



# Sustainability & ESG Report

2023

HealthCap

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# This is HealthCap

**HealthCap was founded in 1996 and is a leading life science investor and company creator investing globally in life sciences.**

HealthCap is a leading venture capital firm investing exclusively in life sciences. Our investment objective is to achieve significant capital appreciation by focusing on the development of breakthrough therapies for diseases with significant unmet medical need.

Our motivation is to find innovative ideas and invest in people and companies that could impact healthcare and society, leveraging our team's expertise in R&D and company building to bridge early research to drug development. Our core investment strategy is centered around precision medicine-based pharmaceuticals for diseases where there is a significant unmet need, and where there is potential to make a meaningful difference to patients and society.

HealthCap is Europe-focused but also looks for opportunities in North America and only invests in companies where we can play an instrumental role in influencing the company's development, financing and governance strategy with the end goal of developing therapies that may not have reached patients without our support. Not seldom, HealthCap team members take up key operational roles in portfolio companies to see these goals through.



More than 5 million patients have received treatment through our portfolio companies, enhancing their quality of life. This achievement contributes to Sustainable Development Goal (SDG) 3, which aims to ensure healthy lives and promote well-being for all at all ages. In addition, our portfolio boasts an impressive array of approved products, including 34 pharmaceutical and more than 75 healthtech products. These innovations span various therapeutic areas, showcasing our dedication to supporting diverse and cutting-edge healthcare solutions, further contributing to SDG 3.

We are also proud to have played a role in the creation of approximately 50,000 jobs, both directly and indirectly. This accomplishment highlights our contribution to economic growth and innovation within the healthcare industry, in line with SDG 9, which focuses on building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation.

Since inception, HealthCap has actively worked to foster the life science ecosystem both locally and globally. For example, HealthCap is a

founding member of the industry initiatives SwedenBIO and Forska!Sverige, and an active member of Invest Europe. We are also members ESG Knowledge Project, led by Impact House by Grant Thornton Netherlands.

HealthCap remains steadfast in our mission to support companies that are not only financially successful but also contribute positively to society. Through our continued focus on sustainable companies, we strive to create lasting value for all stakeholders.



