as part of our annual ESG Reporting Campaign.

6. Governance mechanisms enabling the integration of ESG criteria

To ensure that our entire organization and especially our management teams are taking ESG characteristics into account, we have deployed various governance mechanisms such as the Risk Management Policy, the Engagement and Voting Rights Policy as well as the ESG investment due diligence, and exclusion policies which were explained in detail in the previous sections.

Within the framework of our annual control plan, we check that the investment selection procedure as well as the compliance and risk control system, engagement and voting policies, all of which incorporate the assessment and consideration of ESG and sustainability risks, are respected, and that sufficient human and technical resources are allocated to the Sustainability and Impact team.

Furthermore, the Sustainability and Impact Steering Committee, composed of the Head of Sustainability and Impact, the CEO, and the CFO, is the governance vehicle responsible for the portfolio-level sustainability oversight, enabling engagement on sustainability-related objectives and processes, at the highest level of corporate management and strategy planning. At the individual company level, it is the responsibility of the deal teams to work with the management of each portfolio company to develop and implement ESG and impact strategies with relevant KPIs. ARCHIMED Partners systematically hold multiple board seats at portfolio companies and are therefore able to regularly monitor progress on these topics.

To date, there are no sustainability criteria formally integrated into the internal regulations of the management company's governance bodies. However, ARCHIMED promotes good governance practices, notably through the diversity of experience and skills within its governing bodies. In addition, ARCHIMED has appointed a Head of Sustainability and Impact, demonstrating that ESG issues are taken into account at the highest level of management in the company.

Remuneration Policy

ARCHIMED has designed and implemented a [Remuneration Policy](#) that ensures a sound compensation and risk management process identifying any potential conflicts of interest on remuneration in a way that is consistent with the integration of sustainability risks. The Remuneration 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.

In addition, all team members, including Partners, have impact objectives linked to the implementation of our responsible investment strategy through our robust pre-investment and post-investment procedures, and the management of the team members and the Funds' portfolio companies, subjected to the Policy, is assessed based on adherence to the execution of the Sustainability and Impact Roadmaps over the course of the holding period.

To further align employee remuneration with impact objectives, each team member's contribution to the achievement of these Roadmaps, management of ESG risks across the portfolio as well as performance on the integration of sustainability risk within investment decisions is evaluated on an annual basis and included in the decision to distribute variable remuneration. At portfolio level, following the implementation of the Roadmap all companies must establish CSR governance and as such impact KPIs based on measurable targets are integrated into the remuneration mechanisms.

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 Platform II and MED III investments. The Remuneration Policy is reviewed annually by the CFO and the Head of Sustainability and Impact, and ad-hoc updates are carried out as deemed necessary.

7. Our engagement strategy and voting policy with investee companies

ARCHIMED is committed to fully exercising its responsibility as a shareholder by investing with a long-term outlook and analyzing unlisted companies in detail, with the aim of creating value. To this end, the managers analyze the economic and financial performance of the companies in which they invest, paying particular attention to good governance practices, as well as their social and environmental footprint.

Our engagement strategy covers the entire portfolio of companies and reinforces the systematic integration of an ESG lens throughout the investment process. During the due diligence phase, an ESG review is always conducted alongside financial, legal and tax due diligence, and it includes a thorough ESG risk and opportunity assessment, as discussed in more detail in previous sections. During the investment phase, the Sustainability Roadmap, developed within 100 days of closing, is an official requirement as part of the post-completion action plan and progress against it is monitored regularly by the investment team and a formal follow-up review process is scheduled annually with the Sustainability and Impact team. The ARCHIMED team systematically takes multiple board seats with portfolio companies and therefore can influence, review sustainability, impact and ESG progress directly.

Dialogue with portfolio companies concerning ESG topics is structured through governance bodies, such as the board, working groups, and ad-hoc requests, whereby the ARCHIMED team continuously supports and engages with portfolio management to advance progress on their sustainability objectives. The portfolio is reviewed each month by the investment committee and ARCHIMED partners during the Monthly ARCHIMED Meetings (MAM) based on monthly reports provided by each portfolio company, which include key events and progress on sustainability topics as well as areas for further improvement.

