Inven Capital Environmental, Social, and Governance "ESG" Policy

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Inven Capital's view on ESG

Our core values have always led the work we are doing. Those values include respecting both our planet and people in our investment process and our own operations.

We use a set of environmental, social and governance indicators (ESG framework), to integrate the planet and people values holistically into our investment sourcing, pre - investment due diligence, portfolio management as well as exit processes. As ESG is a voluntary, non-regulatory framework, with many different definitions, we have implemented a strategy based on the aggregation of the current industry best practices and plan to review it on regular basis.

Inven ESG Policy describes the process how we assess start-ups regarding their ESG readiness as well as our approach to assisting our portfolio companies with ESG implementation.

Process Overview

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1. Screening

During the pre-investment process we follow several steps to find out whether a start-up is acquainted with the ESG frameworkWe also verify that the start-up is not active in any of the excluded business activities as defined in the exclusion policy below and we perform anti-bribery and anti-corruption assessment.

Exclusion Policy

When we look for potential investment opportunities, we carefully analyse the business models and strictly avoid start-ups engaged in any of the excluded activities listed below.

"Excluded Activities" shall mean any of the following activities:

a. Projects which result in limiting people's individual rights and freedom, or violation of human rights, such as

- Prisons and detention centers of any form (e.g. correctional institutions or police stations with detention facilities); and
- Health sector projects with "secure units" such as closed psychiatric wards; and
- Any activities which are known directly or indirectly to result in harmful or exploitative forms of forced labour[1] or harmful child labour[2], as defined by the ILO (International Labour Organization) Fundamental Labour Conventions.

b. Projects unacceptable in climate and environmental terms

- Any activity involving significant degradation, conversion or destruction[3] of critical habitats[4];
- Conversion of natural forests into plantation. This includes irrigated forests[5], logging, clear cutting or degradation of (and commercial concessions over) tropical natural forests or high conservation value forests[6] in all regions, as well as the purchase of logging equipment for this purpose;

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[1] Forced labour means traditional practices of forced labour, such as vestiges of slavery or slave-like practices, and various forms of debt bondage, as well as new forms of forced labour that have emerged in recent decades, such as human trafficking, also called "modern-slavery" to shed light on working and living conditions contrary to human dignity

[2] Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, moral or social development. In addition any labour that is performed by a person which has not yet reached the age of 15 is considered to be harmful, unless the local legislation specifies compulsory school attendance or the minimum age for working to be higher; in such cases, the higher age will be applied for defining harmful child labour

[3] Destruction means (1) the elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost

[4] Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the International Union for Conservation of Nature ("IUCN") classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats. Critical Habitats include species under strict protection in accordance with Articles 12-16 of the Habitats Directive (Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, as amended)

[5] Except for temporary watering in the first 3 years after planting, which is allowed for the seedlings to develop deep rooting systems to ensure high survival rates

[6] High conservation value forests are defined by the Forest Stewardship Council as those that possess one or more of the following attributes: 1) forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia); 2) forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance; 3) forest areas that are in or contain rare, threatened or endangered ecosystems; 4) forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control); 5) forest areas fundamental to meeting basic needs of local

- Unsustainable fishing methods (such as drift net fishing in the marine environment using nets in excess of 2.5 km in length and blast fishing);
- Extraction of mineral deposits from the deep sea[7]; and
- Extraction or mining of conflict minerals and metals[8].

c. Activities prohibited by national legislation or international agreements ratified by the EU
  – This includes any products or activities subject to international phase out or bans, including production of or trade in products containing PCBs ; production, placing on the market and use of asbestos fibres ; production, use of or trade in ozone depleting substances and other substances which are subject to international phase-outs or bans, including pharmaceuticals, pesticides/herbicides, chemicals , and other hazardous substances; trade in mercury, mercury compounds, and a large range of mercury-added products ; production or use of or trade in persistent organic pollutants ; production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); transboundary movements of waste prohibited under public international law;
  – Cross-border trade in waste and waste products unless compliant with the Basel Convention and the underlying national and EU regulations but for the avoidance of doubt, use of waste as a fuel in district heating is not excluded;

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communities (e.g. subsistence, health); 6) forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

[7] Deep sea is defined as the areas of the ocean below 200m - The International Seabed Authority and Deep Seabed Mining. United Nations.

