

ZENTYNEL BIOTECH FUND

ESG IMPACT & SUSTAINABILITY STRATEGY



Prepared by:

PROOF OF IMPACT

www.proofofimpact.com

hello@proofofimpact.com

TABLE OF CONTENTS

Letter from Leadership	2
Purpose	3
Impact Strategy	4
• Impact Thesis	5
• Impact Goals	6
• Portfolio-Level Metrics	7
• Continuous Strategy Updates	8
Management Approach	9
• Performance Management System	10
• Impact Pre-Screening	11
• Impact Due Diligence	11
• Investment Structuring	12
• Impact Optimization	13
• Exit Strategy	15
Transparency	15
Governance	15
Conclusion	16

LETTER FROM LEADERSHIP

Zentynel was born from a common vision to jointly develop a VC fund specialized in Biotechnology in Latin America. Complementary skills and a shared vision - not only of the business potential, but especially of the values and culture of the teams - allowed our team to develop a work plan in just months. This is how we agreed to form a joint venture, Zentynel Frontier Investments, to develop the first Latin American fund focused exclusively on Biotechnology: Zentynel I.

Zentynel Frontier Investments seeks to be the convergence of two worlds: investment and innovation in Biotechnology, and the character of “seeking” opportunities on the frontier. We envision to deliver impact and value that expands knowledge and innovation.

This document reflects our approach and commitment to deliver value and impact, measuring our work and communicating it to our shareholders. We appreciate you joining us in our mission to bridge the funding and development gap in the Biotech industry in Latin America.

Warm regards,

The Zentynel Team



PABLO FERNÁNDEZ-
MSc



ROBERTO LOEHNERT-
MBA



CRISTIÁN
HERNÁNDEZ - MBE



BERNARDITA
MENDEZ - PhD



PABLO
VALENZUELA - PhD

PURPOSE

Mission: Transforming the biotech industry by bridging the funding and development gap in LATAM.

Vision: Driving the fourth industrial revolution by disrupting industries and transforming how we live, eat, and take care of the planet.

Founded in 2020, Zentynel Frontier Investments is a venture capital investment firm based in Santiago, Chile. Zentynel emerges as a “convergent evolution” between the Ciencia & Vida Foundation and Venturance. Coming from different industries, these entities identified the need for Biotechnology companies to have a specialized investor, as well as an opportunity to contribute both capital and experience in order to accelerate the development and growth of Biotechnology innovation in the region.

Zentynel is launching a USD 60 million fund focused on the best biotech assets available in Latin America to address pressing global challenges. Environmental and socioeconomic threats are plaguing our world more severely and frequently than ever. For this reason Zentynel has formalized its environmental, social, and governance commitment as a key dimension of the firm's strategy and operations. While Zentynel is not an impact fund, it seeks to have great impact through its investment in world class startups delivering solutions to the world's most challenging problems.

In order to expand its commitment to environmental and social stewardship, Zentynel completed the Proof of Impact assessment in February 2022 to evaluate its current impact and ESG practices and capabilities, and design a data-driven approach to ESG measurement. The fund has developed an ESG Impact & Sustainability Strategy -- mapped against the leading United Nations Development Programme’s (UNDP) SDG Impact Standards for Private Equity -- to provide all stakeholders with a common vision for Zentynel’s path forward on its ESG journey.

“In our data we find that companies with high levels of purpose outperform the market by 5%-7% per year, on par with companies with best-in-class governance and innovative capabilities. They also grow faster and have higher profitability.”

- Harvard Business Review, August 2019 (1)

IMPACT STRATEGY

SDG Impact Standard 1: The fund embeds contributing positively to sustainable development and achieving the SDGs in its purpose and strategy.

Zentynel is committed to monitoring, evaluating, and continuously improving the environmental, social, and governance impact of its investments. This includes both the impact of each company's internal operations and the impact of the product or service on the world. The fund will build its strategy from the leading industry impact investing frameworks to maximize its positive net impact and risk management.