# HealthCap key data

**1996**

Operational since

**24**

Team members

**8**

MD/PhDs in the team

**128**

Funded companies

**>5 000 000**

Patients treated

**>50 000**

Direct and indirect jobs  
created

**34**

Approved drugs

**>1.5 bn**

Euros raised  
across nine funds

**>75**

Approved Healthtech  
products

**102**

exits

**47**

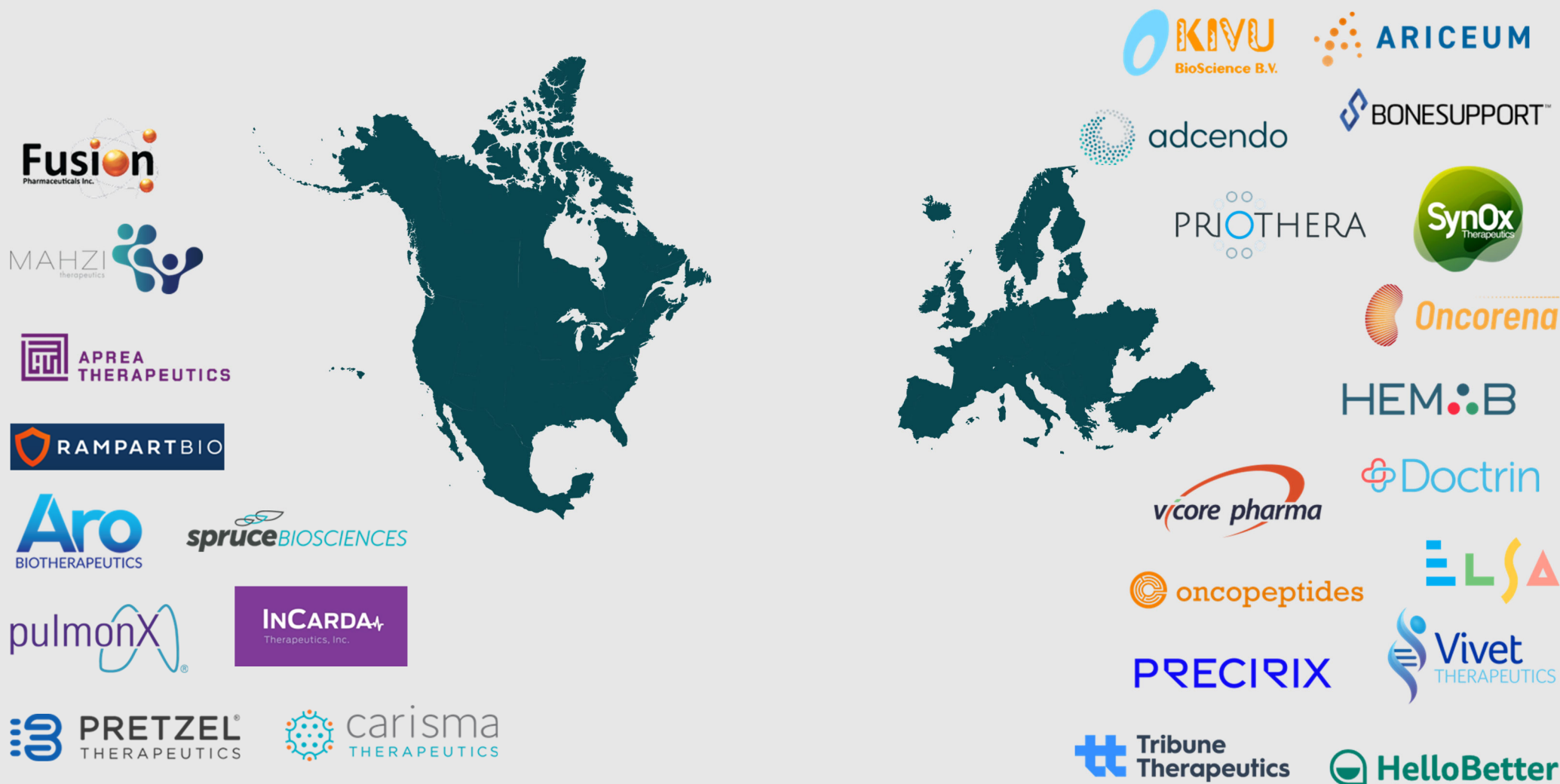
IPOs

**14**

Unicorns created



# Investments in North America and Europe





# Our philosophy

HealthCap has a storied history of making investments that have significantly shaped the landscape of the life sciences and healthcare sectors as well as making a big societal impact. Since its inception in the early 1990s, the firm has played a pivotal role in supporting companies that have brought revolutionary medical advancements to market, thereby improving patient care and health outcomes globally.

HealthCap's philosophy centers on pioneering advancements in healthcare by strategically investing in transformative medical technologies. This approach aligns seamlessly with Sustainable Development Goal (SDG) 3, which aims to ensure healthy lives and promote well-being for all.

One of the hallmarks of HealthCap's historical impact is its strategic investment in the field of precision oncology. Precision oncology tailors therapies to the unique genetic, environmental, and lifestyle factors of each patient's cancer, markedly improving efficacy and minimizing side effects and goes well in line with SDG 3.

One of the most promising innovations in precision oncology is the development of targeted radiopharmaceuticals. These advanced treatments merge radioactive substances with cancer-targeting



molecules, providing a dual-action strategy that precisely locates and treats tumors while sparing healthy tissue. This precision not only enhances treatment outcomes but also significantly reduces adverse effects compared to conventional therapies. Radiopharmaceuticals offer hope even for patients with advanced and metastatic cancers, presenting new treatment options where few existed before.

HealthCap has been a pioneer in radiopharmaceutical investments. Notably, HealthCap invested in Algeta, a Norwegian company that developed Xofigo, the first approved alpha-emitting radiopharmaceutical for metastatic prostate cancer. This breakthrough led to Algeta's acquisition by Bayer Pharmaceuticals for \$2.9 billion. Building on this success, HealthCap invested early in Fusion Pharmaceuticals to develop next-generation radiopharmaceuticals. Fusion's innovative approach led to its acquisition by Astra-Zeneca for \$2.4 billion fol-

lowing promising phase II data. HealthCap's current investments in the field extend to Precirix and Ariceum, both advancing clinical-stage radiopharmaceuticals.

HealthCap's investment philosophy emphasizes long-term growth and sustainability, resulting in several portfolio companies achieving successful initial public offerings (IPOs). This focus aligns with SDG 9, particularly target 9.5, which aims to enhance scientific research and innovation. HealthCap's impact transcends financial success, driving significant advancements in medical science and patient care. By identifying and nurturing companies that address unmet medical needs, HealthCap has consistently con-

tributed to developing therapies and technologies that save lives and enhance quality of life.

Moreover, HealthCap fosters a culture of collaboration and innovation within the life sciences community. By sponsoring and participating in industry conferences and events, HealthCap facilitates the exchange of knowledge and ideas, accelerating progress in healthcare.

In summary, HealthCap's historical impact through its strategic investments reflects its vision and expertise in life sciences. The firm's support of pioneering companies has not only yielded substantial financial returns but also led to the creation of transformative medical treatments and technologies. Through its unwaver-

ing commitment to innovation and patient care, HealthCap continues to drive advancements in global health outcomes.



*Signatory of:*





# Our impact

At HealthCap, our mission extends beyond financial returns; we strive to be responsible investors who contribute to a sustainable and equitable future. This commitment is embodied in our focus on the impact our investments has on society. By integrating these principles into our investment strategy, we aim to support innovative companies that address critical global challenges while delivering strong financial performance.

HealthCap's impact extends beyond the immediate investments in the life sciences sector, contributing significantly to broader societal benefits. This impact can be seen in several key areas.

## **Advancing medical research and innovation**

HealthCap's investments fuel groundbreaking medical research and innovation. By providing capital to companies working on cutting-edge therapies and medical technologies, HealthCap accelerates the development of treatments for a wide range of diseases. This not only improves patient outcomes but also enhances the overall body of medical knowledge, paving the way for future discoveries.

## **Enhancing public health**

Through our support of innovative healthcare solutions, HealthCap contributes to the improvement of public health on a global scale.

