



Responsible Investment Report 2020/21

TempoCap's commitment to ESG



Olav Ostin
Managing Partner

“ 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. ”

Signatory of:



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 2020 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, we now place more emphasis on environmental risks too.

In aggregate, our ESG assessments of each portfolio company (not included in this public version of the report) indicate that given their level of maturity, TempoCap's portfolio companies 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*.

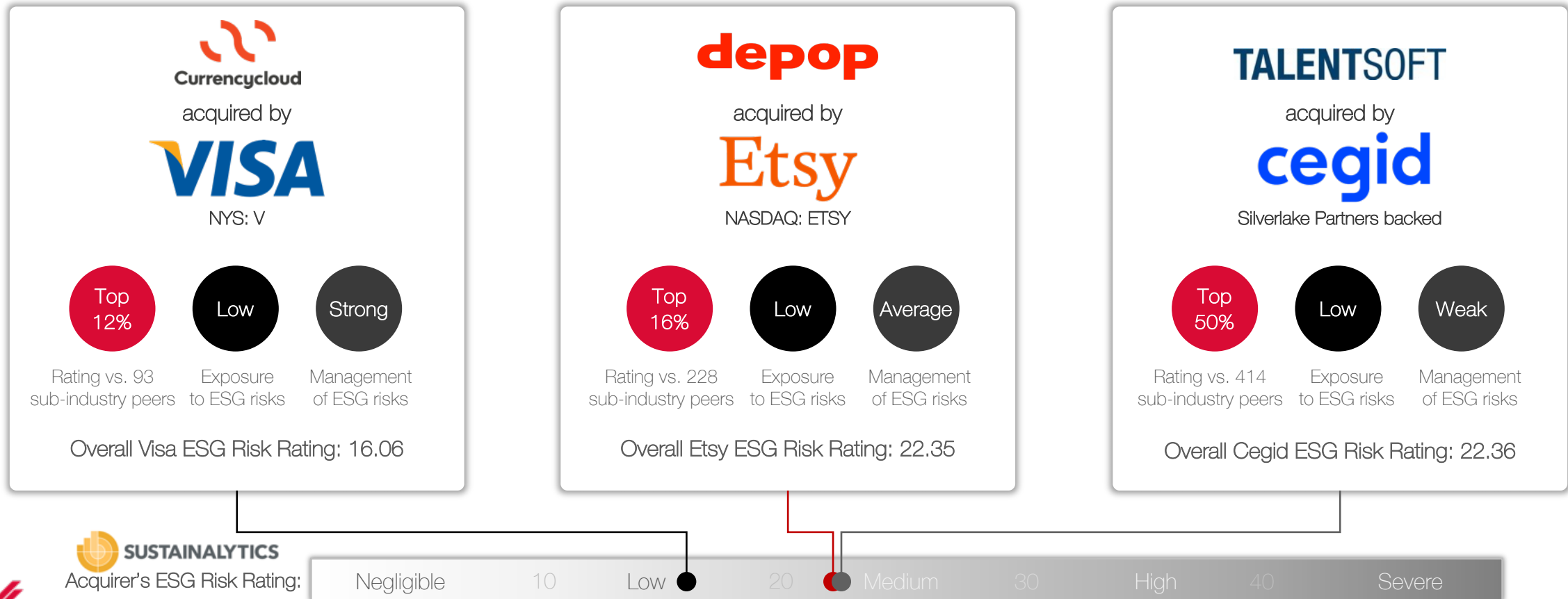
This is manifested in our young and fast-growing technology businesses by their typically positive working environments for staff, by improving governance structures as they mature, and often by less consideration to environmental factors or policies, or the evaluation of carbon footprints. This is perhaps unsurprising, given these are rarely carbon intensive businesses (with most companies writing software code). However, just as we at TempoCap have been offsetting our carbon emissions over the last two years, we will be expecting more from our companies in the form of environmental leadership as we look to 2022 and beyond.