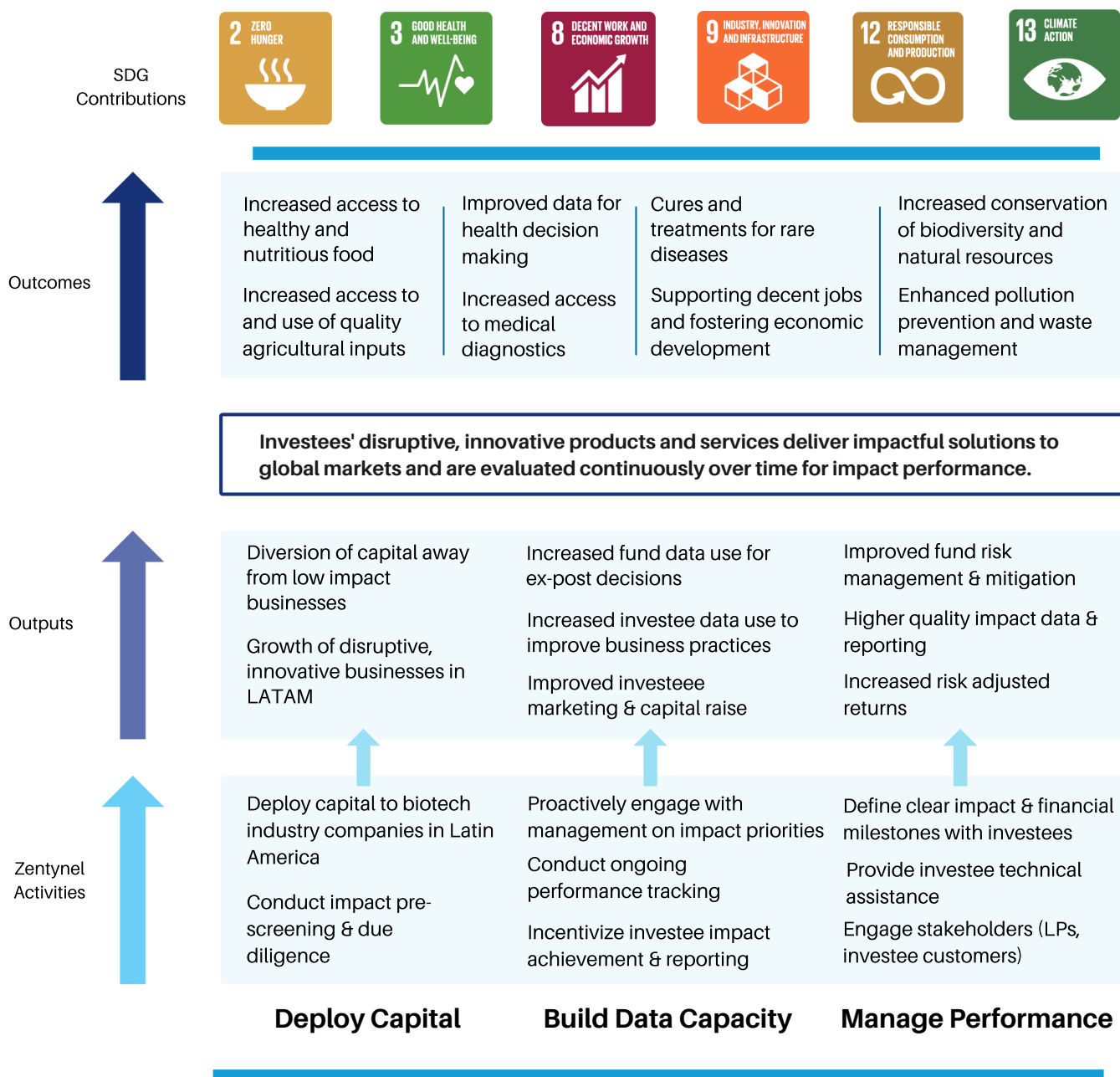
Industry Framework or Tool	Zentynel's Application
United Nations' (UN) Sustainable Development Goals (SDGs)	Zentynel has identified core SDGs, targets, and indicators that the firm's investees are working to achieve. Zentynel's targeted SDGs are documented as part of its impact thesis.
United Nations Development Programme's (UNDP) SDG Impact Standards for Private Equity	The SDG Impact Standards for Private Equity have served as the leading set of standards for Zentynel to ensure its plan is following best practices in meaningful impact measurement, management, and achievement. Zentynel was assessed against these standards, and the plans outlined in this report are directly informed by the assessment results.
United Nations Principles of Responsible Investment (PRI)	Zentynel leveraged the UN Principles of Responsible Investment to design its planned ESG investment actions. All six principles, as well as PRI's recommended actions, guided the development of the fund's impact measurement and management strategy. Zentynel is not yet a PRI signatory, but may pursue this designation in the future.
Sustainability Accounting Standards Board (SASB) Standards	Zentynel referenced the SASB Materiality Map to identify the sustainability issues that are financially material to the firm, which are reasonably likely to impact the financial condition or operating performance of the company.
Impact Management Project (IMP) Five Dimensions of Impact	Zentynel leveraged the IMP's Five Dimensions of Impact to guide where the firm should focus its attention and devote resources. All five IMP dimensions were used in Zentynel's assessment and planning to ensure the firm effectively measures and manages its impact.
Global Impact Investing Network's (GIIN) IRIS+ System	The GIIN's IRIS metric catalogue provided specific definitions necessary for the conversion of broad impact objectives into quantifiable metrics. Zentynel has selected many of the IRIS metrics for ongoing data collection and performance management.

IMPACT THESIS

SDG Impact Standard 1.1: *The fund develops an impact thesis (or theses), embedding contributing positively to sustainable development and achieving the SDGs in its purpose and strategy.*

Zentyne’s overarching objective is to institutionalize its impact goals into the fund’s everyday business and investment decisions. To achieve this, the fund must have a strong impact thesis, or theory of change, that logically connects its activities to longer-term outcomes.

