



# Seroba Life Sciences

ESG Fund IV Policy  
2024

Seroba.

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## I. Context and scope of application

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Seroba Life Sciences (Seroba) is a European venture capital firm specialised in the life sciences industry. Seroba invests in companies that offer meaningful solutions, with a focus on health investments that address unmet medical needs.

The ESG commitments of Seroba, which are made at the company level, are described in the ESG Charter.

The purpose of this ESG Policy is to explain the responsible investment approach and process applied by Seroba in the framework of Fund IV, which falls under Article 8 of Regulation 2019/2088, known as the Sustainable Finance Disclosure Regulation (SFDR).

## II. Non-financial objectives of the funds

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**Seroba's ESG approach is underpinned by three core themes:**

- **Enhancing Human Health:** Seroba invests in biotechnology and medical technology, supporting early-stage companies that develop novel therapies and new technologies. The focus is on opportunities that enhance the efficacy of health interventions, improve health outcomes, provide solutions for diseases with limited or no current treatments, and reduce healthcare costs to increase access to quality healthcare services for all.
- **Advancing Diversity and Inclusion:** Seroba is dedicated to increasing demographic diversity within the venture capital and life sciences industries, with a particular emphasis on gender diversity.
- **Financing Innovation:** Seroba provides risk capital to scientist-entrepreneurs researching and commercialising cutting-edge innovations.

**From an environmental perspective:** Seroba does not invest in companies involved in environmentally damaging activities, such as Oil & Gas.

This strategy is aligned with the Sustainable Development Goals (SDGs) and supports four specific objectives, as outlined below.

Seroba aims to invest in companies that directly contribute to:

- SDG 3 "Good health and well-being".
- SDG 9 "Industry, innovation and infrastructure".


To assess a company's impact on these SDGs, Seroba has created an internal mapping framework that aligns sustainable development themes with the SDGs. For a company to be considered as contributing to an SDG, it must be contributing to at least one of these themes. ESG key performance indicators (KPIs) are linked to these themes, allowing the investment team to assess and monitor a company's contribution to the SDGs.

In addition, Seroba leverages SDG 5 'Gender equality' and SDG 8 'Decent work and economic growth' to guide its investments towards better ESG practices, as they are highly valued and actively promoted among portfolio companies.


The following sustainable development themes will be addressed:

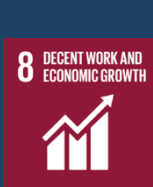
<b>Enhancing Human Health</b>	 
<b>Advancing Diversity and Inclusion</b>	 
<b>Financing Innovation</b>	

The indicators used to measure how companies contribute to the SDGs are detailed below:


SDG	Corresponding sustainability themes	Sustainability indicators
	<b>Improving access to medical care</b>	Product or device approved for patient’s benefit - Generic Piece
		Products obtaining the Orphan Drug Designation (ODD) label, Breakthrough Designation, including priority review voucher or any other type of recognition /label deemed relevant
		Developing innovative solutions addressing unmet medical needs Innovative Piece
	<b>Improving care and effectiveness</b>	Addressing complications and risk of recurrence
		Increased clinical efficacy over standard of care (in a pre-clinical in vivo model or a clinical trial)
		A reduction in the duration/frequency of care for patients
		Increased efficacy in diagnosis and/or efficacy in treatment delivery based on preclinical PoC or clinical evidence

	<b>Improving safety of care</b>	Improved safety of therapeutic products, improved safety profile of medical devices, improved surgical procedures over standard of care (in a clinical trial)
	<b>Increasing affordability</b>	Reduction in patient / payor lifetime cost of therapy (fewer consultations, less time spent in hospital, fewer tests of procedures, reduction of therapeutic costs, ...)

SDG	Corresponding sustainability themes	Sustainability indicators
	<b>Accelerating innovation</b>	Number of R&D employees
		R&D expenditure
		Number of drugs or devices in R&D (phases 1 and 3; FIH to pivotal trials)
		Number of patents held/treated
		Entails a public/private partnership or academia/civil society
		Number patents or trademarks filed
	Number of employees with a PhD qualification	
	<b>Lifecycle optimisation</b>	Existence of strategies to reduce the environmental impact of production throughout its lifecycle; initiatives for circular economy

SDG	Corresponding sustainability themes	Sustainability indicators
	<b>Safety of employees</b>	Work-related injury frequency rate
		Rate of absenteeism through illness and occupational accidents
		Work-related injury severity rate

