

BurdaPrincipal
Investments

ESG REPORT

2022/23

By now you have **heard of Environmental, Social & Governance (ESG) principles and hopefully for the right reasons.** Education and regulation are increasing, evidence of practice is more widespread and an increasing number of companies are realising the strategic, financial and impact advantages of integrating ESG into business activities early on.

This is now **our third year conducting ESG reviews at BPI** and we are pleased to say that year on year in our portfolio we see the improvement! - the number of companies **examining their supply chains, focusing on how to engage their workforce and considering their carbon footprint is on an upward trend.** Most significantly in 2022, our start-ups have realised the need to **sharpen basic policies around governance & data security which was a big focus for us in last years review & report.**

Yet, as is anticipated with key person turnover or new businesses entering our investment circle, there are still **knowledge gaps and the need for education around fundamental ESG topics and basic principles.** This does not worry us – on the contrary, we see this as a great opportunity to support our portfolio companies to push further and expand their horizons on what is possible for ESG at the growth stage of a business.

This year we are further supported in our ESG endeavours through our **membership to VentureESG,** providing tools and resources which we are already putting into practice in 2023!

Clare McCartney Beer

COO Burda Principal Investments

Introduction.

Portfolio.

Moving forward.

What does ESG mean for BPI

How our companies perform

What are next steps for 2023

At BPI, we tackle ESG from three perspectives: in our diligence process, through portfolio management, and internally in the way we operate.

We have implemented an ESG policy **committing to incorporate ESG factors** into investment decisions to **generate sustainable, long-term returns, and better manage risk**. The policy is intended to set the scope, objectives, and strategy in identifying and managing ESG factors **across the investment lifecycle** at BPI.

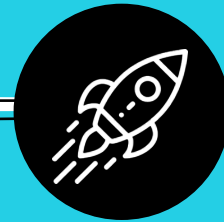


The Due Diligence Process

We defined **ESG factor considerations & red flags**, as well as sector exclusions list for investing.

We included an **ESG term sheet clause** aligning portfolio companies with good ESG policies.

In 2022, we have added **an ESG DD template** to be included in all IC discussions.

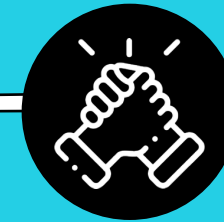


Portfolio Management

We set **ESG KPIs, monitor** progress, and **support** portfolio companies to achieve them.

We **revisit our criteria and assess secondary holders** (KYC & AML) to ensure longevity for our portfolio companies.

In 2022, we have had multiple **governance training sessions** for the team to make them better board members and conducted **financial assessments** with the portfolio companies.



Inside BPI

We have set up **internal policies and monitoring** for Diversity & Inclusion, the team and working environment, our environmental impact, as well as legal, regulatory, and governance topics.

Thereby, we aim to **lead by example**.

In 2022, new initiatives included **making our office greener**, extended our membership **Venture.ESG**, and becoming **climate neutral** through Hubert Burda Media's getting better sustainability program.

Introduction.

Portfolio.

Moving forward.

What does ESG mean for BPI

How our companies perform

What are next steps for 2023

ESG at BPI in 2022

New:

