

INTERNATIONAL BIOTECHNOLOGY TRUST

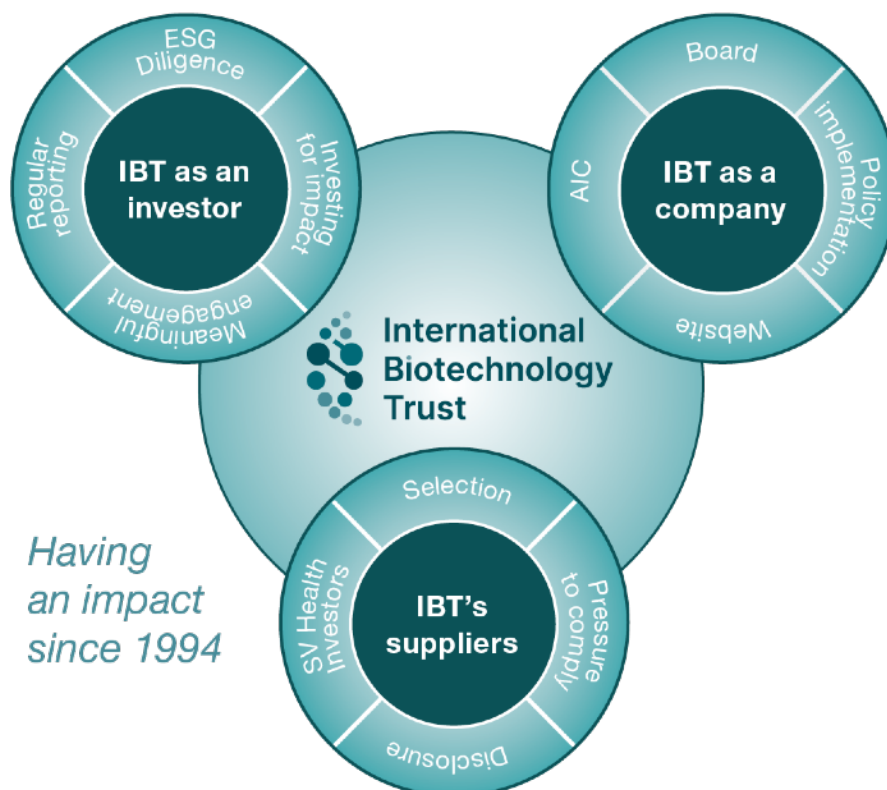
ESG POLICY

International Biotechnology Trust (“IBT” or “the Company”) has been delivering financial value to shareholders since 1994 whilst simultaneously creating a positive social impact by investing in companies that develop innovative treatments for patients suffering with unmet medical needs. The products developed by the companies we invest in can radically change the way diseases are treated, bringing positive impact to patients and healthcare systems globally.

The Board of International Biotechnology Trust (“the Board”) recognises that a responsible and proactive approach to Environmental, Social and Governance (“ESG”) related factors can positively impact the performance and success of its portfolio companies, and the Company.

The Board sees three key areas of focus for ESG

1. IBT as an investor
2. IBT as a company
3. IBT’s suppliers



Section 1: IBT as an Investor

IBT's investment approach in relation to ESG is based on three pillars:

1. Thorough ESG diligence and investing for impact;
2. Meaningful engagement with portfolio companies; and
3. Reporting to shareholders

The Board considers that focussing on the ESG adherence of its investments and engaging with the management of key portfolio companies has the potential to bring about positive change in its investment universe. In particular, IBT believes its potential for the greatest impact will generally be on its top ten quoted holdings and its private holdings where its larger investment size gives it greater influence.

The Board notes that ESG and sustainability concerns have become key considerations for many of its investors. The Board believes that through IBT's focus on ESG as an investor, it can help maximise its portfolio companies' positive impact whilst generating attractive investor returns.

1. Thorough ESG diligence and investing for impact

1a: Thorough ESG diligence

IBT will use the SV Portfolio Impact Measurement Questionnaire (SPIMQ) (attached at Annexe 1) developed by SV to enable it to measure its portfolio companies against identified ESG criteria. IBT believes these are relevant and proportionate to its business and achievable for both its public and private portfolio companies. The Investment Managers at SV will lead this process on behalf of IBT.

The top ten holdings in IBT's portfolio will be asked to complete the SPIMQ semi-annually to coincide with IBT's interim and annual reports. IBT's Investment Managers will additionally assess each of the top ten companies' social impact and the quality of their governance which will be factored into a broader consideration of investment decisions.

