

Purposeful Capital Powerful Change



2026

Impact Performance Report

PURPOSEFUL CAPITAL, POWERFUL CHANGE

SIIFIC WELLNESS FUND

To Whom and Why	1
SECTION 1: ENTITY OVERVIEW & IMPACT THESIS	7
SECTION 2: IMPACT MANAGEMENT APPROACH	16
SECTION 3: IMPACT PERFORMANCE	19
SECTION 4: Quality Assurance Process.....	36
SECTION 5: GOVERNANCE	39
SECTION 6: CASE STUDIES	44
SECTION 7: INDEPENDENT REVIEW	45

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 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, so that they can make investment and engagement decisions that are informed by the experiences and interests of stakeholders and the natural environment.

Implementing the “Impact Performance Reporting Norms”

This Impact Performance Report has been prepared in accordance with the **Impact Performance Reporting Norms** (“Reporting Norms”)¹ developed by **Impact Frontiers** and published on *impactreporting.org*. SIIFIC and the SIIFIC Wellness Fund are committed to strengthening transparency, credibility, and discipline in impact reporting, thereby addressing industry concerns related to “impact-washing” and selective disclosure. SIIFIC participated in Impact Frontiers’ **Pilot Programme** during the early phase of the Reporting Norms’ development and, in 2025, became a **Founding Adopter**. This reflects our long-term commitment to contributing to, and learning from, emerging global best practice in impact performance reporting.

In preparing this report, SIIFIC has sought to follow the spirit of the Reporting Norms’ **Guiding Principles**, with an emphasis on clarity, completeness, consistency, and continuous improvement. We recognise that implementation is an iterative process, and we remain committed to further aligning our reporting practices with the evolving expectations and methodological guidance set out by Impact Frontiers.

Implementation Schedule

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

Note on Formatting

¹ Please visit the IMPACT PERFORMANCE REPORTING NORMS website (<https://impactreporting.org/>) for more information about “Impact Performance Reporting Norms - For Investors in Private Markets; April 2024 – Version 1” and related resources.

In line with the recommendations of the Reporting Norms, this report makes selective use of charts, diagrams, and photographs to support the faithful representation of impact-related information. Visual elements are included only where they enhance understanding and are designed so as not to distract from or obscure the underlying content.

SIFIC endeavours to ensure that the report remains clear, neutral, and visually accessible to a diverse range of readers. Where appropriate, we have sought to reflect recognised accessibility guidance, including standards intended to support users with disabilities.

Approach to Visual Design

- **Charts & Tables:**

Charts and tables are used to present impact-related information in a clear and space-efficient manner. In line with the Reporting Norms, visual data is designed so as not to emphasise, de-emphasise, or otherwise manipulate information in ways that could unduly influence interpretation. Our objective is to support neutral, faithful representation, enabling readers to draw their own conclusions.

- **Use of Colour**

Where colour is applied within charts or diagrams, SIFIC prefers high-contrast combinations and ensures that colour alone does not convey meaning. Outside of these visual elements, we generally favour a restrained black-and-white approach for consistency and accessibility.

- **Diagrams & System Maps**

SIFIC views systems thinking as fundamental to impact investment decision-making. Accordingly, this report incorporates diagrams, including impact pathways, Theory of Change (logic model) illustrations, and system maps, to provide a structured and transparent view of causal relationships, processes, and anticipated outcomes. These visuals support readers' understanding of our investment logic and the mechanisms through which impact is expected to occur.

- **Icons**

Icons are used sparingly, if at all, and only where they serve a functional purpose without distracting from the substantive content.

- **Photography**

SIFIC does not rely on photography as a core element of impact performance reporting. Photographs are included only in limited cases where they communicate investment-specific realities or stakeholder perspectives that cannot be meaningfully conveyed through text alone. In accordance with the Reporting Norms, stock imagery and photographs intended primarily to influence mood or affect are avoided. Where photographs are used, SIFIC seeks to apply appropriate ethical standards, including informed consent, source transparency, and sufficient contextual information to ensure respectful and faithful representation.

SIIFIC's Commitment to Transparency

We recognise that impact is inherently complex, interconnected, and subject to varied interpretation. In preparing this report, SIIFIC has sought to communicate our impact performance with care and discipline, recognising the importance of transparency for capital providers and other stakeholders.

In line with the **Guiding Principles** of the Impact Performance Reporting Norms, we endeavour to present information that is relevant and that faithfully represents the impacts associated with our investments. We also seek, over time, to enhance the verifiability, comparability, timeliness, and understandability of our disclosures, acknowledging that high-quality impact reporting is an evolving practice.

Through structured impact pathways, objective presentation of data, and clear articulation of methodologies and assumptions, we aim to support LPs and stakeholders in developing a grounded and balanced understanding of the effects — intended and unintended — of our investment activities.

Terms and Definitions

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

1. **Entity:** A clearly defined economic unit that isolates the accounting of certain transactions from other subdivisions or accounting entities. An entity can be a corporation or government agency, as well as a subsidiary within a corporation, a fund, or a special purpose vehicle. The accounting entity must have a separate set of records detailing its assets and liabilities from those of the owner.
2. **Impact:** The effect of entities' actions on people and/or the natural environment over the short-, medium-, and long-term. For avoidance of doubt, in the Reporting Norms, the term "impact" implies a change in outcomes caused by an entity. In contrast, an outcome is a level of well-being experienced by people and/or the condition of the natural environment, which may or may not be caused by factors other than the entity.
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. SIFIC Wellness Fund refers to the impact pathway as "theory of change."
4. **Impact Thesis:** SIFIC Wellness Fund'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. **Input:** The resources and relationships that portfolio companies draw upon for their business activities, as well as the contextual elements that define their business activities.
7. **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.
8. **Outcome:** The level of well-being experienced by people or condition of the natural environment that results from the actions of the portfolio companies, as well as from external factors.
9. **Output:** The direct result of portfolio companies' activities, including products, services, and by-products.
10. **Stakeholder:** An individual or aspect of the natural environment that can reasonably be expected to be significantly affected by the portfolio companies' activities, products, and services, or whose actions can reasonably be expected to affect the ability of the portfolio companies 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 in so far as they faithfully

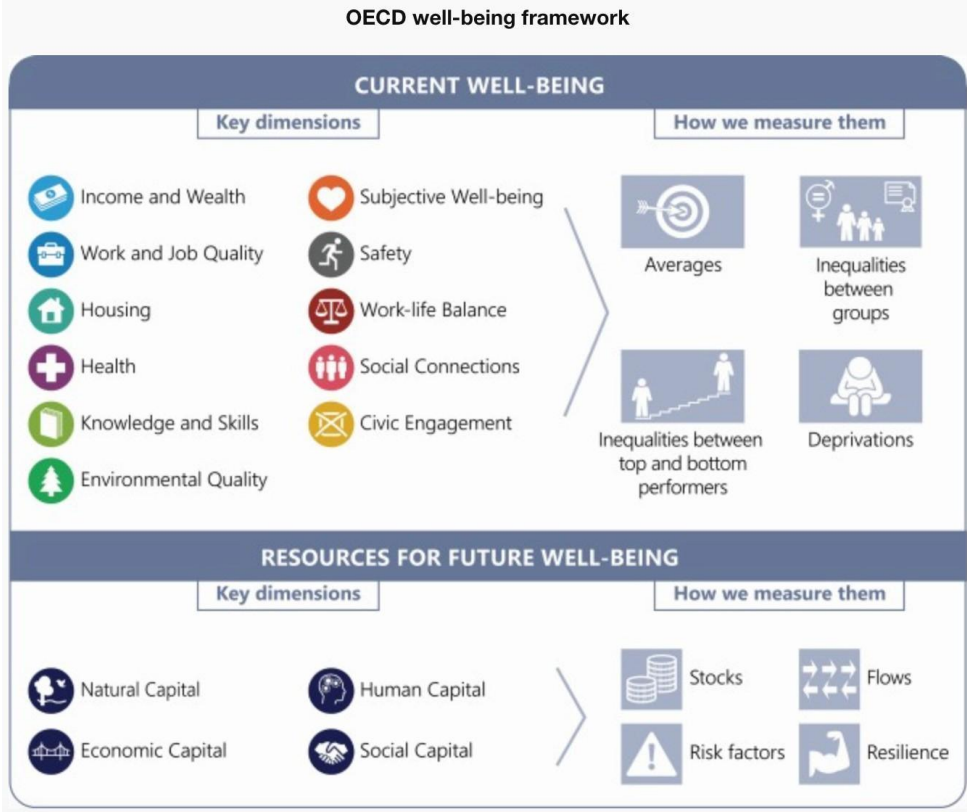
² Please visit the IMPACT PERFORMANCE REPORTING NORMS website (<https://impactreporting.org/>) for more information about "Impact Performance Reporting Norms - For Investors in Private Markets; April 2024 – Version 1" and related resources.

represent affected stakeholders. In this context, the portfolio companies' capital providers are not included as stakeholders, as it would be inappropriate for the portfolio companies to report on its impacts on capital providers to those same capital providers. For avoidance of doubt, the term "stakeholder" is intended to emphasize reports' inclusion of stakeholders that are experiencing outcomes below social 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.

11. **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.
12. **Thresholds:** In this context, the term "thresholds" 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.
13. **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.

OECD well-being framework



SECTION 1: ENTITY OVERVIEW & IMPACT THESIS

1.1 ENTITY DESCRIPTION

SIFIC 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 SIFIC LLP for the period from January to December 2025, 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	SIFIC Wellness Fund
AUM ⁴	3,656,600,000yen ⁵ as of 31 December 2025
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 (central) rate from Bank of Japan, 156.30 as of 30th December 2025, the AUM of 3,656,600,000 yen as of 31 December 2025 converts to approximately \$23,394,754 USD.

1.2 IMPACT 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 SIIFIC Wellness Fund sets its “super goal” as the achievement of **Wellness Equity**. This is the core philosophy that underpins the fund's impact investment approach and serves as the guiding standard for all activities.

SIIFIC defines “wellness” as a way of living in which individuals seek to live better in a manner true to themselves. “Wellness equity” therefore refers to a societal condition in which everyone—equally and without limitation—can engage in self-directed activities, make authentic life choices, and maintain both mental and physical well-being.

Achieving this goal requires a transformation from a society focused primarily on longevity and physical health to one that embraces holistic well-being. This transformation extends far beyond healthcare and welfare—it must reach into essential living infrastructures, working environments, community structures, and education systems, touching every aspect of people's lives.

Based on this super goal, SIIFIC established two leverage points and four investment themes, which guide portfolio selection and ensure coherence within the broader Impact Management System.

