IGUAKO CAPITAL · Group policy

Animal and Biological Welfare in Investment

This policy gives effect to the fifth principle of the Ethical Technology Charter: welfare standards travel with the capital into every life-science position. IGUAKO Capital's capital originates in pharmaceuticals, animal health, veterinary biologics, aquaculture and agri-science, industries that keep, breed, treat, transport and use animals. The policy sets the Group Welfare Standard those businesses must meet, the assessment before capital is committed, the covenant that binds the position and the monitoring that follows it until exit.

CODE	CATEGORY	VERSION
IGC-SE-002	Sustainability and ethics	2.1
EFFECTIVE	**REVIEW**	**OWNER**
2023-10-01	Annual. Last reviewed July 2026. Next review due July 2027.	Head of Technology and Ethics

1. Purpose and scope

The firm's founding partners earned their capital in industries built on animals: veterinary medicines, biologics grown in living systems, fish farmed at sea, livestock genetics. The firm does not apologise for that origin. It takes responsibility for it. Capital that comes from animals carries a duty to the animals it continues to depend on, and this policy is the form that duty takes.

The policy applies to every position, facility, mandate and advisory engagement in the origination sectors: Pharmaceuticals, Animal Health & Veterinary Biologics, Aquaculture & Marine, Agri-science, and Specialty Materials where animal-derived inputs are used. It also applies to any deployment-sector position whose revenue depends on animals, such as a data business serving livestock producers. As at 30 June 2026, 19 of the 47 portfolio companies and positions are within scope.

It applies to all six divisions. Private Equity and Commercial Finance hold most in-scope positions. Investment Banking applies the policy to the businesses it advises and to the securities it arranges. Private Wealth & UHNW applies it to co-investments offered to family relationships. Quantitative Strategies applies the exclusion list to the instruments it trades.

2. The Group Welfare Standard

The Group Welfare Standard is a written document, approved by the Ethics & Technology Council and reviewed every year, that states what the firm requires of any business that keeps or uses animals. It is organised around six criteria, each with measurable indicators specific to the species and the production system concerned. It is drafted by the Welfare Assessment Unit with veterinary and aquaculture specialists and is available to any client, counterparty or portfolio company on request.

The Standard sets a floor, not an aspiration. The floor is above the legal minimum in every jurisdiction where the firm holds an in-scope position, and it is the same floor everywhere: a business in Brazil, South Africa or Japan is held to the same criteria as one in Australia. Where a local law is higher than the Standard, the law applies.

The Standard is revised as evidence changes. The 2026 revision tightened the stocking density indicators for finfish, added indicators for cephalopod and crustacean welfare in response to research on sentience, and introduced a requirement that any business using animals in research holds an ethics approval from a body independent of the research team.

- Housing, space and stocking density appropriate to the species and its behaviour.
- Health, veterinary access and the responsible use of medicines, including antimicrobials.
- Handling, transport and end-of-life methods that minimise fear, pain and distress.
- Use of animals in research and testing, limited to what cannot be replaced and approved independently.
- Breeding and genetic selection that does not compromise the health or function of the animal.
- Aquatic welfare: water quality, density, parasite control and humane slaughter for farmed fish and shellfish.

3. Assessment before capital is committed

No in-scope position is presented to the Investment Committee without a welfare assessment against the Standard. The assessment is carried out by the Welfare Assessment Unit, a team of four veterinarians and aquaculture scientists based in Brisbane and São Paulo, which reports to the Head of Technology and Ethics and is independent of the deal team. It is funded centrally and is not charged to the deal.

The assessment includes a site visit for any position above US$5 million and for any position involving intensive production, research use or live transport, whatever its size. The assessor inspects the animals and their conditions, reviews mortality, medicine and incident records for the previous three years, and interviews the people responsible for animal care. The assessor's report is written to the Investment Committee, not to the deal team.

A business that does not meet the Standard may still receive capital, on one condition: a remediation plan, costed, funded in the investment case and completed within 18 months of closing, with milestones the Welfare Assessment Unit verifies. A business that will not commit to the plan is declined. In the year to 30 June 2026 the Unit assessed 14 prospective positions, cleared eight, conditioned four and recommended that two be declined. The Investment Committee accepted every recommendation.

4. The welfare covenant

Every in-scope investment document contains a welfare covenant. The covenant binds the business to the Standard, to the remediation plan if there is one, to annual reporting, to access for the Welfare Assessment Unit at any time, and to notification of any welfare incident within five working days. It has the same status as a financial covenant, and breach triggers the same process.

