

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 of SIIFIC Wellness Fund ("LPs"). The objective of the LPs is assumed to be to understand the impacts of the SIIF Impact Capital ("SIIFIC"), SIIFIC Wellness Fund and investee enterprises on the well-being of end-stakeholders and the natural environment, so that the LPs can make investment and engagement decisions that are informed by the experiences and interests of end-stakeholders and the natural environment.

Implementing the Draft Reporting Norms

SIIFIC will be implementing the Draft Reporting Norms¹ designed by Impact Frontiers to reduce the risk of "impact-washing" and "cherry-picking", which are commonly expressed concerns by the investors. The draft Norms combine elements of existing impact management practice with the "Qualitative Characteristics of Useful Information" from the Conceptual Framework for Financial Reporting of the International Financial Reporting Standards Foundation. Impact performance reports that follow these Norms would be more akin to annual financial disclosures provided privately to asset owners and allocators than to impact reports that are produced primarily for marketing, communications, and fundraising purposes. Alongside this annual impact performance reporting, SIIFIC will be producing complimentary documents for marketing (e.g. visuals), communications (e.g. blogs), and fundraising (e.g. pitch decks).

Impact Frontiers is encouraging report preparers (i.e. SIIFIC) to take a phased approach to implementation, and to communicate transparently with the report users (i.e. LPs) about the extent to which they follow the draft Norms. SIIFIC is beginning adoption of the Norms as of 2024 and anticipate being aligned with them by 2026. In this first year report, SIIFIC have drafted "1. Investor Overview and Impact Thesis" and "2. Impact Management Framework, Process, and Systems". We will be drafting "3. Impact Performance" in next year's report; and optional 4. to 6. in the third year and beyond.

Implementation Schedule

Content	Full Implementation
1. Investor Overview	2024
2. Impact Management Framework, Process, and Systems	2024
3. Impact Performance	2025
4. Governance	2026
5. Case Studies	2026
6. Independent Review	2024

¹ Please visit the Impact Frontier website (<https://impactfrontiers.org/work/impact-performance-reporting/>) for more information about "Consultation Draft: Impact Performance Reporting Norms - For Investors in Private Markets; Draft October 2023" and related resources.

Note on Formatting

As recommended by Impact Frontiers, this report does not include photos or icons. Regarding images, their use was also not recommended as it is difficult or impossible for report preparers to ensure or users to verify that any image or set of photos creates a faithful (i.e., complete, neutral, and accurate) representation of an investment's positive and negative impacts on its various stakeholders. However, we believe that the inclusion of system maps and theories of change is not only essential for illustrating our impact management system but also crucial in our decision-making process for investments. These visual representations provide clarity on the causal relationships and anticipated outcomes that inform our strategic investment choices. By incorporating these elements, we offer a transparent and systematic approach to understanding the potential impact pathways, allowing LPs to grasp the rationale behind our investment decisions fully. Therefore, in the interest of providing a holistic and informative perspective, we have integrated these visuals to complement our narrative and enhance the decision-making narrative for LPs.

