



HERAN Partners ESG policy

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1. Statement from the founders & team / partners

The purpose of this policy is to share our values and our key investment principles and how these contribute directly or indirectly towards a positive impact on the environment, social matters and governance (ESG). Such policy is enabled by creating clear insight into both possible risks, and potential negative impact on the different sustainability items.

At HERAN Partners we strongly believe that science, technology and innovation can make the world a better place. We aim to drive excellence in Life Sciences by seeking, supporting, and guiding entrepreneurs and companies focused on innovations in science and business within the healthcare domain. We leverage past experiences, knowledge and network and aim to use this as a solid base on which to build a long and sustainable legacy. We strive to have impact through our investments and business, not only in our portfolio companies or our investment firm but in society as a whole. By means of different forms of innovation, healthcare can become more efficient, more cost effective, faster, of better quality as well as increasingly personalised and humane. It also can open up resources and possibilities for prevention and better care, thereby improving the system as a whole.

At HERAN Partners, we aim to make a difference by combining a sound scientific and technological vision with both commercial insight and entrepreneurial experience and instinct and a drive for impact and a getting things done attitude. We strongly believe that determination and profound passion are fundamental in building thriving companies.

We invest in those themes of healthcare where unmet needs are greatest and innovation drives impact:

- High impact pathologies in the fields of oncology, CNS and cardiology.
- Innovative techniques and analytical technologies enabling deeper subject matter insights and the unearthing of new information.
- Improving and unlocking knowledge and insights by filling data gaps or creating datalinks.

Never losing sight that the common denominator of a lot of these innovations is data-driven, with software in support of chemical, biological and medical sciences. We strongly believe that this approach of combining Health with IT has the potential to take medical innovations to a whole new level.

We endeavour that every one of our companies can change the world and improve healthcare in various ways, but through the positive impact of all of them jointly, we can have a significant impact on the world.

This document sets out our policies and internal processes to assess, monitor and manage ESG opportunities and risks throughout our investment cycle. It also relates to how we walk our talk within the HERAN Partners organisation and how we prioritize.

2. How four key principles drive our investment strategy

We are a diverse team of entrepreneurs, scientists, and economists, that have founded laboratory groups, technology companies, etc., have worked for big corporates and smaller family-owned businesses alike, turned investment professionals. With HERAN Partners we seek, support, and guide the next generation of HealthTech and MedTech ventures. Throughout our investment cycle, we hold on to four key investment principles:

Principle 1: Flames instead of candles

Wind extinguishes a candle and energizes a fire. We invest in teams that are tough, intelligent, perseverant and possess high levels of genuine positivity and an incredible drive to move things forward. We look for the drive and passion to challenge the status quo and always aim higher.

Principle 2: Technological and Scientific Ventures

Time to understand more to fear less. We invest in ventures that set out to improve and disrupt healthcare with bleeding edge science, deep tech and software. We look for the differentiating and out-of-the-box approach, built on solid technological innovation, IP and know-how, that can really drive change.

Principle 3: Power Capital

Small things flourish by concord. We leverage our networks and deep expertise in life sciences and health tech to ensure founders and management teams can be effective at growing their company. It takes a village to raise a child and that's not different for a start-up. We are in it together.

Principle 4: Mindset over Footprint

Mind over matter. Scaling is about spreading & sustaining a mindset, not mere footprint. We search for entrepreneurs whose eyes are on the world and build scalable growth companies from a solid and grounded mindset.

3. Our ESG vision, guided by our values, inspired by our stakeholders

3.1. Our ESG principles

At HERAN Partners, we work at a frontier where innovation, technology and science can generate scalable positive impact and disruption within Life Sciences. With our expertise, network, guidance and strong focus we support those pioneers, disruptors and entrepreneurs who want and can improve healthcare in all its facets. This ranges from creating financial efficiencies for healthcare systems, introducing prevention before cure, implementing faster trajectories and less uncertainty for patients, more accurate diagnosis and therapy and more individual care and cure, both through software and hardware related innovations. Based on this investment focus, we performed a materiality analysis on which we defined our ESG priorities.