For the SV venture investments that are held in IBT's portfolio, SV will take a measurement ahead of initial investment to form the baseline against which it intends to set targets to promote improvement within its portfolio companies. SV private portfolio companies will be required to complete the SPIMQ annually thereafter. In addition, SV encourages its principal private portfolio companies, within a reasonable timeframe, to deploy sound ESG standards in their operations and as a first step, it encourages its private portfolio companies to be aware of SV's Business Principles and to adopt their own responsible business principles and to adopt SV's Minimum ESG Standards (see Annexe 2 and Annexe 3).

1b: Investing for impact

In developing the focus of the SPIMQ and making their own assessment as to social impact and quality of governance, IBT's Investment Managers at SV have considered the various areas covered by ESG and Sustainability and have identified certain areas as those in which the most impact can be made by IBT's portfolio companies. These factors have or have the potential to have a direct and substantial impact on an organisation's ability to create, preserve, or erode economic value, as well as environmental and social value for the Company and its stakeholders.

- ***Environmental***

The Board expects IBT portfolio companies to be good stewards of the environment by adopting environmentally focussed initiatives, recording and monitoring resource use and, where possible,

reducing resource usage through adoption of responsible water, light and heating usage programmes.

- **Social**

Targeting areas of unmet medical need: A major value driver for the portfolio companies is the size of the unmet need they are developing therapeutics to address. Where there is a lack of effective treatments that will improve quality of life, improve prognoses, and ultimately save lives. This is deemed to be a material social issue as well as one that enhances value for shareholders. IBT invests in novel science seeking breakthroughs that address critical unmet medical needs and have the potential to change the practice of medicine with the ultimate intent to cure. All clinical areas are considered, and IBT strives to build a portfolio that is overweight in major unmet patient needs, including cancer, genetic diseases, and immunological disorders. Furthermore, SV invests in some of the most innovative therapeutic modalities in the world including cell-based therapies, gene therapies and RNA-modulating therapies, alongside traditional biologics and small molecules.

When considering the unmet need, IBT focuses on the severity of the disease and the approach the potential companies are undertaking, i.e. whether they are addressing the underlying cause of the disease and whether their approach is “disease modifying” which would ideally change the course of the disease and its progression rather than targeting just symptom alleviation alone. Enhanced treatments have the effect of alleviating pressure on healthcare systems as well as improving patient outcomes.

IBT expects its portfolio companies to adhere to high standards of ethical and clinical best practice and safety in all aspects of their clinical trials.

Healthcare economics plays an important role in our sector and IBT expects the costs and benefits of the therapies developed by its portfolio companies to be carefully balanced. IBT would like to see its portfolio companies making drugs available to patients at an affordable price. Diversity, and Inclusion: The Board expects IBT portfolio companies to maintain diversity and have a diverse board of directors and management team; and wider teams in terms of gender, ethnicity and socio-economic background. SV and IBT promote diversity in their investments and expect IBT and SV’s portfolio companies to have policies and processes in place to track and promote diversity. Diversity, equity and inclusion related factors hold a prominent position in IBT’s ESG assessment criteria as this is an area where IBT feels it can have a marked impact on its portfolio, which will in turn have a knock-on effect on the biotechnology industry.

The qualitative score for social impact given to the top ten quoted investments by IBT’s experienced investment management team will take into account all the factors explained above, as well as other factors they deem relevant, such as a positive score for investing in orphan diseases where the smaller number of patients may limit the scale of the social impact, but recognising that the treatment may be absolutely life changing for certain groups of patients.

- **Governance**

A key focus of IBT’s investment approach is on the strength of management and the wider operating teams. IBT recognises that for innovative science to be translated into potentially life changing therapeutics effectively, the companies require the leadership of a dedicated, talented and experienced management team. Talent retention and employee satisfaction are key for successful innovation.

IBT's investment management team will always consider the strength of the board and management before making an investment for the IBT portfolio and seek to ensure that the interests of management teams are aligned with shareholders.

The strength of management and leadership is a prominent feature in SV's private investment decision making process. SV can often exert influence and control over the management of private investee companies; and therefore has the ability to help support and improve management teams. If during due diligence, the investment case is compelling, but the management team lacks experience, SV may insist on improvements in the management capability as a pre-requisite to investing.