Two Leverage Points

Advancing Wellness Literacy is first leverage point essential for achieving the super goal of Wellness Equity. Wellness literacy refers to the ability to obtain, interpret, and evaluate accurate information about physical and mental health. As wellness literacy increases, individuals become better equipped to gather relevant information, assess its quality, make decisions aligned with their circumstances, and take proactive action toward healthier, more fulfilling lives.

Strengthening Social Capital is the second leverage point, alongside wellness literacy. Social capital refers to the trust-based relationships and support networks that enable people to connect with one another. In a society with enriched social capital, people can support one another with ease, participate in community life in ways that feel natural to them, and enjoy lives that feel both meaningful and fulfilling. Such an environment nurtures not only physical well-being but also the personal agency people need to make self-directed decisions that help them live better.

This concept is grounded in the **Healthcare Vision Paper** published in 2023 by the Japan Social Innovation and Investment Foundation (SIIF). The Healthcare Vision Paper is a policy paper designed to reframe how Japan—a super-aging society—approaches the realization of wellness. SIIFIC's Founding Partner Reiri contributed to its development while at SIIF. Concepts such as “loose ties” and “social capital,” which appear in the paper, directly informed the two leverage points and the design of the fund's four investment themes. While the Healthcare Vision Paper primarily focuses on older populations, the SIIFIC Wellness Fund broadens these perspectives to include people of all generations and backgrounds, aiming to support universal and sustainable wellness.

Building upon the insights of the paper, SIFIC designed the fund to promote a more inclusive and enduring approach to wellness.

Four Investment Themes

The SIFIC Wellness Fund defines its super goal as the achievement of wellness equity. To prevent the investment strategy from diverging from this objective, four investment themes were set at the time of the fund's formation:

1. **Revolutionizing Healthcare** by pioneering trustworthy medical standards. We invest in products and services that redefine healthcare's reliability and trustworthiness, fostering behavioural 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 behaviour 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.

These four themes were derived by revisiting society through the lens of the fund's two leverage points—**advancing wellness literacy** and **enriching social capital**—and by asking what kinds of change are needed to reach the super goal.

The Intended Outcomes and Stakeholders

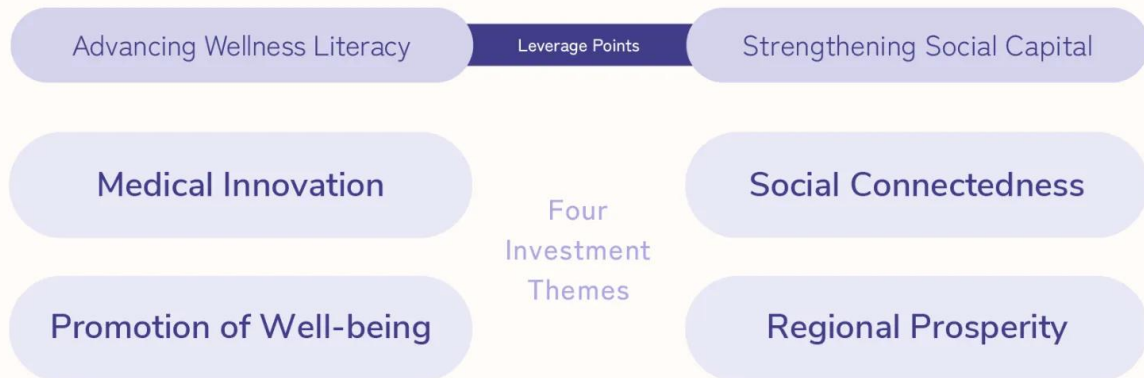
The SIFIC Wellness Fund invests in solutions that:

- 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 behavioural change among providers.
- Empower individuals to take control of their well-being through science-backed, behaviour-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.
- 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 SIFIC Wellness Fund is committed to redefining healthcare equity and ensuring that better living becomes the norm for all.

Unique and Evolving Strategy of SIIFIC

Rooted in our fund super goal of Wellness Equity - a society where everyone can live better -



- Focus on leverage points: wellness literacy & social capital
- See systems and patterns, not isolated elements and activities
- Use existing national indicators(e.g. Digital Agency's Well-being indicators)
- Catalytic co-investment with large non-impact VCs including AMED registered VCs
- Dual-language strategy: Local credibility & global alignment

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.

● **Strategic Impact Objective: Wellness Equity**

SIIFIC and the SIIFIC Wellness Fund define their strategic impact objective as the achievement of **Wellness Equity**, which serves as the guiding standard underpinning all fund activities and investment decisions.

SIIFIC defines *wellness* as a way of living in which individuals seek to live better in a manner true to themselves. *Wellness equity* therefore refers to a societal condition in which everyone—equally and without limitation—can engage in self-directed activities, make authentic life choices, and maintain both mental and physical well-being.

Achieving wellness equity requires a systems-level transformation that extends beyond healthcare and welfare systems alone, reaching into everyday living infrastructures, working environments, community structures, education systems, and the social conditions that shape individual agency and well-being.

● **Systems Thinking and Two Leverage Points**

SIIFIC's impact thesis is grounded in **systems thinking**, addressing the root causes of wellness disparities rather than their symptoms. On this basis, the fund has identified two leverage points that guide portfolio construction and coherence:

- **Advancing Wellness Literacy** – enabling individuals to access, interpret, and act upon reliable information relating to physical and mental health.
- **Strengthening Social Capital** –fostering trust-based relationships and supportive networks that enable autonomy, belonging, and meaningful participation in society.

These leverage points are informed by the *Healthcare Vision Paper (2023)* published by the Japan Social Innovation and Investment.

Four Investment Themes

To translate its strategic objective into investment practice, SIIFIC defined four investment themes at the fund's establishment, structured around two leverage points:

- 1 **Revolutionizing Healthcare** by advancing trustworthy medical standards.
- 2 **Empowering Holistic Well-Being** by enabling positive lifestyle and behavioural choices.
- 3 **Connecting Lives** by fostering loosely connected yet meaningful social interactions.
- 4 **Cultivating Local Prosperity** by strengthening regional economies and quality of life.

These themes ensure consistency between individual investment decisions and the fund's overarching impact objective.

● **Intended Outcomes and Stakeholders**

Through these themes, the SIIFIC Wellness Fund seeks to:

1. strengthen integrity and accountability in healthcare systems;
2. empower individuals to take control of their well-being;
3. reinforce human connection as a foundation for autonomy and mental well-being; and
4. support regional economic resilience and inclusive growth.

By taking a systems-level approach to wellness, SIIFIC remains committed to ensuring that better living becomes the norm rather than a privilege, and that wellness equity is realised as an accessible reality for all.

● **Individual Investment-Level Alignment**

At SIIFIC, strategic alignment is considered from the earliest stage of the investment process and reaffirmed at the point of investment decision-making. Impact objectives and relevant metrics are defined in direct reference to the fund's leverage points and investment themes, supporting credible contribution to systemic progress towards wellness equity.

● **Global Goals Through a Local Lens**

The fund's strategy aligns with key UN Sustainable Development Goals, including SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth), and SDG 11 (Sustainable Cities and Communities). At the same time, SIIFIC reflects Japan's national priorities by incorporating contextual frameworks such as the Digital Agency's Regional Well-Being Index⁶, supporting a locally grounded and data-driven approach to societal well-being.

● **Credible Basis: Evidence and Impact Due Diligence**

SIIFIC seeks to ensure that its strategic impact objective is supported by a **credible and evidence-based foundation** at the individual investment level. The fund's investment strategy is designed to allocate capital towards business models and growth pathways that plausibly contribute to the identified leverage points and investment themes. Evidence, underlying theories of change, and key assumptions are considered to ensure that intended impact remains proportionate, measurable, and consistent with the fund's overall strategy. Further detail on impact due diligence, investment-level assessment, and contribution is set out under **Principles 3 and 4**.

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.

● **Portfolio-Level Impact Management Framework**

The SIIFIC Wellness Fund applies a structured and systematic approach to managing impact achievement at the **portfolio level**. The fund's Investment Guideline and Impact Management System are designed to establish, monitor, and evaluate impact performance across the portfolio as a whole, while recognising that impact pathways,

⁶ **Digital Agency (2025)**: Regional Well-being Index (Subjective Indicators). <https://well-being.digital.go.jp/>

outcomes, and risk profiles differ across individual investments. This portfolio-level perspective supports coherence in pursuing the fund's strategic impact objective of Wellness Equity, without constraining the diversity of approaches required across sectors, stages, and business models.

- **Integration of Impact and Financial Performance**

SIIFIC is committed to advancing wellness equity alongside the pursuit of robust financial returns. Impact considerations are therefore managed as an **integrated dimension of investment strategy and value creation**, rather than as a parallel or standalone activity.

Portfolio-wide impact management draws upon internationally recognised frameworks, in particular Impact Frontiers' **Five Dimensions of Impact** and its complementary guidance on the **Ten Impact Risks**. Together, these frameworks support disciplined judgement regarding the scale and depth of impact, stakeholder experience, the fund's contribution, and potential trade-offs or unintended effects across the portfolio.

- **Portfolio Coherence Through Leverage Points and Thematic Alignment**

The fund's strategic impact objective is anchored in its super goal of **Wellness Equity**, pursued through two leverage points—advancing wellness literacy and strengthening social capital—and expressed through four investment themes.

At the portfolio level, these elements provide a common reference point for assessing alignment and coherence. At the investment level, SIIFIC develops investment-specific theories of change and identifies key assumptions and risk factors, supporting credible contribution to portfolio-wide impact objectives while allowing for differentiated impact pathways.

- **Impact Management Across the Investment Lifecycle:**

The Fund Manager embeds impact considerations throughout the full investment lifecycle, including:

1. thematic screening and alignment at entry;
2. structured impact due diligence, including assessment of intended outcomes and material impact risks;
3. ongoing portfolio monitoring against defined KPIs and qualitative signals; and
4. exit planning designed to safeguard long-term impact integrity.

This lifecycle-based approach supports continuous learning and adaptive management of impact across the portfolio.

- **Operationalising the Ten Impact Risks**

SIIFIC seeks to operationalise Impact Frontiers' Ten Impact Risks as a practical portfolio management tool. During due diligence and ongoing monitoring, relevant categories of risk—such as evidence risk, stakeholder participation risk, and execution or external risk—are considered to assess the likelihood that realised impact may diverge from expectations.

These risk considerations are incorporated into investment-level impact plans and reviewed over time, enabling SIIFIC to identify where additional data, engagement, or mitigation measures may be required. In this way, the Ten Impact Risks framework supports both accountability and continuous improvement across the portfolio.

- **Impact Reporting and Accountability**

The fund is committed to publishing an annual Impact Performance Report, providing LPs and stakeholders with a structured account of portfolio-level progress and impact

performance.