3.1.1. Priorities in making a positive impact

We are not just aware of our responsibilities towards society, including those relating to environmental, social and governance matters but hold them in high regard. Even though no environmental or social characteristics are formally promoted by HERAN Healthtech Fund I, Heran Healthtech Fund II is a financial product that does promote environmental and/or social characteristics but does not have as its objective sustainable investment and does not invest in sustainable investments (in accordance with article 8 of Regulation (EU) no. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector “SFDR”).

We believe in a symbiosis between financial returns, transparency, social interests, and the environment. We advocate that this leads to better results for the companies, society, and our funds. We selected a set of ESG priorities to guide us during our investment process and general operations. Taking these priorities into account from the very start, right to the end of our investment cycle, with a large focus on transparency. In selecting these, we were guided by various factors. We analyzed the positive impact that our current and potential portfolio companies generate on people, the society and the environment, while also taking into account possible risks and important governance principles. We carefully defined the role HERAN Partners can play in supporting these companies, while also ensuring that we provide the necessary answers to stakeholder questions.

	Efficient, cost-effective and data-driven healthcare	Innovative tools driving new insights in life sciences	Heran Partners' contribution in reaching impact and lowering risk
Lowering the environmental impact of technology within the Health & MedTech through innovation	<ul style="list-style-type: none">• Energy efficiency and reduction of material usage• Data driven approach and measuring impact• Minimal influence on the environment and biodiversity• Concious of circular design and recycling	<ul style="list-style-type: none">• Implementing best practices• Measurment & follow up• Sharing our expertise	
Contribution to society by Empowering teams Ensuring data safety Ensuring customer safety	<ul style="list-style-type: none">• Human resrouces management and regional surplus• Diversity and inclusion• Customer privacy and safety• Data security	<ul style="list-style-type: none">• Valorising our network• Implementation of appropriate hiring and remuneration processes	
Good governance as a basis Ethics as guide to manage risk and accelerate impact	<ul style="list-style-type: none">• Good governance and checks• Ethics• Responsible stuartship	<ul style="list-style-type: none">• Ensuring unbiased decisionmaking• Working with independent experts	

3.1.2. How we assess negative impact

We are aware that our investment decisions, as well as our portfolio companies' activities may have an impact on ESG factors. Portfolio companies may be vulnerable to specific sustainability risks in general, or may have a negative impact on specific sustainability matters, like energy usage, transportation, etc.

In accordance with article 4 of the SFDR, HERAN Partners does not formally consider the principle adverse impacts of our investment decisions on all sustainability factors. Given the small size of the organization of HERAN Partners, such disclosure as set forth in article 4 of the SFDR and the administrative burden in connection therewith would not be proportional. Due to our investment focus, we inherently integrate positive ESG drivers in our investment decisions. We use an internal procedure for risk assessment. Based on an ESG risk assessment tool, we have created a risk assessment procedure to be followed throughout the investment cycle. HERAN Partners will evaluate management practices, follow up problems and act if needed.

During our risk analysis, we examine sector specific ESG risks applicable for our portfolio companies. For example, at environmental level, we evaluate the use of scarce materials, water, and energy. When evaluating scalability of solutions introduced by our portfolio companies, we have a look at the potential impact on CO₂ emissions. At social level, we investigate risks associated with the search for and retention of highly trained professionals, diversity and inclusion, and procedures and protocols for the safety of end users. In addition, we also pay attention to the security and correct use of data. Lastly, we assess risks related to good corporate governance and foresee the necessary checks and balances.

Exclusions

To the best of HERAN Partners' knowledge, no investments are made in entities active in certain 'restricted sectors' or entities that may in another way pose certain ESG risks.

