

**NEWTON**  
BIOCAPITAL

*Periodic disclosure for the financial products referred to in  
Article 8, paragraphs 1, 2 and 2a, of Regulation (EU)  
2019/2088 and Article 6, first paragraph, of Regulation (EU)  
2020/852*

**June 16, 2023**

*Reporting year: 2022*

***Newton BioCapital II***

*pricaf privée de droit belge sous la forme d'une société anonyme - limited liability company*

*Avenue de Tervueren 273, 1150 Woluwe-Saint-Pierre, Belgium*

*Belgian registration Nr. - N° d'entreprise: 0779.335.513*

*RPM Bruxelles*

**Product name:** Newton Biocapital II, pricaf privée de droit belge, SA (the “Fund”)  
**Legal entity identifier:** none

**Fund Manager:** Newton Biocapital II Partners SRL – (the “Manager”)

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Did this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 100% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It made <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

### To what extent were the environmental and/or social characteristics promoted by this financial product met?

*The Fund did not have as its objective a sustainable investment, nor did it commit to make any such investment. In line with the Fund’s categorization under Article 8 of Regulation (EU) 2019/2088:*

- *Through its website and its investment policies, goals and targets (companies involved in the treatment of major chronic diseases), the Fund promoted the following environmental and social characteristics: see in Annex 1, the ESG screening table.*
- *To date, the Fund has given effect to the promoted characteristics via binding ESG investment criteria for investee companies through a combination of methodologies in the investment decision-making process: exclusion policies, ESG screening and thematic investing (biopharma).*

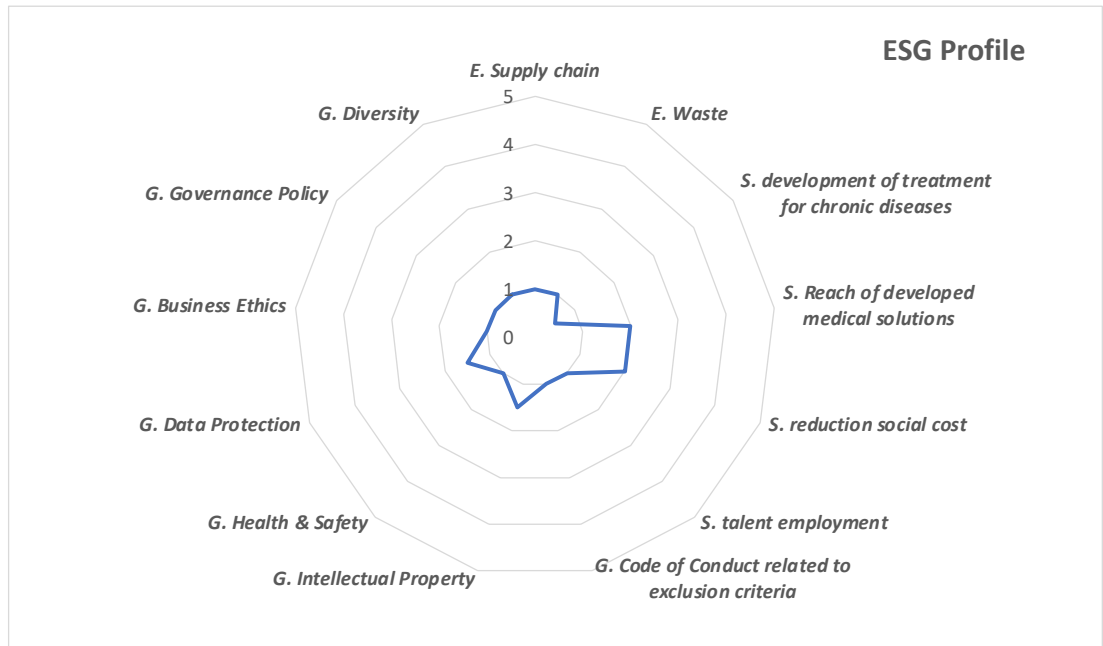
- *Those characteristics, as well as the indicators for assessing and monitoring investee companies, are outlined in greater detail in the Investment Manager's Sustainability Risk Policy, available on the Manager's website. The Fund's methodologies to assess the investee company's contribution to each of these indicators are described in [Annex 2](#).*
- *In 2022, all investee companies of the Fund have fully complied with their ESG reporting obligations by providing the required data concerning the reporting period, and the required information on all ESG indicators requested by the Fund.*
- *In 2022, all investee companies of the Fund have had a Sustainability Assessment carried out by the Manager. The Manager's investment team has engaged with the management of each investee company to assess progress against its sustainability indicators and will continue to do so during the holding period of each investment.*
- *The Fund reports that all the investments it made during the reporting period qualify as sustainable investments contributing to a social objective.*

