



**Social Finance  
Framework  
November 2021**



## Content

Medicover in brief	3
Introduction	4
Medicover's sustainability framework	5
Framework Structure	8
Use of Proceeds	9
Eligible Categories:	9
Process for Project Evaluation and Selection	10
Management of Proceeds	10
Reporting	11
Examples of Impact Indicators	11
External Review	11

# Medicover in brief

Medicover is a specialised provider of diagnostic and healthcare services, focusing on markets mainly in Central and Eastern Europe and India. The company operates through two divisions – Diagnostic Services and Healthcare Services.

## Diagnostic Services

Diagnostic Services – offers a broad range of laboratory testing in all major clinical pathology areas. The business is conducted through a network of 97 laboratories, 733 blood-drawing points (BDPs) and 26 clinics. Largest markets are Germany, Ukraine, Romania and Poland.

47%

Share of revenue

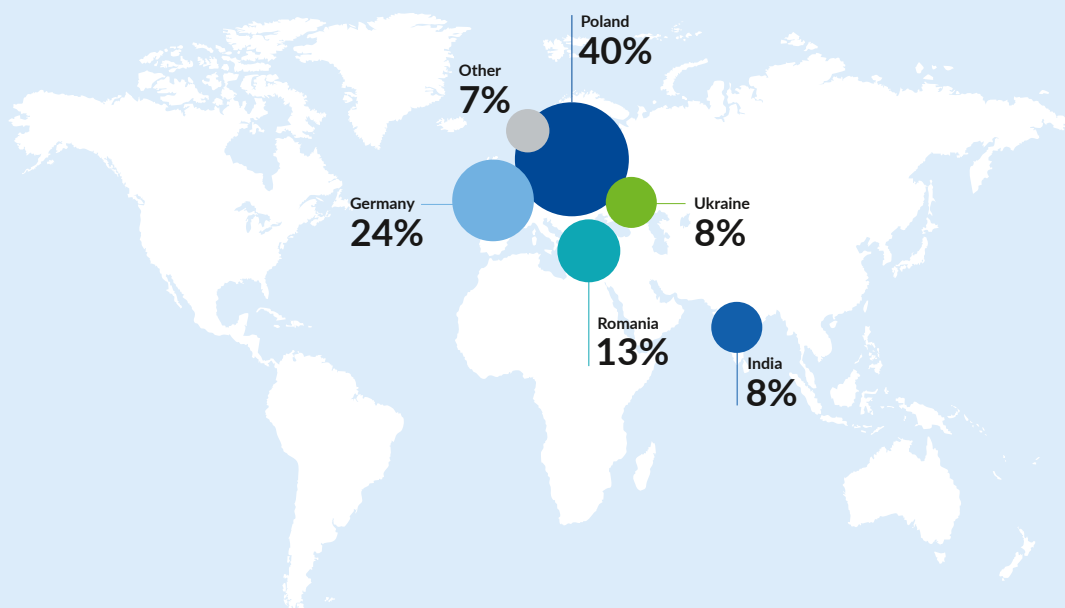
## Healthcare Services

Healthcare Services – offers high-quality care based on an Integrated Healthcare Model. The basis for this is a network of 25 hospitals and 117 clinics and medical facilities. Largest markets are Poland, India and Romania.

53%

Share of revenue

## Revenue by country



# Introduction

Medicover's mission is to improve and sustain health and well-being. Our mission sets our direction not only for our services to our customers but also for our relationship with all stakeholders and our contribution to society. To be able to fulfil our mission, we need to be a sustainable company for the long term. This includes, but is not limited to, being profitable, continuously striving to improve our relationship with our employees, customers, partners and suppliers, ensuring the highest standard of governance and business ethics, promoting diversity, equal opportunity and gender balance in our organisation, and taking responsibility for our environment. All these aspects are important for a sustainable company.