The IBT Board expects the management teams in IBT portfolio companies to establish and foster a good positive working environment which will attract and retain talented individuals. In particular, SV and IBT expect them to treat their staff with respect, which means proper pay and conditions, employee rights and protection; to actively seek out a diverse workforce; and to manage the business creatively, expertly and with skill, care and diligence.

SV and IBT expect management of all portfolio companies to act with honesty and integrity at all times and never seek to mislead anyone.

The qualitative score for governance given to the top ten quoted investments by IBT's experienced investment management team will take into account all the factors explained above, as well as other factors they deem relevant such as shareholder structure and/or shareholder list and a review of business policies. Certain unsavoury practices, such as price gouging or promoting the use of opiates or activities which lead to negative impacts on public health or wellbeing, would negatively impact this score and would lead to these companies being excluded from potential investment.

2. Meaningful engagement with portfolio companies

Using the results of the SPIMQ, along with its diligence process and the qualitative scores from the investment managers, IBT and SV will engage with the top ten holdings of IBT and the private portfolio companies on ESG related factors focussed on improving a company's long-term sustainability and increasing benefits for all stakeholders. IBT's investment management team will engage with its portfolio companies through management meetings and through the voting process if there are areas of ESG that are of concern to them. SV will support private portfolio company management teams in further understanding the business case for developing and implementing positive ESG standards if needed. Additionally, SV intends to act as a resource for company management teams on ESG related factors to facilitate sharing of best practices.

Even where the ability to impact or implement changes to ESG matters directly is limited, such as where IBT or SV is a minority shareholder, SV recognises that the pressure from minority shareholders requesting a portfolio company to declare its standing on ESG factors can in itself be beneficial and will endeavour to use that to drive such portfolio companies to a more pro-active approach to ESG matters.

3. Reporting to shareholders

The Board of IBT will include commentary in respect of its findings about the top ten quoted holdings which make up circa 50% of the Net Asset Value of the Company in its annual and interim reports to shareholders.

On the private portfolio, SV will report to its investors (including IBT) annually after the completion of the external audit of its private funds and commentary on this will be included in the next report to

IBT shareholders. SV initially intends to report on its targets at both the investment and Fund level based on its data collection and its portfolio's progress towards them thereafter.

Section 2: IBT as a Company

IBT is a plc, listed on the London Stock Exchange. It has no office of its own, and its only employees are its Directors. IBT is committed to the principles of ESG compliance and endeavours to implement positive changes in all areas.

Environmental: The Board meets in SV's offices which are powered by green energy and are UK based to limit the carbon footprint of attending board meetings. Board meetings can be joined remotely.

Social: IBT's Board is committed to maintaining a diverse board of directors. Currently IBT's Board comprises three women and two men.

Governance: The Board adheres to the highest standards of the regulatory bodies in terms of its reporting and governance.

All Directors are deemed by the Board to be independent in both character and judgement, and have performed their duties in an independent manner at all times. The independence of Directors will continue to be assessed on a case by case basis. The Board has set a policy on tenure that, in normal circumstances, Directors will retire at the AGM in their 10th year of service. The Board is of the opinion that long service does not necessarily compromise the independence or contribution of Directors of investment trusts where continuity and experience can significantly benefit a board, a view supported by the AIC. The Board carries out an annual evaluation, covering attendance, balance of skills, experience, independence, knowledge, diversity effectiveness and performance. All Board members stand for re-election annually. A maximum aggregate level of remuneration for Directors is set within IBT's Articles of Association. The Company Secretary has provided an analysis of fees payable to other investment trust companies with comparable investment objectives, of a similar size and also self-managed trusts which has been taken into consideration in setting the level of individual remuneration. No Director is responsible for setting their own remuneration and no compensation is payable to Directors on leaving office. It is the intention of the Board for this policy to continue to apply in future years.

IBT adheres to the Shareholder Rights Directive¹ in all areas except where the Board considers a different approach to be in shareholders' best interests

IBT is a member of the Association of Investment Companies ("AIC") and will publish this ESG Policy on the AIC website (<https://www.theaic.co.uk/esg-and-investment-companies>). As an investment trust, IBT hopes that its consideration of ESG factors and adoption of this ESG policy will be considered best practice among its investment trust peers.

IBT maintains a website at www.ibtplc.com. This policy will be published on the website, which will also be populated over time with links to IBT's suppliers' ESG policies and commentary on ESG matters relating to its portfolio companies.

IBT's Board will be responsible for this policy and will oversee its implementation.