### ● **How did the sustainability indicators perform?**

*To monitor the performance of the sustainability indicators, the Fund carried out a thorough ESG Compliance analysis of each of its investee companies by attributing a scoring to each of the sustainability indicators. For each of the sustainability indicators, the Manager has defined a set of auditable, quantitative or qualitative scorings from 0 (indicator is not implemented) to 5 (indicator is meeting the best practices as put forward by the Fund, matching with the industry's best practices). Note that these scorings are cumulative, i.e. a higher scoring assumes that also targets related to lower scorings are met. See [Annex 3](#) for reference to the scoring levels for each indicator.*

*The assessment of the ESG status and score of the investee companies resulted in an ESG Compliance Report has been audited by a professional third-party linked to the Fund's statutory auditor.*

*The figure below presents the Fund's consolidated ESG Profile at the end of the reporting year 2022, based on data reported by the investee companies and the attributed scorings. The result is a consolidated view of the 2022 performance of the Fund, at reporting date. It is the result of the performance of the Fund's two investee companies, weighted against the money invested in each company.*



The consolidated performance is intended to illustrate in follow up reports the average progress made for each sustainability indicator defined by the Fund, providing a view on the impact of the Fund through its investments on the ESG sustainability characteristics it promotes.

<b>E. Supply chain</b>	Score 1: on average, the investee companies have criteria in place but no formal protocol
<b>E. Waste management</b>	Score 1: on average, the investee companies follow std business practices related to waste management, but without formal policy in place
<b>S. Development of treatments for patients with a chronic disease</b>	Score 0,5: All investee companies are <u>fully dedicated</u> to the development of healthcare solutions to unmet medical needs of patients suffering from chronic diseases and their progress in terms of "Probability of Success" to reach their with the Fund agreed upon targets leading eventually to a drug, is on average 19,6 %. This is the average "at first investment" by the Fund in each investee company.
<b>S. Reach of developed medical solutions</b>	Score 2: All investee companies are <u>fully dedicated</u> to the development of healthcare solutions for patients suffering from chronic diseases and all have the ambition to develop treatments accessible to all eligible patients (reach). One investee company is still in a pre-clinical development phase in which no clear patient population, can be defined. Another investee company is already in a clinical Ph2b trial and is implementing in its protocols advises from regulatory bodies to maximize patient reach.
<b>S. reduction of societal costs associated with chronic diseases</b>	Score 1: All investee companies are <u>fully dedicated</u> to the development of healthcare solutions for patients suffering from chronic diseases and all have the ambition to develop treatments that reduce societal costs associated with treatment of these patients / reimbursement systems... One investee company is still in a pre-clinical development phase but has already indicated to implement advises from regulatory bodies in terms of reimbursement in its clinical protocols. Another investee company is already in a clinical Ph2b trial and has implemented a clinical development protocol that contains advises from the European reimbursement authorities.
<b>S. employment in local life science ecosystems</b>	Score 1: All investee companies are <u>fully dedicated</u> to the development of healthcare solutions for patients suffering from chronic diseases and have attracted and retained specialized talents to achieve their goals, eventually leading to greater biopharma sector employment in the Fund's target regions Europe and Japan. To achieve this, investee companies declared they follow std business practices related to HR but without formal policy in place.
<b>G. Code of Conduct related to exclusion criteria</b>	Score 1: on average, the investee companies have no internal "Code-of-Conduct" in place and declare to follow std industry practices (eg industry code of conduct guidelines)
<b>G. Intellectual Property</b>	Score 1,5: on average, the investee companies are very active in protecting their know how by filing patents and building a long-term IP strategy but need to formalize this in a written document.
<b>G. Health &amp; Safety</b>	Score 1: on average, the investee companies follow std industry practices with regard to Health & Safety measures on the work floor, including well-being at work, but have no formal policy in place
<b>G. Data Protection</b>	Score 1,5: on average, the investee companies recognize the importance of data security, certainly in relation with patient data. All follow std industry practices with regard to Data protection and Cybersecurity and policies are present or being prepared.
<b>G. Business Ethics</b>	Score 1: on average, the investee companies follows std industry practices with regard to ethical business behaviour but no formal policy is in place.

