

Impact Performance Report

PURPOSEFUL CAPITAL, POWERFUL CHANGE

SIIFIC WELLNESS FUND

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To Whom and Why

The primary users of this report are the Limited Partners ("LPs") of the SIIFIC Wellness Fund. These LPs have chosen to invest in and engage with SIIF Impact Capital, Inc. ("SIIFIC") and the SIIFIC Wellness Fund with the expectation of financial returns and positive impact. The LPs seek to understand changes in the well-being of stakeholders and the natural environment caused by SIIFIC, the SIIFIC Wellness Fund, and its portfolio companies. This understanding enables them to make informed investment and engagement decisions based on stakeholder experiences and environmental considerations.

Implementing the "Impact Performance Reporting Norms"

This report has been prepared following guidance provided by the **Impact Performance Reporting Norms** ("Reporting Norms")¹. SIIFIC aims to enhance transparency and mitigate concerns about "impact-washing" and "cherry-picking". As part of its commitment to industry best practices, SIIFIC is participating in a pilot program hosted by Impact Frontiers, which provides report preparers, readers, and evaluators with practical guidance on adopting the Reporting Norms.

Impact Frontiers encourages report preparers to take a phased approach to implementation and to communicate transparently with LPs regarding the extent to which they follow the Reporting Norms. SIIFIC adopted the draft Reporting Norms in March 2024 and aims to be fully aligned by 2026.

Implementation Schedule

1. Entity Overview & Impact Thesis	2024
2. Impact Management Approach	2024
3. Impact Performance	2026
4. Governance	2025
5. Case Studies	2025 (partially)
6. Independent Review (Optional)	2024 (1st) 2027 (2nd)

¹ Please visit the Impact Frontier website (<https://impactfrontiers.org/work/impact-performance-reporting/>) for more information about "Impact Performance Reporting Norms - For Investors in Private Markets; April 2024 – Version 1" and related resources.

Note on Formatting

As recommended in the Reporting Norms, this report follows best practices for visual design to ensure faithful representation of impact-related content. We prioritize clarity, accessibility, and neutrality in presenting our impact performance.

Approach to Visual Elements

- Charts & Tables:

Visual data representation is structured to enhance clarity while avoiding manipulation or unintended emphasis that could influence perception. We ensure that data is presented objectively so that readers can interpret it without bias.

- Diagrams & System Maps:

At SIIFIC, we view system thinking as fundamental to impact investment decision-making. Therefore, this report incorporates system maps and Theory of Change (Logic Model) diagrams to provide a structured and transparent view of causal relationships and anticipated outcomes. These visual elements serve as essential tools for illustrating our investment logic and the pathways through which we generate impact.

- Photography & Icons:

In alignment with the Reporting Norms, this report does not rely on photography or icons to represent impact. While images can provide valuable context, their use in impact reporting presents challenges in ensuring neutrality, completeness, and accuracy. Stock images or photographs intended to evoke emotional responses are avoided to maintain the integrity of our reporting.

However, when necessary to depict investment-specific realities that cannot be conveyed through text alone, we will follow strict ethical standards, including:

- Informed consent from subjects, particularly when images involve individuals or communities.
- Transparency regarding the source and context of images, ensuring they serve to enhance, rather than influence, perception.
- Alignment with accessibility best practices, so all users - including those with disabilities - can engage meaningfully with the report's content.

SIIFIC's Commitment to Transparency

We recognize that impact is complex and interconnected, requiring thoughtful communication. Our approach to visual representation is not merely about aesthetics—it reflects our broader commitment to transparency, evidence-based impact measurement, and rigorous decision-making. Through clear data visualization and structured impact pathways, we aim to empower LPs and stakeholders with a genuine, data-driven understanding of the effects of our investments.

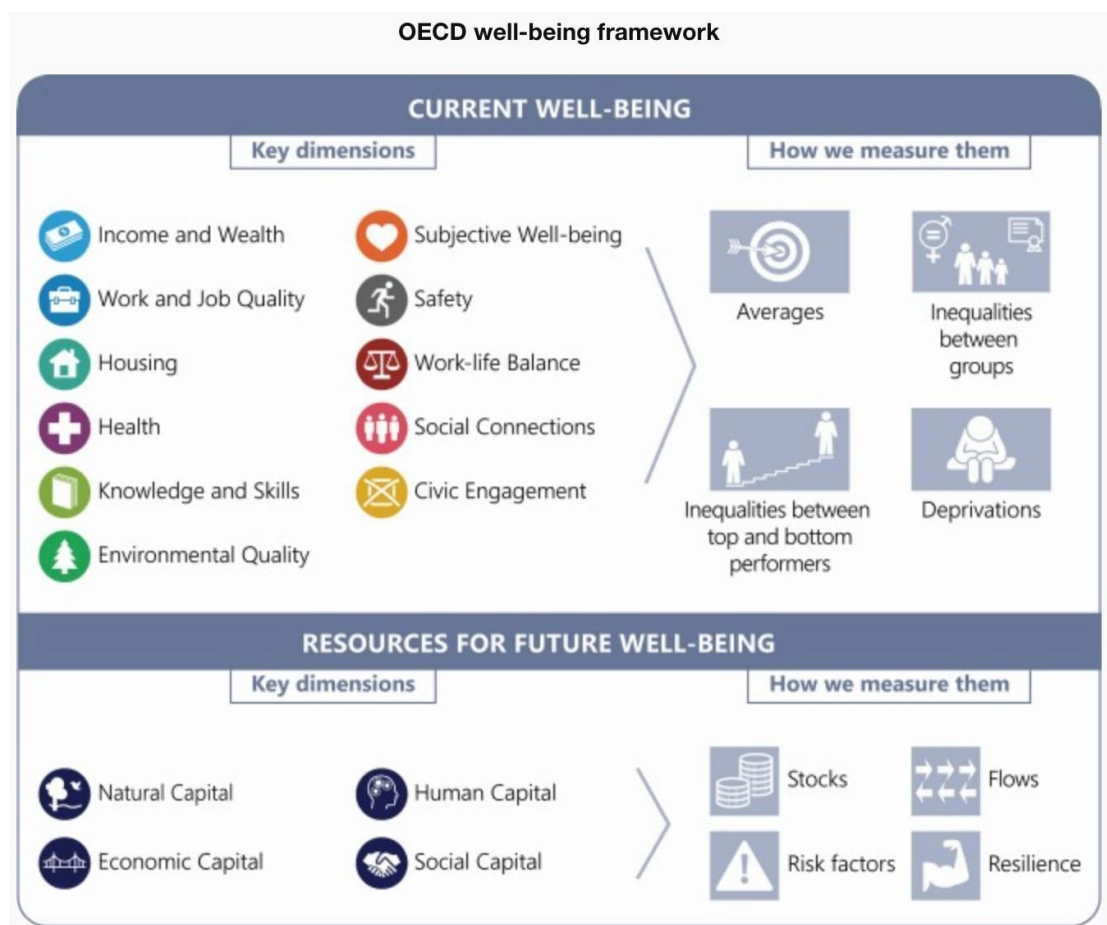
Terms and Definitions

For the purpose of this report, the following terms and definitions² apply:

1. **Impact:** The effect of entity's actions on people and/or the natural environment over the short-, medium-, and long-term. In this report, the term "impact" implies a change in outcomes caused by an entity.
2. **Impact Pathway:** The impact pathway describes the link between entities' inputs, activities, and outputs with their effects on people and the natural environment – that is, their outcomes and impacts. SIIFC Wellness Fund refers to "theory of change derived from system mapping" as the impact pathway.
3. **Impact Thesis:** An entity's strategy for delivering on one or a range of impact objectives for an investment or a portfolio of investments.
4. **Independent Reviewers:** An individual or a group independent of the report preparer that is engaged in increasing the confidence of the user in the reported information.
5. **Input:** The resources and relationships that entities draw upon for their business activities, as well as the contextual elements that define their business activities.
6. **Logic Model:** A structured table that links inputs and activities to measurable outputs and outcomes. Can be a tool to represent an impact pathway, impact thesis, or theory of change.
7. **Outcome:** The level of well-being experienced by people or condition of the natural environment that results from the actions of the entity, as well as from external factors.
8. **Output:** The direct result of entities' activities, including products, services, and by-products.
9. **Stakeholder:** An individual or aspect of the natural environment that can reasonably be expected to be significantly affected by the entity's activities, products, and services, or whose actions can reasonably be expected to affect the ability of the entity to successfully implement its strategies and achieve its objectives. These include (but are not limited to) clients/end-beneficiaries, entity management and staff, suppliers, and affected local people and communities (including marginalized and vulnerable groups). These may also include non- governmental organizations, civil society organizations, governmental entities, and other groups insofar as they faithfully represent affected stakeholders. In this context, the entities' capital providers are not included as stakeholders, as it would be inappropriate for the entity to report on its impacts on capital providers to those same capital providers. For the avoidance of doubt, the term "stakeholder" is intended to emphasize report's inclusion of stakeholders that are experiencing outcomes below socially or environmental thresholds (i.e., below acceptable levels), and stakeholders that have relatively little power, status, or voice, and whose interests are thus at greatest risk of not being taken into account in users' decision-making.

² Please visit the Impact Frontier website (<https://impactfrontiers.org/work/impact-performance-reporting/>) for more information about "Impact Performance Reporting Norms - For Investors in Private Markets; April 2024 – Version 1" and related resources.

10. **Theory of Change:** A theory of change explains how the activities undertaken by an intervention (such as project, program, or policy) contribute to a chain of results that lead to the intended or observed impacts. At SIIFIC, we use the Theory of Change framework suggested by NEF³ (New Economics Foundation) as the foundation for our impact mapping. This approach allows us to clearly articulate our investment strategy, linking short-term, medium-term, and long-term outcomes for stakeholders. The NEF Theory of Change is represented as a living diagram that evolves alongside portfolio companies' activities, reflecting new insights and changes in their approach.
11. **Thresholds:** In this context, the term "threshold" refers specifically to the level or range of an outcome that divides sustainable from unsustainable performance. These ranges are set with reference to social norms or planetary limits that have been identified through scientific research. Thresholds are critical contextual reference points for entities assessing whether an outcome is sustainable or unsustainable. They are distinct from other types of targets that entities might set themselves which are not explicitly linked to a scientific assessment of what constitutes a sustainable outcome.
12. **Well-being:** The state of being or doing well in life; happy, healthy, or prosperous condition; moral or physical welfare. The OECD Well-being Framework states that the 11 dimensions of well-being are comprised of the outcomes that matter most to people.



