



## **GILDE HEALTHCARE VENTURE&GROWTH VI**

**SFDR product category: Article 9.**

**Article 10 (SFDR) Website disclosure**

**Version March 2023**

This document constitutes the website product disclosure for financial products that have sustainable investments as their objective.



## 1. SUMMARY

This financial product is pursuing a sustainable social objective with its aim to improve directly or indirectly the (quality of) lives of patients, consumers or healthcare professionals by supporting innovative solutions that will provide, taking into account the binding elements set out below, better or equal:

- health and well-being for consumers;
- health care outcomes for patients;
- health care delivery for healthcare providers and professionals; or
- health care research, development and manufacturing for the healthcare industry and for academia,

at affordable or lower cost, as the case may be (provided that a combination of equal and affordable shall not qualify as such).

To achieve this objective, the financial product Gilde Healthcare Venture&Growth VI (the "**Fund**") will only make equity investments in healthcare companies that directly or indirectly contribute to the above social sustainable objective, provided that such investee companies do not significantly harm any environmental or social objective ("**DNSH**") and that the investee companies follow Good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance, in accordance with the manager of Gilde Healthcare Venture&Growth VI's (the "**Manager**") Good Governance and Social Norm Policy.

## 2. NO SIGNIFICANT HARM TO ANY ENVIRONMENTAL OR SOCIAL OBJECTIVE

To ensure that investments do not cause significant harm to any environmental or social objectives, the Fund excludes investing in certain non-ethical businesses set out in the Fund's exclusion list set out in the prospectus of the Fund. Such list may be extended insofar as additional exclusions match with the Fund's investment principles and do not contradict the Fund's core investment strategy.

Businesses that are not restricted by the exclusion list are furthermore assessed on potential ESG risks (including without limitation sustainability risks as defined in the SFDR) and on ESG performance, addressing amongst other things relevant Principal Adverse Impact indicators within the context of the DNSH principle, among other ESG factors. By means of this ESG due diligence procedure, the Fund aims to identify important sustainability risks (and opportunities) and to identify and define appropriate mitigation activities.

No investment will be made if (potential) sustainability risks or significant harm to any environmental or social objective is identified that cannot be mitigated. Such indicators will be determined on a case-by-case basis by the Fund in close consultation with industry experts.

During the ESG due diligence procedure as explained above, the Fund collects data for the indicators for adverse impacts on sustainability factors. This data is analysed and any identified actual or potential adverse impacts are assessed/included as part of the decision-making process.



The Fund tests whether the investee company follows Good Governance practices in accordance with the Fund's Good Governance and Social Norm Policy, which policy was developed on the basis of amongst others the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the UN Global Compact.

### **3. SUSTAINABLE INVESTMENT OBJECTIVE**

This financial product is pursuing a sustainable social objective with its aim to improve directly or indirectly the (quality of) lives of patients, consumers or healthcare professionals by supporting innovative solutions that will provide, taking into account the binding elements set out below, better or equal:

- health and well-being for consumers;
- health care outcomes for patients;
- health care delivery for healthcare providers and professionals; or
- health care research, development and manufacturing for the healthcare industry and for academia,

at affordable or lower cost, as the case may be (provided that a combination of equal and affordable shall not qualify as such).

### **4. INVESTMENT STRATEGY**

The Fund's investment strategy is pursuing a sustainable investment objective with its focus on healthcare companies directly or indirectly enabling equal or better care at respectively lower or affordable cost. The Fund has pre-identified a number of key healthcare segments, which are characterized by innovation and growth, driven by demand and trends. The Fund aims to make sustainable investments in such segments (without limitation) to help realise its investment strategy.

To achieve its objective, this financial product will only make equity investments in healthcare companies that directly or indirectly contribute to the above social sustainable objective, provided that such investee companies do not significantly harm any environmental or social objective and that the investee companies follow Good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance, in accordance with the Manager's Good Governance and Social Norm Policy which is based amongst others on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the UN Global Compact.

### **5. PROPORTION OF INVESTMENTS.**

All planned assets of the Fund are sustainable investments with a social objective as described under 3. As the Fund does not attain an environmental objective, the EU Taxonomy does not apply.



## **6. MONITORING THE SUSTAINABLE INVESTMENT OBJECTIVE.**

Each investment is assessed in due diligence (as outlined under 10) and closely monitored during the investment period e.g., through external data providers. The Fund requires portfolio companies to provide data annually and at the request of the Manager from time to time. The data collected is used as input to create a roadmap for each company based on our ESG Maturity Model and measure progress against the sustainable investment objective.

## **7. METHODOLOGY**

Suitable reference benchmarks for healthcare funds with a social objective are currently unavailable and especially lacking for the Fund's intended assets: a focus on private venture and growth stage companies as well as certain public small to mid-cap companies.

To continuously assess the sustainable investment performance of portfolio companies, the Fund has developed its framework based on well-established standards such as the Impact Management Project (IMP), GRI, and IRIS+ and on the SFDR.

## **8. DATA SOURCES AND PROCESSING.**

Data on achieving the sustainable investment objective measured through Quality-Adjusted Life Year (QALY) gain vs standard of care and Incremental Cost Effectiveness Ratio (ICER), or through predetermined key performance indicators is collected during due diligence and, post-investment, on an at least annual basis with input from the investee companies and external advisors (e.g., Gilde Healthcare's impact council). Data provided by the investee companies is challenged to ensure the quality. Gilde Healthcare has extensive knowledge and experience in house to assess and process the data gathered in the due diligence phase, to ensure that the contemplated investment is in line with the sustainable investment objective of the Fund.