Beginning in 2025, SIIFIC became a Founding Adopter of Impact Frontiers' Impact Performance Reporting Norms, and its reporting is prepared in accordance with the Norms' Guiding Principles. SIIFIC views high-quality impact disclosure as an evolving discipline and continues to strengthen comparability, transparency, and faithful representation over time.

- **Sustainable Exit Strategies and Incentive Alignment**

SIIFIC's commitment to impact extends beyond initial capital deployment. The fund seeks to pursue responsible exit pathways that maintain or enhance the long-term corporate and societal value created by portfolio companies, recognising that exit decisions can materially influence enduring impact outcomes.

In parallel, SIIFIC is exploring approaches to aligning staff incentives with the achievement of positive impact alongside financial performance. Drawing on emerging best practices, including the concept of impact-linked compensation, SIIFIC aims to ensure that internal accountability mechanisms reinforce the fund's strategic impact objectives in a disciplined and measurable manner.

- **Continuous Improvement and Learning**

By managing impact at the portfolio level through structured frameworks, regular monitoring, and transparent reporting, SIIFIC endeavours to contribute to the continued maturation of the impact investing field and to the realisation of wellness equity as a shared societal condition.

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.

- **Defining SIIFIC's Contribution as a General Partner**

SIIFIC defines its contribution as a GP as the incremental role it plays at entry in enabling impact outcomes that would be less likely to occur, occur at a smaller scale, or occur more slowly without its involvement. This contribution extends beyond the provision of capital and is assessed in line with the *contribution* dimension of Impact Frontiers' Five Dimensions of Impact.

In practice, SIIFIC's contributions may include shaping impact intent at entry, strengthening evidence-based decision-making, supporting systems-level understanding through mapping and stakeholder engagement, and establishing disciplined foundations for impact management. The relevance and expected strength of these contributions are considered during due diligence and revisited over time through active stewardship.

- **Contribution at Entry: SEEDS, System Mapping, and Impact Frontiers Frameworks**

SIIFIC's due diligence integrates conventional venture capital analysis with its internal SEEDS framework, which requires coherence across three elements:

- a. **Science** - evidence base and technical validity;
- b. **Ideas** - innovation, defensibility, and differentiation; and
- c. **Needs** - realistic demand, adoption pathways, and scalability.

In parallel, SIIFIC applies systems mapping to develop a systems-level understanding of the issue or sector being addressed, identifying key variables, feedback loops, and

structural barriers within the broader wellness ecosystem. Concurrently, SIIFIC applies Impact Frontiers' **Five Dimensions of Impact** to assess expected outcomes, affected stakeholders, anticipated scale and depth of change, the fund's contribution, and associated impact risks. The **Ten Impact Risks** are used as a practical lens to evaluate factors—such as evidence risk, stakeholder participation risk, execution risk, and external risk—that could cause realised impact to diverge from ex-ante expectations.

- **Impact Onboarding and Capability Building at Entry**

As part of origination and structuring, SIIFIC engages prospective portfolio companies in an impact onboarding and assessment process led by dedicated fund managers and SIIF impact specialists.

This engagement is designed to ensure that management teams develop a practical understanding of impact—not as an abstract concept, but as an operational discipline integrated into strategy, governance, and execution. Through structured dialogue and collaborative assessment, SIIFIC works with management teams to explore how theories of change, impact metrics, and risk considerations can be embedded in a manner appropriate to the company's stage and capacity.

The objective is not to impose a prescriptive framework, but to strengthen internal capability and ownership, positioning companies to manage impact intentionally from the outset.

- **Governance, Networks, and Ecosystem Support**

Where appropriate, SIIFIC contributes through governance participation and structured strategic dialogue, supporting alignment between business strategy and impact objectives while respecting investee autonomy. In addition, SIIFIC leverages its broader network of impact-oriented investors, scientific experts, and practitioners to facilitate knowledge exchange, peer learning, and access to complementary expertise. This networked approach is intended to strengthen investee capacity and situate portfolio companies within a broader ecosystem committed to credible and scalable impact.

- **System-Level Contribution and Market Signalling**

In assessing expected impact, SIIFIC also considers the potential for indirect and system-level effects beyond individual portfolio companies. This includes collaboration with co-investors and other market participants to encourage broader adoption of impact-oriented investment practices.

SIIFIC seeks to contribute to this ecosystem by transparently communicating its investment rationale—including the use of systems maps and theories of change—through public disclosures such as press releases and newsletters. Through selective information-sharing and engagement with like-minded investors, SIIFIC endeavours to support greater understanding of credible impact practice and to help mobilise additional aligned capital towards companies positioned to deliver meaningful impact.

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.

- **Ex-Ante Assessment of Expected Impact and Readiness**

The Fund Manager is committed to rigorously assessing the expected impact of each investment prior to capital deployment, using a structured and evidence-informed approach consistent with the fund's strategic objective of advancing wellness equity. At entry, SIIFIC evaluates the intended outcomes of a prospective investment, the stakeholders expected to experience those outcomes, and the anticipated significance of impact within the relevant geographic and societal context. In parallel, the fund considers the likelihood of achieving those outcomes by identifying key assumptions and material impact risks. This ex-ante assessment is designed not only to clarify impact potential, but also to strengthen the credibility of the causal pathways through which impact is expected to be realised.

- **Integration of Impact Assessment within the Investment Process**

Impact assessment is embedded within SIIFIC's broader investment process and informs decision-making alongside commercial, legal, and strategic considerations. For each prospective investment, SIIFIC establishes clear impact objectives, identifies measurable indicators where feasible, and articulates the assumptions underpinning expected outcomes. This discipline supports coherence between the fund's strategic intent and individual investment decisions, while recognising that impact pathways and evidence bases may differ across sectors and business models.

- **Theory of Change and Investment-Level Impact Commitments**

Based on systems mapping and stakeholder-informed analysis, SIIFIC develops an investment-specific Theory of Change that articulates impact pathways for future monitoring and management. At entry, evidence-grounded KPIs are identified where

feasible, baselines are established when appropriate, and the conditions required for intended outcomes to occur are clarified. SIFIC formalises mutual expectations with investee companies through an Impact Measurement and Management Memorandum of Understanding at the time of investment, reinforcing shared accountability for impact objectives.

- **Transparency and Accountability**

SIFIC reflects its stewardship activities and contribution through its annual Impact Performance Report, prepared in accordance with Impact Frontiers' Impact Performance Reporting Norms, of which SIFIC became a Founding Adopter in 2025. SIFIC views active contribution as an evolving practice and remains committed to strengthening discipline, transparency, and learning over time, recognising that effective stewardship is essential to sustaining impact outcomes alongside long-term enterprise value.

2.2. Identification of Stakeholders, Outcomes, and Impacts

Describe how the entity collects, manages, and uses impact data, including how data ownership, privacy issues, and ethical and commercial issues are managed. Explain any predefined processes for sharing data between the entity and its investees, including responsibilities for data collection and how, and to whom, data are reported.

2.3. Usage of Data

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

The handling and utilization of impact data at SIFIC are governed by the "Memorandum of Understanding on Impact Measurement and Management" (IMM MOU) executed with each investee. This IMM MOU establishes a mutual agreement on the objectives of impact measurement and management, the Theory of Change, and the fundamental framework for the provision of outcome data. Specific outcomes, reporting frequencies, and methodologies are determined through consultation between both parties, taking into account the business characteristics of the investee, measurability, legal constraints, and practical feasibility.

Ownership and associated rights of the provided data remain with the investee, and such data is treated as the investee's confidential information. SIFIC receives and utilizes data only within the scope permitted by law and contract. In particular, we do not directly acquire personal information, clinical data, or other sensitive information unless there is an explicit agreement and full compliance with applicable laws. Furthermore, portions of impact measurement and analysis may be outsourced to third parties, such as academic researchers, provided there is prior consultation and agreement between the parties.

Acquired impact data is primarily utilized for the following purposes:

- **Progress Monitoring:** Verifying progress against the Theory of Change and impact hypotheses established at the time of investment.
- **Portfolio Management:** Informing engagement decisions and portfolio management by monitoring changes in key assumptions and material impact risks.
- **Transparency:** Supporting transparent disclosure through the annual Impact Performance Report.

For indicators where baseline measurements have been conducted, we track changes over time by comparing current results against those established reference points. Where appropriate, comparisons are also made against benchmarks or thresholds that reflect social contexts or regional characteristics. However, for companies in their early stages of investment, we recognize that short-term fluctuations in numerical data do not necessarily demonstrate a direct causal contribution by the investor. We position data not as a tool for immediate claims of success, but as a management tool for long-term trend analysis and hypothesis verification. In this way, SIIFIC aims to utilize impact data not merely as reporting material, but as a core management tool that supports continuous learning and responsible capital allocation, all while respecting the autonomy, confidentiality, and legal compliance of our investees.

SECTION 3: IMPACT PERFORMANCE

The SIFIC Wellness Fund constructs its portfolio based on four core investment themes. For each investee, we conduct a comprehensive systems analysis and develop a Theory of Change (ToC) to identify and define expected impacts. The fiscal year 2025 marks the inaugural year of impact performance measurement under the Fund's Impact Measurement and Management (IMM) framework. During this period, we examined baseline measurements for expected outcomes for two companies under Investment Theme 4 "Cultivating Local Prosperity": Proximar and C-HAS+. Additionally, we established the baseline for short-term outcomes for Personal Health Tech. For other portfolio companies, outcome measurement is currently either in the planning stage or pending, depending on their specific business phase and measurement design. Consequently, this section focuses primarily on the baseline measurement results for Proximar, C-HAS+, and Personal Health Tech.

