Munich Venture Partners

Stewardship Policy

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MVP

Introduction

A central aspect of MVP's corporate mission is to fulfill its fiduciary duty to clients and beneficiaries. In our activities we always strive to serve our clients' interests to the best of our capabilities and actively exercising our stewardship responsibilities is an integral part of our investment approach.

At MVP, we believe that the quality of corporate governance practices, and how companies manage the environmental and social aspects of their operations, can be material to delivering superior longer-term shareholder value. Stewardship helps to promote these practices and contributes to preserving and enhancing value creation as part of a responsible investment approach. This includes the consideration of wider ethical, environmental, and social factors as core components of fiduciary duty.

We are convinced that companies with sustainable business practices have a competitive advantage and are more successful in the long-term. We believe that integrating environmental, social, and governance (ESG) factors results in better-informed investment decisions and improvements in sustainable corporate behavior can result in an improved risk return profile of our investments.

As well as acknowledging our commitments towards our investors, we are also a signatory to the UNPRI and integrate the key principles of the UN Principles of Responsible Investment UNPRI) into our decision making and investment practices. Hence, actively exercising our stewardship responsibilities is an integral part of MVP's investment strategy.

Our stewardship policy provides guidance on how we incorporate stewardship commitments into investment processes. The policy applies to all assets managed by MVP and it is updated when aspects of the policy are no longer applicable.

Monitoring of Investees

We believe that effective monitoring of our investees is an essential component of stewardship.

The MVP team monitors both financial and non-financial performance and risks of the entities in which we invest on an ongoing basis using first-hand provided company data, publicly available information, and third-party research. This analysis is supported by visits, meetings and other interactions with employees or the Board of Directors (BoD) of the investees.

Similar as we look at financial performance to build up a comprehensive view of the current and expected evolution of each entity's revenues, profitability, cash flows, balance sheet, R&D progress, and IP creation, sustainability is considered as one of the value drivers in our investment strategy. We apply ESG factors in our investment analysis and decision-making processes because we are certain that it leads to better informed investment decisions. Therefore, we require from all our investees an annual ESG and impact reporting. The process to integrate and embed ESG factors is guided by formal ESG investment guidelines. We assess each company's ESG performance annually and report the companies' and fund's ESG performance internally and externally. To enhance the capabilities on monitoring and assessing ESG criteria, the entire MVP team is regularly trained on relevant tools and processes.

Constructive Engagement with Investees

Engagement is core to our stewardship responsibilities. We aim to encourage business and management practices that support sustainable business performance through constructive engagement based on our in-depth knowledge of the companies and their business environment.

The MVP team undertakes multiple interactions with its investees via e-mail, letter, phone call, meetings, or BoD and shareholder meetings per year with a view to support and advance the sustainable development of the company. Particularly if represented on the BoD of the portfolio company, we strive to actively provide value-adding input.

In addition to engage with investees on commercial matters, we address a wide range of ESG related issues with a particular emphasis on climate change, inequality, and corporate governance. We take a holistic view in our engagements, focusing on issues that may be financially material as well as those that present the most salient risks to society or the environment.

ESG Objectives

Besides generating superior financial returns for our investors, MVP's investment strategy also focuses on investments generating positive environmental and societal impact. As cleantech investor, our focus is on companies that address climate change and turn climate risk into an opportunity for technologies that enable resource efficiency, the adoption and utilization of low-emission energy sources, regenerative agriculture and more.

We believe that companies that have strong ESG policies in place are more likely to act in the best interest of all their stakeholders and are better positioned to deal with a variety of issues, such as non-financial risks and changing regulation. Subsequently these companies are also better prepared to address long-term trends such as climate change. On such issues we believe that a constructive dialogue can enhance accountability between stakeholders and improve the risk/ return profile of investee companies. As a signatory of the UNPRI , we have a long-standing history in measuring and reporting the ESG performance our portfolio through company specific key performance indicators.

As part of our stewardship engagement, we engage with investees to promote sustainable practices. We also understand that individual companies and industries differ in their business practices and how they deal with different problems. Therefore, we focus on the most material issues a company must address.

We expect from investees:

> to have a coherent corporate sustainability strategy

We expect investees to have a coherent sustainability strategy, aligned with their corporate strategy. This should ideally be expressed in terms of target markets, the company's competitive advantage, and the economic, environmental, and social impacts caused by its everyday operations. A sustainability policy and strategy also present the organization's values and governance model, and demonstrates the link between its corporate strategy and its commitment to a more sustainable economy.

> to consider climate-related risks and opportunities

A special subject within the management of environmental issues is the subject of climate change. We expect companies to address and manage the climate-related factors that affect their operations and are material for their business. In addition, we expect companies to explain the procedures in place to manage related risks and demonstrate how they identify and benefit from related business opportunities.

> to maximize sustainability operating performance

We want investees to maximize the sustainable operating performance of their businesses, and to ensure that their investment plans have been critically tested in terms of environmental, social and governance impact and their ability to create long-term shareholder value. Furthermore, we request investees to prepare an annual ESG report.

> to focus on materiality

We expect investees to conduct a materiality assessment to identify key focus areas around ESG to optimize their efforts towards sustainability. Based on the output of this assessment, a sustainability policy and strategy should be developed to measure, understand, and communicate their performance and progress.