As summarized in the visual below, Zentyne's impact thesis places a high priority on ex-ante vetting of investees’ expected impact through an impact due diligence assessment, and systematic collection, analysis, and use of data to integrate impact-based decision making into business practice. (2)



(2) This assessment will screen investees using the SDG Impact Standards, IMP framework, SASB, and IRIS+.

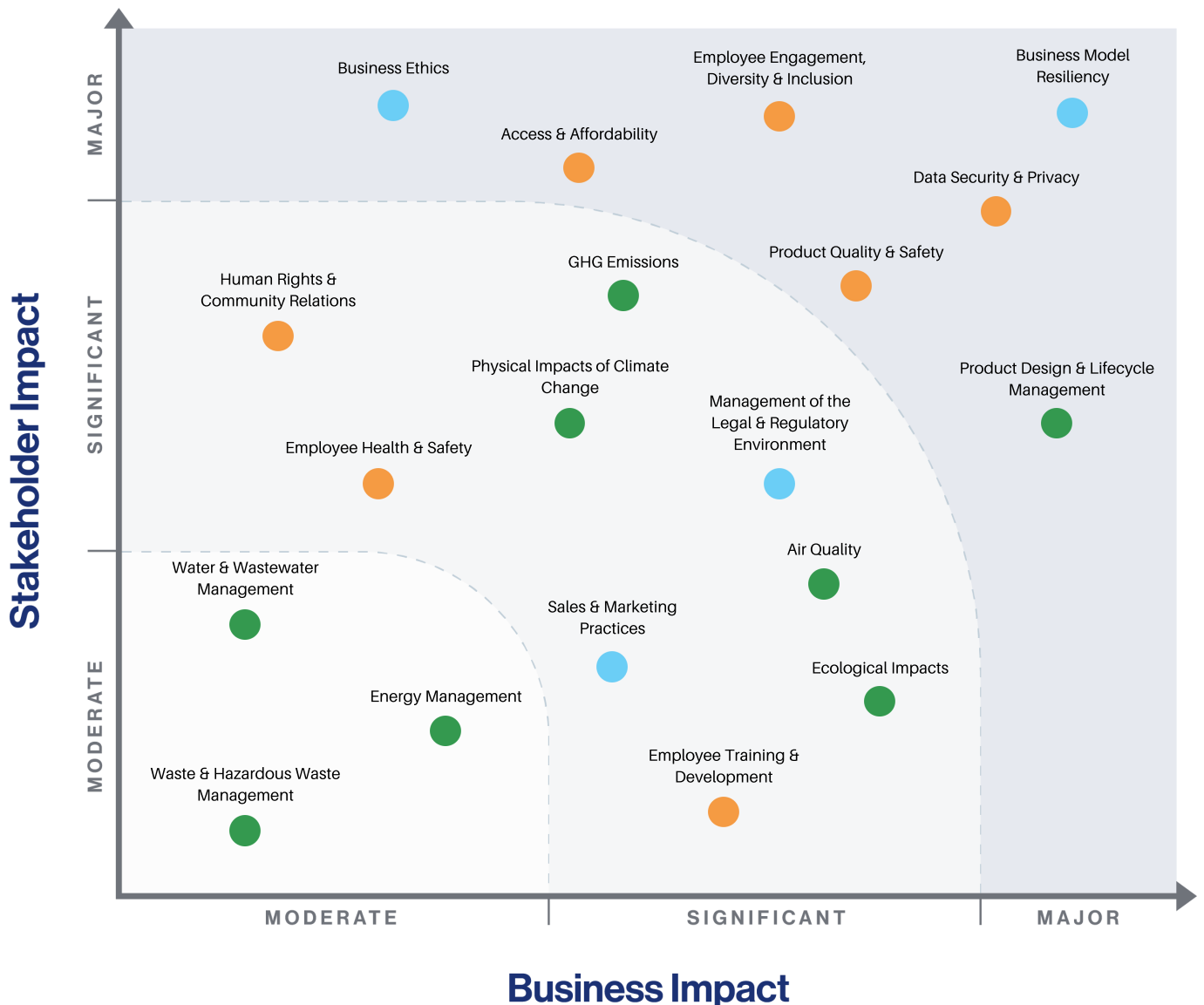
IMPACT GOALS

SDG Impact Standard 1.2: The fund sets realistic but ambitious portfolio level impact goals aligned with its purpose and strategy, including its impact thesis, to optimize contributing positively to sustainable development and achieving the SDGs.

In order to set meaningful impact goals, the firm first must develop concrete, quantifiable, and relevant impact metrics. These include social and environmental metrics that are focused on both product service impact (to track the external impact of the company’s services on its customers and other stakeholders) and operational impact (to track the company’s internal ESG practices). To inform its metrics selection, Zentynel conducted an internal materiality assessment to review potential impact categories and prioritize those that are deemed to have the greatest impact for the company and its stakeholders. Impact categories were chosen based on: 1) anticipated impact to stakeholders and 2) strategic business value. This assessment is focused on the product service and operational impact categories that are most material to Zentynel Biotech Fund.



