

BurdaPrincipal  
Investments

# ESG REPORT

2023/24

# Introducing our ESG ambassadors

This year, we appointed ESG ambassadors across our four offices to raise awareness of key ESG issues and drive initiatives at the frontline of our business. It has been great to see the engagement here already and we look forward to a year of expanding our learning and action together.

London



**Will Sarjant**

We are in the midst of the most **fundamental mindset shift** for many generations towards a more holistic understanding of the impact of our work. Each element of ESG is a critical component of this shift and I want to be on the right side of history when my grandkids ask me what I did for a living!

Munich



**Luisa Frank**

As venture capital investors, we play a role in **shaping the future** by investing in tomorrow's category leaders. For me, a commitment to ESG principles isn't just a moral imperative, it's an investment strategy for long-term success. I firmly believe that sustainable, responsible investing isn't just the right thing to do—it's **the smart thing to do**.

Singapore



**Tim Cheah**

ESG comes in a multitude of shapes and forms, but in VC, the "G" is of particular relevance. In recent years, we've seen how lapses in governance led to company failures across industries and regions. **At all stages of a company's life, good governance is crucial.**

Berlin



**Vincent Rose**

ESG is deeply embedded in the **DNA of Burda Principal Investments**, acknowledging its multifaceted importance. It's not only about our environmental responsibility as global citizens and participants in our Earth's ecosystem, but also about fostering good governance as part of our role and responsibility as investors and board members. We believe that practicing ESG drives informed decision-making and **cultivates healthy, successful businesses.**



Introduction.

Portfolio.

Moving forward.

**What does ESG mean for BPI**

**How our companies perform**

**What are next steps for 2024**

# At BPI, we continue to tackle ESG from three perspectives: in our due 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

- **ESG factor considerations & red flags**, and a sector exclusions list for investing.
- **ESG term sheet clause** aligning portfolio companies with good ESG policies.
- **ESG DD template** to be included in all IC discussions.



## Portfolio Management

- **ESG KPIs**, progress monitoring, and portfolio support.
- **Revisit our criteria and assess secondary holders** (KYC & AML) to ensure longevity for our portfolio companies.
- **Governance training sessions** for the team to make them better board members and conducted.
- **Regular financial assessments** with our portfolio companies.



## Inside BPI

- **Internal policies, handbooks, and monitoring** for Diversity & Inclusion, the team and working environment, recruiting, our environmental impact, as well as legal, regulatory, and governance topics.
- **Carbon footprinting** through the Hubert Burda Media group.
- **Venture.ESG** membership.
- **ESG Ambassadors** from the investment team in each office to advance ESG topics locally.

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# ESG at BPI in 2023

**New:**

- 3 KPIs of choice to track
- 1:1 Meetings between BPI & Portfolio Companies

## The ESG Questionnaire

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

## The (updated) Assessment Process

### Questionnaire

We shared an ESG survey (31 questions) with our portfolio companies to respond across 8 key areas of ESG both on previous year initiatives and next year targets. **In 2023**, we have asked our portfolio companies to commit to 3 KPIs to track.

### ESG Meetings

We held 1:1 ESG Meetings online with our portfolio companies to discuss the results and plans for the future.

