

September 2022

Operating Principles for Impact Management 2022 Disclosure Statement

Adjuvant Capital, L.P.

Adjuvant Capital, L.P. (the “Signatory”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”). This Disclosure Statement applies to the following assets or business lines (the “Covered Assets”):

- *Adjuvant Global Health Technology Fund, L.P.*
- *Adjuvant Global Health Technology Fund DE, L.P.*

The total Covered Assets in alignment with the Impact Principles is US\$300 million as of September 30th, 2022.

Signed: 

Name of Institution:	Adjuvant Capital, L.P.
Authorized Representative:	Glenn Rockman
Title:	Managing Partner
Date:	September 30, 2022

PRINCIPLE 1

Define strategic impact objective(s), consistent with the investment strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Adjuvant manages life sciences investment funds focused on new or improved technologies for public health challenges that cause significant morbidity and mortality in low- and middle-income countries (“LMICs”). As such, Adjuvant contributes to the achievement of UN SDG 3: Ensure healthy lives and promote well-being for all and at all ages.
- Adjuvant’s strategy aims to drive meaningful improvements in the public health of LMICs while pursuing top-tier financial returns. Adjuvant executes this strategy by investing in promising public health technologies and structures its investments to ensure they are made accessible to those who need them most.
- Adjuvant primarily targets the following public health challenges in line with UN SDG 3:
 - Neglected, high-burden, and emerging infectious diseases, including, without limitation, anti-microbial resistance and pandemic threats
 - Maternal, newborn, and child health challenges
 - Sexual and reproductive health
 - Improving nutrition in undernourished populations in the developing world
- Adjuvant targets late-stage life science technologies (“LSTs”) that are designed to be accessible with respect to quantity and price and with the potential to deliver meaningful improvements in global public health. LSTs targeted by the Covered Assets are expected to include vaccines, therapeutics, diagnostics, and medical devices but may at times include other enabling technologies (“OETs”) such as telemedicine, health informatics, delivery devices, and novel healthcare service models.
- Adjuvant directs the majority of its investment activity to opportunities that have human efficacy signals from a phase II-or-later clinical trial or similar arm’s-length evaluations. Adjuvant looks for compelling proof-of-concept data to support investment decisions. Adjuvant has small allocation available for pre-proof of concept (“PPC”) investments, which include investments that precede the availability of Phase IIa safety and efficacy data.

PRINCIPLE 2

Manage strategic impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- In the governing documents for the Covered Assets, Adjuvant established a Social Impact Committee (SIC) to provide governance oversight of its investment decision-making, performance, and operations with respect to the strategic impact objectives outlined in Principle 1.
- The SIC is comprised of Adjuvant LPs with expertise in impact investing and public health.
- The SIC reviews investments and subsequent disbursements approved by the Adjuvant's Investment Committee to evaluate whether the investment or subsequent disbursement furthers Adjuvant's strategic impact objectives and complies with the Program Related Investment (PRI) Requirements as outlined in the governing documents for the Covered Assets.
- The SIC has the authority to veto investments or subsequent disbursements that it believes do not further the Adjuvant's strategic impact objectives or comply with the PRI requirements.
- The SIC meets on a regular basis for governance sessions to review potential investments and/or subsequent disbursements and on an ad hoc basis for advisory sessions to provide ongoing advice on impact due diligence, measurement, and management.
- In governance sessions, Adjuvant represents to the SIC that the proposed investment or disbursement advances its strategic impact objectives and does not violate the PRI Requirements using a standardized SIC governance checklist and supporting documentation/analysis.
- In advisory sessions, Adjuvant provides a draft of its detailed impact due diligence findings (organized in a deck using the systematic approach discussed under Principle 4) and solicits input from the SIC on how to maximize impact potential and minimize impact risk.
- Each month, the SIC receives a pipeline and portfolio report that shows the mix of potential and actual investments organized by impact indicators such as indication, modality, and stage of clinical development. This report helps the SIC continually monitor portfolio impact performance during and in-between its sessions.
- Currently, Adjuvant does not have any staff incentives that are tied to impact alone but will consider such incentive structures as best practices emerge.