INTERNAL MATERIALITY ASSESSMENT



PORTFOLIO-LEVEL METRICS

Focused on the prioritized ESG categories, the following metrics were selected for Zentynel's quarterly monitoring pilot, based on the IRIS+ core metric sets, SASB standards, and expected data availability. It is critical that Zentynel is selective and focuses on the most material metrics to report on and use to drive higher impact business decisions at the fund and portfolio company levels.

ESG Category	Metric Title	Corresponding Metric Catalog
1. Business Model Resiliency	Presence of Business Continuity Plan	N/A
2. Employee Engagement, Diversity & Inclusion	Individuals Employed	IRIS: Full-time Employees: Total (OI3160)
	Percent Female Employees	IRIS: Full-time Employees: Female (OI6213)
	Percent Female Board Members	IRIS: Board of Directors: Female (OI8118)
	Presence of Talent & Retention Policies	SASB: Employee Recruitment, Development & Retention
3. Product Quality & Safety	Total R&D Investment in USD	N/A
	Client Net Promoter Score	IRIS: Target Stakeholder Satisfaction Ratio (PI7163)
	Health & Safety Certification	SASB: Food Safety
	Total Articles Published	N/A
	Total Patent Applications	N/A
	Percent Clients Reporting Improved Health	N/A
4. Product Access & Affordability	Units/Volume Sold	IRIS: Units/Volume Sold: Total (PI1263)
	Total Clients	IRIS: Client Individuals: Total (PI4060)
	Customer Cost Savings	IRIS: Client Savings Premium (PI1748)

PORTFOLIO-LEVEL METRICS (CONTINUED)

ESG Category	Metric Title	Corresponding Metric Catalog
5. Business Ethics	Presence of Code of Ethics	SASB: Business Ethics & Transparency
6. Data Security & Privacy	Presence of Data Security Policy	SASB: Data Security
7. Product Design & Lifecycle Management	Percent Suppliers with Social or Environmental Certifications	IRIS: Supplier Screening Ratio (PI3016)

CONTINUOUS STRATEGY UPDATES

SDG Impact Standard 1.3: *The fund periodically reviews – and refines – its impact thesis, investment strategy and portfolio level impact goals to ensure they remain fit for purpose over the fund lifecycle and as the sustainable development context changes.*

Zentynel's leadership is committed to regularly reviewing and refining its impact thesis, investment strategy, and portfolio level impact goals to ensure they remain fit for purpose over the firm lifecycle and as the external context changes. Zentynel intends to commit a specific annual budget allocation for ongoing review and refinement of its impact strategy and goals over time. Zentynel leadership is committed to embedding ESG impact into the fund's operations and conducting a structured review of the fund's ESG performance over time. The leadership commitment, supplemented by expert support and data tools, will help to ensure that impact data collected and analyzed is consistently communicated internally among the Zentynel team and externally among investees, limited partners, and other stakeholders.

Over time and in collaboration with portfolio companies, Zentynel will consider collecting data on other high-priority metrics that are deemed to have a significant impact to Zentynel and its stakeholders, according to the materiality assessment. These metrics may include: greenhouse gas emissions, sustainable land use practices, environmental risk assessment, and employee turnover rate. Unique company metrics may be added through portfolio company-level materiality assessments. In the future, Zentynel may also consider reporting on internal metrics through its own performance dashboard, to showcase the impact of the fund's internal operations. Metrics for consideration include: business ethics and non-discrimination policies, energy and water consumption, and organizational diversity.

Through structured leadership review, with a dedicated focus on impact performance progress of specific metrics, the fund will become adaptable and relevant to the changing needs in Latin America and beyond, and this ESG impact and sustainability plan will become a living blueprint specifying Zentynel's overarching purpose.

MANAGEMENT APPROACH

SDG Impact Standard 2: The fund integrates impact management and contributing positively to sustainable development and achieving the SDGs into its operations and management approach.

A robust management system that continuously tracks impact performance will equip Zentyne with the tools it needs to measurably assess its ESG risk and its contribution to the SDGs. This is a core component of the fund’s impact strategy and priorities in alignment with the SDG Impact Standards. The fund will use an impact data collection, analysis, and visualization tool, aggregated across its investees in a centralized dashboard, to support its active performance management function.

ZENTYNE
FRONTIER INVESTMENTS

HOME REPORTS METRICS

Organization > Zentyne

OVERVIEW

Santiago, Santiago Metropolitan, Chile

Founded in 2011, Zentyne Frontier Investments is a venture capital investment firm based in Santiago, Chile. The firm seeks to invest in companies operating in the life sciences, healthcare, biofuels and other artificial intelligence-enabled technology sectors.

Zentyne is launching a USD 60 million Fund focused on the best biotech assets available in Latin America to address pressing global challenges. Zentyne is committed to monitoring, evaluating, and continuously improving the environmental, social, and governance impact of its investments.

