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1. OUR GOALS

1.1. Context

Since the late 1980s, concerns for sustainable development have gradually emerged in public international law and in national legal systems. Large organizations are now accountable for their social and environmental footprint.

ESG: long story short



While legal and statutory obligations today almost exclusively concern large corporations and listed companies (Sustainable Finance Disclosure Regulation, European Taxonomy, EU action plan on financing sustainable growth, etc.) and international agreements thrive to reduce our impact on social and environmental factors (Paris Agreement, Human Rights Act, etc.), it seemed inconceivable for Korelya to stay apart from this irreversible movement of accountability, for both ethical and economic reasons.

Rather than engaging in a purely "ESG washing" process, we chose to set ambitious yet realistic goals, with an action plan designed to be maintained over time and consisting of several steps in line with Korelya Capital's growth.

1.2. Selected priority goals

Among the 17 UN's Sustainable Development Goals, we will focus our action plan on the goals that are the most likely to be in line with our investment activity and for which we are able to make a difference or have a measurable impact.

We will periodically assess the relevance of the goals pursued and may add new objectives if relevant. The action plan will be reassessed every three years.



General guidelines selected by Korelya Capital are No. 5 (Gender Equality), No. 8 (Good jobs and Economic Growth) and No. 13 (Climate Action).

Other goals may be the subject of **more targeted actions**, on a case-by-case basis: No. 3 (Good Health), No. 4 (Quality Education), No. 7 (Renewable Energies), No. 9 (Innovation and Infrastructure), No. 11 (Sustainable Cities and Communities), and No. 12 (Responsible Consumption).

1.3. Sphere of action

We aim at including ESG in the following fields:

- Management and governance of the management company;
- Investment policy;
- Support to portfolio companies.

KEY COMMITMENTS:

1. *Conduct a periodic evaluation of the ESG Charter and the achieved outcomes*
Measure: *annual review carried out (Y/N)*
2. *Periodically reassess the relevance of the goals pursued (every three years)*
Measure: *Reassessment carried out (Y/N)*

2. ACT AS AN EXAMPLE: COMMITMENTS CONCERNING THE MANAGEMENT COMPANY

2.1. ESG governance

The management company is dedicated to integrating ESG into its global functioning, processes and investments. As such, our Founding Partner Fleur Pellerin is responsible for leading the ESG strategy and compliance. The whole team seeks to implement ESG actions that are led by the ESG Committee composed of Fleur PELLERIN, Franco DANESI, Grégoire PONTOIZEAU and Loreley MAC DONALD. The ESG Committee is also responsible for the annual update of the hereby key commitments that will be communicated to investors within the ESG report for investors.

The Partner in charge of human resources shall also draw up and keep up to date a list of ESG training programs (IFA, France invest, Banks, law firms, etc.) the team could access to be trained on the major ESG challenges. These professional trainings are taken on a voluntary basis.

KEY COMMITMENTS:

3. *Share and give the team access to ESG trainings and programs adapted to the needs of Korelya Capital*

Measure: *Number of ESG trainings followed during the year (nb)*

2.2. Participation in the public debate on ESG subjects within the ecosystem

Korelya Capital commits to participating in the public debate on subjects of general interest matching the general guidelines of its ESG policy. To this end, Korelya participates in collective initiatives (drawing up / signature of charters, organization of debates or trainings, collaboration with Think Tanks etc.) as signatory of the [SISTA charter](#), the [UNPRI](#) or the [Initiative Climate International](#).

KEY COMMITMENTS:

4. *Support initiatives aiming at promoting Korelya Capital's ESG goals*

Measure: *Signature of main charters for each objective (Y/N)*

Number of events or protests organized (nb)

Nature and number of Korelya's public interventions (press, conferences, events) on ESG topics (nb and qualitative description)

2.3. Support to individual initiatives in impact projects

Korelya Capital wishes to support any individual (or collective) commitment of team members in impact projects in the following fields (the list is deliberately wider than the selection of Korelya Capital's main goals):

- Education and cultural democratisation,
- Equal opportunities (in education, access to employment),
- Fight against poverty, discrimination and precariousness,

- Protection of the environment.

Team members can request from the company a time budget to projects falling in the scope of this list and within the limit of 20 hours per month.

Should any team member want to initiate such project, she or he could request financial support from the company within the limit of an annual budget defined at the beginning of the year.

