

XGEN Sustainable Finance Disclosure Regulation (“SFDR”) Statement

Information pursuant to Regulation (EU) 2019/2088 of the European Parliament on sustainability-related disclosures in the financial services sector

The Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Financial Disclosure Regulation - SFDR) lays down harmonized rules on transparency regarding the integration of sustainability risks and the consideration of adverse sustainability impacts in the investment process, as well as the provision of sustainability-related information with respect to financial products.

The information hereunder is intended to describe how XGen Venture Capital SGR (hereafter also “XGen” or “the asset manager”) applies the requirements of the SFDR within its investment process.

Art. 3 Transparency of sustainability risk policies

Sustainability risks are defined as environmental, social or governance (ESG) events or conditions that, could cause a negative material impact on the value of the investment.

XGen Venture Capital SGR recognises that sustainability risks can affect its investments’ capacity to generate long-term value and has therefore adopted a Responsible Investment (RI) Policy which defines XGen’s responsible investment process and guides the consideration of sustainability risks along the whole investment life cycle. In particular, the Responsible Investment Policy foresees the identification and assessment of potential sustainability risks and opportunities for each investment target.

An exclusion list identifies sectors that XGen Venture Capital SGR has decided not to invest on nor to financially support. After this first selection, an ESG Due Diligence in-is performed to provide an in-depth analysis of the ESG profile of the investment target. The ESG DD is based on proprietary methodologies and tools, and involves the support of external sector experts, where required.

The ESG risk analysis results are then integrated into the overall risk evaluation related to the investment target and described in the investment memorandum, which is provided to the board of directors/investment committee to allow an informed investment decision.

The ESG assessment is annually repeated on portfolio companies (PCs) to update their risks profile and highlight possible emerging risks and opportunities.

Art. 4 Transparency of adverse sustainability impacts at entity level

XGen Venture Capital SGR is committed to generate a positive impact by promoting, through its Fund XGen Venture LifeScience, specific environmental and social characteristics within the investments as per article 8 of the SFDR. However, the asset manager is aware that, while pursuing its strategy, it needs to monitor the overall context to ensure that no potential unforeseen negative impacts are generated.

XGen Venture Capital SGR has defined processes and tools to consider the Principal Adverse Impacts (PAI) of its investment decisions in terms of sustainability, as indicated by article 4 of the SFDR. This comprises, as part of the ESG pre-investment activity, a methodology to identify and prioritize the sustainability issues of each investment target and the related applicable PAI indicators. During the management phase, XGen actively engages with the investee, using the proprietary ESG Data Collection and Monitoring tool, which

tracks a set of ESG KPIs including PAI indicators (listed in Tables 1, 2 and 3 of Annex 1 of the Delegated Regulation (EU) of the Commission adopted on 6 April 2022).

Based on the aforementioned approach and in line with the SFDR requirements, the principal adverse sustainability impacts statement, as set out in the Regulatory Technical Standards (RTS), will be disclosed after PAI first year monitoring starting from June 2023.



Art. 10 Regulation on Sustainability Related Disclosures in the Financial Sector (“SFDR”)

This template is based on the "Annex II to the Commission Delegated Regulation supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to Regulatory Technical Standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports" published on April 6, 2022.

a) Summary

XGen LifeScience Fund (hereinafter the “Fund”), managed by XGen Venture Capital SGR (hereinafter the “asset manager”) and active in the life sciences sector, is classified pursuant to art. 8 of the Sustainable Finance Disclosure Regulation (SFDR): “Financial products that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics”.

The Fund has developed a responsible investment approach and has adopted specific processes and tools to identify, monitor, and promote investment specific environmental and social characteristics, in compliance with SFDR requirements, United Nations Principles for Responsible Investment (UN PRI) and international best practices. The Fund is committed to value the following components:

- **ENVIRONMENTAL:** assessing the impact of its investments in environmental terms, focusing on tackling climate change, and addressing energy related aspects;
- **SOCIAL:** given its investment strategy, the Fund is contributing to the development of medical life-saving therapies and technologies with the aim to satisfy the so-called Highly Unmet Medical Needs¹ of patients through innovation. Moreover, the Fund commits to strengthen diversity and inclusion and promote a working environment free from any form of discrimination.