ESG efforts contribute to strong exits

TempoCap funds enjoyed three major liquidity events in 2021, with the sale of CurrencyCloud, Depop and Talentsoft. All three portfolio companies had performed strongly in TempoCap's annual ESG benchmarking in recent years. CurrencyCloud was the first of our portfolio companies to carry out a detailed carbon footprint assessment. Depop led with its sustainable business model selling pre-owned fashion, while Talentsoft has been a long-time promoter of female workplace equality. We believe these attributes contributed to the companies' strong exit valuations, demonstrating well-run companies.

At each exit, TempoCap also assessed acquirers' ESG credentials. Here we show independent ESG risk ratings from Sustainalytics, a leading ESG ratings firm. These ratings measure the magnitude of each acquirer's unmanaged ESG risks, incorporating assessments of (1) exposure to material ESG risks and (2) management of that exposure. All three acquirers had low exposure to ESG risks, and in the case of Visa, had demonstrated strong management of such risks.



Growing and investing through the pandemic

The pandemic threw us into a world of uncertainty where day-to-day activities were conducted remotely, and people became more dependent on technology than ever before.

TempoCap's portfolio companies have continued to grow throughout these challenging times, with many offering critical services during lockdowns and playing a positive role in alleviating pandemic-related problems.

Some have provided digital tools that take traditional in-person activities online (such as Onfido and Systancia). Others are widening access and increasing financial inclusion (Azimo, Acorns, Currencycloud, Simpleurance and Toutabo). Then there are those supporting health and well-being (Dacadoo) or securing the new environment (Efficient IP, CybelAngel, Bleckwen and Dedrone).

Across the portfolio our companies not only managed to minimise internal disruptions and keep growing during Covid-19, but also continued to support and invest in their staff. In aggregate, TempoCap portfolio companies hired more than 1,000 full-time employees in 2020, despite technology job vacancies falling by 60-70% in the wider market for periods of the year. Furthermore, despite uncertainties caused by the pandemic, our portfolio companies saw no decrease in training budgets in 2020, as compared to the year before.

Looking ahead to next year

Over the next 12 months, as we make progress on our ESG journey, TempoCap will keep working to bring ESG risks and opportunities to the fore as we encounter them. We are continuously reminded that ESG matters are key to how our companies do business, and the individual components of ESG are frequently interwoven. Being more proactive on environmental issues, for example, can provide social benefits too, as every company operates within a broader, diverse society.

We aim to engage further with our portfolio companies on ESG matters next year, while also making a positive contribution at TempoCap too. 2022 will mark our third year of offsetting TempoCap's carbon omissions. Whether by planting trees or commemorating this another way, we will celebrate this milestone and try to influence others in our ecosystem to follow.

Another theme for 2022 will be diversity and inclusion. We plan to host events for young people from a wealth of backgrounds to increase their access to the investing community. We will also seek to promote further female success in our industry, both for founders and investors, by actively targeting women-led businesses and speaking up about the incredible female talent that is already part of TempoCap's ecosystem, whether in our team or at our investors and our portfolio companies.

Ultimately, all our actions at TempoCap are underpinned by a firm belief in responsible investing and in good corporate citizenship. In 2022, we expect the case for responsible investment will become even more compelling for business leaders everywhere.

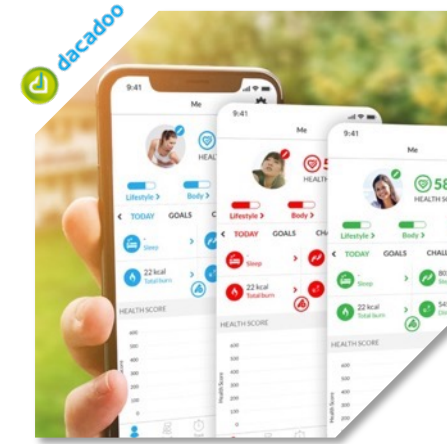
TempoCap pioneers



Depop (exited in 2021) is a marketplace for resale fashion items, disrupting a fashion industry responsible for up to 10% of humanity's carbon emissions.