PRINCIPLE 3

Establish the Manager's contribution to the achievement of impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- While Adjuvant contributes to each investee's achievement of its impact objectives by serving in advisory and board roles and providing introductions to its expert network, Adjuvant's primary impact contribution is in its Global Access Commitments.
- Each Adjuvant investment includes Global Access Commitments (GACs). GACs are binding obligations designed to ensure that the public health technologies financed by the Adjuvant are appropriate for, applicable to, and accessible to vulnerable populations in LMICs.
- GACs generally include the following:
 - Registration in LMICs: Adjuvant requires investees to register the funded life science technologies in LMICs that are heavily burdened by the targeted Global Health Challenge. Typically, this means an investee will be required to initiate the registration process in a pre-determined group of LMICs within a specified period after the first stringent regulatory approval is received for the life science technology or WHO prequalification.
 - Tiered Pricing: Fund investees make commit to making a pricing framework that prices the life science technology at a discount to the price charged in wealthy countries so that the life science technology is affordable in LMICs should it be successfully developed and registered there.
 - Minimum Volumes: To the extent demand for a life science technology backed by the Fund is greater than supply, the investee typically must commit to allocate pre-determined minimum volumes for distribution in priority LMICs, to the extent there is competing demand for limited supply from those LMICs.
- At a portfolio level, Adjuvant contextualizes its GACs and investments in light of the global health R&D financing gap. Adjuvant considers whether an investment and its corresponding GACs fill a key financing gap for a technology that would address a neglected indication. Adjuvant also considers the timeline through clinical trial and regulatory approval and whether or not the GACs pertaining to prioritizing regulatory approval in LMICs accelerates accessibility in those markets.

PRINCIPLE 4

Assess the expected impact of each investment, based on a systematic approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- Prior to investment, Adjuvant analyzes impact potential using the Impact Management Project's 5 Dimensions of Impact (IMP), negotiates GACs with the investee as outlined in Principle 3, and holds an SIC vote as outlined in Principle 2.
- Adjuvant tailors the IMP to evaluate life science technologies in the context of global health challenges. Adjuvant scores potential investments on a scale of 1-5 along each of the following dimensions:
 - What: To what degree does this company help achieve the Adjuvant's priority outcomes?
 - Illustrative score range: A 5 indicates the investment produces the only product for aspects of disease treatment / prevention whereas a 1 indicates the investment does not produce a product different from existing options.
 - Who: How clear is the path to providing the company's product/service to the Adjuvant's priority populations?
 - Illustrative score range: A 5 indicates the investment creates a life science technology that is accessible by all marginalized populations in LMICs whereas a 1 indicates the life science technology does not reach Adjuvant target populations.
 - How much: How significant are the outcomes generated by the company in terms of absolute reach, the depth of impact and treatment gaps filled?
 - Illustrative score range: A 5 indicates that the investment generates a life science technology that significantly reduces the number of disability adjusted life years (DALYs) associated with a high burden disease whereas

- a 1 indicates that the life science technology does not significantly reduce DALYs in relative or absolute terms.
 - Contribution: To what degree does Adjuvant’s investment / additionality in this company fill a crucial funding and/or treatment gap?
 - Illustrative score range: A 5 indicates that the investment contributes to closing an important funding gap and has GACs that make an important life science technology accessible to LMICs whereas a 1 indicates no significant reduction in the R&D funding gap and no viable GACs.
 - Risk: How significant are the impact risks and how difficult is it to manage them?
 - Illustrative score range: A 5 indicates that that the investment has 1-2 manageable impact risks as outlined by the IMP risk taxonomy whereas a 1 indicates that the investment has 2+ unmanageable impact risks as outlined by the IMP risk taxonomy.
- The GACs are also finalized during the impact due diligence process outlined above and reviewed by the Adjuvant Investment Committee and Social Impact Committee. The findings from the IMP impact due diligence and GACs serve as an organizing framework for ongoing impact monitoring and reporting as discussed in Principle 6.

PRINCIPLE 5

Assess, address, monitor, and manage potential negative impacts of each investment

“For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.”

- Adjuvant endeavors to invest in what it identifies as the best companies and work with what it considers to be the best partners that have the highest environmental, social and governance standards. Adjuvant’s investment process actively incorporates environmental, social, and governance considerations to help achieve its goal of maximizing support for its public health impact objectives. In making investment decisions, Adjuvant believes companies that fail to demonstrate appropriate regard for human and environmental welfare, in line with globally agreed upon standards set forth by the IFC Performance Standards, the UN Guiding Principles on Business and Human Rights, and British International Investments’ Code of Responsible Investing, do not represent attractive long-term economic opportunities and will not deliver on stated global health impact goals.