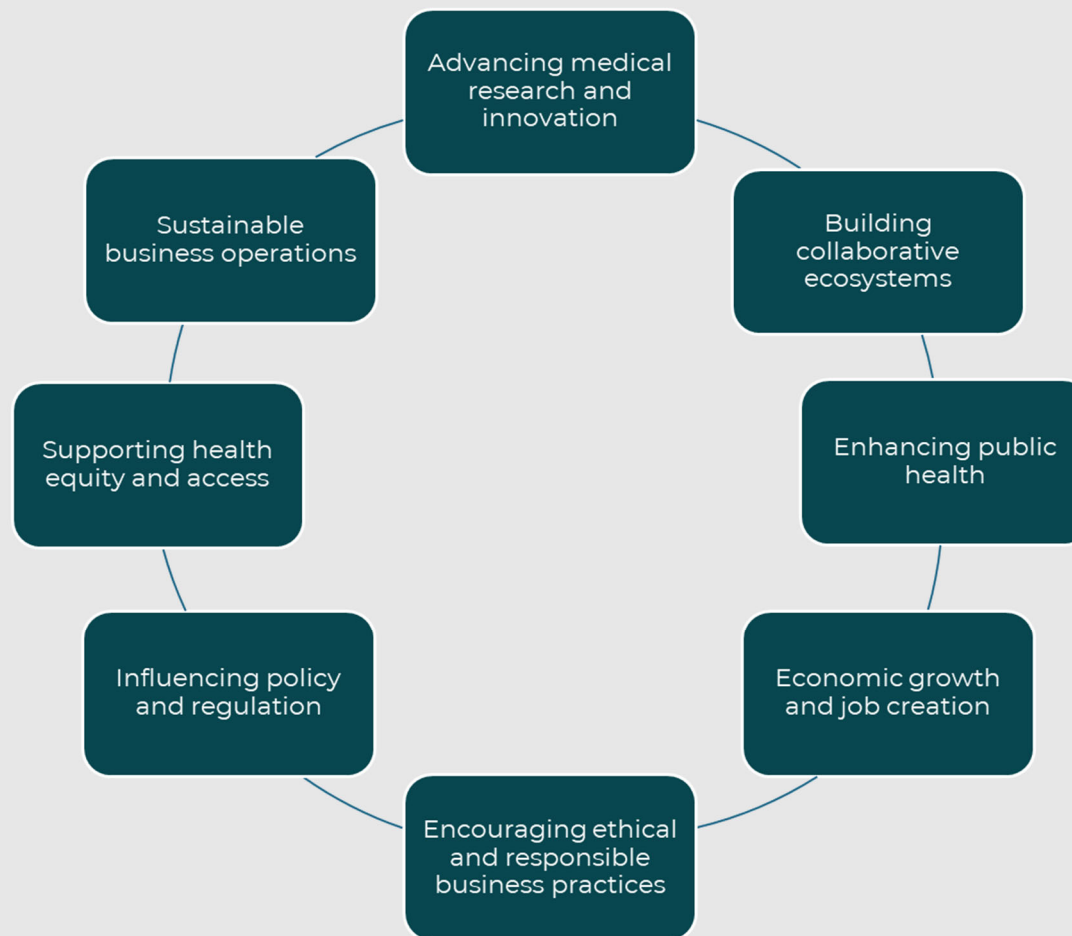


The therapies and medical devices developed by its portfolio companies often address unmet medical needs, providing new treatment options for patients who previously had limited or no alternatives. This leads to better health outcomes, increased life expectancy, and improved quality of life for millions of people worldwide.

### **Economic growth and job creation**

HealthCap's investments stimulate economic growth by fostering the development of new companies and industries within the life sciences sector.

These companies not only generate economic value through their innovations but also create high-quality jobs, driving employment and economic development in the regions where they operate. This economic activity has a multiplier effect, benefiting suppliers, service providers, and local communities.



### **Encouraging ethical and responsible business practices**

HealthCap's commitment to strong corporate governance and ethical business practices sets a standard for the life sciences industry. By ensuring that its portfolio companies adhere to

high standards of integrity, transparency, and accountability, HealthCap fosters a culture of trust and responsibility. This not only enhances the reputation of the companies it invests in but also builds public confidence in the life sciences sector as a whole.

### **Supporting health equity and access**

HealthCap's investments often focus on areas with high unmet medical needs, including rare diseases and conditions that disproportionately affect underserved populations. By supporting the development of affordable and accessible

healthcare solutions, HealthCap helps bridge gaps in health equity. This ensures that more people have access to life-saving treatments and medical innovations.

### **Building collaborative ecosystems**

HealthCap actively engages in building collabora-

rative ecosystems within the life sciences community. By sponsoring and participating in industry conferences, workshops, and seminars, HealthCap facilitates knowledge-sharing and collaboration among researchers, entrepreneurs, investors, and healthcare professionals. This collaborative approach accelerates innovation and enhances the collective ability to address complex health challenges.

### **Influencing policy and regulation**

HealthCap's leadership and advocacy efforts extend to influencing healthcare policy and regulation. By engaging with policymakers, industry groups, and regulatory bodies, HealthCap helps shape a regulatory environment that supports innovation while ensuring patient safety and ethical standards. This advocacy work contributes to the creation of a more supportive and balanced regulatory framework for the life sciences industry.

### **Sustainable business operations**

Sustainability is a cornerstone of our investment philosophy. We recognize that the long-term success of our investments is closely linked to their social and environmental im-

pacts. By prioritizing sustainability, we can identify companies that are not only financially robust but also capable of contributing to a healthier society.

Our approach to sustainability involves evaluating both positive and negative impacts of potential investments. We aim to establish clear impact goals for each investment, aligned with broader societal challenges. For instance, in the life sciences sector, our impact goals typically focuses on advancing medical research. To ensure our investments deliver on their impact promises, we aim to track key impact indicators and regularly report on progress.