- Targets for the new year
- 1:1 peer sessions
- YoY comparison

The ESG Questionnaire

ESG focus area	Indicators & Metrics
Diversity & inclusion	<ul style="list-style-type: none"> <input type="checkbox"/> Policies relating to anti-discrimination, diversity and equal opportunity <input type="checkbox"/> Gender diversity split of employee base, C-Suite, Advisory Committee and/or Board? <input type="checkbox"/> Training or support tools for employees or leadership relating to D&I
Team & working environment	<ul style="list-style-type: none"> <input type="checkbox"/> Adherence to the labour laws of the region (e.g. minimum wage, equal pay, working hours, pension, health & safety etc.) <input type="checkbox"/> Offering of employee benefits (e.g. equal parental leave, private healthcare, dental insurance, cycle to work schemes, mental health support, flexible hours, working from home etc.) <input type="checkbox"/> Performance management processes and reviews <input type="checkbox"/> Team code of conduct &/or Employee handbook <input type="checkbox"/> What is the process for team member complaints, grievance and whistle-blowing? Is it anonymous?
Environmental impact	<ul style="list-style-type: none"> <input type="checkbox"/> Environmental footprint (Water, Waste, Air, Energy etc.) <input type="checkbox"/> Carbon footprint (scopes 1-3) <input type="checkbox"/> Sustainability Frameworks & methodologies/ certifications (i.e. B-Corp) <input type="checkbox"/> Initiatives to improve environmental performance
Supply chain	<ul style="list-style-type: none"> <input type="checkbox"/> Geographic footprint of suppliers, team, customers <input type="checkbox"/> Initiatives to monitor & improve supply chain (supply chain body, audit, code of conduct. <input type="checkbox"/> Supply chain disruption risks
Data privacy & security	<ul style="list-style-type: none"> <input type="checkbox"/> Compliance with legal obligations around data collection & storage <input type="checkbox"/> Transparency with users on how use their data <input type="checkbox"/> Data management policy (collection, storage, breaches) <input type="checkbox"/> Someone in charge of data security/ privacy
Responsible product design	<ul style="list-style-type: none"> <input type="checkbox"/> Considered factors impacting the inclusivity, accessibility and integrity of product <input type="checkbox"/> Thought about unintended consequences of product/ service & processes in place to mitigate. <input type="checkbox"/> Someone responsible for tech failures
Legal & regulatory	<ul style="list-style-type: none"> <input type="checkbox"/> Reliance on specific laws and regulations/ policies in the region <input type="checkbox"/> Monitor regulation & legislation to ensure comply with latest laws
Governance	<ul style="list-style-type: none"> <input type="checkbox"/> Corporate governance practices (internal financial controls, code of ethics etc.) <input type="checkbox"/> Independent members of governing bodies? <input type="checkbox"/> Update Advisory board? ESG matters also? <input type="checkbox"/> Responsibility for stakeholders & communities of operation

The (updated) Assessment Process

1

Questionnaire

We shared an ESG survey (31 questions) with our portfolio companies to respond across 8 key areas of ESG. **In 2022**, we have asked our portfolio companies to share their targets for 2023.

2

ESG Sessions

We held two separate ESG sessions online with our portfolio companies. **For 2022**, we have asked our portfolio companies to share topics they are most interested in and will match them for 1:1 sessions.

3

Evaluation

Based on the information provided from the survey we ranked each question from 0 (no action), 1 (fulfils basic requirements), 2 (follows industry standards) to 3 (implemented additional measures) and then derived a **percentage score** per company which were **compared with the company's previous year results**.

