

2019

ESG and Corporate Responsibility Report



ESG knowledge, experience and passion



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CEO's foreword

MTIP is committed to high ethical standards and to act as a responsible investor to ensure sustainable, lasting success in our portfolio companies and organization.



As we have now been implementing ESG in our portfolio investments for several years now, we have been able to see first-hand how ESG has become a core pillar to our approach to value creation, and not just a "tick box" ideal.

In the majority of companies we invest in, the management teams have not properly developed institutional governance policies and risk frameworks alongside their business expansion, largely because these companies and their previous investors were primarily focused on short term milestones.

Many portfolio company CEOs and management teams have informed us that ESG is a topic that none of their previous investors have sought to diligence or develop. As many of these CEOs share the same values as MTIP, they have been very appreciative of our advice and support in this area to date.

At MTIP, we believe that we have a responsibility to our portfolio companies, our investors, ourselves, and our future exit partners to ensure every company we invest in adopts and improves upon our ESG framework.

We know that success is not merely driven by meeting sales targets, it is also achieved by a responsible, values-based approach to conducting everyday business.

This institutional, ownership mindset is something not often found amongst the investors in our space, and supports us at MTIP to build trust and credibility with all of our stakeholders.

We were proud of the impact on portfolio company ESG that we were able to achieve in 2019, and are committed to continuously evolving and improving our approach to support our stakeholders at every stage of investment.

Dr. Christoph Kausch, CEO

PURPOSE OF THIS REPORT

MTIP's ESG and Corporate Responsibility Report is prepared yearly and covers the calendar year 2019.

The purpose of this report is to demonstrate how MTIP is meaningfully incorporating Environmental and Social Governance ("ESG") in the Healthtech companies we invest in. Our report includes:

- the history of MTIP and our approach to ESG;
- our responsible investment approach, integrating ESG throughout the investment process;
- how the investment team works with the ESG; and
- MTIP's proprietary ESG model and practical applications.

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.

MTIP is committed to being a market leader in promoting ESG, and views this as a key aspect of our value proposition as a partner to management teams.

MTIP Head of Investor Relations, Elizabeth Law, commented: "I have worked with several General Partners in the past, and MTIP's approach to ESG stands out as being very well-developed for a relatively young manager focused on the earlier end of the investment spectrum. MTIP's approach is something I would expect to see in a very mature manager with billions in AUM, but such a well-developed approach is certainly not the 'market standard' in funds of our size."

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 to 2'300 signatories representing \$ 85+ trillion of assets under management (31.12.2019 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 completed by the portfolio company. The plan is then agreed with the portfolio company management team.

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

Healthtech ESG questionnaire

MTIP has developed its own tailor-made criteria for digital health and medical technology. Its relevance and utility are already demonstrated and applied to develop solutions for portfolio companies.

ESG due diligence tool

MTIP's proprietary ESG due diligence methodology allows us to build an overview of portfolio company ESG factors to identify the risks and opportunities to protect and/or create value.

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

The members of the investment team are responsible for the integration of ESG criteria in their respective portfolio companies. 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 with an ESG questionnaire to determine if companies may have any particular issues or risks.

After the investment target has become a portfolio company, the ESG questionnaire is analyzed in depth to build the 100 day plan. As part of it, the investment team and the ESG Officer prepare an analysis of identified risks and opportunities based on the company's answers and industry best practice.

MTIP sees this exercise as an important value driver for its portfolio companies and allows management teams to benefit from best in class solutions. It is also an important source of additional information to better understand our portfolio companies and their internal operating processes.



ESG Officer
Florian Volery,
 Finance Director
 "MTIP is seeing the ESG assessment as an opportunities to create value in its portfolio companies."



Investment team
David Germonpré,
 Investment Partner
 "ESG information gives us a window into the intersection of big macro trends and the portfolio companies' abilities to navigate them."



Investment team
Dr. Marc Dietrich,
 Investment professional
 "Responsible investment creates social value and this is what matters to me!"