HERAN Partners will not invest in:

- Enterprises who (and enterprises whose suppliers) purposely and systemically violate the fundamental human rights (e.g. by torture, deprivation of liberty, forced labour and exploitation of children).
- Enterprises who purposely disadvantage the local population or the local government in their home country or the countries where they are active;
- Enterprises who, as a result of their activities, take great risks with respect to public health or the environment, regardless of whether they are compliant with local legislation;
- Enterprises who perform a large part of their activities in controversial industries, such as the tobacco industry, the gambling industry and the sex and porn industry;
- Enterprises who base their activities on corruption and bribery; and
- Enterprises who are involved in the production or sale of weapons, such as weapons of mass destruction, land mines and cluster bombs.

3.2. ESG principles are integrated in our governance structure

It is our responsibility to assess and follow up ESG themes throughout our activities. To safeguard ESG principles in our daily operations, we integrated the ESG responsibility in our governance structure and processes. This is how we ensure the correct follow up of ESG risk analysis, impact assessment and overall ESG performance:

- The Board of Directors is responsible for the general HERAN Partners ESG policy and underlying policies and procedures and integration of these in the organization. A yearly review of our policy and procedures is foreseen. In the future this responsibility will be delegated to a specific ESG team with one of the directors involved.
- Our whole team has been introduced to our ESG policy and practices. The investment team knows how to apply our risk and impact analysis tools and every team member

respects our internal ESG policy. New team members will receive an introduction to our ESG policy, appropriate to their role and responsibility.

- We strive to learn and to improve our own procedures, and where needed, we rely on external expertise.

4. We translate our ESG vision into processes for screening, monitoring and result oriented actions throughout our investment process

Throughout the lifecycle of our investments, we assess, monitor, and evaluate the performance of our portfolio companies on ESG items.

4.1. Screening

Prior to making any investment, we conduct a thorough due diligence on target entities. Such due diligence focusses, among others, on the target's compliance with applicable legislation and hence also ESG-related legislation. The outcome of the due diligence findings and assessment of the target's compliance with legislation is taken into consideration when an investment decision is taken by the investment committee and the Board of HERAN Partners. In case severe and non-acceptable issues are raised, no investment will be made. In case some attention points are raised, a list of mitigating actions and expectations will be defined in the post-closing actions list of the investment agreement.

- Risk assessment

To evaluate the sustainability risks to which potential investee companies are subject, how they can deal with these risks and the potential results of management actions to mitigate negative financial and ESG impacts, we have developed an in-house evaluation tool. This tool is based on the most important risks inherent to the sectors in which we invest. Wherever we identify certain risks that may affect an investment decision, we report them in the investment memorandum and discuss these prior to taking a final, well considered decision.

- Impact

In parallel with the risk screening, we also map the positive impact that a company has and will have on people, the environment and society. We believe this to be a fundamental part of the business plan and indicators of success for companies in our sector. We identify the strengths and define the growth potential of the positive impact, in line with our list of principal impact matters.

The results of these ESG due diligence activities are presented, discussed, and validated with our Board of Directors. When a company is retained for investment, HERAN Partners agrees with the subject company on information sharing practices and corporate and ESG performance reporting. The reporting cycles are defined, and possible actions agreed upon to ensure proper follow-up.

4.2. Monitoring and measurement during investment phase

Once an investment is made, we consider opportunities to accelerate the positive impact potential of the investee company.

HERAN Partners uses a monitoring tool with which we screen and report the performance of the portfolio companies on an individual basis. We assign ESG scores that provide a general performance overview of the portfolio company. We carry out such a screening on an annual basis. Using the results of the screening we align with the portfolio companies which topics and actions need further follow up.

4.3. Supporting our portfolio companies

Leveraging our expertise and network, we can facilitate introductions and provide advice to counter risks and increase positive impact related to the operations and strategy of the company. We are convinced a focus on ESG topics will contribute to the stability, robustness, and growth of portfolio companies.

- Social
 - We provide guidance to shape sustainable HR policies in portfolio companies, in which we emphasize diversity and inclusion and transparent and fair remuneration.
 - We raise awareness about potential risks related to data privacy and security and consumer safety.
 - We raise awareness on themes related to human rights in the supply chain of the portfolio companies (e.g. on use of minerals for hardware production or hazardous materials).