It is important to note that as these measurements represent a baseline taken shortly after investment, they are not intended to verify the direct effects of investor intervention at this stage. Rather, their primary purpose is to establish a rigorous reference point (baseline) for future comparative analysis of outcomes. The status of IMM progress as of the end of this fiscal year is summarized below:

● IMM Progress Matrix (FY2025)

Investment Theme	Investee	Impact Thesis	Outcome	Measurement Status
Advancing Wellness Literacy Revolutionizing Healthcare by advancing trustworthy medical standards Empowering Holistic Well-Being by enabling positive lifestyle and behavioural choices.	J-Pharma	Transforming society so that even terminal cancer patients can maintain hope and actively engage in activities, make choices, and adopt lifestyles that promote holistic well-being until the very end.	Short-term outcome [Healthcare Providers] • Tumor reduction rates, patient survival and improving quality of life (QOL) • Physician Satisfaction Rate [Patients] • Freedom from lifestyle restrictions caused by severe side effects • Patient Leisure Enrichment Rate Mid-term outcome [Healthcare Providers] • Presentations by KOL physicians at QOL-related conferences previously not attended Long-term outcome [Healthcare Providers] • LATI inhibitors are included as standard therapy in clinical guidelines	Not yet measured [clinical development stage]
	ORTHOEARTH	Freedom from Physical and Social Pain Caused by Fractures Transforming society so that more elderly individuals can proactively engage in activities, make choices, and adopt lifestyles that promote holistic well-being, by shortening the immobility period caused by fractures.	Short-term outcome • Freedom from physical pain (Pain Score) • Freedom from Social Pain (Relief from physical pain, enabling independence from family caregiving and successful reintegration into society and daily life) • ADL at 24 Weeks Post-Surgery • Oswestry Disability Index (ODI) • Home Return Rate Long-term outcome • A new treatment approach that considers not only physical pain but also social pain becomes widespread in orthopedic practice in Japan • 100% independence and social reintegration after surgery	Not yet measured [clinical development stage]
Personal Health Tech	A society in which all working individuals are able to accurately understand their own health conditions and make informed, science-based decisions and behavioral changes. In particular, healthcare services are equally accessible to employees of small and medium-sized enterprises (SMEs) and foreign workers, who have historically lacked adequate health management support. This inclusive approach leads to a collective elevation of health literacy across the entire society.	Short-term outcomes and Value Provided • [Tangible Outcomes and Value Provided] • Number of Small-Scale Clients with Fewer than 50 Employees (Part of the output) • Certification Rate for Health and Productivity Management among All Client Companies Mid-Term Outcomes [Company-level/medium-term changes and behavioral transformation] • Improved follow-up examination rate among employees with health issues at client companies (e.g., implementation rate of specific health guidance, implementation rate of interviews with occupational physicians for high-stress individuals) • Enhanced employee engagement at client companies • Reduced turnover rate at client companies Long-Term Outcomes [Individual-level long-term changes and behavioral transformation] • Reduction in the percentage of employees with health findings at client companies (e.g., decrease in individuals eligible for specific health guidance and those with mental health issues)	Partial baseline established [short-term outcomes]	

Investment Theme	Investee	Impact Thesis	Outcome	Measurement Status
Strengthening Social Capital Connecting lives by fostering loosely connected yet meaningful social interactions.	-	Building a society where people are mentally and physically healthy and not isolated. In today's complex world, fostering and utilizing social capital is essential. Strengthening these connections helps prevent illness, reduce stress, and ultimately enhance overall well-being.	Mid-term outcome <ul style="list-style-type: none"> • Creating a workplace environment that supports authentic living • Creating a workplace environment for employees thriving at work Final outcome <ul style="list-style-type: none"> • Fostering social capital in the community 	-

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.

The fiscal year 2025 marks the first year in which the SIFIC Wellness Fund operationalized its Impact Measurement and Management (IMM) framework. This section summarizes the current status of impact creation across the portfolio, insights gained through measurement, and our future outlook.

● Overall Assessment of Impact Performance

A key achievement this year was establishing baseline measurements for Investment Theme 4 (Cultivating Local Prosperity) and Investment Theme 2 (Empowering Holistic Well-Being), providing a rigorous reference point for future comparisons.

Notably, for our two regional startups (Proximar and C-HAS+), initial outcome data revealed that subjective evaluations of workplace well-being and community social capital exceeded national and Tokyo averages. This suggests that "quality of employment"—a core focus for SIFIC—can be successfully realized in regional areas, moving beyond simple quantitative metrics such as job count. Furthermore, Personal Health Tech demonstrated a remarkably high certification rate for "Health and Productivity Management" among its clients. This provides empirical evidence that the company functions as a vital service for accelerating the shift toward a "prevention-centered society" in Japan, where SMEs and small businesses account for approximately 70%⁷ of total employment. By targeting this dominant yet underserved segment of the workforce, the company is addressing a critical structural bottleneck in national health literacy.

● Correlation Between Impact and Financial Performance

SIFIC does not view impact as a standalone element, but as an integral component of our investment strategy and value creation. This year's results and discussions with management teams highlight that high-quality employment and trust-based community capital—driven by a startup's autonomy and vision—strengthen the business foundation.

For example, Proximar's employee surveys indicated high motivation and strong internal trust. In a complex operation like land-based aquaculture, these factors may correlate with operational stability and fewer workplace accidents, ultimately enhancing profitability. Consequently, impact measurement functions as critical management information for understanding a company's competitiveness and sustainable growth.

● Challenges and Learnings: From Tacit Knowledge to Systematic Frameworks

While initial results are positive, our IMM practice has highlighted challenges typical of early-growth stages. Current high levels of well-being are often sustained by the close-knit dialogue and personal values of founding members—essentially "tacit knowledge". As these organizations scale, they face risks such as information gaps or inconsistent management quality. Our future hands-on support will focus on evolving this "organic culture" into reproducible organizational systems—such as codified evaluation systems and internal regulations—ensuring that any new talent can thrive. We believe

⁷ SMRJ (Organization for Small & Medium Enterprises and Regional Innovation, Japan), 2024: <https://www.smri.go.jp/recruit/environment.html>

transforming tacit knowledge into institutional capability is the key to both impact durability and business growth.

● **Future Outlook**

By integrating our investment and impact teams, SIFIC has strengthened "impact ownership" across the portfolio, ensuring impact remains at the core of corporate value creation. Moving forward, we aim to treat IMM as a "living document" used for continuous dialogue and improvement, rather than a static report.

We acknowledge that impact KPIs often require a longer time horizon than financial metrics and aligning visions with co-investors remains complex. Leveraging our expertise in the wellness sector, we will continue to refine our IMM approach to demonstrate an investment model where impact and financial performance are mutually reinforcing.

3.2. Impact Performance

- *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.*

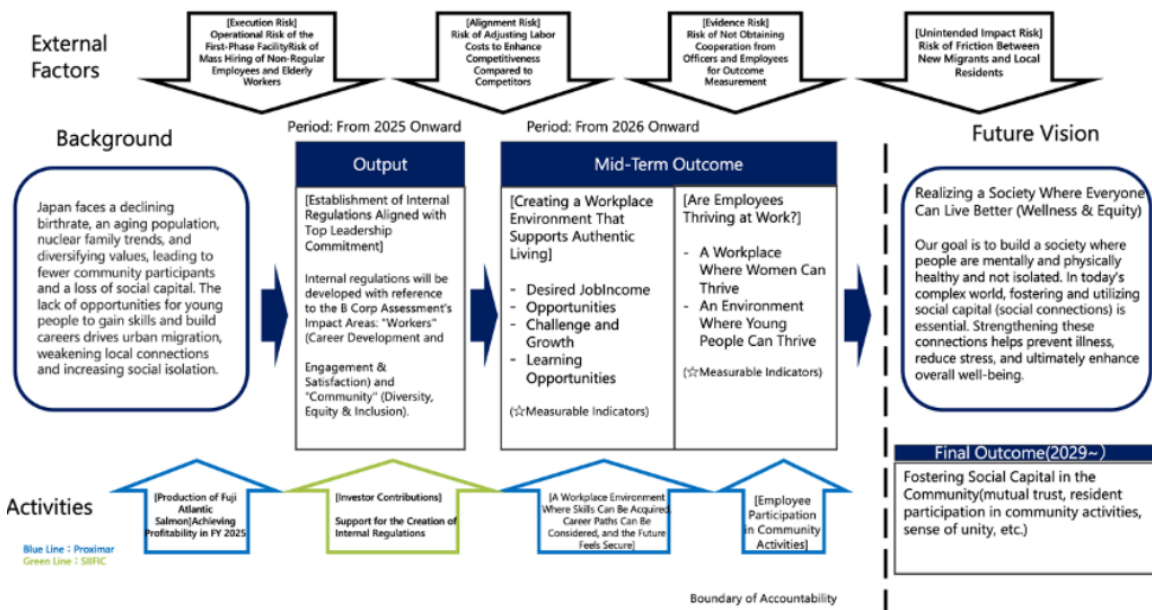
3.2.1 Investment Theme 4: Cultivating Local Prosperity

(1) Theory of Change

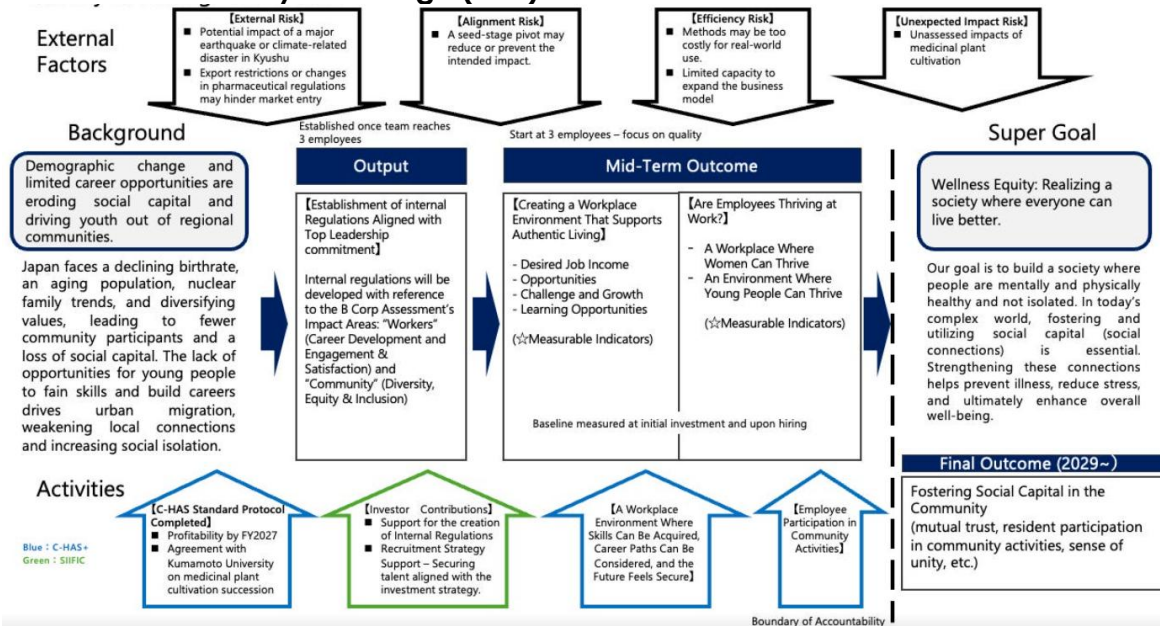
The objective of Investment Theme 4 is to contribute to the realization of Wellness Equity by creating high-quality employment opportunities in regional areas. In regional Japan, as youth migration to urban centres and a declining birthrate/aging population progress alongside diversifying values, the number of community participants is decreasing, and local connections are being lost. In particular, workplace environments for young people to acquire skills and build careers are not sufficiently established, leading to a serious phenomenon where youth, feeling anxious about future employment, migrate to cities. In response to these challenges, our Fund focuses on the "quality of employment". By actively hiring specialized professionals, international talent, youth, and women, we believe we can strengthen ties with the region and contribute to the improvement of wellness for the entire community.