4

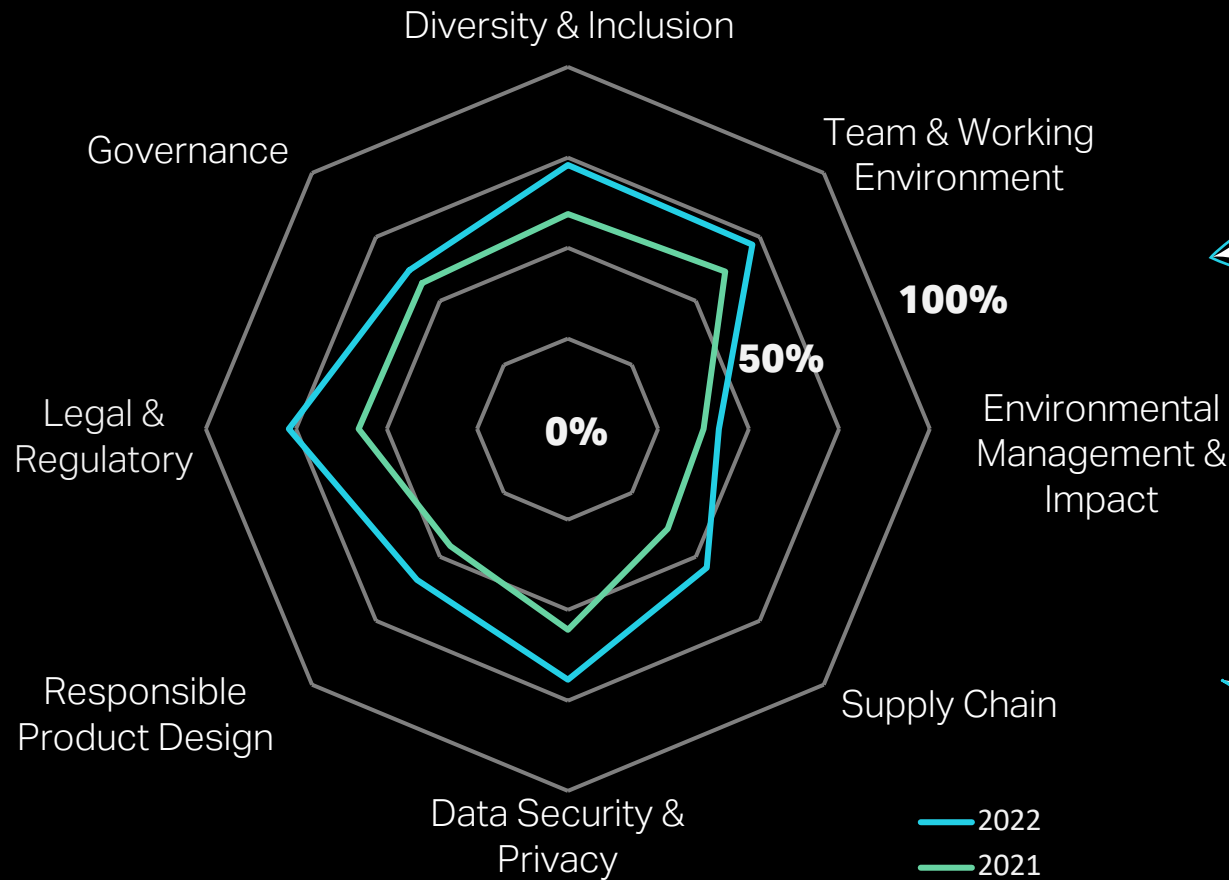
Scorecards

We created a scorecard (next slide) to evaluate how our overall portfolio is performing on average and compared to the previous year, as well as scorecards for each company (shared privately with each).

Positively, we have seen **improvements** across **all** categories of ESG in our portfolio.

Average ESG Score
+18%
 YoY

In 2022, we've seen our portfolio companies strive towards better ESG results – despite the headwinds the startup ecosystem has faced in comparison to 2021 with the average ESG score improving by **eighteen percent**.