The covenant travels with the capital. When the firm exits a position, the sale documents disclose the Standard and the business's performance against it, and the firm gives preference, at equal value, to a buyer who undertakes to maintain the Standard. Where a facility is syndicated or a security is placed, the covenant remains in the documents for every lender or holder.

Where the firm advises rather than invests, the Investment Banking division includes a welfare assessment in its due diligence report to the client, and it does not act on a transaction whose purpose is to move animals out of a jurisdiction with welfare protection into one without it.

5. Monitoring, incidents and exit

Each in-scope business reports against the Standard every year, and every six months where a remediation plan is open. The report covers mortality, morbidity, medicine use, stocking density, transport movements, research use and incidents, on the indicators the Standard sets for the species. The Welfare Assessment Unit reviews every report, visits each in-scope site at least once every two years, and visits unannounced where it has a concern.

A welfare incident is any event causing death, injury or suffering beyond the expected level for the system, any enforcement action by an animal welfare authority and any credible public allegation. Incidents are reported to the Head of Technology and Ethics within five working days and to the Ethics & Technology Council at its next meeting. Serious incidents are reported to the Board.

Where a business breaches the covenant and does not remedy the breach within the agreed period, the Investment Committee reviews the position and the presumption is exit. The firm sold one position in 2025 on welfare grounds, a shellfish operation in which the operator declined to change its harvest method. The loss on the exit was accepted under the fourth underwriting test.

As at 30 June 2026, three remediation plans are open across the 19 in-scope positions, all within their deadlines. Two concern stocking density in aquaculture and one concerns the transport of breeding stock. The welfare summary, position by position, forms part of the annual ethics report to the Board.

6. Activities the firm excludes

The firm does not commit capital, provide a facility, advise or arrange for the activities listed below, and the Quantitative Strategies division does not trade instruments whose value depends principally on them. The list is maintained by the Ethics & Technology Council and approved by the Board. Additions are made on evidence. Removals require a written case to the Board.

The list is deliberately not a list of sectors. Intensive livestock production, fish farming and animal research are all within the firm's origination markets and all can be conducted to the Standard. The list names practices, not industries, and the firm expects the practices to change as the Standard and the science change.

- Fur farming and the trade in fur.
- Capture of wild animals for the pet trade, for entertainment or for display.
- Testing on animals for cosmetic purposes.
- Live export of animals on voyages exceeding the duration limits the Standard sets for the species.
- Production systems that confine animals in a manner the Standard classes as incompatible with the species.
- Genetic modification of animals for purposes other than health, welfare or disease resistance.

7. Governance and accountability

The Head of Technology and Ethics owns the policy and chairs the Ethics & Technology Council, which oversees it. The Chief Investment Officer is accountable for its application in underwriting. Heads of division are accountable for the reporting and the covenants in their portfolios. Yumiko Sandoval-Reyes, an independent director with a pharmaceutical regulatory background, is the Board's designated director for welfare matters and receives the annual ethics report before the Board does.

Welfare performance is a conduct and control objective for every deal team member on an in-scope position and for the heads of the Private Equity and Commercial Finance divisions, and the Remuneration

Committee applies malus where a covenant breach was known and not escalated. Internal Audit reviews the Welfare Assessment Unit and a sample of in-scope files every two years.

The firm publishes, each year, the number of in-scope positions, the number assessed, cleared, conditioned and declined, the number of open remediation plans, the incidents recorded and the exits on welfare grounds. It does not publish the names of the businesses concerned. Clients may request the welfare summary for any position they hold, under the Charter's transparency principle.

Key controls

- A written Group Welfare Standard with six criteria, approved by the Ethics & Technology Council and revised annually.
- A welfare assessment by the independent Welfare Assessment Unit before any in-scope position reaches the Investment Committee.
- Site visits for every position above US$5 million and every position involving intensive production, research use or live transport.
- Costed and funded remediation plans with an 18-month deadline, verified by the Unit.
- A welfare covenant in every in-scope investment document, with incident notification within five working days.
- Annual reporting from every in-scope business and a Unit site visit at least every two years.
- A Board-approved exclusion list of practices, maintained by the Ethics & Technology Council.
- Malus for deal teams and division heads where a covenant breach was known and not escalated.

Related policies

- Environmental and Climate Considerations (IGC-SE-001)
- Responsible Innovation (IGC-SE-003)
- Risk Appetite Framework (IGC-GR-001)
- Third-Party Risk and Outsourcing (IGC-DT-006)