Section 3: IBT's Suppliers' Sustainability Policy

¹ EU Directive 2017/828 as implemented in the UK through the Shareholder Rights Directive (Asset Managers and Insurers) Instrument 2019

Other than the oversight role played by the Board, all the key functions of the Company are undertaken by external suppliers. The Board recognises the opportunity which that creates to influence and improve the ESG policies of a range of different financial services providers and other related companies.

The Board will request all the key suppliers to the Company to supply details of their own ESG policies and efforts made to enhance their ESG profile annually. Where permitted, links to these will be added to IBT's website. In the event of a supplier consistently failing to supply such credentials, and/or failing to implement suitable ESG measures in their business, the Board will engage with them on this matter and ultimately, in the case of continued non-compliance, will consider changing suppliers. Key suppliers to the Company include

- Fund Manager
- Broker
- Auditor and Reporting accountants
- Legal advisers
- Public Relations Consultant
- Investor Relations Consultant
- Research Providers
- Company Secretary
- Trader
- Data providers
- Registrar
- Custodian
- Depositary
- Administrator

SV Health Investors

The principal supplier to IBT is SV in its role as Investment Manager of the Company. As such, some details of SV's Sustainability Policy are included here but should be read in conjunction with SV's full Sustainability Policy which is available on request.

SV recognises that climate change is a risk for all industries and therefore all industries must contribute to its prevention. SV works to reduce its own carbon footprint as a business with practices such as recycling, renewable energy use in the office, use of carbon friendly lighting and encouraging cycling to work.

SV recognises that diversity of thought is a proven value driver for all companies. SV is committed to the adoption of policies and practices which promote and maintain diversity both internally and in its investments. For example, SV has become a signatory to the Investing in Women Code, a commitment by financial services firms to improve female entrepreneurs' access to tools, resources

and finance. Currently IBT's lead investment managers are one woman and one man and the partners at SV are two women and five men.

In terms of creating targets and measuring its progress, SV is working to align with global standards such as the UN Sustainable Development Goals ("SDGs"). SV's core investment thesis means it primarily contributes to Goal 3: Good Health and Well-being. However, it takes a more holistic view to the goals and so also strives to contribute to others identified as key value driving opportunities and risks for its portfolio, and that of IBT, including Goal 5: Gender Equality, Goal 8: Decent Work and Economic Growth, Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, Goal 12: Responsible Consumption and Production and Goal 17: Partnerships for the Goals.

Effective Date of this Policy: September 2021

Reviews: At least annually (last updated September 2021)

Policy owners: IBT's Board of Directors and SV Compliance Officer

Annexe 1 : SPIMQ

SV Portfolio Impact Measurement Questionnaire

Governance

Business integrity

1. *How does your company support internal management and good governance? (Please tick all that apply)*
2. *What practices does your company have in place to promote ethical decision-making and prevent corruption? (Please tick all that apply)*
3. *Does the company have a data protection and information security policy? (Please tick one)*

Environmental

Compliance with local laws

4. *Does the company and its contractors comply with all relevant local environmental laws, standards and regulations eg Hazardous waste? (Please tick one)*
5. *Does the company only use animals in research in line with all legal and regulatory requirements, when there is a clear justification for doing so, and ensuring the humane and ethical treatment of the animals concerned?*
6. *Has the company and its contractors obtained all relevant environmental permits and certifications? (Please tick one)*

Risk management

7. *Have there been any serious environmental incidents in the last five years by the company? (Please provide detail)*

Resource conservation

8. *What percentage of company facilities (by area, both owned by company or leased) is certified to meet the requirements of an accredited green building program? Please tick one*
9. *What percentage of energy use is produced from renewable sources? Include electricity and other energy consumption from heating, hot water, etc.*
10. *If you lease your facilities, have you worked with your landlord to implement or maintain any of Please tick all that apply*
11. *Does the company keep records of and monitor its use of (Please tick all that apply)*
12. *Has the company implemented any processes and controls focused on reducing the use of (Please tick all that apply)*
13. *Has the company implemented any environmentally focused initiatives (Please tick all that apply)*

Social

Compliance with local laws

14. *Does the company comply with all relevant local labour laws, standards and regulations? (Please tick one)*

Diversity, Equity and Inclusion

15. *Does the company have a diversity and inclusion / non-discriminatory policy with respect to gender, disability, political opinion, sexual orientation, age, religion, social or ethnic origin? (Please tick one)*
16. *Which of the following practices does your company have in place around diversity, equity, and inclusion? (Please tick all that apply)*
17. *Is your company majority-owned or -led by individuals from any of the following groups underrepresented in the workplace? (Please tick all that apply)*

