

# DISCLOSURE STATEMENT

## SIIF Impact Capital

### Operating Principles for Impact Management

1 April 2024

SIIF Impact Capital, Inc. ("SIIFIC") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles")<sup>1</sup>.

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

Fund	SIIFIC Wellness Fund
AUM	1,525,100,000 yen <sup>2</sup> as of 31 December 2023
Asset Class	Private equity
Sector	Wellness
Regional Focus	Japan
Year Launched	2023
Capital Providers	Japan Post Insurance Co., Ltd. Teikoku Seiyaku Co., Ltd. Keio University Japan Social Innovation and Investment Foundation Individual

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<sup>1</sup> Please visit the Operating Principles for Impact Management website (<https://www.impactprinciples.org>) for more information about the Impact Principles and related resources.

<sup>2</sup> Based on the TTM exchange rate of 141.82 as of 29th December 2023, the Assets Under Management (AUM) of 1,525,100,000 yen as of 31 December 2023 converts to approximately \$10,753,772 USD.

## Core Definitions<sup>3</sup>

- **Impact** is a change in an outcome caused by an organization. An impact can be positive or negative, intended or unintended.
- An **outcome** is the level of well-being experienced by a group of people, or the condition of the natural environment, as a result of an event or action.
- **Impact management** is the process of identifying the positive and negative impacts that an enterprise has on people and the planet, and then reducing the negative and increasing the positive.

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<sup>3</sup> Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the What is Impact? and related resources.

## STRATEGIC INTENT (PRINCIPLES 1 and 2)

### Principle 1

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

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

- **Purposeful Capital for Powerful Change:** SIIFIC, transcending traditional investment boundaries, is founded upon the conviction that impact investing is the cornerstone of societal transformation. We are committed to reshaping the wellness landscape through strategic investments in science and technology-driven startups, aiming for a harmonious blend of measurable positive social impact and robust financial returns.
- **Vision for Systemic Change:** SIIFIC is guided by a strategic vision where each investment theme contributes towards transforming society into one where engaging in wellness-promoting activities is a universal norm, not a privilege. SIIFIC refers to this ideal state as 'Wellness Equity'.
- **Strategic Alignment with Wellness Equity:** Central to SIIFIC is our unwavering dedication to integrating impactful investing into our core operations. We envision a society where wellness is universally accessible and not confined by current healthcare limitations.
- **Theory of Change Driven Approach:** SIIFIC's investment philosophy is bolstered by a Theory of Change that emphasizes enhancing wellness literacy and enriching social capital. These pillars are fundamental to achieving our overarching goal of wellness equity.
- **Emphasis on Holistic Health:** SIIFIC advocate for a holistic view of wellness, recognizing it as a state of complete physical, mental, and social well-being, far beyond the mere absence of disease.
- **Robust Investment Themes:** SIIFIC's strategy is underpinned by four rigorously developed investment themes, each reflecting our commitment to system thinking and impactful change. These themes are instrumental in deepening our understanding and amplification of our investments' profound impacts:
  1. **Revolutionizing Healthcare** by pioneering trustworthy medical standards. We invest in products and services that redefine healthcare's reliability and trustworthiness, fostering behavioral change among providers.
  2. **Empowering Holistic Well-Being** by inspiring positive lifestyle and activity choices. We invest in products and services that motivate individuals towards health-positive decisions, emphasizing the critical role of consumer behavior in wellness.
  3. **Connecting Lives** by focusing on fostering loosely connected yet meaningful interactions among individuals. We invest in products and services that value individual autonomy, fostering environments where personal and collective well-being flourish.