8. Taxonomy alignment & fossil fuels contribution

Our funds are classified as either Article 8, 8+ or 9 under the EU Sustainable Finance Disclosure Regulation. They either promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, or were specifically created with the purpose of driving sustainable investments in the healthcare realm and are contributing to our social sustainable investment objectives. Our Funds' strategies are not based on the Taxonomy-alignment. In addition, the participations are not subject to the reporting obligations set out in Article 8 of Regulation (EU) 2020/852. The Funds have verified the possibility to collect KPIs related to Taxonomy from participations. ARCHIMED is engaging with consultants to calculate the EU Environmental Taxonomy alignment and will publish figures once available. A potential contribution and alignment to the Social Taxonomy will be assessed when the Social Taxonomy will be published.

As a specialist private equity firm investing exclusively in the healthcare sector, therefore, by design ARCHIMED is not exposed to any undertakings active in the fossil fuel sector.

9. Our alignment with the Paris Agreement

[Our climate Strategy](#)

As a specialist private equity firm investing exclusively in the healthcare sector, ARCHIMED has adopted sustainable investment objectives with a social focus for its latest funds, MED III, and MED Platform II, namely the attainment of SDG 3 "Good Health and Well-being" through ARCHIMED's HEALTH objectives as well as targets of SDG 9 "Industry, Innovation and Infrastructure", where relevant. Therefore, by design ARCHIMED is not exposed to any undertakings active in the fossil fuel sector, and the investments conducted by ARCHIMED through its Funds were not aligned with the EU Environmental Taxonomy (0%). However, we recognise climate change mitigation and adaptation as critical levers in preventing harmful impacts on health and improving health outcomes and firmly believe that all companies, regardless of their activities, size, and location, can implement initiatives to fight against climate change, adapted to their footprint and use of resources. For this reason, we have positioned carbon emissions and climate change as central pillars within our responsible investment strategy and in 2022, we accentuated our focus on environmental impact, further advancing our commitment to develop a solid climate strategy at group level and build a climate-resilient portfolio.

As part of our robust pre-and-post acquisition assessment processes, we systematically examine climate-related exposures, including vulnerability to physical and transitional risks and biodiversity, and monitor carbon footprint related metrics and PAIs to identify and manage potential risks that our investments are exposed to, or that they generate through their business activities. As a result, we have been able to identify investment opportunities that take environmental considerations into account, thereby facilitating the construction of a climate-resilient portfolio.

Furthermore, we work internally and with our portfolio companies to monitor GHG emissions and adopt carbon reduction initiatives.

Carbon Footprint

This year, we completed our first carbon footprint assessment of scope 1, 2 and 3 emissions (excluding scope 3: category 15 - portfolio emissions) in line with the GHG Protocol with the support of Carbometrix, a carbon accounting and management consultancy, results of which are illustrated below:

Emissions by scope

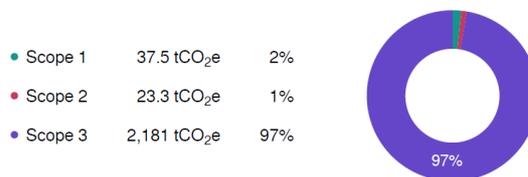


Figure 4: ARCHIMED’s management firm main sources of carbon emissions (excluding cat.12)

ArchiMed’s main sources of carbon emissions		Detail of our main climate initiatives	
Upstream	Electricity consumption	100% of sourced energy from renewable energy	
	IT equipment	100% of our offices use refurbished IT assets	
Activities	Business travel	100% costs reimbursed to employees using public transport or bicycle	100% employees supported for the acquisition of an electric vehicle
	Waste	100% of our offices sort waste	100% of our offices furnished with water fountains and glass bottles
	Building	New office certified BREEAM Excellent and High Environmental Quality (HQE)	
Downstream	Portfolio carbon footprint	 100% of portfolio companies have had their carbon footprint assessed	

