

# V-BIO VENTURES POLICY ON SUSTAINABLE RISK FINANCE DISCLOSURE REGULATION (SFDR)

This policy (the “**SFDR Policy**”) aims to document the undertakings by V-Bio Fund 1, V-Bio Co-Invest 1-1, and V-Bio Fund 2 (each a “Fund”), and their fund managers V-Bio Management 1 and V-Bio Management 2 (each a “Manager”) (together “V-Bio”) in relation to the EU regulation 2019/2088 on Sustainable Finance Disclosure Regulation (“**SFDR**”) imposing mandatory ESG disclosure obligations for asset managers and other financial markets participants. The term “ESG” is commonly used to refer to environmental, social and governance matters relevant to a company’s strategy and operations.

As a matter of policy, V-Bio gives proper and appropriate consideration to the disclosure obligations under SFDR. This SFDR Policy sets out our approach to SFDR matters.

The principles set out below have been established in line with SFDR.

## **1. Integration of sustainability risks (Art. 3)**

SFDR defines a **Sustainability Risk** as *"an environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment"*.

Before an investment decision is made by V-Bio, an investment decision process is followed as detailed in the V-Bio Fund Process Flow guide of V-Bio. As part of the investment decisions process the responsible investment manager of V-Bio assesses the risks attached to a potential investment opportunity, which includes Sustainability Risks. Identified Sustainability Risks are taken into account by the investment committee of V-Bio when making investment decisions.

## **2. No consideration of sustainability adverse impacts (Art. 4)**

V-Bio does not take into consideration principle adverse impacts (PAI) of investment decisions on sustainability factors as set forth in article 4 sub 1 (a) of the SFDR, and therefore does not make the PAI disclosures as described in article 4 sub 1 (a) of the SFDR.

Given the small size of the organisation of V-Bio and noting that investments are made in life sciences companies at relatively early stage where generally a limited number of people work and the infrastructures are small, the impact of sustainability risks on the underlying value of the investments are currently immaterial.

V-Bio will periodically evaluate and reconsider this position.

## **3. Remuneration policy (Art. 5)**

V-Bio pays their staff a combination of fixed remuneration (salary and benefits) and variable remuneration (including bonuses). Variable remuneration for relevant staff takes into account performance criteria including compliance with all policies and procedures (e.g. relating to the impact of Sustainability Risks on the investment decision-making process).

#### **4. Fund disclosure (Art. 10)**

##### *Compliance with Article 8 SFDR taxonomy*

V-Bio promotes environmental and/or social characteristics (the “E/S Characteristics”) of its portfolio companies but does not have sustainable investments per se as its core objective. For the purposes of article 10 (1) of the SFDR, V-Bio considers its Funds as financial products which promote, among other characteristics, environmental and social characteristics as referred to in article 8 SFDR and makes the disclosures detailed in the ESG Policy of its Funds.

##### *Monitoring of environmental or social characteristics*

V-Bio invests exclusively in the life science sector. V-Bio’s investment strategy is to invest in early-stage private companies that either i) discover and/or develop novel therapeutic products addressing substantial unmet medical needs with the potential to significantly improve patient’s lives or ii) discover and/or develop novel science-based solutions with the potential to significantly improve sustainability of agricultural production.

As a condition to investing in a prospective company, V-Bio requires delivery of the signed V-Bio ESG Check List, including adherence to V-Bio’s ESG Policy.

To further monitor said E/S Characteristics of the Funds’ portfolio companies, the Managers formulate specific ESG KPIs that are material within the pharmaceutical and biotechnology industries and specific to each of the portfolio companies. These ESG KPIs form part of V-Bio’s engagement with portfolio companies and information thereof is periodically requested from the Funds’ portfolio companies. Additionally, improvement on KPI scores, and good governance are promoted – to the extent possible - through board positions held by V-Bio staff in these portfolio companies.

The Manager issues an annual Impact Report to the Fund investors covering the ESG KPIs.