METRICS

Social Social Social

Client Net Promoter Score Individuals Employed Total R&D Investment in USD

SDGS

The impact from your portfolio of investments to the UN Sustainable Development Goals (SDGs).

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17

IMPACT MAP

Search

© MapTiler © OpenStreetMap contributors

PROOF OF IMPACT

About Us
221 N Broad St, Suite 3A, Middletown,
New Castle DE 19709

Contact us at:
hello@proofofimpact.com

Useful Links
Terms & Conditions
Privacy Policy
Blog
Careers

© Proof of Impact 2021
in M

PERFORMANCE MANAGEMENT SYSTEM

SDG Impact Standard 2.1: *The fund has effective mechanisms and processes to deliver on its strategy, including its impact thesis and portfolio level impact goals.*

Informed by the SDG Impact Standards, Zentynel's impact management system has three core components: impact and sustainability policies, impact data collection and management, and direct stakeholder engagement. Zentynel will review and refine its existing policies related to responsible and sustainable business practices, as well as develop new policies needed to formalize the company's commitment to a fair, equitable, and impact-focused workplace.

Zentynel's ability to measure the ESG impact and manage the risk of its investments is highly dependent on the availability of impact data from its investees. The firm will take a phased approach to its implementation with a high importance on minimizing investee reporting burden, delivering investees actionable impact and business insights, and ultimately equipping the fund with data intelligence that ensures its investments are having positive ESG impact and mitigating material risks.

Phase 1 - Pilot: Investees will be asked to use a simple interface to report their impact performance against the core portfolio metric set and sector-specific metrics. The first reporting pilot will serve as a baseline to understand how many investees can report on the various metrics and their initial results, and to collect feedback on how the process and metric set can be improved.

Phase 2 - Implementation: The fund will use the feedback and lessons learned from the pilot to refine the reporting process and metric selection, providing further specificity and guidance on areas of discrepancy or misinterpretation of the metrics to ensure high fidelity. Investees will then be asked to engage in a periodic, low touch, and low burden reporting process.

Phase 3 - Improvement: Smaller investees will be offered technical assistance to help them build new data collection systems that track the most critical impact and business metrics. More advanced companies will automatically upload or directly integrate their data systems into a dynamic performance management dashboard for deeper analysis and passive, real-time reporting.

All impact results will be displayed and visualized in a centralized impact management dashboard for the firm, investees, and other stakeholders (e.g., Board of Directors, limited partners, communities). The dashboard will display impact results for the fund (at the portfolio level) and the investees (at the company level). In the future, Zentynel's dashboard will also visualize the fund's internal operational metrics, to ensure its internal impact is considered alongside its external investment contributions.

IMPACT PRE-SCREENING

SDG Impact Standard 2.2: *The fund establishes criteria and pre-screens potential investments to assess strategic alignment with its purpose and strategy, including its impact thesis and portfolio level impact goals.*

Identifying potential misalignments of prospective investees' business model or approach with the fund's ESG and impact strategy should happen as early as possible. For this reason, the fund will develop a criteria set designed to discover these issues during the first stages of vetting each investee and before due diligence. As defined by the GIIN, key questions that Zentynel will consider in its pre-screening criteria include: (3)

1. For owners, what are their motivations for managing the business?
2. What is the market opportunity for the business?
3. Can the company deliver its products or services efficiently?
4. How is the company organized?
5. Does the company operate transparently?
6. Does this investment align with fund mission or impact objectives?
7. How is the company performing toward ESG goals and can it optimize further?

Zentynel will follow the International Finance Corporation's (IFC) Exclusion List (4), and will leverage a pre-screening assessment process consistent with the IFC's Operating Principles for Impact Management to consider a number of other factors in determining whether a prospective investee should move ahead to a full impact due diligence process.

IMPACT DUE DILIGENCE

SDG Impact Standard 2.3: *The fund conducts ex ante impact assessments of potential investments that pass its pre-screening criteria, to assess relevant and material impacts, make informed choices between investment options, and optimize its impact performance in line with its portfolio level impact goals.*

Among investees that pass the pre-screening process, the fund will conduct an impact due diligence assessment prior to investment. The assessment will include questions to gauge each investee based on their expected impact using the SDG Standards for Enterprises, the IMP dimensions of impact, the GIIN's IRIS metric catalogue, and the SASB sector-specific metrics. Criteria will broadly include ESG strategy development, ESG measurement and management capacity, evidence base for the product or service, stakeholder engagement practices, negative risk monitoring and mitigation, and operational ESG performance. As part of the due diligence process, Zentynel interviews partners or users to more fully understand the impact, usability, and acceptability of the product or service. Zentynel's investment experts will formally include the ESG impact assessment results into the selection criteria with comparable ratings to anticipated financial performance. As the fund launches its impact strategy and data collection process, it will then begin to assess its uniquely added impact contributions (e.g., amount funded by Zentynel versus proportional amount of impact outcomes achieved, technical support and data intelligence provided by Zentynel).