### Evaluation

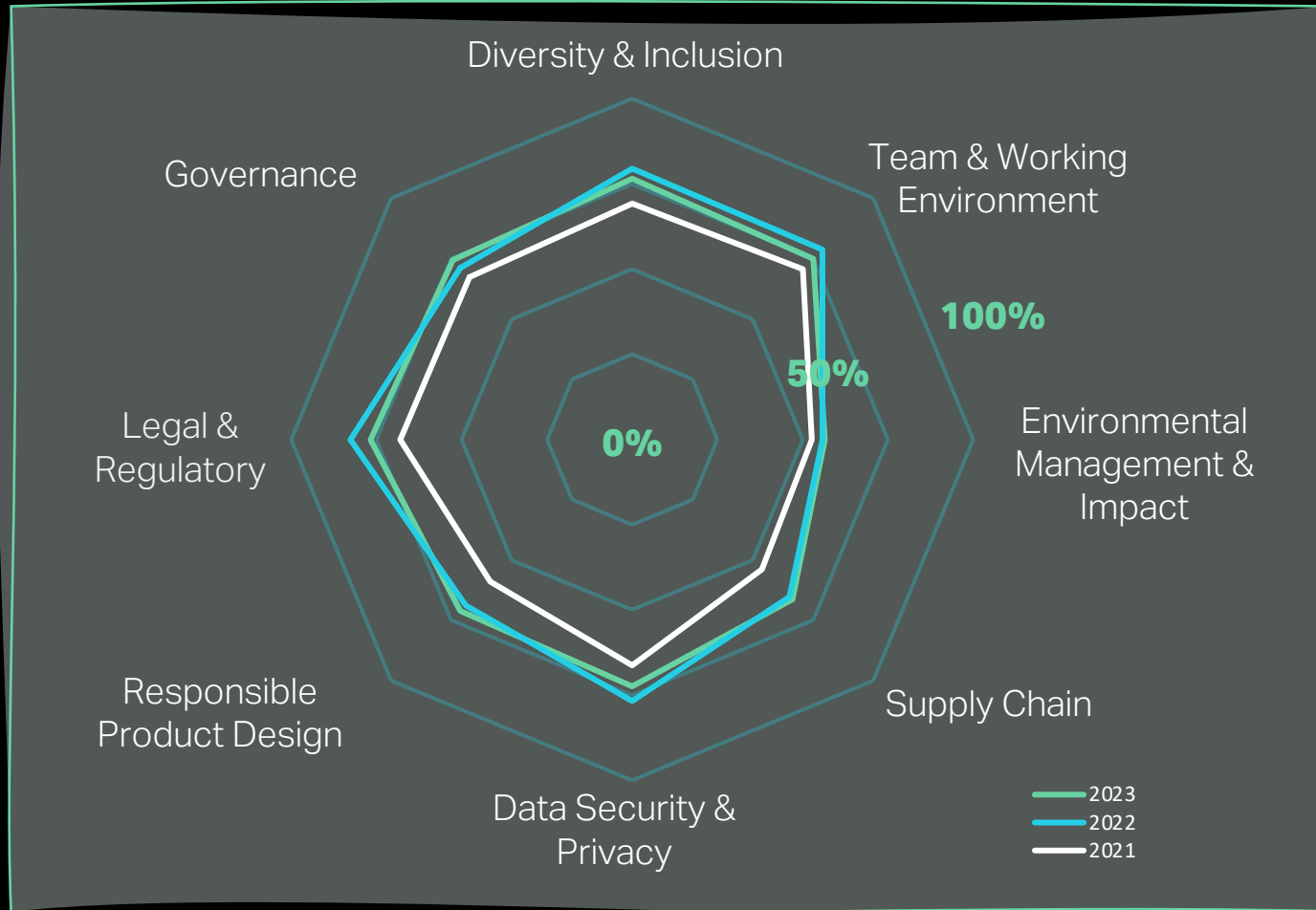
Based on the information provided we ranked each question from 0 (no action), 1 (fulfils basic requirements), 2 (follows industry standards) to 3 (implemented additional measures) and then derived a **percentage score** per company which were **compared with the company's previous year results**.

### 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).

# We have seen stable levels of ESG performance across our portfolio.

In 2023, we've seen our portfolio companies continuing to strive towards better ESG results – overall, the average ESG Score remained similar to 2022.



## Notable changes from 2022

Overall, we have seen improvement in the categories Environmental Management, Responsible Product Design, Supply Chain, and Governance.

We are proud to have seen particular improvement of those going above and beyond on Governance, Environmental Management, and Legal and Regulatory.