The Medicover Code of Conduct, which is based on the UN Global Compact's ten Principles, is the foundation of Medicover's sustainability approach. It includes Medicover's commitment to employees and other key stakeholders, as well as ethical standards expected of everyone working at Medicover. The Medicover Code of Conduct also guides the business and its people in sound decision-making. Medicover is committed to international and fundamental principles on human rights, labour rights, the environment and the fight against corruption. Medicover's other sustainability related steering documents are the Medicover Supplier Code of Conduct, the Medicover Environmental and Climate Change Policy, the Medicover Whistleblower Policy and the Medicover Anti-Bribery Policy. Medicover is a signatory to the UN Global Compact and EPIHC. Medicover's sustainability committee's purpose is to ensure an aligned and well prepared and supervised sustainability model of the company and to monitor and evaluate Medicover's goals within this area.

Through engagement with key stakeholders we have identified the areas where Medicover has the biggest sustainability risks and opportunities. Based on this we have developed a corporate sustainability framework which focuses on three key areas and two supporting areas. These key areas are strongly linked to, and support the UN Sustainable Development Goals (SDGs). We have identified three SDGs that are most relevant to Medicover and where we contribute positively, the strongest link is to Goal #3: Good Health and Well-Being which is at the heart of what Medicover is and does. We also contribute towards two more of the SDGs; Goal #8 Decent Work and Economic Growth, and Goal #4 Quality Education. Medicover's objectives in these areas are mutually reinforcing, which increases our overall positive impact.

**Recognising the strong alignment of Medicover's sustainability goals with the SDGs, Medicover has become a signatory to the UN Global Compact.**



## Medicover's primary contribution

**Ensure healthy lives and promote well-being for all at all ages.**



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

## Medicover's supporting contribution



Take urgent action to combat climate change and its impacts.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

### Care provision

Our sustainability objectives, linked to SDG #3, are to increase healthcare funding in the countries where we are present, and to extend access to care, for our customers and for the communities as a whole. One of our key contributions in this area is provision of affordable healthcare.

### People and partners

Our sustainability objectives, linked to SDG #8, are to develop the healthcare workforce and support them with tools and systems that enable them to be more productive. We consider primarily our own employees but also the staff of our partners and customers. We also recognise that Medicover's healthcare has a substantial impact on the health and productivity of our patients, directly contributing to economic growth.

### Prevention and education

Our sustainability objectives, linked to SDG #4, are helping people to stay healthy and promoting prevention and early detection. We also contribute to education through the ongoing investment in education and training of our staff and medical partners.

### The sustainability outcomes

Taking these three areas together we help to achieve the following outcomes:

- People lead healthier lives and need health treatment less often.

- When they need care, the care infrastructure is available and they can access it quickly and conveniently at affordable prices.
- Care providers are equipped, trained and empowered to do their jobs professionally.

In addition in our sustainability framework two other areas are important:

### Care for the environment

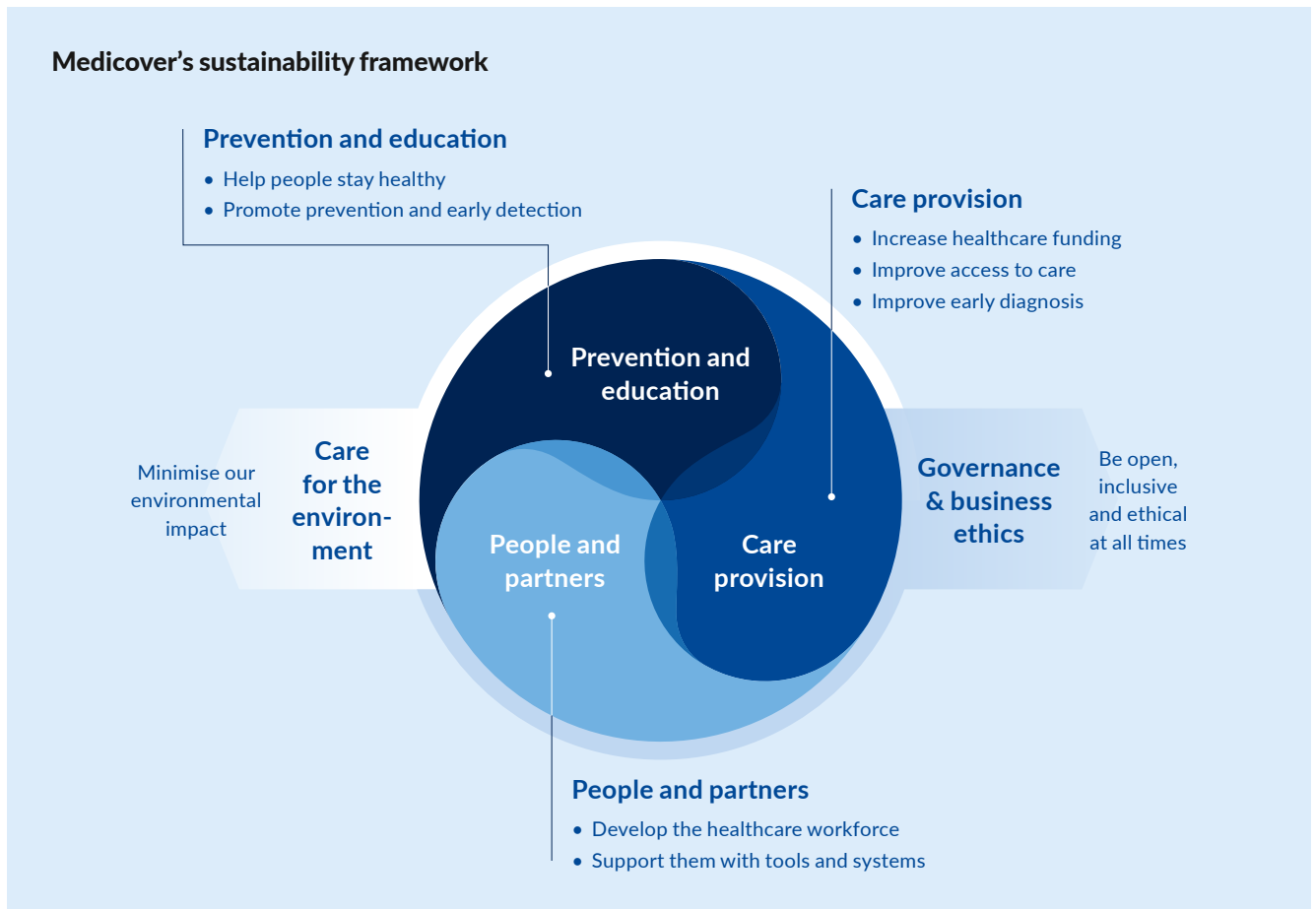
A healthy population needs a healthy planet to live on, and we recognise that immediate actions are needed to make sure current and future generations can enjoy the climate and the environment we have at times taken for granted. Medicover is committed to play its part in the achievement of SDG #13: Climate Action.

### Governance and business ethics

The way Medicover works is as important for us as the results we achieve. We aim to be open, inclusive and ethical at all times. That is reflected in SDG #16: Peace, Justice and Strong Institutions. Medicover follows all relevant frameworks including but not limited to the Swedish Corporate Governance Code and the Swedish Companies Act.

### Measuring our progress

Our framework for sustainability is captured in the illustration below and we provide some measures on how we progress and develop in our mission.



## World Bank Universal Health Coverage

The World Bank has set out an objective of quality, affordable health care which is the foundation for individuals to lead productive and fulfilling lives and for countries to have strong economies. Universal health coverage (UHC) is about ensuring that people have access to the health care they need without suffering financial hardship. It is key to achieving the World Bank's twin goals of ending extreme poverty and increasing equity and shared prosperity, and as such it is the driving force behind all of the World Bank's health and nutrition investments. Medicover's existence and position today is due to investment from the World Bank's financing arm the International Finance Corporation in its early start up phase, and we are very proud to be still contributing to meeting its UHC goal. In this context the World Bank sets out in its UHC strategy four priority areas. In these areas Medicover is making a significant contribution in those countries with poor or lacking health infrastructure. These are stated as:

"First, it is important to **ramp up investments in affordable, quality primary healthcare**. Health systems based on a foundation of strong primary health care are more efficient and equitable, producing higher value and better health outcomes: More resources to detect and treat conditions early, before they become more serious, will not only save lives but also reduce health costs.

