

ESG and Corporate Responsibility Report



Total commitment to ESG



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CEO's introduction

MTIP is committed to high ethical standards and to act as a responsible investor on behalf of our clients. They help us to become a better fund manager with a greater impact.



As a professional healthcare venture fund, MTIP has chosen to quickly integrate the Environmental, Social and Governance (ESG) factors throughout the entire investment process in order to positively improve its return and mitigate its risks.

MTIP is convinced of the importance of ESG criteria, and in order to strengthen our commitment, we have created an ESG policy and a proprietary ESG model to support us creating a responsible impact for our portfolio companies.

Why is it important for MTIP?

Material ESG issues may have a direct substantial impact on the investee's ability to create or protect economic value, as well as environmental and social value for itself and its stakeholders.

Therefore we believe that:

- Proactive measures are less costly than regulation or forced compliance
- ESG factors reduce the risk exposure and lead to higher revenues
- Sustainable investments result in both financial and societal benefits

We believe that ESG criteria matter for our stakeholders and that the awareness on these topics will rise going forward.

MTIP is an early adopter of the ESG factors in the venture capital industry. It increases our impact as an investor and makes us one of the most responsible venture capital firms in Switzerland.

Dr. Christoph Kausch, CEO of MTIP.

PURPOSE OF THIS REPORT

MTIP's ESG and Corporate Responsibility Report is prepared for the first time and covers the calendar year 2017 and Q1 2018.

It should help the readers of this report to understand how MTIP is including the ESG factors in the MedTech environment for venture capital firms (from early to growth stage) and handling them in a meaningful approach. Our report includes the following topics:

- First chapter gives historical background about MTIP and the ESG factors.
- Second chapter presents how we invest responsibly by integrating the ESG factors through our investment process.
- Third chapter outlines how the investment team works with the ESG factors.
- Last chapter presents some insights about MTIP's ESG proprietary model and how it materializes in a use case.

MTIP AS RESPONSIBLE INVESTOR

The concept of responsible investment refers to an approach of investing which explicitly acknowledges the relevance of ESG factors in investment decision making. It recognizes that ESG factors have the potential to impact directly the creation and the protection of economic value, as well as environmental, social and governance value for the company and its stakeholders.

MTIP became a signatory of the United Nations Principles for Responsible Investment (UN PRI¹) in December 2017 and we have integrated the ESG factors in our investment process.

Since then a policy has been put in place in December 12, 2017 to frame its investment activities in adherence with the UN PRI principles.

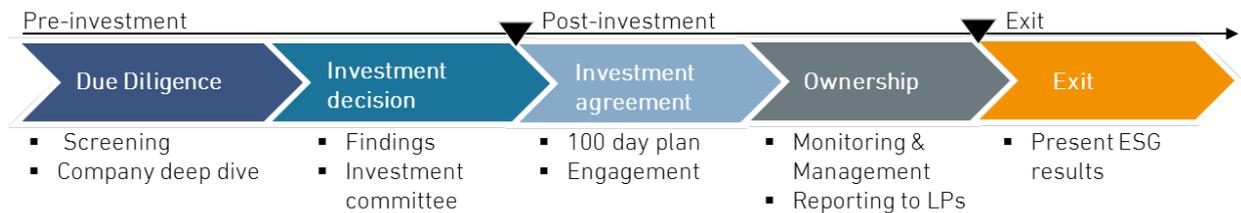
MTIP commits to consider material ESG issues during the pre and post investment phases and to always include the ESG factors alongside the investment value chain, because we believe that inclusion of ESG factors will reduce risk exposure and lead to higher sustainable returns.

¹ In early 2005, the United Nations Secretary-General Kofi Annan invited a group of the world's largest institutional investors to join a process to develop the PRI. A 20-person investor group drawn from institutions in 12 countries was supported by a 70-person group of experts from the investment industry, intergovernmental organizations and civil society. The Principles were launched in April 2006 at the New York Stock Exchange and since then, the number of signatories has grown from 100 to over 1,800 representing \$ 70 trillion of assets under management (31.12.2017 figures).