G. Governance Policy	Score 1: on average, the investee companies are legal entities with adequate Corporate Governance obligations imposed by their jurisdiction.
G. Diversity	Score 1: on average, the investee companies are taking diversity and equality seriously but are currently not planning to implement a formal policy.
G. Conflict-of-interest	Score 3: on average, the investee companies score very well on how they manage conflict of interest situations between management, board and shareholders, with as key element the Independence of decision taking by the board. The responsibilities of these three bodies of the company are clearly defined but still management is part of the Board Directors and that could lead to conflict-of-interest situations.
G. ESG reporting	Score 0,5: ESG reporting is clearly new for the investee companies that need to set up adequate internal monitoring and evaluation methodologies, as well as adequate ESG reporting tools.

● **...and compared to previous periods?**

*This report constitutes the Fund's first periodic disclosure within the meaning of Regulation (EU) 2019/2088.*

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

*While it did not have as its objective a sustainable investment, the Fund reports that, according to the Manager's assessment of the investee company's contribution to the specific social characteristics the Fund promotes, 100% of the investments made by the Fund during the reporting period qualify as sustainable investments contributing to social objectives that correspond with the social characteristics the Fund promotes.*

*In order to provide the necessary context to understand the Fund's investee companies' contribution to the social objectives (reported in the table below), the Manager thinks it is useful to remind the reader of this report about the Fund's investment strategy.*

*The Fund' mission is to invest in companies that develop healthcare solutions for unmet medical needs of patients with chronic diseases. The Fund's investment strategy is to focus on funding early-stage companies that are still in an early phase of therapy development, ranging from basic research and preclinical trails to First-In-Human clinical trials, helping them to select the indications most likely to reach Proof-of-Concept and demonstrate therapeutic efficacy in patients. In funding such early-stage companies, the Fund contributes to the development of therapeutic solutions with the potential to reduce the high societal costs associated with the care for patients with chronic diseases, and to the growth of talent employment in local life sciences ecosystems.*

<b>Investee Company</b>	<b>Social objective</b>	<b>The Investee Company's contribution to the social objective</b>
AdipoPharma	Development of treatments for patients with a chronic disease	AdipoPharma uses 100% of its resources for the development of a treatment for patients suffering from the chronic disease Type 2 Diabetes. Programs are in the pre-clinical IND enabling phase.
	Reach of developed medical solutions	Diabetes is a global chronic disease. AdipoPharma declared that it will optimize patient diversity in its clinical protocols once its development programs are entering the first clinical trial phase
	Reduction of societal costs associated with chronic diseases	Diabetes was in 2019 the direct cause of 1.5 million deaths and by 2040 it is expected that 600 million persons suffer from Type 2 Diabetes. This is associated with a huge societal cost. The company's ambition is developing better and more affordable medication, which will reduce societal cost.
	employment in local life science ecosystems	AdipoPharma is employing 2 specialized talents in France, fully dedicated to its drug development program

Cellaion	development of treatments for patients with a chronic disease	Cellaion uses 100% of its resources for the development of a treatment for patients suffering from severe advanced liver inflammatory diseases such as ACLF syndrome (Acute on Chronic Liver Failure). Programs are in Ph2b clinical trial stage.
	Reach of developed medical solutions	Cellaion has a clinical development protocol for its Ph2b clinical trials that contains advises from the European reimbursement authorities to optimize patient reach.
	Reduction of societal costs associated with chronic diseases	There is no treatment for ACLF on the market. At present, liver transplantation remains the only clearly identified option for ACLF. ACLF affects 50.000 to 100.000 patients in the EU and USA every year and is associated to a very high short-term mortality of 40% to 70% depending on the stages of severity. ACLF reaches 30% of patients hospitalized for acute decompensation of liver cirrhosis. Cellaion is developing HepaStem®, a cell therapy medicinal product, aiming to provide a more accessible and less invasive alternative to liver transplantation. Cellaion has a clinical development protocol for its Ph2b clinical trials that contains advises from the European reimbursement authorities related to requirements for reimbursement.
	employment in local life science ecosystems	Cellaion is employing 23 specialized talents in Belgium, fully dedicated to its drug development program.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The Fund's Investment strategy is focused on the contribution to one of more of the UN SDGs and relevant targets. This strategy dictates that the investments of the Fund will undergo a pre-investment screening, using a combination of exclusion and controversy management policies, and an ESG due diligence to ensure not only that the Fund's investee companies contribute to the Environmental/Social (E/S) characteristics promoted by the Fund, but also that they will 'do no significant harm' (DNSH) to other sustainable investment characteristics.

