



# Environmental, Social and Governance (ESG) Policy

*"The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition."*

WHO 2017

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## 1. Purpose

MTIP believes in empowering innovation that improves lives. This is not just our claim – it is our credo. By focusing on investments into the Healthtech sector we try to improve the lives of millions of people already for the foreseeable future. To undertake these actions we as a company commit to consider and identify material ESG issues during the pre and post investment phases. Therefore we define our approach in this policy to integrate relevant ESG factors for our specific sector into our investments.

The concept of responsible investments refers to an approach to investing which explicitly acknowledges the relevance of Environmental, Social and Governance (ESG) factors in the investment decision-making, as well as the long-term health and stability of the financial market as a whole. Furthermore, it recognizes that the generation of long-term sustainable returns are dependent on stable, well-functioning and well-governed social, environmental and economic systems.

### Increasing portfolio value through responsible investments

#### Reducing costs and liabilities

Examples:

- + Reducing potential liabilities, such as those stemming from environmental contamination
- + Using resources (e.g. energy and water) more efficiently
- + Avoiding increased capital or operating expenditures by proactively identifying damaging environmental or social conditions
- + Increasing resiliency of the firm to avoid disrupted operations
- + Ensuring access to capital

#### Increase revenue

Examples:

- + Identifying new, sustainable product lines
- + Attracting and retaining top talent through strong company values
- + Acquiring new customers through factoring in ESG criterias in business strategy
- + Increasing the competitiveness of the company due to adapting ESG guidelines
- + Increasing motivation of employees through better working conditions, monitoring and social factors
- + Increase employee commitment through sustainable impact

For MTIP responsible ownership and business success go hand in hand. We believe that for the purposes of this policy and our investment approach, “material” ESG issues are defined solely by MTIP in accordance to the relevant regulations that apply to the nature of the company, such as the Principles of Responsible Investments (PRI), which we are signatories for. Therefore, it is important to consider them in the investment process in order to create and protect the economic, environmental or social value of a potential investee or current portfolio company.

## 2. Scope

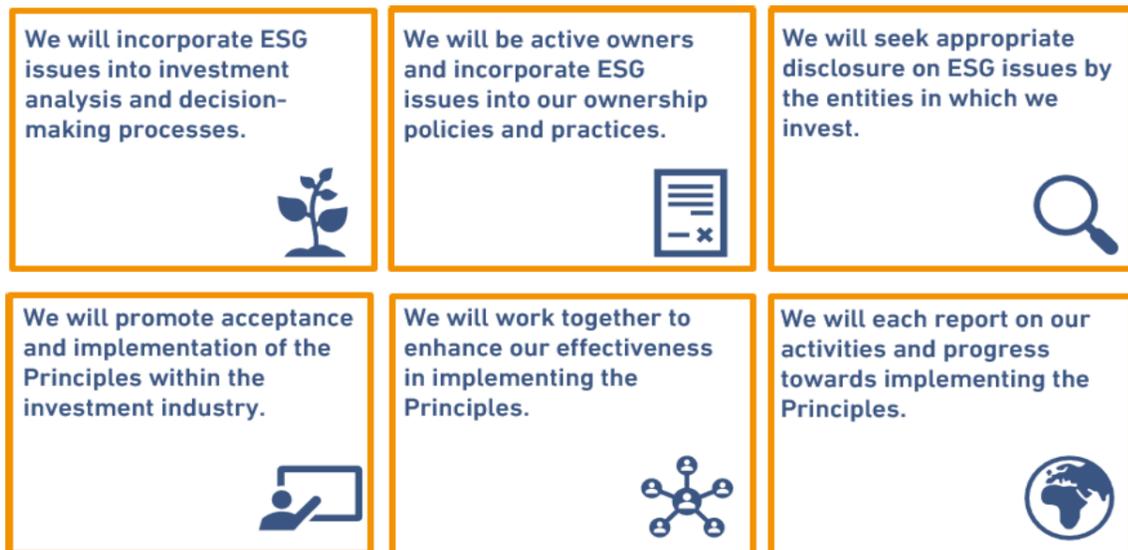
This policy will apply to all investment processes considered and effectively made by MTIP following the date hereof, and will be interpreted in accordance with local applicable laws and regulations of a potential investee or a current portfolio company.

In cases where MTIP’s ability to conduct due diligence or to influence and control the integration of ESG considerations in the investment is limited — for example, in cases where MTIP is a minority shareholder, or where other circumstances affect MTIP’s ability to assess, set, or monitor ESG-related performance goals — it might not be possible to implement ESG-related principles.

