RESPONSIBLE INVESTMENT POLICY

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INDICE

Introduction 3
Our vision on responsible investment 4
Principles Guiding Our Responsible Investment Strategy 5
Scope and implementation of the Responsible Investment Policy 6
ESG Governance 6
ESG Integration within the investment process 7
Pre-investment 7
Post Investment: Ownership 7
Exit 8
Exclusion Policy 9
Reporting 9
Stewardship policy 10
Sustainability policy within Panakes 11
Annex 1 - The Ten Principles of the UN Global Compact 12

Introduction

Panakes Partners SGR S.p.A (hereinafter also “Panakes Partners” or “the Asset Manager”) is an Italian management company specialized in life science venture investing with a strong expertise in MedTech and Biotech sectors. We invest in ambitious early-stage start-ups and SMEs with innovative products globally, mainly across Europe.

With over €250 million in assets under management, Panakes manages two funds:

- **Panakes Fund**
- **Panakes Fund Purple**

The firm supports early-stage companies by providing financial resources and strategic guidance in fields such as medical technology, diagnostics, digital health, and biopharmaceuticals. Leveraging sector expertise and a network of clinicians, scientists, and industry partners, Panakes actively helps portfolio companies address unmet clinical needs and improve patient care.

Recognizing that capital allocation impacts more than financial returns, Panakes integrates Environmental, Social, and Governance (ESG) factors into its investment processes.

The **ESG Policy** defines Panakes’ vision, commitments, and processes to ensure responsible investment throughout the investment lifecycle.

Panakes aims to deliver competitive financial returns while managing risks and creating long-term value, aligning societal benefits with its fiduciary duties.

Our vision on responsible investment

At Panakes Partners, we recognize that a clear ESG strategy and vision can significantly enhance the value of our portfolio companies. Our core mission and business activities carry an implicit responsibility towards society and the broader community. Understanding ESG risks and opportunities promotes operational efficiency, strengthens governance, and enhances workforce value — all of which contribute to positive financial outcomes.

We strongly believe that innovation generating positive social and environmental impact leads to sustainable long-term value creation. For this reason, we focus on the most virtuous business models from both financial and extra-financial perspectives, encouraging our portfolio companies to adopt best practices in business and governance.

Our commitment to responsible investment is reflected in several key areas:

- **Integration of ESG Factors:** We embed Environmental, Social, and Governance (ESG) criteria in all investment decisions to ensure that our investments are financially sound and contribute to sustainable development. ESG considerations are integrated throughout the investment lifecycle, supported by processes designed to identify, prevent, or mitigate sustainability risks.

- **Promoting Sustainable Practices:** We actively encourage our portfolio companies to implement sustainable operations and high governance standards.

- **Supporting Innovation in Life Sciences:** We invest in pioneering companies and technologies that improve existing therapies, advance early disease diagnosis and treatment, and enhance quality of life across all levels of society.

- **Engagement and Collaboration:** We maintain transparent, trust-based relationships with our portfolio companies, engaging continuously with founders, investors, and communities. We believe in the power of collaboration to drive positive change and achieve shared goals.

- **Active Ownership:** Our approach to responsible investment is rooted in active ownership, providing ongoing strategic support to foster sustainable growth and responsible management.

- **Long-Term Value Creation:** We are committed to generating lasting benefits for society, the environment, and our stakeholders, embedding sustainability at the core of every investment decision.

- **Drawing on deep industry knowledge and close collaboration with life sciences entrepreneurs:** We recognize the strong ESG-related value creation potential in our portfolio companies. Their contributions to improving patient outcomes and addressing unmet medical needs exemplify our impact-driven investment philosophy.

Panakes Partners is also an active member of Venture ESG, a community of over 300 venture capital funds and 90 limited partners aimed at advancing sustainability best practices in the industry. In line with this, we are committed to becoming a signatory of the UN Principles for Responsible Investment (UN PRI).