Being a responsible investor comes with its challenges. Balancing financial returns with sustainability and impact goals can be complex, requiring careful evaluation and decision-making. Additionally, the evolving nature of sustainability standards and impact measurement frameworks necessitates continuous learning and adaptation.

However, these challenges also present opportunities. By integrating sustainability into our investment strategy, we believe we can identify emerging market trends and invest in pioneer-

ing companies that are shaping the future. Furthermore, our commitment to responsible investing enhances our reputation and attracts partners who share our values.

ESG criteria are essential tools in our investment decision-making process. By incorporating ESG factors, we ensure that our portfolio companies adhere to high standards of ethical conduct, social responsibility, and environmental stewardship.

At HealthCap, we are dedicated to being responsible investors who prioritize sustainable business models which have a positive impact on society. By integrating this principle into our investment process, we are able to support innovative companies that address critical global challenges while delivering strong financial performance. Through our actions, we demonstrate that financial success and positive societal impact are not mutually exclusive but mutually reinforcing.

In summary, HealthCap's impact on a broad societal level is multifaceted and far-reaching. Through its investments and strategic initiatives, HealthCap drives medical innovation, en-

hances public health, stimulates economic growth, promotes sustainability, and fosters ethical business practices. These efforts collectively contribute to a healthier, more equitable, and more sustainable society.

## ESG in the investment process

The life sciences sector is inherently linked to human health and well-being. This connection underscores the importance of integrating ESG considerations into our investment strategy. By focusing on ESG, we ensure that the companies we invest in adhere to high standards of environmental sustainability, social responsibility, and governance integrity. This alignment is essential not only for regulatory compliance but also for advancing public health outcomes and fostering trust among stakeholders.

We are committed to continuous improvement and will regularly update our stakeholders on our progress, demonstrating our dedication to ESG principles and our role in

fostering a healthier, more sustainable world. Incorporating ESG criteria into our investment process offers numerous benefits, including improved risk management, enhanced long-term returns, and positive societal impact. By systematically integrating and assessing ESG factors, we make more informed investment decisions and drive sustainable growth within the life sciences sector. This approach aligns with global sustainability goals and fosters innovation and ethical practices, ultimately contributing to a healthier and more equitable world.

Beyond ESG metrics, HealthCap's broader societal impact is evident in its role as a catalyst for medical innovation and economic growth. By funding groundbreaking research and supporting startups, HealthCap acceler-

ates the development of new therapies and technologies that save lives and improve quality of life. This not only advances public health but also drives job creation and economic development, contributing to the prosperity of local communities and the global economy.

In summary, while ESG principles provide a crucial foundation for HealthCap's investment strategy, the firm's broader impact encompasses significant contributions to environmental sustainability, social equity, ethical governance, and overall societal well-being. This holistic approach ensures that HealthCap not only meets but exceeds ESG standards, driving meaningful and lasting change in the healthcare sector and beyond.



## INITIAL SCREENING

HealthCap's investment process begins with screening of potential investments, identifying companies that will make a positive impact on society. For example, treatments for underserved conditions or demonstrating strong patient-centric approaches are particularly attractive.



## DUE DILIGENCE.

During the due diligence, an in-depth analysis of its ESG policies and practices is conducted. Factors are evaluated using the *HealthCap ESG Due Diligence Check List*, which contains questions specifically selected for companies in the life sciences sectors. If specific shortcomings are identified, these will be addressed with the company.



## INVESTMENT DECISION.

The insights gained from our assessment are integrated into our investment decision-making process. We assign ESG scores to potential investments based on our findings. These scores are considered alongside financial metrics to ensure a balanced evaluation to ensure that our investments are both ethically sound and economically viable.



## HOLDING PERIOD.

Our commitment to ESG does not end with the investment decision. HealthCap continuously monitor the ESG performance of our portfolio companies, regularly conducting surveys and updating ESG scores based on new information or changes in practices. Active engagement with portfolio companies is a key part of our strategy.



## EXIT.

Integrating ESG considerations into the exit strategy enhances both financial returns and societal impact by highlighting strong performance and ensuring transparent reporting. As a part of the exit strategy HealthCap aims to pass the company on to other impactful owners, thereby continuing the positive impact of the company.



# Our sustainability progress under 2023

**As HealthCap continues to grow and evolve, the integration of ESG principles will become a cornerstone of our approach. While we are well-established in creating impactful investments in the life sciences sector, our commitment to structured ESG practices is a relatively recent development.**

HealthCap is making significant strides in integrating ESG considerations into our strategies. Through our investments, HealthCap achieves a significant societal impact and contributes to the Sustainable Development Goals (SDGs) set out by the United Nations and are signatories of UN PRI. Specifically, our portfolio companies contribute to SDG 3: To ensure health and well-being for all, and SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

HealthCap has recently embarked on several key initiatives to strengthen our commitment. This report is our first step in documenting and sharing our progress in integrating ESG principles into our operations. As our inaugural ESG report, it signifies an important milestone in our journey toward sustainability and responsible investment.

At HealthCap, we understand the importance of incorporating ESG considerations into our processes. Meeting regulatory requirements and investor expectations is crucial, but more importantly, we believe that sustainable practices are essential for long-term success and positive societal contributions. We are actively working on refining our ESG strategies through collaboration with our investors and adherence to regulatory guidelines. This report serves as a foundation for our ongoing efforts, and we aim to build and improve upon it in the coming years. Our objective is to create a transparent and accountable approach to ESG integration, ensuring that our investments align with our values and contribute to a sustainable future.