Second, it is key to redouble our efforts to **engage the private sector and unlock new models for health financing and delivery**. The unmet coverage and financing needs are too vast for the public sector to close the gap alone.

Third, the World Bank Group (WBG) is going beyond health to **improve health outcomes and supporting communities** by improving education, broadening social services, and creating jobs. The Human Capital Project aims to support countries in taking an integrated, whole-of-government approach to improving human development outcomes.

Fourth, the way health is financed needs to change so countries get better outcomes for the money they are spending. The WBG and other international partners are helping them **catalyze domestic resources to build sustainable national health systems.**"

Medicover provides on all of the priority areas:

With over 550,000m<sup>2</sup> of primary care / ambulatory facilities & tertiary care, which it has, since its inception, built, maintained or acquired, contributing to UHC in Medicover's markets.

Created equitable affordable financing, either individual insurance or corporate paid insurance programs to ensure stable and adequate financing for the care provided. Medicover has truly changed how healthcare is financed in many of the markets it operates in.

Laboratory tests are available in locations where no or highly limited access was previously available at affordable prices that do not lead to indebtedness or denial of service for the populations served. This has proved invaluable for local communities particularly in respect of the Covid-19 pandemic.

Medicover provides extensive online and offline information for education and insight, supporting public understanding, continual medical education and development for physicians and medical professionals. Most of this material is accessible freely at no charge and in some cases the reference books produced have become local standard text books for medical education. This information and education content is always aimed at local users in their languages.

Medicover puts considerable efforts into supporting staff training and development, funding medical education, providing internships and young medical staff development. It also supports the specialisation and development of medics skills, for those within its organisation and also the broader national communities it works within.



Photo Cottonbro



Photo Matthias Zomer

## Framework Structure

As part of Medcover AB's ("Medcover") commitment to sustainability, this Social Financing Framework (the "Framework") has been developed in line with the ICMA Social Bond Principles (SBP) 2021 as well as the LMA Social Loan Principles (SLP) 2021. Therefore, the framework consists of the four key core components for alignment with the Social Bond Principles and the key recommendations for heightened transparency.

The four core components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

The key recommendations for heightened transparency:

- Social Bond Framework
- External Review

It is Medcover's intention to follow the best practices, in relation to Social Bonds as the market standards develop. Therefore, this framework may be amended and/or updated to reflect the changes in market practice.




# Use of Proceeds

Medicover has established this Social Finance Framework to issue financial instruments such as but not limited to schuldschein, bonds and other financing instruments where the proceeds will be exclusively allocated to finance, in whole or in part, Eligible Projects. The purpose is to contribute to achieving the WBG's UHC goals through ambulatory, diagnostics, inpatient facilities and associated healthcare infrastructure which is built, maintained, staffed and operated in Medicover's countries and geographies and that healthcare financing solutions are developed and provided to populations. The UHC contribution is focused on countries and populations where there is a deficit in infrastructure, access to healthcare and to countries and populations where there is an effective UHC, with Medicover participating as a recognised part of their system. Social financial instruments can finance newly built/equipped healthcare infrastructure, renovation of

such, R&D for healthcare provision, acquisition (of healthcare infrastructure), or refinancing of Eligible Projects. New financing is defined as Eligible Project that have been approved by Medicover's Social Financing Committee during the reporting year. Refinancing is defined as Eligible Projects that have been approved by the Social Financing Committee prior to the reporting year, Medicover will evaluate the expected lifetime of refinanced Eligible Projects and will apply a maximum five year lookback period. The ambition is to use the proceeds within one year and no later than two years from the time of issuance of the Social financing instrument. The distribution of new financing and refinancing of approved Eligible Project will be described in the Social Finance Investor Report together with the year such Eligible Project were taken into operation.

