

RESPONSIBLE INVESTMENT STATEMENT 2025

Capricorn Health

We are committed investors and support entrepreneurs who create a positive impact

The past years, people have been worried about what the future may hold. A number of challenges crossed our paths: climate change and the corona crisis have presented society with major challenges while an unstable international political landscape led to economic uncertainties. In this context, we have proven to be the right investment partner for our stakeholders, just like it has been for the past decades.

We create both financial return and strategic value for our investors by investing in companies that have a positive impact on society and the environment. Our investment team leverages its scientific and business expertise to help companies grow to the next level. Technology is a differentiating factor in our investment approach. We identify start-ups and scale-ups that offer innovative technology solutions to societal challenges and that have a well-defined go-to-market plan. We are happy to see a strong breeding ground for a responsible digital transformation. This leaves us looking ahead with a positive mindset and ambition.

Technology with a purpose - investing where technology impacts most

Our mission is to invest in **companies that are dedicated to building applications or enabling technologies that contribute to creating a better society.**

Our leading principles guide our team through our investment cycle, from pre-investment to exit:

- We put the **human interaction first** in our collaboration with portfolio companies. We partner with entrepreneurs and speak their language. How far do the ambitions of the founders go and can we achieve an excellent return on investment and value through strong mutual trust? We communicate transparently and respond to the needs arising from this dialogue.
- As an investor, we look **under the hood of innovative technologies**. Besides, we are keen to discuss go-to-market strategy upfront before we engage in a long-term partnership with the owners of the company. In the early stage of the investment process, we validate the product market fit with potential customers in our network.
- We believe that **purpose-driven companies** have a stronger economic performance. We have experienced this since the early beginnings of Capricorn Partners. That is why we set up a fund with healthcare as investment focus. Our focus lies beyond immediate returns, as we are long-term investors supported by a robust investor community. Above all, we prioritize sustainable financial outcomes as we strive for lasting success.

Leading by example at Capricorn Partners

To guide our team through the practice of sustainability, we have a strong [ESG policy](#) in which we set out formal guidelines, rules, exclusions and our monitoring processes.

At Capricorn Partners, we know our ESG strengths, weaknesses and opportunities. Our aim is to reflect these values when engaging with our portfolio companies. This is translated into a strong focus on good governance, a clear vision on a well-managed and inclusive workplace and the measurement and gradual improvement of relevant environmental objectives.

We prioritize to be compliant with the applicable legislation. We believe in a 'substance over form' approach. Our starting point is a responsible investment strategy, that is translated into the European Sustainable Finance Framework (SFDR) to the extent feasible. As our investments predominantly involve technologies that generate impact in an indirect manner, we currently do not align our investment activities with the EU taxonomy framework. This is because the framework is not yet fully tailored to effectively accommodate such investment types. Nevertheless, we are continuously monitoring further regulatory guidance and the development of market practice in this area.

In 2024, Capricorn Partners launched a new SFDR article 8 fund, focusing on health solutions.

A clear focus on innovative technologies in Health

Technology can contribute to overcome health challenges: Capricorn Health encourages the development of novel medical technologies in healthtech, including digital health and medtech solutions, which solves the complex medical challenges in front us. Possible technologies ranges from AI, digital twin, new materials, robotics and more. All the targeted investments are linked to personalized care, which promotes value-based healthcare.

Our Responsible Investment Framework in Health

We believe that our responsible investment framework leads to better exit opportunities. It revolves around advancing sustainable business practices and aligning them with the ESG expectations of potential buyers.

This framework is developed by the Digital and Health investment team at Capricorn Partners. The respective teams are responsible for applying this framework and will report progress in the form of a yearly responsible investment report towards the shareholders of the Capricorn Health fund. The framework will undergo continuous review, taking into account regulatory changes and feedback from our investors and portfolio companies.

Figure 1 shows an overview of our responsible investment framework:

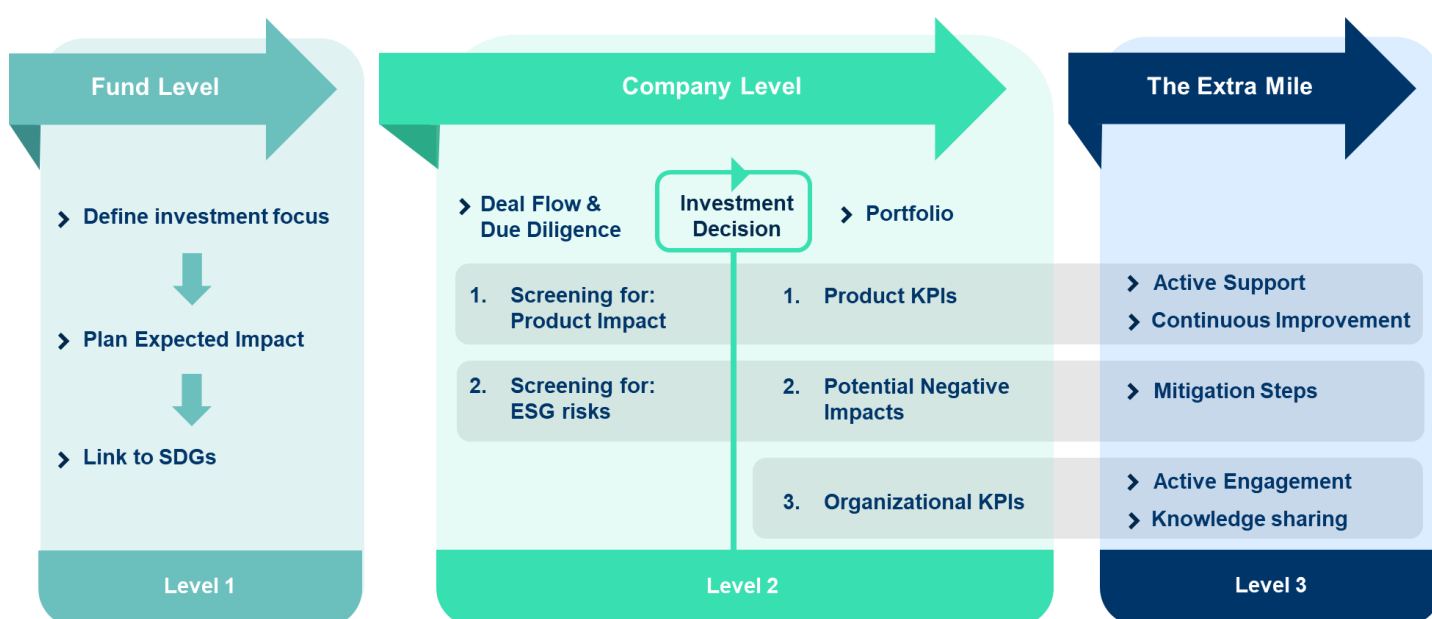


Figure 1: Overview Responsible Investment Framework

The framework is applied on three levels:

1. At the **fund level**, we formulate a fund thesis with a corresponding investment focus, expected impact and SDG alignment.
2. At the **company level**, a company's impact is evaluated both pre-investment, during the deal flow and due diligence phase, as well as post-investment, when it becomes part of the portfolio.
 - 2.1. During the deal flow and due diligence phase, the impact of a company's product or technology as well as the company's ESG risks are evaluated. If a company's product has a negative impact on society or if the company exhibits significant structural ESG risks, it will receive a negative investment decision.
 - 2.2. To monitor the impact of our portfolio companies, we use measurable and actionable impact indicators. We focus on product KPIs, potential negative impact indicators and organizational KPIs.
 - The **product KPIs** are company specific and used to measure the expected impact resulting from a company's products or services, and are linked to the relevant UN Sustainable Development Goals (SDGs). A responsible AI evaluation is performed if relevant.

- **Potential negative impacts** are identified and mitigation steps are formulated and monitored.
- The **organizational KPIs** are not company-specific but provide a comprehensive perspective on how a company is governed with regards to ESG aspects.

Figure 3, under section **2. Company Level**, provides a more detailed explanation of our implementation of these KPIs.

3. At Capricorn Partners, we aim to go **the extra mile** when it comes to responsible investment. We serve as a sparring partner for portfolio companies, offering guidance in implementing best practices, establishing product KPIs and developing mitigation strategies to address ESG risks.

1. Fund level

Capricorn Health has an investment scope with an expected impact that guides the sourcing of deals and active management of portfolio companies. Based on the established investment and impact focus, a combination of SDGs are identified for which we expect portfolios companies to contribute to.

For **Capricorn Health**, we expect portfolio companies to address one or more of the following SDGs:

- *SDG 3: good health and well-being.*
- *SDG 4: quality and education*
- *SDG 8: decent work and economic growth*
- *SDG 10: reduced inequalities*
- *SDG 12: responsible consumption & production*

We do not exclude a positive contribution to other SDGs, on the contrary.