### **Establishment of an ESG steering group**

To ensure dedicated focus and governance, HealthCap has established an ESG steering group, led by managing partner Dr Steen.

### **SFDR compliance**

HealthCap aligns with the Sustainable Finance Disclosure Regulation (SFDR).

### **First sustainability report**

HealthCap has written its inaugural sustainabil-

ity report, detailing the efforts and progress made in the ESG domain.

### **Updated ESG survey**

Restructured and expanded the annual ESG survey which is sent out to portfolio companies.

### **Updated ESG policy**

HealthCap works actively on updating our ESG policy, the policy integrates considerations throughout the investment lifecycle. Through the policy, HealthCap aims to act as a responsible owner, promoting ethical standards, gender equality, and compliance with relevant laws.

### **Joined international ESG Knowledge Project**

The initiative includes more than 20 European venture capital groups with the aim to coordinate and collaborate in ESG questions.

While HealthCap has a long-standing tradition of creating positive societal and health impact through our investments, the structured approaches to ESG are all part of HealthCap's effort to embed ESG principles more deeply into its core operations and investment philosophy.

## **Our ambitions**

### **Accelerate positive health impact**

Identify new investments that contribute positive to health impact.

Collaborate with portfolio companies to evaluate, measure, and enhance positive health outcomes.

### **Manage ESG risks and opportunities**

Ensure the effective management and reduction of ESG risks during investment and ownership

Identify opportunities for value creation on significant ESG topics during the investment and ownership periods.

### **Improve transparency and reporting**

Develop a routine to valuate performance and progress on key health impacts and ESG dimensions throughout our ownership period.





# Sustainability in our portfolio

HealthCap's approach to Environmental, Social, and Governance (ESG) is rooted in the belief that strong governance, social responsibility, and environmental stewardship are not just ethical imperatives but also critical drivers of financial performance.

This report reflects our commitment to integrating ESG considerations into our investment processes and portfolio management. By evaluating the environmental, social, and governance practices of our portfolio companies, we aim to drive positive change and ensure that our investments align with broader societal and environmental goals.

Further, this report provides a comprehensive overview of how our portfolio companies are addressing key ESG issues. We are proud of the strides our portfolio companies have made in advancing ESG principles and are committed to supporting them in their continuous improvement.

As a part of our sustainability work we have conducted an annual web-based survey containing 50 questions that relate to the ESG work within our portfolio companies. This is the first year we have

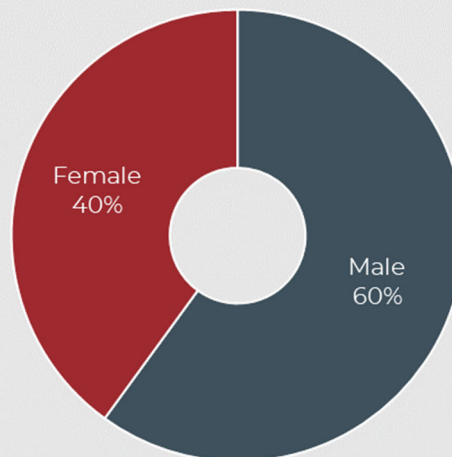
collected specific ESG data for the purpose of this report. We intend to improve the quality of the data as well as compare data year on year to identify trends.

## Governance

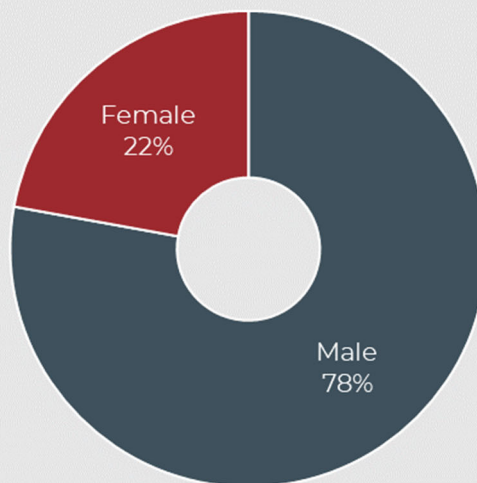
HealthCap has established a Good Governance Policy which will be used to evaluate and promote good governance in the portfolio companies. The policy covers composition, accountability, transparency, and rules and procedures in the governance of the companies. In terms of current governance practices, 16 out of 22 companies report that their board chairperson is independent, underscoring a commitment to balanced and impartial oversight. Additionally, 16 out of 22 companies actively promote diversity and inclusion through the implementation of policies and specific activities. These initiatives highlight our portfolio's proactive approach to creating an inclusive and equitable environment, which is fundamental to sustainable growth and innovation.

Our portfolio companies demonstrate strong governance structures, with all but one having established a remuneration committee, policy, or framework to ensure fair and transparent

Gender distribution in management/leadership team



Gender distribution in portfolio boards



compensation practices. This commitment to structured remuneration governance aligns with our principles of accountability and equitable management. Furthermore, a majority of the companies, 16 out of 22, have an audit committee in place. These committees play a crucial role in maintaining financial integrity and oversight, reinforcing our dedication to robust governance and ethical business practices across our portfolio. This is also emphasized in HealthCap's Good Governance Policy for its investments.