Principles Guiding Our Responsible Investment Strategy

Panakes is a proud signatory of the six Principles for Responsible Investment (PRI), which guide our actions across all investment stages:

1. ***Incorporate ESG issues into investment analysis and decision-making processes.***
2. ***Be active owners and incorporate ESG issues into ownership policies and practices.***
3. ***Seek appropriate disclosure on ESG issues by the entities in which we invest.***
4. ***Promote acceptance and implementation of the Principles within the investment industry.***
5. ***Work together to enhance our effectiveness in implementing the Principles.***
6. ***Report on our activities and progress towards implementing the Principles.***

Signatory of:

PRI Principles for Responsible Investment

Where possible, our approach is also aligned with the Ten Principles of the United Nations Global Compact, which promote responsible corporate behavior in the areas of human rights, labor, environment, and anti-corruption. (See Annex 1)
We uphold and respect internationally recognized human rights standards throughout our investment activities and engagement with portfolio companies.

Furthermore, we explicitly support and contribute to the achievement of the United Nations Sustainable Development Goals (SDGs), with particular focus on:



SDG 3 – Good Health and Well-being: by investing in innovations that improve healthcare outcomes, increase access to therapies, and enhance quality of life globally.



SDG 8 – Decent Work and Economic Growth: by fostering sustainable economic growth, productive employment, and decent work conditions within our portfolio companies and the communities they operate in.

In support of these commitments, Panakes has introduced an **Exclusion List** as a preliminary tool to guide investment decisions by identifying sectors and activities that may present significant ESG risks or misalignment with our values.

By aligning with these principles and goals, Panakes ensures that its investment activities contribute not only to financial performance but also to positive and measurable social and environmental impact.

Scope and implementation of the Responsible Investment Policy

The Responsible Investment Policy outlines in detail the responsibilities defined to ensure the Policy is properly applied and respected. Moreover, the Policy describes the approach adopted by the Asset Manager in integrating ESG factors into its business activities in accordance with the legislative requirements of the EU Sustainable Finance Disclosure Regulation (hereinafter also EU Sustainable Finance Disclosure Regulation or "SFDR"), which came into force on March 10th 2021, and the Regulatory Technical Standards (RTS)of April 6, 2022.
The Responsible Investment Policy is applied to all the investments managed by Panakes Partners.
To keep the Policy consistent and in line with Panakes Partners' evolution, it is updated and amended by the Board of Directors whenever necessary and, in any case, **every two years**.

ESG Governance

To oversee the integration of ESG factors along all the investment process and the application of the Responsible Investment Policy, Panakes Partners established ESG roles and responsibilities:

- **Board of Directors:** currently composed of 4 members, Panakes Partners' Board of Directors oversees and control the overall responsible investment integration within the Asset Manager's investment strategy. It approves the Responsible Investment Policy and monitors its implementation. The Board also supervises the activities of the ESG Committee, the Investment Committee, and the ESG Manager.
- **Investment Committee:** Consisting of three members from the Board, with additional partners, this body oversees the day-to-day application of the Responsible Investment Policy by the Investment Team, ensuring ESG considerations are embedded in investment decisions and portfolio monitoring.
- **ESG Committee:** Established in 2024 as a strategic body to promote and monitor ESG integration across all levels of the organization. It supports the Board in defining the ESG strategy, monitoring ESG objectives, evaluating sustainability-related risks and opportunities, and ensuring alignment with regulations and market expectations. The Committee also supervises ESG reporting and supports portfolio companies in developing and implementing their ESG plans. It meets at least quarterly and includes members of the investment team, the ESG Manager, and Board representatives.
- **ESG Manager:** A dedicated professional reporting directly to the Board of Directors, responsible for supporting the implementation of the Responsible Investment Policy across the investment process and engagement activities. This includes ESG data collection, stakeholder dialogue, and coordination with the Investment Team and portfolio companies.

Whenever necessary, adequate training is provided to ensure that the appointed figures remain up to date on sustainability-related trends, regulatory developments, and best practices. This is ensured through the annual training plan approved by the Board of Directors, which includes dedicated sessions for both the Investment Team and the Board on ESG, responsible investment, and relevant compliance topics.

ESG Integration within the investment process

Pre-investment

The integration of ESG factors is performed by the Asset Manager since the pre-investment phase through a set of instruments. These include the exclusion list drafted and adopted by Panakes Partners to prevent the investment in ESG non-responsible sectors. The list provides the sectors for which the Asset Manager shall not invest, guarantee or otherwise provide financial or other support, directly or indirectly.

