

1. Purpose and Scope:

This Climate Policy sets out ARCHIMED's climate approach and follows the recommendations of the **Task Force on Climate-related Financial Disclosure (TCFD)**¹ and **International Sustainability Standards Board (ISSB)**². It applies to the entirety of ARCHIMED's operations including own staff, strategic and operating partners, suppliers and contractors as well as portfolio companies across ARCHIMED's investing funds.

2. Introduction

Healthcare is inherently connected to environmental sustainability as climate change directly impacts global health outcomes, supply chain stability and regulatory environments. As a result, ARCHIMED recognizes the urgent need to embed climate risk management into its investment strategy. Although the healthcare sector has a clear positive societal impact, it also carries a significant environmental footprint, underscoring the responsibility for ARCHIMED to drive positive climate action across our portfolio. This Climate Policy outlines our commitment to developing a **climate-conscious and resilient portfolio** by integrating climate considerations into our pre-investment processes, portfolio company engagement and long-term value creation. By integrating climate-conscious principles throughout the investment lifecycle, ARCHIMED ensures material climate risks and opportunities are identified. This approach not only protects portfolio companies but also ensures ARCHIMED acts as a forward-looking and responsible investor.

3. Governance

ARCHIMED's approach to governing climate-related risks and opportunities is a core part of its responsible investment strategy and is integral to the way it oversees, assesses, and manages all relevant matters related to responsible investment. Embedding climate-conscious principles **across both pre- and post-investment stages is essential to sustain long-term value creation, manage risks, and stay competitive** within the healthcare investment landscape. Governance on climate-related topics is structured as follows:

- The **Management Committee** holds ultimate accountability for ARCHIMED's climate strategy, reviewing and approving this policy.
- The **ESG Committee** reports directly to the Management Committee and is responsible for critically assessing climate-related strategies, policies and procedures, providing their recommendation to the Management Committee.
- ARCHIMED's **Sustainability and Impact team** is responsible for implementing the recommendations of this Climate Policy both at ARCHIMED and portfolio level, including pre-investment processes.

4. Strategy:

ARCHIMED's ambition is to create long-term sustainable value by moving away from the messaging that climate action is as a "nice-to-have" but instead focusing on how it can be a **value creation lever and a risk management**

¹ <https://www.fsb-tcfd.org/recommendations/>

² <https://www.ifrs.org/sustainability/tcfd/>

tool for portfolio companies. ARCHIMED supports portfolio companies in measuring their greenhouse gas (GHG) emissions through a carbon footprint assessment, setting clear reduction targets, and identifying actionable strategies to decarbonize business operations over time. It also ensures the development of **portfolio resilience** to risks of climate change and identifies portfolio companies that are exposed and/or vulnerable to climate-related physical and transition risks. By committing to strong climate action, it aims to continue supporting Limited Partners' (LP) commitments, enhancing portfolio company resilience, unlocking cost savings, accessing better financing and improving exit valuations.

To deliver its climate strategy, ARCHIMED has set three key objectives:

1. Embed **climate-conscious principles** into its investment strategy, governance, and stewardship.
2. **Measure, manage, and reduce GHG emissions** across ARCHIMED's corporate activities and portfolio to progressively decarbonize its operational and financed emissions.
3. Build portfolio resilience by **identifying and addressing climate-related physical and transition risks**.

5. Risk Management

5.1 Identifying Climate Risks

TCFD recommends the use of climate scenario analysis to help firms explore the potential range of climate-related outcomes, analyzing the corresponding business impacts to anticipate and manage climate risks.

ARCHIMED is committed to analyzing climate-related risks throughout the investment cycle. ARCHIMED commits to assessing both physical risks (e.g., extreme weather, water stress, wildfires, tropical cyclones, extreme heat and flooding) and transition risks (e.g., regulatory changes, carbon pricing, market shifts, technological disruption) across the portfolio. To assess climate-related physical risks, ARCHIMED has partnered with an external advisor providing a tool that **evaluates the exposure of portfolio company sites and assets across 16 climate physical risks** including both chronic (long-term changes in climate patterns) and acute (short-term weather events) hazards. ARCHIMED assesses climate risks using the **Shared Socioeconomic Pathways (SSPs)**³ which are scenarios used in climate research to explore how global society, demographics, and economics might evolve over the 21st century, affecting GHG emissions and climate change.

ARCHIMED evaluates physical risks of each portfolio company across three scenarios:

- **SSP1-2.6 - Optimistic Scenario:** The temperature increase stabilizes at around 1.8°C by the end of the century.
- **SSP2-4.5 - Middle of the Road Scenario:** This is a realistic scenario which predicts an end-of-century warming of around 2.7°C. This risk scenario is adopted by ARCHIMED during both pre- and post-investment climate risk screenings to assess potential climate-related risks facing portfolio companies.
- **SSP5-8.5 - High-Emissions Scenario:** This pessimistic scenario is projected to lead to an end-of-century warming around 4.4°C.