The Fund's exclusion criteria are based on fundamental, general and sector-specific, ethical concerns that present major risks to companies and their future financial returns. Aim is to rule out all companies with ESG risks from the Fund's portfolio and thus prevent any risks that could have an actual or potential material negative impact on the value of the investment.

**How were the indicators for adverse impacts on sustainability factors taken into account?**

The ESG indicators used by the Fund to carry out the pre-investment screening are based on the SFDR Principal Adverse Impacts indicators. See the Annexes for details on the Fund's ESG indicators.

**Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Fund's investment policy rules out and helps to avoid all companies that are proven to contravene a range of fundamental responsibility standards, to contravene main principles of internationally established standards (such as the United Nations Global Compact agreement and the OECD guidelines) as regards human rights, labor rights and business ethics, as well as environmental protection, or that have been publicly facing accusations of negative behavior on environmental issues (pollution, waste management, etc.), social aspects (respect for human rights, labor legislation, etc.) or governance (lack of transparency, fraud, etc.).

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### How did this financial product consider principal adverse impacts on sustainability factors?

*The Fund does not currently consider the adverse impacts of its investment decisions on sustainability factors (Principal Adverse Impacts on Sustainability - PAIS) in accordance with Article 7 of Regulation (EU) 2019/2088, but adopted a phased approach to be ready to report on adverse impacts and is determined to set out governance on these aspects in its procedures, as well as in the roles and responsibilities of the various teams in the upcoming years.*



### What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 01/01/22 - 31/12/22

Largest investments	Sector	% Assets	Country
AdipoPharma SAS	BioPharma Products	50%	France
Cellaïon SA	BioPharma	50%	Belgium



## What was the proportion of sustainability-related investments?

*During the reporting period, the Fund has invested in two companies and their contribution to social objectives have been assessed based on the Fund’s assessment methodology, as described in previous questions of this report. I.e., the proportion of sustainability-related investments was 100%.*

### Asset allocation

describes the share of investments in specific assets.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities are

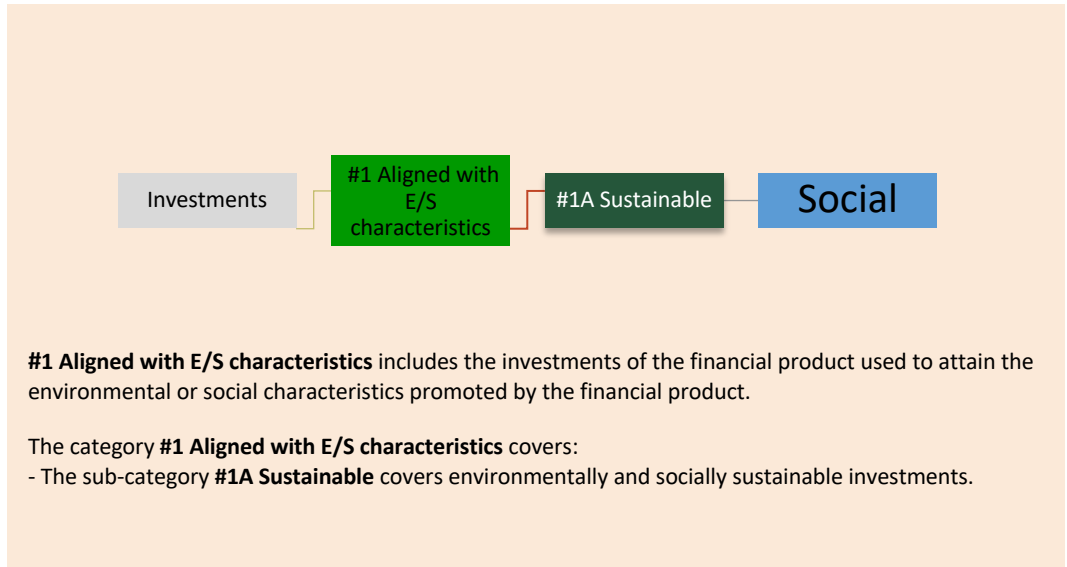
activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee



### ● What was the asset allocation?



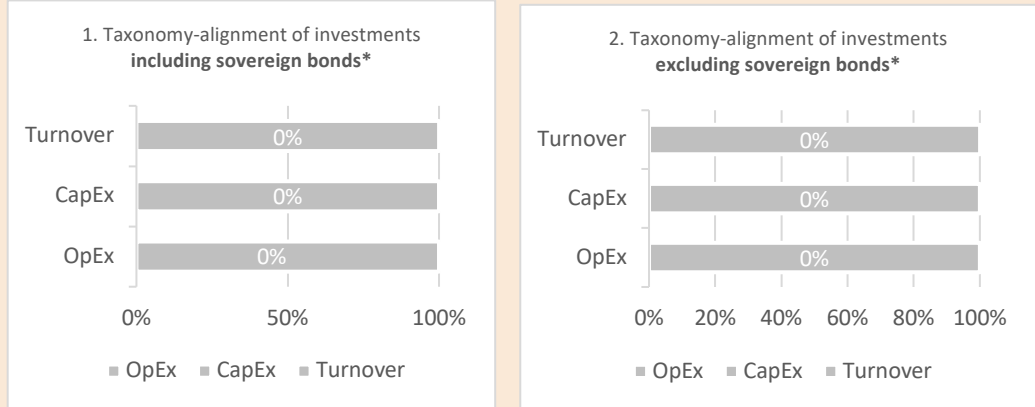
### ● In which economic sectors were the investments made?

*All investments made through the Fund were made in the sector ‘Biopharma Products’ within the group of healthcare industries.*

## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

*The Fund does not conduct sustainable investments with an environmental objective aligned with the EU taxonomy.*

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What was the share of investments made in transitional and enabling activities?**  
N/A

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



- **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

N/A



- **What was the share of socially sustainable investments?**

*During the reporting period, socially sustainable investments represented 100% of the Fund's investments.*



- **What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?**

N/A



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund carries out deep dive sustainability assessments on each of the Fund's investee companies to verify to what extent each investee company complies with (i) the social characteristics promoted by the Fund, and (ii) the other Environmental, Social and Governance indicators the Fund monitors. These Sustainability Assessments enable to obtain a clear understanding of each company's most material ESG topics and the level of maturity of the company against these topics. The assessment approach has been audited by an external auditor using an "agreed-upon procedures" methodology.

Based on this analysis, the fund encourages the Board of the investee company to design a Sustainability Roadmap and to assess progress yearly. The Manager engages with the management of investee companies to ensure progress is made.



## How did this financial product perform compared to the reference benchmark?

- **How does the reference benchmark differ from a broad market index?** N/A
- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?** N/A
- **How did this financial product perform compared with the reference benchmark?** N/A
- **How did this financial product perform compared with the broad market index?** N/A

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Reviewed and Approved by the Board of Directors on 22.06.2023.

For the Board of Directors

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*Dirk Boogmans*

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DAB Management BV,  
represented by Dirk Boogmans

DocuSigned by:

*Ajit Shetty*

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Sunathim BV, represented by  
Ajit Shetty

For the Investment Manager

DocuSigned by:

*[Signature]*

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Danny Gonnissen BV, represented  
by Danny Gonnissen

DocuSigned by:

*Alain Parthoens*

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A Q Invest SRL, represented by Alain  
Parthoens