The ToC organized for the investees under this theme, Proximar and C-HAS+, is as follows:

● Proximar's Theory of Change (ToC)



● C-HAS+'s Theory of Change (ToC)



As an Investor Contribution for both investees, we plan to provide hands-on support for management and develop internal regulations by referring to B Corp certification standards⁸. This aims to support the creation of a corporate foundation where diverse talent can be active in regional areas through a management system that ensures transparency, accountability, and consideration for society and the environment. As a mid-term outcome, we expect the development of a workplace environment that

⁸ B Corp Certification: An international certification system managed by the U.S.-based non-profit organization B Lab. It is awarded to companies that meet rigorous and transparent standards of social and environmental performance, accountability, and transparency.

supports authentic living and vibrant working styles. Furthermore, in combination with measures to promote investees' participation in regional activities, we anticipate a change where rich social capital is fostered in the community as a long-term outcome. The mid-term and final outcomes to be measured for Proximar and C-HAS+ are assumed to be the same.

Based on the above ToC, we measured the initial levels of mid-term and final outcomes this fiscal year.

(2) Definition and Measurement of Outcomes

In this measurement, we conducted subjective evaluations of mid-term outcomes by referring to the "Regional Well-being Index" question framework published by the Digital Agency. This index quantifies and visualizes "liveability" and "happiness" (Well-being) by balancing objective and subjective indicators. It was designed to fit Japan's regional characteristics while referencing international academic frameworks such as the WHO. The Regional Well-being Index consists of four questions to measure happiness and life satisfaction in the region, along with three factor groups ("Living Environment," "Local Social Capital," and "Authentic way of living"). Subjective indicators with specific questionnaire items are established for each of these categories.

Wellness Equity refers to a state where everyone has fair opportunities and environments to realize health and happiness (Well-being). As this is a concept that includes subjective aspects and is not sufficient to measure through objective indicators alone—such as job count, salary levels, or local population—we decided to reference this index. Another important reason is the existence of public data that allows for comparison at the national and prefectural levels.

Since the original Well-being Index was designed for residents of municipalities, we extracted and reconstructed the relevant questions to measure mid-term and final outcomes specifically for the workplace environment and the regions where employees reside.

Mid-term Outcome: Workplace Environment

- Alignment with desired work
- Adequate income opportunities
- Challenge and growth opportunities
- Learning opportunities
- Environment where women and youth can thrive

These are outcome indicators showing the quality of employment, rather than simple output indicators like job count or salary levels.

Final Outcome: Local Social Capital

- Trust in the region
- Attachment to the region
- Relationships for seeking advice in times of need
- Value of mutual aid

These elements constitute the richness of social capital required for Wellness Equity.

Our analysis is based on descriptive statistics (comparison of averages). Given the sample size and the nature of the comparative data, inferential statistical tests for significant differences were not performed. The evaluation covers all employees,

including directors and the CEO. While this year's measurement serves as a baseline, we will conduct annual tracking during each fiscal year from next year onward. Comparative benchmarks include national averages for the 20s–50s age group, the prefectures where investees are located, and Tokyo.

(3) Measurement Results

These results are based on the subjective evaluations of management and employees.

- Proximar: 31 respondents out of approx. 60 employees (approx. 52% response rate)
- C-HAS+: 7 respondents out of 7 (100% response rate)

For C-HAS+, the small organization size allowed for a complete census, while Proximar secured responses from over half its workforce. The differences compared to the 2025 national, prefectural, and Tokyo averages are summarised in the heatmaps below.

● Results of Proximar

Questions	All responses (31 ppl)	Oyama town (24 ppl)	Yokohama (3 ppl)	Japan (Digital Agency)	Shizuoka (Digital Agency)	Tokyo (Digital Agency)
Working environment						
My current job aligns with what I want to do.	4.1	4.2	3.7	2.7	2.6	3.0
My workplace provides sufficient opportunities to earn a fair income.	4.0	4.0	4.0	2.8	2.7	3.1
My workplace offers opportunities to take on new challenges and to achieve professional growth.	4.0	4.0	3.7	2.7	2.7	3.0
My workplace provides opportunities for continued learning and skill development.	3.9	3.9	4.0	2.9	2.8	3.2
My workplace provides fair opportunities for women to develop and progress in their careers.	3.5	3.6	4.3	2.8	2.7	2.9
My workplace provides fair opportunities for young people to develop and progress in their careers.	4.3	4.3	4.7	2.8	2.7	3.0
Region where you work						
In the community where my workplace is located, I have trust in the residents.	3.3	3.4	3.3	3.0	3.0	3.1
In the community where my workplace is located, I feel a sense of affection and attachment.	3.4	3.3	4.0	3.0	2.9	3.2
In the community where my workplace is located, there are people nearby whom I can approach for advice or support in times of difficulty.	3.0	3.0	2.7	2.7	2.7	2.7
In the community where my workplace is located, I would offer help to residents if they were in need.	3.7	3.8	3.3	3.0	3.1	3.1
Questions	All responses (31 ppl)	Shizuoka (25 ppl)	Kanagawa (4 ppl)	Japan (Digital Agency)	Shizuoka (Digital Agency)	Tokyo (Digital Agency)
Region where you live						
In the community where my workplace is located, I have trust in the residents.	3.5	3.4	3.8	3.0	3.0	3.1
In the community where my workplace is located, I feel a sense of affection and attachment.	3.5	3.4	4.0	3.0	2.9	3.2
In the community where my workplace is located, there are people nearby whom I can approach for advice or support in times of difficulty.	3.4	3.5	3.3	2.7	2.7	2.7
In the community where my workplace is located, I would offer help to residents if they were in need.	3.6	3.7	3.8	3.0	3.1	3.1

● Results of C-HAS+

Questions	All responses (7 ppl)	Japan (Digital Agency)	Kumamoto (Digital Agency)	Tokyo (Digital Agency)
Working environment				
My current job aligns with what I want to do.	4.0	2.7	2.7	3.0
My workplace provides sufficient opportunities to earn a fair income.	3.6	2.8	2.7	3.1
My workplace offers opportunities to take on new challenges and to achieve professional growth.	4.3	2.7	2.7	3.0
My workplace provides opportunities for continued learning and skill development.	4.1	2.9	2.9	3.2
My workplace provides fair opportunities for women to develop and progress in their careers.	4.0	2.8	2.8	2.9
My workplace provides fair opportunities for young people to develop and progress in their careers.	4.0	2.8	2.7	3.0
Region where you work				
In the community where my workplace is located, I have trust in the residents.	4.1	3.0	3.1	3.1
In the community where my workplace is located, I feel a sense of affection and attachment.	4.3	3.0	3.0	3.2
In the community where my workplace is located, there are people nearby whom I can approach for advice or support in times of difficulty.	4.0	2.7	2.8	2.7
In the community where my workplace is located, I would offer help to residents if they were in need.	4.7	3.0	3.1	3.1
Region where you live				
In the community where my workplace is located, I have trust in the residents.	4.0	3.0	3.1	3.1
In the community where my workplace is located, I feel a sense of affection and attachment.	4.0	3.0	3.0	3.2
In the community where my workplace is located, there are people nearby whom I can approach for advice or support in times of difficulty.	3.9	2.7	2.8	2.7
In the community where my workplace is located, I would offer help to residents if they were in need.	4.4	3.0	3.1	3.1

The following results show the differences compared to Tokyo for each outcome related to the workplace environment and the region where the workplace is located, presented as a heatmap.

- **Mid-term Outcomes (Workplace Environment—Difference from Tokyo)**

Indicator	Proximar (Oyama town, Shizuoka prefecture)	C-HAS Plus (Kumamoto City, Kumamoto prefecture)
Desired Work	+1.2	+1.0
Growth Opportunities	+0.9	+1.3
Learning Opportunities	+1.0	+0.9
Youth Thriving	+1.3	+1.0
Women Thriving	+0.7	+1.1

- **Final Outcomes (Workplace Region/Local Social Capital—Difference from Tokyo)**

Indicator	Proximar (Oyama town, Shizuoka prefecture)	C-HAS Plus (Kumamoto City, Kumamoto prefecture)
Regional Trust	+0.3	+1.0
Regional Attachment	+0.1	+1.1
People to Consult	+0.3	+1.3
Mutual Aid	+0.7	+1.6

(4) Interpretation

Proximar

- **Mid-term Outcomes (Workplace Environment)**

As an overall trend, Proximar was confirmed to clearly exceed the national, Shizuoka, and Tokyo averages in "desired work," "growth opportunities," "learning opportunities," and "Youth Thriving". This suggests that positive outcomes are being observed, indicating that "high-quality employment"—which is emphasized in Investment Theme ④—is already being created in Oyama-cho, rather than just simple job creation (output). In particular, as Proximar has been in operation for substantially only about three years, it is possible that the high degree of organizational freedom, employees working toward a dream, the discretion typical of a startup, proximity to management, and challenge opportunities are highly evaluated.

- **Long-term Outcomes (Social Capital)**

Regarding regional indicators, scores for regional trust, regional attachment, mutual aid, and people to consult generally exceed the levels of the national average, Shizuoka Prefecture, and Tokyo.

- **Management Perspective**

In 1-on-1 interviews conducted by the President with all employees upon joining, employees were evaluated as having high motivation, being vibrant, and being energetic; this impression is consistent with the survey results. Coexistence with the region is recognized as a medium- to long-term challenge that also leads to business expansion. While assuming the maximum effect with a minimum number of personnel, management also wishes to consider hiring women (Women Thriving). Furthermore, as there is a potential risk that scores for challenge and learning opportunities may decrease as the business phase progresses and enters a stable trajectory, management intends to keep the maintenance of business growth in mind. Thresholds and expected values for future impact measurement will be refined based on continuous observation results next year. As a provisional operational standard, the threshold is set at or above the response level for Tokyo in the Digital Agency's "Regional Well-being Index," and the target value is based on the continuous improvement of the previous year's results. The background for referencing Tokyo as a comparison is the Fund's investment purpose of creating "high-quality employment" in Oyama-cho, Shizuoka, that is not inferior to urban areas, addressing the structural challenge of youth migration from regional to urban areas. Maintaining and developing the current high well-being levels even during the growth process is positioned as a critical management task to mitigate the risk of declining workplace quality as the business expands.

- **Baseline Evaluation**

Following our review of Proximar's internal regulations, and in light of their strong performance in the survey outcomes and the company's current success in recruiting a diverse workforce—including international talent, women, and youth—we have determined that further support for additional regulation development is not required at this stage.