Once evaluated the compliance of the potential investment with the aforementioned exclusion list, Panakes Partners performs an ESG assessment on the investment opportunity through an ESG questionnaire[1]that enables identification of material risks and opportunities related to ESG factors. The materiality of topics is based on the Sustainability Accounting Standards Board's (SASB) sector-specific approach.
If necessary, the ESG assessment is integrated by an ESG Due Diligence conducted by external consultants. The ESG pre-screening and due diligence tool covers, but it is not limited to, the following aspects:

- **Environment:** Assessment of the company's performance as a steward of the environment, including energy use, waste management, pollution control, natural resource conservation, and, where possible, estimation of greenhouse gas (GHG) emissions scopes 1 and 2. In coordination with the risk management function, Panakes conducts further investigations targeting climate-related physical risks.
- **Social:** Evaluation of the company's management of relationships with employees, suppliers, customers, and the communities where it operates. This includes examination of employee contracts, HR policies, health and safety standards, and workplace conditions, with particular attention to diversity, equity, and inclusion practices.
- **Governance:** Review of the company's business conduct, ensuring accurate and transparent accounting methods and shareholder rights, including voting on important issues. The Asset Manager requires evidence that companies avoid conflicts of interest in board member selection, do not use political contributions to obtain undue advantages, and refrain from illegal practices. Other governance risks assessed include data privacy and security, ethics, and regulatory compliance.

When the ESG risk assessment highlights that the risks are too great and there are reasons to expect that these will not be addressed in a timely or satisfactory manner, no investment will be made. For new potential investees where areas for improvement toward adherence to our responsible investment principles are identified, we ensure a commitment from the investee to implement appropriate remedial measures within a reasonable and mutually agreed timeframe.
The ESG findings that emerged in terms of risk/opportunities in the sustainability sphere are included within the investment documentation and will serve as the basis of individual ESG action plans that will be drafted once the investment is performed to establish an improvement path for each company invested.

Post Investment: Ownership

Panakes Partners is committed to support during the entire investment period each of its portfolio companies to help them improve their sustainability performance, maximise the related opportunities and mitigate the associated risks. Based on the outcome of the ESG assessment, an ESG action plan prioritizing "positive impact" opportunities and mitigating the eventual main risks emerged is drafted and implemented in agreement with each portfolio company; the Plan includes concrete actions to be adopted with a scale of priority and in a defined timeframe.
During the ownership phase, the sustainability performance of portfolio companies is monitored not only through the status of achievement of the ESG action plan but also via the systematic collection and analysis of qualitative and quantitative ESG indicators. Monitoring is performed annually using the same ESG questionnaire used during the pre-investment phase, ensuring comparability of data based on consistent metrics and standards. This approach allows for benchmarking and coherent tracking of progress.
In particular, for the second fund, the ESG monitoring focuses on the following key topics:

Environmental:

- Greenhouse Gas Emissions
- Energy Management
- Waste

Social:

- Employee Wellbeing
- Diversity and Equal Opportunity
- Healthy and Safe Workplace

[1] The questionnaire is based on the one shared by the community Life Science VC Sustainability Initiative.

- Employee Development
- Bioethics Governance

Governance:

- Good Governance
- Business Ethics
- Data Privacy and Security
- Suppliers
- ESG Management

Furthermore, the continuous dialogue and transparency in communication between Panakes, the portfolio companies, and co-investors—facilitated by our active ownership approach—allow us to remain consistently informed on ESG developments and issues.
As part of our ESG monitoring, we also track controversy-related risks associated with each investee on an annual basis through the ESG questionnaire. We consider proactive risk monitoring essential to value protection and long-term sustainability. Our annual ESG survey includes specific questions aimed at identifying and assessing past and ongoing controversies related to governance, environmental, or social issues. This process ensures that appropriate mitigation measures are implemented and that any significant risks are flagged for further discussion with investee management. The outcomes of this evaluation are integrated into our broader ESG monitoring framework, guaranteeing that controversies are addressed timely and transparently.

The ESG assessment performed during the ownership phase is supervised by the ESG Manager, who is in charge of supporting the portfolio companies in data reporting and analysing the information received. At portfolio company level, a dedicated person responsible for coordinating the sustainability initiatives and dialogue with Panakes is appointed. The collected information also feeds into the annual ESG reporting provided to investors.