Korelya Capital's management approves the allocation of an hourly and / or financial budget for initiatives presented by team members.

2.4. Promoting gender equality

Korelya commits to seeking **gender parity** in its teams by implementing **an appropriate recruitment policy**. The presence of female candidates among the applications examined for a given position will be a *sine qua non* condition for moving to the interview phase.

About **equal pay**, a follow-up will be carried out by the finance department along with the HR Partner to verify that there is no gap in fixed salary between women and men of the team with comparable experience and level of diploma.

Likewise, to foster gender equality, the Human Resources Department agreed on an **extended and compulsory "second parent" leave** to promote equality between the two parents, as promoted in the French "Parental Act".

By participating in France Invest's and SISTA's initiatives, Korelya Capital also committed to achieving the following goals:

1. Set a minimum target of 30% of partners and 50% of investment teams' members being women to improve their overall performance and strengthen diversity in the project selection process.
2. Include all talents in our recruitment practices:
 1. In accordance with applicable law, publish gender-neutral, non-stereotypical job offers;
 2. Adopt gender-neutral internal communication, whether formal or informal;
 3. Guarantee a fair evaluation, for instance: - by considering several female candidates *versus* male candidates to limit bias in analysing profiles. - by asking several team members to individually assess the profiles. - by making sure to use a list of non-gendered questions so as not to ask women different questions (personal life, etc.).

KEY COMMITMENTS:

5. Monitoring of the number of women in the team

Measure: Overall number of women (nb)

Number of women in the investment team (nb) – target at 50% in 2025

Number of women in the partnership (nb) – target at 30% in 2025

6. Monitoring of equal pay

Measure: Yearly review of fixed wages paid,

Comparison between genders with equivalent experience and level of diploma,

Catch-up at the beginning of the following year if need be.

2.5. Environmental and social standards

Korelya Capital adopts an internal consumption policy based on the following principles:

- limitation of air travels that can be replaced by videocalls;
- zero disposable plastic in the office (cups, bags, etc.);
- limitation of printed copies;
- limitation of energy consumption;
- annual carbon footprint exercise with the objective to offset what cannot be reduced thanks to the help of a specialized consulting agency.

Regarding **relationships with service providers**, Korelya Capital commits to contracting only with companies respecting high standards in terms of:

- minimum wage;
- employees' working conditions;
- environmental standards.

Under the supervision of the finance department, Korelya Capital will make its best efforts to verify that the set of specifications is fulfilled by the applying company before signing any service agreement.

By participating in Initiative Climate International, Korelya Capital also committed to the following:

1. Korelya recognize that climate change will have adverse effects on the global economy, which presents both risks and opportunities for investments ;
2. Korelya will join forces to contribute to the objective of the Paris Agreement to limit global warming to well-below two degrees Celsius ;
3. Korelya will actively engage with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance.

KEY COMMITMENTS:

7. *Perform a carbon footprint every two to three years*
Measure: Defined carbon neutrality roadmap (Y/N)
8. *Offset what cannot be reduced, on the basis of the last reference carbon assessment*
Measure: Offsetting measures (tones of CO2)

2.6 Korelya Remuneration Policy

Korelya's compensation policy aims at aligning interests of all employees with overall company objectives to collectively create sustainable value.

Each year, the Korelya management and the Korelya ESG Committee set firmwide ESG objectives to be achieved by the team. Each member of Korelya Capital will set personal ESG objectives that are aligned with firmwide objectives and validated by the partnership. For more details on objectives setting processes, employees can refer to the "Korelya Performance Assessment" document.

For the year 2022, firmwide objectives and commitments set for Korelya Capital are:

1. Portfolio companies: support management teams in their ESG roadmap with a focus on D&I and Environment
2. Investment process: integrate ESG practices across our investment process in 100% of the opportunities assessed
3. Act as an example: Korelya should participate to the public debate on ESG related topics, pursue its work on Environment (reaching carbon neutrality), continue sharing best practices on D&I-related topics with the ecosystem,
4. Continue to improve ESG knowledge within the team: Organise ESG training and adopt new regulatory standard (e.g. Disclosure Regulation)

Some examples of personal ESG objectives are as follows:

- Lead ESG reporting
- Perform a pre and post term sheet ESG due diligence on each transaction
- Support "Portfolio Company X" in its ESG roadmap
- Attend ESG related events or trainings
- Consider ESG in investment decisions
- Recommend new objectives / actions for Korelya to improve its ESG policy
- Participate in improving E, S or G standards at Korelya (D&I best practice kit, carbon footprint, governance best practice kit, etc.)