In such instances where MTIP believes it to be appropriate, reasonable efforts will be made to encourage the portfolio companies to consider relevant ESG-related principles. Our company will support investees actively so they can create their own impact (e.g. supply chain management, policies, organizational structure).

## 3. Goals

MTIP applies the **six principles for responsible investments** issued by the United Nations.



MTIP believes that proactive measures are less costly than regulation or forced compliance. Furthermore it is our firm believe that ESG factors reduce the risk exposure and lead to higher revenues that produce sustainable investment results in both financial and societal fields.

MTIP Fund II, SCSp (the “Fund”) pursues a sustainable investment within the meaning of article 9 (1) of Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector, as amended (“SFDR”), i.e. an economic activity that contributes to a social objective within the meaning of article 2 (17) of SFDR by in particular making an investment, that contributes to tackling inequality in access to quality healthcare for disadvantaged communities.

MTIP seeks to and actively encourages portfolio companies to consider the ten principles of UN global compact in their operations:

### Human Rights

Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.

### Labor

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

“Corporate sustainability starts with a company’s value system and a principles-based approach to doing business.”<sup>1</sup>

### Environment

Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

Businesses should work against corruption in all its forms, including extortion and bribery.

<sup>1</sup> <https://www.unglobalcompact.org/what-is-gc/mission/principles>

Furthermore to the UN Global Compact, in accordance with our fiduciary responsibility to our clients, MTIP seeks to:

- + Consider environmental, public health, safety, and social issues associated with potential portfolio companies when evaluating (pre-investment phase), and as well during the period of ownership (post-investment phase).
- + Be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.
- + Grow and improve the companies in which MTIP invests for long-term sustainability and to benefit multiple stakeholders, including on environmental, social, and governance issues. To that end, MTIP will work through appropriate governance structures (e.g., board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts.
- + and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.

MTIP's mission is to scale up healthtech innovation with no discrimination of ethnicity, gender, age and/or social status. Our credo is naturally aligned with several of the **UN Sustainable Development Goals**. In first place and self-explanatory, it is SDG3: "Ensure healthy lives and promote wellbeing for all at all ages".<sup>2</sup>

## SUSTAINABLE DEVELOPMENT GOALS



<sup>2</sup> <https://www.unglobalcompact.org/what-is-gc/mission/principles>

## With our MTIP Fund II we focus especially on the following measures of the Sustainable Development goals<sup>3</sup>:

### 3.4:

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

### 3.8:

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

### 3.d:

Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.

Furthermore, we believe that a responsible strategy in healthtech for our Fund II investments can impact the world much beyond SDG3. As a matter of fact, sustainable healthtech innovations based on decentralized care, remote monitoring, and value based solutions represent important pieces of the puzzle in reducing disparities of any kind (SDG5 and SDG10), creating sustainable cities (SDG11), and bringing innovation in industry and infrastructure (SDG9).

<sup>3</sup> <https://www.eda.admin.ch/agenda2030/de/home/agenda-2030/die-17-ziele-fuer-eine-nachhaltige-entwicklung/ziel-3--ein-gesundes-leben-fuer-alle-menschen-jeden-alters-gewae.html>

## 4. ESG Integration

A forward-looking, fundamental investment process is needed to understand the impact of ESG forces, which traditional due diligence analysis overlooks. Going beyond understanding the business models of companies, MTIP measures how they interact with customers, suppliers and employees. Companies that make it through the investment funnel are those that pursue a policy of sustainable development and that combine the respect of social and environmental principles. An attentive analysis of ESG factors during the pre-investment phase ensures the early identification of specific issues in this field and to start a dialogue with the potential portfolio company on how to address them.

### The ESG process works as follows



### Pre- Investment Phase

Due Diligence	<p><b>Screening</b></p> <ul style="list-style-type: none"> <li>+ Review ESG material factors</li> <li>+ Exclusion of companies breaching MTIP's investment goals</li> <li>+ Evaluate exposure risk and risk mitigating actions</li> </ul> <p><b>Company Deep Dive</b></p> <ul style="list-style-type: none"> <li>+ Tailor-made ESG deep dive for each Company in advanced due diligence stage</li> <li>+ Engagement of external consultant if needed</li> <li>+ Initiating ESG value creation dialogue with the company</li> </ul>
Investment Decision	<p><b>Findings</b></p> <ul style="list-style-type: none"> <li>+ Include the due diligence findings into the decision process</li> </ul> <p><b>Investment</b></p> <ul style="list-style-type: none"> <li>+ Review the findings with the investment strategy and decide to invest or not</li> </ul>