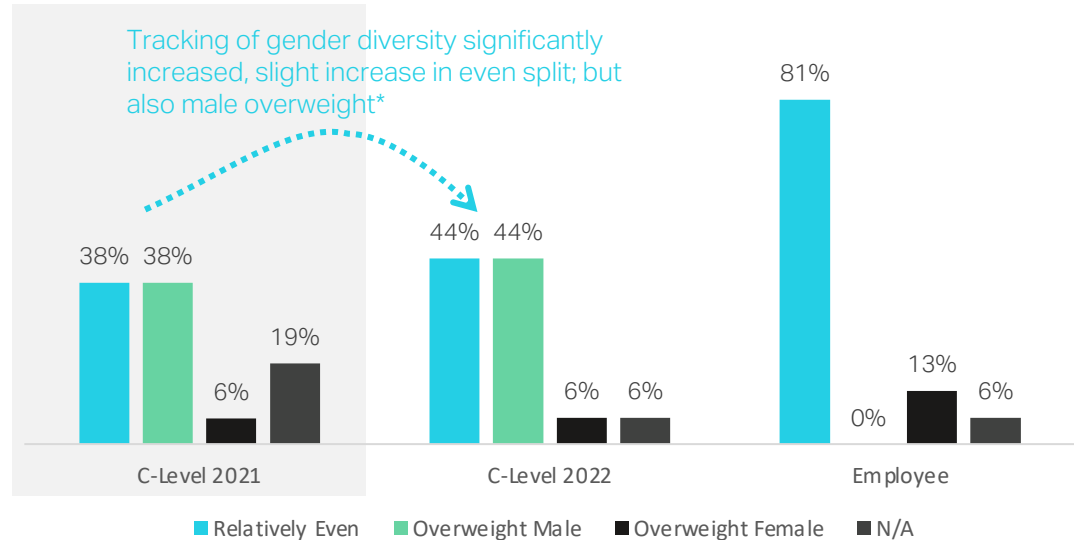


Improvements from 2021

Overall, we have seen the **most improvement** in the categories **Legal & Regulatory, Data Security & Privacy, D&I, and Supply Chain**. We are proud to have seen particular improvement of those going **above and beyond** on **Data Security**, as well as **Team and Working Environment**.

The categories that have seen the **least improvements** are **Environmental Management and Governance**.

93% of BPI's portfolio companies actively monitor Diversity and Inclusion



The **Diversity and Inclusion** metric measures initiatives and policies regarding (gender) diversity, anti-discrimination, equal opportunities, as well as trainings on these matters and hiring processes.

- | **94%** (+7% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding D&I (i.e. monitoring gender split, anti-discrimination policies).
- | **63%** (+25% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. internal D&I reps).

Leading by example

Vinted

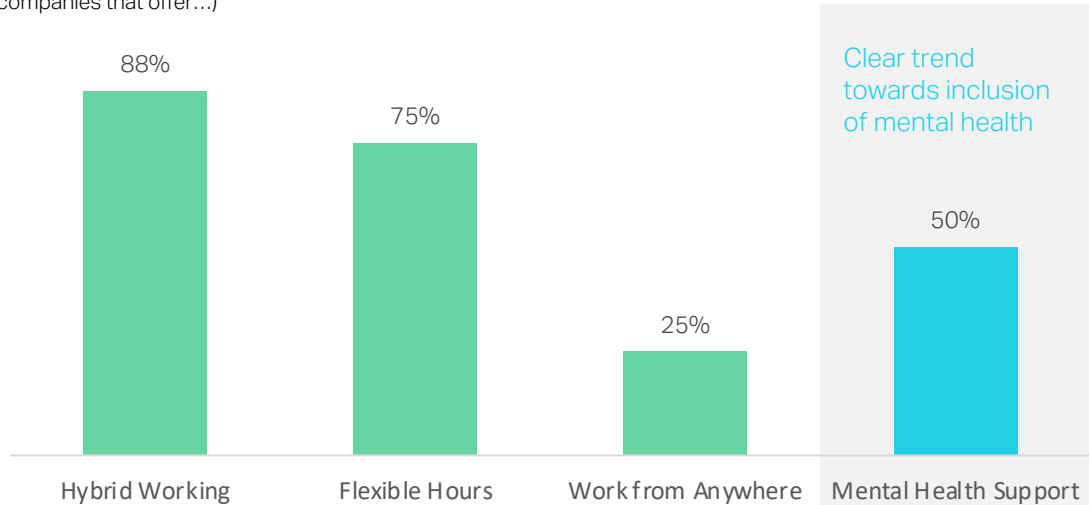
Among many other outstanding activities in the ESG space, Vinted also implemented numerous industry-leading initiatives around Diversity, Inclusion, Equity and Transparency. From hiring tools and sourcing programmes (i.e. unconscious bias training for all employees, running demographic surveys on Greenhouse to assess the diversity of candidate pipeline, and Vinternship program for early careers) to **gender balance targets** for various teams, as well as **DEI commitments** - Vinted even ran an organisation-wide **belonging survey** with an external partner to ensure inclusion. Other noteworthy initiatives are launching a **neurodiversity community**, celebrating their **first internal Pride month**, and running a **Gender Pay analysis** to identify improvement areas.