Our plan to align with the Paris Agreement

Leading by example, we will now require all portfolio companies emitting above 3tCO₂e to complete a carbon footprint assessment. As of Q2 2023, the post-completion action plan for our MED Platform II investments systematically integrates the requirement of conducting a carbon footprint assessment and developing a carbon reduction action plan. To facilitate this exercise, we have engaged with Carbone 4, a specialist consultancy focused on carbon footprint calculations, that will support our portfolio companies with their own carbon assessments and help them set action plans to reduce carbon emissions. This workstream will kick-off in the fall of 2023, starting with 10 portfolio companies which will finalize their carbon footprint assessment by Q1 2024 and thereafter will conduct the assessment annually to update and refine their calculations. The Carbone 4 approach is designed to actively involve portfolio companies and train them to conduct their carbon footprint exercise autonomously through a series of interactive workshops and feedback sessions as well as the provision of specialized tools facilitating the data collection and calculation process.

Building on our carbon footprint assessment and the portfolio results, we aim to define carbon reduction action plans at the group and portfolio company levels, establishing concrete targets and initiatives that will enable us to pursue a low-carbon trajectory in line with the objectives of the 2015 Paris Agreement. This emphasis on measuring carbon footprint and taking concrete action to reduce emissions forms the basis of ARCHIMED's Climate Policy, due to be published later this year. To demonstrate our commitment to driving decarbonization efforts across our portfolio, we also plan to validate our climate targets under the SBTi.

Finally, we aim to train all our teams on climate issues, every ARCHIMED employee will have received at least half a day's training on these issues by 2024. We also plan to offer training courses for investee companies covering all sustainability topics, including carbon footprint assessments, in order to raise awareness of this exercise and facilitate the adoption of reduction trajectories.

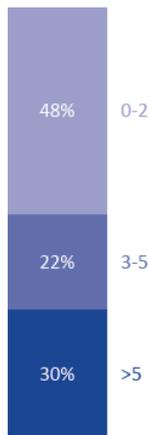
10. Our alignment with Biodiversity targets

Our biodiversity strategy

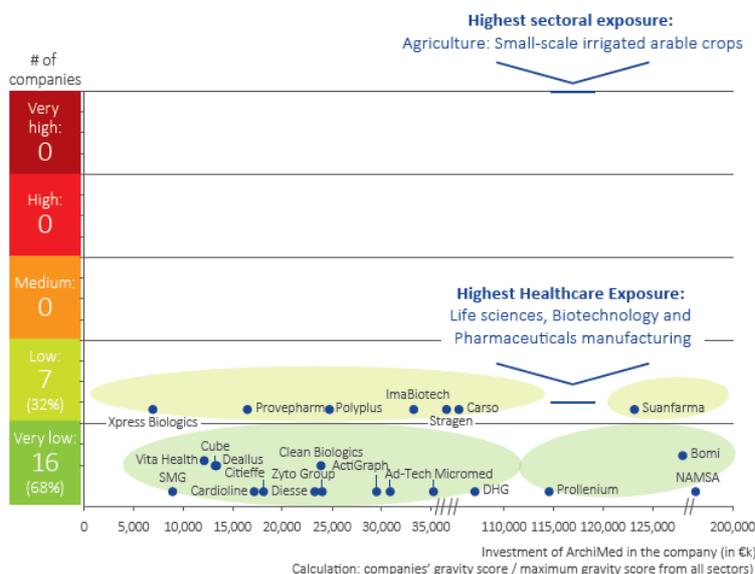
In 2021-2022, ARCHIMED conducted an analysis of our portfolio's biodiversity-related dependencies, footprint, and risks, aiming to assess overall exposure to biodiversity and ecosystem services. This analysis was performed by a third-party consultant (Indefi), using the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) sectorial database. ENCORE assigns levels of dependance to 21 ecosystem services, from 0 to 5 (from none to very high dependence), to each sub-industry. The results indicated that our portfolio has an overall low exposure to biodiversity dependence, in terms of the number of ecosystem services each company relies on and their exposure to biodiversity risks, as illustrated below:

Share of the portfolio dependencies on *n* ecosystems services

23 companies



Overall exposure of portfolio companies to biodiversity risks



Sources : ArchiMed, ENCORE database, INDEFI analyses.