4. **Cultivating Local Prosperity** by promoting economic growth and community vibrancy. We invest in startups that create job opportunities and enhance local life quality.
- **Individual Investment Level Alignment:** At SIIFIC, ensuring strategic alignment starts from the very first stage of our investment process—the pre-due diligence phase—and is decisively reaffirmed when making investment decisions. This foundational step involves defining impact themes and objectives that are directly linked to our investment themes, along with setting specific, relevant impact metrics for each potential investment. This precision ensures every investment is strategically positioned to bring positive systemic change, resonating deeply with our portfolio goal of wellness equity.
- **Global SDGs<sup>4</sup> through a local Lens:** Our investments are not just globally conscious, aligning with key UN Sustainable Development Goals such as SDGs 3 (Good Health and Well-being), 8 (Decent Work and Economic Growth), and 11 (Sustainable Cities and Communities), but they also embody a unique commitment to the Japanese SDGs, as outlined in the Japanese SDGs Action Plan. This dual alignment underscores our dedication to advancing a holistic and culturally resonant impact strategy, embodying our vision for a healthier, more equitable, and sustainable society.
- **Commitment to Transformative Impact:** Beyond being mere investors, SIIFIC positions itself as a beacon of visionary change, where investments actively foster a healthier, more equitable, and sustainable society, staying true to our mission of 'Purposeful Capital for Powerful Change'.

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<sup>4</sup> Please visit the United Nations website (<https://sdgs.un.org/goals>) for more information about the Sustainable Development Goals and related resources.

## Principle 2

### Manage strategic impact on a portfolio basis

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

- A comprehensive and methodological approach to manage strategic impact on a portfolio basis is now building under our SIIFIC Wellness Fund Investment Guideline. Our impact management system is designed to establish and rigorously monitor impact performance throughout our entire portfolio, fully recognizing and accommodating the inherent variability of impact across individual investments.
- **Unified Approach to Impact and Financial Performance:** At SIIFIC, we embody a dual commitment to advancing wellness equity and achieving robust financial returns. Guided by internationally recognized frameworks, such as the Operating Principles for Impact Management, SDGs, [5 Dimensions of Impact](#)<sup>5</sup> we aim to discover innovative startups poised to create new value in the market. By practicing impact investing that yields measurable social impact alongside financial gains, a comprehensive and methodological approach to manage strategic impact on a portfolio basis is now building under our SIIFIC Wellness Fund Investment Guideline.
- **Impact Goals and Theory of Change:** At SIIFIC, we envision a society where wellness equity is the norm. By making strategic investments in startups that enhance wellness literacy and enrich social capital, we aim to drive pivotal change. Our approach is grounded in developing a Theory of Change for each investment, ensuring that our portfolio collectively contributes to this transformative vision."
- **Impact Management System:** SIIFIC's impact management system is deeply integrated within our overall investment process. From initial screening to final investment and ongoing portfolio management, we apply a rigorous impact management system. The system which is described in detail in Principle 4 involves setting clear impact targets, assessing potential impact outcomes, and monitoring progress against these objectives throughout the investment lifecycle.
- **Value-Driven Exit Strategies:** SIIFIC's commitment to impact is further demonstrated through thoughtful exit strategies, where we ensure optimal capital structure for impact-oriented companies, aiming for responsible exits that maintain or enhance corporate value. This approach underscores our dedication to long-term impact sustainability beyond immediate investment horizons.
- **Annual Impact Performance Report:** SIIFIC is committed to the annual publication of an impact performance report, initiating with our comprehensive edition in March 2025. This document will systematically evaluate the impact achievements across our portfolio, establishing a precedent for clarity and accountability in our communications. The report aims to articulate both our accomplishments and areas requiring enhancement, evidencing our dedication to transparency and stakeholder trust.
- **Fostering Collective Impact and Talent Development:** SIIFIC supports initiatives that create impact through collaboration across sectors, addressing wicked problems in the wellness domain. By building a community that cooperatively nurtures impactful talent, we aim to foresee and shape a future where diverse societal needs are met

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

with innovative, sustainable solutions.