Azimo is a digital money remittance platform, critical for migrant communities to transfer money across borders more cheaply and efficiently.



Dacadoo is a comprehensive health engagement platform, building a data set that can inform policy-making and global health responses.



Acorns offers a fully-automated, app-based micro-investing robo-advisory solution, widening access to financial services.

XEMPUS drives financial inclusion making pensions easier by digitally connecting all the parties involved on a shared platform for the first time.



Onfido helps companies verify individuals' identities, and has championed building AI to recognise faces from often-overlooked ethnic minorities.



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:



Moving diversity forward



“We must focus on ensuring everyone has a fair and equitable chance of succeeding... Despite the strides forward, many women still face gender-based injustice in the workplace... Speak out. It is never too late, and it will help others around you to do the same, to build a better society.”

Annabelle de Saint Quentin, Chief Financial Officer, TempoCap



“It is a professional, but also a personal responsibility to call out biases and inequalities.”

Tatiana Ferreira, Chief Customer Officer, Launchmetrics



“I’m proud to celebrate the achievements of our incredible, fearless, female Depop entrepreneurs. These women are natural born leaders who are... redefining existing power structures and are striving for a world that is purpose-led, representative for all and far less wasteful.”

Maria Raga, Chief Executive Officer, Depop



“Establishing gender equality and diversity in the workplace is immensely beneficial to both employers and employees and should be a key priority for all organisations.”

Lou Ann Yong, Associate, TempoCap



“Don’t follow the norm in your path. Choose to challenge!”

