



Responsible Investment Report

December 2020

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TempoCap's commitment to ESG

“ TempoCap is committed to investing in strong, sustainable businesses that have a positive impact on their stakeholders and on the wider society in which they operate. For all of us at TempoCap, that means evaluating ESG risks throughout the investment process, from initial screening all the way to exit, and continuously moving forward with ESG improvements. ”



Olav Ostin
Managing Partner

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CLIMATE
ACTION.

Why acting responsibly is important to us at TempoCap

At TempoCap, we believe that investing in companies with good environmental, social and governance (ESG) practices means investing in stronger, more sustainable companies.

As technology investors, our investments often help to create high quality jobs in sectors with a low environmental impact. These businesses can have a positive impact across all key stakeholders – employees, customers, and partners - as well as shareholders.

Nevertheless, as long-term investors, it is in our nature to consider long-term risks, including those relating to ESG issues. We therefore see careful consideration of ESG risks as part of our fiduciary duty at TempoCap.

In a recent Edelman survey of 500 institutional investors representing firms that collectively manage over \$4.5 trillion in assets, 92% of respondents said companies with strong ESG performance deserve a premium valuation to their share price. 88% also agreed that companies that prioritise ESG initiatives represent better opportunities for long-term returns than companies that do not.

However, long-term value creation and improving returns are not the main motivations for thinking about ESG risks at TempoCap. We want to demonstrate that we are making a positive contribution to society's challenges through our investments too. We see our commitment to ESG as both a moral obligation and common sense, and so it is well aligned with TempoCap's own values.



Our approach to ESG

We consider ESG topics at each stage of investment: at initial screening, during diligence and negotiation, once our funds are invested, and at the point of exit.



These elements are embedded into TempoCap's investment processes, but ESG risks involve a complex and wide-ranging set of topics. In each area there is always more to learn as to best practice and understanding a company's wider impact.

Many ESG risks are hard to quantify, may include elements of subjectivity and often require deeper context for a proper assessment. For example, how best should a scale-up business balance diversity, independence and other factors at a Board of Directors? What is an equitable amount of ownership to be set aside for employees in a company share options scheme? What is an acceptable employee turnover rate at a fast-growing company? What are the most appropriate policies for a company to employ in order reduce its carbon emissions? More generally, we try to think about who might be negatively impacted if a company becomes very large.

Each year, we assess each of our portfolio companies across a range of approximately 50 different factors within Environmental, Social and Governance topics through our questionnaire and our follow-up engagements with management teams.

Credit for the comprehensive structure and design of our annual questionnaire is due to one of TempoCap LPs, SWEN Capital Partners, a recognised ESG leader in private equity investing, and we are truly grateful for their support. However, we know that ESG is not a box-ticking exercise or a numbers game, and so a questionnaire always serves as a starting point for conversations and deeper engagements with our companies on ESG topics.

We also know that, for the young, fast-growing companies we invest in, constantly juggling with constrained resources as they expand, time spent on these issues can sometimes be seen as a distraction from their ambitious growth plans. TempoCap therefore has an important role to play as a forcing function for ESG, but we also aim to balance our focus on areas of materiality in our sector.

That means a pragmatic operational approach. Our focus, as technology investors, has typically been on areas such as diversity and inclusion, employee engagement, customer privacy and data security. However, in the coming years we expect to place more emphasis on environmental risks too.

In aggregate, our ESG assessments indicate that TempoCap's portfolio companies, given their level of maturity, broadly tend to score well in both our questionnaire and follow up engagements with regard to *social topics* measured, are establishing themselves with regard to certain *governance topics*, but often have more to do when it comes to *environmental topics*.

This is manifested in our young and fast-growing technology businesses by their typically positive working environments for staff, by improving governance structures as they mature, and often by less consideration to environmental factors or policies, or the evaluation of carbon footprints. This is perhaps unsurprising, given these are rarely carbon intensive businesses (with most companies writing software code). However, just as we at TempoCap have pledged for the first time to offset our carbon emissions in 2020, we will be expecting more from our companies in the form of environmental leadership as we look to 2021 and beyond.



Optimism for 2021 and beyond

Next year, as we continue our ESG journey, TempoCap will keep working to bring ESG risks and opportunities to the fore as we encounter them. We are constantly reminded that ESG is an inextricable part of how our companies do business, and the individual elements of ESG are interwoven. Being more proactive on environmental issues, for example, can provide social benefits too, as every company operates within a broader, diverse society.

In 2021, while we push our existing portfolio companies and new investments forward on a variety of issues, we also plan to increase our interactions with ESG working groups and will strive to keep contributing positively to society ourselves. We are optimistic for a Covid-19 recovery next year that will influence a wider acceptance of the importance of ESG considerations in business, resulting in more awareness and action on ESG. Low probability but high impact events like Covid-19 seem likely to highlight the need to prepare for other complex and far-reaching risks, such as the potential impacts from climate change.