Figure 2: SDGs targeted by Capricorn Health

1.1 Capricorn Health

The table below summarizes the investment focus and the corresponding expected impact for **Capricorn Health**:

Investment focus	Expected Impact	SDG focus
<p>Healthtech investments that enable personalized care & promote value based health.</p> <p>Health tech solutions that focus on:</p> <ul style="list-style-type: none"> Wearables Care Coordination Diagnostic Tools Clinical Decision Support Surgical Systems & Tools Treatment devices Digital Therapeutics Remote patient monitoring Implant devices & tissues Omics information Drug discovery Decentralized clinical trials Real world data 	<p>The main SDG focus for this fund will be on better health and well-being, more particular:</p> <ul style="list-style-type: none"> Better Prevention Faster Diagnosis Improved monitoring Increased Treatment efficacy and efficiency <p>In addition to better health and well-being, the fund will seek to invest in solutions that enable a superior outcome versus cost compared to current standards-of-care.</p> <p>Our investments may also have a positive contribution to other factors. Next to clinical benefit, solutions can provide better work conditions and training for clinicians to reduce their current work pressure via:</p> <ul style="list-style-type: none"> Better training via digital tools Better safe use of devices Improved operational tools Improved ergonomics <p>Since the investments will lead to a better value-based healthcare, we strive to reduce the inequalities in receiving healthcare:</p> <ul style="list-style-type: none"> Every AI algorithm should be non-biased and include an inclusive dataset From remote monitoring to digital diagnosis & therapeutics can help remote patients with inferior access to standard healthcare New medical technologies should increase responsible consumption and production <p>For investments in Lifesciences, we expect investees to:</p> <ul style="list-style-type: none"> Improved accessibility to essential medicines Be transparent regarding relevant drug data Market medicine transparently and responsibly 	<p>3 GOOD HEALTH AND WELL-BEING</p>  <p>4 QUALITY EDUCATION</p>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>10 REDUCED INEQUALITIES</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 

2. Company level

We have introduced responsible investing across all stages of our investment processes, starting from establishing the fund thesis to sourcing deals and active management of our portfolio companies. At a company level, impact is measured and monitored during the different stages of an investment.

In the **deal flow sourcing** and **due diligence stage** we perform a positive and negative screening before we conclude to invest.

- The positive screening includes an assessment of potential investments by explicit mapping to the fund's expected impact and the relevant SDGs.
- The negative screening consists of excluding investments in problem areas and identifying potential ESG risks and possible mitigation steps.

After having invested, we perform the following steps for each company on a yearly basis:

- Measure impact of the company's products using **Product KPIs**, as a combination of Volume & Value KPIs, and conduct a **Responsible AI Evaluation** where relevant.
- Monitor **Potential Negative Impacts** and identify a corresponding mitigation strategy.
- Use **Organizational KPIs** to measure ESG practices at company level in quantitative and qualitative way.

Figure 3 illustrates our post-investment approach in more detail:

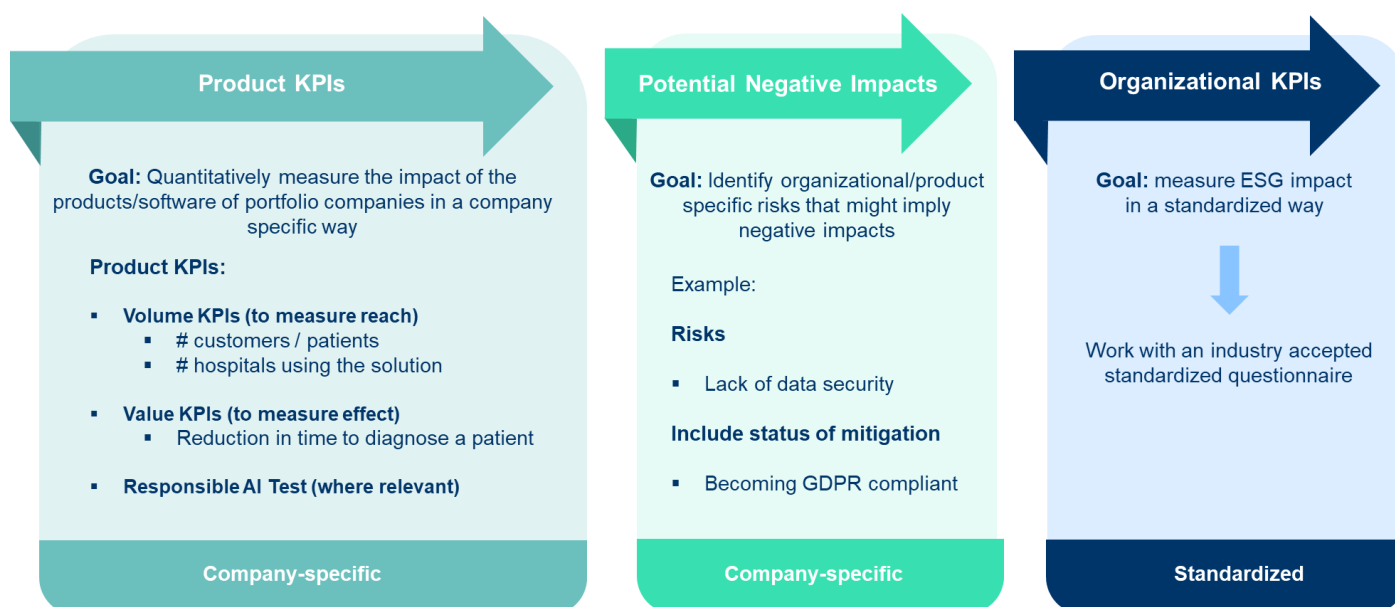


Figure 3: Responsible investment implementation post-investment

2.1 Product KPIs

The product KPIs are the keys to success of the business and will be subject of regular discussion at Board and Management level of the portfolio company.

Product KPIs are split into:

Volume KPIs, that measure the reach of the impact of a company's solution. For example:

- Number of customers, active users, patients, or hospitals that use the solution

Value KPIs, that can be multiplied with the Volume KPIs, in order to calculate total impact. Examples include:

- Reduction in time to diagnose a patient
- Health economics data related to a patient or a hospital

Ahead of the legislation we also aim to conduct a **Responsible AI Test** for our portfolio companies utilizing AI, that quantifies the degree to which a company employs AI in a responsible manner.

The evaluation will involve a series of questions aimed at assessing the extent to which a company's use of AI aligns with responsible AI principles derived from existing drafts of AI regulations.

1. Human agency and oversight
2. Technical robustness and safety
3. Privacy and Data governance
4. Transparency
5. Diversity, non-discrimination and fairness
6. Societal and environmental well-being
7. Accountability

Using the provided answers, a quantitative score will be derived, enabling benchmarking of the various portfolio companies. Additionally, it will provide recommendations for areas for improvement.

2.2 Potential Negative Impacts

When evaluating our portfolio companies, we also assess the **Potential Negative Impacts** (PNIs) that their products and/or services may have. If any PNIs are identified, we actively identify and monitor mitigation efforts. Throughout this process, we consider the entire value chain of the company.

For Capricorn Health, a PNI could arise from the lack of security of data resulting in data breaches. To address this concern, a corresponding mitigation action could be:

- Become GDPR & ISO 27001 compliant

During the investment phase, we aim to monitor the PNIs by quantifying them whenever feasible.

2.3 Organizational KPIs

In addition to measuring the impact generated by the products of our portfolio companies, we also evaluate the impact that stems from the way these companies are governed. To assess this impact, we utilize **Organizational KPIs** that are not specific to individual companies. Instead, we adopt an industry-recognized Environmental, Social, and Governance (ESG) framework to prevent placing excessive reporting burden on our portfolio companies. We expect best effort of the portfolio companies to provide some feedback on a yearly basis, and to allow us to have an ongoing dialogue on ESG matters throughout the year.

By employing the ESG framework, we gather annual data on the following aspects:

- **Environmental factors**, including carbon emissions, initiatives for sustainable travel, and waste recycling policies, for instance.
- **Social factors**, such as workplace diversity, inclusiveness, and staff well-being, among other relevant indicators.
- **Governance factors**, such as board oversight, data governance, cyber security, and corporate policies, amongst others.

Going the extra mile as a responsible investor

As a venture capital firm, our objective is to create a meaningful impact by supporting our portfolio companies throughout their journey to becoming sustainable enterprises. We strive to achieve this by engaging with experts in our extensive network, seeking external expertise, fostering knowledge sharing among our portfolio companies, and, most importantly, leveraging our **three decades of experience in responsible investment**.

Building upon the results of our responsible investment assessment, our vision entails arranging tailor-made workshops that specifically target the areas identified for improvement. Example topics of workshops could be 'Responsible AI', 'People management & inclusion' and 'Data security & privacy'. It is important to note that our approach and plans are flexible, subject to change over time, and adaptable to meet the evolving needs of our portfolio companies.

In addition to our core initiatives, we offer ad hoc support and guidance to portfolio companies seeking to establish targeted policies, such as a Code of Conduct, Climate Plan, Diversity & Inclusion policy, and more. As an engaged investor, we actively advocate for positive change as board members, providing valuable guidance to drive further enhancements aligned with our impact indicators. Furthermore, we diligently monitor the performance of our portfolio companies and foster a culture of open dialogue, enabling collaborative efforts towards continuous improvement.