³ Please visit the New Economics Foundation website (<https://www.nefconsulting.com/introduction-to-toc/theory-of-change/>) for more information about Theory of Change.

SECTION 1: ENTITY OVERVIEW & IMPACT THESIS

1.1 ENTITY DESCRIPTION

Overview of the reporting entity and the time period covered.

SIIFIC is a venture capital firm based in Tokyo, Japan, weaving together people, society, and the planet to make better living the norm for all.

Wellness should not be a privilege—it should be a shared reality. Through impact-driven investments, we thread together innovation, wellness, and equity, creating ripples of change that empower individuals, strengthen communities, and nurture the planet.

This report spans all assets under management by SIIFIC LLP for the period from January to December 2024, reflecting our unwavering commitment to purposeful capital for powerful change—building a world where everyone can live better. It is published annually, with each edition released by the end of March, ensuring transparency and continuity in our impact reporting.

Fund	SIIFIC Wellness Fund
AUM ⁴	3,656,600,000yen ⁵ as of 31 December 2024
Asset Class	Private equity
Sector	Wellness
Regional Focus	Japan
Year Launched	2023
Capital Providers	Organization for Small & Medium Enterprises and Regional Innovation, Japan Japan Post Insurance Co., Ltd. Teikoku Seiyaku Co., Ltd. The Higo Bank, Ltd. Keio University Japan Social Innovation and Investment Foundation Tokio Marine & Nichido Fire Insurance Co., Ltd. Kaneto Capital Management Pte. Ltd. Individual

⁴ AUM: Assets Under Management

⁵ Based on the [exchange rate from Bank of Japan](#), 157.83 as of 30th December 2024, the AUM of 3,656,600,000 yen as of 31 December 2024 converts to approximately \$23,167,966 USD.

1.2 IMPACT THESIS

*Impact pathway (e.g., theory of change, logic model, system map). Include the social and/or environmental needs or challenges addressed, the affected stakeholders and intended outcomes, and the role of investor **contribution in the thesis**.*

SIIFIC and the SIIFIC Wellness Fund are committed to **interweaving innovation, wellness, and equity, creating a ripple effect of system change that empowers individuals, strengthens communities, and nurtures the planet. Our investment strategy is deeply rooted in systems thinking, tackling the root causes of healthcare and wellness disparities rather than merely addressing their symptoms.**

The details of this approach, including our impact strategy and the systemic issues we seek to address, are outlined in the SIIF Vision Paper. This document provides a comprehensive analysis of systemic healthcare challenges, impact pathways, and strategic interventions, reinforcing our commitment to driving long-term, structural change. For further insights, please refer to the full report: [SIIF Vision Paper⁶](#).

The Social and Environmental Challenges We Address

Japan's healthcare system faces **three fundamental challenges**:

- **Health system inefficiencies: A slow and fragmented adaptation to emerging healthcare needs, limiting access to tailored medical innovations.**
- **Health/Wellness literacy disparities: Widespread information asymmetry, leading to poor self-management of health and reduced engagement in preventive care.**
- **Erosion of social capital: Weakening community ties, which exacerbates isolation, particularly among the elderly and vulnerable populations.**
- **These issues contribute to widening health disparities, lower well-being across generations, and unsustainable pressure on healthcare infrastructure.**

The Intended Outcomes and Stakeholders

The SIIFIC Wellness Fund invests in solutions that:

- Advance the integrity of healthcare systems by supporting innovations that enhance transparency, accountability, and patient-centered care. Our investments drive the adoption of high-quality medical standards, ensuring trust and reliability in healthcare delivery while fostering behavioral change among providers.
- Empower individuals to take control of their well-being through science-backed, behavior-shaping innovations. By investing in preventive health solutions, digital health platforms, and wellness-enabling technologies, we inspire sustainable lifestyle shifts that promote long-term physical, mental, and emotional health.
- Strengthen human connections as a foundation for wellness by supporting platforms and services that cultivate meaningful yet flexible social ties. Our investments enable inclusive communities, fostering autonomy and belonging while addressing social isolation and mental health disparities.

⁶ Please visit "[Executive Summary of SIIF Vision Paper \(English\)](#)" 2023.09.20 for English summary and "[VISIONPAPER ヘルスケア](#)" Japanese full paper.

- Drive regional economic resilience by revitalizing local ecosystems and fostering sustainable growth. We invest in startups and ventures that create quality jobs and improve the overall quality of life in communities, ensuring that wellness is an accessible reality for all.

By taking a systems-level approach to wellness, the SIIF Wellness Fund is committed to redefining healthcare equity and ensuring that better living becomes the norm for all.

7. Healthcare: Analysis of issue structures

SIIF categorised healthcare into three components, health systems, health literacy, and social capital. Then, mapped the issues connected to these components around (1) patients with physical and emotional health issues and (2) senior citizens with physical and emotional health issues. This page shows the definitions of these components.

Health systems	Health literacy	Social capital
<ul style="list-style-type: none"> Any organizations, institutions, and people's actions for preventing diseases, providing treatments, achieving recovery from illness, and improving and maintaining health 	<ul style="list-style-type: none"> Knowledge, motivation, and ability to discover and utilise health information for making critical decisions daily regarding healthcare, disease prevention, and health promotion, to maintain and enhance the quality of life (QOL). 	<ul style="list-style-type: none"> The social functions to improve its efficiency such as trust, discipline, and network, by facilitating people's collaborations.

7. Healthcare: Issue summaries

To explore the healthcare issues, SIIF considered the problems stem from individual illnesses as preconditions of the analysis, rather than issues to be solved. Based on that, SIIF identified the key issues of healthcare-related challenges as below.

About Patients with Physical and Emotional Health Issues

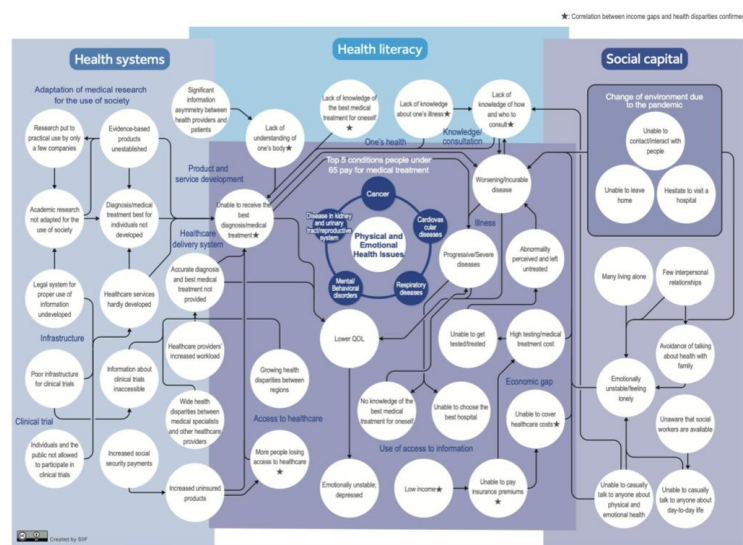
- **Health system-related issues:** The slow development processes of adaptive medical products and services which fit for individual user needs with two reasons. The first is the inactive applications of medical research, and the second is the lack of support system to engage individuals to participate in clinical trials.
- **Health literacy-related issue:** The information asymmetry that individuals cannot choose the appropriate treatments and hospitals due to the lack of understanding of their physical conditions and illnesses.
- **Social capital-related issue:** The lack of social connections that patients cannot talk about their health to anyone, aggravate their illnesses. The COVID-19 pandemic impacted to increase the downsides of this issue.

About Senior Citizens with Physical and Emotional Health Issues

- **Health system-related issue:** The barrier to develop the new, non-insurance services due to current nursing care insurance system.
- **Health literacy-related issue:** The complicated nursing care system and its process limit users' self-decision making.
- **Social capital-related issues:** The weakened social capital due to the decline of local communities and negative influence of the COVID-19 pandemic.

7. Healthcare: Issue Design Map

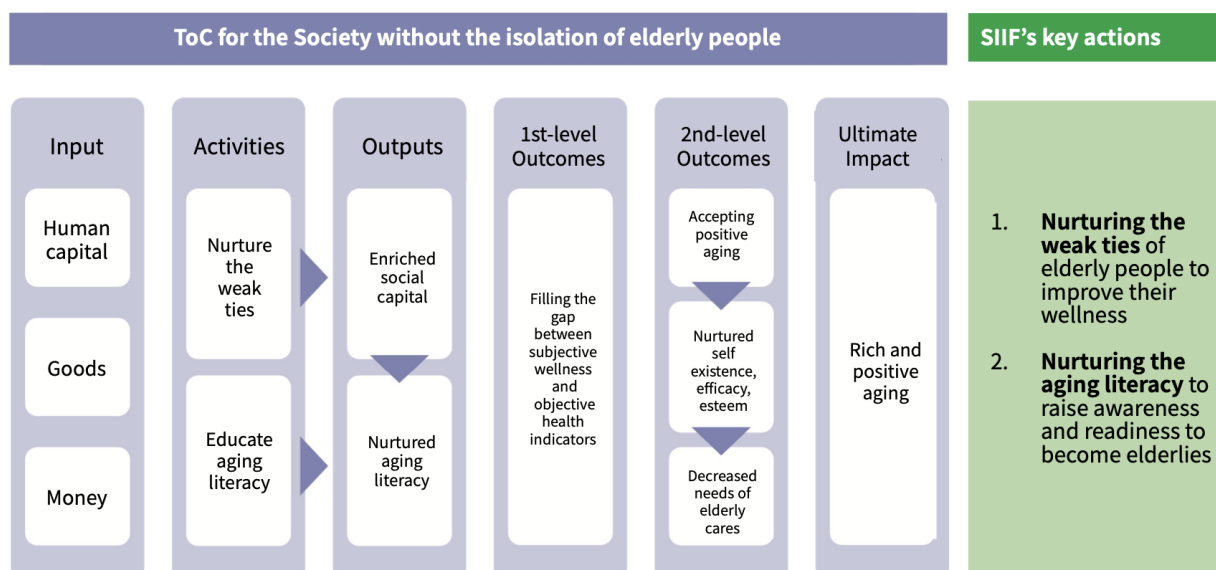
Healthcare Issue Design Map: Patients



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7. Healthcare: Theory of Change (ToC)



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1.2.1 STRATEGIC INTENT (Disclosure Agreement PRINCIPLES 1 & 2)

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.