Terms and Definitions

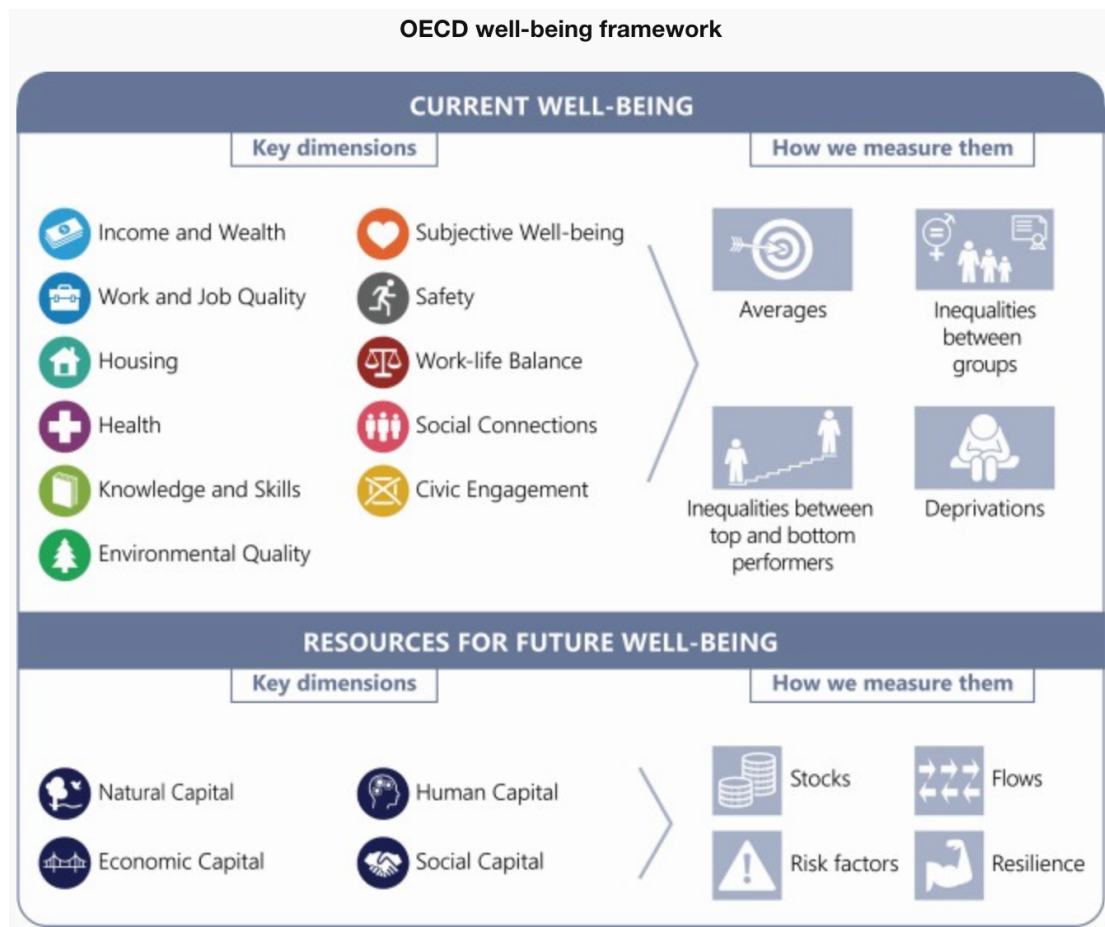
For the purpose of this document, the following terms and definitions² apply:

1. **Impact:** A change in an outcome caused by an organization. An impact can be positive or negative, intended or unintended.
2. **Impact Management:** The process of identifying the positive and negative impacts that an enterprise has on people and the planet, and then reducing the negative and increasing the positive.
3. **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. SIIFIC Wellness Fund refers to “theory of change derived from system mapping” as the impact pathway.
4. **Impact Thesis:** An entity's strategy for delivering on one or a range of impact objectives for an investment or a portfolio of investments.
5. **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.
6. **Outcome:** The level of well-being experienced by a group of people, and/or the condition of the natural environment, as a result of an event or action.
7. **Stakeholder:** An individual or aspect of the natural environment that can be 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

² Please visit the Impact Frontier website (<https://impactfrontiers.org/work/impact-performance-reporting/>) for more information about “Consultation Draft: Impact Performance Reporting Norms - For Investors in Private Markets; Draft October 2023” and related resources.

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.

8. **Theory of Change:** A method that explains how a given intervention is expected to lead to a specific change, drawing on a casual analysis based on available evidence.
9. **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.
10. **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.



SECTION 1: INVESTOR OVERVIEW & IMPACT THESIS

The reporting entity's purpose and vision; impact thesis; portfolio-level stakeholder and materiality analysis; and for organizations managing multiple funds, the scope of the assets covered in the report and how they fit into the organization's strategy.

1.1 ENTITY DESCRIPTION

SIIFIC is a venture capital firm based in Tokyo, Japan. We exist to provide purposeful capital for powerful change to create a world where everyone can live better. This report applies to all the assets under management by SIIFIC LLP.

Fund	SIIFIC Wellness Fund
AUM ³	1,525,100,000 yen ⁴ as of 31 December 2023
Asset Class	Private equity
Sector	Wellness
Regional Focus	Japan
Year Launched	2023
Capital Providers	Japan Post Insurance Co., Ltd. Teikoku Seiyaku Co., Ltd. Keio University Japan Social Innovation and Investment Foundation An individual

1.2 IMPACT THESIS

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 where each investment theme contributes towards transforming society into one where

³ AUM: Assets Under Management

⁴ Based on the TTM exchange rate of 141.82 as of 29th December 2023, the AUM of 1,525,100,000 yen as of 31 December 2023 converts to approximately \$10,753,772 USD.

engaging in wellness-promoting activities is a universal norm, not a privilege. SIIFIC refers to this ideal state as 'Wellness Equity.

- **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 job 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 [SDGs](#)⁵ through a local Lens:** Our investments are not just globally conscious, aligning with key UN Sustainable Development Goals such as SDGs 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), and 11 (Sustainable Cities and Communities), but they also embody a unique commitment to the Japanese SDGs, as outlined in the Japanese SDGs Action Plan. This dual alignment underscores our dedication to advancing a holistic and culturally resonant impact strategy, embodying our vision for a healthier, more equitable, and sustainable society.