- **Staff Incentive Alignment:** SIIFIC is actively engaged in formulating a policy aimed at aligning staff incentives with the achievement of positive impact alongside financial performance. Drawing insights from the [Impact Linked Compensation Report](#)<sup>6</sup>, our exploration into impact linked compensation strategies shall be designed to ensure that our compensation mechanisms are closely aligned with our objectives of generating positive impact. Incorporating advanced methodologies such as systems mapping to our impact management system, we are dedicated to adopting an objective and data-driven approach. We anticipate the implementation of this policy by our 2025 disclosure statement, underscoring our unwavering dedication to impactful investing practices. (Impact linked compensation is a process of tying fund manager compensation to impact performance. It is a tool that seeks to reinforce impact commitments through incentive alignment.)

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<sup>6</sup> Please visit the Impact Linked Compensation Project website (<https://impactlinked.co>) for more information about the Impact Linked Compensation and related resources.

## ORIGINATION AND STRUCTURING (PRINCIPLES 3, 4, 5)

### Principle 3

#### Establish the Manager's contribution to the achievement of impact

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

- SIIFIC stands at the forefront of impact generation within the healthcare and wellness sectors, leveraging industry-specific expertise and a distinctive impact management system to contribute significantly to the achievement of impactful outcomes. Our approach is multi-faceted, deeply embedded in a process that not only values but rigorously enhances the impact potential of our investments.
- **Impact Onboarding and Assessment:** Before finalising our investment decisions, we initiate an impact onboarding process led by our dedicated impact specialists. This critical phase is designed to ensure that the management teams of startup investees grasp the essence of impact – understanding not just the concept but how to integrate SIIFIC's impact management system into their operations. Our goal is to empower these teams, guiding them to significantly elevate their impact potential through strategic support and operational enhancements.
- **System Mapping and Theory of Change:** SIIFIC develops comprehensive system maps for the issues our investees are addressing, facilitating the creation or refinement of their theory of change. This process is instrumental in setting meaningful Impact KPIs, shifting the focus from mere output-based metrics to outcome-based impact KPIs. Our system mapping serves as a foundational tool, enabling our investees to understand and navigate the complex ecosystems they operate in, thereby optimizing their impact strategies.
- **ESG Survey and Integration:** Conducting an ESG survey is an integral part of our investment evaluation process. Recognizing that startups often lack the knowledge, resources, or immediate incentive to prioritize ESG practices, our survey serves as a vital bridge to this gap. It initiates a pivotal dialogue with startup managements, enlightening them on the SDGs and the integral role of ESG considerations in sustainable business operations. This initial engagement is designed not just to assess but to inspire startups to explore and realize their potential for positive ESG impact. Through this process, we aim to cultivate an awareness and understanding that, while ESG alignment may not be an immediate mandate for their business strategy, it is crucial for long-term sustainability and success. Our proactive approach not only encourages a shift towards sustainable and responsible business practices but also aligns startups with broader impact goals, setting a foundation for meaningful change in the ecosystem.
- **Active Post-Investment Engagement:** SIIFIC's commitment to generating lasting impact goes beyond the initial investment, extending into proactive and hands-on engagement with our investees. Through a robust monitoring framework, we not only collect monthly progress and quarterly deep-dive analysis on impact KPIs but also engage in continuous dialogue with our investees, providing strategic support and adaptive feedback across all facets of their operations.
- **Collaboration with Partners:** SIIFIC's dedication to fostering impact is further amplified by our collaborative efforts with partners, including co-investors, primarily venture capitals, to advocate for the broader adoption of impact investing principles. By illuminating the tangible benefits and potential of impact investing, we aim to inspire a paradigm shift among traditional investors towards embracing impact-driven