[8] Minerals and metals covered by the Regulation (EU) 2017/821 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas, as amended.

[9] PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals.

[10] Commission Regulation (EU) 2016/1005 of 22 June 2016 amending Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) as regards asbestos fibres (chrysotile).

[11] Ozone Depleting Substances (ODS) mean chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol on Substances that Deplete the Ozone Layer lists ODs and their target reduction and phase-out date.

[12] Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury.

[13] Based on Stockholm Convention on Persistent Organic Pollutants (POPs) as amended in 2009.

[14] Based on Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; and Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations.

[15] Unless in compliance with EU Directive 2001/18/EC and EU Directive 2009/41/EC, and related country legislation, as further amended.

[16] Unless in compliance with (EU) Directive 2010/63/EU as amended by Regulation (EU) 2019/1010 of the European Parliament and of the Council on the protection of animals used for scientific purposes.

[17] Projects whose main purpose is other than gambling are excluded if more than 10% of its annual revenues is generated by gambling.

- Activities prohibited by host country legislation or international legal instruments ratified by the EU, relating to the protection of biodiversity resources, or cultural heritage; and
- Any activities relating to the deliberate release of Genetically Modified Organism (GMO).

d. Ethically or morally controversial projects

- Animal and human reproductive cloning;
- Activities involving live animals for scientific and experimental purposes, including gene editing and the breeding of these animals ;
- Sex trade and related infrastructure, services and media;
- Projects with the purpose of producing, manufacturing, processing or distribution of tobacco;
- Gambling and related equipment, casinos, and equivalent enterprises or hotels hosting such facilities ; and
- Projects with political or religious purpose.

e. Ammunition and weapons, including explosives and sporting weapons, as well as equipment or infrastructure dedicated to military/police use, infrastructure or correctional facilities, prisons.

f. Any business relating to pornography or prostitution.

g. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.

h. Production and distribution of racist, anti-democratic and/or neo-Nazi media

Anti-bribery and anti-corruption due diligence (ABAC)

During the pre-investment phase we also have a third party to perform anti-bribery and anti-corruption due diligence on the target companies to avoid start-ups who or whose founders and managers have been involved in any kind of criminal or compromising behaviour in the past. We also check the ownership structure and the ultimate beneficial owner of the potential investee company.

These initial findings are included in the Deal Alert, the first document presented to our investment committee during our investment process.

2. Due Diligence & Evaluation

We aim to bring up ESG early in the due diligence process in order to get a sense of the founders' mindset and the general start-ups approach towards ESG management.

a. Methodology

Our methodology consists of 10 clusters portraying different topics the start-up should take into consideration. Each cluster consists of specific indicators representing risks and opportunities. The clusters are:

- General environment
  - We look at the holistic view of the start-up's environmental risk management, i.e. does the start-up have an environmental commitment, short or long term targets and objectives.

- Carbon footprint
  - We assess the start-up's approach to managing their carbon footprint, by measuring, setting targets and reducing their impact across all scopes.

- Material Management
  - We ask about the management of energy, water, and waste.

- Supply chain
  - We ask about work towards an ethical supply chain, managing the suppliers to ensure the start-up's values are kept throughout their entire value chain.

- Employees
  - We assess the existence of a strong team and culture, managing employees' needs, professional development and work environment to strive to a high talent level and retention of talent.

- Customers/ end users
  - We assess if the start-up maintains a strong relationship with all forms of customers and users of the product or service; creates a dialogue on their needs and satisfaction from the start-up's work, with emphasis on installing a cybersecurity policy and structure to secure their information.

- Community
  - We analyse aspirations to work with local suppliers and contribute to the local community, by sharing or initiating projects relating to the internal start-up's skills, talent, or product.

- Diversity and inclusion
  - We ask if the start-up strives to integrate inclusion practices in all business aspects, with the goal of creating a diverse team, management, and the board.

- General governance
  - We check if the company upholds all laws and regulations and maintains a high compliance standard.