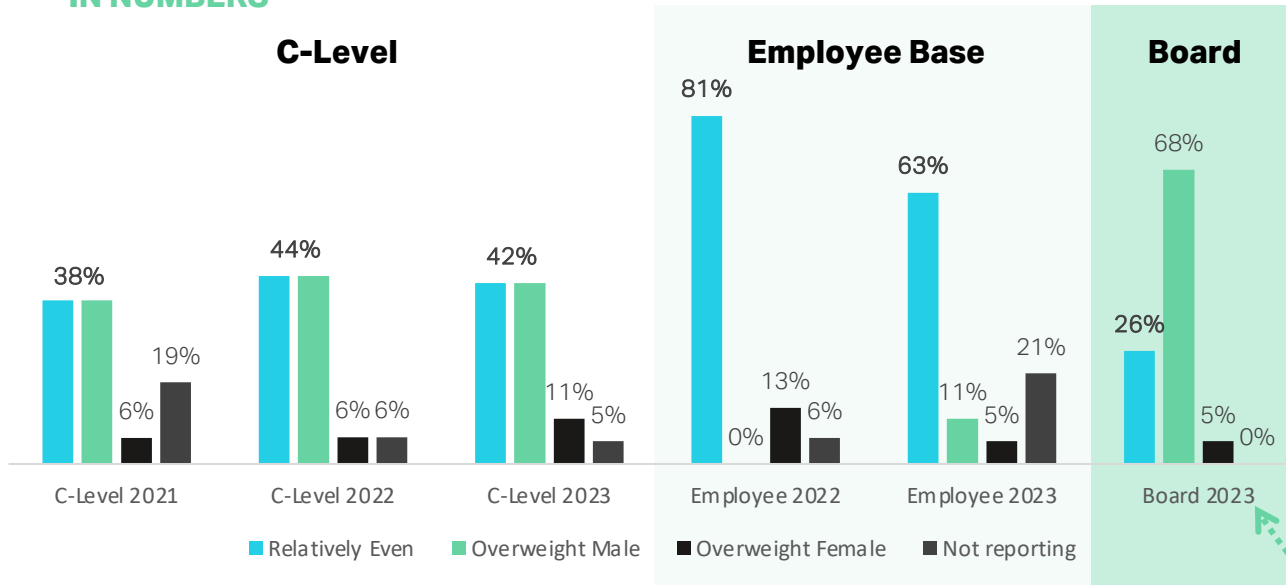
Overall, average scores have seen a slight decrease of less than 10 percent in Legal & Regulatory, Data Security, Team & Working Environment, and D&I. We attribute the difference in scores here to the more nascent nature of new portfolio companies entering the BPI ecosystem in 2023

# 84% 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.

- | **84%** (-10% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding D&I (i.e. monitoring gender split, anti-discrimination policies).
- | **58%** (-7% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. internal D&I reps).

## IN NUMBERS



## BY EXAMPLE



Moneybox has had a sharp focus on ESG from the beginning and continues its impressive efforts across all three layers of ESG. In addition to a gender diverse leadership and overall workforce, the UK-based Fintech start-up has put a number of additional measures in place to foster DEI across the company. From a variety of policies outlined in its employee handbook, company-wide initiatives and training for all employees: Moneybox has made sure that DEI is at the centre of its operations.

One initiative we would like to particularly highlight:

Moneybox has put in place an inclusion committee to actively promote an inclusive workplace, including fostering diverse hiring and promotion practices. This has included its partnership with Code First Girls to empower women to work in tech, and its company-wide unconscious bias training through the Hustle Crew.

In 2024, Moneybox aims to do even more. Its planned initiatives include introducing an unconscious bias toolkit for hiring teams, renewing partnerships with specialised recruitment agencies, and reviewing its benefits package to ensure it provides employees with the support they need. Collectively, this will allow Moneybox to continue to foster a culture of inclusion and build a diverse and welcoming workforce.

Learn more about ESG at Moneybox on their [website](#).

Across our portfolio companies, the only category still seeing an overproportionate number of male members is the "Board", which is also impacted by (senior) investor representatives still often being male. At BPI, we tackle this with a good gender split across the team and their representation in boards.

