NLC
THE EUROPEAN HEALTHTECH
VENTURE BUILDER

SFDR Disclosure Statement
NLC Fund Management B.V.
2 February 2023

GENERAL INFORMATION

NLC Fund Management B.V. (**NLC Fund Management**) acts as alternative fund manager of venture capital funds (the **Funds**) within the meaning of the Alternative Investment Fund Managers Directive (EU 2011/61) (**AIFMD**). NLC Fund Management is registered with the Netherlands Authority of the Financial Markets (**AFM**) pursuant to the exemption regime with the meaning of Article 3(3) AIFMD, as implemented in Article 2:66a of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). In addition, NLC Fund Management intends to apply for a so-called EuVECA-label for some of the Funds within the meaning of the European Venture Capital Regulation (EU 345/2013), which is registered as such with the AFM and the European Securities and Markets Authority (**ESMA**). NLC Fund Management is subject to sustainability regulation that is issued pursuant to the EU Action Plan 'Financing Sustainable Growth', underpinning Europe's goal to become climate neutral by 2050.

The EU Sustainable Finance Disclosure Regulation (EU 2019/2088, **SFDR**) is set up to provide more transparency on sustainability risks, adverse sustainability impacts and other sustainability-related information to end clients of financial market parties, such as managers. Sustainability factors comprise of environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. These factors are also commonly referred to as 'ESG'. The SFDR entered into force as of 10 March 2021.

The EU Taxonomy Regulation (EU 2018/0178, **Taxonomy Regulation**) is about introducing harmonized criteria to determine whether an economic activity is environmentally sustainable. The goal is for investors to better understand the degree and proportion of environmental sustainability in their investments. The Taxonomy Regulation entered into effect as of 1 January 2022.

On our website, we describe our approach regarding the several requirements contained in the SFDR. This website will periodically be updated, along with new and upcoming legal requirements under the SFDR and/or Taxonomy Regulation and along with any new developments within NLC Fund Management and/or the alternative investment funds under its management.

INTERGRATION OF SUSTAINABILITY RISKS IN INVESTMENT PROCESS

Article 3 SFDR Statement
Publication date: 2 February 2023

The SFDR defines sustainability risks as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

NLC Fund Management integrates relevant sustainability risks, whether material or likely to be material, in their investment decision making processes, including the organizational, risk management and governance aspects of such processes. When selecting and monitoring the portfolio companies for the Funds, as part of the investment due diligence procedure that takes place during the selection process, NLC Fund Management applies its ESG Policy (as can be found on https://nlc.health/about-nlc/impact-esg-policy/) in respect of each potential investment while applying an sustainability impact measurement and reporting framework (please see a further description below). As part of this ESG Policy, NLC Fund Management identifies positive impact opportunities assessed as part of its investment selection process, structured via the Impact Management Project ("IMP") model. As such, in order to be considered for an investment made by a Fund, a (potential) portfolio company needs to fall in at least one of four positive impact categories as identified by NLC Fund Management: i) happy patients; ii) happy workforce; iii) happy society; and iv) happy planet.

NLC Fund Management moreover assesses whether there are any 'red flags' (for example, unmanageable sustainability risks) that should prevent NLC Fund Management from proceeding with the potential transaction with the targeted portfolio company.

By means of the application of the ESG Policy, NLC Fund Management also aims to define appropriate mitigation activities for any (potential) ESG risks. Such appropriate mitigation activities and measures to be applied in the specific situation and under the relevant circumstances is further developed and imbedded in the risk management policy of NLC Fund Management. The information memorandum to the extent published after 1 January 2022 of a Fund sets out the specific sustainability risks that are identified regarding such Fund.

The ESG Policy is applied in light of the investment- and divestment decision-making process of a Fund including the full impact measurement and reporting framework. NLC Fund Management has engaged Sinzer (Grant Thornton) as its sustainability adviser in relation to the NLC Fund Management and the Funds.

CONSISTENCY REMUNERATION POLICY WITH INTEGRATION OF SUSTAINABILITY RISKS

Article 3 SFDR Statement
Publication date: 2 February 2023

NLC Fund Management applies a remuneration policy which ensures that NLC Fund Management has a controlled remuneration practice, which is consistent with, and promotes, effective risk management and does not expose NLC Fund Management or the investors in the Funds to excessive risk. The remuneration policy is consistent with the integration of sustainability risks. Variable remuneration of each person working under the responsibility of NLC Fund Management is based on criteria that include, amongst others, how the individual person demonstrated that they acted in the best interest of NLC Fund Management, the Funds and the investors, including compliance with the applicable internal policies and procedures. This encompasses relevant investment selection and risk management policies and processes of the NLC Fund Management, which in their turn integrate relevant sustainability risks.

NO CONSIDERATION OF ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS
Article 4(1), point (b) SFDR Statement
Publication date: 2 February 2023

No Principal Adverse Impact Statement yet
Investment decisions made by NLC Fund Management may have impact adverse on Sustainability factors (i.e.) environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. NLC Fund Management does not (yet) consider adverse impacts of its investment decisions on sustainability factors in accordance with the detailed requirements contained in the SFDR Delegated Regulation ((EU)2022/1288) (**SFDR DR**) on the content, methodologies and presentation of information in respect of the various sustainability indicators defined by the SFDR Delegated Regulation.

Explanation
Due to the very early-stage nature of (most of) the portfolio companies of the Funds managed by NLC Fund Management, the adverse impacts that these portfolio companies will have will likely be very limited, nor will there likely be any meaningful data available. Consequently, it is very difficult to report on all the different Principal Adverse Impact indicators which have been identified by the SFDR Delegated Regulation.

Outlook when a Principal Adverse Impact Statement may be made

As part of the ESG Policy and responsible investment approach of NLC Fund Management however (including Do No Serious Harm, “DNSH”), the manager does consider possible principal adverse sustainability impacts of the (potential) portfolio companies in due diligence and monitors these potential adverse impacts post-investment.

NLC Fund Management will each year, as part of its annual ESG Policy review, evaluate whether they could (at such a future point in time) reasonably make a revised statement that NLC Fund Management does (from that point onwards) consider principal adverse impacts on sustainability factors (within the meaning of Article 4(1), point (a) SFDR) as part of its investment decision-making process.