



Impactful ESG strategy for sustainable growth.

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About the report

At Sound Bioventures, this marks our first year of sharing the progress we've made on our environmental, social, and governance (ESG) initiatives. ESG is not just a framework for us, but a core part of how we work towards sustainable growth. Over the past year, we have crafted an impactful ESG strategy that is closely aligned with the growth and evolution of our portfolio companies.

This report aims to transparently showcase our ESG journey, ensuring that we remain committed to the goals we've set for ourselves. It serves as both a tool for accountability and a guide for continuous improvement. This report is our way of measuring, reflecting, and refining the ways in which we create long-term value through responsible investment practices.



Environment



Social



Governance

About us

Sound Bioventures is a venture capital fund investing in about-to-be clinical and clinical stage private companies in Europe and the USA developing novel medicines that addresses unmet medical needs. Sound Bioventures Fund I AB is a registered alternative investment fund, under the Swedish Alternative Investment Funds Managers Act.

Our investment and portfolio construction strategy builds on lessons learned and approaches perfected during the 15 years the founding team worked together. We invest in companies that are about to enter the most value-generating phase of drug development i.e. clinical stage. Our capital helps answer the question “Is there a drug that works here?”. We invest in companies where it is possible for a private investor or venture syndicate to finance the R&D program all the way to regulatory approval.



Decent

We show respect at all times, act with integrity and always aim to do the right thing. Being reasonable builds long-term relationships.



Dedicated

We work hard to deliver results for patients, our companies and our LPs. We are highly professional. We love what we do.



Humble

We know our limitations. We know when to listen and when to ask questions and are responsible stewards of our LP's capital.



Confident

Our combined experience is extensive – we have been there before. We trust our capabilities and are supported by a strong and extensive network.

Portfolio companies 2023

	Company	Description	Location
	Artax Biopharma	Novel oral immuno-modulator for Autoimmune Diseases	 US
	Breya Therapeutics	Oral first line treatment for Diabetic Retinopathy.	 DK
	VarmX	Safe and universal reversal agent for factor X DOAC bleeding complications.	 NL
	Teitur Tropics	A new approach to treating neuro-degenerative diseases like Huntington's and Parkinson's Diseases.	 DK
	Arthex Biotech	RNA therapeutic for rare neuro-muscular disease Myotonic Dystrophy Type I (DM1).	 ES
	Aboleris Pharma	Antibody therapy for rheumatoid arthritis that acts upstream of the inflammation cascade.	 BE

Our commitment

At Sound Bioventures, we invest with a long-term focus. The ESG initiatives we champion are not just short-term actions but are meant to create lasting impact, influencing positive change throughout the companies we back, their supply chains, and their broader ecosystems. Our goal is for these efforts to spark a ripple effect that continues well after our involvement, driving sustained progress for both the business and its stakeholders.

We see ESG not just as a responsibility but as a catalyst for long-term value creation, especially in an increasingly complex world. The companies that succeed in today's landscape

are those that can adapt, innovate, and lead through these challenges. It's our role to guide and support them in this journey, helping them integrate ESG principles into their operations, realize their full potential, and contribute to building a more sustainable future.

We treat ESG with the same importance as we do strategic growth. Our approach is data-driven, allowing us to measure impact and provide clear insights to our portfolio companies. By doing this, we help them advance in their ESG initiatives, ensuring they remain at the forefront of sustainability efforts.

UN Global Compact

At Sound Bioventures, we are proud to participate in the UN Global Compact, aligning our values and practices with its Ten Principles. Our commitment reflects our deep belief that responsible investment goes hand-in-hand with creating a positive impact on society and the environment. As part of this global initiative, we actively integrate the Compact's principles into our investment strategies, promoting human rights, labor standards, environmental sustainability, and anti-corruption practices across our portfolio.

WE SUPPORT



SUSTAINABLE DEVELOPMENT GOALS



Framework

To succeed with our ESG goals, Sound Bioventures, together with 18 other European Life Science venture capital investors within the framework of the “**Knowledge ESG Life Science Project**”, has developed a questionnaire to identify the most important areas and underlying indicators for adequate ESG monitoring and reporting. Sound Bioventures has then selected the indicators most relevant

to the size and scope of its portfolio companies. The questionnaire enables us to report on negative impacts of sustainability factors (Principal Adverse Impacts, PAI) to the “best of our ability”. This permits us to include relevant PAIs in our routine periodic information gathering.