⁵ Please visit the United Nations website (<https://sdgs.un.org/goals>) for more information about the Sustainable Development Goals and related resources.

- **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 'Purposeful Capital for Powerful Change'.

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.

- SIIFIC embraces a comprehensive and methodical approach to manage strategic impact on a portfolio basis based on SIIFIC Wellness Fund Investment Guideline. Our impact management system is designed to establish and rigorously monitor impact performance throughout our entire portfolio, fully recognizing and accommodating the inherent variability of impact across individual investments.
- **Unified Approach to Impact and Financial Performance:** At SIIFIC, we embody a dual commitment to 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](#)⁶ we aim to discover innovative startups poised to create new value in the market. By practicing impact investing that yields measurable social impact alongside financial gains, we set a standard for a balanced, impactful portfolio management approach.
- **Impact Goals and Theory of Change:** At SIIFIC, we envision a society where wellness equity is the norm. By making strategic investments in startups that enhance wellness literacy and enrich social capital, we aim to drive pivotal change. Our approach is grounded in developing a Theory of Change for each investment, ensuring that our portfolio collectively contributes to this transformative vision."
- **Impact Management System:** SIIFIC's impact management system is deeply integrated within our overall investment process. From initial screening to final investment and ongoing portfolio management, we apply a rigorous impact management system. The system which is described in detail in Principle 4 involves setting clear impact targets, assessing potential impact outcomes, and monitoring progress against these objectives throughout the investment lifecycle.
- **Value-Driven Exit Strategies:** SIIFIC's commitment to impact is further demonstrated through thoughtful exit strategies, where we ensure optimal capital structure for impact-oriented companies, aiming for responsible exits that maintain or enhance corporate value. This approach underscores our dedication to long-term impact sustainability beyond immediate investment horizons.
- **Annual Impact Performance Report:** SIIFIC is committed to the annual publication of an impact performance report, initiating with our comprehensive edition in March 2025. This document will systematically evaluate 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

⁶ Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the 5 Dimensions of Impact and related resources.

stakeholder trust.

- **Fostering Collective Impact and Talent Development:** SIIFIC supports initiatives that create impact through collaboration across sectors, addressing wicked problems in the wellness domain. By building a community that cooperatively nurtures impactful talent, we aim to foresee and shape a future where diverse 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](#)⁷, 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. We anticipate the implementation of this policy by our 2025 disclosure statement, underscoring our unwavering dedication to impactful investing practices. (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 startup investees 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 investees 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 investees 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

⁷ Please visit the Impact Linked Compensation Project website (<https://impactlinked.co>) for more information about the Impact Linked Compensation and related resources.

survey serves as a vital bridge to this gap. It initiates a pivotal dialogue with startup managements, 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 investees. 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 investees, 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 investees, 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 investees but also contributes to cultivating a more inclusive and impact-conscious investment landscape.
- **Expanding Impact Through Strategic Networking:** SIIFIC's contributions to our investees extend into the invaluable realms of networking and community engagement. Recognizing the power of connection, we actively introduce our investees 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 investees' 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 investees can thrive, leveraging the collective strength of a network committed to fostering positive change. This holistic approach to networking amplifies our investees' impact, propelling them towards achieving meaningful and sustainable outcomes.

1.3 PORTFOLIO-LEVEL STAKEHOLDER AND MATERIALITY ANALYSIS

(to be implemented in 2025)

SECTION 2: IMPACT MANAGEMENT FRAMEWORK, PROCESS, AND SYSTEMS

How impact influences decision-making throughout the investment process; frameworks or tools; and management of impact data. Signatories to the Impact Principles may simply provide a link to their most recent Signatory Disclosure Statement.

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](#)⁸. 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) **Five Dimensions of Impact Assessment:** Concurrently, we delve into an evaluation based on the [Five 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.
 - (5) **ESG Assessment Integration:** Alongside, an SIIFIC ESG survey is conducted, guided by our [ESG policy](#). While our ESG criteria are designed to be

⁸Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the Getting Started with Systems Mapping & Impact Management and related resources.

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 Five 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 investees 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 investees' 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, initiating with our comprehensive edition in March 2025. This document will systematically evaluate 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.

SECTION 3: IMPACT PERFORMANCE

Reporting on positive and negative / unintended impact, based on measurements as far down the impact pathway (i.e., towards outcomes and impacts) as possible, including (as relevant) measurement over time, against targets, relative to goal- or theme-based taxonomies, and against the data categories within the five dimensions of impact, including investor contribution. A combination of qualitative and quantitative information is recommended, with neither being intrinsically preferable to the other. Discretion is left to the preparer as to the formatting and organization of the Impact Performance section, as well as the metrics, analytical methods, targets, and thresholds used. The preparer should disclose what approach they are taking, along with their rationale. Preparers are encouraged to report on every portfolio company or asset individually, but the largest entities may need to synthesize results across the portfolio.