- Board of directors
  - We evaluate the incorporation of the best practices in the board structure and the overseeing of the start-up's journey.

b. Data collection process

Since the 2022 year end we collect ESG indicators through a reporting platform provided by the company Worldfavor. Data are collected on annual basis through Worldfavor standard questionnaires that meet the current market practice, requirements of SFDR (Regulation EU 2019/2088 on sustainability-related disclosures in the financial services sector) and other reporting standards. The collected ESG indicators are listed in Appendix 1 of this document.

c. Risk & performance evaluation

Based on the collected data we perform a risk assessment at the beginning of each start-up ESG readiness analysis. The risk assessment is performed by investment managers that use Inven internal weight system. The weight system combines results from the data collected through Worldfavor platform and information gathered during interviews with start-up representatives

We track 29 ESG KPIs . Each KPI is assigned a weight that defines which focus areas and KPIs will be managed first as they have the highest priority.

The weights of the KPIs are also determined by several key broad risk areas that influence the significance of the examined ESG KPIs (size of the company, presence in developing countries, existence of an ESG policy). After assessing the broad risk areas, we perform a review of the selected 29 ESG KPIs and assign them scores based on our perception how well are these KPIs managed in the start-up. The result is an ESG evaluation conclusion that we work with in the subsequent portfolio management.

Both the risk assessment broad areas and ESG KPIs with are listed in Appendix 2 of this document.

The ESG evaluation is integrated in our investment approach as a portfolio management tool. Unmanaged potential risks (red flags) uncovered by the ESG evaluation will not exclude potential investments but will point out areas that have to be worked on with increased focus. The results of our ESG risk assessment are presented to our investment committee in Deal qualifying memorandum and are considered during the investment decision making process.

3. Post-investment portfolio support

After the pre-investment ESG due diligence we make a conclusion on the state of the start-up ESG readiness and define the following next steps for the portfolio management:

Onboarding process

- We present red flags and potential opportunities to the start-up leadership team. Based on the pre-investment evaluation, we set goals for improvements and set out a plan of action and support requirements.

- We conduct an ESG/SDG workshop for the start-up's leadership team (and other relevant team members) in order to deep dive on the potential risks

and opportunities as well as an initial roadmap for creating a management strategy.

- We provide the start-up with Inven's Onboarding Toolkit for ESG management, a set of example policy documents, research, case studies and initiatives guides for managing different ESG focus areas.

We connect the start-ups to Inven's experts' network (e.g. consultants, other founders, specialists etc.) for support in establishing a management strategy for the risk and opportunities detected. <u>Ongoing support and management</u>

- We continuously engage with the start-up on improving the identified priority areas and share with them any relevant information or tools that we gather from our expert network (e.g. <u>VentureESG</u> group of which we are members, Worldfavor platform).
- Our start-ups have a continuous access to the Worldfavor platform that they can use not only as a reporting tool, but also as a carbon footprint calculator and a source of information on current market approach towards ESG.
- We perform annual assessment to detect progress in the risk and opportunity areas that have been discussed.
- We make an annual assessment of new risks and opportunity areas to focus on.

We actively provide our portfolio companies with advice and support in ESG implementation, however, as we are minority shareholders in our portfolio companies our ability to enforce our recommendations can be limited.

4. Exit

In the case of exiting (via sale, M&A or IPO) we will consider possible ESG factors, too. Advising founders on the right time to exit and the right partners to work with are important. Similarly, making sure that the exit process (e.g. IPO documents) is prepared with ESG principles in mind is crucial to us also to avoid earlier ESG-related problems.

ESG at Inven

ESG does not only apply to how we invest and help our portfolio companies flourish and grow but it is also an integral part how we internally manage our fund. We aim at applying the same ESG considerations and the same standards we measure our portfolio with to ourselves; being in a strong position when it comes to ESG ourselves not only makes our demands to portfolio companies more believable, it also strengthens our (economic and structural) position as a VC firm.

ESG responsibility: while every member of our (investment) team is concerned with and thinks along the lines of ESG when making decisions and supporting portfolio companies, we have assigned the overall responsibility for ESG to our investment Manager Kristýna Machová (<u>kristyna.machova@invencapital.cz</u>). Kristýna is steering and coordinating our ESG activities and is making sure that we stay on top of the most recent industry trends. She is being supported by Hana Uhlíková

(hana.uhlikova@invencapital.cz) who is responsible for the ESG/ SFDR reporting and compliance work. Our approach to ESG is discussed regularly in our operational and strategic meetings.