In addition, the Fund is committed to foster and ensure good governance practices amongst all its portfolio companies.

b) No sustainable investment objective

The Fund supports investments that promote environmental or social characteristics, while it does not have a sustainable investment objective.

c) Environmental or social characteristics of the financial product

In line with the sustainability strategy defined in the Responsible Investment policy, the Fund has identified the environmental and social characteristics to be promoted through its investment activities and the related United Nations Sustainable Development Goals (UN SDGs). The Fund has identified a set of sustainability indicators to measure and monitor environmental and social achievements.

¹ “Unmet medical needs mean a condition for which there exists no satisfactory method of diagnosis, prevention or treatment in the Union or, even if such a method exists, in relation to which the medicinal product concerned will be of major therapeutic advantage to those affected” Article 4 paragraph 2 of Commission Regulation (EC) No. 507/2006

ENVIRONMENTAL

Indicators

Climate Change



Tackle climate change by supporting Portfolio Companies in measuring and monitoring the greenhouse gas (GHG) emissions generated by their business activities. Promote the implementation by the Portfolio Companies of climate change related initiatives and the definition of GHG emission reduction objectives in line with the Paris Agreement.

- Carbon footprint (Scope 1 and 2, Scope 3 from 2023 on)
- # of engagement activities with PCs related to climate change
- % of PCs with climate change objectives in line with Paris Agreement

Energy Management



Address the environmental impacts associated with energy consumption by supporting Portfolio Companies in promoting energy efficiency, reducing consumption, and increasing the use of renewable energy sources throughout the value chain.

- % of renewable energy consumed/ produced by PCs

SOCIAL

Product Accessibility



Promote the accessibility to medical treatments by providing support to Portfolio Companies in developing technologies that addresses Highly Unmet Medical Needs (UMN) and life-saving therapies.

- # of Highly Unmet Medical Needs (UNM) addressed
- # of life-saving treatments

Education and Research



Support the establishment of partnerships and collaborations between Portfolio Companies and universities and research centers to foster innovation and address major health needs, and digital health challenges by data-driven solutions.

- # of partnerships established by each PCs
- # of new hires resulting from partnerships established with Universities/ Research centers

Diversity and Inclusion



Foster Portfolio Companies' ability to build a diverse and inclusive workforce and to promote a workplace environment free from any form of discrimination by encouraging them to reduce inequalities and ensure equal opportunities (on the bases of race, gender, ethnicity, religion, sexual orientation, and other factors).

- Average unadjusted gender pay gap
- Average ratio of female to male board members
- # of discrimination related episodes recorded during the year
- # of PCs with inclusion, diversity and equal opportunities policies

Employment and Talent management



Strengthen the ability of Portfolio Companies to recruit, develop, and retain talents by focusing on ensuring the best working conditions and promoting attraction and motivation initiatives. Support Portfolio Companies in fostering the spread of a culture that encourages learning and development, empowerment and flexibility in order to retain the best talents.

- # of PCs that have defined an employee engagement system / initiative (e.g.; Employee Survey)
- # of PCs with talent management policies/professional development plans
- Average hours of voluntary training, per year per employee
- # of claims received regarding violations of labor rights
- % of the employees with high education levels (Master's Degree or higher degree level)

The list of indicators can vary depending on the investment specific characteristics.

The Fund periodically monitors Principal Adverse Impact (PAI) indicators on sustainability factors during its investment activity, as per article 7 of the SFDR.

d) Investment strategy

XGen Venture Capital SGR intends to integrate ESG criteria throughout the whole investment life cycle to mitigate ESG risks, seize ESG opportunities and create shared value for all stakeholders.

The responsible investment strategy applies to all phases of the investment process: from the pre-investment and due diligence phase, where potential sustainability risks and opportunities related to the investment are identified and evaluated, to the ownership phase, when the actual investments' performance in terms of environmental and social characteristics pursued by the Fund is monitored and assessed, up to the exit phase when the ESG improvement achieved by the investment are factored into the investment results documentation.