By 2025, we will fully implement a detailed reporting strategy that covers impact performance of our investees, focusing on relevance, completeness, neutrality, and accuracy. For this report, we are taking the first steps by showcasing the impact pathways of our first investment.

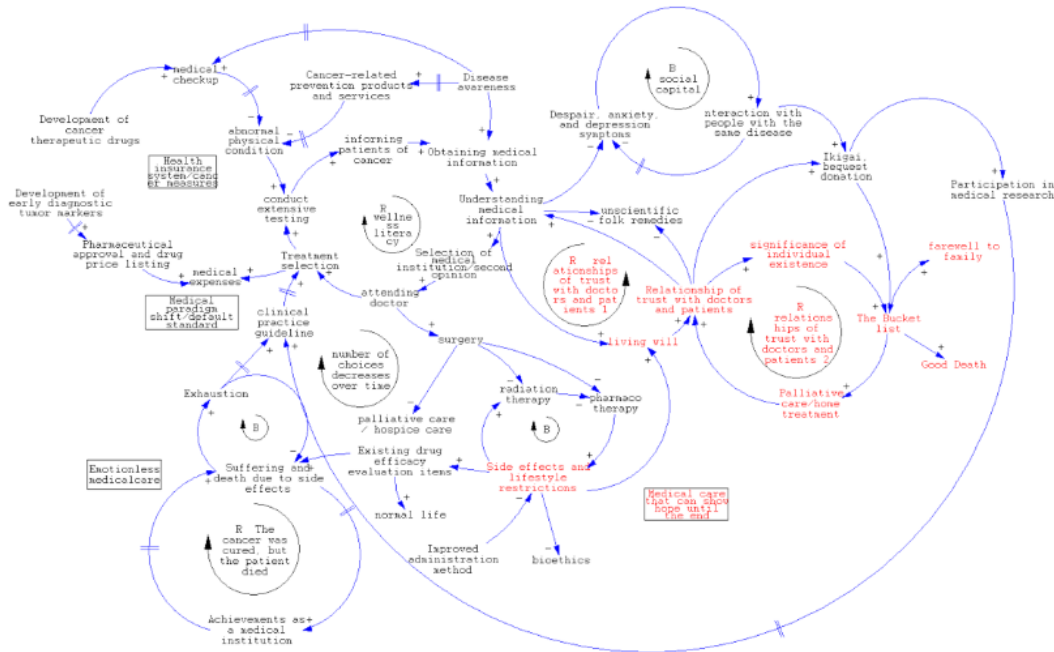
Company	J-Pharma Co., Ltd.
Invested on	21 September 2023
Amount	150,000,000 yen
Stage	Pre-IPO
Theme	1. Revolutionizing Healthcare 2. Empowering Holistic Well-Being.
Rationale	With the development endpoints of cancer treatment drugs being focused on the "Reduction Rate of Solid Tumors (RECIST ⁹)," there has been an increase in the side effects experienced by patients and restrictions on their lifestyle. Consequently, there is a growing demand for the development of cancer-specific treatments that are gentler in mechanism.
Goal	Achieving wellness equity, creating a society where everyone, including those with terminal cancer, can actively and positively engage in activities, make choices, and live lifestyles that not only bring them hope but also help them live better, enhancing their overall well-being throughout their journey.
Tools used	1. System Mapping 2. 5 Dimensions of Impact (including 9 risks) 3. Theory of Change

⁹ 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.

Risks

1. Evidence risk - Drug's efficacy might not be confirmed in global Phase 3 trials; there could be challenges in collecting IMM data alongside clinical trial data; Ethical concerns associated with using a placebo control group in clinical trials.
2. Stakeholder participation risk – Risk of drug not included in cancer treatment guidelines if key opinion leaders (KOLs) and professional societies are not engaged effectively; Low drug pricing; Occurrence of unexpected adverse events from off-label use.

System Map depicting the challenges in cancer treatment



Outcome KPIs 1. Short-term

Physicians: Focusing not only on the reduction rate of cancer but also on extending the life expectancy and improving the Quality of Life (QOL) of the patients.

Patients: Liberation from the restrictions on daily life caused by severe side effects.

2. Mid-term

Physicians: Results in terms of QOL are visualized and communicated, raising healthcare professionals' awareness and interest in the importance of patients' QOL.

3. Long-term

System: In the field of cancer treatment, the approach of focusing on the holistic health of patients beyond just the reduction rate of cancer becomes widely adopted.

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.

(to be implemented by 2026)

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).

(to be implemented by 2026)

SECTION 6: INDEPENDENT REVIEW

Conclusion of independent reviewers.

Please visit [SIIFIC websites](#) for the Independent Verification.