

Ysios Capital Responsible Investment Policy

2024

Introduction to our Responsible Investment vision

At Ysios Capital Partners (Ysios) we are committed to acting in the best interests of our investors, focusing on their long-term goals. We invest in companies with a solid business concept, trustworthy management teams and a high mid-term growth potential.

The investment community is increasingly focusing on environmental, social, and governance (ESG) matters. It recognizes their importance in creating sustainable and ethical business practices. We acknowledge this significant shift and believe that prioritizing ESG factors can lead to higher long-term sustainable returns. By integrating ESG considerations into our strategies, we are able to mitigate risks while contributing to positive societal impact. We are convinced this approach results in more resilient and future-proof investments, benefiting both our investors and the broader community. As investors, we at Ysios clearly recognize the importance of ESG criteria and incorporate them into our investment strategy. In February 2015, we became a signatory of the United Nations Principles for Responsible Investment (UN PRI) initiative. Ysios has nominated a Head of ESG to monitor and promote all ESG activities.

Our definition of Responsible Investment

Our understanding of Responsible Investment is based on our definition:

'Responsible Investment (RI) is an approach in which additional financial elements – usually related to environmental, social and governance (also known as ESG) matters – shall be taken into consideration at investor management company level and in investees' activities, recognizing that investments should also consider a long-term vision in which return relies in well governed, social, environmental and economic assets.'

This definition is consistent with the United Nations Principles for Responsible Investment (PRI) to which Ysios is signatory.

Ysios Commitment on Responsible Investment (RI)

We at Ysios are convinced of the importance of integrating ESG-related measures in all our activities and we make efforts to understand how these considerations can help us generate long-term sustainable added value for our portfolio companies, our investors and ourselves.

It also means we work proactively to support awareness for material ESG issues in our investees' operations, while including RI principles in our daily agenda.

Ysios Responsible Investment Principles

To support this integration and development of our Responsible Investment philosophy and structure our commitment to this respect, Ysios has developed the following principles to serve as road map for the Ysios team and its investees.

- Principle 1 – Integrate considerations on material ESG issues in our operations.

- Principle 2 – Increase awareness of ESG considerations and disclosure among our investees.
- Principle 3 – Participate in events promoting general acceptance of ESG considerations within the life sciences investment industry.
- Principle 4 – Promote appropriate disclosure of Ysios material ESG issues.

Ysios approach to Responsible Investment

Ysios has designed the following catalogue of actions to support the integration of our Responsible Investment Principles across our operations and those from our investees.

Integrate ESG considerations in Ysios operations

- Assess future and current portfolio companies' social impact using Ysios proprietary method (Y-mpact). Review the assessment at least once per year. The Y-mpact method takes into account the sector Ysios operates (life sciences).
- Integrate considerations related to material ESG issues into Ysios' investment process by monitoring ESG issues before the investment and at least once per year at portfolio companies.
- Including ESG requirements in investment agreements with its portfolio companies.
- Include in Ysios management regulations excluded sectors (such as illegal economic activities, tobacco, distilled alcoholic beverages, weapons, among others)
- Support main initiatives in Responsible Investment as well as best practices in the life sciences sector.
- Provide training on ESG issues among our professionals.
- Promote actions to reduce Ysios carbon footprint (such as reducing number of flights, responsible consumption of energy, zero paper policy) and monitor carbon footprint and other environmental metrics.
- Adopting policies regarding conflicts of interest, anti-money laundering, cyber security, diversity and inclusion, among others.
- Actively promote diversity in the biotech and Private Equity and Venture Capital sectors. Among others, actively participate in Invest Europe diversity group, Level20 and other organizations.

Increase awareness of ESG considerations and disclosure among our investees

- Promote awareness within our investees on ESG material issues into their operations.
- Support disclosure of ESG issues by the entities in which we invest.
- Promote monitoring of material ESG issues among our investees' operations.
- Promote actions to reduce portfolio companies carbon footprint.

Acceptance and integration of ESG considerations in the life sciences sector

- Foster communication on actions carried out with respect to ESG issues to Ysios investors.

- Ysios participation in initiatives to share information and tools in terms of Responsible Investment.

Ysios disclosure on ESG material issues

- Ensure annual disclosure of information on Responsible Investment practices carried out by Ysios.

Integration of sustainability risks and opportunities and the consideration of adverse sustainability impacts

- While Ysios does not promote impact investing funds, impact is an important part of the investment analysis.
- Ysios' Investment activities have a clear positive impact on 3 of the United Nations' Sustainable Development Goals: "Good health and well-being", "Decent work and economic growth" and "Industry, innovation and infrastructure".
- At the same time, the evaluation of adverse sustainability impact is a key parameter in the due diligence process.
- Ysios uses an in house developed methodology to analyse the impact potential of current and future investments. This methodology is used in the due diligence process, investment monitoring, and after investment to measure the impact created by Ysios' funds in an iterative process.

Remuneration policies in relation to Responsible Investment

Remuneration policies at Ysios are consistent with the degree of integration of sustainability risks in the investment process. Team goals, upon which variable remunerations depend, include the accomplishment of ESG related objectives.