Our plan to align with long-term biodiversity objectives

In the upcoming years, we aim to refine these preliminary conclusions as biodiversity assessment methodologies continue to improve, and one of our main 2023 objectives is to strengthen our commitment to tackling biodiversity loss associated with our portfolio by publishing a Biodiversity Policy aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) and encouraging our portfolio companies to take action to minimize their impact.

In a second phase, we aim to measure the materiality of ESG issues for investee companies and take measures to mitigate pressures on ecosystems: getting support from an external service provider capable of carrying out a more detailed analysis of resource dependencies and impacts on biodiversity and defining a biodiversity footprint indicator. In this way, more detailed analyses will be carried out on the companies in the portfolios with the greatest impact on biodiversity, to identify impacts and take appropriate mitigation measures.

11. Integrating ESG risks into risk management

Our ESG risk management

At ARCHIMED, we believe that all ESG factors should be taken into consideration alongside traditional financial indicators to paint a more complete picture of the potential value, risk, and performance of investments. Our Responsible Investment Policy defines the following sustainability risks, exposure to which can have a significant effect on the value of companies and thus our investment activity:

- **Environmental risk (including climate change and biodiversity loss)** referring to:
 - (i) **physical risks**, resulting 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 and the increase in the frequency and cost of claims payable by insurers to policyholders.
 - (ii) **transition risks**, resulting from exposure to changes triggered by the ecological transition, in particular, when they are poorly anticipated or occur suddenly, linked to for example 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,

- (iii) **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** concerning the review of the company's relationship with its stakeholders, like 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** 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 analyzing 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.

A preliminary analysis of any ESG risks that may affect the valuation of the companies invested is performed first through our internal sustainability tool that includes the negative screening, the impact assessment and the initial ESG due diligence. Based on the insights gathered, we work on mapping out these risks, considering the level of probability of occurrence and the level of severity according to a weighting system which includes the amounts invested and the weight that the funds represent with respect to the capital of the companies in the portfolio. This risk analysis is refined on an individual company basis and then consolidated for each of the portfolios managed. ARCHIMED reviews its risk exposure analysis at least once a year and more regularly on an ad-hoc basis.

In 2021, a detailed analysis of the climate-risks and impacts of ARCHIMED's portfolio was carried out and amongst potential environmental risks, we have identified the following non-exhaustive list of primary risks affecting investments:

- **Industrial environmental risks** covering 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**, referring to 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.**

- In addition, we have identified the following non-exhaustive list of primary social and governance 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** related to the misuse or non-compliance of the products sold (quality risk, compliance).
- **Human resources management risks**, referring to loss of key skills, recruitment issues, lack of training or skills development of employees, social dialogue crisis within the company, etc.
- **Governance risks** such as a crisis triggered by an imbalance of control and management powers, loss of key members of management or issues related to succession.
- **Ethical risks** such as 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, as well as risks of labor rights and human rights violations at company level and along the supply chain.
- **Risks related to suppliers and the upstream and downstream supply chain**, such as risk of dependency, risks concerning the disruption of the supply or delivery chain. These risks affect the companies contained in the portfolio differently.

These sustainability risks are incorporated into our Responsible Investment Policy, ensuring that impacts on sustainability are always considered in the portfolio management process and that our companies are supported in the development of action plans and mitigation strategies across ESG topics.