As of 2025, ARCHIMED has mapped its portfolio exposure to gross physical climate risks using the SSP2-4.5 - "Middle of the Road" Scenario covering close to 150 portfolio company assets. The potential financial impacts identified through these assessments relate to increased operational expenses from office/site temperature regulation, revenue losses from business or value chain interruption, increased capex costs due to physical damage from weather events, and/or cooling costs to maintain optimal indoor temperatures within health and safety protocols.

³ <https://www.sciencedirect.com/science/article/pii/S0959378016300681#sec0025>

5.2 Assessing Risk Mitigation and Adaptation Measures

To strengthen the climate resilience of our portfolio companies, ARCHIMED is committed to:

- Integrating climate risk assessment into pre-investment due diligence and ongoing portfolio reviews.
- Encouraging portfolio companies to develop risk mitigation and adaptation strategies, insurance policies, infrastructure resilience and business continuity planning.
- Ensuring that climate risk exposures and vulnerabilities are tracked and reported at the portfolio level.

ARCHIMED recognizes the importance of proactive climate risk management to avoid the potential of stranded asset risk and/or non-compliance with regulation leading to potential increases in operational costs or reputational damage.

6. Metrics and Targets

6.1 Measurement & Reporting

ARCHIMED commits to annually measuring and disclosing GHG emissions across all portfolio companies and its own operations. This includes:

- Scope 1: Direct emissions from owned or controlled sources.
- Scope 2: Indirect emissions from purchased electricity, steam, heating, and cooling.
- Scope 3: When material and feasible all indirect emissions in the value chain (upstream and downstream).

At ARCHIMED, we support portfolio companies to develop the knowledge and capacity to measure emissions on a regular basis **in line with the GHG Protocol**⁴. Based on the calculations from each portfolio company, ARCHIMED ensures that financed emissions are calculated on annual basis in **strict accordance with the Partnership for Carbon Accounting Financials (PCAF)** standard⁵. This framework provides a set of detailed rules and methodologies for calculating emissions based on asset type. In the case of ARCHIMED, the applicable methodology corresponds to unlisted equity investments. The core principle involves attributing a portion of each portfolio company's carbon footprint to reflect the emissions associated with ARCHIMED's investment activity. To calculate ARCHIMED's financed emissions, an **attribution factor** is applied to each asset's carbon footprint which represents the proportion of emissions attributable to ARCHIMED based on the current value of the investment divided by the company's total enterprise value. While the type and quality of carbon footprint data may evolve each year for certain portfolio companies, the overall approach remains consistent, ensuring comparability across years.

6.2 Target Setting and Decarbonization Pathways

Following the calculation of a carbon footprint baseline, ARCHIMED supports portfolio companies to identify material sources of emission reduction actions and to **define realistic reduction pathways consistent with recognized science-based methodologies**.

⁴ <https://ghgprotocol.org/>

⁵ <https://carbonaccountingfinancials.com/about>

ARCHIMED's approach includes:

- Setting portfolio reduction targets over the medium and long-term.
- Encouraging companies to adopt operational energy efficiency measures.
- Supporting transitions to renewable and low-carbon energy sources.
- Promoting innovation in products, services, and processes that contribute to decarbonization.

In 2024, ARCHIMED enhanced its approach to decarbonization by aligning with the **Private Market Decarbonization Roadmap (PMDR)**⁶ which provides a standardized framework for private equity firms to disclose where portfolios companies are on their journey to decarbonizing their business activities and operations. PMDR serves as a comprehensive guide to assess and communicate the decarbonization status of portfolio companies. It emphasizes the importance of measuring GHG emissions, setting clear reduction targets, and implementing actionable strategies to achieve decarbonization goals across funds.

6.3 Continuous Improvement and Engagement

At ARCHIMED, we recognize that decarbonization is a dynamic process and that **each company requires a tailored approach** which is unique to the business activities and operations of each portfolio company. Over the coming years, ARCHIMED will continue to encourage decarbonization actions by:

- Engaging with senior management teams of portfolio companies to integrate climate considerations into business strategies.
- Providing expert guidance, tools, and best practices to accelerate emission reductions toward decarbonization goals.
- Monitoring progress through regular touch points, annual reporting and industry benchmarking.

7. Approval

This policy has been approved by ARCHIMED's Management Committee and came into effect on 11/12/2025.

⁶ <https://www.bain.com/how-we-help/private-markets-decarbonization-roadmap/>