> to innovate to improve environmental performance

Investees should continually improve their environmental performance in areas such as emission reductions, resource efficiency, recycling, substitution or reduction of toxic substances and biodiversity. The main drivers entail the adoption of improved technologies and operating procedures, the development of eco-friendly products and services and raising customer awareness.

> to guarantee health and safe working environment for employees

Managing risks and maintaining safe working conditions is important for companies, as this can have direct consequences for the reputation of a company as well as improving efficiencies. We expect investees to have effective rules in place in the field of health and safety, and to guarantee a good working environment for their employees.

> to reduce environmental, health, and safety impacts of products

The effect that a companies' products can have on society is an important element of product stewardship. In this context, we consider product safety and recycling, but also the undesirable effects on society of products such as the risk of obesity for producers of products containing sugar. Product stewardship extends this responsibility to everyone involved in the life cycle of a product. This includes not only manufacturers, but also the retailers, consumers, and recyclers of the product as well. We want investees to have safe production methods and responsible product management.

> to improve corporate culture

Investees should engender a corporate culture which ensures that employees understand their responsibility for appropriate behavior. We want investees to have a code of ethics and code of conduct and select and train their employees accordingly.

> to prevent all forms of corruption

We want companies to work against all forms of corruption, including extortion and bribery. In case of significant exposure to bribery risk, we want companies to have a relevant code of conduct in place and a risk management system to prevent all forms of corruption. In case a company has experienced bribery related issues, we want companies to be transparent to its stakeholders on how it will prevent such issues in the future. We expect companies to comply with applicable law and not to engage in dishonest and fraudulent activities.

> to improve disclosure and transparency

We want companies to be transparent and open about their aims, challenges, achievements, and failures. This starts with clear financial accounting, including accounting and tax policies. This also includes transparency on the company's sustainability strategy via their sustainability report.

> to improve team diversity and equal treatment

We are convinced that diverse teams are more successful and thus expect from our investees to build up diverse teams. We also expect from our investees equal treatment within the teams with respect to salaries, working conditions, and career development.

Collaboration and Engagement

Recognizing the value of different forms of engagement, MVP carries out individual engagements as well as collaborative engagements with other investors or institutions.

Collaboration with other investors and key stakeholders can help us to achieve common aims and our stewardship targets. We have a long-term commitment to working with other like-minded investors and to participate in investor networks to learn from our peers and to raise standards. For instance, we believe that the best way to promote improved sustainable investing practices is by exchanging and actively sharing experiences with peer-investors.

MVP acts collectively in its engagements with other investors when this is appropriate and is likely to enhance engagement outcomes. MVP is an active participant of many investor associations and collaborations.

Voting Policy

As a shareholder, MVP has a right to vote on shareholder meetings of its portfolio companies. Additionally, we are represented in the BoD of most portfolio companies and vote on board decisions. We use our voting rights with the aim to exercise our corporate governance and to influence other relevant investment related decisions in the best interest of our investors and also taking into account ESG and UNPRI considerations.

Matters which MVP regularly executes it voting right on include but are not limited to:

> Approval of financial statements and auditor reports
> Approval of budget
> Election of the hiring or dismissal of C-level managers
> Remuneration of management teams and independent board members
> Other board decisions

The right to voting and to engagement are preferred options for our activities. Other rights such as the right to file a shareholder resolution or to take legal action, are considered in the context of our engagement and only used in an escalated stage of the engagement. Where we have concerns around the company's progress, our ongoing engagement will include direct dialogues between the MVP Investment Manager and the appropriate corporate representative(s). We may express our concerns individually to the investee or collectively with other co-investors or board members.

Political Engagement

We may actively engage with public policy makers on issues where we have a legitimate interest, i.e. where there is a direct consequence for our business, our investees, the markets we invest in, the venture capital and the sustainable finance industry in general, or the principles of responsible investing. Engagement is never intended to unduly influence the political process and MVP only conducts engagement on public policy where it is deemed relevant, appropriate, and transparent. The engagement may only be of non-monetary nature, we do not use corporate funds to make donations to political parties or candidates.

We may conduct public policy engagements individually or in partnership with other investors, in formal or informal networks, wherever possible.

Conflicts of Interest

In the course of exercising our business activities, conflicts of interest may arise. Preventing and controlling conflicts of interest is an important element in ensuring that the interests of our investors, and the integrity and reputation of MVP are protected. MVP is committed to ethical conduct and responsible management of conflicts of interest.

For example, a conflict of interest could arise

> if an MVP Investment Manager is member of the Advisory Board of one of our portfolio companies and in this function needs to vote on a matter that is in the interest of the company but not in the interest of MVP as shareholder. In this situation, the Investment Manager may refrain from voting on this matter

- if an MVP investment committee member is personally invested in an MVP portfolio company and the investment committee member needs to vote on a matter that is to his personal disadvantage but benefits MVP. In this situation, the investment committee member may refrain from voting on this matter.

If we are ever asked to vote on behalf of our clients in circumstances where we are unable to manage a conflict of interest on this basis, we will abstain.

MVP has implemented measures to prevent conflicts of interest such as segregation of functions/duties, proper handling of information, transparency, strict rules on accepting ancillary functions, gifts, and other inappropriate stimuli, and the equal treatment of investors.

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