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

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

## 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.

- SIIIFC is dedicated to rigorously assessing the expected impact of each investment, employing a systematic approach to ensure alignment with our wellness equity goals. Before investing, we evaluate the potential impact, aiming to quantify it and understand who will benefit and how significantly. This process involves using a results measurement framework to address key questions about intended impact, its significance, and the likelihood of realization, while identifying any significant risk factors. We also assess the challenge's scale within the specific context and explore opportunities to amplify the investment's impact, considering both direct and systemic effects. Our approach aligns with industry standards and best practices, ensuring thoroughness and accountability in our pursuit of meaningful change.
- **Impact Management System:** SIIIFC's impact management strategy is deeply integrated within our overall investment process. From initial screening to final investment and ongoing portfolio management, we apply a comprehensive impact management system. The system involves setting clear impact targets, assessing potential impact outcomes, and monitoring progress against these objectives throughout the investment lifecycle.
  1. **Pre-Due Diligence Alignment:** At the outset of our engagement process, prospective startups are required to complete our screening questionnaire, available at [Submit Pitch](#). This crucial step enables us to evaluate potential investments for early alignment with SIIIFC's strategic impact goals and portfolio objectives. The questionnaire specifically probes startups on their alignment with our four investment themes—Revolutionizing Healthcare, Empowering Holistic Well-Being, Connecting Lives, and Cultivating Local Prosperity—while also assessing their potential to contribute to our systemic change objectives with overarching goal of wellness equity. This pre-due diligence alignment is foundational, ensuring that only those initiatives with a strong fit for our mission and values proceed to the deeper evaluation stages of our investment process.
  2. **Comprehensive Venture Capital Due Diligence with SEEDS Framework:** SIIIFC's due diligence process extends beyond that of traditional venture capital. By incorporating unique 'Definition of SEEDS', SIIIFC thoroughly assess startups potential.
    - (1) **Definition of SEEDS:** The definition of SEEDS is at the core of our evaluation strategy, encompassing three elements: Science, Ideas, and Market. Having just science, just an idea, or just a market presence is not enough. We define SEEDS as having all these three elements.
    - (2) **Examination of Ideas:** After the initial screening, we delve deeply into a

startup's potential for innovation, examining whether its idea provides new solutions or perspectives. On the Science aspect, we evaluate research papers and other critical evidence. For the Idea aspect, we assess intellectual property rights, barriers to entry, and uniqueness. In evaluating Market Needs, we conduct an extensive market assessment to ensure the potential demand in the target market, insisting on research that goes beyond rough estimates to calculable formulas.

(3) **Alignment with Impact Objectives:** This multifaceted evaluation includes financial and legal reviews to assess profitability, compliance, and growth prospects. By scrutinizing these elements, we ensure that our investments align with our impact objectives, specifically contributing to systemic change towards wellness equity. The 'SEEDS Framework' is not just a checklist but a rigorous analytical tool that guarantees our support for startups with strong operational, financial, and transformative potential, embodying our commitment to fostering innovation and positive societal impact.

3. **Impact Due Diligence Process:** Advancing into the Impact Due Diligence stage, SIIFC employs a unique, innovative, and holistic approach to understand and amplify the potential impact of each investment. This stage is meticulously structured to encompass the following steps:

- (1) **Systems Mapping Initiation:** Collaborating closely with founders and management of prospective startups, our first step is to develop a systems map of the issue or sector the company is addressing, following the guides outlined by [Systems Mapping White Paper](#)<sup>7</sup>. We employ generative AI, to identify key variables within the ecosystem. This innovative use of generative AI is strategically chosen to eliminate biases, ensuring a more objective and comprehensive analysis of the impact landscape.
- (2) **Five Dimensions of Impact Assessment:** Concurrently, we delve into an evaluation based on the [Five Dimensions of Impact](#), a shared logic for managing impacts on people and the planet, conducting interview with prospective startups, extensive desktop research and comprehensive stakeholder interviews. This multi-dimensional analysis ensures a deep understanding of the impact in terms of its what, who, how much, contribution, and risk aspects.
- (3) **Stakeholder Interviews and Systems Map Refinement:** The initial systems map is then refined with insights gathered from stakeholder interviews and Five Dimensions of Impact evaluation enriching our understanding of the ecosystem and identifying potential impact pathways and challenges.
- (4) **Impact KPIs Identification:** With a focus on establishing evidence-based impact KPIs, we undertake a careful selection process, ensuring that our metrics are grounded in scientific research and studies. This involves setting clear baselines and thresholds to accurately measure and manage the intended impact.
- (5) **ESG Assessment Integration:** Alongside, an SIIFC ESG survey is conducted, guided by our [ESG policy](#). While our ESG criteria are designed to be comprehensive, we prioritize the formulation of improvement plans for prospective investments to address any ESG concerns. This ensures that, prior to investment, startups demonstrate not only alignment with our values but also a commitment to evolve towards stronger ESG practices,

