

Disclosure Statement

Aliath Bioventures S.L.

Operating Principles for Impact Management
April 2024

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DISCLOSURE STATEMENT

Aliath Bioventures S.L (“Aliath Bioventures”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”). This Disclosure Statement serves to affirm that Aliath Bioventures has the policies and procedures in place to manage impact investments in accordance with the Impact Principles. As of April 30th 2024, the fund ACP Aliath Bioventures II FCR (“ACP ABV II”) has not yet made investments, and the total assets under management in alignment with the Impact Principles are \$0.

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees, or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

INTRODUCTION:

Aliath Bioventures.

Aliath is a life sciences venture capital investor and an investment advisor to AltamarCAM specialized in the venture life sciences and healthcare markets. Aliath Bioventures registered the fund ACP Aliath Bioventures II FCR in 2023 which is an impact and article 9 fund according the SFDR (Sustainable Finance Disclosure Regulation). The fund will make sustainable investments to address some of the world's major social problems related to healthcare, including Inefficient healthcare systems and increase in global mortality from non-communicable diseases. The primary goal of ACP Aliath Bioventures II is to achieve competitive financial returns developing sustainable companies. The fund will invest in private disruptive and innovative companies belonging to the healthcare or life sciences sector. At least 80% of the fund will be invested in Europe, with a particular emphasis on Spain and Central Europe.

PRINCIPLE 1:

Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Responsibility and sustainability are fundamental pillars in the culture of AltamarCAM Partners, S.L. ("AltamarCAM") and its group of advisors, such as Aliath Bioventures. Both concepts are critical in our relationships with our stakeholders, helping to build robust and long-lasting bonds, and in our investment decisions, promoting economic development through responsible and sustainable investments.

Approach	Description
<p>Focus on unmet needs and access to healthcare</p>	<p>Aliath operates within the AltamarCAM group policy framework. We invest in companies whose objective is to address unmet medical needs, increase the efficiency of health systems or access to health and we only invest after we have conducted a thorough analysis of the positive potential impact and ESG risks for each target investment.</p>

Direct Contribution to SDGs 3&9

By investing in some of the most widespread and deadliest diseases with no current available treatment and in tackling healthcare access inequality, Aliath aims to contribute directly to the achievement of the following SDGs and targets:

- SDG 3 (3.4): By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
- SDG 3 (3.8): Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.
- SDG 9 (9.5): Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per one million people and public and private research and development spending.

Additional Contribution to SDGs 5, 8, 12, 13, &17.

In addition to directly contributing to SDGs 3.4, 3.8, and 9.5, Aliath will also monitor its investee companies' impact on other SDGs, namely 5, 8, 12, 13, and 17.

PRINCIPLE 2:

Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Approach	Description
<p>Sustainability integration and active dialogue with companies</p>	<p>Sustainability integration requires that sustainability factors are included in the investment decision making process, risk management, portfolio monitoring, engagement, and stewardship activities. Aliath pursues the integration of sustainability risks in its investment processes, both through an active analysis of sustainability factors as a fundamental part of the investment process and by giving great importance to dialogue and engagement with the companies in which it invests.</p>

<p>Rigorous Framework</p> <p>Impact</p>	<p>Aliath has developed a rigorous impact framework to ensure we invest in companies that contribute to a social objective (related to SGDs 3&9), follow good governance practices and do not significant harm (DNSH) – as required by the SFDR. To ensure such positive contribution will be achieved, Aliath applies the internally developed 3i framework in the due diligence to assess:</p> <ul style="list-style-type: none"> • The Innovation and Business Opportunity behind the investment. • The positive Intentionality and ESG performance. • The measurable impact and additionality of the investment applying the Impact Frontier's ABC framework¹ (IMP). <p>This framework is formalised and available on the website (https://www.aliathbio.com/wp-content/uploads/2023/04/20230418-Aliath-Impact-Sustainability-guidelines.pdf) and it is aligned with best market practices, including the following international frameworks: OECD Guidelines for Multinational Enterprises and The United Nations Guiding Principles on Business and Human Rights. It also complies with the principles established by the AltamarCAM group in its ESG policy.</p>
<p>Investment process driven by scientific, financial, impact and sustainability considerations</p>	<p>The investment process is driven by scientific, financial, impact and sustainability considerations from inception to exit.</p> <ul style="list-style-type: none"> • After an investment has been approved (and the 3i framework applied), a sustainability and impact plan is drawn up that includes the target impact Aliath team proposes to be reached (in terms of specific impact KPIs targets) and the ESG opportunities and risks detected. • Throughout the life of the investment, Aliath investment team and AltamarCAM ESG Team track and report on the sustainability and impact progress of the portfolio companies. • Aliath's investment professionals assist and work with the Board of Directors of the companies in developing and addressing the impact objectives set and all ESG factors identified in the previous phases.
<p>Staff incentive systems</p>	<p>As an impact fund, Aliath has also implemented an impact and ESG linked carry model to demonstrate its ambition to deliver measurable positive impact outcomes.</p>

