EUROPEAN
COMMISSION

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ANNEXES 1 to 4

**ANNEXES**

***to the***

**COMMISSION DELEGATED REGULATION (EU) .../...**

**amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in precontractual documents and periodic reports for financial products investing in environmentally sustainable economic activities**

*ANNEX II*

**Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Lauxera Growth II S.L.P. **Legal entity identifier:** WIP

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

| **Does this financial product have a sustainable investment objective?** | |
|---|---|
| ☐ **Yes** | ☒ **No** |
| ☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%<br>☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br>☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments<br>☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br>☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br>☒ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:** ___% | ☐ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

### OBJECTIVE

Lauxera Growth II (the "Fund") is an Article 8-classified fund specifically investing in commercial-stage healthtech companies, with the aim of scaling these companies up to become global category champions. Lauxera's belief is that success in healthtech scale ups is directly linked to each company's ability to deliver meaningful impact to patients, providers, and to the system, based on the "Triple Aim" framework popularized by the Institute for Healthcare Improvement. Therefore, Lauxera sets targets and tracks progress along these metrics, as detailed in the next section, in order to achieve the investment objective of promoting a more sustainable healthcare system. Additionally, Lauxera considers and engages to manage ESG-related risks and opportunities for each portfolio company in the service of the Fund's overall investment objective.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

**TRACKING**

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

For each portfolio company and for the Fund's portfolio as a whole, Lauxera has established two mechanisms of tracking progress on key social objectives.

First, Lauxera assesses social-related ESG risks and opportunities via an annual questionnaire, updating these metrics each year to track changes. The Lauxera team has implemented an annual cycle of issue prioritization and portfolio company engagement to drive improvement. Lauxera reports overall ESG performance at the portfolio level each year in its ESG Annual Report.

Second, Lauxera establishes healthcare impact targets (over the life of the investment) for each company based around the "Triple Aim" of (1) improving health outcomes for patients; (2) improving the productivity of healthcare providers and innovators; and (3) improving overall costs to the healthcare system. These metrics are reported quarterly by 100% of portfolio companies and tracked internally as part of the Fund's impact investing objective to promote a more sustainable healthcare system.

While not formally aligned with UN SDG's, these three impact categories are highly correlated with the goals of UN SDG 3, particularly 3.4 and 3.8, relating to reduction of premature mortality and promotion of healthcare access for all.

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives***

As detailed in previous responses, Lauxera defines and tracks progress against social objectives for each investment through both its annual cycle of ESG reviews and its definition of key impact metrics for each investment. The Lauxera team believes that successful scale up of healthtech companies – the Fund's stated investment objective – is directly linked to the ability of the Fund's portfolio companies to improve outcomes for patients, productivity for providers and innovators, and overall costs to the system, all while successfully managing ESG-linked risks and opportunities. Because of this direct link between company performance and social-related objectives in the Fund's targeted healthtech sub-sector, the team believes and ensures that each investment made directly contributes to healthcare-linked social sustainability goals.

Lauxera maintains specific exclusion policies for healthcare sub-sectors which do not conform to this alignment of investment objective and social sustainability. For example, Lauxera will not invest in pure healthcare services businesses – without a technology angle – because excess growth and profitability in these models must often come at the expense of patient care. Lauxera also does not invest in R&D-stage biotech and medtech companies as their contribution to the healthcare impact "Triple Aim" is impossible to assess at the pre-commercial stage. Lauxera also has special procedures when investing in commercial-stage pharmaceutical businesses to ensure that price increases do not play a major role in the investment case or the target's historical business model.

These mechanisms above enable the Fund to ensure its investments contribute the funds objective to promote a more sustainable healthcare system.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Lauxera is an engaged, active investor that assesses ESG-related risks and opportunities as part of each investment decision and then monitors and engages to manage these factors over the life of each investment. As influential minority- and majority-based investors with mature ESG processes, the team believes it receives sufficient information and has adequate governance authority to prevent the Fund’s investments from causing significant harm to environmental and social sustainable objectives.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. Any other sustainable investments must also not significantly harm any environmental or social objectives.

During the each investment cycle, Lauxera’s ESG due diligence and monitoring efforts, as described above, assess indicators that would indicate presence or absence of a principal adverse impact (PAI). These indicators include, in compliance with the SFDR and Delegated regulation, the following principal adverse impacts:

*Environmental* damage, GHG emissions; carbon footprint; GHG intensity of Portfolio Companies (Scope 1-3 measured every other year); exposure to companies active in the fossil fuel sector; share of nonrenewable energy consumption and production; energy consumption intensity per high impact climate sector; activities negatively affecting biodiversity-sensitive areas; emissions to water; hazardous waste ratio; and investments in companies without carbon emission reduction initiatives.

*Social* and employee matters, respect for human rights such as health and safety of workforce via a workplace accident prevention policy; violation of UN Global Compact principles and OECD Guidelines for Multinational Enterprises; lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises; unadjusted gender pay gap; board gender diversity; exposure to controversial weapons.