Female representation

18. *What percentage of full-time members of staff identify as female? (Please tick one)*
19. *What percentage of the company's managers identify as female? (Please tick one)*
20. *What percentage of board members identify as female? (Please tick one)*

Other underrepresented groups (e.g. minority groups in terms of ethnicity, religion, sexual orientation, disability etc exc. women)

21. *What percentage of full-time members of staff would consider themselves to be from an underrepresented group? (Please tick one)*
22. *What percentage of the company's managers would consider themselves to be from an underrepresented group? (Please tick one)*
23. *What percentage of board members would consider themselves to be from an underrepresented group? (Please tick one)*

Performance and career development

24. *What percentage of company employees received a performance and career development review in the past 12 months? (Please tick one)*
25. *Of the total number of employees who received this training, what percentage identify as female? (Please tick one)*
26. *Of the total number of employees who received this training, what percentage consider themselves to be from another underrepresented group (e.g. minority groups in terms of ethnicity, religion, sexual orientation, disability etc)? (Please tick one)*

Parental leave

27. *Which of the following describe the primary parental leave policies for salaried workers, either through the company or government program? (Please tick all that apply)*
28. *What secondary parental leave policies are available to your workers, either through your company or a government program? (Please tick one)*
29. *How many of the company's employees were entitled to parental leave in the last 2 years? (Please provide overall number and number of men and women)*
30. *What percentage of eligible female employees took parental leave in the last 2 years? (Please tick one)*
31. *What percentage of eligible male employees took parental leave in the last 2 years? (Please tick one)*
32. *What percentage of female employees returned to work after parental leave in the last 2 years? (Please tick one)*
33. *What percentage of male employees returned to work after parental leave in the last 2 years? (Please tick one)*
34. *What is the total number of employees who were still employed 12 months after their return to work after parental leave in the last 2 years? (Please provide overall number and number of men and women)*

Human Resources

35. *Does the company have a human resources policy which informs employees of their rights and conditions of employment? (Please tick one)*
36. *What is included in your company's written and accessible employee handbook? (Please tick all that apply)*
37. *What is the company's voluntary turnover rate (number of employees who voluntarily left in the past 12 months divided by the average number of employees in the past 12 months)?*
38. *What percentage of employees on an FTE (Full Time Equivalent) basis are paid at least the equivalent of a living wage for an individual? (Please tick one)*

Health and Safety

- 39. Does the company and its contractors comply with all relevant local health and safety laws, standards and regulations? (Please tick one)*
- 40. Does the company and its contractors comply with IFC Performance Standards and Industry Specific Health and Safety Guidelines? (Please tick one)*
- 41. Does the company and its contractors have an appropriate health and safety policy for the health and safety risks of its operations? (Please tick one)*
- 42. Have there been any accidents in the last five years? (Please provide detail)*

Annexe 2 – SV Health Investors Minimum ESG Standards

- Ensure offices and business operations make efficient use of natural resources and mitigate environmental risk and damage;
- Respect the human rights of workers and contractors;
- Target a diverse workforce;
- Maintain safe and healthy working conditions of employees and contractors;
- Treat employees fairly;
- Uphold high standards of business integrity, avoiding corruption in all its forms and complying with applicable sanctions and anti-bribery, anti-fraud, anti-tax evasion and anti-money laundering laws and regulations; and
- Maintain a positive and strong culture of good corporate governance and risk management which is proportionate to company size and complexity.

Annexe 3 – SV Health Investors Business Principles

- Act with honesty and integrity at all times and never seek to mislead anyone;
- Treat everyone SV deals with, both internally and externally, with respect, courtesy and fairness;
- Do not discriminate against anyone on grounds of race, religion, age, colour, gender, sexual orientation or disability;
- Be sensitive to the wellbeing of everyone SV deals with both internally and externally;
- Comply with both the letter and the spirit of all applicable laws, regulations and contractual obligations;
- Maintain the confidentiality of all information and personal data SV receives in connection with its business, except where disclosure is authorised or required;
- Manage all conflicts of interest fairly and appropriately; and
- Ensure SV's employees' actions protect and enhance the reputation and values of SV.

In addition, SV encourages each of its portfolio companies to become familiar with these principles and, in due course and as practicable:

1. Develop and deploy sound ESG practices that add sustainable value to their operations
2. Adopt SV's minimum ESG Standards (private companies only)
3. Develop and abide by their own business principles