

# Governance Guidelines

## *'Diversity in experience and commitment in a common goal'*

### I. Message from the observers of the Investment Committee

This Governance Document sets the guidelines of behaviour and conduct to which we expect us as a committee of aescuvest.eu (aescuvest international GmbH – 'aescuvest'). As an international committee, it is challenging to set out in the guidelines one all-encompassing standard. Nor can the guidelines address every situation that may arise in the environment the committee operates. We have a very broad range of experiences and therefore, the guidelines are not meant as a set of rules for specific situations, but as a general guide. The success of the committee's work depends on each of us using our judgement to navigate. Critical matters should be escalated promptly and appropriately to the observers of the committee.

### II. Introduction

These Governance Guidelines are established by the Members of the Investment Committee of aescuvest to provide a structure within which the committee members can effectively pursue aescuvest's objectives for the benefit of its stakeholders. The decisions of the Investment Committee shall be understood as recommendations to aescuvest, which reserves the right to a final decision. The committee intends these guidelines to serve as a framework within which the committee may conduct its activities, not as a set of binding legal obligations. These guidelines should be interpreted in the context of applicable ethical and major standards, including legal standards, as well as technical standards and of course in conjunction with the Investment Committee Member Cooperation Agreement. All committee members are expected to be oriented on their professional standards and by conducting themselves honestly, responsibly and ethically.

### III. Committee Structure, Composition and Roles

1. Composition of the Committee. The authorized number of committee members will be determined from time to time by resolution of the CEO of aescuvest.
2. Committee Members' Independence. The committee members will be independent. In this respect independence means, that the committee should conduct its work unaffected from any third party such as the applicants or aescuvest operations. Each committee member who experiences a change in circumstances that could affect such committee members' independence, e.g. Conflicts of Interest, is bound to deliver a notice of such change to the observers. In case an individual committee member believes that, for whatever reason, it is not in position to make a judgement on a certain proposal, then such member is obliged to recuse him-/herself in connection with that particular proposal.
3. Committee roles. The committee consists of members with a voting mandate and of non-voting members with an observer function. Members with a voting mandate are entitled to contribute to the assessment of start-ups within the application process. Observing members are dedicated to accompany the work of the voting members in line with these guidelines in order to align standards between EIT Health & aescuvest, to facilitate governance and compliance standards, to act as mediators for situations intra committee as well as for situations between aescuvest operations and the committee. Finally, the role of an associated member who is acting as link between investment committee and aescuvest operations is embodied in the aescuvest Head of Business Development.
4. Committee meetings. The committee shall meet at the call of the CEO of aescuvest. It is envisaged that physical meetings will take place at least once a year (although more frequent meetings are possible) as and when and at a location to be decided by the CEO of aescuvest. Furthermore, a pro-active exchange of communication amongst the committee members is encouraged (e.g. by means of telephone, electronic messages, etc).

### IV. Committee Procedures

1. Idea submission. All committee members receive full visibility of all business proposals, which are submitted through a digital process using startupnow.aescuvest.eu. The Head of Business Development is in close cooperation with the committee to further enhance the submission process with regard to the scope and the quality of the provided information as well as the completeness and availability of materials. In any case it lies in the Head of Business Development's competence to reject applications due to insufficient/ incomplete applications or delayed information provision.

- 2. Voting Framework. Committee members shall contribute their votes with the necessary duty of care and independent from any other committee member’s considerations. All voting members are expected to review applications within a period of maximum 10 working days and to complete their individual assessments through casting their vote by using aescuvest’s online voting tool. Non-voting members will have unrestricted visibility so that they are in a position to observe and review the entire decision-taking process (both at the level of individual business proposal and at an over-all perspective, in aggregate format).
- 3. Quorum of the Committee. The committee defines a quorum of minimum 75% of the votes to be able to give a recommendation for or against an enhanced due diligence conducted through aescuvest. A committee decision is deemed to be positive if the score averages 32 points or more and no vote was below 21 points.
- 4. Criteria, Ranking, Scoring. The committee members agreed on using a standardized internal scorecard for their assessments as set out below.

Criteria	Ranking (1=unsatisfactory, 7=excellent)						
<b>Innovativeness of Idea</b> (The company provides a novel/unique/special solution that implies progress beyond state of the art)	1	2	3		5	6	7
<b>Market Opportunity &amp; Traction</b> (There is a clear market need presented as well as a way to take advantage of that need. The company provides something that gives it a competitive advantage in its market or	1	2	3		5	6	7
<b>Management Capability</b> (This team has potential to effectively develop this company, handle the risks associated with the venture and has balanced expertise for both the business and the technology)	1	2	3		5	6	7
<b>Development Strategy and Business Model</b> (The team convinces with numbers that the company will effectively develop with the chosen strategy, the business model is sound)	1	2	3		5	6	7
<b>Investment Potential</b> (The business represents a real investment opportunity in which you would consider investing)	1	2	3		5	6	7
<b>Overall Impression</b> (The venture is credible & sound)	1	2	3		5	6	7
<b>Overall Impression:</b> please provide justification for your vote.	Free Text Field.						
Sum of ranking points:							

1	<b>Unsatisfactory</b>	The criteria cannot be judged due to missing or incomplete information.	5	<b>Fair</b>	The criteria addresses broadly, but there are some weaknesses that need to be corrected.
2	<b>Very Poor</b>	Criteria is addressed in an unsatisfactory way.	6	<b>Good</b>	The criteria are addressed well although improvements are possible.
3	<b>Poor</b>	There are substantial weaknesses related to the criteria.	7	<b>Excellent</b>	The criteria are addressed in an excellent way. Any possible defect found is minor.

The different scoring aspects are weighted the same. A minimum sum of ranking points must be achieved in order to get a positive vote.

Permitted votes resulting from the scoring can only be YES (= proposal accepted) or NO (= proposal rejected).

- 5. Communication of results. After a committee vote on a submission, the Head of Business Development coordinates either a meeting between aescuvest and the start-up after a positive vote or informs the start-up about a negative vote and offers further assistance through the EIT Health Accelerator programs if appropriate. At the same time, EIT Health will receive a brief overview of the outcome of the decision making process.

**V. Governing Law**

These guidelines shall be governed by German Law.

**VI. Periodic Review of the Governance Guidelines**

These guidelines shall be reviewed periodically and the committee will make appropriate changes whenever necessary.