## Diversity

Gender equality is crucial in the portfolio companies as it fosters a more inclusive, diverse, and innovative workplace. When companies prioritize gender equality, they tap into a broader range of perspectives, skills, and experiences, leading to more creative problem-solving and decision-making processes. Equitable work environments enhance employee satisfaction and retention, as individuals feel valued and respected regardless of their gender. Moreover, gender-diverse teams are proven to perform better financially and are more adept at understanding and meeting the needs of a diverse

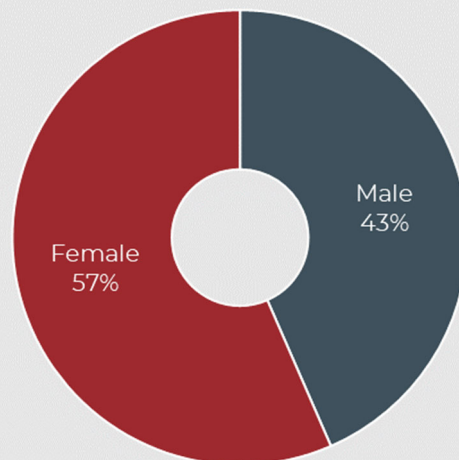


customer base. By championing gender equality, the portfolio companies not only promote social justice but also drive business success and sustainability, positioning themselves as forward-thinking leaders in their industries. Our portfolio companies are committed to fostering diversity and promoting inclusive governance. Among the 160 individuals in management, 64 are women, reflecting our dedication to gender diversity in leadership roles. On the boards, there are 149 members in total, with 33 being women, demonstrating ongoing efforts to ensure female representation at the highest levels of decision-making.

## Ethics

Ensuring the highest ethical standards in clinical trials is a cornerstone of our commitment to responsible investing. The current portfolio encompasses total 25 ongoing clinical trials, whereof 10 were started during the last year. All relevant portfolio companies have confirmed that the design and conduct of their clinical trials adhere to the appropriate ethical standards, ensuring the safety, rights, and well-being of participants. Furthermore, applicable portfolio companies have verified that the origin of tis-

Gender distribution among current employees in portfolio



sue and/or cells used for therapeutic purposes complies with all relevant regulatory requirements. This adherence not only meets legal obligations but also aligns with our dedication to maintaining the integrity and ethical responsibility of our investments in advancing healthcare solutions.

Our dedication to regulatory compliance is unwavering. We can confirm that 100% of our portfolio companies have obtained the necessary approvals from relevant regulatory authorities before proceeding with any animal testing. This rigorous adherence to regulatory require-

ments underscores our commitment to ethical practices and reinforces the integrity of our investment processes.

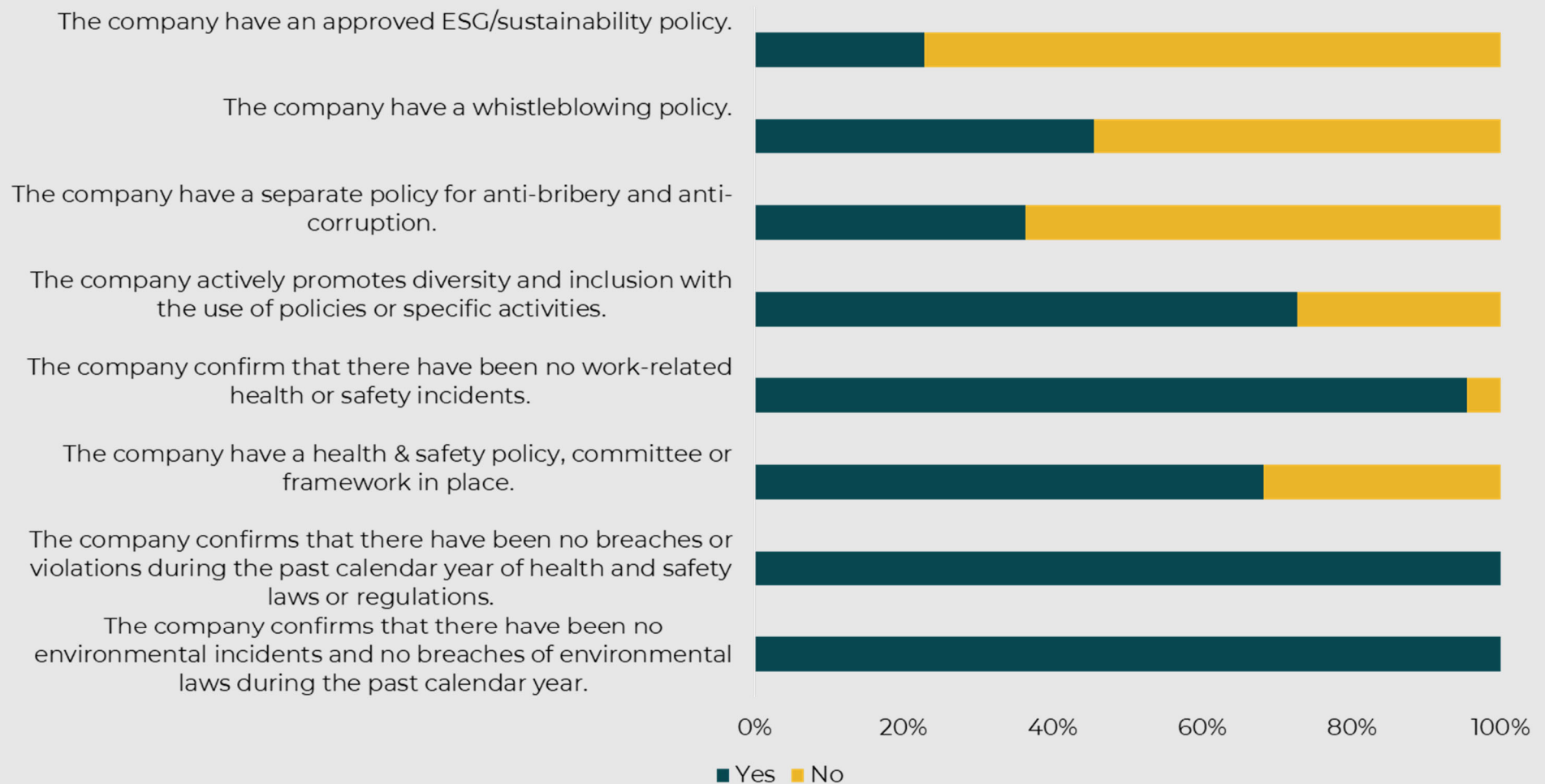
We are committed to ensuring that all animal testing conducted by our portfolio companies adheres to the highest industry standards. Each company within our portfolio has performed animal testing in collaboration with reputable academic institutions and Contract Research Organizations (CROs). This partnership ensures that the methodologies used are ethical, scientifically sound, and aligned with the latest advancements in the field.