PRINCIPLE 3:

Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

¹ Tool used by investors to classify and manage the impact of their investments. This framework helps in structuring the impact goals and strategies into three distinct categories: A (Act to avoid Harm), B (Benefit stakeholders), C (Contribute to solutions).

Approach	Description
<p>Aliath's financial and non-financial additionality evaluation</p>	<p>During the investment process (especially regarding the due diligence), Aliath applies the 3i framework to evaluate and ensure the company to be invested in has a strong innovative value proposition, a positive intentionality, a measurable impact, and a positive additionality (unique value that an investment brings to society or planet). In addition to the company's additionality, the 3i framework is also used to evaluate Aliath's additionality or differential contribution from two different perspectives:</p> <ul style="list-style-type: none"> • Financial: We evaluate how underserved are people impacted by the company's solution and so, how important are money inflows into that direction. • Non-financial: We assess how can our expertise and knowledge help the company generate desired impact.
<p>Aliath's financial and non-financial contribution</p>	<p>In addition to Aliath's financial contribution, which is understood as the provision of financing in capital markets that are underserved due to higher risk compared to other markets, Aliath's contribution also comes in a non-financial form which can take different forms including:</p> <ul style="list-style-type: none"> • We are active investors with a seat in the companies' Board we invest in, a position that enables us to have an active engagement with the Board and Management of the investee to signal that impact matters. • Upon investing in a new company, Aliath develops a tailored sustainability plan that includes specific impact objectives and a customized ESG improvement action plan. • Early-stage companies often score lower on ESG factors compared to their more mature counterparts, primarily due to limited resources. Recognizing this challenge, Aliath advocates for investor involvement to support these companies in developing robust ESG policies and capabilities. Aliath has crafted a protocol that provides them a foundational framework, enabling companies to adopt and implement comprehensive ESG policies, including environmental measures and codes of conduct, among other practices. • Aliath tracks annual progress using specific KPIs and surveys for both impact and ESG performance. • Aliath's investment team and AltamarCAM ESG team are formed by healthcare and sustainability industry experts that can assist the portfolio companies with a comprehensive array of tools, network, resources, and knowledge to help them meet their impact and ESG goals.
<p>Social returns prioritized alongside financial returns</p>	<p>Aliath's management compensation is aligned with impact KPIs and targets, ensuring that social returns are prioritized alongside financial returns.</p>

PRINCIPLE 4:

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Approach	Description
<p>Impact Frontiers methodology</p>	<p>During the due diligence phase, prior to submitting an investment proposal to the Investment Committee, we implement the Impact Frontier’s ABC framework. This approach allows Aliath to categorize a company based on the expected impact and ensure we invest only in companies aiming to contribute to solutions. The IMP methodology evaluates and quantifies both, the current and expected impact, across five dimensions:</p> <ul style="list-style-type: none"> • what impact is being made, • how much impact is occurring, • who is affected by it, • the contribution of the actions to the impact, • and the risks involved.
<p>Specific internally developed impact targets</p>	<p>In addition to utilizing the ABC framework from Impact Frontiers, Aliath’s investment team also sets specific internally developed impact targets at the time of investment for each investment. These targets are quantitatively defined, monitored regularly, and reported annually, outlining the goals the company aims to achieve within a specified timeframe. All impact milestones achieved must be accompanied by evidence proving their achievement.</p>
<p>Standard healthcare metrics</p>	<p>When possible, in addition to the internally developed impact KPIs, industry accepted metrics (e.g. IRIS+) are included in the impact reporting and monitoring.</p>

PRINCIPLE 5:

Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and

standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Approach	Description
ESG scoring	<p>Aliath has in place an investment process that integrates sustainability criteria throughout the entire investment cycle. During the due diligence, we will evaluate ESG risks and opportunities of the companies through a specific questionnaire that generates an ESG score. Key objectives and related KPIs to mitigate potential negative impacts of each investment are defined and included in the sustainability plan that we will create for each portfolio company. Progress towards ESG objectives or KPIs will be reported on an annual basis. Aliath will engage directly with Management to support and sustain progress, and in the event of underperformance or unexpected risks.</p>
DNSH compliance	<p>As an article 9 fund that ACP Aliath Bioventures II is, we comply with The Do Not Significantly Harm (DNSH) Principle, which states that companies, to be sustainable, must do not significantly harm any other environmental or social objective. The main adverse impacts on ESG will be also analysed during the Due Diligence - which will be carried out internally, with the occasional support of external advisors - following the indicators and guidelines of the European Commission in the Regulatory Technical Standards of the Regulation.</p> <p>In cases where prior to the investment, companies are found to not fully comply with the DNSH principle, an analysis will be carried out to evaluate the capacity they may have to do so post investment. In such cases, companies will commit to adhere to the ESG practices and clauses provided by Aliath (Protocol or compliance package).</p>

For more information, please visit Aliath's sustainability guidelines <https://www.aliathbio.com/wp-content/uploads/2023/04/20230418-Aliath-Impact-Sustainability-guidelines.pdf> and AltamarCAM ESG policy <https://www.altamarcam.com/wp-content/uploads/2023/09/ESG-Policy-AltamarCAM-September-2023.pdf>

PRINCIPLE 6:

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Approach	Description
Data collection	Aliath will collect impact and ESG quantitative and qualitative information from portfolio companies quarterly and annually through questionnaires and reports that include both, financial and sustainability (Impact & ESG) performance. Data collection and analysis will be done by Aliath's investment team together with AltamarCAM ESG support.
Definition and monitoring of impact targets	Aliath's investment team will define the impact target to be achieved during the Due Diligence and will measure its progress on an annual basis. If the impact objectives of any of the already set indicators change over time (due to a change in holding period expectations), said change must be approved by the Supervisory Committee of ACP Aliath Bioventures II FCR.
Remedial actions	If a portfolio company falls short of meeting impact or ESG targets, remedial actions would be addressed at the Board level of that company.
Reporting	A sustainability report will be produced and shared with Limited Partners (LPs) on an annual basis.

PRINCIPLE 7:

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Approach	Description
Impact considerations at exit	When conducting an exit, we will present the sustainability results achieved during ACP ABV II fund participation on the equity of the companies and consider the effect which the timing, structure, and process of its exit will have on the viability and perdurability of the sustainable objective.
Final impact achieved	Regarding the final impact achieved, both, the final impact KPIs and the additionality created (assessed by the IMP framework), are measured.
Follow-up post exit	In as much as possible, impact post exit of every single investment will be reported over time until the fund is fully liquidated.

PRINCIPLE 8:

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Approach	Description
Highest industry standards	Aliath, together with AltamarCAM ESG group and additional external support when needed, consistently evaluates its impact and ESG practices against the highest industry standards, integrating any identified gaps and lessons into the ongoing refinement of its sustainability framework. The ESG questionnaire sent to companies includes and encompasses market referenced ESG aspects by incorporating the ESG frameworks of InvestEurope, SFDR, EFRAG (European Financial Reporting Advisory Group), and EDCl (European Data Cooperative Initiative).
Periodic feedback loops	Aliath has established periodic feedback loops from AltamarCAM ESG Committee, AltamarCAM ESG Steering group, Limited Partners, and portfolio companies, to review its impact strategy and each investment's impact performance.
Working groups and forums	<p>We proactively enhance the growth of the healthcare impact investing ecosystem and contribute to ESG and impact data collection and analysis by participating in working groups and forums.</p> <ul style="list-style-type: none"> • We are part of the OPIM Venture Capital Working Group, part of the InvestEurope Impact Working group and members of the GIIN Healthcare Benchmark Design Team. • We are involved in several healthcare VC initiatives such as the knowledge project (project involving +10 European Healthcare VC funds to create a singular coordinated ESG data collection model with a focus on the early stage), the Life Sciences Impact Day (initiative initiated by Aliath to work on the construction of a potential standard methodology (currently non-existent) for impact investing in healthcare) and the Triple I For Global Health (Impact Investment Initiative for Global Health to raise awareness and share best practices on impact investment in global health).

PRINCIPLE 9:

Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

Approach	Description
Annual Disclosure	This Disclosure statement re-affirms the alignment of Aliath's procedures with the Operating Principles for Impact Management and will be updated and published annually.
Third-party verification	In 2025, after having made investments, we plan to engage a third-party to independently verify the alignment of our impact management practices with the Impact Principles.

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