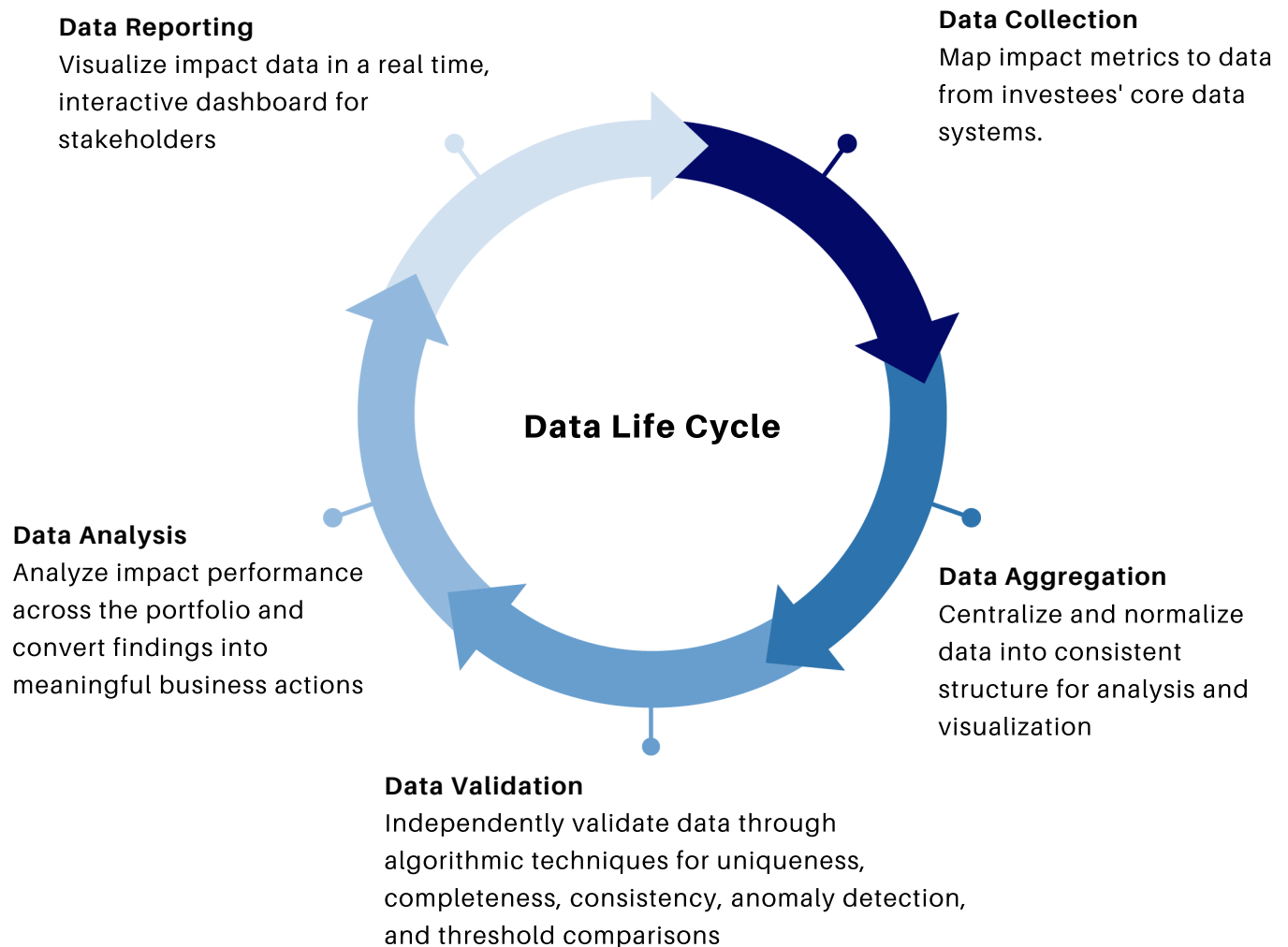
(3) A GUIDE FOR IMPACT INVESTMENT FUND MANAGERS: A STEP-BY-STEP RESOURCE TO CREATING AND MANAGING A PRIVATE EQUITY IMPACT FUND. Global Impact Investing Network. Retrieved from <https://thegiin.org/deal-sourcing-and-selection>

(4) Exclusion List. International Finance Corporation. Retrieved from <http://www.ifc.org/exclusionlist>

INVESTMENT STRUCTURING

SDG Impact Standard 2.4: *The fund engages openly, proactively and collaboratively with limited partners and potential Investees during the due diligence and investment structuring phase, to agree on how to embed impact considerations within the investment terms, and so optimize future impact performance.*

As new investees are funded, Zentynel will build the impact reporting protocol into their contracts to set early expectations, define impact metrics, and equip each investee with access to its own performance management dashboard that can be used for impact monitoring, capital raise, and customer acquisition. The fund will request that each investee engage in biannual impact performance reviews to assess impact data results against targets, share best practices, and discuss next steps to manage impact and risk. As noted in the impact thesis, the fund will also explore options to incentivize deeper impact reporting, analysis, and decision making to truly drive behavior change, ESG risk management, and private sector alignment to the SDGs. All results will be visualized in a centralized dashboard for Zentynel, its Board of Directors, and its limited partners to use in its ongoing performance management and decision making.