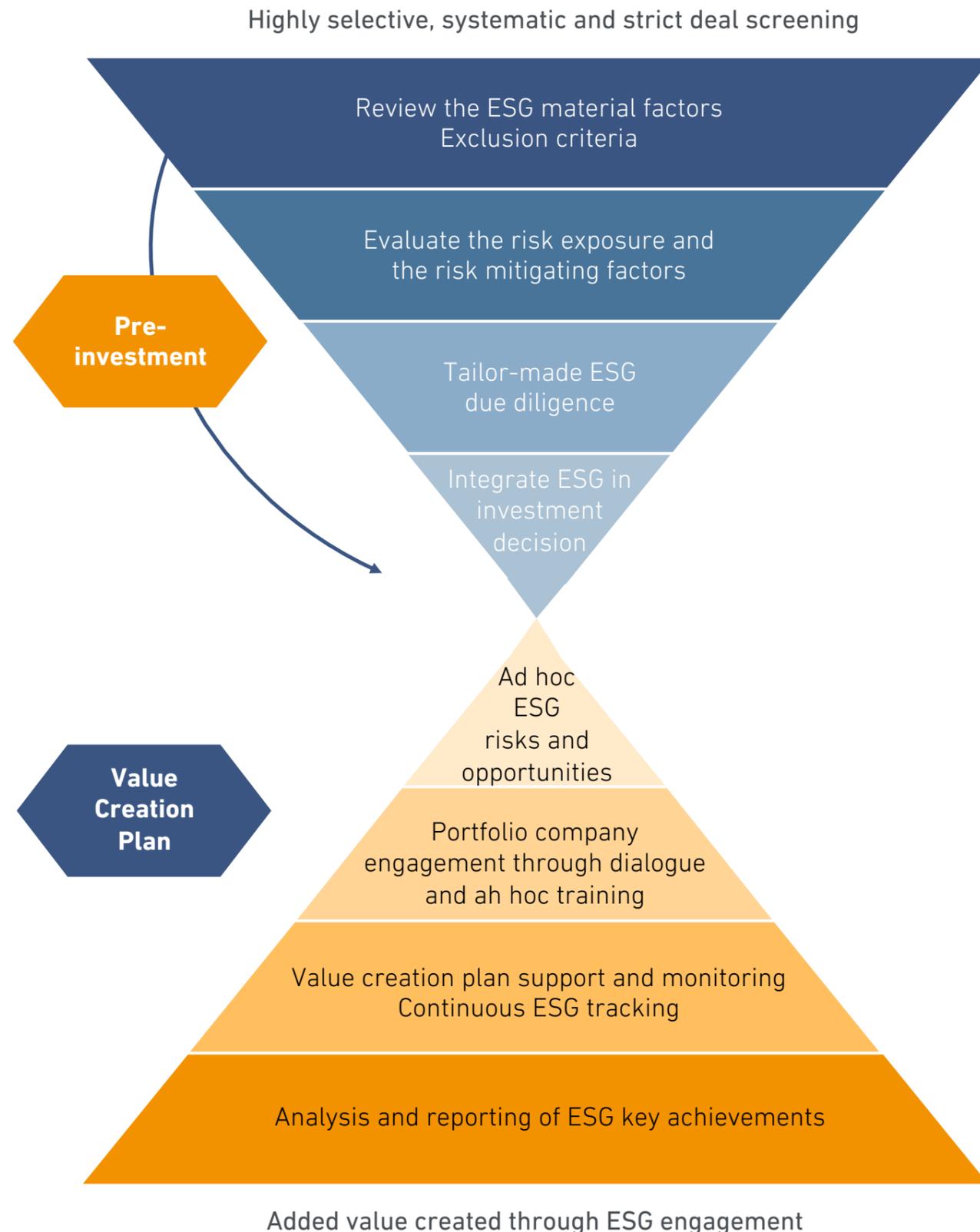
During the due diligence phase, MTIP's investment team, following the guidance of the ESG Officer identifies whether there are any ESG related key risks or opportunities. During the due diligence phase, MTIP uses proprietary tools to assess the ESG risks of the company under examination.

