



IdVectoR Investment Management

March 2023

Unaudited IdVectoR ESG Policy

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I. Philosophy: contributing to long-term sustainable economic growth through scientific advances and technological innovation

IdVectoR specialises in developing innovative long-term financial instruments to finance R&D intensive organisations (private companies and public research organisations) across three technology-related sectors (life sciences, information technology and cleantech) with the aim to support further R&D/innovation and technology transfer activities.

Our philosophy is based on the conviction that human efforts to advance Science and develop useful technological innovations are key to generate sustainable economic growth. Creating value by investing in R&D and innovation activities is a way to offer rewarding careers to the younger generation, contributing towards social cohesion in modern societies in a context where resilience and ability to transition to value-added sectors are so important. Beyond the positive social impact of innovation financing, in specific cases this can contribute to better health, cleaner environment and sustainable food production.

As such, IdVectoR has embedded Environmental, Social and Governance (“ESG”) goals in its founding principles and values.

As an illustration, our activity is aligned with 10 of the 17 Sustainable Development Goals (“SDG”) identified by the United Nations as we support investments in Life Sciences (SDG2/3/8/9/11/12/13/15), Information Technologies (SDG3/8/9/11/12) and CleanTechs (SDG6/8/9/11/12/13).



In the case of SDG 8 and SDG 9, IdVectoR’s approach is not just aligned with the UN goals, but directly contributes towards them with a positive impact. Social cohesion requires interesting jobs where people can develop their potential, especially the young generation. Besides the financial return we target, our investments have a positive and measurable social impact.



II. Sustainable Finance Disclosure Regulation

IdVectoR Investment Management S. à r.l. is an alternative investment fund manager (AIFM), subject to applicable ESG regulations of the Grand Duchy of Luxembourg, in particular within the frame of Articles 3, 4, 5, 6, 10, 11, 12 and 13 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27th of November 2019 on sustainability disclosure requirements in the financial services sector (the “SFDR”).

IdVectoR Science & Technology Investments, FCP-SIF (the “Fund”) is an alternative investment fund, subject to applicable ESG regulations of the Grand Duchy of Luxembourg, in particular within the frame of Article 8 of the SFDR.

1. Investment strategy considerations

The Fund focuses exclusively on the following sectors:

- Life Sciences: pharmaceuticals, vaccines, diagnostics, medical equipment & software, agricultural technology
- Information Technology: software, internet services & media, communication technology, electronics
- Cleantech: clean energy for electricity generation and transportation, carbon capture, environmental technology

Investment activities are limited to regions with strong legal and regulatory systems: Europe, Israel and Canada.

2. Integration of sustainability risks into investment decision-making processes

2.1. Screening

At the initial screening of an investment opportunity, we will reject any company whose activities substantially consist of:

- Any illegal economic activity;
- Illegal medical research, including human cloning for reproduction purposes;
- Strongly polluting industrial activities;
- Fossil fuel production;
- The production of and trade in weapons and ammunition;
- Defence or dual technologies in non-OECD countries, as well as security products in non-OECD countries in cases where, in our view, there exists a significant risk of negative impact on human rights;



- The production of tobacco;
- The production, distribution, hosting or marketing of material or activities relating to pornography;
- Casinos and other gambling enterprises (including online gambling);
- The production of or trade in technologies, pharmaceuticals, pesticides/herbicides, and other hazardous substances or technologies subject to international phase-outs or bans.

In addition, the Fund does not invest in companies/projects that consist of any of the following activities:

- Any resulting in the limitation of the individual rights or freedoms of individuals, or human rights violations;
- Any activity related to endangering our biodiversity and habitat;
- Any entity with operations in countries that are on the sanctions lists of the European Union, and the United Nations;
- The production of specific products, technologies and healthcare solutions that IdVectoR recognises as (potentially) adverse to sustainable development.

These characteristics immediately preclude a potential investment from further consideration.

At this stage, we will also reject any opportunity with an obvious social, environmental or governance risk that would lead to an unacceptable exposure during the period of our investment to downside scenarios, and specifically favour investments that would be expected to drive a positive health, social, economic or environmental impact.

2.2. Due diligence

In the due diligence phase, we meet the main stakeholders and visit the company, in order to detect any potential ESG risk, in particular in relation to:

- climate and the environment,
- social considerations and employee rights,
- respect for human rights,
- anti-corruption and anti-bribery matters.

Since the beginning of our investment activities, we have been performing a detailed risk analysis, that includes the analysis of potential ESG risks before seeking investment approval. Going forward, our ESG risk analysis will be amplified with more criteria added and more thorough analysis performed for new investment activities. The identification of any significant ESG risk that could not be remedied would lead us to reject an investment opportunity.



2.3. Monitoring

We recognise the need for evaluating and monitoring the ESG policies of companies in which the Fund invests.

3. Integration of adverse impacts of investment decisions on sustainability factors

We invest in technology companies to support their development. The use of proceeds is always agreed prior to our investment, and defined in the legal documentation.

Our investment can only be used for:

- R&D
- product development
- working capital
- in some cases capex, and more limitedly for general corporate purposes.

We consider the principal adverse impacts of our investment decisions on sustainability factors, for example if our investment might be used to develop non-environmentally friendly products or would have an adverse impact on health.

4. Promotion of environmental or social characteristics and of sustainable investments

The investment strategy deployed to date has demonstrated a number of ESG benefits:

- Our investments contribute to securing highly qualified jobs;
- Substantial amounts have been invested to support the development of innovative technologies, with potential benefits in healthcare, business resilience via secure data management, availability of an independent technology and partner for media and telecom operators not owned by any large non-European player/competitor, breakthrough low-cost and robust technologies.

Going forward, we will reinforce the role of Impact as a core investment criteria, with the following ESG objectives:

- Each investment in the portfolio should bring a number of clearly identified and quantifiable ESG benefits;
- ESG objectives will be monitored annually on a line by line basis as well as for the whole portfolio, ensuring improvement, or at least stability, of selected ESG metrics (to be defined for each investment during the investment process).



Meanwhile we promote, among other characteristics, environmental or social aspects, or a combination of those, provided that the companies in which the investments are made follow good governance practices. We do not use an internal index as a reference benchmark to measure criteria and inform how relevant characteristics are met but rather assess each situation on an ad hoc basis.

Our ESG focus will primarily be in relation to the UN's SDG 8 ("Decent work and economic growth") and SDG 9 ("Industries, Innovation and Infrastructure") towards which our investments make a clear contribution.

5. Consistency of remuneration policies in relation to the integration of sustainability risks

The remuneration policy of IdVectoR reflects its "objectives for good corporate governance as well as sustained and long-term value creation" for all stakeholders. IdVectoR's mandate requires "sound and effective risk management". Managing ESG risks is a critical part of IdVectoR's mission.

ESG objectives are taken into account as IdVectoR implements the various dispositions of its remuneration policy, in particular:

- "setting goals and communicating these goals to employees";
- "including both financial and non-financial goals in performance and result assessments".

APPENDIX: Periodic disclosure for the funds classified as Article 8 under SFDR



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