- Adjuvant conducts ESG due diligence alongside its upside impact due diligence and commercial due diligence as part of its core investment process. Adjuvant has an ESG policy, questionnaire, and guide that outlines its process. Adjuvant supplements its ESG analysis with background checks via a widely used platform and escalates ESG risks to third-party experts as needed. Adjuvant focuses on ESG risks and data that are tailored to each investment based on phase of clinical development and commercial stage. Adjuvant uses the SASB materiality matrix and other global standards to define and focus on the most important, material ESG factors for each investment. For those portfolio companies who have manageable ESG risks, Adjuvant creates ESG action plans for potential investees to demonstrate improvement along ESG dimensions as a condition of our investment.

PRINCIPLE 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- Each year Adjuvant publishes a Program Related Investment (PRI) Report that focuses on ESG risks and governance/progress related to its financing and the GACs in the service of its upside impact value creation strategies.
- For ongoing ESG monitoring in the PRI Report, Adjuvant includes a focused set of ESG and business stage questions that, depending on the answer, could trigger a full update of our ESG due diligence questionnaire (e.g., if the company commercializes or enters a new stage that exposes it to new ESG risks since the time of investment). Currently, Adjuvant ESG reporting is mostly qualitative with quantitative measures focused on social factors related to clinical trial enrollments and patient reach (closely tied to its upside impact reporting). Adjuvant does additional quantitative reporting via the IFC Questionnaire on Development Impact each year, which includes quantitative and qualitative information.

- For ongoing impact monitoring, Adjuvant primarily uses its GACs as an organizing framework to ask each investee to make disclosures of the following with supporting detail:
 - Please provide an overview of the progress toward achieving the Global Health Objectives, and the activities and the use of the funds towards such purposes.
 - Regulatory strategy and milestones:
 - Please provide a summary of progress towards stringent regulatory approval and / or WHO prequalification.
 - Please provide a summary of regulatory strategy for developing countries and/or a summary of achievement towards other regulatory milestones, such as registrations in accordance with territory access requirements (specifying whether for public or private markets).
 - Please outline and provide an update on any clinical studies ongoing or completed since investment date.
 - Tiered Pricing Requirement: Please provide an outline of actual or proposed sale prices of product device in different markets (both by territory and by public/private).
 - Productive capacity: Please provide an outline of current and target production capacity, and how this is expected to be allocated towards different markets.
- Adjuvant's impact KPIs are tied closely to the GACs and are thus focused on measures such as progress through the stages of clinical development (e.g., phase I to phase II), number of product registrations, number of LMICs reached, etc.
- Adjuvant collects the above data directly from investees and shares findings with the SIC and other LPs each year for review and discussion as needed.

PRINCIPLE 7

Conduct exits considering the effect on sustained impact

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- Adjuvant's primary strategy to ensure sustained impact at and after exit is through the GACs. The GACs will typically survive for 10 years after Adjuvant's initial investment or for as long as the Adjuvant is a significant creditor to or equity investor in the life science technology (LST). Adjuvant will endeavor to secure a no-cost license to the intellectual property behind the LST, which is exercisable upon an event of default by the investee, including uncured violations of the Global Access Commitments. Global Access Commitments will survive any transfer or acquisition of the LST. Importantly, Global

Access Commitments must be sustainable without extraordinary long-term intervention by Adjuvant.

- Global Access Commitments must balance the obligation to make an LST accessible in LMICs with the need to ensure financial sustainability, as the Global Access Commitments are being secured alongside financial repayment and upside participation expectations. Realizing the Investment Purpose of the Covered Assets requires making the LSTs accessible in LMICs and earning a financial return on the invested capital.

PRINCIPLE 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- Using the PRI Report, GACs framework, and monthly SIC reports outlined above, Adjuvant reviews and documents the impact performance of each investment and reports to its SIC on actual progress compared to expected impact at the time of investment.
- For subsequent disbursements, Adjuvant provides the SIC an update on impact performance against pre-determined milestones for SIC to review the original investment decision in light of current progress and hold a subsequent vote for continued investment.
- Adjuvant documents the outcome of each SIC vote as part of its ongoing governance practices.
- At SIC governance sessions, Adjuvant periodically requests feedback from the SIC on its impact due diligence, measurement, and management to continually improve its impact-related processes.

PRINCIPLE 9

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- Adjuvant Capital GP, L.P. affirms that its impact management system is aligned with the Impact Principles.

- Adjuvant Capital GP, L.P. plans to complete its first independent review by September 2023 and every three years thereafter in accordance with the Impact Principles.