For 2023, Vinted plans to do even more: renewing the company's commitment to **Diversity in Tech and Women Go Tech**, as well as joining a large group of businesses and organisations in signing the **Lithuanian Diversity Charter** - a public commitment to continue ensuring diversity and inclusion for its employees.

100% of BPI's portfolio companies strive for a supportive team and working environment

Select Employee Benefits Offered

(% of companies that offer...)



Clear impact of **post-covid** with more flexibility around workplace & hours, as well as an improved understanding for mental health.

Leading by example



Moneybox is championing great efforts across all 8 ESG categories – as well as setting stellar targets for the new year.

For example, in 2022, Moneybox launched “**Moneybox Matters**”: quarterly **anonymous employee surveys** including one dedicated specifically to DEI to understand how employees feel about the topic. They have also introduced a bi-annual benchmarking for salaries to ensure fair compensation.

Among plenty of other employee benefits, Moneybox has a **support system for (new) parents** in place, provides mental health support, and follows inclusive hiring practices. Apart from **several policies promoting a better team environment** (i.e. DEI policy, Bullying & Harassment Policy), Moneybox has set up an **Inclusion Committee**, which, together with the People team, organizes **regular employee training**.

Team and Working Environment measures initiatives surrounding labor laws, employee benefits, performance management, and team code of conduct.

| **100%** (+/-0% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding Team and Working Environments (i.e. adhering to local labor laws, implementing a team code of conduct, anonymous complaints).

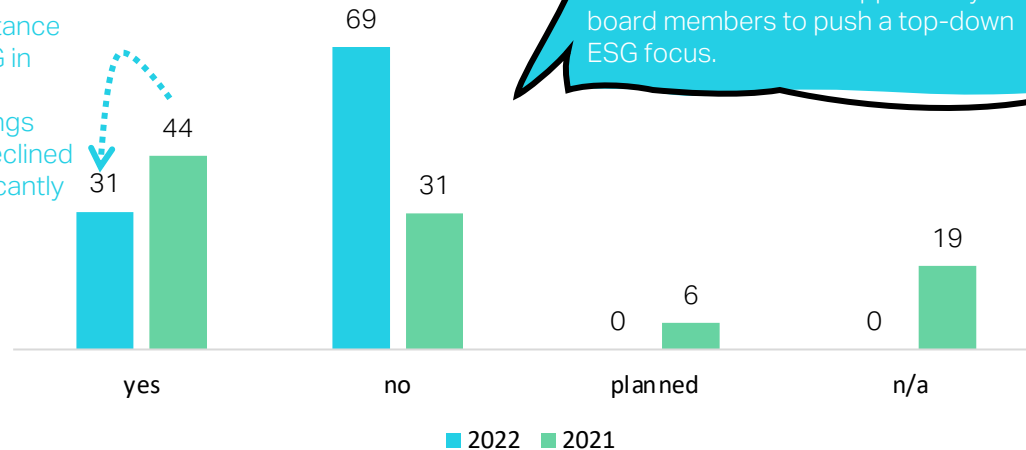
| **63%** (+67% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. workation offers, full employee handbook).

87% of BPI's portfolio companies work on strong corporate governance

ESG as part of Board Agenda

(% of companies regularly discussing ESG on the board)

Importance of ESG in board meetings has declined significantly



The **current market situation** may be impacting shifts in board discussions away from ESG related topics, however this makes for a clear opportunity for board members to push a top-down ESG focus.

Governance refers to the internal governing bodies such as the board, and audit committees, as well as external governance regarding stakeholder management and community engagement.

| **88%** (-13% YoY) of BPI's portfolio companies are fulfilling basic requirements regarding governance (i.e. regular staff and board meetings).

| **38%** (+20% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. independent board members, supporting community initiatives).