Hiring and working environment: we are committed to hiring a diverse team and providing an inclusive working environment (several members of our team work part-time and have flexible working hours so that they can manage their family responsibilities).

Good governance: all our decision making in both the board of directors and the investment committee is committed to good governance principles.

We have also been climate neutral in our operations as a fund since 2018, offsetting our emissions via tree planting in the Czech Republic with a local NGO [Sázíme stromy (sazimestromy.cz)](https://sazimestromy.cz).

To always stay up-to-date on the recent market developments, we are partnering with leading global communities such as [VentureESG](#), [GITA: The Global Impact Tech Alliance](#), [Worldfavor](#)andLeaders for Climate Action ([Kickstart your climate action journey - Leaders for Climate Action (lfca.earth)](https://lfca.earth)).

Appendix 1

ESG Data are collected through Worldfavor platform and include the following questions/ requests for information:

Questions	Answer options
Biodiversity	-
Biodiversity management & impact	-
Upload your biodiversity policy or equivalent policy covering the protection of biodiversity-sensitive areas	File upload
Describe your company's impact on biodiversity and natural ecosystems across the value chain and how these impacts are managed	Comment
Upload your deforestation policy/commitment	File upload
Does the company negatively affect biodiversity-sensitive areas?	Yes, No
Climate Change	-
Climate change management	-
Which of the following climate change practices does your company have in place?	Options
Describe risks and opportunities identified related to climate change with the potential to have financial or strategic impact on your business	Comment
Describe your greenhouse gas (GHG) emissions reduction targets, or provide a link with more information	Comment
Does your company derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels?	Yes, No
Scope 1, 2 & 3 GHG emissions	-
Total Scope 1 GHG emissions	ton CO2 equivalents (tCO2e)
Total Scope 2 GHG emissions	ton CO2 equivalents (tCO2e)
Total Scope 3 GHG emissions	ton CO2 equivalents (tCO2e)
Which categories are included in your company's Scope 3 emissions?	Options
Is there a third-party verification or assurance process in place for GHG emissions data?	Yes, No
GHG emissions intensity	-
Scope 1 and 2 emissions intensity ratio	tCO2e/MEUR
Scope 3 emissions intensity ratio	tCO2e/MEUR

Energy	_
Energy management	_
Which of the following energy management practices does your company have in place?	Options
Upload your ISO 50001 certificate	File upload
Describe your company's energy targets and the progress against these targets	Comment
Energy performance	_
Total energy consumption	megawatt hours (MWh)
Energy intensity ratio	MWh/MEUR
Percentage of non-renewable energy consumption and production	percentage (%)
Environmental Practices	_
Environmental management practices	_
Which of the following environmental management practices does your company have in place?	Options
Upload your company's environmental policy	File upload
Upload your company's environmental management certificate (ISO 14001/EMAS)	File upload
Are environmental performance measures/KPIs regularly compiled and presented to top management?	Yes, No
Waste & Resource circularity	_
Waste management & impact	_
Describe your company's actual and potential waste-related impacts along the value chain, and how these are managed	Comment
Upload your waste management policy	File upload
Waste performance	_
Total weight of waste generated	tons (t)
Total weight of waste recycled or re-used	tons (t)
Total weight of hazardous waste generated	tons (t)
Resource circularity	_
Provide details about any circularity measures taken by your company to increase recycling and re-use of input materials	Comment
Water	_
Water management & impact	_

Describe your company's water-related impacts across the value chain, and how these are managed	Comment
Upload your water management policy	File upload
Describe the measures taken to reduce water consumption	Comment
Water use	-
Total water consumption	cubic meters (m3)
Percentage of water recycled and reused	percentage (%)
Water stress	-
Does your company operate in, or close to, areas of high water-stress?	Yes, No
Water pollution	-
Emissions to water	tons (t)
Employment Practices	-
Human resource management	-
Upload your HR policy, employee handbook or equivalent document describing your employment policies and practices	File upload
Does your company have a grievance/complaints handling mechanism related to employee matters?	Yes, No
Employee hires & turnover	-
Organic net new hires	Numbers
Total net new hires	Numbers
Employee turnover rate	percentage (%)
Employee engagement	-
Do you conduct an annual employee survey?	Yes, No
Employee benefits	-
Standard benefits offered to employees	Options
Training & development	-
Average hours of training per full-time employee	hours (h)
Describe what employee training programs your company has in place	Comment
Diversity & Non-discrimination	-
Diversity & non-discrimination impact	-
Describe your company's challenges and opportunities in relation to diversity and non-discrimination, and how these are being managed	Comment
Gender diversity	-