Mary-Lou Smulders, Chief Marketing Officer, Dedrone

45%

female representation at
TempoCap

27%

ethnic minority
representation at
TempoCap

4

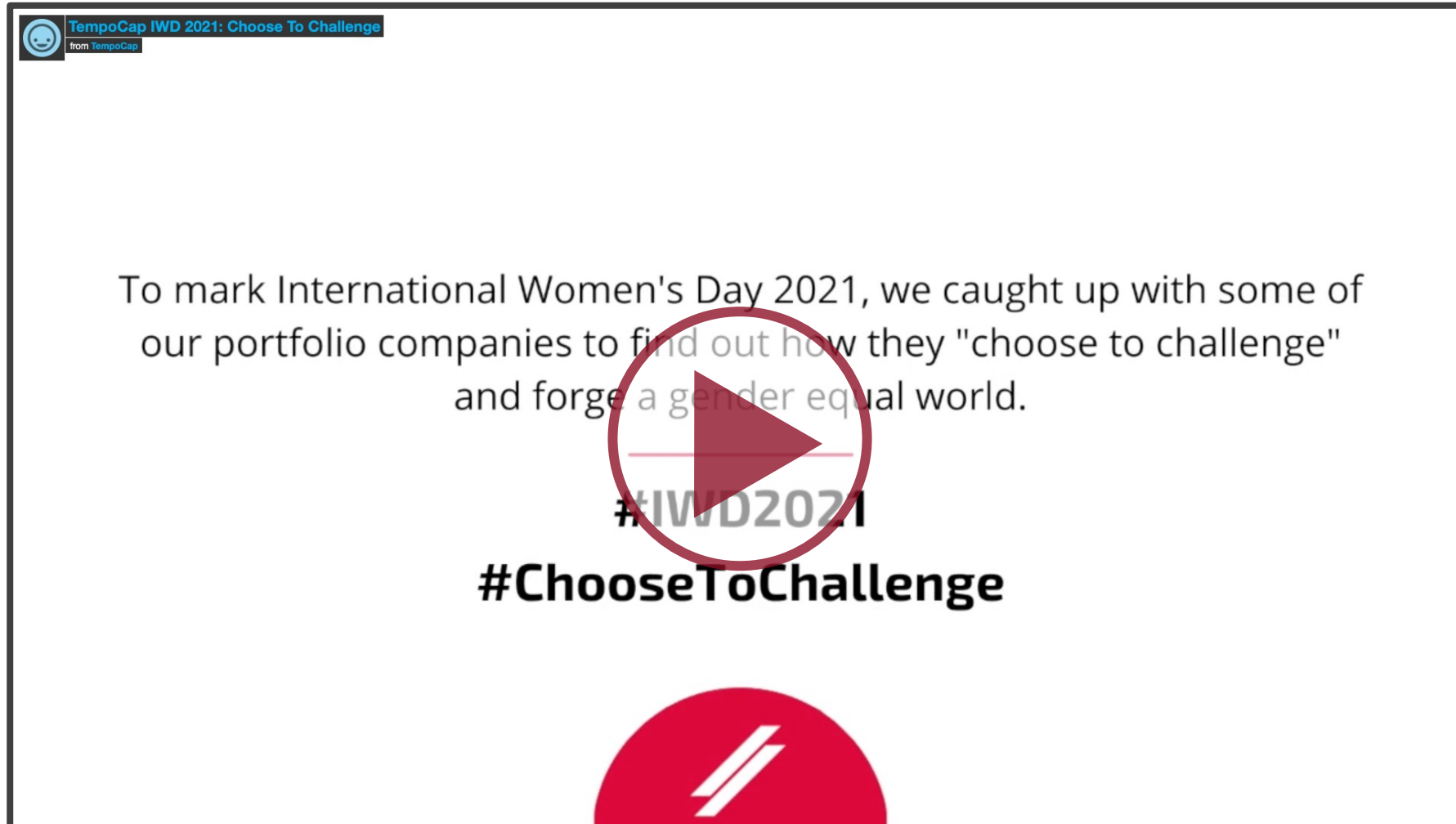
nationalities represented
at TempoCap

4x

the industry average of
investment in women-
led companies



TempoCap's International Women's Day Film



TempoCap is committed to being a responsible operator



Environmental

Measurement, reduction and offsetting of TempoCap's CO₂ emissions via Leaders For Climate Action

99% paperless offices with motion-activated lighting, double glazing, recycling facilities and reduction of non-recyclable waste

Team-wide drive to use more sustainable travel & transportation methods

Vegetarian Mondays & low-plastic office lunches



Social

45% women and 27% ethnic minority representation within TempoCap

Diverse candidate pool requirements embedded into our hiring processes

Long-term incentive programmes and healthcare plans for permanent FTEs

All staff attend ESG training

At home PPE provided to all team members during Covid-19

Inclusive team social events

Support for local charities and good causes



Governance

All team members attend the Investment Committee and have a duty to speak up

Clear investment processes, and conflict of interest management and resolution

Dedicated ESG working group

Venture capital association membership to give back to the ecosystem



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 contribute to the fight against climate change.

1,699

Members

216,753

Member employees

960,666

tCO₂eq emissions
reduced and
compensated

41

Countries

44t
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



TempoCap's ESG working group represents a commitment at all levels

“ Our ESG working group brings together team members across the firm to handle ESG issues identified in the investment process and in our wider monitoring. This broadens our ESG knowledge and ensures ESG experience is being continuously integrated into TempoCap's culture. ”