Leading by example



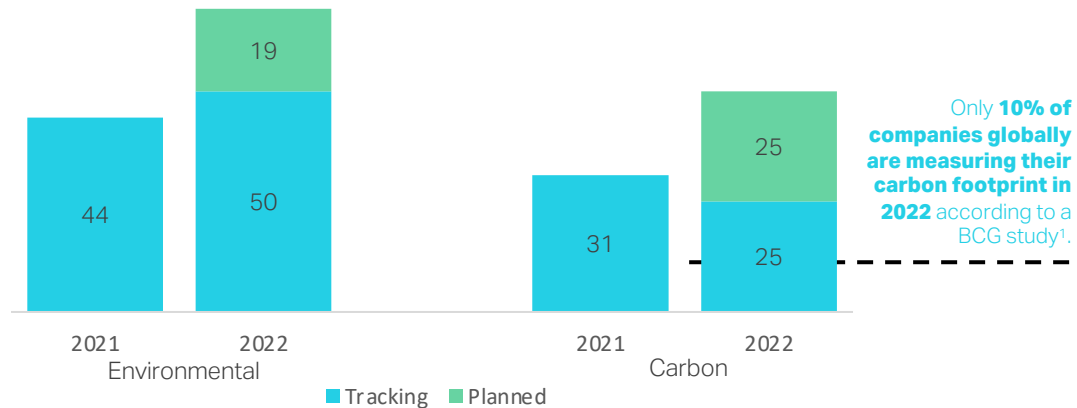
Yoto is another of our portfolio company with numerous initiatives across multiple areas of ESG. Alongside their focus on shareholders, Yoto implemented a **multi-stakeholder approach**. Last year, in support of Ukraine Yoto launched their "[Songs from Ukraine](#)" initiative - a specially curated collection of five traditional Ukrainian children's songs sung by a Kyiv-based artist with 100% of the sales being donated to the Disasters Emergency Committee (DEC).

In 2022, Yoto has also instituted a company objective 'Build for People and Planet' with the following key company results for 2023:

- Kickstart the **refurbishment, recycling and reuse program**, and a new Helping Families page on People and Planet dedicated to special and additional uses (which signposts Yoto Space)
- Build an **engaged workplace of culturally, socially and ethnically diverse** team members.

53% of BPI's portfolio companies strive to improve their environmental footprint

Tracking of Environmental / Carbon Footprint (% of companies)



Obvious trend towards the improvement of environmental management in 2023 many **targeting B.Corp Certification or carbon footprinting**.

Only 10% of companies globally are measuring their carbon footprint in 2022 according to a BCG study¹.

Environmental management and impact refers to the tracking, management, and offsetting of emissions including direct emissions, indirect emissions, and public sustainability commitments.

- | **56%** (+13% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding Environmental Management and Impact (i.e. by tracking carbon emissions or reducing environmental footprint).
- | **25%** (-20% YoY; *excluding 2023 targets*) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. net-zero pledge, tracking scope 4 emissions, B.Corp certification).

