



SUSTAINABILITY-RELATED WEBSITE DISCLOSURE FOR FINANCIAL PRODUCTS

As referred to in Article 8(1) of Regulation (EU) 2019/2088

Product name:

HealthCap IX

Legal entity identifiers:

HealthCap IX D AB; 6367004U4F9AF7KADT81

HealthCap IX E AB; 636700F20HUDZBCVKG78

September 2024

(a) Summary

HealthCap IX (“the Fund”) promotes environmental and/or social characteristics but does not have as its objective a sustainable investment. It integrates sustainability risks into the investment decision-making process and seeks to invest in assets that contribute to social objectives while ensuring that companies follow good governance practices.

(b) No Sustainable Investment Objective

The Fund does not have a sustainable investment objective as defined in Article 9 of Regulation (EU) 2019/2088. Instead, it promotes environmental and/or social characteristics as part of its overall investment strategy.

(c) Social Characteristics of the Fund

The Fund is committed to advancing sustainable and responsible investment practices, covering a range of areas such as the establishment of strong governance frameworks and ethical business practices.

- Establishment of strong governance frameworks: The Fund will evaluate potential investments as well as current portfolio companies using the established Good Governance Policy. This policy will be used to promote good governance in portfolio companies. The policy covers composition, accountability, transparency, and rules and procedures in the governance of the companies. The Fund promotes the adoption of governance policies that emphasize board independence, proper oversight, and responsible management. By fostering strong governance frameworks, the Fund seeks to enhance corporate responsibility, reduce risks, and support long-term value creation for both companies and their stakeholders.

- Ethical business practices: The Fund places great emphasis on ethical business practices and encourages its portfolio companies to uphold the highest standards of integrity and accountability. This includes fostering transparency, preventing corruption, and ensuring fair business dealings. The Fund supports the adoption of ethical codes of conduct and promotes compliance with applicable laws and regulations, and actively encourages its portfolio companies to engage in responsible business practices, ensuring fairness, honesty, and respect for stakeholders.
- Adherence to labor laws: The Fund places significant importance on adherence to labor laws and encourages its portfolio companies to comply fully with all applicable regulations. This includes respecting workers' rights, ensuring fair treatment, and providing appropriate working hours and conditions. The Fund promotes the implementation of practices that support equitable employment terms, including fair wages, and freedom from discrimination. By supporting strong compliance with labor laws, the Fund fosters a commitment to protecting workers' dignity and well-being, while contributing to a positive, sustainable work environment in alignment with local and international labor standards.
- Social characteristics: Promotion of diversity and inclusion, The Fund places significant importance on addressing social characteristics within its investment strategy. The Fund encourages its portfolio companies to consider and respond to the social factors that impact operations, including diversity, equity, and inclusion. The Fund promotes the implementation of practices that advance equal opportunities and foster an inclusive workplace. By prioritizing social characteristics, the Fund supports the creation of environments that respect human rights, reduce inequalities, and promote social cohesion, ensuring long-term sustainability in line with relevant local and international standards.

Specifically, the Fund promotes the UN Sustainable Development Goals (“SDG”) by contributing to the SDG 3 (Good Health and Well-being) and SDG 9 (Industry, Innovation, and Infrastructure) by partially investing in companies contributing to such goals.

(d) Investment Strategy

The life sciences sector is closely connected to human health and well-being, making the integration of environmental, social, and governance (ESG) considerations crucial to our investment strategy. By prioritizing such aspects, we ensure that the companies we invest in uphold high standards of environmental sustainability, social responsibility, and strong governance. This focus is vital not only for meeting regulatory requirements but also for improving public health outcomes and building trust with stakeholders. The investment strategy incorporates the promotion of this framework through:

- Initial screening: The investment process commences with a thorough screening of potential investments, focusing on identifying companies that have the capacity to generate a positive societal impact. Investments that target treatments for underserved medical conditions or exhibit a strong patient-centric approach are of particular interest. The screened companies will be evaluated using HealthCap’s Health Impact Scorecard.
- Due diligence: During the due diligence process, a comprehensive analysis of a company's ESG policies and practices is conducted. Relevant factors are assessed using the Fund's ESG Due Diligence Checklist, which is specifically tailored to companies within the life sciences sector. In instances where specific deficiencies are identified, these issues will be addressed directly with the company.
- Investment decision: The insights derived from our assessment are incorporated into the investment decision-making process. ESG