**Annex 1:** ESG screening table / promoted environmental and social characteristics

FACTORS	ESG	CHARACTERISTICS	INDICATORS	Consequences for value creation	Evaluation & scoring methodology
Environmental management	E	E. Supply chain	Sustainability of suppliers in terms of reliability and environment	Unreliable / unprofessional sourcing undermines the sustainability	Evaluation of control mechanisms and protocols in place
		E. Waste management	Treatment of industrial and general waste	Respecting waste treatment standards avoids litigations	Evaluation of business practices and protocols in place
Affordable medical solutions	S	<b>S. Development of treatments for patients with a chronic disease</b>	Quality of the Development process	Efficient development practices lead to optimal use of Resources	Evaluation of progress made in the development process, expressed as "Probability of Success"
		<b>S. Reach of developed medical solutions</b>	Level of patient diversity in clinical protocols	Value creation lies in maximizing reach and affordability of developed treatments, rather than focusing on short-term return	Evaluation of how patient reach is treated in clinical protocols
		<b>S. reduction of societal costs associated with chronic diseases</b>	Impact on societal cost		Evaluation of documentation of the impact on societal cost
Sector employment		<b>S. employment in local life science ecosystems</b>	Evolution of # talented people in the company	People are key in building value, especially scientific talents in life science start ups	Evaluation of HR approaches and policies to stimulate recruitment and retention
Protection of Know how		G. Intellectual Property	Patents and Publications	Protection of know how is key in building value	Evaluation of patent / publication strategy
		G. Data Protection	Compliance with Data Protection standards	Respecting Data Protection standards (e.g. patient data) avoids litigations	Evaluation of business practices and protocols in place, infringements
Corporate Business standards	G	G. Code of Conduct related to exclusion criteria	Avoidance of exclusion criteria	Shareholders will withdraw and ask for compensations in case of breach of exclusion criteria	Evaluation of business practices and policies in place
		G. Health & Safety	Health & Safety compliance and well-being at work	Workers perform better in a good working environment	Evaluation of business practices and policies in place
		G. Business Ethics	Ethical standards and values	Companies may face direct or indirect financial losses through fines, penalties, litigations or reputation damage.	Evaluation of business practices and policies in place, infringements
		G. Corporate Governance policy	Legal and internal Corporate Governance obligations	Neglecting Corporate Governance rules may result in litigations.	Evaluation of legal and internal obligations, infringements
		G. Diversity	Gender, ethnic...diversity and remuneration	Hiring and Rewarding based on talent alone allows optimal staffing	Evaluation of business practices and policies in place, diversity numbers
		G. Conflict-of-interest management	Independence of Decision-making bodies in the company	Conflict-of-interest situations may lead to non-optimal decisions	Board composition
		G. ESG reporting	Transparency in reporting to shareholders	Shareholders are assets helping the company and need to be sufficiently informed	Evaluation of quality of ESG reporting and frequency

Annex 2 : social objectives the sustainable investments contributed to, and Manager’s methodology to assess the contribution to the social objectives

<b><i>Social objectives of the investee company</i></b>	<b><i>The Manager’s methodology to assess the contribution to the social objectives</i></b>
<i>Development of treatments for patients with a chronic disease</i>	<i>The investee company’s economic activity needs to be fully focused on the development of (a) new treatment(s) for patients <u>suffering from chronic diseases</u>.</i>
<i>Reach of developed medical solutions</i>	<i>The investee company needs to demonstrate that it uses its best efforts to involve a diversified patient population in its clinical development protocols, optimizing patient reach.</i>
<i>Reduction of societal costs associated with chronic diseases</i>	<i>The investee company’s economic activity needs to be fully focused on the development of (a) new treatment(s) with the potential to have a <u>high societal impact</u>.</i>
<i>employment in local life science ecosystems</i>	<i>The investee company employs people for the purpose of developing clinical treatments in the focus areas of the Fund (Europe and Japan) and demonstrates it is recruiting new talents and / or is capable of retaining key staff .</i>

**Annex 3:** table explaining the meanings of the different ESG scores

*supply chain sustainability: to what extent is the Company putting pressure on its suppliers to meet industry standard sustainability levels?*

Scoring:

**Environmental indicators**

0. Supply chain sustainability is not monitored
1. Selection criteria for suppliers (reliability, flexibility to anticipate on changes in trial programs, agility toward market and regulatory changes, risk exposure and cost impact) are monitored but no formal protocol is in place.
2. Protocol with selection criteria is approved by the board of directors
3. The supply chain protocol is periodically reviewed by the Board of Directors
4. Sustainability clauses describing expected performance of the defined selection criteria are intrinsically part of supplier agreements
5. The Company is periodically auditing its supply chain sustainability

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*waste management: to what extent is the Company meeting industry standard waste management levels?*

Scoring:

0. Waste management is not considered a priority
1. The company declares it follows std business practices related to waste management, but no formal policy is in place
2. A SOP policy including waste management criteria is approved by the board of directors
3. The waste management policy is periodically reviewed by the board of directors
4. The company systematically reports the results of the implementation of the company's waste management policy
5. The company is demonstrating in an audit report that it systematically reduces its waste (weighted).

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*Providing healthcare solutions to unmet medical needs of patients suffering from chronic diseases: to what extent has the company reached its research and development objectives, expressed as "Probability of Success" (including technical, commercial and financial risk) to develop (a) new treatment(s) for patients with chronic diseases?*

**Social indicators**

Scoring:

0. the company has a 0% to 20% probability to reach the targets expected by the Fund;
1. the company has a 20% to 40% probability to reach the targets expected by the Fund;
2. the company has a 40% to 60% probability to reach the targets expected by the Fund;
3. the company has a 60% to 80% probability to reach the targets expected by the Fund;

4. the company has a 80% to 100% probability to reach the targets expected by the Fund;

5. the company has reached the targets expected by the Fund, leading to an exit of the Fund as an investor in the company.