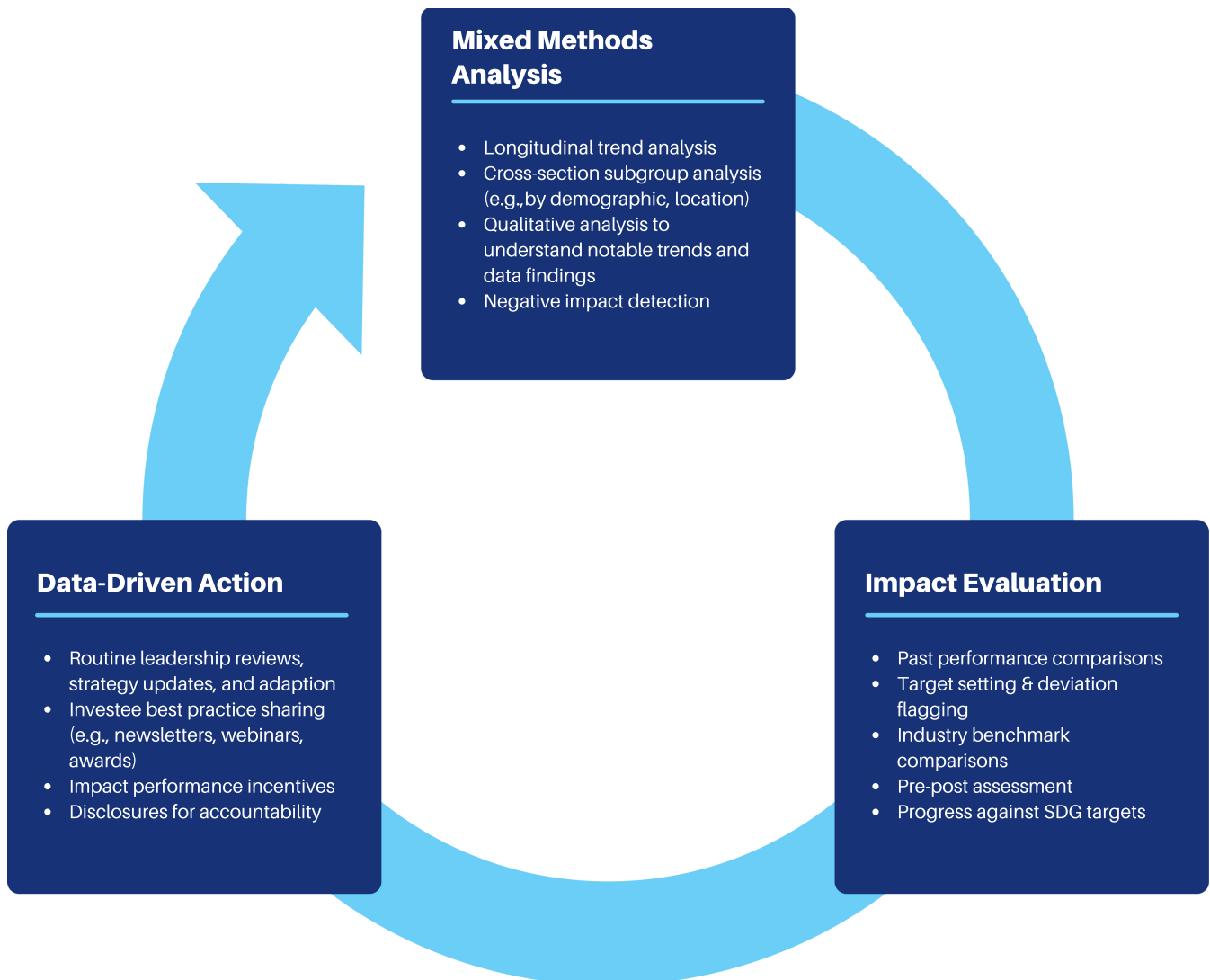


IMPACT OPTIMIZATION

SDG Impact Standard 2.5: *The fund systematically monitors and manages its ongoing impact performance overall and for each investment, and acts to optimize impact (including managing unexpected outcomes).*

Zentynel believes that impact measurement and management not only helps to ensure delivery of expected impact results, but also leads to tangible business outcomes, sets apart the investments that will become most sustainable over the long term, and equips the firm with data needed to drive informed investment, management, and exit decisions.

The fund’s impact optimization framework will have three fundamental components that Zentynel will integrate into its operations over time: mixed methods analysis, impact evaluation, and data-driven action.