C-HAS+

- **Mid-term Outcomes (Workplace Environment)**

The subjective evaluations of C-HAS+'s workplace environment significantly exceeded the national, Kumamoto, and Tokyo benchmarks across all categories. This indicates that the company is achieving a high level of "quality of employment" (Outcome), rather than merely focusing on quantitative metrics like headcount or salary levels (Output). As a lean organization of seven members with a 100% response rate, the results directly reflect its distinctive organizational culture. In this founding phase, employees appear to highly value the proximity to management, the high degree of discretion, and the opportunity to apply their specialized R&D expertise. While

"adequate income opportunities" (3.6) scored relatively lower than other items, it still surpassed national and Tokyo averages. This reflects a typical startup dynamic where the constraints of an early-stage compensation system coexist with the high non-monetary value derived from growth and challenge.

- **Final Outcomes (Local Social Capital)**

Indicators related to Local Social Capital also generally outperformed the benchmarks. Notably, "willingness to help neighbours in trouble" (4.7) and "regional attachment" (4.3) were remarkably high. As a startup born out of Kumamoto University, the results suggest that individual employees maintain strong, deep-rooted ties with the local community.

- **Management Perspective**

- **Management Conviction and Social Mission:** The fact that items such as "alignment with desired work" and "opportunities for growth and learning" reached extremely high levels in this measurement aligns perfectly with the actual insights gained from daily dialogues and the members' work performance. Consequently, the management team feels a strong sense of conviction regarding these results. This background is rooted in the company's high public interest as a university-born venture, providing an environment where members can easily derive a sense of social contribution—understanding "what we are doing this for"—beyond the mere execution of tasks. Furthermore, since many members have shared the same vision since the project's predecessor stage, the penetration of a vision centered on altruism serves as the foundation for employee motivation. There is a profound sense of satisfaction that personal learning and challenges directly contribute to the interests of the organization and society.
- **Organizational Transition and Systemic Challenges:** On the other hand, the relatively modest score for "adequate income opportunities" (3.6) within the workplace domain reflects the reality that the development of internal systems as a venture is still in progress. Currently, the organization relies heavily on empathy for the mission and an individual-dependent culture. However, looking ahead to organizational expansion, the next management challenge is to transition from a state where "good people are working hard" to one where "anyone can join and exercise their abilities with peace of mind." We accept the current results as merely a "snapshot of a healthy state." Moving forward, we must formalize mechanisms such as evaluation, compensation, and career paths into reproducible systems without undermining our current strengths.
- **Local Social Capital as a Competitive Advantage:** The remarkably high scores for trust in and attachment to the region are consistent with our policy of viewing "trust capital" as a "foundation (competitive advantage)" for enhancing business quality and sustainability. In the future, we must not let these positive relationships remain as a mere "vibe" or "atmosphere"; instead, we must proactively manage risks such as value gaps and information disconnects that may arise from facility expansion or the hiring of new employees. We believe that strengthening regional ties leads to deeper field understanding (higher resolution of social issues), ease of demonstration and implementation (based on trust), stronger operational continuity (improvement rooted in the community), and positive effects on recruitment and retention (connecting work's meaning with daily life). Accordingly, we intend to strengthen our relationships with the region consciously. We will consider specific measures that go beyond one-off events, such as

regularizing dialogue opportunities (field hearings, opinion exchanges), creating mechanisms for employees to interact with the community (site visits, co-creation workshops), and visualizing the return of business outcomes to the region.

- **Future IMM Policy: From Evaluation to Dialogue:** In future IMM, we will utilize this index not merely as an "evaluation" but as "material for dialogue" to maintain and improve organizational health. Thresholds and targets will be established by reflecting actual data obtained through continuous fixed-point observations from next year onward, as well as changes in the organizational phase and the influence of the external environment. Particularly during the transition from a small organization to a growth phase, to evaluate the shift from dependence on "high passion and implicit knowledge" to "organizationally reproducible mechanisms," we will emphasize not only the height of scores but also the "direction of change" and "stability across groups." We intend to set targets across three layers: "external comparison," "internal trends," and "variability management."
- **Specific Threshold and Target Examples:** For instance, while setting baseline thresholds (minimum standards) and targets (maintenance/improvement lines) as "Baseline Threshold: Above Tokyo Average" and "General Rule: Maintain or exceed previous year's results," we may also set specific levels for particular items as incremental improvement targets. Furthermore, regarding variability management, our policy is not only to evaluate based on mean values but also to monitor differences among members from specific perspectives. Based on these criteria, we aim to build a system that can organizationally reproduce and maintain current high standards by using the results not only for year-to-year tracking but also as a basis for internal dialogue for organizational improvement.

● **Baseline Evaluation**

C-HAS+'s subjective indicators significantly exceeded national and Tokyo averages in all categories, demonstrating the strong potential for a regional university-born startup to create "high-quality employment" that rivals urban centres. While the Fund's initial support menu included "assistance in creating work rules," we have concluded that the priority for additional regulation development is currently low, given the company's organizational stage and high baseline results. Instead, we will prioritize supporting the conversion of core members to permanent employees and the development of a personnel evaluation system to build a foundation where talent can thrive with long-term security.

● **Future Direction of Impact Measurement**

This year's measurement was conducted to establish a baseline (reference point) at the time of investment. Therefore, it is important to note that the current high scores do not yet reflect the direct results of the Fund's intervention (hands-on support). However, the fact that these regional startups have demonstrated well-being levels exceeding national and Tokyo averages even at this stage provides empirical evidence for our hypothesis: that regional startups possess a significant potential to create "high-quality employment" that rivals or exceeds that of urban areas.

Moving forward, we intend to conduct qualitative and exploratory analyses to understand the relationship between "quality of employment and local social capital" and key financial/management indicators. Specifically, we will track how these impact outcomes correlate with turnover rates, recruitment competitiveness, and revenue

growth. By clarifying these links, we aim to demonstrate that investment in "Wellness Equity" is not merely a social contribution but a driver of long-term corporate value and competitive advantage.

Continuous measurement will allow us to track how scores evolve during phases of rapid organizational expansion, the formalization of internal systems, and changes in the external environment. In small-scale organizations, subjective evaluations can fluctuate significantly depending on the business phase. Therefore, rather than focusing solely on the absolute height of the scores, we will place strategic importance on the "direction of change" and the "stability of results across different groups" within the company. This will help us evaluate whether a company is successfully transitioning from an implicit culture of "founding passion" to a robust, organizationally reproducible system.

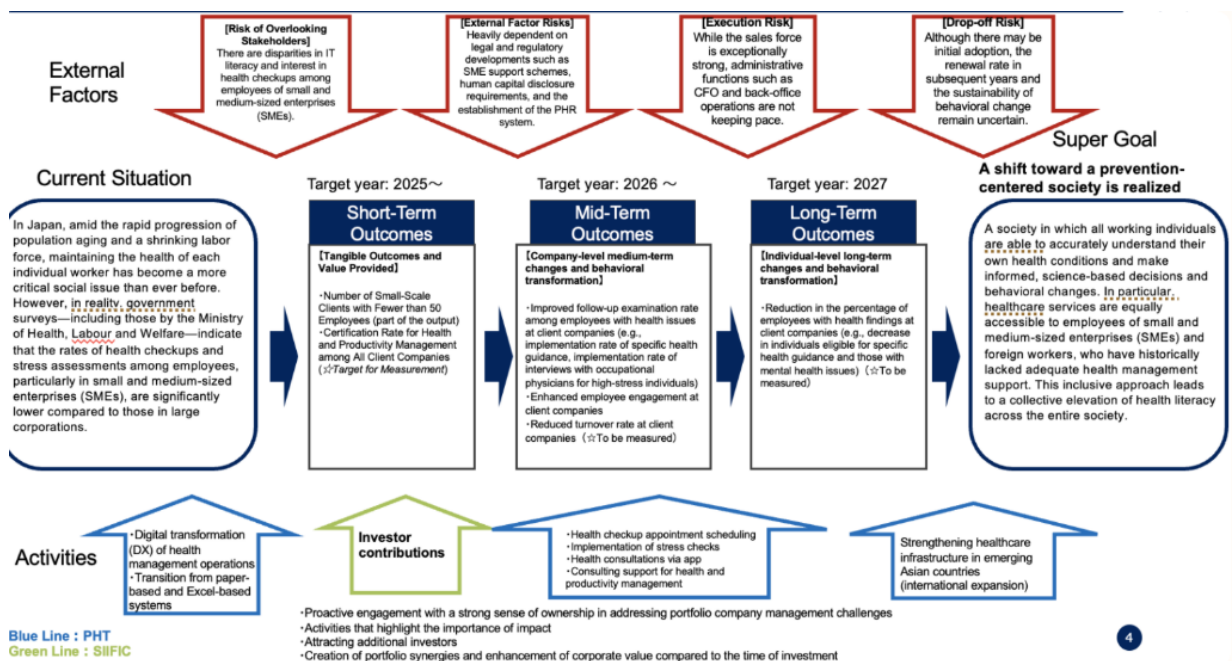
While we utilize a unified survey framework for Investment Theme 4, the results for each investee will be interpreted individually based on their specific organizational culture and business stage. We deliberately avoid aggregating these scores into a single portfolio-wide average. This policy ensures that we respect the unique context of each company and use the data as a meaningful "material for dialogue" to support the sustainable growth of each individual investee.

3.2.2 Investment Theme 2: Empowering Holistic Well-Being

(1) Theory of Change

One of our four investment themes is "Products and services that promote proactive, diverse activities and lifestyle initiatives." In Japan, where the population is aging rapidly and the labour force is shrinking, maintaining the health of every individual worker has become a more critical social theme than ever before. Surveys by the Ministry of Health, Labour and Welfare (MHLW)¹ and other organizations have revealed that small and medium-sized enterprises (SMEs)—which constitute a large portion of the domestic economy—have lower rates of statutory health checkups and stress check surveys compared to large corporations.

The Fund evaluates Personal Health Tech (PHT) as having a clear market advantage in terms of cost-performance, multi-language support, and DX (Digital Transformation) support for its full-stack health management services, which cover everything from health checkup operations to human capital information reporting. Furthermore, PHT has developed "KENSAPO for Business Light," a dedicated package specifically for small businesses with approximately 10 to 30 employees, in addition to its services for large enterprises. We expect that the widespread adoption of these services will facilitate a shift toward a "prevention-centered society" and contribute to improving national wellness literacy in Japan.



(2) Definition and Measurement of Outcomes

To demonstrate how Personal Health Tech (PHT) functions as a critical infrastructure for SMEs to autonomously transition to "Health and Productivity Management," we have visualized their contribution to improving wellness literacy across the following three stages:

1. [Short-term] Visible Deliverables and Value Proposition (Outputs)

- **Expansion of Small-scale Client Base:** Specifically, the number of client companies with 50 or fewer employees (as part of key Outputs).
- **Certification Rate:** The percentage of client companies successfully obtaining the "Health and Productivity Management" certification.