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<sup>7</sup>Please visit the Impact Frontier website (<https://impactfrontiers.org>) for more information about the Getting Started with Systems Mapping & Impact Management and related resources.

underscoring our dedication to fostering positive change and responsible investing.

(6) **Theory of Change and Impact Commitment:** In the final stage of our impact due diligence, we craft a [Theory of Change](#) from the systems map and Five Dimensions of Impact evaluation, specifying the impact pathways for future tracking and management. Alongside establishing a detailed impact thesis for each investee and setting tailored impact metrics, we solidify our partnership through a Memorandum of Understanding on IMM (Impact Measurement and Management) at the time of investment. This MOU ensures mutual commitment to rigorous IMM, binding us and our investees to a shared vision of impactful outcomes. This comprehensive approach not only clarifies impact objectives but also reinforces our collective dedication to monitoring, reporting, and enhancing impact performance, fostering a culture of accountability and continuous improvement in alignment with our transformative goals.

4. **Post-Investment Hands-On Engagement & Reporting:** SIIFIC's approach extends to hands-on engagement with portfolio startups, providing strategic support to enhance their impact. This is complemented by a robust monitoring framework where fund manager collect progress on impact KPIs alongside other critical KPIs monthly, fostering a rhythm of continuous monitoring and feedback.

5. **Quarterly Deep-Dive Analysis:** Every quarter, SIIFIC conducts an in-depth analysis of our investees' performance, focusing on both impact KPIs and operational metrics. This deep dive enables us to identify areas for improvement and success, ensuring our investments are on track to achieve their intended impacts.

6. **Annual Impact Performance Report:** SIIFIC is committed to the annual publication of an impact performance report, initiating with our comprehensive edition in March 2025. This document will systematically evaluate the impact achievements across our portfolio, establishing a precedent for clarity and accountability in our communications. The report aims to articulate both our accomplishments and areas requiring enhancement, evidencing our dedication to transparency and stakeholder trust.

## Principle 5

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

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

- SIIFIC is dedicated to actively managing potential negative impacts of each investment, emphasizing ESG considerations. SIIFIC has a clear intention to identify and manage ESG risks, implementing its ESG policy in the investment process. We are currently working into making this a robust and systematic process. Our commitment extends beyond evaluation, engaging with investees to fill gaps in their systems, processes, and standards, and ensuring alignment with best practices. Continuous monitoring of ESG risk and performance forms a core part of our portfolio management, underpinned by our efforts to address external and unexpected risks through system mapping and providing compliance training to our investees.
- **ESG Policy and Survey:** SIIFIC employs a rigorous [ESG policy](#), conducting ESG surveys as part of our investment assessment process. This policy guides us to not only identify prospective investments that align with our values but also to prioritize the development of improvement plans for any ESG concerns identified. This proactive approach ensures our investments commit to evolving their ESG practices, reinforcing our dedication to positive change and responsible investing.
- **Addressing External and Unexpected Risks:** Incorporating the Five Dimensions of Impact assessment, SIIFIC addresses [nine types of impact risks](#) that may undermine the delivery of the outcomes, including external and unexpected risks that traditional linear theory of change cannot predict. Through system mapping of wicked problems, we develop strategies to address these non-linear risks, ensuring our investments are resilient and adaptable to unforeseen challenges.
- **Systems Mapping for Risk Management:** SIIFIC's innovative use of systems mapping allows us to understand and address the intricate and often unpredictable nature of ESG risks. By visualizing the complex interdependencies within the ecosystems of our investees, we are better equipped to identify potential negative impacts early and strategize effective mitigation measures, particularly for those risks deemed non-addressable through conventional methods.
- **Compliance Training Initiative:** Acknowledging the critical role of investee dedication to ESG excellence, SIIFIC intends to provide targeted compliance training for startups facing resource limitations. This endeavor is designed to enhance our investees' comprehension of ESG benchmarks and methodologies, effectively addressing discrepancies within their existing frameworks. By fostering education and active involvement, we equip our investees to adeptly navigate ESG challenges, promoting steadfast enhancement of their practices in accordance with global standards.
- **Ongoing Engagement and Monitoring:** SIIFIC's role extends into the continuous monitoring of investees' ESG risk and performance. SIIFIC has a clear intention to identify and manage ESG risks, implementing its ESG policy in the investment process. We are currently working into making this a robust and systematic process. SIIFIC's continuous dialogue and support for portfolio companies underscore our