● **Purposeful Capital for Powerful Change:** SIIFIC, transcending traditional investment boundaries, is founded upon the conviction that impact investing is the cornerstone of societal transformation. We are committed to reshaping the wellness landscape through strategic investments in science and technology-driven startups, aiming for a harmonious blend of measurable positive social impact and robust financial returns.

● **Vision for Systemic Change:** SIIFIC is guided by a strategic vision: "A world where wellness is not a privilege but a shared reality - woven together through impact-driven investment." SIIFIC defines this ideal state as *Wellness Equity*, where individuals and communities alike have equitable access to the resources and opportunities essential for lifelong well-being.

● **Strategic Alignment with Wellness Equity:** Central to SIIFIC is our unwavering dedication to integrating impactful investing into our core operations. We envision a society where wellness is universally accessible and not confined by current healthcare limitations.

● **Theory of Change Driven Approach:** SIIFIC's investment philosophy is bolstered by a Theory of Change that emphasizes enhancing wellness literacy and enriching social capital. These pillars are fundamental to achieving our overarching goal of wellness equity.

● **Emphasis on Holistic Health:** SIIFIC advocate for a holistic view of wellness, recognizing it as a state of complete physical, mental, and social well-being, far beyond the mere absence of disease.

● **Robust Investment Themes:** SIIFIC's strategy is underpinned by four rigorously developed investment themes, each reflecting our commitment to system thinking and impactful change. These themes are instrumental in deepening our understanding and amplification of our investments' profound impacts:

1. **Revolutionizing Healthcare** by pioneering trustworthy medical standards. We invest in products and services that redefine healthcare's reliability and trustworthiness, fostering behavioral change among providers.
2. **Empowering Holistic Well-Being** by inspiring positive lifestyle and activity choices. We invest in products and services that motivate individuals towards health-positive decisions, emphasizing the critical role of consumer behavior in wellness.
3. **Connecting Lives** by focusing on fostering loosely connected yet meaningful interactions among individuals. We invest in products and services that value individual autonomy, fostering environments where personal and collective well-being flourish.

4. **Cultivating Local Prosperity** by promoting economic growth and community vibrancy. We invest in startups that create quality employment opportunities and enhance local life quality.

● **Individual Investment Level Alignment:** At SIIFIC, ensuring strategic alignment starts from the very first stage of our investment process—the pre-due diligence phase—and is decisively reaffirmed when making investment decisions. This foundational step involves defining impact themes and objectives that are directly linked to our investment themes, along with setting specific, relevant impact metrics for each potential investment. This precision ensures every investment is strategically positioned to bring positive systemic change, resonating deeply with our portfolio goal of wellness equity.

● **Global SDGs⁷ through a local Lens:** Our investments are not only globally conscious, aligning with key UN Sustainable Development Goals such as SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth), and SDG 11 (Sustainable Cities and Communities), but they also reflect a distinct commitment to Japan's national priorities, as outlined in the Japanese SDGs Action Plan. In addition to the SDGs, we incorporate the Digital Agency(Government of Japan)'s Regional Well-Being Index⁸, ensuring a more data-driven and contextually relevant approach to fostering societal well-being. This dual alignment underscores our dedication to advancing a holistic and culturally attuned impact strategy, realising our vision for a healthier, more equitable, and sustainable society.

● **Commitment to Transformative Impact:** Beyond being mere investors, SIIFIC positions itself as a beacon of visionary change, where investments actively foster a healthier, more equitable, and sustainable society, staying true to our mission of 'Through investment, interweave innovation, wellness, and equity – creating a ripple effect of system change that empowers individuals, strengthens communities, and nurtures the planet'

⁷ Please visit the United Nations website (<https://sdgs.un.org/goals>) for more information about the Sustainable Development Goals and related resources.

⁸ Please visit the Digital Agency website (https://www.digital.go.jp/en/policies/digital_garden_city_nation/well-being) for more information about the Regional Well-Being Index and related resources.

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.

- **Comprehensive Impact Management Framework:** SIIFIC Wellness Fund Investment Guideline is establishing a rigorous and systematic approach to managing strategic impact at a portfolio level. Our impact management system is designed to set, track, and evaluate impact performance across our entire portfolio while accounting for the unique contributions of each investment.

- **Holistic Approach to Impact and Financial Performance:** At SIIFIC, we are committed to both advancing wellness equity and achieving robust financial returns. Guided by internationally recognized frameworks, such as the Operating Principles for Impact Management, SDGs, [5 Dimensions of Impact](#)⁹ we invest in innovative startups that create market-defining value. Our impact investing model prioritizes measurable social outcomes alongside financial gains, reinforcing our methodical and structured approach to portfolio-wide impact management.

- **Impact Goals and Theory of Change:** SIIFIC envisions a future where wellness equity is the norm. We invest strategically in startups that enhance wellness literacy and strengthen social capital, driving systemic change. Our approach is grounded in developing a Theory of Change for each investment, ensuring that our collective portfolio contributes meaningfully to this transformative vision.

- **Impact Management System:** SIIFIC embeds impact considerations throughout the entire investment lifecycle – from initial screening to portfolio monitoring and exit planning. As outlined in Principle 4 of Disclosure Statement, our impact management system involves setting clear impact targets, assessing potential impact outcomes, and tracking progress against these objectives.

- **Enhancing Strategic Impact Management:** SIIFIC has refined its impact management strategy by developing a Theory of Change for Investment Theme 4 (Cultivating Local Prosperity), focusing on quality job creation and sustainable living in regional areas. This structured approach introduces defined KPIs such as employment growth, economic contributions, and community engagement. SIIFIC plans to extend the Theory of Change development across other investment themes, reinforcing a unified, data-driven impact strategy. By continuously assessing and evolving our approach, SIIFIC drives wellness equity across diverse sectors.

- **Sustainable Exit Strategies:** SIIFIC's commitment to impact expands beyond initial investments, ensuring responsible exit strategies that maintain or enhance corporate value. We prioritize optimal capital structures for impact-driven companies, reinforcing our dedications to long-term sustainability.

- **Annual Impact Performance Report:** SIIFIC is committed to publishing an annual impact performance report. This report will provide a structured evaluation of impact achievements across our portfolio, fostering transparency, accountability, and stakeholder trust.

⁹ Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the 5 Dimensions of Impact and related resources.

- **Fostering Collective Impact and Talent Development:** SIIFIC actively supports initiatives cross-sector collaboration to address wicked problems in wellness. By cultivating a community that nurtures impact-driven talent, we aim to shape a future where societal needs are met with innovative, sustainable solutions.

- **Staff Incentive Alignment:** SIIFIC is actively engaged in formulating a policy aimed at aligning staff incentives with the achievement of positive impact alongside financial performance. Drawing insights from the [Impact Linked Compensation Report](#)¹⁰, our exploration into impact linked compensation strategies shall be designed to ensure that our compensation mechanisms are closely aligned with our objectives of generating positive impact. Incorporating advanced methodologies such as systems mapping to our impact management system, we are dedicated to adopting an objective and data-driven approach. (Impact linked compensation is a process of tying fund manager compensation to impact performance. It is a tool that seeks to reinforce impact commitments through incentive alignment.)

1.2.2 INVESTOR CONTRIBUTION (Disclosure Agreement PRINCIPLES 3)

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.

- SIIFIC stands at the forefront of impact generation within the healthcare and wellness sectors, leveraging industry-specific expertise and a distinctive impact management system to contribute significantly to the achievement of impactful outcomes. Our approach is multi-faceted, deeply embedded in a process that not only values but rigorously enhances the impact potential of our investments.

- **Impact Onboarding and Assessment:** Before finalizing our investment decisions, we initiate an impact onboarding process led by our dedicated impact specialists. This critical phase is designed to ensure that the management teams of prospective portfolio companies grasp the essence of impact – understanding not just the concept but how to integrate SIIFIC's impact management system into their operations. Our goal is to empower these teams, guiding them to significantly elevate their impact potential through strategic support and operational enhancements.

- **System Mapping and Theory of Change:** SIIFIC develops comprehensive system maps for the issues our portfolio companies are addressing, facilitating the creation or refinement of their theory of change. This process is instrumental in setting meaningful Impact KPIs, shifting the focus from mere output-based metrics to outcome-based impact KPIs. Our system mapping serves as a foundational tool, enabling our portfolio companies to understand and navigate the complex ecosystems they operate in, thereby optimizing their impact strategies.

- **ESG Survey and Integration:** Conducting an ESG survey is an integral part of our investment evaluation process. Recognizing that startups often lack the knowledge, resources, or immediate incentive to prioritize ESG practices, our survey serves as a vital bridge to this gap. It initiates a pivotal dialogue with startup managements,

¹⁰ Please visit the Impact Linked Compensation Project website (<https://impactlinked.co>) for more information about the Impact Linked Compensation and related resources.

enlightening them on the SDGs and the integral role of ESG considerations in sustainable business operations. This initial engagement is designed not just to assess but to inspire startups to explore and realize their potential for positive ESG impact. Through this process, we aim to cultivate an awareness and understanding that, while ESG alignment may not be an immediate mandate for their business strategy, it is crucial for long-term sustainability and success. Our proactive approach not only encourages a shift towards sustainable and responsible business practices but also aligns startups with broader impact goals, setting a foundation for meaningful change in the ecosystem.

- **Active Post-Investment Engagement:** SIIFIC's commitment to generating lasting impact goes beyond the initial investment, extending into proactive and hands-on engagement with our portfolio companies. Through a robust monitoring framework, we not only collect monthly progress and quarterly deep-dive analysis on impact KPIs but also engage in continuous dialogue with our portfolio companies, providing strategic support and adaptive feedback across all facets of their operations.