2. [Mid-term] Corporate-level Behavioural Change (Medium-term Outcomes)

- **Improved Re-examination Rates:** Increasing the rate of secondary medical exams for employees with findings—specifically, the implementation rate of Specific Health Guidance and Industrial Physician interviews for high-stress individuals.
- **Employee Engagement:** Enhancement of overall engagement levels within client organizations.
- **Retention:** Improvement in the employee turnover rate of client companies.

3. [Long-term] Individual-level Behavioural Change (Long-term Outcomes)

- **Reduction in Health Risks:** A decrease in the number of employees with medical findings, specifically focusing on the reduction of those requiring Specific Health Guidance and those experiencing mental health challenges.

(3) Measurement Results

The following results represent the quantitative outputs and initial value delivery for the current fiscal year.

- **Short-term Outcomes:**

- **Expansion into Small-scale Businesses (Output Indicator):** Number of active contracts with companies having 50 or fewer employees: **127 companies** (as of the end of September 2025).
- **Health and Productivity Management Certification Rate:** The acquisition rate for the FY2026 Certification (based on applications submitted in October 2025) among the total client base (as of September 2025) was **29.5% (120 out of 407 companies)**. Specifically, for businesses with fewer than 50 employees, the rate was **28.3% (36 out of 127 companies)**.

◇ **Definition of "Health and Productivity Management Certification"**

This certification is established by the Ministry of Economy, Trade and Industry (METI) to evaluate and recognize companies that strategically practice employee health management from a management perspective. The primary evaluation criteria include:

- **Management Philosophy and Policy:** Whether health management is integrated into the overall management strategy.
- **Organizational Structure:** The establishment of dedicated departments and the appointment of responsible personnel.
- **Systems and Measures:** Implementation of statutory health checkups, stress checks, measures against long working hours, mental health support, and initiatives for lifestyle improvement.

Note on Mid-to-Long-term Outcomes

Regarding the Mid-term Outcomes (behavioural changes at the corporate level) and Long-term Outcomes (individual-level behavioural changes), these have not been measured as of the end of this fiscal year. This is because Personal Health Tech is currently in the planning and consideration stage for developing the necessary systems, data aggregation methods, and management protocols required for accurate tracking.

(4) Interpretation

For the 2025 Fiscal Year "Health and Productivity Management Organizations" certification, a total of 23,085⁹ companies were certified in the SME category. Given that there are approximately 3.365 million SMEs¹⁰ in Japan, this indicates that only about 0.7% of all SMEs have obtained certification. This remarkably low percentage highlights a severe structural "Health Gap" in the Japanese economy, where over 99% of SMEs remain unable to strategically manage employee health. Consequently, the Fund has set the **baseline threshold at 0.7%**, representing the current status quo of the Japanese SME sector. In stark contrast to the national average, SMEs utilizing PHT's services achieved a certification rate of nearly 30%. This means that companies using PHT are statistically 40 times more likely to establish a formal health management foundation than the average Japanese SME. This provides empirical evidence that PHT functions as a critical social infrastructure that effectively removes the administrative and technical barriers to "Wellness Equity". Another key highlight of this measurement is the lack of disparity based on company size. This demonstrates that PHT's platform effectively

⁹ "List of Certified Health and Productivity Management Outstanding Organizations 2026." Managed by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi. https://kenko-keiei.jp/houjin_list/

¹⁰ Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry. "2021 Basic Survey on Small and Medium Enterprises" (Published December 2023). Reference for the total number of SMEs (approx. 3.365 million) and large enterprises (10,364).

https://www.chusho.meti.go.jp/koukai/chousa/chu_kigyocnt/2023/231213chukigyocnt.html

democratizes wellness, enabling even the smallest enterprises to reach the same high standards as larger organizations.

- **Perspectives of Management**

Management views this outcome indicator as a vital KPI for continuous impact measurement and organizational improvement, intending to monitor it through regular fixed-point observations. Their strategy involves tracking data such as the certification status across the client base, trends in acquisition rates categorized by company size, and the success rates of newly onboarded clients. By doing so, they aim to establish this metric as a standard for quantitatively measuring the penetration of health management practices throughout the Japanese SME sector.

- **Baseline Evaluation**

Personal Health Tech positions the promotion of health management among SMEs as one of its most significant social impacts. While the national average for certification among Japanese SMEs remains extremely low at approximately 0.7%, the SMEs utilizing Personal Health Tech's services have achieved a certification rate of approximately 28%. This level significantly outperforms the national average, demonstrating Personal Health Tech's effectiveness as an impact driver. With the goal of further expanding health management practices, the company has set an ambitious tentative benchmark: the certification rate for large enterprises, which stood at 36.3%¹¹ in 2025. By referencing this high standard as an "ambitious threshold," Personal Health Tech will continue to monitor this indicator as an Impact KPI and strive for the ongoing creation of social impact.

3.3. Unintended and/or Negative Impacts

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

As of the end of the current fiscal year, the Fund is not yet at a stage to analyse the definitive causal relationship between its specific contributions—such as the joint design of the Theory of Change (ToC), the introduction of the IMM measurement framework, support for adopting the Digital Agency's Well-being Indicators, internal system development referencing B Corp Workers standards, and the design of DEI policies and career systems—and the observed outcomes.

Furthermore, while the Impact Due Diligence (Impact DD) conducted at the time of investment identified the following potential negative impacts, no significant negative impacts have been observed at this point.

Potential Risks Identified during Impact DD

Proximar & C-HAS+

- **Remote Work Paradox:** A risk that over-prioritizing employee happiness via remote work may allow youth to work from Tokyo, thereby failing to create the intended local social capital.
- **Community Friction:** The risk that local residents may not welcome young talent migrating from urban areas.
- **Widening Regional Gaps:** A risk that a lack of local hiring could widen the disparity between I/U-turn migrants and local youth.

¹¹ The certification rate for large enterprises (36.3%) is calculated by dividing the number of certified large enterprises (3,765) by the total number of large enterprises (10,364) based on 2021 statistics. https://kenko-keiei.jp/houjin_list

- **Profitability vs. Well-being:** The risk that over-prioritizing youth employment, regular pay raises, and generous benefits could deteriorate profitability, hindering business growth and the ability to achieve an IPO.

Personal Health Tech (PHT)

- **Scalability Bottlenecks:** A risk that if reliance on manual processes remains, the operational load will increase as the business scales, leading to an unscalable structure.
- **Growth vs. Impact Trade-off:** The possibility that a singular focus on growth-oriented management could lead to decisions that sacrifice long-term impact creation.

Future Monitoring and Management Actions

Given that future environmental changes—such as increased labour loads due to high growth, friction with local communities, and cultural shifts following organizational expansion—are anticipated, the Fund will continue to monitor these potential negative impacts.

To manage these risks, we will implement the following actions:

- **Continuous Annual Measurement:** Tracking indicators consistently to detect early warning signs.
- **Periodic Updates of the ToC:** Revising the logic model to reflect evolving realities.
- **Refinement of Subjective Indicators:** Updating measurement items to capture emerging nuances in employee and community sentiment.
- **Evaluation of Investor Contribution:** Critically assessing how the Fund's interventions affect these risks.

The Fund treats the ToC and IMM framework not as static requirements, but as "living documents" that are continuously updated and refined through a cycle of learning and dialogue.

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: Quality Assurance Process

Within the SIIFIC Wellness Fund, a structured Quality Assurance process is implemented under the leadership of SIIF. Upon request from the Fund Manager, SIIF plays a leading role in safeguarding the quality of due diligence and IMM conducted by SIIFIC. This process is designed to enhance transparency and robustness in impact-related investment decision-making and post-investment monitoring, and to ensure alignment with the Fund's objectives as stipulated in the Limited Partnership Agreement (LPA).

● **Assignment and Roles of Involved Members**

Upon request from the Fund Manager, SIIF assigns responsible members to ensure the quality of impact considerations from the initial stage of due diligence through final deliberation at the Investment Committee and into post-investment monitoring.

● **Required Qualifications of Members**

- **Professional Expertise of Quality Assurance Personnel:** Demonstrated knowledge and experience in addressing social challenges and social impact, with particular emphasis on expertise in IMM.
- **Credibility of Quality Assurance Personnel:** Established external credibility grounded in knowledge and practical experience in impact investing and IMM.
- **Role as GP (in accordance with the LPA):** The ability to perform duties in accordance with the LPA and a clear recognition of responsibility for overall fund-level risk management.
- **Role as Investment Committee Member (in accordance with the LPA):** A strong understanding of impact considerations and a high standard of ethical judgement.

● **Roles and Responsibilities**

The roles and responsibilities of members involved in the Quality Assurance process are structured as follows:

Roles	Responsibilities
Investment Committee Members	<ul style="list-style-type: none"> ● Accompany SIIFIC from the initial stage of due diligence through the investment review process ● Support the articulation and refinement of alignment between each proposed investment, the Fund's Theory of Change (TOC), and its investment themes ● Evaluate the final due diligence outcomes at the Investment Committee stage ● Ensure consistency with the Fund's investment criteria before approving the execution of an investment
LLP Steering Committee Members	<ul style="list-style-type: none"> ● Provide professional input on the Fund's overall impact policy, IMM processes, and external communications ● Advise on the design and implementation of due diligence processes for individual investment cases

	<ul style="list-style-type: none"> Review and provide guidance on the IMM processes and content relating to existing portfolio companies.
Wellness Fund Quality Assurance Manager / Staff	<ul style="list-style-type: none"> Support impact-related decision-making across the Fund through information gathering, review of documentation, and assistance in the execution of IMM processes

● **Quality Assurance Process**

The quality of due diligence (DD) and IMM is safeguarded through staged review, approval, and monitoring processes across the investment lifecycle, as outlined below:

Stage	Key Activities	SIF Involvement (Quality Assurance)
1. Proposal / Initial DD	Identification of investment opportunity and preliminary screening by the Fund Manager.	Review of DD scope and plan; initial support in formulating impact hypotheses.
2. Full DD Execution	Financial, legal, business, IP, and scientific DD conducted by SIFIC; impact analysis including systems mapping, TOC development, Five Dimensions of Impact and Ten Impact Risks assessment; KPI formulation.	Ongoing review of alignment with the Fund's TOC and investment themes; review of systems maps, TOC, Five Dimensions and Ten Impact Risks analysis; assessment of KPI design; review of use of external experts where applicable.
3. DD Reporting / GP Review	Preparation of a comprehensive DD report including risks, opportunities, exit strategy, and impact measurement plan.	Comprehensive quality review; engagement with investee prior to investment decision to confirm feasibility and effectiveness of post-investment IMM implementation.
4. Investment Review Meeting & Investment Committee	Staged deliberation at internal review meetings and final approval at the Investment Committee.	Assessment of objectivity of DD findings and appropriateness of risk evaluation by GP Steering Committee members and Investment Committee members.
5. Post-Investment Monitoring	Alignment on IMM execution plans; support for data collection and implementation processes.	Comprehensive review and advisory input regarding IMM implementation plans, execution progress, and external communication policies.