Adam Shepherd, Investment Partner & ESG Officer



Olav Ostin
Managing Partner



Annabelle de Saint Quentin
CFO & Compliance Officer



Adam Shepherd
Investment Partner &
ESG Officer



Philipp Meindl
Investment Partner &
Climate Officer



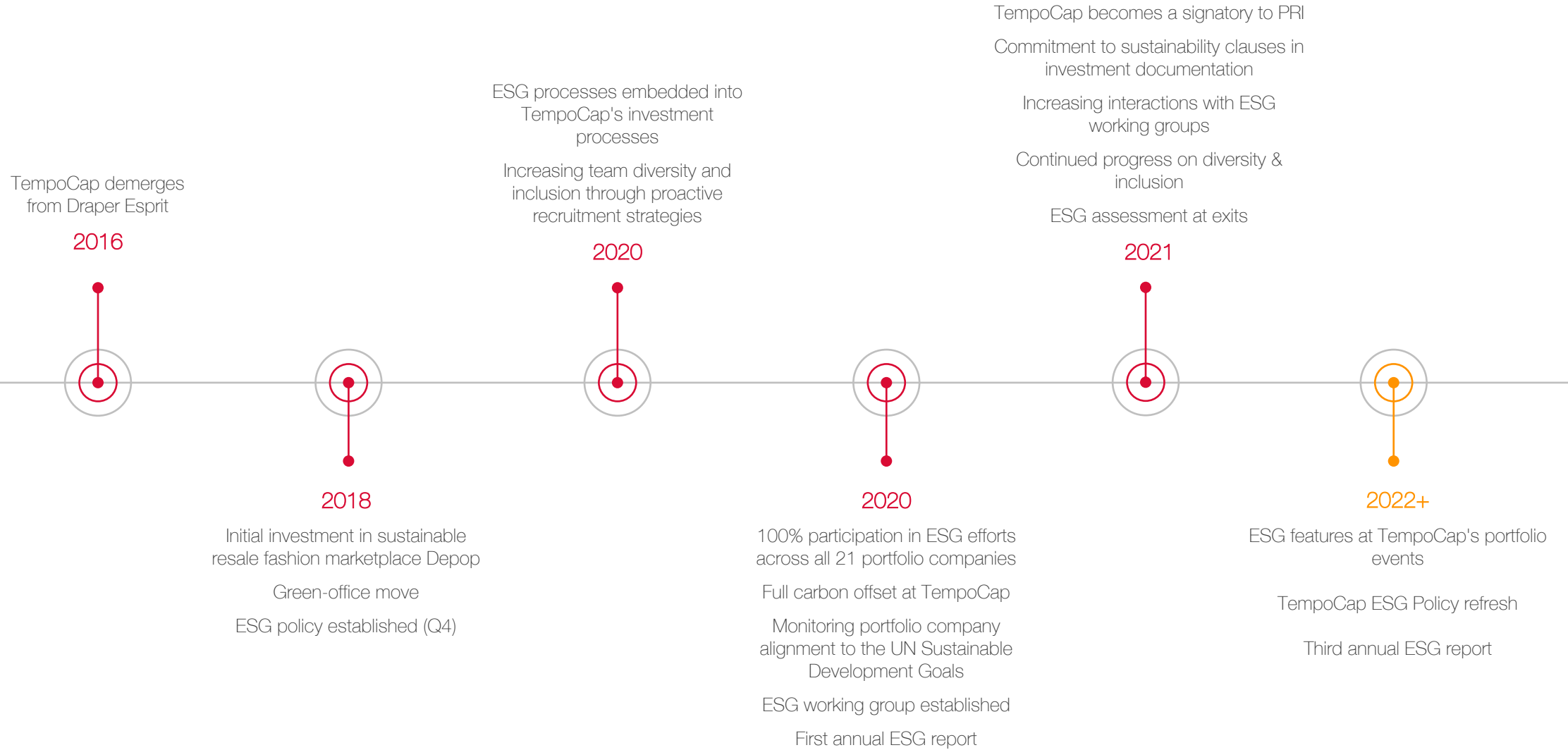
Lou Ann Yong
Associate



Zara Ryan
Analyst



TempoCap's ESG journey



TempoCap's portfolio companies in 2020 (1/2)

97%

ESG questionnaire response rate
across TempoCap's portfolio

100%

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

4,170

people employed by our portfolio
companies in 2020

299

net new employees in 2020
across the portfolio

96%

of employees across the portfolio
are in permanent roles

>€473M

revenue generated by our portfolio
companies in 2020

*Figures exclude Depop, which was in an exit process during the survey period, except for revenue and total employees

TempoCap's portfolio companies in 2020 (2/2)

57%

of portfolio companies had at least one independent Board member

6x

year-on-year increase in number of portfolio companies reviewing CSR performance at the Board

10%

of portfolio companies have women CEOs

87%

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

50%

of portfolio companies had women in the executive committee

50%

of portfolio companies had at least one female Board member

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WE INVEST IN GROWTH