Our commitment to environmental stewardship is exemplified by the outstanding performance of our portfolio companies. In the past calendar year, 100% of our portfolio companies have confirmed that there has been no hazardous contamination or unlawful exposure to drug products and/or drug product ingredients. This reflects their adherence to stringent safety protocols and dedication to maintaining a safe and compliant operational environment.

Moreover, all of the companies in our portfolio have reported no environmental incidents during the same period. This high level of compli-



## Portfolio ESG key performance indicators



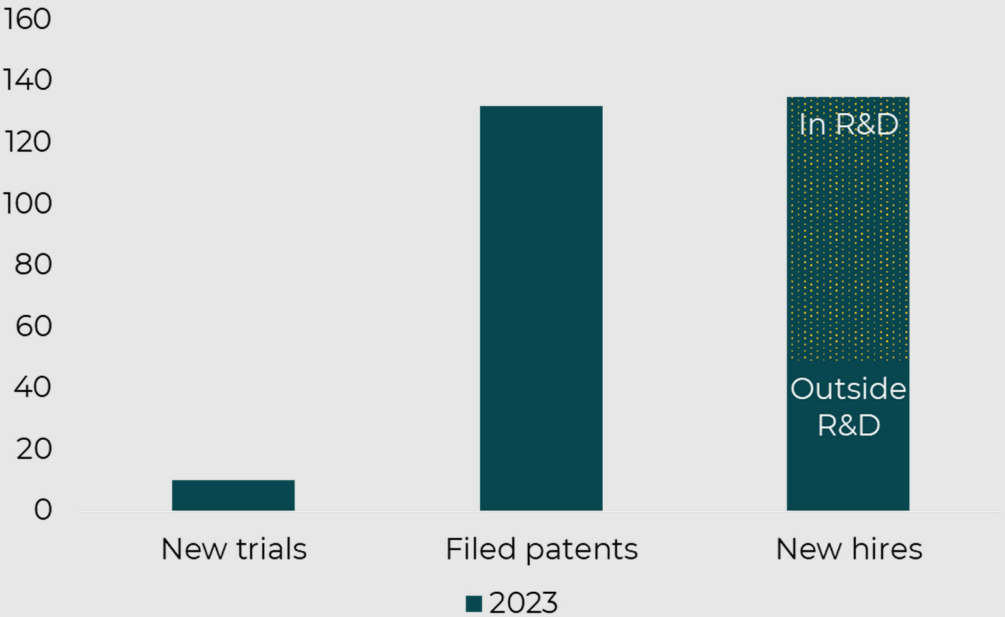
ance underscores the environmental management systems in place and the companies' proactive approaches to preventing environmental harm. These efforts demonstrate our portfolio's alignment with best practices in environmental responsibility, reinforcing our commitment to sustainable and ethical investment.

During 2023, the portfolio companies collectively invested a substantial amount in research and development, reaching a total of EUR 346.6 million. This significant investment underscores the commitment of these companies to innovation and continuous improvement. By allocating these resources to R&D, they aim to enhance their product offerings, improve operational efficiencies, and maintain a competitive edge in their respective markets. This financial dedication is mirrored in their hiring practices, with a strong focus on bolstering their research and development teams. Out of 135 new hires across these companies, 86 were specifically recruited for R&D roles. This strategic move

highlights the importance placed on cultivating a talented workforce dedicated to advancing technological innovations and sustaining growth through cutting-edge research and development initiatives.

the patent activities of its investees, ensuring robust intellectual property (IP) management that aligns with ESG principles. By securing patents for innovative treatments and therapies, portfolio companies can bring novel solutions that address critical health issues, particularly for underserved populations, to market.

Key progress in the portfolio



Patents are an important component of HealthCap's investment strategy and mission to address unmet medical needs and improve health equity, underpinning the innovation and competitive advantage of its portfolio companies. HealthCap actively monitors and supports



# Portfolio company highlights

**HealthCap is committed to acting as a responsible investor and believes that Environment, Social, and Governance (ESG) issues can affect the performance of its investments.**

HealthCap's portfolio reflects a deep commitment to social impact. Many of the companies we invest in are at the forefront of developing therapies for rare and underserved conditions, directly improving patient outcomes and public health. By supporting innovations that address critical health challenges, HealthCap ensures that its investments have a positive societal impact, enhancing overall health standards and accessibility to groundbreaking treatments.