The fund’s leadership team will drive forward the execution of the impact optimization framework in direct partnership with Zentynel's Board of Directors, and equipped with the centralized impact measurement, analytics, and evaluation tool.

The fund has also conducted a preliminary risk assessment based on the IMP’s nine types of impact risk for its current investments, with three key risks identified. Zentynel will create an ongoing risk management system designed to consistently monitor the likelihood and severity of these risks over time, informed by periodic direct stakeholder feedback that will be managed in collaboration with the investees as feasible. In addition, the fund will build these core risks into its ex-ante impact due diligence process moving forward with each new investment and reinvestment.

ESG Impact Risk	Relevance to Zentynel	Mitigation Plan
External risk: External factors disrupt delivery of expected impact.	Zentynel does not currently have a systematic method for reviewing risks to delivery of expected impact.	The fund will build an ongoing system for reviewing its strategy and assessing material risks to successful delivery of expected impact.
Stakeholder participation risk: Expectations or experience of stakeholders are misunderstood or not accounted for.	The fund does not currently have a systematic method for engaging stakeholders into its decision making.	The fund will build an ongoing system for integrating investee impact into its decisions, and encourage joint efforts with investees towards this goal.
Efficiency risk: Expected impact could have been achieved with fewer resources or at lower cost.	Most of the fund’s investees are startup companies, many of whom prioritize financial success before impact achievement to grow their business.	Through its new ESG measurement approach, Zentynel will equip its investees with impact data analytics and tools to enhance achievement of both financial and impact outcomes.
Materiality risk: Material outcomes are omitted and/or non-material outcomes are included in decision making that increase the risk of suboptimal decisions	Zentynel does not yet have a rigorous approach for ESG/impact data collection and analysis needed to identify material impact outcomes.	The firm has engaged in a deep review of possible impact metrics that it deems as material and narrowed its focus on this core set in the first phase of its impact measurement protocol.

(5) Impact Management Project. What types of impact risks do enterprises and investors face? Retrieved from <https://impactmanagementproject.com/impact-management/impact-management-norms/risk/>

EXIT STRATEGY

SDG Impact Standard 2.6: *The fund proactively manages its exits from investments to optimize impact on sustainable development and achieving the SDGs post exit.*

Exit decisions are an integral part of the fund's investment strategy with potentially significant impact implications for customers and other stakeholders. For this reason, the fund will develop an exit plan, determine exit readiness, and conduct post-investment follow up (as feasible) with each investee following the best practices from the European Venture Philanthropy Association's Practical Guide to Planning and Executing an Impactful Exit. Zentyne will use this report to build a formal approach to exiting based on defined impact criteria, assessment, and performance over the life cycle of the investment.

TRANSPARENCY

SDG Impact Standard 3: *The fund discloses how it integrates contributing positively to sustainable development and achieving the SDGs into its strategy, management approach, governance and decision making, and reports (at least annually) on its performance.*

Zentyne will use this impact and sustainability plan as an ongoing living document, which will be updated annually alongside the firm's portfolio-level impact performance dashboard -- including performance relative to baselines, targets, and benchmarks -- for its limited partners, Board members, and other stakeholders. Impact performance dashboards for investees who approve sharing will also be available to stakeholders to promote transparency and accountability. All business ethics and other responsible fund business policies will be developed and made publicly available on Zentyne's website.

GOVERNANCE

SDG Impact Standard 4: *The fund's commitment to contributing positively to sustainable development and achieving the SDGs is reinforced through governance practices of the fund and the fund manager.*

Zentyne has an active Board of Directors which is committed to social and environmental impact performance alongside financial returns. The Board of Directors will have active oversight into the firm's overarching impact strategy, responsible business and operational impact policies, compatibility of the fund's impact and financial targets, impact and financial risk targets, and budget dedicated to ESG monitoring.

(6) A Practical Guide to Planning and Executing an Impactful Exit. European Venture Philanthropy Association. October 2014. Retrieved from https://evpa.eu.com/uploads/documents/EVPA_EXIT_STRATEGIES.pdf

Zentynel sets itself apart from many other funds due to the active involvement of its leadership team and Board of Directors in the fund's impact measurement and performance management efforts.

Moving forward, the fund aims to prioritize three functions to ensure it is comprehensive in its ESG impact assurance strategy:

1. Process of stakeholder identification and involvement in decision making
2. ESG and sustainable development related disclosures and external reporting
3. Development of additional formal policies related to corporate governance and other responsible business practices

CONCLUSION

At Zentynel, we believe that comprehensive risk monitoring, rigorous impact measurement and active performance management will unlock greater financial and impact returns for our investors as new data intelligence insights are generated, new customers are acquired, and new capital is secured for our investees. The world is changing with a greater need for collective action and a growing interest in using private capital to generate positive impact. This paradigm shift aligns with the culture and identity of Zentynel, and we are excited to take greater action in helping to deliver disruptive, innovative solutions in the Latin America and beyond through data-driven, high impact investing. We look forward to you joining us on this journey.