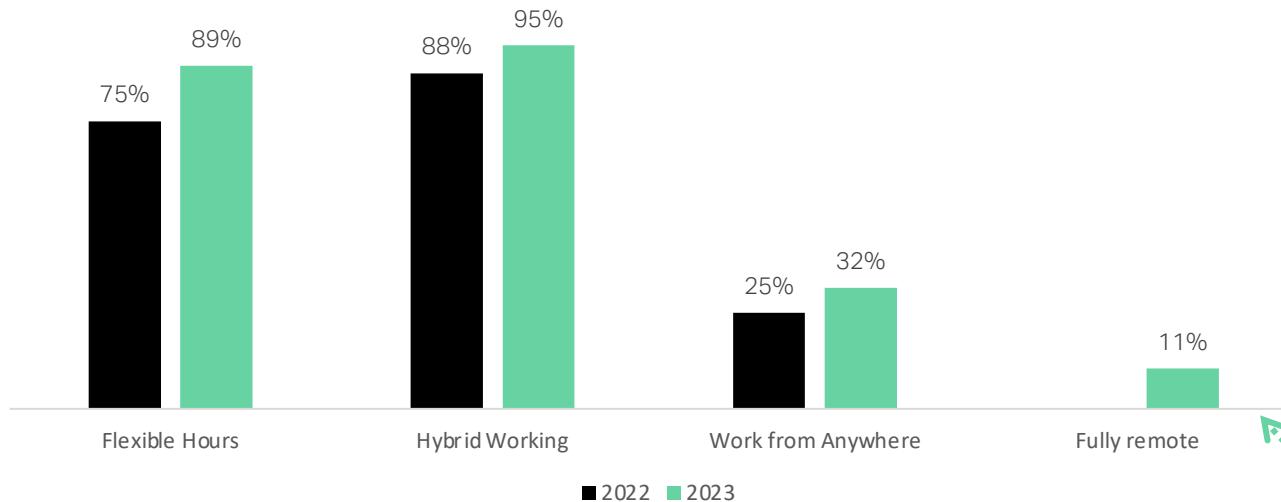
# 95% of BPI's portfolio companies strive for a supportive team and working environment

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

- | **95%** (-5% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding Team and Working Environments (i.e. adhering to local labour laws, implementing a team code of conduct, anonymous complaints).
- | **42%** (-33% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. workation offers, full employee handbook).

## IN NUMBERS

### Flexible Working Benefits (% of companies that offer...)



### BY EXAMPLE

**Vinted**, one of the leading European C2C marketplaces for secondhand fashion, has consistently been a strong performer in all things ESG.

From a wide range of employee benefits to a comprehensive code of conduct (including, but not limited to, anti-harassment D&I, etc). Vinted showcases that employees are important and should be valued as such.

One initiative we would like to particularly highlight:

Vinted's approach to performance management, their "People Growth & Impact Cycle", integrates continuous feedback cycles, individual impact goals and personal growth goals in a 360-process to ensure a transparent and fair evaluation.

Find out more about Vinted's culture on their [website](#).

Flexible Working policies have become the norm since the Covid Pandemic and some of our portfolio companies have even made the move to go fully remote since then.

Please note: younger portfolio companies may not have every process formalized yet, but we've noticed that team & culture tends to be one of the first ESG topics on the roadmap. 9

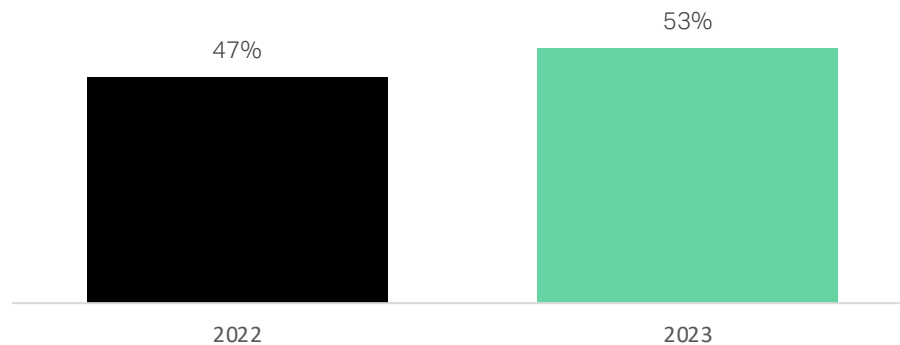
# 89% of BPI's portfolio companies work on strong corporate governance

**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.

- | **89%** (+2 YoY) of BPI's portfolio companies are fulfilling basic requirements regarding governance (i.e. regular staff and board meetings).
- | **47%** (+26% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. independent board members, supporting community initiatives).