QALY and ICER are standard measures used e.g. in health economics to evaluate the effectiveness and cost-efficiency of medical treatments, interventions, and public health policies. If insufficient data is available, it may be estimated in collaboration e.g. with the Fund's external advisors.

## **9. DATA LIMITATIONS AND METHODOLOGIES.**

Investee companies within the scope of the sustainable investment objective of the Fund are in early stages of development, as a result of which almost all data unrelated to clinical trials which is collected is self-reported, non-audited data. The Fund, together with its external advisors, therefore take care in the due diligence phase to ensure the quality of the data.

While QALY and ICER are widely used and valuable tools in health economics, often used by policy makers and healthcare professionals, there are limitations associated with its use. Such limitations include subjectivity in health state valuation, and challenges with utility measurement and comparability. The Fund mitigates such limitations by engaging diverse stakeholders for input, and conducting analyses to account for uncertainties in data and preferences. Therefore, these limitations do not prevent the achievement of the sustainable investment objective of the Fund.



## 10. DUE DILIGENCE

Each potential investment starts with a review of the Fund's exclusion list criteria, followed by an ESG risk screening by a selected ESG research provider. If the investee company is not considered an ineligible investment, the following actions – the Fund's impact and ESG integration approach – will be conducted:

- **Identify** – ESG risk exposure and opportunities which include: global mega-trends, sector/industry risks, regional and company-level aspects. To the extent required under SFDR, the Fund seeks to confirm that the investee company in question does no significant harm to environmental or social objectives and follows good governance practices, by conducting a company-specific screening using the Principal adverse impact indicators and additional indicators for the former and the Manager's good governance and social norm policy for the latter, to ensure the investee company meets minimum standards. These include issues such as labor, human rights, environment, and business ethics as per the UN Global Compact Principles.
- **Assess** – how management of the investee company controls and assesses ESG risk through: awareness, strategy, objectives, policy, governance controls, reporting, technologies, etc. This is done with input from a broad ESG questionnaire, site visits, company documentation, as well as interviews with management, customers and/or suppliers. Performance is evaluated and tracked in the Manager's ESG maturity model. Progress is evaluated according to the baseline measurement at the time of investing.
- **Invest** – by integrating ESG information into the Manager's investment decisions both from a risk- and opportunity perspective. As mentioned under "identify", the Manager performs a company-specific screening to ensure that it does no significant harm to any environmental or social objective and it follows good governance practices. If Sustainability Risks or significant breaches of the UN Global Compact Principles are identified by the Manager (through external data providers or through its own due diligence) which cannot be mitigated, the Fund will not invest.
- **Engage** – with our portfolio companies on ESG issues that have been identified as important or material during step 1; Identify and 2; Assess. The objective is to capture ESG opportunities and reduce company risk. We track and aim to increase ESG performance, guided by our ESG Maturity Model.
- **Report** – relevant information on the Fund's most material ESG aspects to the public and investors to the extent applicable and permitted by law (e.g., market abuse regulations).

To help assess the impact that an investee company is likely to have with its products and/or services, the Fund has identified four key stakeholders to provide input for the impact assessment: (i) patients (including their families and/or other caregivers); (ii) healthcare providers; (iii) regulatory bodies; and (iv) payers/health technology assessment (HTA) bodies.

## 11. ENGAGEMENT POLICY

As part of Gilde Healthcare's commitment to the UN PRI, we integrate ESG into our policies and practices, and we seek appropriate ESG disclosures from the companies we invest in. Due to the



nature of our business, we work together closely with our investee companies (taking into account minority interest and associated lack of control) and have ongoing dialogue at senior management or board level. In the event the Fund is lead investor, it will always request for a non-executive board or observer seat.

The Manager continuously monitors the investee companies for sustainability risks, and adverse events that would constitute breach of DNSH or would not be considered good governance practices, using external an external data provider. In the event a sustainability risk of significant adverse event prior to investment by the Fund which cannot be mitigated, the investment will not be made by the Fund. In the event of such risk or event post investment, the Fund will (pro)actively engage with the board of the portfolio company to address, mitigate and preferably eliminate such risk. Should the portfolio company no longer qualify as a sustainable investment, the Fund will be required to divest or terminate its shareholding in the portfolio company under the terms set out in the Fund's pre-contractual disclosures.

By the end of every calendar year, the annual ESG (and where relevant, impact) performance measurement based on the Manager's ESG Maturity Model is performed at investee company level and will be aggregated at Fund level. Based on this measurement, GHP's investment professionals will where possible engage with management of the investee companies to set targets and discuss actions to potentially improve the ESG (and where relevant, impact) performance. Where relevant, GHP may collaborate with co-investors to leverage our influence.

The Manager will discuss regularly the implementation and engagement at portfolio level, progress made and best practices related to ESG (and where relevant, impact).

## **12. ACHIEVING THE SUSTAINABLE INVESTMENT OBJECTIVE.**

The level of achievement of the sustainable investment objective of the Fund is measured against the pre-investment baseline measurement of existing and potential *better care at lower cost* as described above and in the Fund's pre-contractual disclosures relating to SFDR. The Fund's sustainable investment objective is deemed achieved at the end of the term of the Fund in the event the portfolio companies contributed to the aforementioned social objective *better care at lower cost*.

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