## Eligible Categories:

<b>Social bond Principles Categories</b>	Access to Essential Healthcare Services
<b>UN Sustainable Development Goals</b>	 "Ensure healthy lives and promote well-being for all at all ages"
<b>Eligible Projects</b>	Investments and expenditures related to: <ul style="list-style-type: none"> <li><b>Healthcare infrastructure</b> comprising land and buildings as well as property adaptations, renovations, improvements and associated fixtures and fittings.</li> <li><b>Healthcare machinery, equipment</b> and related digital infrastructure and software.</li> <li><b>Vehicles</b> associated with health provision.</li> <li><b>R&amp;D</b> expenditures directly related to healthcare provision such as laboratory tests developed specifically for pharmaceutical research or genetic tests for cancer screening tests.</li> </ul>
<b>Intended Social Benefit</b>	The intended social benefit can be split into four groups: <ul style="list-style-type: none"> <li><b>Access to</b> safe, qualitative convenient, affordable and dignified healthcare service infrastructure.</li> <li><b>Financing structures</b> to share risk and promote employer funding and participation of health care.</li> <li><b>Fair and respectfully remunerated employment</b> training and development for clinicians.</li> <li><b>Provision of quality and curated education</b> and information to local populations on health issues and conditions in their own languages to improve understanding, lifestyles, treatment and health status.</li> </ul>
<b>Target Population Group</b>	The target populations can be split into two groups: <ul style="list-style-type: none"> <li><b>Those who are underserved</b> in their locality, either due to poor, non-existent or failing universal health coverage (UHC)<sup>1</sup> (as defined by the World Bank)<sup>2</sup>.</li> <li><b>Target populations served under effective UHC systems</b> where Medicover is part of the recognised infrastructure for provision of such services<sup>3</sup>.</li> </ul>

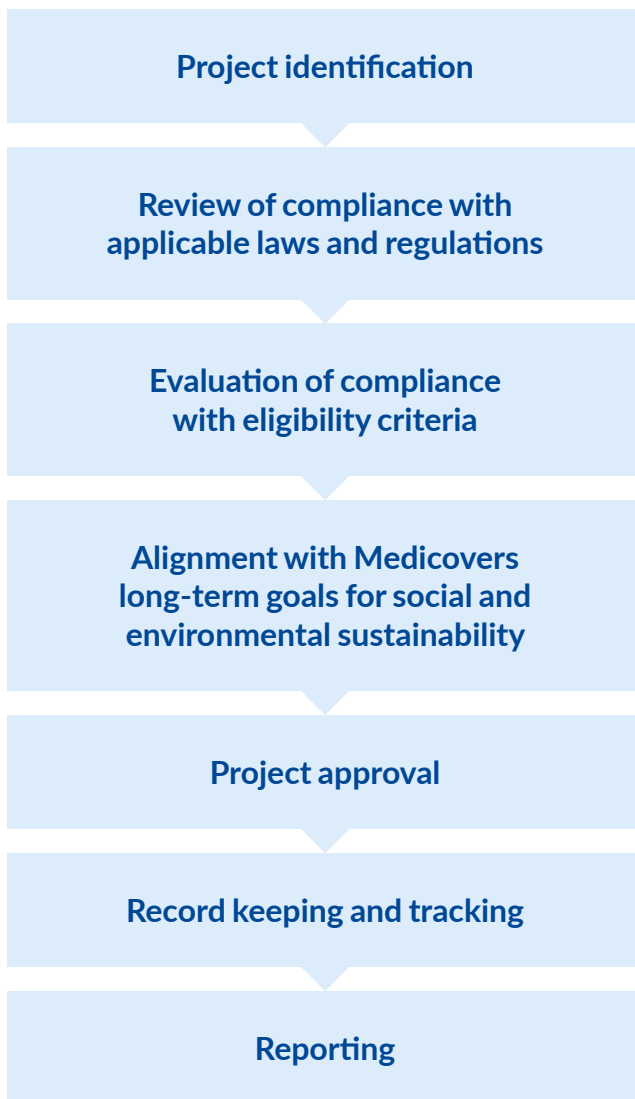
<sup>1</sup> <https://www.worldbank.org/en/topic/universalhealthcoverage#1>

<sup>2</sup> In Poland, Romania, India, Ukraine, Belarus, Moldova, Bulgaria, Serbia, Turkey and Hungary (other countries may be added to this list in future).

<sup>3</sup> In Germany, Poland, Denmark and Norway (other countries may be added to this list in future expansion).