Ultimately, all our actions at TempoCap are underpinned by a firm belief in responsible investing and in good corporate citizenship. In 2021, we expect the case for a strong ESG proposition will become even more compelling for business leaders everywhere.



Investments with a positive impact

New challenges created by the Covid-19 crisis make our efforts to act responsibly even more important in 2020. A global health crisis has morphed into a social and economic crisis that has affected all segments of the population in a variety of ways, and is particularly detrimental to those in the most vulnerable situations. Even if many of the sectors we invest in, by luck or by design, may not be experiencing a negative impact themselves, the pandemic is widely expected to increase inequality, exclusion, discrimination and global unemployment in both the medium and long term.

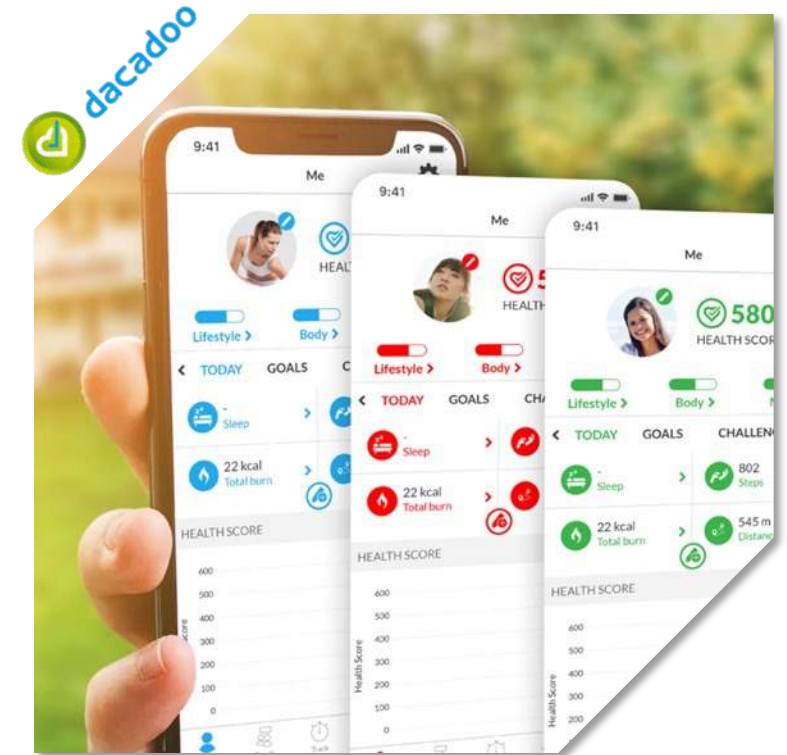
However, through TempoCap's investments, we know we can play a positive role in alleviating some of these problems. For example, TempoCap has led investments in companies building technology that:

- liberates those whose movement has been limited by the pandemic, by providing digital tools that take traditional in-person activities online (such as our investments in Onfido and Systancia);
- widens access to digital services and increases financial inclusion (Azimo, Acorns, CurrencyCloud, Simplesurance and Toutabo);
- supports health and well-being (Dacadoo);
- helps make the "new normal" environment secure, thereby promoting business activity (Efficient IP, CybelAngel, Bleckwen, Dedrone);
- promotes sustainability in consumption (Depop, Toutabo) or in energy production (Aqua).

These examples reflect the wider benefits to society from some of our investments. Indeed, we can be proud that all of our portfolio companies contribute to at least one of the 17 UN Sustainable Development goals.



TempoCap pioneers



Depop is a marketplace for resale fashion items, and is disrupting the fashion industry – one of the world’s biggest culprits when it comes to climate change, pollution, waste and poor labour practices. The fashion industry is responsible for up to 10% of humanity’s carbon emissions.

Azimo is a digital money remittance platform, that is critical for migrant communities to transfer money across borders more cheaply and efficiently through a digital infrastructure. Remittances are an essential source of income for millions of families, many of whom are low income.

Dacadoo is a comprehensive health engagement platform motivating users to achieve and maintain healthy lifestyle habits. A personal health coach in users’ pockets can take lived health experiences to build expertise and ultimately inform policy-making and global health responses.



100% of our portfolio companies contribute to UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), a call for action by all countries. These goals recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. Our portfolio companies contribute to the following 12 UN SDGs:



Celebrating diversity

71%

portfolio companies with female representation in C-suite

4x

the industry average of investment in women-led companies

40%

women in the TempoCap team

30%

minority representation in the TempoCap team

4

nationalities within team of 10 members

Active

driving diversity & inclusion in European venture capital





Setting an example inside TempoCap

Not only through our investments, but also through our own conduct at TempoCap do we seek to set an example. In 2020, while teams worked from home during the first lockdowns, TempoCap campaigned for the donation of corporate hospitality budgets to be given to food banks, supporting UK food bank network, The Trussell Trust.