Our action plan for taking ESG criteria into account in risk management

To further integrate ESG criteria into risk management, we plan to better define ESG risks, by assessing environmental, social and governance factors (initially through a qualitative approach) linked to each company in the portfolio. This initial assessment will enable us to identify the risks associated with these aspects, classify them according to their category (e.g., transition, physical, responsibility) and hierarchize them. In a second phase, we will consider conducting a quantitative estimate of the financial impact of these key ESG risks, using for example MSCI's Climate VaR methodology, which aims to provide a future monetary valuation of climate-related risks and opportunities within a portfolio.

Once all ESG risks have been identified, we will be in a better position to develop appropriate strategies to manage them and minimize their negative impact on the performance and sustainability of the companies in the portfolio.

12. Information pursuant to Article 4 Regulation (UE) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards

Summary of the main negative impacts on sustainability factors

(a) The investment Funds managed by ARCHIMED are classified as follows : MED I, MED II and MP I are classified under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR), and thus among other characteristics, their investment objective is to promote environmental and social characteristics.

MED III is classified under Article 8 of the EU SFDR and therefore promotes environmental and social characteristics amongst others, and goes beyond this by having a significant part of the the Fund that pursues a sustainable investment objective in line with the investment strategy of an Article 9 Fund.

MED Platform II is classified under Article 9 of the EU (SFDR), as such it pursues a social sustainable investment objective, alongside financial objectives.

(b) Principal adverse impacts on sustainability factors (the 'PAIs') are systematically considered pre-investment through the use of an internal screening tool, and further by an ESG due diligence conducted by external experts. Post-investment, the PAIs on these sustainability factors are monitored on a quarterly basis at the board level of the portfolio companies, and on a yearly basis through a collection of ESG indicators that are inclusive of the PAIs. Please refer to "Description of policies to identify and prioritise principal adverse impacts on sustainability factors" section below, or to ARCHIMED's Sustainability Report for more information.

(c) This statement on PAIs on sustainability factors covers the reference period from 1st January to 31st December 2022.

(d) In compliance with the SFDR and Delegated Regulations, the PAIs include the following:

- Environmental damage, in particular GHG emissions; carbon footprint; GHG intensity of Portfolio Companies; exposure to companies active in the fossil fuel sector; share of non-renewable energy consumption and production; energy consumption intensity per high impact climate sector; activities negatively affecting biodiversity-sensitive areas; emissions to water; hazardous waste ratio.

- Social and employee matters, respect for human rights such as health and safety of workforce; unfair advantage; community relations; human rights, violation of UN Global Compact principles and OECD Guidelines for Multinational Enterprises; lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises; unadjusted gender pay gap; board gender diversity; exposure to controversial weapons

- Governance, anti-corruption and anti-bribery matters, appropriate KYC is undertaken on service providers and investors.

- Conflict of interest risk.

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- In addition to the mandatory PAIs, two additional PAIs have been considered: 1) #2.4 “Investments in companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement”; and 2)3.1 “Share of investments in investee companies without workplace accident prevention policies”.

ARCHIMED considers the principal adverse impacts (PAI) 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 Article 4 of the SFDR. The adverse impacts regarding sustainability factors addressed by ARCHIMED before and after any investment differ depending on the sector, industry, region of each given company. Among other adverse impacts regarding sustainability factors, ARCHIMED assesses systematically the following Principle Adverse Impacts before making any investment and monitors these impacts across the ownership period:

- The Company has set up an action plan to reduce its energy consumption and GHG emissions
- The Company tracks its GHG intensity - The Company has no or limited exposure to the fossil fuel sector
- The Company tracks its energy consumption intensity per high impact climate sector
- The Company uses renewable energy as a significant part of its energy-mix
- The Company has measured its carbon footprint
- Effluents are dully collected, analyzed, and treated to abide by best emission standards
- The Company tracks its hazardous waste ratio (Tons of hazardous waste generated per million euro)
- The Company has developed initiatives to reduce or recycle its waste
- The Company monitors activities negatively affecting biodiversity-sensitive areas
- Several initiatives to increase gender parity and equal opportunities are undertaken by the Company
- There is a similar proportion of men and women among total staff as among managers
- No exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)
- No violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Enough process and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

In addition, ARCHIMED has **a list of excluded activities** that have adverse impacts on sustainability factors 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. ARCHIMED maintains and constantly updates **a list of watchlist activities** and practices that may have adverse impacts on sustainability factors and for which a higher level of scrutiny is applied, including 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.