## IN NUMBERS

**Independent Board Members**  
(% of companies)



## BY EXAMPLE



Over the past 12 months, **Nord Security** – a global leader in internet security and privacy solutions – has significantly accelerated its ESG efforts and secured a spot among our best performing portfolio companies with initiatives across all categories.

Nord Security has made sure Governance is top of mind through OKR events with all employees, making ESG a part of Board Meeting agendas, multiple independent board members, and the publishing of its Impact Report.

*One initiative we would like to particularly highlight:*

Nord Security keep stakeholders informed with an annual Impact Report including materiality assessment where they have identified the most important ESG topics for their business, and customers.

Learn more about Nord's position on ESG on their [website](#).

# 47% of BPI's portfolio companies strive to improve their environmental footprint

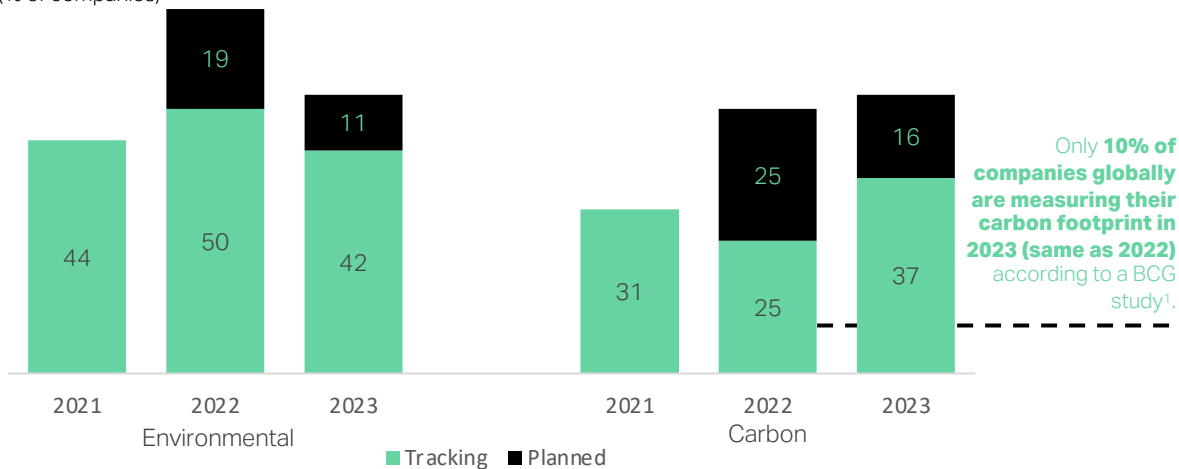
**Environmental management and impact** refers to the tracking, management, and offsetting of emissions including direct emissions, indirect emissions, and public sustainability commitments.

- | **47%** (-16% 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).
- | **26%** (+5% YoY) 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).

## IN NUMBERS

### Tracking of Environmental / Carbon Footprint

(% of companies)



## BY EXAMPLE

### Bloom & Wild Group

**Bloom & Wild** is another of our portfolio companies with a very strong ESG track record across the board. Most recently, the flower delivery start-up from London has also joined the ranks of esteemed sustainable companies with its B Corp status.

Since inception, careful consideration has been at the heart of Bloom & Wild's business approach from the sourcing of blooms, to packaging, and the care shown to customers, employees, and communities alike. The company has been carbon neutral certified since 2020 and has publicly committed to become net zero by 2045.

One initiative we would like to particularly highlight:

Bloom & Wild's public commitments to sustainability are admirable: the company boasts the accreditation and use of a number of sustainability certificates, frameworks & commitments, such as B Corp, GHG Protocol, SDGs, Floriculture Sustainability Initiative (FSI), and Climate Neutral Group certification. Moreover, the company not only publishes a Sustainability report but also a net zero report.