Indicators selected by Sound Bioventures

Environment	Social	Governance
Energy management	Employment	Data privacy & security
Greenhouse Gas Emissions	Diversity, Equity & Inclusion	Business ethics
Waste (and water) management	Healthy & safe workplace	Board-related matters
Environmental initiatives	Bioethics & animal welfare	Supply-chain management
	Product quality & safety	ESG-management
	Profit sharing	

The portfolio companies receive this questionnaire each year, tailored to the company’s stage and size, as part of the periodic reporting, and are asked to provide information on all factors (where possible). In 2023, we received responses from 6 out of 6 portfolio companies.

To successfully monitor the progress of our portfolio companies on the ESG topics and indicators, we have developed an ESG Maturity Model, allowing us to score the input and data on a scale of level 1 (least mature) to level 5 (most mature). This model shows the organizational maturity on the management of the specific ESG topics. The scoring allows for benchmarking over time and comparison within the fund. The levels also provide clear next steps and action points for improvement

and the model is therefore a strong tool for engagement with portfolio companies. As we track progress on an annual basis, we can clearly demonstrate the progress a company and the fund as a whole has made. Selected scoring criteria of the maturity model have been outlined in the next page.

Already in 2023, we observed good quality of reported data and we continuously aim to improve how we collect and report ESG. Better reporting also means that we can more clearly and actively steer the improvement of specific indicators using the maturity model. New goals can be set based on previous outcomes and new requirements.

Framework: Maturity Model

Our maturity model enables objective scoring of ESG progress and helps our portfolio to define their ESG aims. Selected categories from each indicator are described below.



Environmental

Greenhouse Gas Emissions	No data collected on CO2		Data collection & policies in place		CO2 emission negative
Waste management	No data collected		Waste data collected according to well-defined categories		Zero waste achieved

Social

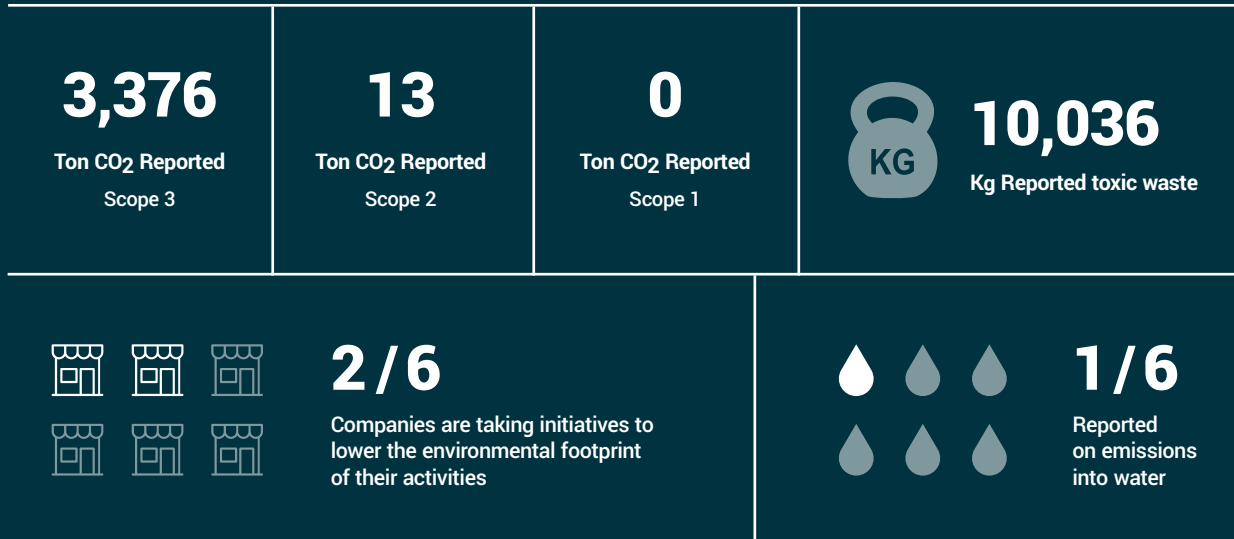
Employment	No awareness of employee wellbeing				Development of individual employee plans
Diversity, equity and inclusion		Collection of data on gender diversity and equal opportunities			Clear diversity and inclusion targets that are monitored
Health and safe workplace	No internal policy about a safe and healthy workplace		Annual training on health and safety	Annual data collection on health and safety perceptions and framework to report safety incidents	
Bioethics and animal welfare	No policies developed on bioethics and animal welfare			Industry standards are met to ensure that animals are treated humanely (such as the "3Rs")	