Description of the principal adverse impacts (period: 1st January – 31st December 2022)

Adverse Sustainability Indicator	Metric	ARCHIMED Portfolio Impact 2022	ARCHIMED Historical data 2021	Explanation
Includes MED I, MED II, MED III, MED Platform I, MED Platform II				
1. GHG emissions	PAI 1.1 - Scope 1 GHG emissions	3,214.73	76,702.5	Compared to last year, 5 portfolio companies had a full carbon footprint assessment under GHG protocol conducted on the three scopes. The results of these carbon footprint assessment were used instead of proxies used last year.
	PAI 1.1 - Scope 2 GHG emissions	2,114.51	506.0	
	PAI 1.1 - Scope 3 GHG emissions	98,605.22	103,097.1	
	PAI 1.1 - Total GHG emissions	103, 934.46	180,295.6	
2. Carbon footprint	PAI 1.2. - Carbon footprint	34.66		

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3.	GHG intensity of investee companies	PAI 1.3 - GHG intensity of investee companies	66.12	151.9	Same as above
4.	Exposure to companies active in the fossil fuel sector	PAI 1.4 - Share of investments in companies active in the fossil fuel sector	0%	0%	
5.	Share of non-renewable energy consumption and production	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	76% (production), 64% (consumption)	87.3%	ARCHIMED engages with portfolio companies to install renewable sources of energy when the company owns its site (ex: DIESSE), and recommends switching to renewable energy providers when energy is bought from external providers.
6.	Energy consumption intensity per high impact climate sector	PAI 1.6 - Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0	0	
7.	Activities negatively affecting biodiversity-sensitive areas	PAI 1.7 - Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	
8.	Emissions to water	PAI 1.8 - Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.44	18.8	Only 1 portfolio company generates emissions to water and reported a 9% increase in tons emitted this year. This year, the indicator was calculated using a different methodology based on the latest ESMA Consultation Paper (JC 2023 09)
9.	Hazardous waste and radioactive waste ratio	PAI 1.9 - Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.0	337.6	The tons of hazardous and radioactive waste decreased by 21% across the portfolio in 2022 compared to 2021. The indicator was calculated this year using a different methodology based on the latest ESMA Consultation Paper (JC 2023 09).
10.	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	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	0%	0%	
11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	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	75%	76%	ARCHIMED encourages portfolio companies to conduct a gender pay gap analysis and implement corrective actions to close this gap.
12.	Unadjusted gender pay gap	PAI 1.12 - Average unadjusted gender pay gap of investee companies	16%	15.54%	

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13. Board gender diversity	PAI 1.13 - Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	8%	7.6%	
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	PAI 1.14 - Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	ARCHIMED invests exclusively in the healthcare sector and thus has no exposure to controversial weapons. Investment into the weapons and ammunition sector is formally prohibited as part of ARCHIMED's exclusion criteria
Other indicators for principal adverse impacts on sustainability factors				
15. Investments in companies without carbon emission reduction initiatives	PAI 2.4 - Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	92%	100%	We aim to continue to reduce the number of companies without carbon reduction initiatives. As part of our climate strategy, we are working with the largest emitters in the portfolio to carry out carbon footprint assessment and develop their own carbon reduction strategies which will be aligned with the Paris Agreement, to enable ARCHIMED as the management company is able to commit to SBTi targets.
16. Investments in companies without workplace accident prevention policies	PAI 3.1 - Share of investments in investee companies without a workplace accident prevention policy	20%	Not reported	We selected this PAI due to the particular importance of health in safety in the workplace of healthcare businesses, which may be exposed to chemicals, machinery or other occupational hazards beyond that of a typical office environment.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