*Governance*, anti-corruption and anti-bribery measures, Board independence, existence of data governance policies

Results for these PAI's will be included in periodic SFDR reporting.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

Lauxera ensures portfolio companies are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This information is gathered as part of our annual ESG review and reporting process. Lauxera's policies require the fund team to perform appropriate due diligence on its own activities, investments, and business relationships to enable appropriate action to be taken in the event of any findings of non-compliance. Lauxera ensures human rights, equality and anti-bribery and corruption policies are in place and that there are not any instances of child, forced, or compulsory labour.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☒ Yes

☐ No

**What investment strategy does this financial product follow?**

The investment strategy of the Fund is to make Growth and Growth Buyout-stage equity investments in revenue generating Healthtech companies.

The success of our investments in the Healthtech space are generally directly correlated with the value delivered by our investments to patients, providers, and to healthcare systems overall. Our investments seek to promote a more sustainable healthcare system which delivers better outcomes to patients, more productively, and at lower costs.

The Fund has its own ESG policy that ensures that the managers assess ESG based risks and opportunities for each potential investment.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

One of Lauxera's six key investment criteria is that the Fund's investments deliver measurable improvements for patients, providers/innovators, and healthcare systems, in keeping with healthcare's "Triple Aim." Lauxera assesses these improvement as part of the investment process – in addition to assessing other ESG-related risks and opportunities – and measures them regularly post-investment as outlined in previous sections. Lauxera tracks these measurable improvements through our definition and regular updating of company-specific impact metrics, also as outlined above.

Additionally, Lauxera maintains specific exclusion policies for healthcare sub-sectors which do not conform to the fund's goal to promote a more sustainable healthcare system. For example, Lauxera will not invest in pure healthcare services businesses – without a technology angle – because excess growth and profitability in these models must often come at the expense of patient care. Lauxera also does not invest in R&D-stage biotech and medtech companies as their contribution to the healthcare impact "Triple Aim" is impossible to assess at the pre-commercial stage. Lauxera has special procedures when investing in commercial-stage pharmaceutical businesses to ensure that price increases do not play a major role in the investment case or the target's historical business model. And last, Lauxera imposes special ethical oversight on any investments made in business models related to animal testing or the use of materials derived from human subjects, including human embryos.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

ESG due diligence undertaken by the Fund pre-deal takes into account the governance practices of the Portfolio Companies. Lauxera has a structured ESG questionnaire which is completed for each investment, and which is designed to highlight – among other items – key deficiencies in good governance. Following an investment, Lauxera administers a similar questionnaire annually to monitor changes as well as remaining engaged as an active investor. When key risks related to governance are identified, Lauxera's deal captain and ESG committee jointly discuss an action plan, and progress against this plan is monitored ad hoc by the Investment Team at weekly meetings and quarterly by the ESG Committee.

**What is the asset allocation planned for this financial product?**

**Asset allocation** describes the share of investments in specific assets.

The Fund will invest 100% of its capital in revenue generating, Growth and Growth-Buyout stage Healthtech companies, with weighting of ~60% in Growth and ~40% in Growth-Buyout. "Healthtech", as we define, includes the following sectors (not exhaustive): medtech, diagnostics, tech-enabled services, digital health, life science tools, research services, bioprocess, healthcare IT, healthcare data, and commercial-stage pharma/biotech. It does not include healthcare services businesses without a technology aspect, nor does it include clinical-stage biopharmaceutical companies. Growth-stage investments typically are Series B or later minority equity investments, while Growth-Buyout investments encompass small- through to large-cap majority equity investments.

We believe our investment sector and stage are both usually naturally aligned with the Fund's ESG principles, and we ensure that specific investments are aligned via our

ESG due diligence pre-deal. These efforts, combined with Lauxera's measurable impact goals for each portfolio company enable the fund to achieve its social objective of promoting a more sustainable healthcare system.

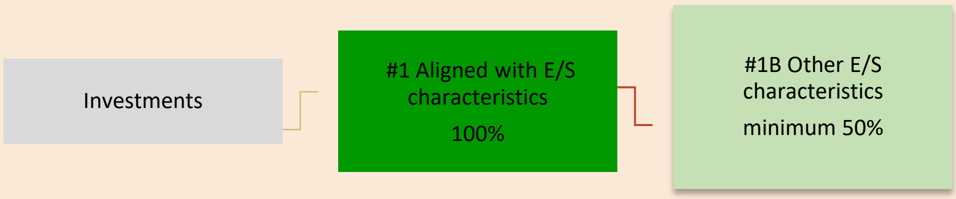
- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not Applicable. Lauxera Growth II does not conduct sustainable investments with an environmental objective aligned with the EU taxonomy. Instead, the fund's focus is on the promotion of environmental and social characteristics (social objective).




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

  The Fund does not invest in transitional or enabling activities in the sense of the EU Taxonomy.

Environment investments are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentaly sustainable economic activities under the EU Taxonomy.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable at this stage. As stated above, Lauxera Growth II's investments do not follow an environmentally sustainable investment objective in the sense of the EU Taxonomy. Instead, they focus on the promotion of social and environmental characteristics (social objective).

**What is the minimum share of socially sustainable investments?**

The Fund will invest a minimum of 50% of its capital in sustainable investments with a social objective.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

None of the Fund's investments fall into this category.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

More product-specific information can be found on the website of the Management Company: https://lauxera.com