- **Collaboration with Partners:** SIIFIC's dedication to fostering impact is further amplified by our collaborative efforts with partners, including co-investors, primarily venture capitals, to advocate for the broader adoption of impact investing principles. By illuminating the tangible benefits and potential of impact investing, we aim to inspire a paradigm shift among traditional investors towards embracing impact-driven strategies.

Moreover, our active dissemination of investment rationales, such as through press releases and blogs that highlight the system maps and theory of change of our portfolio companies, serves a dual purpose. It not only underscores our reasons for investment and the intrinsic value of these companies in advancing wellness equity but also piques the interest of the broader impact investing community. By transparently sharing our impact due diligence materials with potential impact investors, we foster an ecosystem of shared value, encouraging further investment into startups poised for significant positive impact. Through these concerted efforts, SIIFIC not only enhances the impact trajectory of our portfolio companies but also contributes to cultivating a more inclusive and impact-conscious investment landscape.

- **Expanding Impact Through Strategic Networking:** SIIFIC's contributions to our portfolio companies extend into the invaluable realms of networking and community engagement. Recognizing the power of connection, we actively introduce our portfolio companies to a dynamic network of impact-driven communities, industry professionals, and scientific experts. This strategic networking fosters a rich environment for peer learning, access to a vast database of knowledge, and engagement with potential workforce talent. By facilitating these connections, we not only enhance our portfolio companies' operational capacities and innovation potential but also reinforce their position within the ecosystem of impact-driven entities. Our aim is to create a supportive framework where our portfolio companies can thrive, leveraging the collective strength of a network committed to fostering positive change. This holistic approach to networking amplifies our portfolio companies' impact, propelling them towards achieving meaningful and sustainable outcomes.

SECTION 2: IMPACT MANAGEMENT APPROACH

2.1 Process, Standards, and Frameworks

How impact influences decision-making throughout the investment process, referencing third party or in-house frameworks, standards, or tools used. Should include enterprise impact and investor contribution; may include how ESG and/or financial considerations are integrated.

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.

- SIIFIC is dedicated to rigorously assessing the expected impact of each investment, employing a systematic approach to ensure alignment with our wellness equity goals. Before investing, we evaluate the potential impact, aiming to quantify it and understand who will benefit and how significantly. This process involves using a results measurement framework to address key questions about intended impact, its significance, and the likelihood of realization, while identifying any significant risk factors. We also assess the challenge's scale within the specific context and explore opportunities to amplify the investment's impact, considering both direct and systemic effects. Our approach aligns with industry standards and best practices, ensuring thoroughness and accountability in our pursuit of meaningful change.
- **Impact Management System:** SIIFIC's impact management strategy is deeply integrated within our overall investment process. From initial screening to final investment and ongoing portfolio management, we apply a comprehensive impact management system. The system involves setting clear impact targets, assessing potential impact outcomes, and monitoring progress against these objectives throughout the investment lifecycle.
 1. **Pre-Due Diligence Alignment:** At the outset of our engagement process, prospective startups are required to complete our screening questionnaire, available at [Submit Pitch](#). This crucial step enables us to evaluate potential investments for early alignment with SIIFIC's strategic impact goals and portfolio objectives. The questionnaire specifically probes startups on their alignment with our four investment themes—Revolutionizing Healthcare, Empowering Holistic Well-Being, Connecting Lives, and Cultivating Local Prosperity—while also assessing their potential to contribute to our systemic change objectives with overarching goal of wellness equity. This pre-due diligence alignment is foundational, ensuring that only those initiatives with a strong fit for our mission and values proceed to the deeper evaluation stages of our investment process.

2. **Comprehensive Venture Capital Due Diligence with SEEDS Framework:** SIIFIC's due diligence process extends beyond that of traditional venture capital. By incorporating unique 'Definition of SEEDS', SIIFIC thoroughly assess startups potential.
 - (1) **Definition of SEEDS:** The definition of SEEDS is at the core of our evaluation strategy, encompassing three elements: Science, Ideas, and Market. Having just science, just an idea, or just a market presence is not enough. We define SEEDS as having all these three elements.
 - (2) **Examination of Ideas:** After the initial screening, we delve deeply into a startup's potential for innovation, examining whether its idea provides new solutions or perspectives. On the Science aspect, we evaluate research papers and other critical evidence. For the Idea aspect, we assess intellectual property rights, barriers to entry, and uniqueness. In evaluating Market Needs, we conduct an extensive market assessment to ensure the potential demand in the target market, insisting on research that goes beyond rough estimates to calculable formulas.
 - (3) **Alignment with Impact Objectives:** This multifaceted evaluation includes financial and legal reviews to assess profitability, compliance, and growth prospects. By scrutinizing these elements, we ensure that our investments align with our impact objectives, specifically contributing to systemic change towards wellness equity. The 'SEEDS Framework' is not just a checklist but a rigorous analytical tool that guarantees our support for startups with strong operational, financial, and transformative potential, embodying our commitment to fostering innovation and positive societal impact.
3. **Impact Due Diligence Process:** Advancing into the Impact Due Diligence stage, SIIFIC employs a unique, innovative, and holistic approach to understand and amplify the potential impact of each investment. This stage is meticulously structured to encompass the following steps:
 - (1) **Systems Mapping Initiation:** Collaborating closely with founders and management of prospective startups, our first step is to develop a systems map of the issue or sector the company is addressing, following the guides outlined by [Systems Mapping White Paper](#)¹¹. We employ generative AI, to identify key variables within the ecosystem. This innovative use of generative AI is strategically chosen to eliminate biases, ensuring a more objective and comprehensive analysis of the impact landscape.
 - (2) **5 Dimensions of Impact Assessment:** Concurrently, we delve into an evaluation based on the [5 Dimensions of Impact](#), a shared logic for managing impacts on people and the planet, conducting interview with prospective startups, extensive desktop research and comprehensive stakeholder interviews. This multi-dimensional analysis ensures a deep understanding of the impact in terms of its what, who, how much, contribution, and risk aspects.
 - (3) **Stakeholder Interviews and Systems Map Refinement:** The initial systems map is then refined with insights gathered from stakeholder interviews and Five Dimensions of Impact evaluation enriching our understanding of the ecosystem and identifying potential impact pathways and challenges.
 - (4) **Impact KPIs Identification:** With a focus on establishing evidence-based impact KPIs, we undertake a careful selection process, ensuring that our metrics are grounded in scientific research and studies. This involves setting clear baselines and thresholds to accurately measure and manage the intended impact.

¹¹ Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the Getting Started with Systems Mapping & Impact Management and related resources.

- (5) **ESG Assessment Integration:** Alongside, an SIIFIC ESG survey is conducted, guided by our [ESG policy](#). While our ESG criteria are designed to be comprehensive, we prioritize the formulation of improvement plans for prospective investments to address any ESG concerns. This ensures that, prior to investment, startups demonstrate not only alignment with our values but also a commitment to evolve towards stronger ESG practices, underscoring our dedication to fostering positive change and responsible investing.
 - (6) **Theory of Change and Impact Commitment:** In the final stage of our impact due diligence, we craft a [Theory of Change](#) from the systems map and 5 Dimensions of Impact evaluation, specifying the impact pathways for future tracking and management. Alongside establishing a detailed impact thesis for each investee and setting tailored impact metrics, we solidify our partnership through a Memorandum of Understanding on IMM (Impact Measurement and Management) at the time of investment. This MOU ensures mutual commitment to rigorous IMM, binding us and our portfolio companies to a shared vision of impactful outcomes. This comprehensive approach not only clarifies impact objectives but also reinforces our collective dedication to monitoring, reporting, and enhancing impact performance, fostering a culture of accountability and continuous improvement in alignment with our transformative goals.
4. **Post-Investment Hands-On Engagement & Reporting:** SIIFIC's approach extends to hands-on engagement with portfolio startups, providing strategic support to enhance their impact. This is complemented by a robust monitoring framework where fund manager collect progress on impact KPIs alongside other critical KPIs monthly, fostering a rhythm of continuous monitoring and feedback.
 5. **Quarterly Deep-Dive Analysis:** Every quarter, SIIFIC conducts an in-depth analysis of our portfolio companies' performance, focusing on both impact KPIs and operational metrics. This deep dive enables us to identify areas for improvement and success, ensuring our investments are on track to achieve their intended impacts.
 6. **Annual Impact Performance Report:** SIIFIC is committed to the annual publication of an impact performance report. This document systematically evaluates the impact achievements across our portfolio, establishing a precedent for clarity and accountability in our communications. The report aims to articulate both our accomplishments and areas requiring enhancement, evidencing our dedication to transparency and stakeholder trust.

2.2. Identification of Stakeholders, Outcomes, and Impacts

How stakeholders, and the outcomes and impacts significant to stakeholders, are identified by the entity and/or by individual investees or assets. How negative impacts, both expected and unexpected, are identified and managed.

Included in 2.1 Impact Due Diligence Process

2.3. Usage of Data

How the entity collects and uses impact data, including ethical and privacy issue

At SIIFIC, we recognize that impact data collection and usage require the highest standards of ethical responsibility and data privacy protection. Given that our current portfolio companies operate in pharmaceuticals and medical devices, we must exercise particular caution regarding the collection, handling, and utilization of sensitive data.

To uphold these standards, SIIFIC conducts compliance training sessions twice a year for our portfolio companies. In September 2024, the training focused on the [Pharmaceutical](#)

[Industry Compliance Program Guidelines](#)¹², revised by the Japan Pharmaceutical Manufacturers Association (JPMA) on March 13, 2023. These guidelines emphasize corporate ethics, regulatory adherence, and the responsible management of personal information, as outlined in the document.

Although SIIFIC Wellness Fund has not yet begun collecting formal impact data, SIIFIC will be working with portfolio companies to establish a robust and compliant data collection framework. This process will include:

- Aligning data collection practices with industry-specific compliance standards.
- Ensuring transparency and informed consent when handling personal or patient-related data.
- Developing an impact measurement system that respects both privacy laws and ethical guidelines.

By integrating best practices in impact data governance, SIIFIC aims to ensure that our investment decisions are both data-driven and ethically sound, contributing to long-term systemic improvements in healthcare and wellness.