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

During the due diligence process, the investment teams use our internal sustainability tool, containing a list of potential adverse impacts the company can have on sustainability factors, which includes all the principle adverse impacts as listed above, along with several other adverse environmental, social, and governance impacts. Results of this first assessment must be presented in the investment committee paper to inform investment decision. In the case specific risks are identified through the results of the internal sustainability tool, deep-dive due diligence is carried out by external consultants and industry experts. An impact referent is appointed for any new investment target identified, they drive internal action to identify and reduce PAIs, and to monitor all potential adverse impacts. The adverse sustainability impacts are systematically analyzed, documented, and presented to the Investment committee as early as possible to inform the investment decision.

Management and monitoring of principle adverse impacts during the holding process

ARCHIMED 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. Post-investment, a

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Sustainability Roadmap is developed systematically for each new portfolio company, with the help of external consultants and initiatives are set to limit and monitor its potential adverse sustainability impacts. Progress against the roadmap is assessed regularly during board meetings of investee companies. ARCHIMED oversight continues through quarterly portfolio review meetings, and through a comprehensive annual ESG reporting campaign that includes all PAIs, which allow us to report to our investors regularly on PAIs and their integration at portfolio level. The responsible investment approach of ARCHIMED uses the targets of the U.N. Sustainable Investment Goals as well as other internationally recognized standards for ESG assessment, due diligence, and reporting, and is framed around the six principles of the PRI.

Engagement Policy

ARCHIMED is committed to fully exercising its responsibility as a shareholder by investing with a long-term outlook and analyzing unlisted companies in detail, with the aim of creating value. To this end, the managers analyze the economic and financial performance of the companies in which they invest, paying particular attention to good governance practices, as well as their social and environmental footprint. Our engagement strategy covers the entire portfolio of companies and reinforces the systematic integration of an ESG lens throughout the investment process. During the due diligence phase, an ESG review is always conducted alongside financial, legal and tax due diligence, and it includes a thorough ESG risk and opportunity assessment. During the investment phase, the Sustainability Roadmap, developed within 100 days of closing, is an official requirement as part of the post-completion action plan and progress against it is monitored regularly by the investment team and a formal follow-up review process is scheduled annually with the Sustainability and Impact team. The ARCHIMED team systematically takes multiple board seats with portfolio companies and therefore can influence, review sustainability, impact and ESG progress directly. Dialogue with portfolio companies concerning ESG topics is structured through governance bodies, such as the board, working groups, and ad-hoc requests, whereby the ARCHIMED team continuously supports and engages with portfolio management to advance progress on their sustainability objectives. The portfolio is reviewed each month by the investment committee and ARCHIMED partners during the Monthly ARCHIMED Meetings (MAM) based on monthly reports provided by each portfolio company, which include key events and progress on sustainability topics as well as areas for further improvement.

Please refer to our Engagement Policy: <https://www.archimed.group/voting-rights-policy/>.

Reference to international standards

- United Nations Principles for Responsible Investment (UN PRI): We have been signatories since 2018, illustrating our long-standing commitment to responsible investment.
- The United Nations Development Goals (UN SDGs): the Goals have been used as the foundation from which our Responsible Investment Policy has been built.
- Initiative Climat International (iCI): We have been signatories since 2022 and as part of our Climate Policy will set a carbon reduction strategy aligned with the Paris Agreement's objectives.
- Impact Management Project (IMP): is the impact assessment framework utilised as the base of the positive screening analysis we carry out systematically during the pre-investment stage.
- The 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: we have been active members of the Sustainability Commission GT1 Climate, a working group whose mission is to promote ESG within the investment realm. ARCHIMED is also a signatory of the France Invest Charter on Diversity.



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