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*Providing healthcare solutions to unmet medical needs of patients suffering from chronic diseases: to what extent does the company follow a methodology that maximizes the reach of developed treatments, i.e. attempting to include a patient population as high as possible?*

Scoring:

0. no specific engagement is in place.

1. the company has or is planning to have an internal protocol in which it defines the envisaged reach of its developments

2. Ph1 (clinical) trials (or equivalent) expectations are in line with expected reach

3. Ph2 (clinical) trials (or equivalent) expectations are in line with expected reach

4. Ph2 (clinical) trials (or equivalent) demonstrate expected reach and show results allowing starting Ph3 trials

5. Ph3 (clinical) trials (or equivalent) demonstrate that the envisaged reach is achievable

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*Relieve pressure on social costs caused by chronic health problems: to what extent is the company engaged to maximize reduction of social costs related to chronic diseases?*

Scoring:

0. the clinical programs are not yet in a stage of development for statements about impact on social costs, e.g. because no target indications have been selected yet;

1. the company has selected a (set of) target indication(s) and has a good view on the impact of its developments on future social costs;

2. Ph1 (clinical) trials (or equivalent) in key indications have been started and the impact of the developments in these key indications on future social costs are documented;

3. Ph1 (clinical) trials (or equivalent) have finished successfully in key indications and the impact of the developments in these key indications on future social costs are documented;

4. Ph2 (clinical) trials (or equivalent) have finished successfully in key indications and the impact of the developments in these key indications on future social costs are documented;

5. Ph3 (clinical) trials (or equivalent) are progressing successfully in key indications and the impact of the developments in these key indications on future social costs are documented;

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*talent attraction and retainment results in in greater biopharma sector employment in Europe and in Japan: To what extent does the company have a human resources policy that enables it to attract and retain talent?*

Scoring:

0. HR management is not top-of-mind

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1. the company declares it follows std business practices related to HR but no formal policy is in place and is able to factually show that it can attract and retain talents essential for its business
  2. The Company has a written HR policy in place
  3. A Remuneration Committee systematically reports HR matters to the Board.
  4. The Remuneration Committee systematically follows industry trends related to sector-specific remuneration and periodically evaluates how the company is positioned.
  5. The company has a Remuneration Policy in line with industry and ethical standards and can demonstrate with facts and figures that it is capable to attract and retain essential staff functions.
- 

Code of Conduct related to exclusion criteria: To what extent has the company implemented a "Code-of-Conduct" policy related to the follow up of the identified exclusion criteria?

Scoring:

0. No "Code-of-Conduct" is in place and no reference is made to external Codes
1. the company has no INTERNAL "Code-of-Conduct" in place and declares to follow std industry practices (eg industry code of conduct guidelines)
2. a "Code-of-Conduct" is in place
3. the exclusion criteria listed in the "Code-of-Conduct" are periodically reviewed by the Board
4. no infringements of exclusion criteria were detected or if infringements were monitored, adequate mitigating actions have been taken on the Company level
5. the company is systematically evaluating whether its EXTERNAL suppliers are infringing exclusion criteria and if yes, adequate mitigating actions have been taken

**Governance indicators**

Intellectual Property: To what extent does the company follow a strategic approach to protect its Intellectual Property?

Scoring:

0. A long-term IP strategy is not considered a priority
  1. The company is filing patents and claims a long-term IP strategy incl ownership, non-infringement, protection and enforceability.
  2. The company has a written document related to its IP strategy, including patent landscaping, scientific publication schemes and FTO analyses
  3. The company has a written document related to its IP strategy, approved and periodically reviewed by the Board of Directors
  4. The company periodically reports to the Board of Directors to what extend it has followed its IP strategy in terms of # patents filed, life span of the patents, FTO updates and # scientific publications in reputable journals
  5. The company has hired or contracted an internal or external IP expert that periodically reports to the Board of Directors
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*Health & Safety: To what extent does the company have policies on health & safety and well-being at work?*

Scoring:

0. Creating a Healthy and safe working environment is not considered a priority

1. The company declares it follows std industry practices with regard to Health & Safety measures on the work floor.

2. The company has a policy on Health & Safety

3. Compliance with the policy on Health & Safety is reported to the Board.

4. A Health & Safety committee reports recommendations to the Board involving feedback from all employees and co-workers

5. Demonstrate decreasing # of Health & Safety issues reported to the Board since the last reporting period.

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*Protection of sensitive (patient) data: To what extent does the company have policies on data protection including Cybersecurity?*

Scoring:

0. Data protection and Cybersecurity is not considered a priority

1. The company declares it follows std industry practices with regard to Data protection and Cybersecurity but has no formal policy.