¹² Please visit JPMA website for the [Pharmaceutical Industry Compliance Program Guidelines](#).

SECTION 3: IMPACT PERFORMANCE

By 2026, we will fully implement a detailed reporting strategy that covers the impact performance of our portfolio companies, focusing on relevance, completeness, neutrality, and accuracy. This year, no measurement has been conducted as it does not align with the scheduled timing for assessing our pre-defined impact KPIs. For this report, we are taking the first steps by showcasing the impact pathways of the two companies we invested in during 2023 and 2024.

3.1. Management Commentary

Overall assessment of impact performance. May include reflections on drivers of past performance and future outlook; assessment of relationships between dimensions of impact or between impact and financial performance aspects; and learnings.

Reflecting on our Impact Management System, SIIFIC has gained valuable insights while addressing key challenges. By integrating investment and impact responsibilities within the same team, we have strengthened ownership and created a more seamless approach to implementing our Impact Management System across the portfolio. This structure has also enabled our portfolio companies to align with fund-wide impact objectives, ensuring that impact considerations extend beyond individual business performance. To further embed impact awareness throughout organizations, SIIFIC has provided ESG-SDGs training, fostering a culture where impact thinking permeates all levels, not just leadership.

Despite these advancements, challenges remain. Aligning co-investors around a shared impact vision has proven complex, as structured impact management is still an emerging practice for many. Additionally, impact KPIs often require longer timeframes than financial metrics, making active monitoring more intricate. Recognizing that impact is not a standalone discipline, we have leveraged our expertise in healthcare and biotech to refine our approach, ensuring that impact measurement is both rigorous and sector-specific.

Furthermore, SIIFIC acknowledges the importance of distinguishing between outputs and true outcomes, as some industry players still conflate business performance indicators with impact. By establishing clear, outcome-driven impact management processes, we ensure that measurement remains both meaningful and actionable. Through a hands-on, value-driven approach, SIIFIC positions its Impact Management System as a strategic advantage—deepening engagement, fostering long-term alignment with portfolio companies, and driving systemic change.

3.2. Impact Performance (to be reported from 2026)

- *Outcomes and impacts of investees/assets, as far down the impact pathway as possible;*
- *Both positive and negative, intended and unintended results;*
- *Investor contribution (financial and non-financial);*
- *Results relative to entities' own targets;*

- *Results relative to sustainability thresholds;*
- *Evidence that the content represents stakeholder experiences and views;*
- *Connections and relationships between impact and financial performance;*
- *Results across the five dimensions of impact;*
- *If appropriate, disaggregation of results (e.g., by gender, race/ethnicity);*
- *If appropriate, use of standardized thematic taxonomies and/or metric sets;*
- *Definitions of terms and metrics;*
- *Data sources, assumptions, calculations, and other methodological notes; and*
- *Areas of the report where data and evidence are relatively stronger or weaker.*

3.3. Unintended and/or Negative Impacts (to be reported from 2026)

Describe any unintended and/or negative impacts; include remediating actions taken or planned.

3.4. Disclaimer

The information on impact performance to be presented in this section will be accurate to the best of our knowledge and reflect our current access to both portfolio companies and third-party data. We will be taking steps to ensure we do not intentionally or unintentionally inflate positive impact results or under-report negative impacts. However, we acknowledge there are limitations in the quantity and quality of data available. We will identify and explain the effect of these limitations on the presentation of impact performance to the best of our ability.

SECTION 4: GOVERNANCE

How the impact is reflected in the governance of the fund. Based on the governance portion of the S1 standard of the International Sustainability Standards Board.

4.1. Entity Governance

Describe the governance body(s) (which can include a board-level or internal committee or equivalent body) or individual(s) responsible for oversight of impact for the entity. Specifically, identify that body(s) or individual(s) and disclose related information.

The governance structure of the SIIFIC Wellness Fund is designed to ensure rigorous oversight of impact at both strategic and operational levels. The fund's impact oversight is primarily managed through two key governance bodies: the Investment Committee (IC) and the Advisory Committee (AC), as stipulated in the partnership agreement.

● Investment Committee (IC)

The Investment Committee plays a central role in integrating impact considerations into investment decision-making and monitoring. The committee is composed of three members, including Nanako Kudo from Japan Social Innovation and Investment Foundation (SIIF), whose primary role is Impact Due Diligence Quality Control. This ensures that impact assessment is rigorous, objective, and aligned with best practices in impact measurement and management.

The remaining two IC members, Kazu Umeda and Reiri Miura, who oversee both financial and impact performance, actively engage in ongoing professional development in impact investing. By ensuring that all IC members remain up to date with evolving impact investing standards, SIIFIC strengthens its capacity to integrate impact-driven insights into investment decisions while maintaining a high standard of impact due diligence and risk assessment.

● Advisory Committee (AC)

The Advisory Committee provides additional oversight and guidance on impact governance. It consists of up to nine members, including representatives from Limited Partners (LPs) with capital commitments exceeding 1 billion yen. While the AC does not have decision-making authority over individual investments, it plays a key role in ensuring alignment between SIIFIC's impact strategy and LP expectations.

● Weekly Governance meetings

We have institutionalised weekly governance meetings to systematically discuss and document impact management strategies and portfolio performance. The meetings, chaired by Reiri Miura, is responsible for determining key operational and management matters of the partnership. Its members include Mitsuaki Aoyagi and Nanako Kudo from SIIF, as well as Kazu Umeda. With representation from both SIIF and SIIFIC, the meetings ensure that strategic decisions align with the partnership's mission and impact objectives, reinforcing a governance structure that integrates both financial and impact considerations.

● Participation in Impact Investing Training Programs

SIIFIC's leadership actively engages in global impact investing training to enhance expertise and align with best practices.

- In April 2024, Reiri Miura obtained a Certificate of Completion from GIIN's "Transforming Your Portfolio" program in Singapore, deepening her knowledge in impact portfolio management.

- In September 2024, both Reiri Miura and Kazu Umeda completed the GIIN "Transforming Your Portfolio" program in Tokyo, further solidifying SIIFC's commitment to impact-driven investment practices.

These training experiences reinforce SIIFC's expertise in impact investing and its dedication to continuously updating its knowledge to drive measurable, long-term impact.

● Speaking Engagements & Thought Leadership

SIIFC actively contribute to thought leadership in impact investing, shaping industry discussions at leading forums and conferences.

- In February 2024, Kazu Umeda spoke at Innovation Axel Tokyo, discussing the importance of impact evaluation in venture growth.
- In May 2024, Kazu Umeda spoke on building effective impact funds, sharing insights on the Wellness Fund's strategy and outlook at Social Impact Day 2024, Japan's largest impact investment conference, focusing on systemic change for an impact economy. The event was co-hosted by SIIF.
- In June 2024, Reiri Miura delivered a lecture at a UNIDO training program for Ukrainian women entrepreneurs, explaining impact-driven financing options.
- In June 2024, SIIF and SIIFC published a blog series exploring the Operating Principles for Impact Management, reinforcing their commitment to global best practices in impact measurement.

● Impact Oversight and Reporting

SIIFC is responsible for ensuring the effective implementation of the fund's impact objectives. This includes:

- **Skill Development & Capacity Building:** Ensuring that investment professionals have the necessary expertise to oversee impact, including regular training sessions such as the GIIN program attended in 2024.
- **Monitoring and Accountability:** Structuring periodic reporting to both the IC and AC, ensuring that impact assessment is an integral part of portfolio management.
- **Stakeholder Feedback & Grievance Mechanisms:** Establishing communication channels for stakeholders to raise concerns about impact outcomes, allowing for proactive issue resolution and the mitigation of unintended consequences.

Through this structured governance framework, SIIFC ensures that impact is not an afterthought but a fundamental driver of investment decision-making and portfolio management. By integrating continuous learning, rigorous oversight, and strategic engagement, SIIFC remains at the forefront of impact investing excellence.

● Governance related to managing negative or unintended impacts

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 portfolio companies systems, processes, and standards, using an

approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor portfolio companies' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- SIIFIC is dedicated to actively managing potential negative impacts of each investment, emphasizing ESG considerations. SIIFIC has a clear intention to identify and manage ESG risks, implementing its ESG policy in the investment process. We are currently working into making this a robust and systematic process. Our commitment extends beyond evaluation, engaging with portfolio companies to fill gaps in their systems, processes, and standards, and ensuring alignment with best practices. Continuous monitoring of ESG risk and performance forms a core part of our portfolio management, underpinned by our efforts to address external and unexpected risks through system mapping and providing compliance training to our portfolio companies.
- **ESG Policy and Survey:** SIIFIC employs a rigorous [ESG policy](#), conducting ESG surveys as part of our investment assessment process. This policy guides us to not only identify prospective investments that align with our values but also to prioritize the development of improvement plans for any ESG concerns identified. This proactive approach ensures our investments commit to evolving their ESG practices, reinforcing our dedication to positive change and responsible investing.
- **Addressing External and Unexpected Risks:** Incorporating the Five Dimensions of Impact assessment, SIIFIC addresses [nine types of impact risks](#) that may undermine the delivery of the outcomes, including external and unexpected risks that traditional linear theory of change cannot predict. Through system mapping of wicked problems, we develop strategies to address these non-linear risks, ensuring our investments are resilient and adaptable to unforeseen challenges.
- **Systems Mapping for Risk Management:** SIIFIC's innovative use of systems mapping allows us to understand and address the intricate and often unpredictable nature of ESG risks. By visualizing the complex interdependencies within the ecosystems of our portfolio companies, we are better equipped to identify potential negative impacts early and strategize effective mitigation measures, particularly for those risks deemed non-addressable through conventional methods.
- **ESG and Impact Training Initiative:** As part of ongoing engagement and ESG monitoring, SIIFIC supports portfolio companies with limited resources by providing targeted training in IMM, SDGs, and compliance. This initiative is designed to enhance their understanding of corporate governance, ESG frameworks, and impact methodologies, enabling them to identify, mitigate, and manage risks effectively.
- Through education and active engagement, SIIFIC helps portfolio companies address gaps in their systems, processes, and standards, aligning their practices with global best practices. By fostering continuous improvement, SIIFIC empowers its them to navigate regulatory challenges, uphold ethical business practices, and proactively manage ESG risks as part of a structured and systematic approach to responsible investment.