- Environment
 - We provide support to portfolio companies on relevant environmental topics (e.g. information on how to deal with servers and data in a more energy efficient way and carbon footprint calculation). We aim to create awareness about CO₂ emissions when scaling.
 - We raise awareness about circular design among portfolio companies working with hardware.
 - We raise awareness about for example supply chain or geopolitical risks related to the use of raw and scarce materials.
- Governance
 - We offer broad support in a range of governance topics:
 - KYC and AML,
 - whistle-blower procedures,
 - code of conduct with regards to e.g. ethical behaviour.
 - Independent directors
 - Remuneration and compensation schemes
 - Conflict of interest

This support, guidance and awareness raising can be provided in various forms: through our input in the Board of Directors of the portfolio companies, through trainings, and information and knowledge sharing.

4.4. Communication and reporting

Transparency about our ESG approach, performance and actions is key. We comply with legal obligations and ensure full transparency towards our investors. Our ESG policy is publicly available on our website on the following location: <https://www.heranpartners.com/legal>

We aim to comply with the ESG reporting requirements of our stakeholders and ensure the appropriate internal processes for monitoring and data collection.

We regularly discuss ESG topics with our broader network of experts and other investment firms in order to challenge ourselves, broaden our view and improve our internal procedures. We value their feedback and input as we are convinced that sharing knowledge is a key driver for change and improvements.

5. HERAN Partners integrates ESG practices in its daily management

As a private fund manager, we aim to apply the same ESG principles in our daily operations and management of our own firm as we do in our investment policy. We invest in product and service innovations, aimed towards improving people's health and lives. That is why we also take responsibility towards our team, their health and well-being, and strive for continuous learning, personal growth, and equal opportunity. We monitor and limit our environmental impact and want to be a reference of good corporate governance. We also hold on to strong and transparent investor relations to foster sustainable partnerships.

5.1. Investor relations

HERAN Partners complies with all obligations to which it is subject and respects the prevailing restrictions, with respect to investment policy, to the highest degree as indicated in the applicable Regulations.

HERAN Partners builds strong relationships with all of its stakeholders and naturally our investors on one end and our portfolio companies on the other, are paramount. As we focus on strong relationships with our limited partners, we also apply the necessary processes to address risks of money laundering and terrorist financing to which HERAN Partners can be exposed. These practices are integrated in our general risk assessment process for investors.

We have developed and shared an Anti-Money Laundering manual (AML manual 2021) to define our policy and approach, the organizational frame and follow-up of correct implementation. HERAN Partners uses an in-depth investor risk analysis and has a robust Limited Partners Due Diligence and KYC process in place.

5.2. Caring about our people

One of the most important strengths of HERAN Partners are its people. Our team drives the success of the investments we make. The complementarity, expertise and drive of our team enables us to focus on continuous growth, and we strive to share our expertise with our portfolio companies. We ensure that we create an inspiring and balanced work environment where health and well-being are respected. Finally, we actively pursue equal opportunity and leave no room for discrimination. We promote gender and racial diversity and inclusion at all levels of hierarchy at both company and industry level. We want to set an example and share this vision with our portfolio companies and our stakeholders. HERAN Partners puts several

practices and procedures in place to ensure the health and wellbeing of its team and provides continuous learning, and equal opportunities for all.

5.3. Conscious about our environmental impact

Due to the type of our activities, our direct environmental impact is limited. We are eco conscious in our daily operations, evaluating different items ranging from energy use to the purchase of materials for our offices. We encourage our employees to opt for more sustainable mobility options, both for daily commuting or business travel and choose local purchases where possible.

5.4. Good corporate governance

HERAN Partners has the necessary procedures in place to ensure good corporate governance of its own business practices. Several policies have been developed to ensure appropriate internal practices, communication of those and compliance of all team members with these:

- Privacy policy
- Data security
- Investment policy
- Employee manual
- Code of Conduct

This ESG policy document has been approved by the HERAN Partners Board of Directors on 14/12/2023

All HERAN Partners team members have received a copy of this policy and are committed to contribute to the compliance and adequate follow-up of this document.

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