Exit

During the post-investment phase, Panakes Partners will evaluate the progress made with respect to ESG factors by the portfolio companies while under Panakes Partners' management. The results will be collected in a brief ESG Report describing the main areas of improvement and the key results achieved.
In view of the exit phase, ESG monitoring data and the related report will be shared with the prospective buyer to demonstrate the progress achieved by the company and the additional value created through ESG initiatives. Furthermore, Panakes Partners will include ESG considerations as part of the due diligence process conducted on the acquirer, to ensure alignment with responsible investment principles.

Exclusion Policy

As part of our commitment to responsible investment, Panakes adopts an Exclusion Policy aimed at identifying sectors and activities that are incompatible with our values, sustainability objectives, and the principles to which we adhere, including the UNPRI and the UN Global Compact. While not yet exhaustive, this policy provides an evolving framework to guide our investment decisions and support long-term, sustainable value creation.

Panakes does not invest in companies whose core business includes:

- Violation of human rights or fundamental labor standards.
- Weapons and military equipment, including the manufacturing or trading of firearms, ammunition, or defense systems. We explicitly exclude involvement in the production, marketing, or use of weapons of mass destruction, landmines, cluster munitions, and other inhumane technologies subject to international bans or conventions.
- Tobacco and hard alcohol production, and related supply chains.
- Pornography, gambling, or betting, including online casinos and equivalent platforms.
- Unethical genetic engineering and human cloning, including any activity aimed at reproductive cloning or inheritable genetic modification.
- Illegal activities or operations deemed illegal under applicable national or international law.
- Production of software or technology intended for unlawful surveillance, hacking, or data piracy.
- Financial institutions and speculative investment vehicles, such as banks, insurers, hedge funds, or other investment funds.
- Real estate and construction companies not aligned with sustainable building standards.
- Gold trading, pawnbroking, or unregulated financial services.
- Companies primarily active in fossil fuel-related sectors, including:
    - Coal mining and coal-fired power generation;
    - Oil sands exploration or processing;
    - Unconventional fossil fuel extraction (e.g., fracking, Arctic drilling);
    - Infrastructure dedicated to fossil fuel transport or storage.

In addition, Panakes does not invest in or support companies that:

- Operate in countries subject to sanctions imposed by the European Union, the United Nations, or the United States, unless otherwise permitted by applicable regulations and legal exemptions.
- Endanger biodiversity or natural habitats, including through large-scale deforestation or harmful exploitation of ecologically sensitive areas.
- Produce, market, or trade pharmaceuticals, pesticides, herbicides, or other hazardous substances that are subject to international bans or phase-outs, including those listed under global conventions such as the Stockholm and Rotterdam Conventions.
- Engage in activities that limit individual freedoms or civil rights, including those supporting systemic oppression or authoritarian regimes.

In line with the IFC Performance Standards, we also refrain from supporting **activities with high negative environmental or social impacts**, especially those that pose irreversible damage to ecosystems, communities, or cultural heritage.
Panakes ensures compliance with **Law No. 220 of December 9, 2021**, which prohibits any form of financing, including direct or indirect investment, in companies involved in the production, use, storage, sale or transport of **anti-personnel mines, cluster munitions, and submunitions**, in accordance with **Article 1, paragraph 1** of the law.

Reporting

Panakes Partners is committed to providing transparent and regular updates to its investors regarding the sustainability performance of its portfolio. An annual ESG report is prepared and made publicly available on the Panakes website. The report includes both the performance of the management company and the progress made by the portfolio companies in the implementation of their respective ESG action plans.

The analysis is based on ESG Key Performance Indicators (KPIs) that are collected annually from the portfolio companies. These indicators cover the three core dimensions of sustainability—environmental, social, and governance—and reflect the framework outlined in the monitoring section of our ESG policy.

This reporting process is designed to ensure transparency, support engagement with investors, and track measurable progress towards shared sustainability objectives.

Stewardship policy

At Panakes, stewardship is a key component of our responsible investment approach. We consider active ownership not only a duty, but also an effective means to support long-term value creation, promote responsible growth, and foster innovation in the life sciences sector. Our role goes beyond capital allocation: we aim to be a constructive and reliable partner to our portfolio companies.

Where possible, Panakes obtains a seat on the board of directors of its portfolio companies to contribute directly to strategic decision-making. In the absence of a board position, we seek observer rights to maintain continuity in our engagement. This involvement allows us to align closely with management teams and ensure a consistent exchange on priorities and challenges.