Number of employees that are female	Numbers
Percentage of employees that are female	percentage (%)
Percentage of managers that are female	percentage (%)
Percentage of board members that are female	percentage (%)
Pay equality	-
Unadjusted gender pay gap	percentage (%)
Non-discrimination	-
Total number of incidents of discrimination	Numbers
Describe the status of the incidents and actions taken	Comment
Health, Safety & Well-being	-
Health & safety management	-
Which of the following health and safety measures has your company implemented?	Options
Upload your health and safety policy	File upload
Upload your company's ISO 45001 certificate	-
Work-related injuries & ill health	-
Number of days lost to work-related injuries	Numbers
Number of work-related injuries	Numbers
Health & safety training	-
Describe the type and scope of health and safety training provided to workers	Comment
Human Rights & Labor Standards	-
Human rights policy	-
Upload your human rights policy	File upload
Which of the following areas does your human rights policy cover?	Options
Human rights due diligence	-
Does your company have a human rights due diligence in place?	Yes, No
Which of the following steps are included in your human rights due diligence process?	Options
Describe the measures taken by your company to prevent and mitigate actual and potential human rights impacts	Comment
Does your company have processes and compliance mechanisms in place to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises?	Yes, No
Has your company been involved in violations of the UN Global Compact principles or OECD Guidelines for Multinational Enterprises?	Yes, No
Freedom of association and collective bargaining	-
Percentage of active workforce covered under collective bargaining agreements	percentage (%)

Anti-corruption	-
Anti-corruption practices	-
Which of the following practices do you have in place to prevent corruption?	Options
Upload your anti-corruption policy	File upload
Which forms of corruption and bribery does your company's anti-corruption policy cover?	Options
Describe identified significant risks of corruption and how these are managed	Comment
Anti-corruption training	-
Percentage of employees that have received training on anti-corruption	percentage (%)
Incidents of corruption	-
Total number of incidents of corruption	Numbers
Business Ethics & Leadership	-
Code of Conduct	-
Upload your company's Code of Conduct or Code of Business Ethics	File upload
Are all new employees required to sign your Code of Conduct (or equivalent document)?	Yes, No
Upload your Supplier Code of Conduct or equivalent document	File upload
Are all new supplier required to sign your Supplier Code of Conduct (or equivalent document)?	Yes, No
Whistleblowing mechanisms	-
Does your company provide means and knowledge to all employees how to submit grievances and report unethical behavior (whistleblowing)?	Yes, No
Upload your whistleblowing policy	File upload
Board composition & ESG involvement	-
Does any of the board members have competencies relating to environmental, social or governance topics?	Yes, No
How often does the board review of environmental, social and governance topics and their impacts, risks, and opportunities?	Options
Remuneration	-
How is performance-related pay (bonuses) determined?	Options
Product & Service Quality	-
Quality management	-
Describe your company's challenges and opportunities in relation to the quality of your products or services, and how these are being managed	Comment
Upload your company's ISO 9001 certificate	File upload
Customer Privacy & Data Security	-

Data privacy & IT security management	-
Upload your information security policy	File upload
Upload your data privacy policy	File upload
Upload your ISO/IEC 27001 certificate	File upload
EU Taxonomy Reporting	-
Select activities	-
Select eligible and taxonomy aligned activities	Options
Select eligible but not taxonomy-aligned activities	Options
Eligible and Taxonomy-aligned activities	-
Report proportion of turnover from eligible and taxonomy-aligned activities	percentage (%)
Report proportion of CapEx from eligible and taxonomy-aligned activities	percentage (%)
Report proportion of Opex from eligible and taxonomy-aligned activities	percentage (%)
Eligible but not Taxonomy-aligned activities	-
Report proportion of turnover from eligible but not taxonomy-aligned activities	percentage (%)
Report proportion of CapEx from eligible but not taxonomy-aligned activities	percentage (%)
Report proportion of Opex from eligible but not taxonomy-aligned activities	percentage (%)
Non-eligible activities	-
Report proportion of turnover from non-eligible activities	percentage (%)
Report proportion of CapEx from non-eligible activities	percentage (%)
Report proportion OpEx from non-eligible activities	percentage (%)
Accompanying disclosures	-
Upload your accounting policy	File upload
Describe your assessment of compliance with EU Taxonomy	Comment
Provide additional contextual information about your KPIs	Comment
Sustainability Approach	-
Company information	-
Select the NACE activities that your company performs	NACE Activities (Level 4 Items)
Location of operations	Countries
Total number of operations	Numbers
Primary markets for your products or services	Countries