XGEN RESPONSIBLE INVESTMENT PROCESS

PRE- INVESTMENT

OWNERSHIP

EXIT

- An **Exclusion List** applies, that identifies the sectors in which the Fund does not invest nor provides financial support. More details on the RI policy
- A proprietary **ESG Pre-screening and Due Diligence tool** is used to identify potential ESG risks and opportunities related to the investment target, assessing the target's ESG risk profile, and identifying areas of potential improvement. The Tool allows to preliminarily evaluate which environmental and social (E/S) characteristics could be promoted by the investment with reference to the ones pursued by the Fund.
 - Investments' ESG performance is monitored through an **ESG Data Collection and Monitoring Tool** (including PAIs) with reference to the selected E/S characteristics.
 - Tailor made **ESG Action Plans** are implemented at each investee to reduce risks, maximize opportunities and shape a structured ESG management within the Portfolio Companies (PCs).
 - The Fund is committed to **highlight the ESG performance of the Portfolio Company**, comparing the ex-ante situation with the ex-post one, by evaluating the changes on the Portfolio Company's ESG profile, the percentage of ESG targets met and the residual ESG risks.

e) Proportion of investments

The Fund responsible investment strategy is applied to 100% of the Fund investments, with the aim of aligning them all to the environmental and social characteristics promoted.

f) Indicators established to monitor the environmental and social characteristics promoted by the Fund

To monitor and evaluate each investment's performance with respect the E/S characteristics promoted, the Fund organizes a periodic data collection through proprietary tools based on quantitative indicators. At least one quantitative indicator is collected for each E/S characteristic.

g) Methodology used to assess, measure, and monitor environmental or social characteristics

The methodology adopted by the Fund to measure the contribution of the PCs in the promotion of the environmental and social characteristics consists of proprietary tools aligned with international sustainability standards and developed based on sectorial Materiality Analysis, according to the Sustainability Accounting Standard Board's (SASB) approach.

During the ownership phase, PCs' contribution to the achievement of environmental and social characteristics promoted by the Fund is periodically monitored using a proprietary ESG Data Collection and Monitoring Tool, which requires the PCs to report a set of selected ESG KPIs, including also Principal

Adverse Impacts (PAI) indicators, based on their relevance for the company defined through the ESG Pre-screening and Due Diligence tool.

Tailor made ESG Action Plans are developed for each investee based on the ESG findings identified in the pre-investment phase with the purpose of improving their ESG positioning and maximizing their contribution to the environmental and social characteristics promoted by the Fund. The implementation of the ESG Action Plan enhances the investee's sustainability management, by defining actions, targets, KPIs and timeframes that guide the Company's activities generating measurable improvements. The Action Plans implementation is also monitored in the framework of the ESG Data Collection and Monitoring Tool.

h) Data sources and processing

The sources of data pertain primarily to the Portfolio Companies in which the Fund invest and are referred both to the pre-screening and monitoring phases.

Additional sources of data may derive from competent third-party data providers. Estimated data may exceptionally be considered in case no actual data is available.

XGen Venture Capital SGR is responsible for the processing and management of all data used in its activities.

i) Limitations to methodologies and data

At present, no limitations to methodologies and data have been identified. Should any limitation arise, this will be timely and promptly notified.

j) Due Diligence

The ESG Due Diligence is carried out on all investment opportunities using a proprietary tool (the ESG Pre-screening & Due Diligence Tool), which allows to assess the risks and opportunities associated with the potential investment and to analyze its maturity and capacity to manage them.

In particular, the ESG Due Diligence includes the following activities:

- Identifying the coherence between the investment opportunity and the Exclusion List;
- Identifying the material issues of the target companies, through a sectoral approach aligned with the Sustainability Accounting Standards Board (SASB);
- Identifying, with reference to material issues, the environmental and social characteristics to which the Target company can contribute through its activities and operations;
- Assessing the maturity of the potential investment with respect to the management of material issues.

In case critical issues are highlighted through the application of the ESG Pre-screening and Due Diligence Tool, an in-depth investigation is conducted also with the support of external experts. Eventually, the Fund may decide not to pursue the investment.

k) Engagement policies

XGen Venture Capital SGR has defined engagement and monitoring strategies with the aim of supporting the PCs in improving their ESG performance which comprise:

- the definition of procedures for the integration of ESG aspects within the activities of the portfolio companies;
- the appointment of ESG representative within the PC's management;
- the development and implementation of an ESG Action Plan, based on the findings of the ESG Due Diligence performed in the Pre-investment phase;

- data collection and monitoring of PCs' ESG performance and through the use of the proprietary ESG Data Collection & Monitoring Tool;
- discussion and monitoring of ESG strategies and performances through the participation in Board of Directors meetings of the Portfolio Companies.

l) Designated reference benchmark

Environmental and Social characteristics monitoring and evaluation is performed through quantitative indicators collected on a periodic basis which allow to analyze trend and compare previous years' performance.

No reference benchmark has been identified to compare investments' performance with respect to the environmental and social characteristics.