Leading by example

ODDBOX

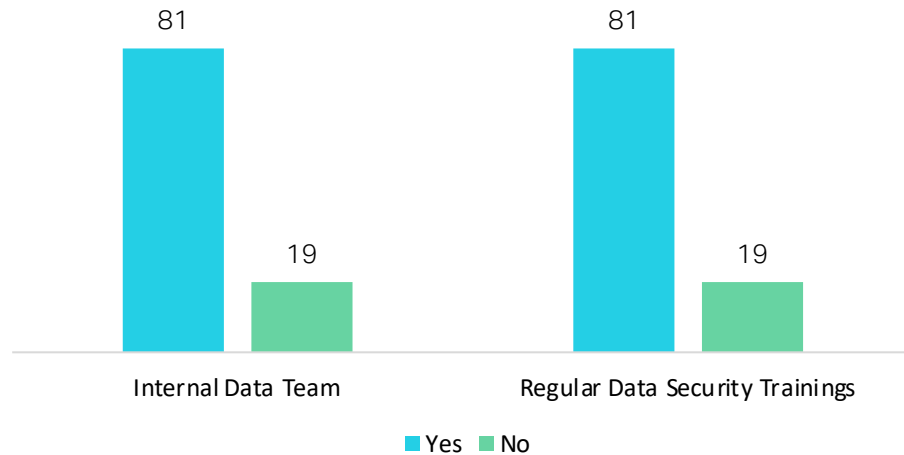
Oddbox, with outstanding initiatives across all ESG categories every year, adopted a number of new initiatives beyond “just” reducing food waste with their product. In 2022, they have added **electric vehicles** to their fleet and **improved efficiency on their delivery routes**. They have also **swapped all single-use cardboard trays** for reusable ones to transport fruit and veg from growers to packhouse, and are **trailing plastic pallets** which can be used up to 22 times more than wooden ones, **moved their main distribution centre** to one with great green credentials (incl. rainwater harvesting for toilet flushing, solar panels, 100% renewable electricity, certified as excellent according to BREAMM, Planet Mark certified, CO2 cold store). In 2023 the company is **planning even further improvements**: more delivery miles in EVs, more produce arriving in reusable crates, and reusing each of box at least once.

100% of BPI's portfolio companies adhere to data security and privacy practices



Internal Data Security Responsible & Regular Employee Training on the Topic

(% of companies)



Data security and privacy refers to data collection transparency and management. **Legal and regulatory** reflects special laws relevant to the respective business, as well as the monitoring of regulatory changes.

| **100%** (+7% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding data security, privacy, and legal changes (i.e. compliance with legal obligations such as GDPR, comprehensive data management).

| **50%** (+167% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. full data protection team).

Leading by example

Nord Security is an ISO certified company under the Information Security Management Standard but has also implemented a **number of internal measures** to further enhance their data security policies.

Among others, **all employees** of the Nord group entities have to take **regular information security online training** (which also covers the principles of the GDPR).

Moreover, Nord has implemented a **"Security Champion program"** managed by the Information Security team, which involves employees from different teams to enhance their knowledge about information security. Dedicated Information security trainings (e.g. secure coding) for technical employees are also in place.

This area was a key focus for BPI in 2022. With our workshop session for the portfolio and individual feedback points on the topic, we see this years increase as a **very positive outcome**.

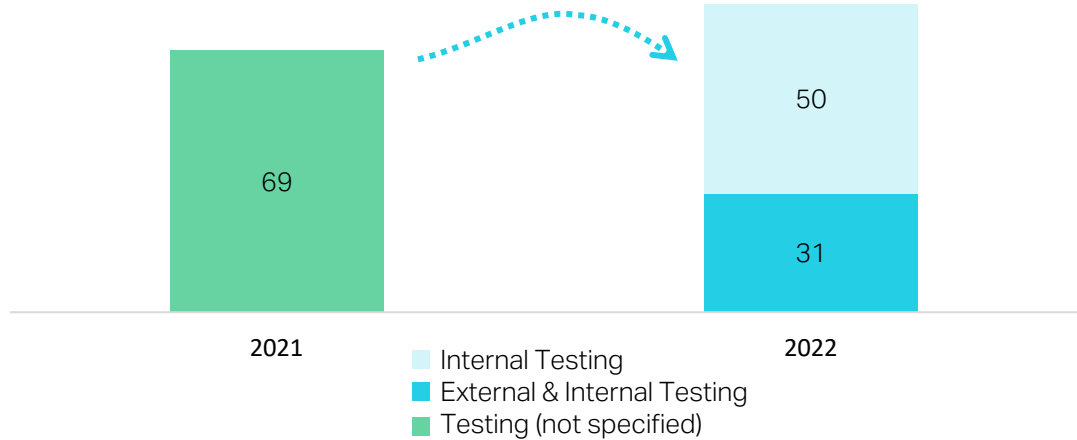
73% of BPI's portfolio companies work on inclusive product design and sustainable supply chains

Testing Product Accessibility

(% of companies)

Importance of accessible product design (also across software solutions significantly increased)

NOT ON THE HIGH ST.