Governance

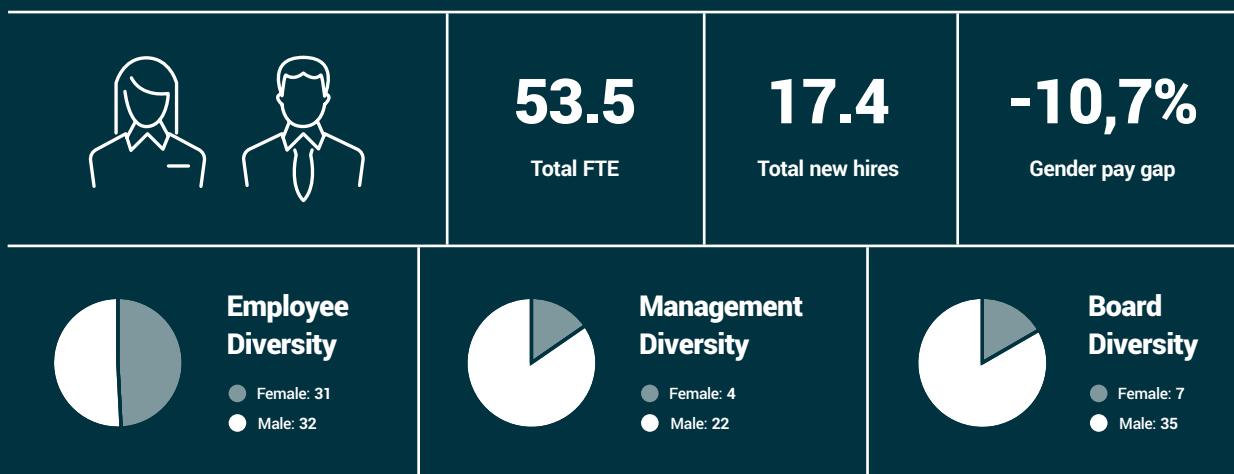
Data privacy	No formal data policy and protection		Data privacy policy adopted, and privacy incidents monitored		GDPR compliance deeply embedded in company
Business ethics		One or more policies in places addressing topics such as anti-fraud or anti-laundering			Adherence to UN Global Compact 10 principles
Board related matters	A board is established with at least 3 members				Annual formal board evaluation
Supply chain management	No ESG policies in place for suppliers			Active engagement to improve supplier ESG performance	

Portfolio highlights

Environmental



Social



Governance



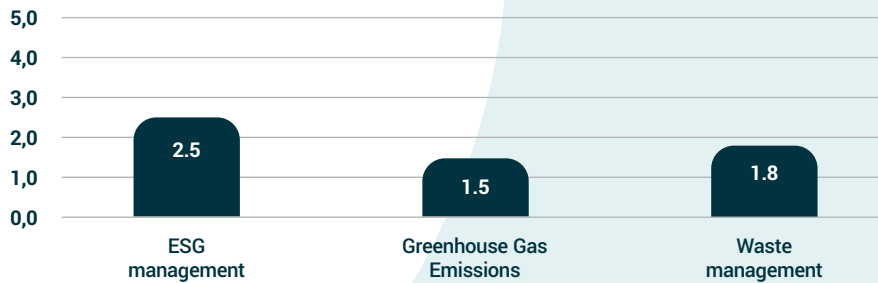
Maturity model score

Below, we display the average values of maturity level scoring across our portfolio. As indicated, initiatives to collect data on greenhouse gas emissions and to reduce waste were relatively rare (i.e., average scores below 2.0), while companies more frequently collected data on Diversity, Equity & Inclusion (average score 2.1) and had adopted policies on bioethics and animal welfare (average

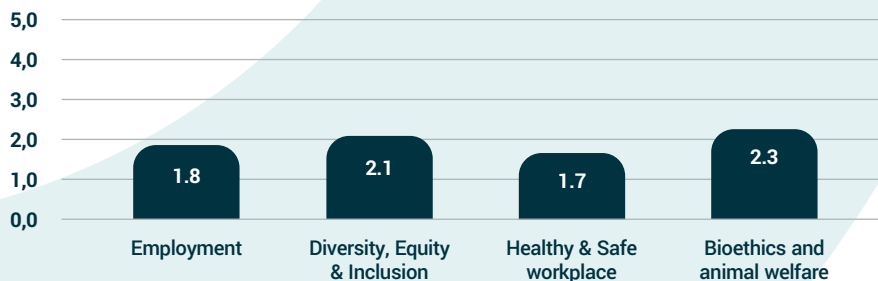
score 2.3). Adoption of data privacy policies (average 2.8) and following Good Governance principles in board related matters (average score 3.2) were common.