commitment to not just reactive, but proactive and preventative ESG risk management.

## Principle 6

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

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

- SIIIFC's adherence to Principle 6 is exemplified through our meticulous impact monitoring and management process, utilizing the detailed framework established in Principle 4. This approach ensures the ongoing evaluation of each investment's contribution towards our wellness equity objectives, with a keen focus on aligning actual outcomes with our projected impact targets. Our strategy involves sophisticated tools and regular engagements, reinforcing our commitment to driving substantive change and addressing any deviations proactively.
- **Utilization of Advanced Monitoring Tools:** SIIIFC employs advanced tools and methodologies as outlined in our impact management system in Principle 4. These include comprehensive systems mapping and the Five Dimensions of Impact assessment, which collectively inform our results framework. This structured framework underpins our systematic approach to tracking progress, ensuring data accuracy, and facilitating informed decision-making across our investment portfolio.
- **Routine Data Collection and Communication:** The responsibility for leading the data collection process lies with the Partner of the in charge of the investment. This ensures a high level of engagement and oversight, with the Partner conducting weekly calls with investee management. These discussions cover a wide range of topics, from impact performance to industry-specific challenges, leveraging SIIIFC's extensive expertise. SIIIFC aims to collect data on impact performance monthly, and share with the team, promoting transparency and fostering an environment of continuous feedback and improvement.
- **Proactive Engagement:** SIIIFC's engagement strategy extends beyond direct communication with our investees to include regular discussions with lead VCs, ensuring no critical issue is overlooked, especially when we're not the lead investor. By holding weekly calls and securing board or observer seats in each investment, we actively participate in strategic oversight. This approach allows us to swiftly address any concerns and steer our investments towards achieving their intended impact, demonstrating our commitment to driving significant, positive change.
- **Capturing and Reporting Investment Outcomes:** SIIIFC aims to employ our results framework and capture comprehensive view of investment outcomes, detailing both the quantitative and qualitative impacts of our portfolio. This holistic assessment feeds into our commitment to transparency and accountability, with findings shared internally monthly and externally through our annual impact performance report. This report, a key component of our impact narrative, highlights our achievements and ongoing commitment to enhancing wellness equity.
- **Continuous Improvement through Strategic Insights:** SIIIFC's disciplined approach to impact monitoring and management is a testament to SIIIFC's unwavering

dedication to responsible investing and our broader mission. The insights garnered through regular data collection, stakeholder engagement, and advanced analytical tools enable us to refine our strategies, ensuring our investments continue to drive systemic change and contribute significantly to global wellness equity.