# Process for Project Evaluation and Selection

Medicover has established a Social Financing Committee (SFC) comprised of the CFO, the Head of Sustainability, the Group Treasurer and the Chief Medical Officer at Medicover. The committee will meet on a regular basis or when needed, their decisions are made in consensus, a record of the meetings and decisions are stored with the committee. The responsibilities of the committee are among other things to evaluate the compliance of the proposed Eligible Projects with the eligibility criteria outlined in the Use of Proceeds section, compliance with applicable laws and regulations, Medicover's Environmental and Climate Change Policy and Medicover's established long-term goals for social and environmental sustainability. These goals have the objective to increase affordable healthcare in the locality where Medicover is present, to extend access to care for our customers and for the communities as a whole, to achieve healthier lives, availability to quick, convenient and affordable care and access to care providers equipped, trained and empowered to do their professional jobs. The SFC will replace investments that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.). The committee will oversee and approve the Social Finance Investor Report before publication each year. Proceeds will not be allocated or linked to nuclear energy generation, fossil-based energy generation, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), research and/or development within weapons and defence, gambling or tobacco.



## Management of Proceeds

An amount equal to the net proceeds of any Social financing instruments will be separately identified within Medicover's treasury department, the amounts identified will form an earmarked portfolio within the internal systems and accounting of Medicover. Proceeds not designated for immediate financing will be managed through Medicover's general liquidity management policy and may be invested in short-term interest bearing securities, such as treasury bills or municipal notes, with assurance that no short-term liquidity investments shall be in areas that are deemed to be harmful to sustainability until

such time as identified and allocated to financing of Eligible Projects. So long as Social financing instruments are outstanding, and portfolio has a positive balance, funds may be deducted from the segregated account and added to Medicover's lending pool in an amount up to all disbursements from that pool made in respect of Eligible Projects. Medicover's Group Treasury team is responsible for the tracking of funds and the allocation of proceeds. An external independent auditor will review the management of proceeds.

# Reporting

To enable investors to follow the development and to provide insight to prioritised areas Medicover will provide a Social Finance Investor Report on an annual basis until the maturity of the financing instrument. The report will cover information both on the allocation of proceeds and on the output and impacts achieved, where feasible and relevant data information is available.

## Allocation Reporting

1. The total amount of Social financing instruments issued and outstanding and the amount of proceeds allocated at the end of the reporting period, by period and category of investment.
2. A description of the portfolio of approved Eligible Projects

3. Geographical distribution of Eligible Social Projects, on a country level.
4. Ratio of new and refinancing together with the year refinanced Eligible Project was taken into operation.
5. Information about any unallocated balance standing to the credit of the internal account.

## Output and Impact Reporting

The Social Finance Investor Report aims to disclose the social impact of the Eligible Projects financed under this Framework. As Medicover can finance both small and large Eligible Projects, the output and impact reporting may, to some extent, be aggregated. The output and impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

## Examples of Impact Indicators

SBP Eligible Categories	Examples of Impact Indicators
Access to essential healthcare services	Number of individuals who receive Medicover services during the year Number of diagnostic tests provided Number of hospitals and healthcare facilities & m <sup>2</sup> Number of patients vaccinated for Covid-19 Number of medical staff trained and hours Number of unique individuals accessing online resources Number of doctors & medical staff attending educational conferences organised by Medicover

# External Review

## Second Party Opinion (pre-issuance)

To secure alignment with the Social Bond Principles and market practice, Medicover has engaged DNV GL to act as an external reviewer of this Social Finance Framework and to provide a Second Party Opinion which will be made publicly available on Medicover's website.

## Third-Party Review (post-issuance)

Medicover has appointed an external independent auditor to annually perform a limited assurance on the selection process for the financing of Eligible Projects and that the allocation of the net proceeds of the Social Financing Instruments are done in accordance with Medicover's Social Finance Framework. The Social Finance Framework, the second party opinion, and the investor letter will be publicly available on Medicover's website.



**MEDICOVER**

Medicover AB (publ)  
medicover.com

Address: Box 5283, 102 46 Stockholm, Sweden | Visitors: Riddargatan 12A, Stockholm, Sweden  
Ph: +46 8 400 17 600 | website: Medicover.com