3. PROVIDE WITH THE BEST SUPPORT: COMMITMENTS CONCERNING THE PORTFOLIO COMPANIES

3.1. Gender equality

Korelya Capital commits to promote Diversity and Inclusion across the portfolio.

Targets to reach are the followings:

- **25% of start-ups financed in 2025 founded or cofounded by women**, 30% in 2030 and 50% in 2050 (SISTA Charter);
- encourage portfolio companies to reach at least **30% of women on their boards of directors and executive committees** by 2030 (France Invest Charter);
- offer "**office hours**" dedicated to female founders and co-founders of innovative companies.

KEY COMMITMENTS:

9. *25% of start-ups financed in 2025 founded or cofounded by women*

*Measure: number of investment projects received with one female (co-) founder (nb)
number of start-ups financed with one female (co-) founder (nb)*

10. *30% of women on boards of directors and executive committees of portfolio companies by 2030*

*Measure: % of women on boards of directors at investment (%)
number of recruitments in executive committees during the year and % of women (nb / %)*

3.2. Good governance practices and value creation sharing

Korelya commits to participating in the implementation of good governance practices within portfolio companies and involving employees in value creation.

Before any investment, the ESG questionnaire will assess the good governance and value sharing mechanisms of the company (such as the share of independent members within the Supervisory Board, profit-sharing mechanisms or the separation of CEO and Chairman of the Board of Directors) and will be a criteria for the approval of an investment by the committee. In collaboration with the founders and for companies where it makes sense, Korelya Capital will support the implementation of plans to fight against precariousness and employees profit-sharing programs.

The companies in which Korelya invests employ many people across Europe and often in highly qualified positions. Korelya supports job creation in France and Europe and regularly assesses the net job creation in its portfolio companies.

Before any investment, an audit will be performed on the company to ensure compliance with tax and labour laws (such as minimum wage, continuing education or employment contracts) and will be a *sine qua non* condition for the approval of an investment by the committee.

Finally, in collaboration with the founders and for companies where it makes sense, Korelya Capital will support the implementation of plans to fight against precariousness and employees profit-sharing programs.

KEY COMMITMENTS:

- 11. Board of Directors / Supervisory Board
Measure: *Share of independent members and female members within the Board of Directors / Supervisory Board (%)*

- 12. Profit-sharing mechanism
Measure: *Presence of a profit-sharing mechanism
% of capital allocated to employees (%)*

3.3. Climate Change

Korelya Capital commits to encouraging its portfolio companies to implement policies to reduce their environmental footprint and to supporting them in these endeavours.

To this end, Korelya Capital will catalogue best practices in order to share them with its portfolio companies.

KEY COMMITMENTS:

- 13. Carbon neutrality
Measure: *number of companies that have implemented a carbon offset policy (full or partial) (nb and %)*

4. USE BEST IN CLASS PRACTICES IN PROCESS: KEY COMMITMENTS CONCERNING ESG WITHIN THE INVESTMENT PROCESSES

4.1. Sourcing

Korelya is a generalist fund with a focus on tech-related companies. We invest in all tech segments (consumer, fintech, SaaS, Infratech, etc.) with the aim to contribute positively to major social and environmental issues through the actions implemented by our portfolio companies.

We consider ESG criteria alongside other business and financial factors in our analysis of investments.

Besides, Korelya Capital commits to enforcing fair project selection processes, especially by using an indicative list of non-gendered questions provided by SISTA in order to become aware of possible biases. Korelya is also certified by the label Diversity VC.

Korelya also exclude some sector of activities, i.e. companies that:

- are active in the production, trade and/or distribution of weapons, munitions cluster bombs and/or anti-personnel mines;
- are active in the production, trade and/or distribution of tobacco products;
- are active in the production of pornography, the activity of prostitution or procuring of prostitutes;
- generate any revenues from coal-based activities, including, but not limited to, coal extraction and/or coal power generation and/or electricity via a coal powered plant and/or coal mining;
- are directly or indirectly engaged in activities resulting a severe and/or systematic breaches of conventions, norms or protocols to which France is a signatory and which are internationally recognized;
- are associated with material corruption;
- are domiciled in countries subject to trade embargoes imposed by the United Nations or the European Union;
- are deliberately and repeatedly violates the law laid down by the national / governmental authorities in the markets in which such company or corporation operates.