The Principles for Responsible Investments, voluntary and aspirational, aim to further understanding of the implications of sustainable investing and support signatories to incorporate ESG issues into their decision making and ownership practices.

OUR POLICY AND METHODOLOGY

ESG factors are integrated alongside the investment process at MTIP. It ensures the early identification during the due diligence phase and where to further focus our attention in case of an investment.



ESG criteria are part of the pre- and post-investment process and are constantly examined by the investment team.

Once the investment has been decided, the 100 day plan is prepared based on an Healthcare ESG questionnaire filled by the portfolio company. The plan is presented to the portfolio company and agreed with them.

Monitoring is performed through the implementation of the 100 day plan and the half-year ESG checklist.

Healthcare ESG questionnaire

MTIP has developed its own criteria tailor-made to the healthcare industry. Its relevance and utility are already demonstrated and applied in the development of solutions for portfolio companies.

ESG Due Diligence Tool

MTIP proprietary ESG due diligence tool allows us to build an overview of portfolio company ESG factors to perform an assessment and to identify the risks and opportunities in order to protect and/or create value for the firm.

Half-year ESG checklist

Twice a year, MTIP surveys its portfolio companies on key aspects of their ESG performance. We use the data to review our portfolio on ESG factors, to assess the overall ESG results per company and to identify any ESG issues, incidents or improvement points.

ESG INTEGRATION ALONG THE INVESTMENT PROCESS

At MTIP, the members of the investment team are responsible for the integration of ESG criteria in their respective portfolios. Our dedicated ESG officer coordinates the process of ESG integration across all portfolio companies and develops and shares ESG best practice across investments.

During the pre-investment phase, ESG criteria are reviewed to determine if companies did not have any particular issues or risks.

After the investment target has become a portfolio company, the ESG questionnaire is sent to the firm, whose answers serve to build the 100 day plan. Next, the investment team and the ESG officer prepare an analysis of identified risks and opportunities based on the firm answers and the industry best practices.

Potential of solution are discussed jointly and MTIP then works with the firm to implement a tailor-made plan if needed.

MTIP sees this exercise as an important value creation driver for its portfolio companies and allows MTIP to make benefits other portfolio companies from the best in class solutions.



ESG Officer

Florian Volery,
Finance Manager

“MTIP is seeing the ESG assessment as an opportunity to create value in its portfolio companies.”



Investment team

Dr. Claudia Colciago,
Investment professional

“ESG engagements create a dialogue between companies and investors to generate stronger assets and better performances.”



Investment team

Bruce Meadows,
Senior Investment professional

“Implementing the ESG helps me to create sustainable business that generate long term value for our investors.”



Investment team

Dr. Marc Dietrich,
Investment professional

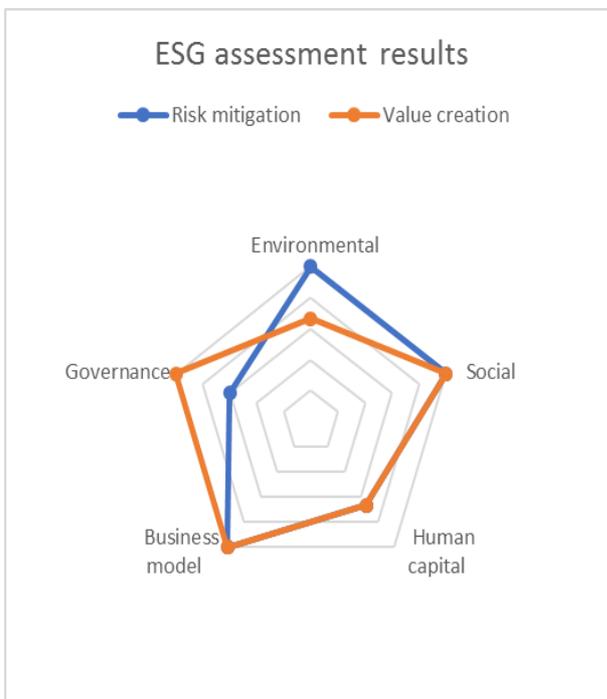
“Responsible investment creates social value and this is what matters to me! ”

ESG CRITERIA IN HEALTHCARE

Healthcare firms, where MTIP has invested in, comprise a broad range of sub-industries and are from early to growth stage.