Leading by example

Supply chains (and potential issues that could arise from poorly managed ones) have become more prominent throughout the last couple of years – in our portfolio, those implementing a supplier code of conduct is up 25% from last year.

UK Marketplace, Not On The High Street, has been focusing on making their supply chains more sustainable. The company has made significant progress in enhancing its anti-modern slavery measures - this includes appointing an **internal anti-slavery champion**; partnering up with an **anti-slavery charity**, Unseen, to offer sellers discounted resources to better understand their role in detecting and preventing modern slavery. NOTHS has also issued a **Seller Code of Conduct** and updated their **guidance to sellers** to set out a zero-tolerance approach to modern slavery and human trafficking; and issuing tailored anti-slavery comms to sellers selling products in higher risk industries (e.g. cocoa, coffee and textiles).

Responsible product design refers to the inclusivity, accessibility, and integrity of the products. **The supply chain metrics** reflect supply chain risks, as well as the monitoring of suppliers regarding ESG topics.

| **75%** (+9% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding responsible product design and sustainable supply chains (i.e. supplier tracking and monitoring, product accessibility testing).

| **44%** (+133% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. supplier code of conduct).

Meet the portfolio companies that stood out in this year's review

The Outperformer

Is consistent (yet eager to improve), thoughtful, and anything but average in its ESG efforts. ESG is at the core of the companies DNA and is shared with all stakeholders, shareholders, and employees.

Vinted

Vinted is firing on all ESG cylinders with numerous industry-leading initiatives around DEI, Data Privacy and Transparency, internal ESG champions across multiple topics and not to forget: sustainability commitments in line with SBTi and setting up a fundraiser for Ukraine in response to the war. For us, this deserves a special mention!

The Ambitious

Has set high goals for the upcoming year across most ESG categories and strives to be (even) better.

moneybox

Despite already high levels of ESG performance, Moneybox is not complacent. The company continues to set itself ambitious targets in multiple areas to further improve.

The Kickstarter

They may be new to our portfolio – but they are not new to ESG and have hit the ground running (or at least they are in no way inferior as far as the subject of ESG is concerned).


yoto

Yoto only joined the BPI family in 2022 but is playing the big leagues when it comes to ESG. Particularly noteworthy are their efforts in D&I, Legal, and Data Security (and yes, Governance – but you knew about that one already)

The Overtaker

This company has turned words into reality and made significant improvements with regard to their ESG practices over the last year.

ARIVE

We are excited to see the improvements Arive has made across the board on all ESG topics and – particularly – D&I. A great gender balance, internal “culture keepers” and comprehensive guidelines on recruiting and onboarding have made Arive a great achiever in some ESG areas.

Introduction.

Portfolio.

Moving forward.

What does ESG mean for BPI

How our companies perform

What are next steps for 2023

In 2023, we're getting stronger...

DIVERSITY.VC

We're fostering **Diversity and Inclusion** by joining the Diversity.VC league, participating in their recruitment programme and nominating an internal DEI representative



In 2023 we have created a network of internal **ESG champions** across all four offices to disseminate ESG efforts and empower our Investment team to broaden our impact.



We will continue to deepen our work on **Governance** through team DD and our work on company boards, focusing on advisory committees, independent & diverse members.

As BPI we are also part of Hubert Burda Media's corporate sustainability program:

Burda
getting
better

The program includes numerous initiatives including carbon footprinting: as of 2021, Hubert Burda Media, including BPI are carbon neutral in Germany through reduction and offsetting measures.

Find out more on: <https://www.burda.com/de/getting-better/>



Thank you