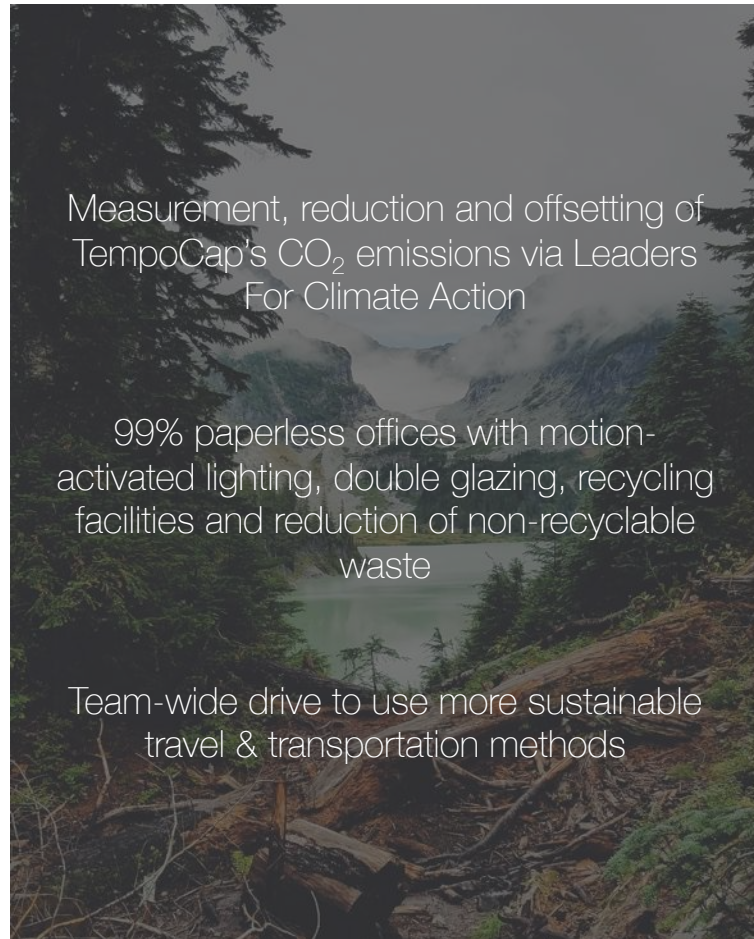
During the second lockdowns, we set ourselves physical and mental health goals with TempoCap's sponsored #1000minutechallenge of outdoor exercise, donating to local homelessness charity Centrepoin in the process.

TempoCap also committed to using our influence and network to make a contribution to the fight against climate change in 2020. We have joined Leaders for Climate Action, and are offsetting the team's annual carbon emissions. From now on, TempoCap will also be seeking sustainability clauses in legal documentation in new investments.