KEY COMMITMENTS:

14. Reporting « SISTA »: Monitor and measure dealflow data to maintain a fair project selection processes

Measure: Data collection and publication (Y/N). Measure and monitor the number of projects received led by female founders or cofounders (Y/N). Measure and monitor the number of first interviews with female founders or cofounders. (Y/N). Measure and monitor the number of start-ups financed, as well as the amount invested, with female founders or cofounders and the share of capital held (Y/N)

a. Due Diligence and Investment Process

Our funds invest in portfolio companies from various sectors and promotes three (3) social and environmental characteristics:

Environmental characteristic:

Characteristic n°1 – Climate action: Mitigating climate change by assisting our portfolio companies in identifying their associated risks and opportunities

Social characteristics:

Characteristic n°2 – Gender equality and inclusion: Promoting equal opportunities and treatments between genders

Characteristic n°3 – Good governance practices and value creation sharing: Participating in the implementation of good governance practices within portfolio companies and involving employees in value creation.

The management company commits to integrate ESG and those three characteristics through various tools and processes through the investment processes:

- The pre-investment grid allows to assess the investment opportunities on ESG factors. This investment grid outcomes are discussed at the Investment Committee.
- During final negotiations, the management company discusses with founders and other investors the adequate ESG clauses to be included in legal documentation, and that may include clauses related to the characteristics.
- To the extent that it will be possible to do so (depending on our role in a given investment round), Korelya Capital will request the inclusion of an **ESG reporting covenant in the shareholders' agreements**, possibly based on the following model.
- For each investment, the implementation of ESG plans will be monitored as follows: Every year, after Q1 reporting: for each company, the relevant pair (partner + associate) will define objectives for the following year along with the portfolio company's management. These objectives will be assessed during Q1 reporting for year N + 1
- During the detention period, the Fund seeks to monitor ESG indicators via a questionnaire sent to portfolio companies, on a yearly basis.
- The management company also engages with portfolio companies, when relevant and possible, by discussing ESG factors at the portfolio companies' Board.

KEY COMMITMENTS:

15. ESG reporting of portfolio companies

Measure: *Data collection (Y/N)*
Implementation rate (%)

16. ESG covenant in shareholders' agreements

Measure: *Implementation rate (%)*

17. DISCLOSURE RELATED TO THE SUSTAINABLE FINANCE: DISCLOSURE REGULATION

Article 3 Disclosure: Transparency of the sustainability risk policy

The Management Company considers sustainability risks, as defined in Article 6 of the SFDR, to be relevant for the entity. Sustainability risks will be integrated from September 2022 into the Management Company's processes.

The ESG Manager ensures that sustainability risks are integrated into investment decisions and that the results of the potential impacts of sustainability risks on the performance of financial products are made available.

Sustainability risks are integrated into investment decisions through the following processes:

- An ESG pre-investment analysis grid that assesses sustainability risks when relevant. The outcomes of this assessment are presented in a dedicated ESG section of the investment memorandum, and are discussed at the investment committee. If significant sustainability risks are identified, mitigating actions are integrated in the ESG roadmap and objectives.
- An annual reporting and monitoring of the investee companies is conducted to assess the potential sustainability risks. The outcomes of this reporting are presented in the annual ESG report.

Article 4 Disclosure: Transparency of adverse sustainability impact at the entity level

1. Principal adverse sustainability impacts statement

The Management Company does not take into account the main adverse sustainability of investments on sustainability factors. However, the Management Company considers adverse sustainability impact at some Funds levels, and has thus implemented processes and policies to identify and improve consideration of adverse sustainability impacts on environmental and social factors (e.g., an ESG analysis grid and an annual ESG reporting questionnaire).

2. Description of the main adverse sustainability impacts and any measures taken or, where appropriate, planned in this regard

As the principal adverse impacts are considered at fund-level, this information is available in each fund documentation.

Article 5 Disclosure: Transparency of remuneration policies in relation to the integration of sustainability risks

Korelya has implemented a variable remuneration to incentivize team to achieve ESG objectives. This bonus is based on a qualitative criteria and is included in the Management Company's remuneration policy.