Our engagement is proactive and structured, especially given the strong technical expertise of our investment team and management in the life sciences sector. We provide hands-on guidance on key strategic aspects, including clinical development, regulatory planning, and commercial positioning. We also facilitate access to a broad network of scientific advisors, industry professionals, and key opinion leaders.

Panakes actively contributes to the structuring of shareholder dynamics to support capital raising and long-term alignment among investors. We foster collaboration between co-investors and promote dialogue and mutual support among portfolio companies, enabling them to share experiences and identify common solutions.

ESG is an integral part of our stewardship activity. We assist companies in defining and implementing ESG roadmaps, identifying priorities, and setting up practical systems for monitoring progress. When needed, we offer targeted support through training, tools, and direct involvement. ESG clauses are included in shareholder agreements and, where appropriate, reinforced through side letters to ensure transparency and consistency with our values, as well as alignment with the ESG expectations of our Limited Partners.

Our engagement also includes collaboration with external stakeholders. We are actively involved in sector-wide initiatives such as the **Impact ESG Life Science** working group, contributing to the development of a shared impact framework, and the **Life Science VC Sustainability Initiative**, with which we are co-designing an ESG maturity model tailored to early-stage companies in the life sciences. These activities provide us with valuable insight, help us remain aligned with evolving standards, and allow us to contribute to the development of shared resources and reference materials.

In parallel, we maintain a continuous dialogue with our Limited Partners, sharing updates on ESG progress and incorporating their evolving priorities into our stewardship practices. This alignment helps ensure that our investment approach remains responsive to both company needs and investor expectations.

Sustainability policy within Panakes

At Panakes, we are committed to integrating Environmental, Social, and Governance (ESG) factors into both our investment activities and internal operations. We believe that responsible business practices are essential to delivering sustainable long-term value, supporting innovation in the life sciences sector, and maintaining trust with our stakeholders.

Environmental Responsibility

We actively work to reduce our environmental impact and promote sustainable practices at the management company level:

- **Sustainable mobility**: We encourage the use of public transportation and bicycles for commuting and adopt policies that reduce unnecessary business travel.
- **Eco-conscious operations**: We favor environmentally responsible procurement—such as eco-labeled office supplies and energy-efficient equipment— to minimize our footprint.
- **Waste management**: We promote recycling and reuse of materials wherever possible, including paper, plastics, batteries, and electronic components.

We are also committed to monitoring and reducing our carbon footprint over time, as part of our broader environmental goals.

Social Responsibility

People are at the center of Panakes. We are committed to creating an inclusive, flexible, and supportive working environment:

- **Well-being and development**: We offer a competitive welfare package, including employer-paid health coverage, pension contributions, and a profit-sharing system. We invest in ongoing professional training and support employee growth through personalized development opportunities.
- **Flexibility and work-life balance**: We promote smart working and offer flexible work arrangements to support the well-being and productivity of our team.
- **Diversity and inclusion**: We are committed to equal opportunity and value the diversity of backgrounds, perspectives, and experiences within our team. Inclusion is a core principle of our culture and hiring practices.
- **Responsible supply chain**: We engage with suppliers who align with our standards of ethics, sustainability, and local economic development, with a preference for partners who promote social inclusion.
- **Community support**: We support initiatives related to education, scientific research, diversity, and healthcare, in line with our mission and values. This includes activities such as university teaching, participation in conferences and seminars.

Governance and Ethical Conduct

We operate with integrity, transparency, and accountability:

- **Business ethics**: All Panakes employees are required to adhere to a strict Code of Ethics and conduct, which includes principles on integrity, anti-corruption, and professional conduct. Conflicts of interest are actively managed in coordination with our compliance function.
- **ESG governance**: ESG is embedded into our governance structure. The ESG Manager collaborates with the investment and compliance teams to implement, monitor, and continuously improve ESG practices within both Panakes and our portfolio companies.

We regularly review and enhance our ESG framework to ensure it remains aligned with evolving best practices, regulatory standards, and the expectations of our Limited Partners.

Annex 1 - The Ten Principles of the UN Global Compact

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.[2]

[2] Available here: https://unglobalcompact.org/what-is-gc/mission/principles