Annual turnover / Net sales	MEUR
Number of full-time employees	FTEs
Sustainability areas	_
Which environmental areas do your sustainability practices cover?	Options
Which social areas do your sustainability practices cover?	Options
Which governance areas do your sustainability practices cover?	Options
Which guidelines and principles do your company comply with?	Options
Which reporting regulations does your company follow?	Options
Which reporting initiatives does your company use?	Options
Sustainable Sourcing Approach	_
Supply chain information	_
Number of significant suppliers	Numbers
Location of significant suppliers' operations	Countries
Sustainable sourcing practices	_
How are your sustainable sourcing practices communicated to suppliers?	Options
How do you ensure that your suppliers act according to your sustainable sourcing practices?	Options
Supply chain sustainability areas	_
Which environmental areas do your sustainable sourcing practices cover?	Options
Which social areas do your sustainable sourcing practices cover?	Options
Which governance areas do your sustainable sourcing practices cover?	Options

Appendix 2

ESG screening questionnaire Biggest Unicorn

INV/E/N   GITA THE GLOBAL IMPACT TECH ALLIANCE

OVERALL RESULTS
- ENVIRONMENTAL ASSESSMENT
- SOCIAL ASSESSMENT
- GOVERNANCE ASSESSMENT

SCORING

GENERAL INFORMATION	Answers	Investor Notes
Company name	Biggest Unicorn	
Date of call/interview		
Investment manager (Inven)		
Contact person (Company)		
Country (Website URL)		
Year Founded		
Stage		
Other (Investment from Sub-Fund C,D etc.)		
RISK ANALYSIS		
Number of Employees		
Product is manufactured/hardware?		
Does the company have employees / offices/ factories in developing countries?		
Supply chain and sales in developing countries?		
Do you have an ESG strategy?		

	ESG QUESTIONNAIRE	KPIs	Basic weight	Adjusted weight	Risk Management	Urgency score	Investor Notes
	General Environmental						
1	Environment Commitment	Y/N	3	3			
2	External environmental certification	Y/N	2	2			
	Carbon Footprint						
3	Carbon Footprint Measurement	GHG emissions (tCO2)	4	4			
4	Net Zero targets	n/a	3	3			
5	Achieved carbon performance targets	n/a	2	2			
6	Reduction initiatives (Servers / Transportation)	n/a	5	5			
	Material management						
7	Renewable source of energy consumed	renewable electricity/ heating	3	3			
8	Water consumption management & measurement	n/a	2	2			
9	Waste measurement & management	n/a	3	3			
	Supply chain						
10	Environmental & Social procurement policy in supply chain	Y/N	4	4			
11	Supply chain engagement for responsible practices	n/a	4	4			
	Employees						
12	Human rights internal policy	n/a	2	2			
13	Contractors	n/a	3	3			
14	Professional development initiatives (training availability)	n/a	4	4			
15	Employees satisfaction	Employees NPS	4	4			
16	Well being and health policy (incl. work-life balance and parental leave)	n/a	3	3			
	Customers						
17	Customer Satisfaction data	Customer NPS	4	4			
18	Cyber security Initiatives	Y/N	4	4			
19	Data Privacy Policy & Management (e.g. GDPR)	Y/N	5	5			
20	Responsible product design	n/a	3	3			
	Community						
21	Contribution to the community	n/a	2	2			
22	Procurement and cooperation with local suppliers	n/a	2	2			
	Diversity & inclusion						
23	Diversity & inclusion policy	n/a	3	3			
24	Diversity & Inclusion performance (i.e. percentage, wage gap)	% females in management (C & C-1 level)	4	4			
25	Board member diverse representation	# female board members	2	2			
	Governance General						
26	Anti-corruption code of ethics	n/a	3	3			
27	Impact / SDG / purpose-driven strategy	n/a	4	4			
	Board of directors						
28	Independent member on the Board	Y/N	2	2			
29	Proper management of the Board	n/a	5	5			