Find out more about Bloom & Wild's commitments on their [website](#).

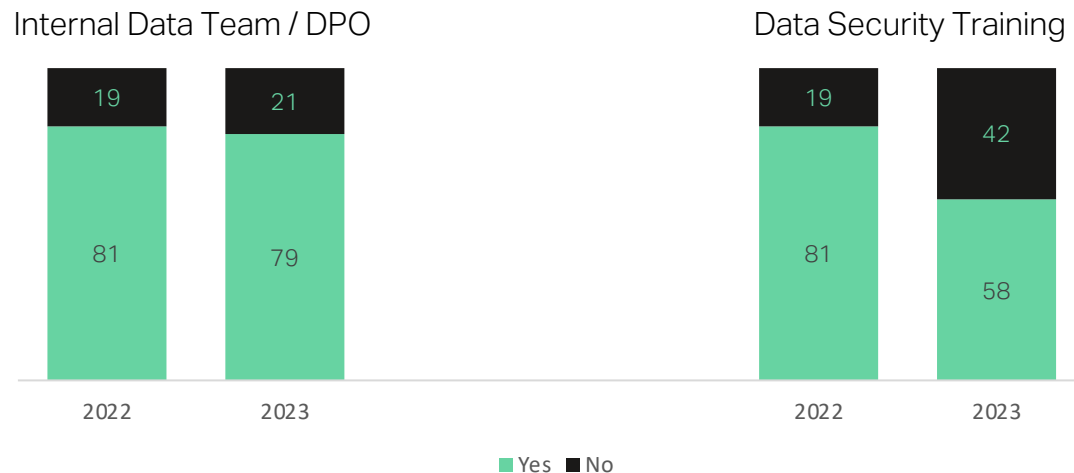
# 84% of BPI's portfolio companies adhere to data security and privacy practices and 95% to legal requirements

**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.

- | **84%** (-16% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding data security, privacy, and **95%** (-5% YoY) on legal changes (i.e. compliance with legal obligations such as GDPR, comprehensive data management).
- | **53%** (+5% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. full data protection team).

## IN NUMBERS

### Internal Data Security Responsible & Regular Employee Training on the Topic (% of companies)



## BY EXAMPLE



**Yoto** – the UK-based interactive audio platform for kids – has shown especially strong performance in Social and Governance topics.

The company aims to provide educational content to children aged 0-12+, including topics such as conservation (in partnership card with Sealife Trust), and provides a screen free alternative for kids.

One initiative we would like to particularly highlight:

Yoto's customers are families and children, which is why they consider the handling of personal data particularly important. To ensure compliance alongside their in-house data management procedures, the company provides training for its employees across legal & data topics and shares online tools for them to further educate themselves.

Find out more about Yoto's commitments on their [website](#).

Changes due to earlier stage of new companies entering BPI portfolio. This will be a key focus for us in 2024.

# 89% of BPI's portfolio companies work on inclusive product design and 84% on sustainable supply chains

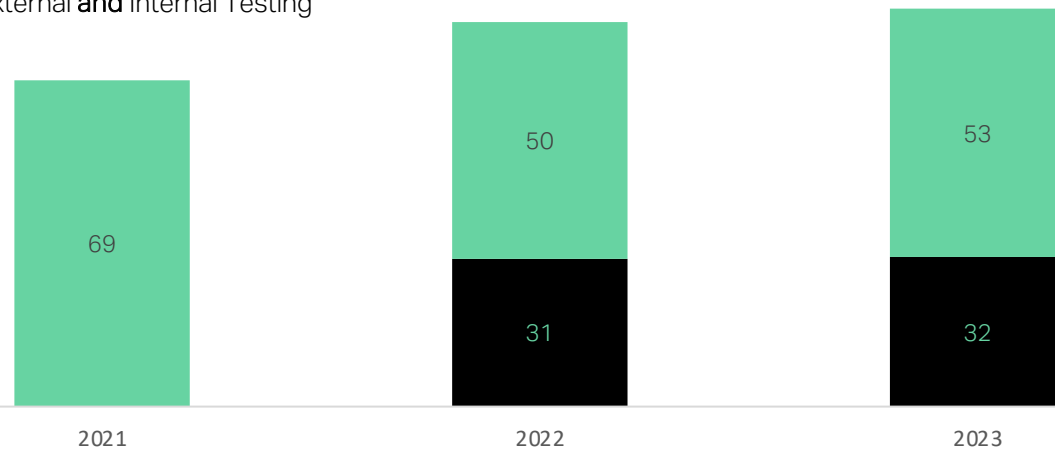
**Responsible product design** refers to the inclusivity, accessibility, and integrity of the products. **The supply chain metrics** reflect supply chain risks, as well as the monitoring of suppliers regarding ESG topics.