Investment team
Dr. Claudia Colciago,
 Investment professional
 "ESG engagements create a dialogue between companies and investors to generate stronger assets and better performances."



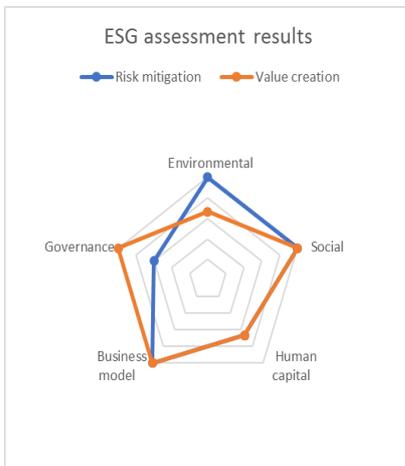
Investment team
Danchen Zhao,
 Investment professional
 "As long-term investors, we strive to help our portfolio companies mitigate ESG risks and benefit from the positive brand image of responsible entrepreneurship."

ESG CRITERIA IN HEALTHCARE

The growth Healthtech companies that MTIP has invested in cover a broad range of therapeutic areas with different business models.

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 companies.



ESG assessment results and interpretation

After having received the completed ESG questionnaire, MTIP first identifies where the company has improvement potential.

Then, a 100-day plan usually includes a risk strategy and assessment model, some implementation measures following the due diligence operating audit and some specific activities related to the ESG questionnaire answers.

All the proposed measures are agreed with the company and it reinforces MTIP's leadership as an investor. We also leverage our knowledge across the portfolio to ensure every company is benefiting from collective best practice.

Lessons learned

MTIP has refined its approach for the digital health companies and has created two dedicated digital health ESG questionnaire to include specificities related to different business models.

One is for the Healthtech firms where their business model centers around Digital Health or Healthcare IT, and the other is for companies with medical devices enhanced by a software.

Value created with ESG factors

MTIP discusses a broad range of topics with its portfolio companies when assessing their risk exposure or identifying an opportunity.

We cover GDPR regulations, cybersecurity and the retention of key employees. According to our portfolio companies, MTIP has always been the first investor to proactively monitor and improve ESG.

ESG ENGAGEMENT AND USE CASES

As we have repeatedly observed, growth-stage companies cannot become successful if they do not have strong foundations. During the year 2019, MTIP has supported its portfolio companies in many different aspects, where two use cases illustrate how MTIP has provided additional value to its portfolio companies.

Blueprint Genetics and risk management

Blueprint Genetics² has now been exited from the MTIP FUND I portfolio and is already a flagship example of how MTIP creates value for its portfolio companies.

Already in early 2018, MTIP proposed to the management team to create a risk strategy and analysis model for stronger governance within the company. This analysis helped management to navigate in a VUCA³ world and to prepare its risk mitigating measures. Growth stage companies stand to strongly benefit from an effective sparring partner on the board to provide both future guidance on growth and pro-actively detect potential risks.

David Germonpré, Partner at MTIP added “The successful exit of Blueprint Genetics after only 2.5 years reflects the capacity of MTIP to carefully select winners in the fast growing Healthtech space. From our board position we implemented our active investment approach to scale the company’s annual revenues with a 7x increase since investment, and we are delighted to see that Blueprint Genetics is now on track to continue its phenomenal growth path with the support of a new owner like Quest Diagnostics.”

About Blueprint Genetics

They do high quality genetics testing for a global clinical community. By combining state of the art laboratory processes, the latest sequencing technology, AI empowered data-crunching tools and techniques, world-class professionals and a holistic customer experience approach, they are a market leader in genetic testing and rare diseases that is accessible to all.

Blueprint Genetics

Positive Healthcare impact

The company provides to clinicians, and their patients, high-quality tools and resources for the diagnosis of genetic conditions. In doing so, they provide possibilities for targeted treatment and individualized care for patients at a lower cost for a higher quality of care.