MTIP has developed a stage agnostic method to review companies through its proprietary ESG spectrum to allow assessment and comparability for benchmarking analysis.

Our key ESG topics are classified through five dimensions (Environmental, Social, Human Capital, Business model and Governance), and here below, we obtained the following results for one of our top portfolio company.



How did we use these data?

After having received the completed ESG questionnaire, MTIP identified the company had improvement potential in its risk governance.

Then we proposed to build a risk strategy and assessment model for the firm.

We presented to the company this model and they decided to include it in their enterprise risk framework.

Lessons learned

Early stage companies have not developed adequate governance policies and risk frameworks.

These companies are highly focused on short term milestones and need an independent and objective view to be able to see the big picture. Therefore, an external observer like MTIP is indeed a very good sparring partner for them regarding such matter.

Value created with ESG factors

MTIP wants to standardized its approach used with this single company and expand it to our portfolio companies for the year 2018.

Results and best practices will be shared for stronger and more sustainable companies across the MTIP portfolio.

It will result in better asset protection and superior growth for MTIP investments.

MTIP FACTS AND FIGURES

MTIP is a Swiss-based venture capital investor specializing in the healthcare sector. Founded by entrepreneurs, our firm partners with innovative companies in the medical device, diagnostic and digital health segments to create cost-effective and socially responsible solutions for improving patient care.

We are focusing on the three segments:



1) EHR: Electronic Health Record
 2) CRM: Cardiac Rhythm Stimulation
 3) FES: Functional Electrical Stimulation

Finally, MTIP invests in companies fulfilling following attributes:

- Clear **competitive advantage** with a **scalable business model**
- Technological **innovation** backed by **strong patents**
- Solid concept and **execution plan** supported by a **dedicated management team**

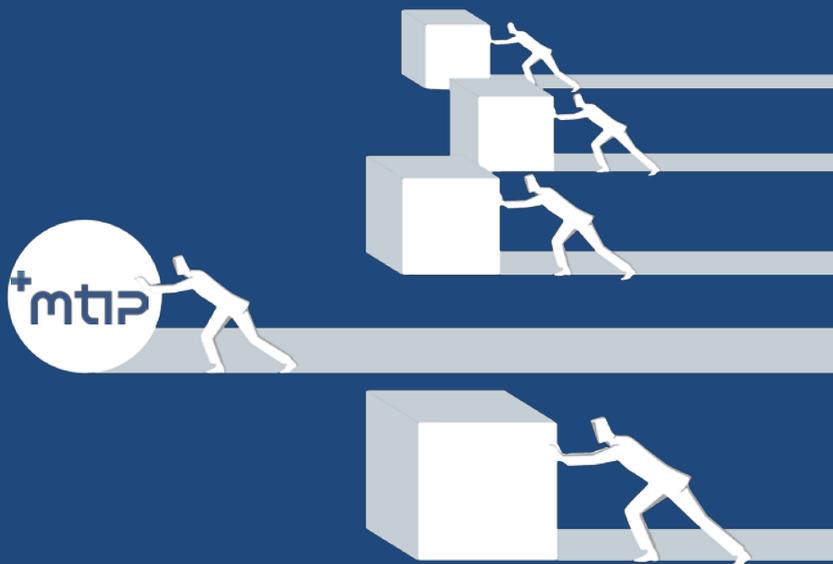
MTIP is headquartered in Basel, Switzerland and has its fund domicile in Luxembourg.

MTIP CONTACT DETAILS

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innovation that
improves lives*

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