## IMPACT AT EXIT (PRINCIPLE 7 & 8)

### Principle 7

#### Conduct exits considering the effect on sustained impact

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

- Understanding the profound influence exits have on the sustained impact of our investments, SIIFIC is dedicated to pioneering exit strategies that extend beyond traditional financial considerations to encompass the enduring social benefits of our investments. Our approach to exits is characterized by several pivotal commitments.
- **Anticipatory Impact-Sustaining Policy:** While SIIFIC has embarked on its investment journey with its inaugural investment in September 2023 and has not yet navigated the exit phase, we proactively establish exit policies<sup>8</sup> that prioritize value preservation and impact sustainability. Our approach is meticulously designed to consider the potential for retaining ownership post-IPO, ensuring a pathway to responsible exits that align with our impact ethos.
- **Diligent Impact-Focused Exit Planning:** Our exit strategies are crafted with the explicit goal of not merely sustaining but also augmenting the impact achievements of our investments. This involves a deep consideration of the long-term impact viability post-exit, ensuring that our portfolio startups are strategically positioned to perpetuate their impact missions autonomously.
- **Varied and Impact-Aligned Exit Options:** SIIFIC shall diligently explore a spectrum of exit avenues, prioritizing those that promise to uphold and foster the continued impact legacy of our investments. Our strategies may range from strategic sales to like-minded impact investors or startups, to structured public offerings designed as "Impact IPOs," allowing for a graceful transition that secures enterprise value and impact integrity alike.
- **Inclusive Stakeholder Engagement:** Recognizing the invaluable perspectives of our stakeholders, SIIFIC shall actively involve investees, partners, and, where pertinent, impact beneficiaries in the exit planning discourse. Their insights are instrumental in navigating the complexities of exit scenarios, ensuring choices resonate with broader impact aspirations.
- **Commitment to Post-Exit Impact Monitoring:** Our responsibility extends beyond the exit, embodying a commitment to oversee the sustained impact trajectory of our investments. Where feasible, SIIFIC endeavors to monitor and support the continued alignment with impact objectives, facilitating a transition that is both smooth and sustainably forward-looking.
- **Transparent Exit Process Communication:** SIIFIC upholds a principle of transparency in sharing our exit strategies and their intended impact alignment with our investors and broader stakeholder community. This includes elucidating the rationale behind

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<sup>8</sup> SIIFIC Wellness Fund Investment Guidelines 1. Investment Strategy 4. Value-Focused Exit - Impact IPO (Crossover investment)

exit decisions and their expected contributions to the ongoing impact narrative.

- **Exit as a Learning Opportunity:** At SIIFIC, every exit is perceived as a critical learning juncture, offering rich insights to refine our impact investing approach. SIIFIC shall engage in reflective analysis of exit outcomes to harvest lessons that will inform and enhance future exit strategies, optimizing the efficacy of our impact investing practices.

## Principle 8

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

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

- At SIIFIC, our commitment to reshaping the landscape of impact investing is deeply embedded in our team DNA. We believe that the journey towards generating profound social impact requires not only rigorous evaluation and documentation but also an ongoing commitment to refining our strategies based on the insights gleaned from our experiences.
- **Continuous Impact Optimisation:** We at SIIFIC engage in a dynamic process of continuous optimization of our impact strategies. Leveraging systems mapping as a precursor to forming our theory of change ensures that every investment decision is informed by a deep understanding of the intricate web of societal interactions. This holistic approach allows us to anticipate and mitigate unintended consequences while maximizing positive outcomes.
- **Transparent and Accountable Communication:** Emphasizing the importance of transparency, SIIFIC discloses the methodology, process, system maps, theory of change and KPIs of each investment. Through dedicated platforms such as our blog and series of seminars, we not only share our impact achievements but also our challenges and learnings. This practice fosters a culture of accountability and encourages a collaborative dialogue with our stakeholders.
- **Rigorous Review and Reflective Learning:** SIIFIC aims to conduct and implement a rigorous review mechanism that assesses both the success and shortcomings of our investment activities. These regular introspections, conducted on a weekly basis for portfolio management and deepened through quarterly integrative performance analyses, enable us to document our learnings meticulously. It is this process of reflection and documentation that forms the cornerstone of our strategy to enhance our impact management systems continually.
- **Stakeholder-Centric Feedback Loop:** Recognizing the invaluable insights provided by our diverse stakeholder community, SIIFIC actively seeks and integrates feedback from our investees, beneficiaries, and partners. This inclusive approach ensures that our investment strategies are responsive to the real-world impacts they create, thereby refining our impact thesis and stakeholder engagement practices to better meet the needs of those we aim to serve.
- **Proactive Adaptation and Improvement:** The insights derived from SIIFIC's comprehensive review processes are instrumental in guiding our future investment decisions. Whether it's through refining our investment guidelines, adjusting our impact management frameworks, or enhancing our engagement strategies, we remain unwavering in our commitment to adapt and evolve. This adaptability is crucial in staying responsive to new insights, market developments, and the evolving needs of our stakeholders.
- **Annual Impact Performance Report:** With the anticipation of publishing our first detailed impact performance report in March 2025, we are setting a new standard for transparent reporting. This report will not only highlight our successes and areas for improvement but also underscore our dedication to accountability and trust-building with all our stakeholders.