Going forward, we will use these data points to track the ESG progress of our portfolio companies.

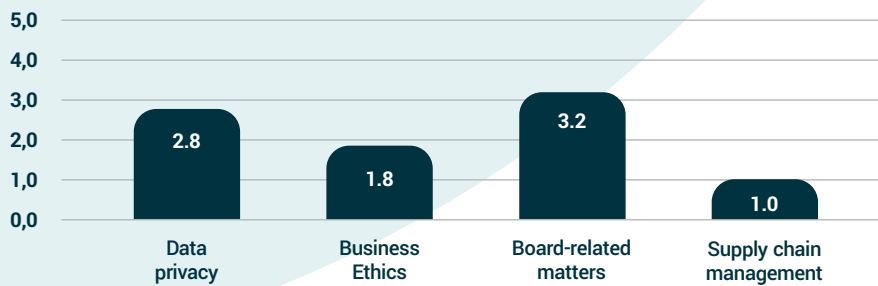
ESG Management and Environment



Social



Governance



Mapping of SDGs

We are dedicated to aligning our investments with the United Nations Sustainable Development Goals (SDGs), recognizing the crucial role that life sciences play in advancing global health, innovation, and sustainable practices. As a part of our annual ESG data

collection, we map SDGs across our portfolio and assess relevant targets and indicators on company individual level. Below we describe the three SDGs that creates value across all of our companies.



Our portfolio companies aim to ensure healthy lives and promote well-being. They do so by contributing to the development of new therapeutics (i.e. drugs).



Our portfolio companies contribute to fostering innovation, building resilient infrastructure, and promoting inclusive and sustainable industrialization. Through their work, they improve R&D, technology development, and scientific progress.



Our portfolio companies work to optimize their production processes and all have taken steps to implement waste reduction policies. This aligns with creating products (i.e. drugs) that are more environmentally sustainable.

Our commitment to these SDG mapping ensures that we are not only building value but also contributing to a more sustainable and equitable world. We remain dedicated to leveraging our investments to support these global goals, fostering long-term impact within the companies we back and the communities they serve.

Aims and actions

As part of the fund's due diligence process, a preliminary analysis of relevant ESG topics is conducted before each investment. The results of this assessment currently do not form the basis for the final investment decision but provide an overall picture of the situation. The purpose is also to share the fund's values and raise major issues at an early stage. The maturity model helps assess the improvement potential of the evaluated company, and based on this, an action plan is created. The company can also be compared with other portfolio companies within the fund.

Work with the "**Knowledge ESG Life Science Project**" framework and the Maturity Model has greatly improved the fund's ESG strategy. In addition, we have further developed the ESG assessment conducted before an investment and updated our sustainability policy, which is published on our website. Several concrete activities have been initiated together with portfolio companies, with some examples:

- We support increased diversification in the leadership of portfolio companies and have seen an increased number of women in executive roles in 2023, such as CSO, CBO, and CMO. We have also had our first female CEO of a portfolio company.
- A new independent female board member has been appointed, in addition to four new female CEOs/investor board members.
- The importance of separating the roles of Chairperson and CEO has been raised in investor meetings and adopted by all portfolio companies. This ensures best practices and good corporate governance.
- In cases where a portfolio company lacked an ESG policy, work has been initiated to create one.

ESG Toolbox

During 2023, we collaborated with leading ESG advisors to create a bespoke ESG Toolbox aimed at equipping our portfolio companies with the tools they need to elevate their sustainability efforts. This Toolbox allows each company to identify and prioritize the most impactful ESG initiatives, tailoring solutions that drive meaningful change and align with their specific goals. It's a flexible resource, designed to evolve alongside the companies as they continue their sustainability journey.

Moving forward, we're committed to enhancing and expanding the ESG Toolbox, ensuring it remains a comprehensive solution tailored for life science companies. Our goal is to provide every portfolio company with the insights and strategies they need to embed ESG into their operations, fostering continuous improvement and long-term success in a rapidly changing world.

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**Do you have questions
about this report?**

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