1. **ESG: SIIFIC Compliance Training** (March 2024)

The training session led by Yumiko Terada, Attorney at Arcus Partners was aimed to strengthen corporate governance and risk management among SIIFIC's portfolio companies.

The session covered key compliance topics, including harassment prevention, antitrust laws, data protection, AI governance, and ESG-related regulations. A

major focus was the Fraud Triangle, explaining how unethical behaviour arises from opportunity, motivation, and rationalisation, and how companies can mitigate these risks.

The training also emphasised whistleblowing systems and the importance of fostering a compliance-driven corporate culture. Case studies illustrated past corporate failures, highlighting the need for proactive compliance strategies rather than reactive responses.

Through this initiative, SIIFIC aims to equip its portfolio companies with the tools to navigate regulatory challenges, enhance ethical business practices, and align with global standards.

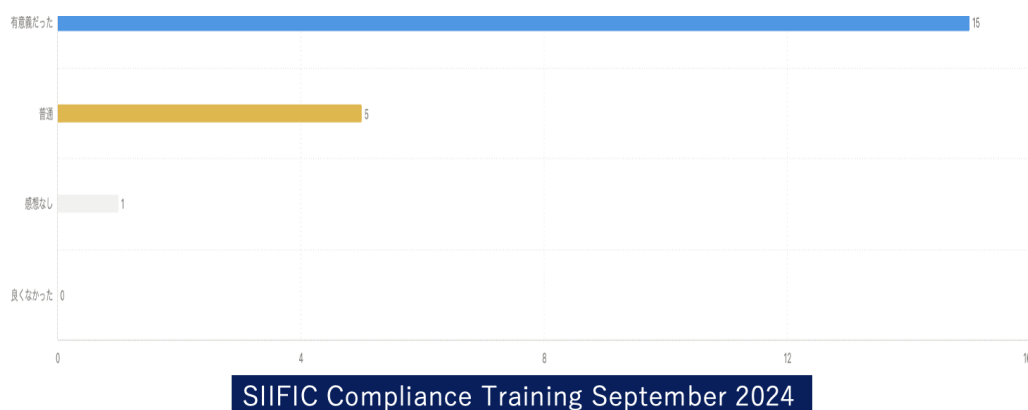
2. ESG: SIIFIC Compliance Training (September 2024)

The training session, led by Yumiko Terada, Attorney at Arcus Partners. This session focused on updating compliance mindsets, with an emphasis on corporate governance, regulatory updates, and risk management.

The training began with an overview of recent legal changes, covering personal data protection laws, whistleblower protection regulations, and pharmaceutical compliance guidelines. Case studies illustrated the importance of proactive compliance measures beyond legal obligations.

A key segment of the session was an interactive discussion on corporate governance failures, focusing on structural weaknesses that enable compliance violations. Another case, a major pharmaceutical trial fraud scandal, highlighted the dangers of systemic misconduct and the need for robust internal controls and whistleblowing mechanisms.

Participants engaged in case-based discussions to assess compliance risks within their organisations and explore preventive measures. The training reinforced that compliance is not just about legal adherence but about fostering a culture of ethical decision-making.



As part of our ongoing compliance training, SIIFIC conducted a participant survey following the September 2024 Compliance Training Session. The results are summarized below:

Survey Question: **How would you rate this compliance training session?**

Very useful: 15 respondents

Average: 5 respondents

No particular impression: 1 respondent

Not useful: 0 respondents

Overall, the feedback indicates that the majority of participants found the training valuable and informative, with 15 out of 21 respondents rating it as "Very useful". SIIFIC remains committed to providing high-quality compliance education and continuously improving future sessions based on participant feedback.

3. Impact: SIIFIC SDGs Training (December 2024)

SIIFIC conducted a [2030 SDGs Card Game](#) training in December 2024 to deepen [J Pharma Co., Ltd.](#) (J Pharma)'s understanding of the Sustainable Development Goals (SDGs) and their relevance to corporate strategy and decision-making. J Pharma is one of SIIFIC's portfolio companies. The interactive workshop provided participants with a hands-on experience of how global sustainability challenges interconnect and how their business decisions impact long-term social, environmental, and economic outcomes.

Through the simulation-based gameplay, participants engaged in collaborative problem-solving, exploring trade-offs and synergies between business growth and sustainability. The session encouraged systems thinking, reinforcing the importance of aligning corporate strategies with SDG principles while balancing financial and impact objectives.

Mentimeter

今日の感想を一言で表すと・・・(5つまで)

48 responses



As part of our ongoing compliance training, SIIFIC conducted a participant survey following the December 2024 SDGs Training Session. The results are summarized below:

- Survey Question: **What are your thoughts after participating in the SDGs 2030 Card Game? (Rating out of 10)**
 - My understanding of the SDGs has deepened – Average rating: 9.1
 - I foresee changes in my work starting tomorrow – Average rating: 6.2

These results indicate that participants significantly enhanced their understanding of SDGs, with an average rating of 9.1 for increased awareness. Additionally, many expressed a readiness to apply SDG-related concepts to their daily work, scoring 6.2 on anticipated work-related changes.

- Survey Question: **How would you describe today's training in one word? (Up to 5 words per response)**

A word cloud analysis of 48 responses highlighted key themes such as:

- "Balance"
- "Trade-offs"
- "Collaboration"
- "Awareness"
- "First step"
- "Good experience"

Many participants emphasized the importance of finding balance in sustainability efforts, recognizing the trade-offs involved in SDG implementation, and understanding that even small contributions matter.

The SDGs 2030 Card Game Training effectively raised awareness of SDGs principles and corporate alignment with sustainability goals. SIIFIC remains committed to fostering SDG literacy among its stakeholders, ensuring that sustainability is integrated into daily decision-making and long-term strategic planning.

4.2. Diversity, Equity, and Inclusion

Describe the entity's governance framework for diversity, equity, and inclusion (DEI). The Reporting Norms are intended to be used in combination with other reporting mechanisms specifically focused on DEI. Preparers are encouraged to include or reference in their disclosures one or more of the following frameworks, all of which were designed by specialists to assess policies, processes, and performance related to DEI for investors.

SIIFIC is committed to diversity, equity, and inclusion (DEI) across all aspects of its investment activities and organizational culture. While we do not currently adopt a specific DEI framework, we integrate DEI principles into our decision-making processes, investment strategy, and internal governance to ensure a fair and inclusive approach.

Our commitment to DEI is reflected in the following practices:

- Investment approach: We consider DEI factors when evaluating investment opportunities, particularly in how portfolio companies contribute to inclusive access to healthcare and wellness.
- Internal practices: SIIFIC promotes a diverse and inclusive work environment, ensuring equitable opportunities for professional growth and leadership within our team.
- Stakeholder engagement: We engage with diverse stakeholders, including founders, investors, and communities, to ensure that our impact-driven approach resonates with a broad range of perspectives.

While we continuously monitor industry best practices and frameworks, SIIFIC remains committed to fostering an inclusive investment ecosystem that prioritizes equity in both capital allocation and impact outcomes.

SECTION 5: CASE STUDIES

Cases should be labeled as exemplary-positive, exemplary-negative, disconfirming (e.g., of a hypothesis or theory of change), or typical. Preparers should not include only exemplary-positive cases. Exemplary-positive cases are recommended to be paired with contrasting cases (e.g., composite exemplary-negative cases, disconfirming cases, or typical cases).

5.1 Case Study Type

- Exploratory: This type of descriptive but is aimed at generating or communicating hypothesis for later investigation, rather than illustrating past results. It is appropriate for portfolio companies whose impacts are untested and/or anticipated in the future.

5.2 Selection Process and Purpose

- Convenience: SIIFIC selected **J Pharma Co., Ltd.** and **ORTHOREBIRTH Co., Ltd.** as case studies based on the current composition of our portfolio, as they represent our only two investments to date. This selection allows for a comprehensive examination of our impact approach across different sectors while ensuring a detailed and meaningful analysis.

5.3 Investee Overview and Impact Thesis

Provide an overview of the investee(s) or asset(s) serving as the subject(s) of the case study, including investment description, size, stage, sector, location, and any other organizations relevant to impact creation (e.g., civil society partners, competitors, regulatory bodies). Describe the impact thesis of the investee(s), as well as investor contribution, in a manner consistent with 1.2 Impact Thesis.

5.3.1 J-Pharma Co., Ltd.

- **Investment description:** SIIFIC Wellness Fund invested ¥150 million Series E Preferred Shares in J-Pharma Co., Ltd. on September 21, 2023. This investment supports J-Pharma's late-stage drug development in oncology and central nervous system (CNS) disorders, aligning with SIIFIC's mission to promote innovative healthcare and wellness solutions that address unmet medical needs.

- **Alignment with SIIFIC Wellness Fund Theory of Change/Investment Themes:** J-Pharma's work aligns with SIIFIC Wellness Fund's investment themes by:

- Revolutionizing Healthcare – Establishing LAT1 inhibitors as a new therapeutic class, enhancing treatment precision and patient outcomes.
- Empowering Holistic Well-Being – Providing new therapeutic options for patients with aggressive cancers and neuroinflammatory disorders, addressing significant quality-of-life challenges.

- **Investment Rationale:** While "Reduction Rate of Solid Tumors (RECIST¹³)" criteria remain a key benchmark for evaluating tumor response in solid tumor clinical trials, modern oncology drug development also considers overall survival (OS), progression-free survival (PFS), and patient-reported quality-of-life metrics as critical endpoints. Traditional

¹³ RECIST stands for "Response Evaluation Criteria In Solid Tumors." It is a set of published rules that define when cancer patients improve ("respond"), stay the same ("stable"), or worsen ("progress") during treatments. RECIST is used to assess how well tumors respond to treatments in clinical trials, making it a crucial endpoint in cancer research for evaluating the effectiveness of new cancer therapies.

chemotherapy and some targeted therapies have improved tumor reduction rates but often come with significant side effects and lifestyle limitations. In response, there is growing demand for cancer therapies with more precise mechanisms, such as targeted therapies, immunotherapies, and personalized medicine, which aim to enhance efficacy while minimizing toxicity and improving patient quality of life. Nanvuranlat, a LAT1 inhibitor currently in clinical development, represents a promising approach to addressing this need by targeting cancer metabolism while potentially reducing systemic toxicity compared to conventional treatments.