At HealthCap, we ensure that our portfolio companies adhere to high standards of governance. This includes aiming at having diverse and experienced boards, transparent reporting practices, and ethical business operations. Our active involvement in the portfolio companies, including board seats and strategic guidance, ensures that these companies operate with accountability and integrity. This level of engagement guarantees that the companies not only achieve their financial goals but also uphold the values of good corporate citizenship and ethical conduct.

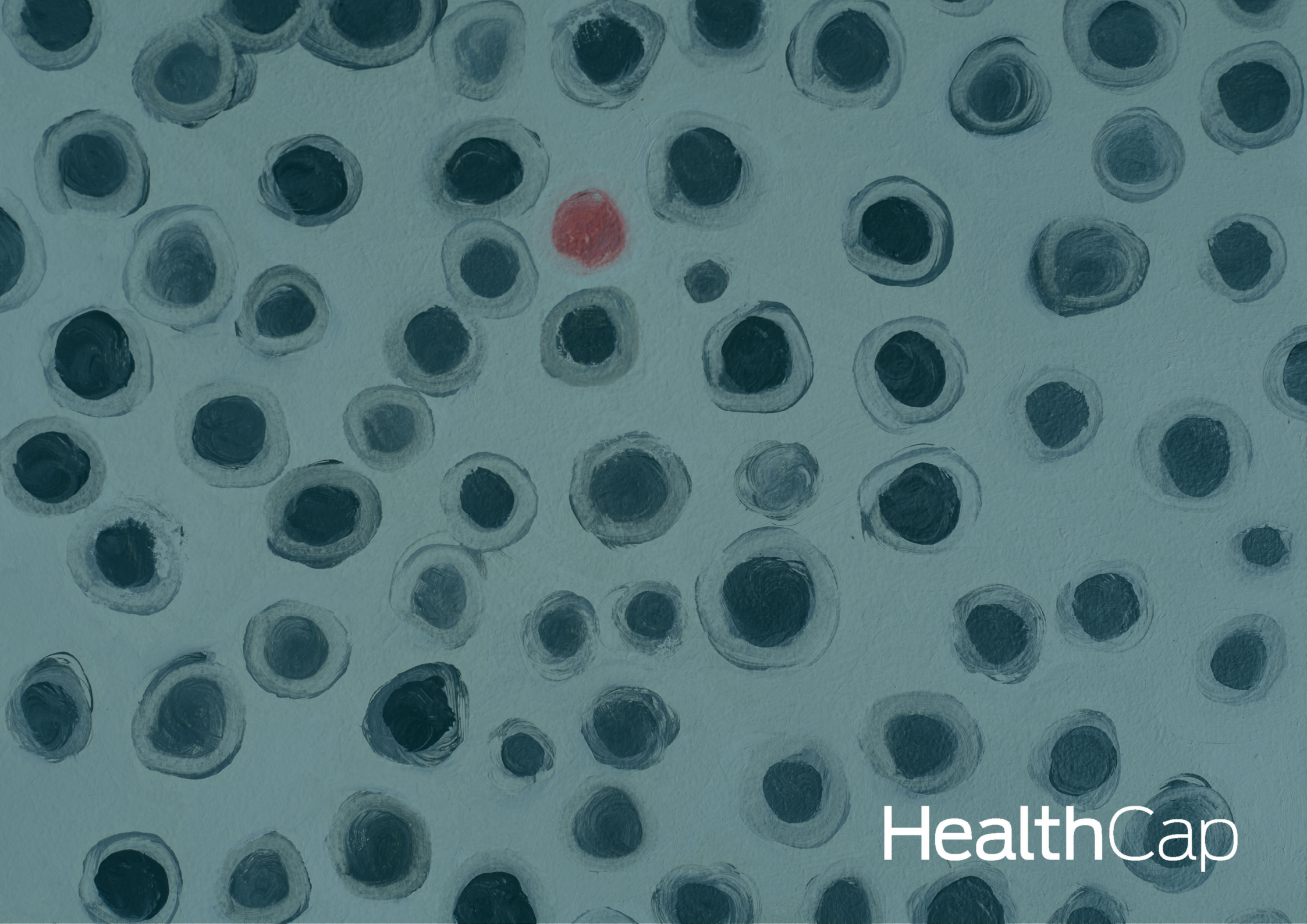


HealthCap's investment strategy is closely aligned with a high focus on societal impact. We focus on diseases with high unmet medical needs and invest in companies that develop transformative therapies. By fostering companies that aim to bring significant medical advancements to market, HealthCap contributes to substantial social benefits, such as improving global health standards and accessibility to advanced medical treatments. This approach not

only drives financial returns but also ensures that investments have a positive, measurable impact on society and the environment.

Overall, HealthCap's portfolio embodies the principles of ESG by integrating environmental sustainability, social responsibility, and strong governance into our investment strategy. By supporting companies that address critical healthcare challenges and promote sustainable practices, HealthCap not only achieves signifi-

cant financial returns but also drives meaningful societal impact. This balanced approach ensures long-term value creation for all stakeholders, reinforcing HealthCap's position as a leader in responsible investing within the life sciences sector. Our comprehensive strategy demonstrates that it is possible to achieve robust financial performance while simultaneously contributing to the well-being of society.



HealthCap