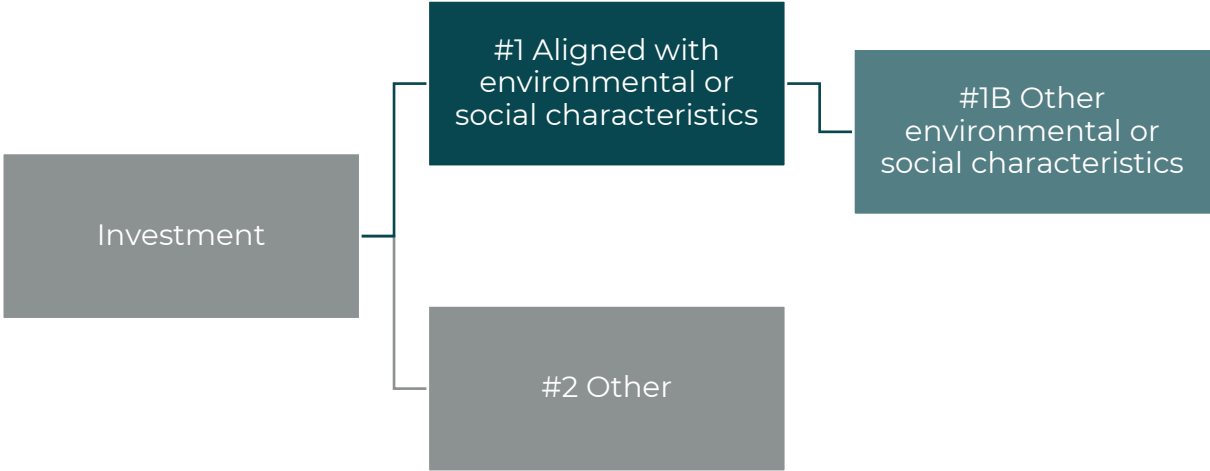
scores are assigned to prospective investments based on the evaluation findings, and these scores are considered alongside financial metrics to ensure a comprehensive and balanced evaluation. This approach ensures that our investments are not only ethically responsible but also economically viable.

- **Holding period:** The Fund actively monitors the ESG performance of the portfolio companies, regularly conducting assessments and updating ESG scores in response to new information or changes in practices. Ongoing engagement with portfolio companies is an integral component of our strategy, ensuring continuous improvement and alignment with our ESG objectives.
- **Exit:** Incorporating ESG considerations into the exit strategy enhances both financial returns and societal impact by emphasizing strong ESG performance and ensuring transparent reporting. As part of the exit process, the Fund seeks to transition ownership to similarly responsible and impact-driven investors, thereby ensuring the continuation of the company's positive contributions to society.
- **Sector Exclusions:** The Fund has developed exclusion criteria stipulating that the Fund shall not invest, guarantee, or otherwise provide financial or other support, directly or indirectly, to companies or other entities whose business activity consists of illegal economic activity, tobacco and alcoholic beverages, weapons and ammunition, casinos, and related activities, as stated in the Investment Policy.

(e) Proportion of Investments

All the investments of the Fund are intended to attain the promoted characteristics by following the investment strategy noted above including the binding elements and good governance practice. The Fund considers all investments to be in “#1 Aligned with E/S characteristics” category. As no

investments are intended to be sustainable investments, all investments are categorized as “#1B Other E/S characteristics”



(f) Monitoring of Environmental or Social Characteristics

The environmental and social characteristics promoted by the financial product are continuously monitored using a set of key performance indicators (KPIs). These KPIs may include metrics such as approved ESG and whistleblowing policies, policies against bribery and corruption, active work for diversity and inclusion, active work against safety incidents and a health and safety framework or policy in place. The KPIs are presented in HealthCap’s annual Sustainability and ESG report.

(g) Methodologies

The methodologies used to assess and measure the characteristics include:

- Quantitative Analysis: Evaluating metrics such as gender distribution and social impact scores, reported incidents and ethical frameworks in place.
- Qualitative Analysis: Assessing the governance structures, policies, and practices of investee companies.

(h) Data Sources and Processing

The data used to assess environmental and social characteristics are sourced from company disclosures, publicly available information and the outcome presented in the investment documentation.

(i) Limitations to Methodologies and Data

There may be limitations to the methodologies and data used in evaluating the environmental and social characteristics, including:

- **Data Availability:** Not all companies may disclose the necessary data for ESG analysis, leading to potential gaps.
- **Subjectivity:** The assessment of certain ESG factors may involve subjective judgment, which can vary between analysts or data providers.
- **Time Lag:** ESG data may not always be up-to-date, leading to potential discrepancies in the evaluation.

(j) Due Diligence

Due diligence is conducted on all potential investments to ensure they meet the characteristics promoted by the Fund. This process includes a thorough review of the investee company's ESG practices, risk assessments, and alignment with the product's objectives.

(k) Engagement Policies

The financial product employs active engagement policies to influence the ESG practices of investee companies. This includes:

- **Direct Engagement:** Communicating with company management to discuss ESG issues and encourage improvements. The Fund also

takes an active role in the management of the portfolio companies, thereby being able to influence the ESG practices moving forward.

- Collaborative Engagement: Working with other investors to promote better sustainability practices across industries. As an example of this, the Fund has joined a European international ESG Knowledge Project focusing on coordinating and collaborating in ESG issues.
- Voting: Exercising voting rights to support ESG resolutions at company meetings.

(I) Designated Reference Benchmark

If a specific index is designated as a reference benchmark for achieving the environmental or social characteristics promoted by the financial product, it will be identified and described here. The benchmark will be selected based on its alignment with the product's sustainability goals and will be used to measure the product's performance against its objectives.