● **Investment Committee Criteria**

At the Investment Committee stage, proposals are rigorously evaluated in accordance with the investment principles and objectives defined in the LPA, particularly the balanced pursuit of social impact and financial performance. The primary criteria are summarised as follows:

i. Alignment with the Fund's Theory of Change and Investment Themes

From the investment review stage onward, SIIF members engage in dialogue with the Fund Manager to confirm how and on what basis each investment aligns with the Fund's TOC and investment themes.

ii. Effectiveness of Impact Framework and Implementation Feasibility

The Fund integrates systems mapping, TOC development, and Five Dimensions / Ten Impact Risks analysis into its investment decision process, supported by objective data and structured IMM systems. Investment Committee members examine the validity of the impact hypothesis, the robustness of the analytical framework, the credibility of KPIs, and the practical feasibility of post-investment IMM implementation.

iii. Feasibility of Investor Contribution

The Committee confirms whether sufficient alignment has been achieved with the investee regarding the impact hypothesis and TOC and assesses the feasibility and effectiveness of IMM support that the Fund can provide, including KPI formulation, data collection and measurement support, and the establishment of governance and management systems. Investment approval is granted only when the Committee determines that the DD conclusions are objective, comprehensive, and aligned with both financial and impact criteria.

SECTION 5: 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.

5.1. 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 SIIFC 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, serve as fund managers overseeing both financial and impact performance. They hold the authority and responsibility for investee selection, due diligence, and execution of investments, and actively engage in ongoing professional development in the field of impact investing. By ensuring that all IC members remain up to date with evolving impact investing standards, SIIFC 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 SIIFC'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 SIIFC, 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.

● 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, SIIFIC 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, SIIFIC remains at the forefront of impact investing excellence.

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.

- **Approach to Managing Potential Negative Impacts**

SIIFIC recognises that achieving positive impact is inseparable from the active management of potential negative and unintended effects. In line with its systems-based approach, SIIFIC does not treat ESG risks as a static checklist, but as dynamic factors that may evolve as companies scale, markets shift, and regulatory or social contexts change. The fund therefore seeks to assess, address, and manage potential negative impacts through structured processes that combine risk identification, engagement, monitoring, and capability building.

- **Impact Risks and Systems-Based Risk Management**

SIIFIC manages potential negative impacts through the application of Impact Frontiers' **Ten Impact Risks**, which provide a structured lens for identifying factors that may cause realised impact to diverge from expectations. This includes, among others:

- **Evidence risk**, where assumptions underlying impact pathways may prove weak or incomplete;
- **Stakeholder participation risk**, where outcomes may not reflect lived stakeholder experience;
- **Execution risk**, where organisational capacity or incentives may undermine intended outcomes; and
- **External risk**, where regulatory, social, or market conditions introduce unforeseen challenges.

These risks are considered alongside traditional ESG considerations and are revisited throughout the investment lifecycle. **Systems mapping** is used where appropriate to understand interdependencies and non-linear dynamics,

particularly in complex or “wicked” problem contexts where linear mitigation approaches may be insufficient.

- **Engagement, Mitigation, and Continuous Monitoring**

Where material risks or gaps are identified, SIIFIC engages with investee companies to support mitigation and improvement in a manner proportionate to the company's stage and capacity. This may include dialogue on governance practices, internal controls, stakeholder engagement processes, or organisational decision-making structures. Potential negative impacts and risk signals are monitored alongside impact and operational KPIs through regular reporting and **quarterly portfolio reviews**, enabling early identification of emerging issues and timely engagement where corrective action is required.

- **Ongoing Management of Impact Risks**

As part of its stewardship role, SIIFIC actively revisits material impact risks throughout the investment lifecycle, drawing on Impact Frontiers' Ten Impact Risks framework. This includes monitoring and engaging on risks such as:

- evidence risk, where assumptions about impact pathways may require further validation;
- stakeholder participation risk, where lived stakeholder experience may diverge from intended outcomes; and
- execution or external risk, where market, regulatory, or social factors may affect impact delivery.

These risk considerations are reviewed through regular engagement and portfolio monitoring, supporting adaptive management and timely course correction where appropriate.

- **Capability Building Through Training and Knowledge Sharing**

Recognising that early-stage and growth-stage companies often face resource and capability constraints, SIIFIC places emphasis on **capacity building** as a core risk management tool. As part of its ongoing engagement, SIIFIC has supported portfolio companies through a series of structured training initiatives aimed at strengthening governance, compliance, and impact management capabilities:

- **Compliance Training – March 2025 (Third Session)**

This session, conducted by Yumiko Terada Esq., Attorney-at-Law, focused on corporate governance and risk management in the context of evolving regulatory expectations. Topics included internal control frameworks, compliance risks relevant to high-growth companies, and practical approaches to embedding ethical decision-making within organisational structures.

- **Compliance Training – November 2025 (Fourth Session)**

This session, conducted by Yumiko Terada Esq., Attorney-at-Law, addressed employment rules and human capital management from a management perspective, including the role of work rules, internal regulations, and fair processes in supporting organisational resilience. Particular attention was given to the interaction between legal compliance, human capital management, and long-term enterprise value in an era of increased focus on human capital disclosure and governance.

Earlier training initiatives have also covered areas such as harassment prevention, data protection, whistleblowing mechanisms, and sector-specific regulatory risks. Together, these sessions are designed to strengthen portfolio companies' ability to identify, manage, and respond to ESG-related and impact-related risks in a proactive and informed manner.

- **Investor Contribution Through Continuous Learning**

As part of its investor contribution, the Fund Manager continuously updates the knowledge and skills through ongoing learning and professional training. In December 2025, SIIFIC's fund managers participated in a systems thinking programme organised by Change Agent, with a particular focus on system diagrams and system archetypes. This programme provided an opportunity to revisit and deepen understanding of recurring structural patterns that drive outcomes in complex systems. By strengthening internal capability in systems thinking, SIIFIC enhances its ability to identify underlying drivers of risk, anticipate unintended consequences, and engage more effectively with portfolio companies on adaptive and forward-looking impact and risk management.

- **Learning, Adaptation, and Accountability**

SIIFIC views the management of potential negative impacts as an iterative and learning-oriented process. Insights gained through engagement, monitoring, and training inform both company-level support and portfolio-level refinement of risk management practices. The fund reflects its approach to managing potential negative impacts through its annual Impact Performance Report, prepared in accordance with Impact Frontiers' Impact Performance Reporting Norms, of which SIIFIC became a Founding Adopter in 2025. In line with the Norms' Guiding Principles, SIIFIC seeks to communicate both progress and limitations transparently, recognising that faithful representation of risks is essential to credible impact practice.

5.2. 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.

- **Governance Approach to DEI**

SIIFIC recognises diversity, equity, and inclusion (DEI) as essential to both effective governance and the pursuit of wellness equity. Rather than treating DEI as a standalone policy area, SIIFIC approaches DEI as a **cross-cutting governance consideration**, embedded in decision-making, investment practice, and stakeholder engagement. The Impact Performance Reporting Norms are intended to be used alongside specialist DEI frameworks. While SIIFIC does not currently adopt a single formal DEI reporting framework such as IRIS+ or the ILPA Diversity Metrics Template, we remain informed by these resources and monitor evolving best practices, recognising their relevance to investors and allocators.

- **DEI in Governance and Organisational Structure**

SIIFIC's governance structure reflects a commitment to diversity in leadership and perspective:

- Of the three members of SIIFIC's Board of Directors, **two are female**.

- **Two directors received their education outside Japan** (UK and US), and all three have professional experience working overseas (Asia and North America).
- Among the two co-founders and fund managers, **one is female and one is male**, a leadership structure that remains relatively uncommon within the Japanese venture capital industry.

SIIFIC views this diversity of background, gender, and international experience as strengthening governance quality, decision-making, and sensitivity to global and local contexts.

● **DEI Considerations in Investment Practice**

SIIFIC invests primarily in science- and research-driven ventures, including biotechnology and healthcare-related companies. We recognise that, within these sectors in Japan, women founders and foreign entrepreneurs remain underrepresented, reflecting broader structural challenges in the national innovation ecosystem.

Against this backdrop, SIIFIC seeks to apply DEI considerations pragmatically and contextually, including:

- engaging with founders from diverse backgrounds where opportunities arise; and
- evaluating how portfolio companies expand inclusive access to healthcare, wellness, employment, and economic opportunity.

An illustrative example is **Proximar**, a portfolio company led by a non-Japanese CEO, which actively promotes the employment of international talent. SIIFIC supported Proximar's growth as a company operating across cultural, geographic, and regulatory boundaries, reflecting our belief that diversity can be a source of operational resilience and innovation in globally relevant sectors.

● **DEI and Portfolio-Level Realities**

SIIFIC is transparent about the limitations it faces as an early-stage impact-focused fund operating within the Japanese market. Structural factors—such as the small pipeline of women and foreign founders in research-intensive fields—constrain immediate outcomes at the portfolio level.

Rather than overstating progress, SIIFIC focuses on **long-term contribution**, including:

- supporting portfolio companies in building inclusive organisational cultures as they scale;
- recognizing diversity in hiring, governance, and workplace practices as part of sustainable value creation; and
- remaining attentive to emerging opportunities to support underrepresented founders and talent.

● **Stakeholder Engagement and DEI Beyond the Portfolio**

SIIFIC also seeks to engage LPs and stakeholders in experiences that reflect broader social dimensions of DEI. While investor meetings are often held in conventional venues such as offices or hotels, SIIFIC intentionally selects locations that allow LPs to encounter initiatives contributing to social inclusion beyond the investment portfolio.

In 2025, SIIFIC held its annual Limited Partners' Meeting at a **welfare and community facility operated under commission from Shibuya City**, providing LPs with direct exposure to initiatives supporting inclusion and community well-being. Through such practices, SIIFIC aims to broaden understanding of how DEI is expressed in real-world settings, beyond formal policies or metrics.

SECTION 6: CASE STUDIES

Cases should be labelled 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).

(No additional case study for this period. Following the partial disclosure in 2025, we are currently accumulating data for another case to be reported in 2027)

SECTION 7: INDEPENDENT REVIEW

Conclusion of independent reviewers.

Please visit [SIIFC websites \(https://www.siifc.co.jp/impact/\)](https://www.siifc.co.jp/impact/) for the Independent Verification.