- | **89%** (+19% YoY) of BPI's portfolio companies are **fulfilling basic requirements** regarding responsible product design (i.e. product accessibility testing) and **84%** (+12% YoY) sustainable supply chains. (i.e. supplier tracking and monitoring).
- | **37%** (-16% YoY) of BPI's portfolio companies have **implemented additional measures** that go beyond requirements (i.e. supplier code of conduct).

## IN NUMBERS

- External **or** Internal Testing
- External **and** Internal Testing

### Testing Product Accessibility (% of companies)



## BY EXAMPLE

**billease**

**BillEase** – the Philippines' leading card-free Buy Now Pay Later (BNPL) platform – has been progressing ESG commitments significantly in the past few years.

While many Southeast Asian businesses are still at nascent stages of ESG adoption, the mission-driven nature of BillEase's business model has also led them to reflect on many internal processes such as product design.

One initiative we would like to particularly highlight:

The main goal of BillEase is to further financial inclusion in the Philippines, where the majority of the population remains underbanked. The company utilizes machine learning models for their underwriting process in order to provide formal credit access to the emerging middle class which consequently reduces human biases during the approval process. Interestingly, this has led to a majority of females in their customer base. Moreover, as a fintech player, BillEase is also better able to deliver its products instantaneously and reach customers across the archipelago.

Find out more about Billease on their [website](#).

The importance of accessible product design (also across software solutions) has increased significantly since 2021.

# 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 company's DNA and is shared with all stakeholders, shareholders, and employees.*



Last year's "Ambitious" - UK Fintech Moneybox didn't just set high goals, but also made sure to deliver on them earning a spot as this year's ESG Outperformer in our portfolio! Way to go, team Moneybox!

## ***The Ambitious***

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



Bloom & Wild has ESG engrained in their culture and has been an ESG outperformer in our portfolio from the get-go – but that doesn't stop them from aiming even higher for the next year. We can't wait to see where you're headed!

## ***The Kickstarter***

*They may be new to our portfolio – but they are not new to ESG and have hit the ground running*



Uluu is impact driven inside and out. Alongside their mission to replace plastics with their seaweed-based alternative they have a number of detailed ESG initiatives on the roadmap for this year. Great to have you onboard!

## ***The Overtaker***

*This company has turned words into reality and made significant improvements regarding their ESG practices over the last year.*



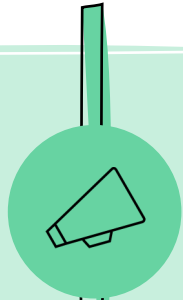
Nord Security, the Vilnius-based cybersecurity provider has put some serious effort into stepping up their ESG game over the past year and sprinted all the way into our ESG top performers. We're delighted to see it all come together!



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# In 2024, BPI is focusing on ...



## Sensitivity & Education

Increasing awareness about the issues in the ESG universe, shifting mindsets & committing to "lifelong" learning within the team.

We will be conducting a monthly **Team ESG Challenge** and various trainings on the topic



## Materiality

Focusing on dimensions of ESG which are the most relevant for specific business models and have the most impact.

We are working on **materiality assessments** for each sector / company and internal at BPI



## Ownership & Co-operation

Leveraging the reach and influence of our team, co-investors, and our board positions to progress on this important topic together. ESG is everyone's responsibility!

We are talking about it and **getting involved!**



# Thank you