ENVIRONMENTAL · SOCIAL · GOVERNANCE

Risk assessment broad areas

First, we perform the assessment of the several broad areas, which assess the start-up operations based on industry best practices, global trends and Inven's values. These results can influence the weights of the ESG KPIs followingly:

- o Number of Employees
  - ▪ A large number of employees results in a higher need to manage social best practices and needs and therefore the weight and emphasis put on social aspect of ESG increase. The relevant weights are increased in our risk analysis if a start-up has more than 100 employees.

- o Does the company manufacture products/ hardware?
  - ▪ As the production of a product increases the likelihood of a higher carbon footprint, increased materials use and waste creation, the weight of the environmental KPIs will be higher for companies that manufacture hardware products.

- o Does the company have employees/ offices/ factories in developing countries?
  - ▪ Operations in developing countries contribute to a higher risk of human rights violations and corruption. These two indexes could help identify countries that require a higher weight on those issues:
    Human rights: https://freedomhouse.org/countries/freedom-world/scores?sort=asc&order=Total%20Score%20and%20Status
    Corruption: https://www.transparency.org/en/cpi/2020/index
    The relevant weights are increased in our risk analysis if a start-up has operations in developing countries.

- o Supply chain and sales in developing countries?
  - ▪ There is an increased risk of human rights violations in operation of suppliers from developing countries. Thus, the need to manage the start-up's procurement process is increased. The relevant weights are increased in our risk analysis if the supplier has operations in developing countries.

- o Does the start-up have an ESG strategy?
  - ▪ The risk analysis of each start-up is a complex process, many indicators can affect this analysis and the framework that is presented in this document is not custom made. As a result the best risk management will occur with an internal risk management process. All weights are decreased in our risk analysis if the start-up has an ESG policy in place.

Risk assessment ESG KPIs

After the broad areas are assessed, a specific risk assessment of 29 ESG KPIs is performed. The company's performance is evaluated according to the management of each of the ESG KPIs/indicators belonging to the 10 clusters listed above. These indicators are scored on a scale of 1-3 (1=Well Managed, 2=Some Management, 3=Not Managed). The determination of the management level of each indicator will be done by the investment manager based on the general guidelines listed below and the acquired knowledge of Inven investment managers.

Indicator	1= well managed	2= Some management
General environment		
1. Environmental commitment	• Environmental policy, short and long-term targets	• Environmental policy or targets
2. External Environmental certification	• ISO 14001 / B corp or any specific industry certification	• Assessment or guidance from an external organization/ community
Carbon footprint		
3. Carbon Footprint Measurement	• Measurement of scope 1-3	• Measurement of scope 1-2
4. Net Zero targets	• Have targets to reduce to Net Zero	• Have targets to reduce but not to net zero
5. Achieved carbon performance targets	• Achieved all targets without offset	• Achieved some of the targets/ Achieved targets with offset
6. Reduction initiatives	• Implemented initiatives with the potential to reduce 5% or more of total carbon footprint (annually)	• Implemented initiatives with the potential to reduce 1%-5% of total carbon footprint (annually)
Material Management		
7. Renewable sources of energy consumption	• Majority of energy sources are renewable	• Some of the energy sources are renewable

8. Water consumption management & measurement	• Measuring water consumption • Relative reduction in use to income	• Measuring water consumption
9. Waste measurement & management policy	• Measuring waste production & recycling percentage • Relative reduction in use to income	• Have waste reduction & recycling initiatives
Supply chain		
10. Environmental & social supply chain procurement policy	• Environmental supply chain policy including course of action when there are violations of the policy (only possible to receive if the start-up is highly engaged with suppliers)	• Environmental & social supply chain policy
11. Supply chain engagement for responsible practices	• Assessment of main environmental/ social risk in suppliers operation • Engagement with suppliers (e.g. they sign the policy/ send data...)	• Assessment of main environmental/ social risk in suppliers operation
Employees		
12. Human rights internal policy	• Human rights policy implementation (e.g. employee training, internal audit, manager ownership etc.)	• Human rights policy (can also be a part of code of conduct)
13. Contractors	• Employees have the option to choose between contractors and company employees • Contractors can secure income comparable to employees in the similar sector (workflow	• Employees have the option to choose between contractors and company employees • Contractors can secure income comparable to employees in the similar sector (workflow predictability allows for