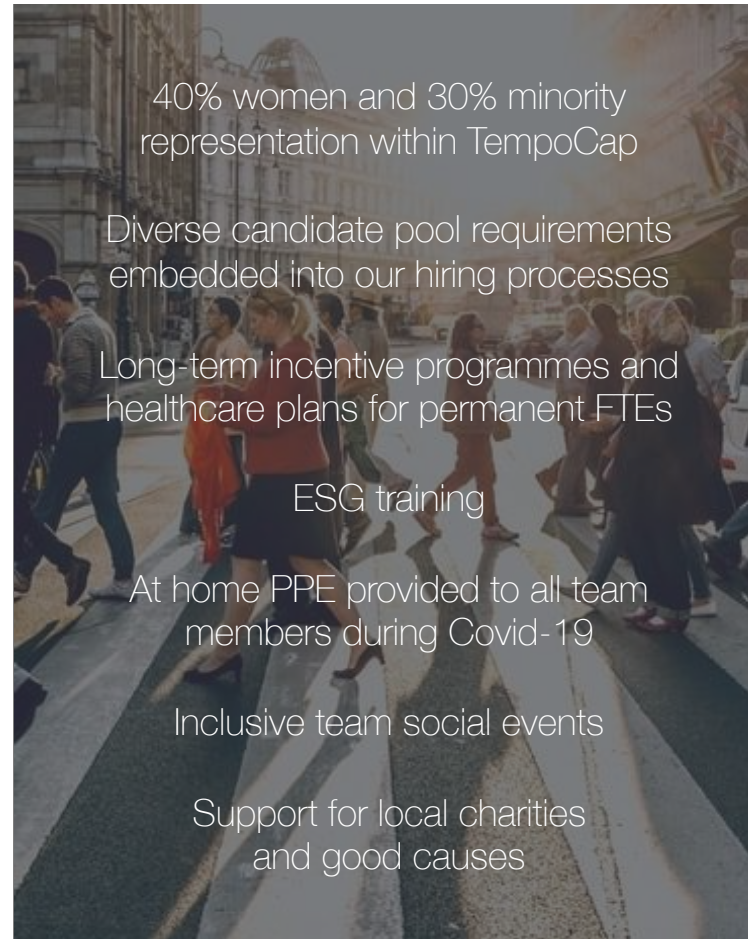


TempoCap is committed to being a responsible operator

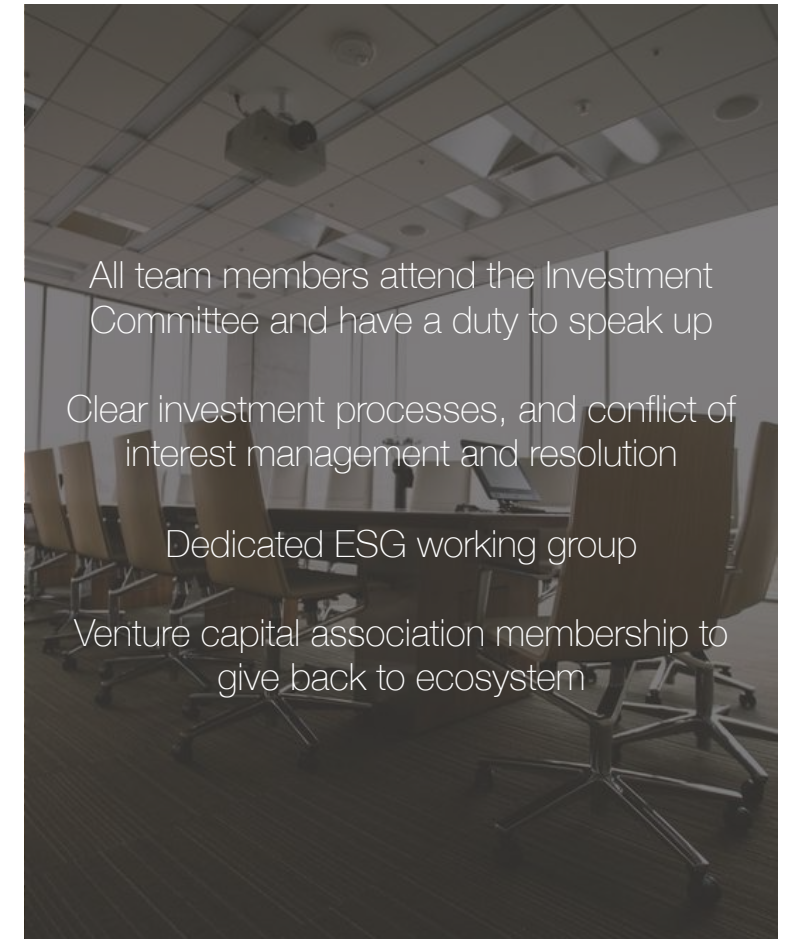
Environmental



Social



Governance



TempoCap's commitment to sustainable and ecological development

**LEADERS
FOR
CLIMATE
ACTION.**

TempoCap has joined Leaders for Climate Action (LFCA), an entrepreneurial community that drives climate action. We have committed to use our influence and network to make a contribution to the fight against climate change.

867

Members

108,669

Member employees

324,741t

Carbon saved

\$5.8m

Compensated

58t
CO₂

Active measures to reduce carbon emissions

-  Basic Climate Neutrality
-  Complete Climate Neutrality
-  Green digital products & services
-  Sustainable Office
-  Conscious Energy Consumption
-  Sustainable physical products
-  Minimal everyday commute
-  Responsible Business Travel
-  Sustainable Management
-  Employee engagement
-  Consumer engagement
-  Impactful investing

Annual carbon emissions offset by TempoCap to achieve Climate Neutrality



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TempoCap's portfolio companies in 2019 (1/2)

100%

ESG questionnaire response rate
across TempoCap's portfolio

100%

of portfolio companies contribute
to at least one of the UN's SDGs

3,686

people employed by our portfolio
companies in 2019

315

net new jobs created in 2019
across the portfolio

98%

of employees across the portfolio
are in permanent roles

€403M

total revenue generated by our
portfolio companies in 2019

TempoCap's portfolio companies in 2019 (2/2)

62%

of portfolio companies had at least one independent Board member

71%

of portfolio companies had female C-level executives

10%

of portfolio companies have women CEOs

95%

of our portfolio companies give their employees a stake in the future success of the business

100%

of portfolio companies had formalised procedures to protect sensitive and personal data

52%

of portfolio companies had at least one female Board member

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WE INVEST IN GROWTH