J-Pharma exemplifies SIIFIC's commitment to advancing innovative, high-impact healthcare and wellness solutions. With its pioneering work in LAT1-targeted therapies, strong research collaborations, and a growing clinical pipeline, the company is well-positioned to bring transformative treatments to market, improving patient outcomes and long-term health and wellness equity.

- **Tools used:** Please visit the [blog](#) for details
 - System Mapping
 - 5 Dimensions of Impact (including 9 risks)
 - Theory of Change
- **Risks:**
 - Evidence risk – The drug's efficacy may not be confirmed in global Phase 3 trials; challenges may arise in collecting impact management system data alongside clinical data; ethical concerns may emerge regarding the use of a placebo control group in clinical trials.
 - Stakeholder participation risk – The drug may not be included in cancer treatment guidelines if key opinion leaders and professional societies are not effectively engaged; low drug pricing; potential occurrence of unexpected adverse events from off-label use.
- **Company Profile**
 - **Company Name:** J-Pharma Co., Ltd.
 - **Established:** December 26, 2005
 - **Headquarters:** Yokohama, Kanagawa, Japan
 - **Representative:** Masahiro Yoshitake, President & CEO
 - **Sector:** Biotechnology, Pharmaceuticals
 - **Business Focus:** Drug development targeting solute carrier (SLC) transporters, particularly L-type amino acid transporter 1 (LAT1), to develop novel treatments for cancer and CNS diseases.
- **Key Development Programs**
 - **Nanvuranlat (LAT1 Inhibitor – Oncology)**
 - Targets LAT1, a crucial transporter in tumor metabolism
 - Investigational New Drug (IND) application approved by the U.S. FDA in September 2024.
 - Preparing for Phase 3 clinical trials in the U.S. in 2025.
 - **JPH034 (LAT1 Inhibitor – Central Nervous System Disorders)**
 - Developed for multiple sclerosis and neuroinflammatory diseases.

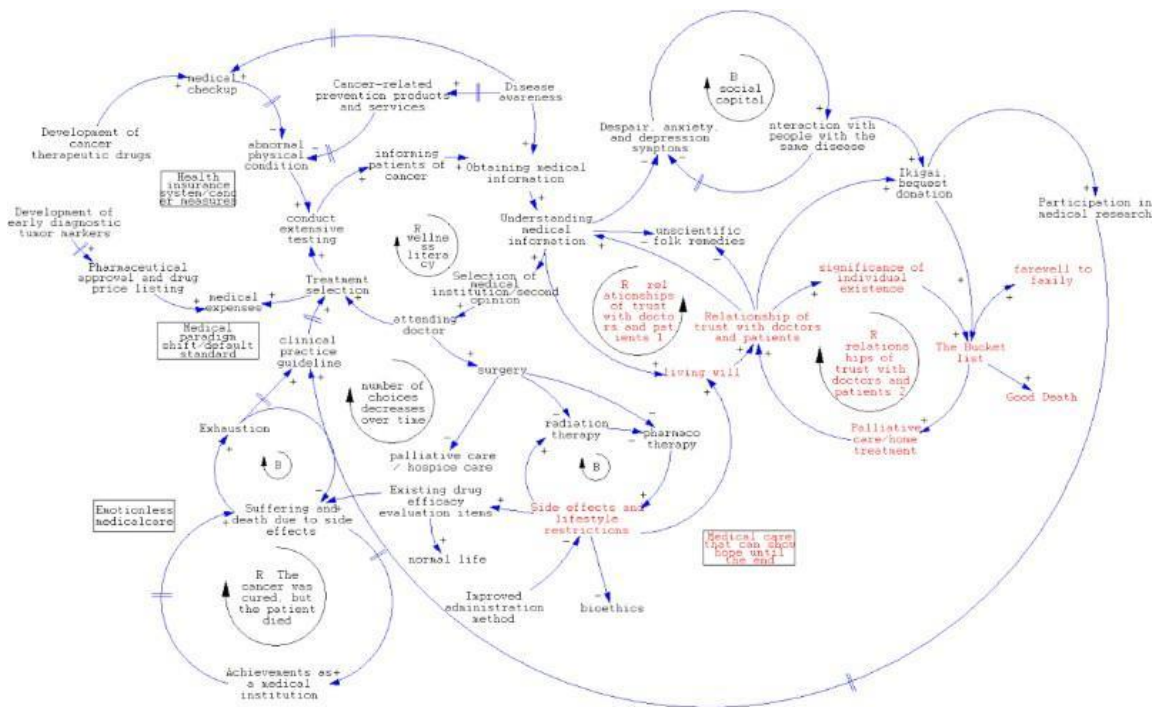
- Selected by the Japan Agency for Medical Research and Development (AMED) in 2024 under the Strengthening Program for Pharmaceutical Startup Ecosystem.
- **Regulatory & Industry Landscape**
 - **Regulatory Bodies:**
 - PMDA (Japan Pharmaceuticals and Medical Devices Agency): Oversees domestic regulatory approvals.
 - U.S. FDA (Food and Drug Administration): Approved IND application for nanvuranlat in 2024.
 - EMA (European Medicines Agency): Future target for market expansion.
 - **Key Collaborations & Civil Society Partners:**
 - Georgetown University (USA): Research collaboration on LAT1 inhibitors for CNS diseases.
 - Tochigi Cancer Center (Japan): Investigating genetic correlations between LAT1 inhibitor efficacy and biliary tract cancer.

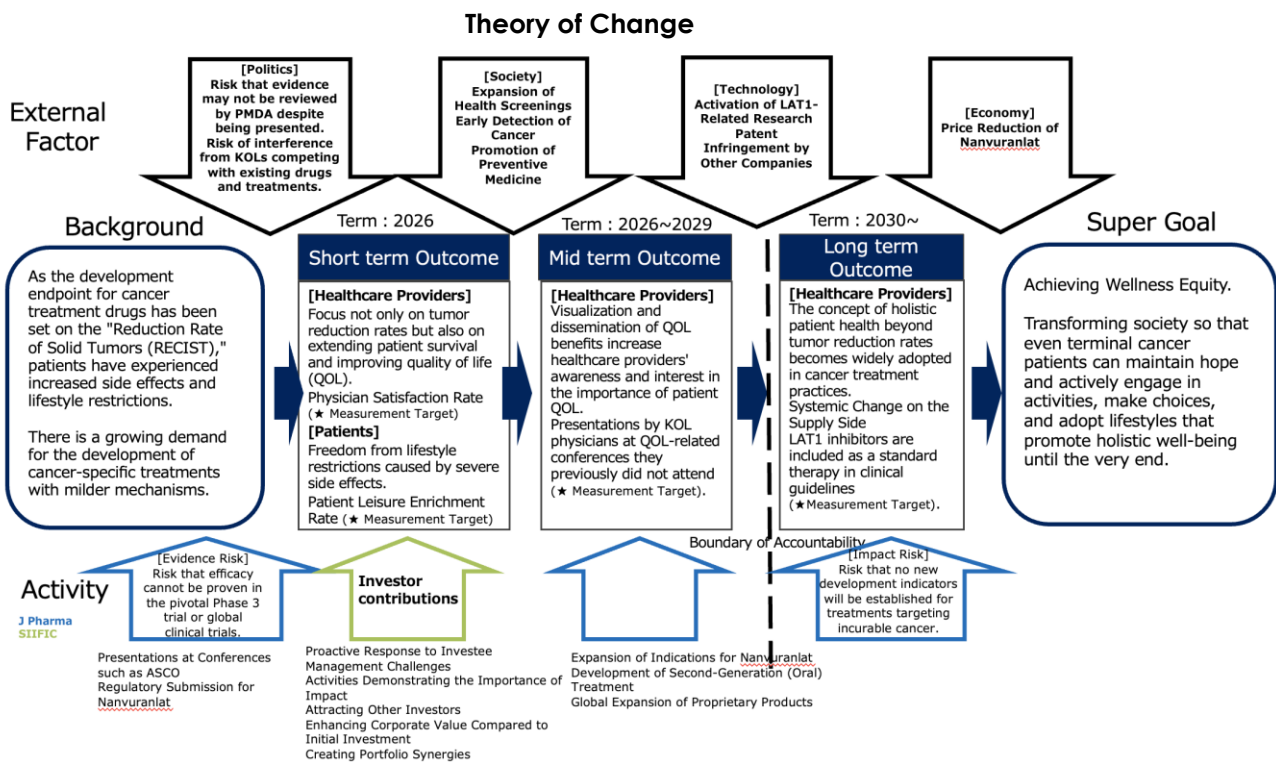
- PMDA (Japan Pharmaceuticals and Medical Devices Agency): Oversees domestic regulatory approvals.
- U.S. FDA (Food and Drug Administration): Approved IND application for nanvuranlat in 2024.
- EMA (European Medicines Agency): Future target for market expansion.

- **Key Collaborations & Civil Society Partners:**

- Tochigi Cancer Center (Japan): Investigating genetic correlations between LAT1 inhibitor efficacy and biliary tract cancer.

System Map depicting the challenges in cancer treatment





5.3.2 ORTHOREBIRTH CO., LTD.

● **Investment Description:** In March and July, 2024, the SIIFIC Wellness Fund invested ¥234 million in ORTHOREBIRTH CO., LTD., a medical device startup specializing in innovative bone healing solutions. This investment supports the development and commercialization of ReBOSSIS, a unique cotton-like bioresorbable bone void filler, aligning with SIIFIC's mission to promote innovative healthcare and wellness solutions that address unmet medical needs.

● **Alignment with SIIFIC Wellness Fund Theory of Change/Investment Themes:** ORTHOREBIRTH's initiatives align with SIIFIC Wellness Fund's investment themes by:

- **Empowering Holistic Well-Being:** Providing innovative solutions for bone fractures, particularly in the elderly, to reduce recovery times and improve quality of life, thereby addressing significant challenges associated with aging and mobility.