	predictability allows for other sources of income if company not providing enough workload)	other sources of income if company not providing enough workload)
14. Professional Development initiatives	• Majority of the employees received opportunities for professional knowledge or practice training (directly related to their position) • Majority of employees had opportunities of professional development training (management and leadership for non-managers, ongoing professional learning)	• Majority of the employees received opportunities for professional knowledge or practice training (directly related to their position)
15. Employees satisfaction	• Commitment to employees • Created dialog with employees (surveys, feedback interviews...) • Incorporated changes following feedback from employees or decreased turnover rate	• Commitment to employees • Created dialog with employees (surveys, feedback interviews...)
16. Well being and health policy (incl. work-life balance and parental leave)	• Parental leave policy • Well-being and employee health initiatives	• Parental leave policy or • Well-being and employee health initiatives
Customers		
17. Customer Satisfaction data	• Commitment to customers • Created dialog with customers (surveys, feedback interviews...) • Incorporated changes following feedback from customers	• Commitment to customers • Created dialog with customers (surveys, feedback interviews...)

18. Cyber security Initiatives	• Initiative to prevent cyberattack (access management, employee training, phishing exercise...) • Manager ownership with manpower (SICO)	• Initiative to prevent cyberattack (access management, employee training, phishing exercise...)
19. Data Privacy Policy & Management (eg. GDPR)	• Data privacy policy and • Internal/ external audit or • Manager ownership with manpower	• Data privacy policy
20. Responsible product design	• Analysis of product social/ environmental influence and • Set a strategy to address harmful effects Or • Collaborate with external organizations	• Analysis of product social/ environmental influence
21. Contribution to the community	• Commitment to external stakeholders • Initiatives to promote the local community relating to the start-up expertise (tech education for youth, /students, digital/ tech training to elderly etc.)	• Commitment to external stakeholder (stakeholders outside of the start-up)
22. Procurement and cooperation with local suppliers	• Commitment to work with local suppliers and • Set procurement targets for local suppliers or • More than 20% of suppliers are local	• Commitment to work with local suppliers
Diversity & inclusion		

23. Diversity & inclusion policy and targets	• Establish a D&I policy • Set diversity & inclusion annual targets (e.g. increase women new-hire, percentage of women in management, increase minorities, LGBT or people with a disability)	• Establish a D&I policy
24. Diversity & Inclusion performance	• Must have women in management initiatives (unconscious bias training, sourcing strategy, brand campaign…) and achieve high D&I performance	• D&I initiatives (e.g. unconscious bias training, sourcing strategy, brand campaign…) / achieve high D&I performance
25. Board member diverse representation	• Have one woman in the board (not an observer) or • Have a board member from an underrepresented group (minority, LGBT, disability etc.) or • Have a board member representation of diverse background (age, sector expertise)	• Have one woman in the board as an observer
<u>Governance General</u>		
26. Anti-corruption code of ethics	• Anti-corruption code of ethics and at least two of: • Anonymous reporting system • Implementation of the code with employees • Ethical procurement due diligence • Board member/ C-level management ownership	• Anti- corruption code of ethics (including anti -bribery section)

27. Impact / SDG / purpose-driven strategy	• Establish an Impact/ SDG/ purpose-driven strategy • Have a quantitative metrics measurement	• Establish an Impact/ SDG/ purpose-driven strategy
Board of directors		
28. Independent member on the board	• Independent director on the board and • Has accounting & finance expertise or • Has industry expertise in the field.	• Independent director on the board
29. Proper management of the Board	• Board annual frequency is 4 or more and • Monthly performance report given on time and • The Board created subcommittees or example for constructive support	• Board annual frequency is 4 or more and • Monthly performance report given on time

Appendix 3

Change log

11.5.2023 – Updated ESG KPIs based on implementation of reporting with the Worldfavor platform