## INDEPENDENT VERIFICATION (PRINCIPLE 9)

### Principle 9

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

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

- At SIIFIC, we stand at the vanguard of promoting transparency and accountability within the impact investing ecosystem. Our adherence to Principle 9 embodies a comprehensive commitment to demonstrating our alignment with the Impact Principles, ensuring our practices are not only transparent but also subject to the highest standards of verification and continuous refinement.
- **Unwavering Commitment to Transparency:** SIIFIC pledges to openly communicate our alignment with the Impact Principles, underscoring our dedication to transparent practices. Our annual Disclosure Statement serves as a testament to this alignment, reflecting our ongoing efforts to integrate these principles into our impact management systems.
- **Independent Verification Every Three Years:** To bolster the credibility and trustworthiness of our alignment with the Impact Principles, SIIFIC commits to facilitating regular independent verifications. These verifications conducted at least every three years—or more frequently in response to significant changes in our impact management systems—underscore our dedication to maintaining objective and credible practices. Our first verification, performed by Phenix Capital Group from January to April 2024, exemplifies this commitment.
- **Adaptive to Evolving Impact Standards:** Recognizing that the landscape of impact investing is dynamic, with continually evolving standards and expectations, SIIFIC is committed to staying informed and adaptable. Our proactive approach ensures that our management systems not only remain aligned with the Impact Principles but also reflect the latest developments and best practices within the impact investing community.
- **Active Engagement within the Impact Investing Community:** SIIFIC's involvement in the broader impact investing community is driven by a desire to foster collective learning and contribute to the progression of impact management practices. By sharing our experiences and insights related to aligning with the Impact Principles, we play an integral role in elevating the field as a whole.
- **Transparent Reporting on Verification Results:** The findings from our independent verification processes are publicly disclosed, enhancing the transparency and integrity of our impact management system. This public reporting, accessible on both the Operating Principles for Impact Management and [SIIFIC websites](#), provides our stakeholders with a clear, confident understanding of our commitment to rigorous impact management.
- **Continuous Cycle of Improvement:** Insights garnered from our public disclosures and independent verifications are pivotal in informing SIIFIC's continuous improvement processes. We leverage these inputs to refine and advance our impact investing strategies and practices, ensuring our alignment with the Impact Principles while striving to set exemplary standards in the industry.

- **Current independent verifier:** Information is as follows:

Name and Address	<a href="#">Phenix Capital Group B.V.</a> Overschiestraat 631062 XD Amsterdam, The Netherlands
Qualifications	Phenix Capital Group is a leading impact investing advisory firm established in 2012. The advisory division of Phenix Capital Group delivers tailored services to structure and launch impact investment mandates and funds, leveraging its unparalleled intelligence of impact investing funds across asset classes and geographies. With an exclusive focus on impact investment for over 10 years, Phenix is at the forefront of impact investing practices, mapping and supporting clients with implementing the highest quality impact frameworks and standards. Phenix have performed due diligences for over 45 funds since 2020.
First Assessment	January to April 2024

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