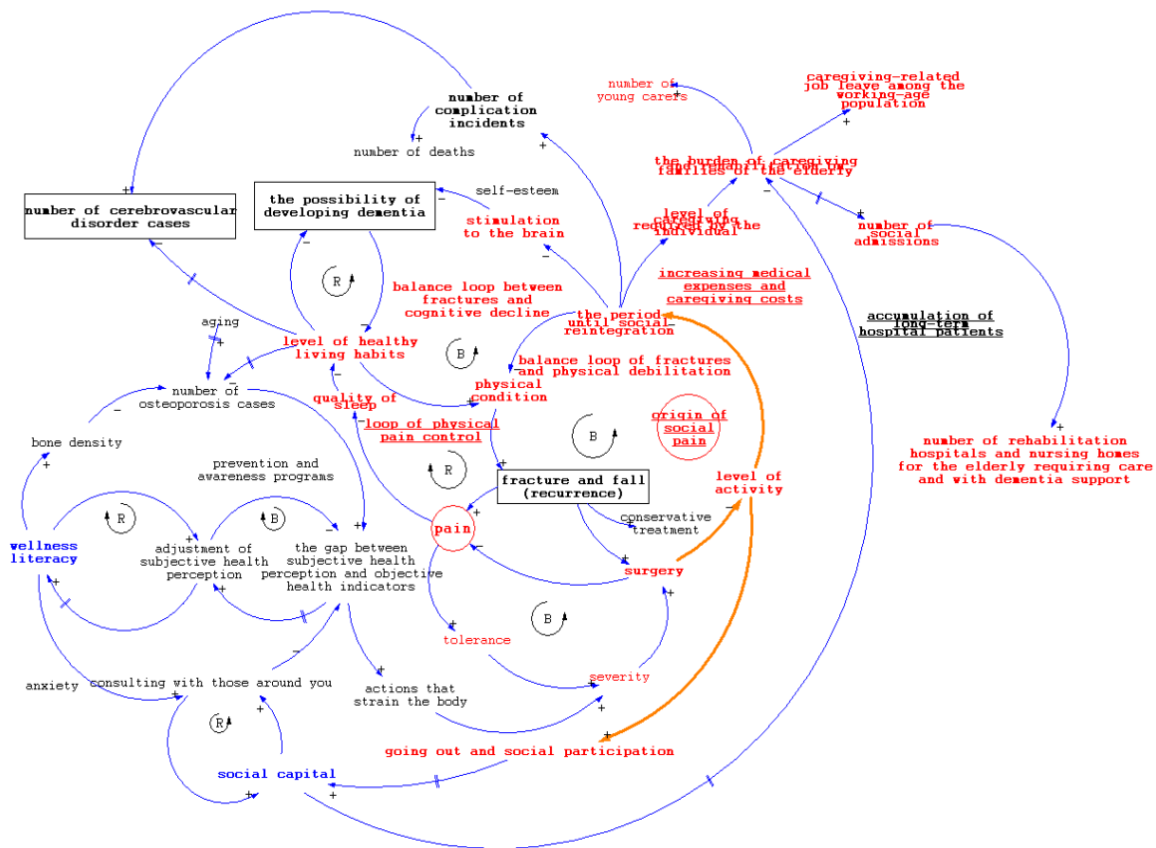
● **Investment Rationale:** Fractures are the third leading cause of requiring long-term care. In particular, fractures in the elderly are often caused by osteoporosis and falls due to decreased muscle strength. These fractures not only lead to prolonged immobility but also result in significant physical and social pain, limiting an individual's ability to engage in daily activities and maintain independence. To reduce the burden on working-age family members who care for the elderly and to curb the rising costs of long-term care, it is essential to address the challenges associated with fractures unique to the elderly population.

Orthorebirth exemplifies SIIFIC's commitment to advancing innovative, high-impact healthcare and wellness solutions. With its pioneering work in synthetic bone-void-filling materials and ongoing research into bone formation-promoting drugs, the company is well-positioned to bring transformative treatments to market. Through shortening the period of immobility following fractures, Orthorebirth aims to foster a society where more elderly individuals can actively engage in meaningful activities, make autonomous choices, and adopt lifestyles that contribute to holistic well-being. By addressing the physical

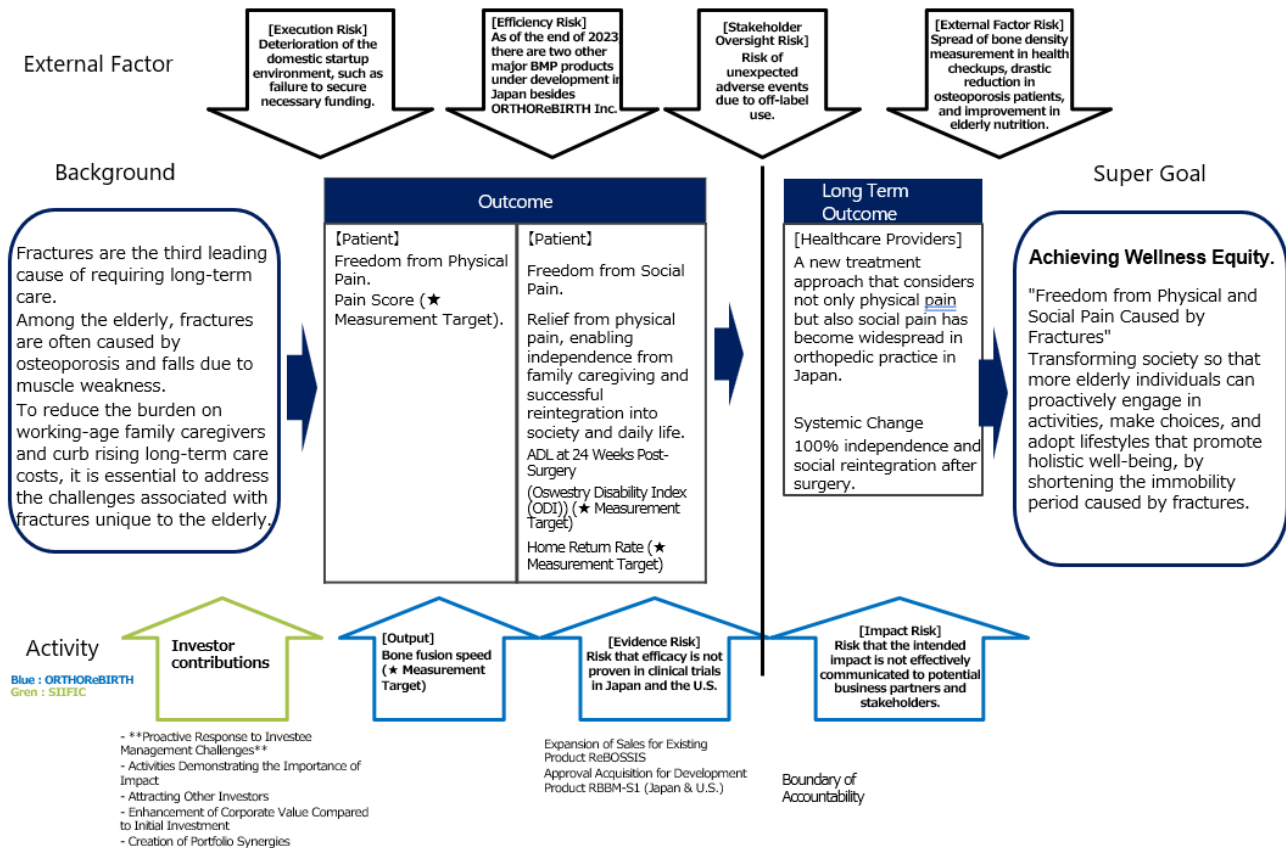
and social impacts of fractures, the company's innovations play a crucial role in creating a future where aging does not equate to limitations, but rather to continued participation in life's opportunities.

- **Tools Used:** Please visit the [blog](#) for details
 - System Mapping
 - 5 Dimensions of Impact (including 9 risks)
 - Theory of Change
- **Risks:**
 - Evidence Risk: The efficacy of the product may not be proven in clinical trials in Japan and the U.S.; there is a risk of inability to establish a system for measuring SIIFIC's proposed Impact KPIs; challenges may arise in obtaining desired data, especially regarding home return rates and more comprehensive Activities of Daily Living (ADL) metrics.
 - Endurance Risk: Funding risk exists due to the 10-year term of the fund, which may impact the long-term sustainability of the project.
- **Company Profile:**
 - **Company Name:** ORTHOREBIRTH CO., LTD.
 - **Established:** June 20, 2011
 - **Headquarters:** Yokohama, Kanagawa, Japan
 - **Representative:** Yasutoshi Nishikawa, President & CEO
 - **Sector:** Biotechnology, Medical Devices
 - **Business Focus:** Development, manufacturing, and sales of synthetic bone-void-filling materials, particularly ReBOSSIS, and research into bone formation-promoting drugs using Bone Morphogenetic Protein (BMP).
- **Key Development Programs:**
 - ReBOSSIS (Synthetic Bone-Void-Filling Material): A bioresorbable, cotton-like artificial bone filler approved for use in orthopedics and oral surgery in Japan, the United States, India, and Taiwan.
 - RBBM-S1 (BMP-Enhanced Bone Formation Drug): A new product under development containing BMP to promote bone formation, addressing challenges in bone healing, especially among the elderly.
- **Regulatory & Industry Landscape:**
 - **Regulatory Bodies:**
 - PMDA (Japan Pharmaceuticals and Medical Devices Agency): Oversees domestic regulatory approvals.
 - U.S. FDA (Food and Drug Administration): Provides regulatory oversight for products entering the U.S. market
 - EMA (European Medicines Agency) – Future target for market expansion.
 - **Key Collaborations & Civil Society Partners:**
 - Nagoya Institute of Technology (NITech): Provided the foundational microfiber scaffold manufacturing technology for ReBOSSIS.
 - Teijin Nakashima Medical Co., Ltd.: Distributes ReBOSSIS nationwide in Japan.

System Map : The cause of elderly requiring care and the realities surrounding caregiving



Theory of Change



SECTION 6: INDEPENDENT REVIEW

Conclusion of independent reviewers.

Please visit SIIFIC websites for the Independent Verification.