² Quest Diagnostics, the world’s leading provider of diagnostic information services, acquired Blueprint Genetics to broaden access to actionable insights in genetic and rare diseases, improving patient care and pharmaceutical drug research and development.

³ “VUCA world” means an environment with increasing Volatility, Uncertainty, Complexity and Ambiguity.

Oviva⁴ and its target operating model

A growing company needs a strong bedrock for successful, rapid expansion and effective risk management. As part of its due diligence, MTIP performs operating audits to review the internal controls systems of any target portfolio company.

Based on the audit recommendations, issued and agreed with the management of the company, operating measures are taken as part of the 100-day plan. These measures are then tracked at the board level and strengthen the operating model. We present here below some findings for Oviva.

Dimensions of an operating model, aligning the organization with the business objectives

Processes 	The company is expanding in European countries and will put in place documented and consistent controls for its business processes across the Oviva organization.
Governance 	Local financiers managers will report to the CFO and in addition to their finance tasks, they will also be in close contacts with their local business manager to collect and analyze operational feedback to inform operating improvements.
IT systems 	The company will put in place a group consolidation system for gathering financial and business KPIs to build a cockpit for management to allow faster and more precise decision-making.

About Oviva

Oviva offers an evidence-based digital solution to stop the progression of and reversal of Type 2 diabetes and obesity-related conditions. Care is delivered remotely and seamlessly to the patients, removing barriers of travel and appointment times.



Positive Healthcare impact

Oviva has overcome most market hurdles to develop a cost-efficient digital program. The product is supported by robust clinical evidence, reimbursed by providers and compliant with all data security and privacy regulations.



⁴ MTIP acquired a minority stake in Oviva, the leading digital provider of Type 2 diabetes treatment in Europe. MTIP led the \$21 million round and the new capital will be used to further develop Oviva's technology and expand in Europe to serve the millions of patients not accessing treatment today. It brings the total amount raised by Oviva to date to \$34m.

MTIP FACTS AND FIGURES

MTIP is a Swiss-based growth investor that specializes in scaling up Healthtech companies in rapidly expanding global markets. We invest in digitally-connected, decentralized and patient-centric medical technology leaders, based primarily in Europe, with offerings that provide clear health-related economic benefits.

Suitable companies for an investment meet specific market and trends as presented below.



Additionally, MTIP invests in companies fulfilling these following attributes:

- Clear **competitive advantage** with a **scalable business model**
- Technological **innovation** backed by **clinical data** or **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.

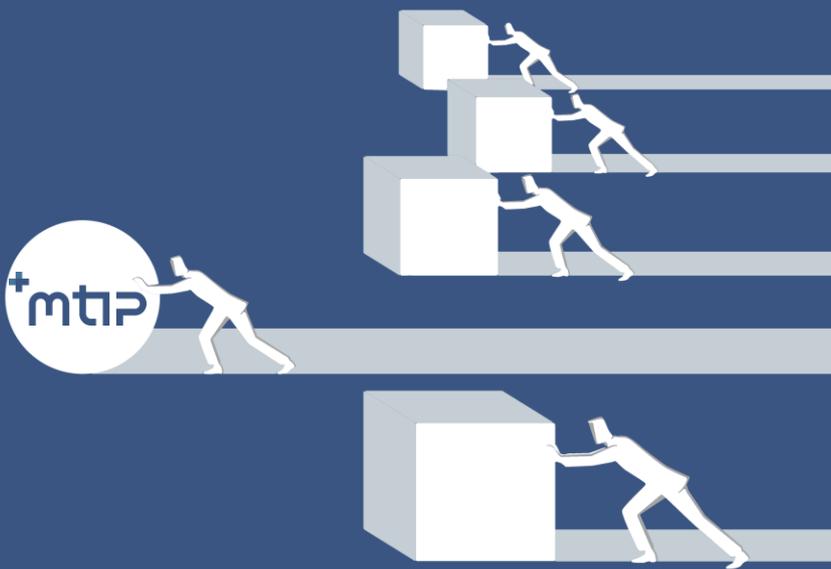
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innovation that
improves lives*

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