2. The company has a policy on Data protection and Cybersecurity

3. Compliance with the policy on Data protection and Cybersecurity is reported to the Board.

4. A data protection and Cybersecurity committee reports recommendations to the Board

5. No issues related to Data protection and Cybersecurity were identified since the last reporting period.

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*Business Ethics: To what extent does the company have policies on business ethics in its development processes? (note: how does the Company manage to avoid that its staff uses unethical business proposals to get things done)*

Scoring:

0. Behavior in terms of ethical product development is not monitored

1. The company declares it follows std industry practices with regard to ethical product development but no formal policy is in place.

2. The company has a policy related to ethical product development.

3. Compliance with the company's policy related to ethical product development is reported to the Board.

4. Staff contracts contain obligations to follow the company's policy related to ethical product development and penalties in case of infringements.

5. Decreasing # infringements reported to the Board since the last reporting period reported to the Board.

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*Best Corporate governance practices: To what extent has the company implemented a policy related to the compliance with Corporate Governance best practices?*

Scoring:

- 0. the company is not a legal entity with adequate Corporate Governance obligations, i.e. Belgian SA/NV type of obligations*
- 1. the company is a legal entity with adequate Corporate Governance obligations, i.e. Belgian SA/NV type of obligations*
- 2. the company is benchmarking its Corporate Governance policy with national, sectorial... Corporate Governance practices*
- 3. the company has formalized its Corporate Governance policy*
- 4. Compliance with the Corporate Governance policy is regularly reported to the Board of Directors*
- 5. The company demonstrates to the Board that no infringements have taken place or mitigating actions have been taken*

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*Diversity & remuneration policy: To what extent has the company implemented a policy to optimize diversity (gender, ethnicity...), avoid exclusion and optimize equal remuneration?*

Scoring:

- 0. diversity and equality are not top-of-mind*
- 1. the company declares taking diversity and equality seriously but is not planning to implement a formal policy*
- 2. a policy describing how the Company will strive toward diversity, will avoid exclusion and will optimize fairness of the remuneration of its staff is in place*
- 3. Compliance with the policy on diversity is regularly reported to the Board and the company can demonstrate that it has achieved its goals related to diversity and fair remuneration of its staff.*
- 4. The company can demonstrate that it has achieved its goals related to diversity and fair remuneration of its staff and of its board*
- 5. The company has a policy in place to verify if its business partners also have a diversity and equality policy in place.*

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*Conflict-of-interest management: To what extent has the Company a Board that is completely independent from Management and Shareholders?*

Scoring:

- 0. The company is not incorporated yet or is a legal entity in which board and shareholders' responsibilities do not need to be clearly identified.*
  - 1. The company is incorporated as a legal entity and complies with applicable law related to board and shareholders' responsibilities.*
  - 2. The responsibilities of the three bodies of the company - the Board, the Shareholders and the Management - are clearly defined but a majority of the Board Directors is part of the Management of the Company.*
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*3. The responsibilities of the three bodies of the company - the Board, the Shareholders and the Management - are clearly defined but at least one of the Board Directors is part of the Management of the Company.*

*4. The responsibilities of the three bodies of the company - the Board, the Shareholders and the Management - are clearly defined and Management has no representative in the Board but at least one of the Board Directors is a direct representative of a Shareholder.*

*5. The company has established a Direction Committee that is supervised by the Board that reports to the Shareholders without mixing responsibilities amongst the three bodies.*

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*ESG reporting / monitoring: To what extent is the company reporting its ESG compliance?*

*Scoring:*

*0. The Company has not evaluated its potential risks when not being compliant in terms of ESG*

*1. The Company has evaluated its potential risks when not being compliant in terms of ESG but has no specific ESG reporting structure in place*

*2. The Company has evaluated its potential risks when not being compliant and informs its Board and Shareholders about this when asked*

*3. The company systematically informs its Board about its ESG compliance as part of the Board agenda (min. once per year)*

*4. On top, the company systematically informs its Shareholders about its ESG compliance - e.g., as part of the agenda of the annual meeting*

*5. The Company is performing an external audit on its ESG performance once per year and communicates the results to its shareholders*

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