	<b>Equal access to employment and training</b>	Percentage of young and/or senior employees
		Percentage of disabled employees
		Flexibility in working policies
		Existence of training programmes to reduce bias in recruitment processes
	<b>Remuneration of employees</b>	Existence of pay scales
		CEO-to-worker average pay ratio
		ESOP allocation throughout organisation
	<b>Fundamental rights at work</b>	Level of alignment with ILO fundamental principles and rights at work
	<b>Contributing to a dynamic economy</b>	Number of jobs created per year

SDG	Corresponding sustainability themes	Sustainability indicators
	<b>Workforce Equality</b>	Percentage of women in the workforce
		Percentage of women with PhD qualification
	<b>Recruiting and hiring</b>	Setting up training to reduce bias in recruitment processes
	<b>Equal pay</b>	Pay gap between men and women at equal position or comparing averages
	<b>Participation in leadership and decision-making</b>	Percentage of female managers (i.e. CEO or Exec. Chair)
		Percentage of women in the C-suite
		Percentage of women on the Executive Committee

### III. Responsible investment process

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To achieve its ESG objectives, the Fund integrates a thorough ESG strategy throughout its investment process.

#### 1. Pre-investment phase

##### a. Exclusion policy

Seroba does not invest in sectors and activities that conflict with its core values and objectives, such as:

- Illegal economic activity
- Human cloning
- Tobacco & alcohol
- Weapons & ammunition
- Casinos & gambling
- Oil & Gas

Additionally, Seroba does not invest in companies incorporated or established at any time in any Non-Compliant Jurisdiction<sup>1</sup>, or any sanctioned country, nor does it invest in companies benefiting from preferential tax measures considered harmful under the European Union Policy on Non-Cooperative Jurisdictions for Tax Purposes<sup>2</sup>.

##### b. ESG Risks & Opportunities evaluation

Prior to any initial investment, the Lead Investment Executive identifies potential ESG-related risks and opportunities by gathering relevant ESG metrics. Seroba's ESG assessment can focus on specific company issues or broader industry and geographical concerns, using the Sustainability Accounting Standards Board (SASB) standards for biotechnology and pharmaceuticals as a reference.

If significant ESG issues or risks are discovered, Seroba determines whether further assessment is required.

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<sup>1</sup> Non-Compliant Jurisdiction means a jurisdiction:

- (i) listed in the Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;
- (ii) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards;
- (iii) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies;
- (iv) rated as "partially compliant" or "non-compliant", including corresponding provisional ratings, by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes against the international standard on exchange of information on request;
- (v) included in the Financial Action Task Force statement "High risk Jurisdictions subject to a Call for Action"; and/or
- (vi) included in the Financial Action Task Force statement "Jurisdictions under Increased Monitoring",

<sup>2</sup> as set forth in Annex I and Annex II of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, and in the overview of the preferential tax regimes examined by the Code of Conduct Group (Business Taxation), as may be amended from time to time.

### c. Investment Committee

Investment proposals submitted to the Investment Committee include ESG considerations. The Committee reviews all identified sustainability risks, ensuring that they have been identified in accordance with the process outlined in the Sustainability Risk Policy (available on Seroba's website).

## **2. Contractualisation**

Seroba incorporates legal requirements into its investment documentation, including the following ESG elements:

- The above-mentioned requirement for investee companies to not be incorporated or established at any time in any Non-Compliant Jurisdiction for tax purposes, or sanctioned countries,
- The requirement for investee companies to provide Seroba with ESG information yearly,
- If an investee company is involved in (the financing of) research, development or technical applications relating to Genetically Modified Organisms (GMOs), it shall ensure that appropriate controls of legal, regulatory and ethical issues.

## **3. Post-Investment ESG processes**

During ownership, Seroba encourages management and boards of investee companies to address material ESG issues. Seroba promotes ESG best practices based on initial due diligence findings and assists portfolio companies in developing action plans to manage ESG risks and opportunities.

Seroba's ESG risk policy provides guidance for these efforts, which may include direct engagement with investee companies. ESG incidents are monitored and reported to investors if material.

## **4. Pre-Exit ESG Procedures**

Before exiting an investment, Seroba encourages the inclusion of material ESG information for potential acquirer, ensuring that ESG issues are transparently communicated.





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