MTIP may also use dedicated external consultants to help assess specific risks. ESG considerations may be company-specific or common to the industry/subsector or geography as a whole and include political and regulatory developments. The considerations are being researched through a variety of sources, including regulatory/compliance filings, investor disclosures and/or media reports. With support from legal advisors, MTIP also assesses anti-bribery and corruption ('ABC') risk and seeks assurance that the company is fully compliant with the ESG laws and regulations in the relevant jurisdictions, for example regarding health and safety, labour and energy usage.

This initial ESG assessment is an integral part of MTIP's due diligence, overall risk and value creation assessment of a specific business. Findings are reviewed and included in an overall ESG assessment. The ESG assessment is added to the investment memorandum and submitted to the Investment Advisory Committee for approval. MTIP is documenting, for internal use, the overall assessment results of each investment submitted to the investment committee.

If ESG opportunities are identified, a dialogue is established with the prospective portfolio company. MTIP is committed to create value through active engagement even before the investment decision. During this phase, MTIP's investment team assess the company's willingness to address ESG issues.

The following graph shows which steps are included in the post-investment phase



## Post-Investment Phase



MTIP's portfolio companies are required to participate in a post-acquisition ESG review and monitoring process. This includes the completion of a proprietary MTIP ESG portfolio questionnaire for MTIP to confirm or identify the main ESG risks and opportunities. Once a company becomes part of MTIP's portfolio, the investment professionals assist the portfolio company's board of directors and management in developing a plan to mitigate ESG risks and capitalize on ESG opportunities. Material ESG matters identified during the due diligence phase are properly prioritised in the value creation plan and, where appropriate, in the key performance indicators of the company's management. After the first investment, the portfolio company is asked to complete a MTIP proprietary ESG review questionnaire annually. The completed questionnaires are reviewed by MTIP, with support from external advisors, if needed.

As part of their ESG engagement, MTIP aims at raising ESG awareness among companies in the early stage of their development. As part of the value creation plan, MTIP designs and delivers ad hoc ESG training to MTIP's investees, when appropriate. Internal training on ESG is also provided to relevant employees of the firm.

From a corporate governance perspective, when appropriate, MTIP representative(s) are appointed to the board of portfolio companies. MTIP's board representative(s) take responsibility

for ensuring that the portfolio company's management team is mindful of MTIP's approach towards ESG.

As part of MTIP's active ownership approach, MTIP maintains a regular dialogue with its portfolio companies, through formal board meetings and ad hoc meetings and calls between MTIP and board and management representatives.

In case of an ESG incident, where its materiality is assessed by MTIP's judgement and expertise in ESG risks, LPs are informed in a timely manner. ESG reports may include material changes of ESG factors, performances measures and relevant disclosures at the investee or fund level.

For any material ESG issues arising in the post-investment phase, a specific Value Creation Plan is discussed with the company's board and management in order to timely address the issues.

## Exit

When preparing the exit, it is essential that we present the ESG results. Key to this presentation is to summarize all the key achievements performed during MTIP's ownership of the portfolio company and the actions, which led to a value increase in the selling products and materials.

## 5. Roles and Responsibilities

All of MTIP's employees are responsible for ensuring that the consideration of ESG issues are integrated into investment decisions.

The ESG Officer oversees the implementation of this policy in investments globally. This Person is also responsible for maintaining and updating the policy on a yearly basis to ensure its continued relevance.

The ESG responsible person educates himself continuously on these topics and shares with the investment professionals his latest knowledge, as part of his yearly assessment of the ESG policy and practices. Internal and external training are a substantial element to keep the employees up to date. Furthermore, dialogue with LPs and other stakeholders is encouraged to improve our reporting and disclosures and the way we manage ESG issues.

## About MTIP

MTIP is a leading Swiss-based growth equity firm investing in European healthtech companies. The team leverages its deep sector expertise to help founders scale up successful and sustainable digital health businesses. MTIP is driven by the mission to empower healthtech innovation with a potential to impact and improve millions of lives.

Further information regarding MTIP's ESG approach can also be found on our website [www.mtip.ch](http://www.mtip.ch)

Alternatively, please contact us on: [info@mtip.ch](mailto:info@mtip.ch)

## Adaptations to previous version

We review our MTIP ESG Policy on an annual basis. Next to correcting some grammar flaws, we updated the following sections:

- + New company address in Basel (Relocation in December 2021)
- + Overall: Thoroughly reviewed the text and added specifications where perceived as necessary. Added Footnotes.
- + Page 3: Review of bulletpoints for "increase revenue"
- + Page 5: Added explanation about the social objectives of our Fund (SFDR)
- + Page 7: Added measures under SDG 3 that MTIP considers as applicable for its investments.