



daphni

esg

| **2021 Annual ESG report**

Date of publication: April 2022

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Introduction

The entire daphni team is very proud to publish its **first annual ESG report**. As observant citizens, we are aware of the challenges and responsibilities we have towards future generations. It's not just a matter of trying to undo some of the mistakes of our elders or limiting the damage that undermines our environment on a daily basis. We are more ambitious, and would like to go further by contributing to rethinking our societal and economical model so we can pass on assets and values that will guarantee the sustainability of what is most beautiful and most generous in humanity.

Moved by the belief that entrepreneurs are at the heart of these **major changes**, daphni intends to play a major role in supporting and financing the talents of today, who, far from being wishful thinkers, are spearheading the **innovations** that are **shaping a better world**.

Founded in 2015, daphni is one of the leading European investment firms focusing on technology and digital start-ups in the early years of their development (**mainly Pre Series A and Series A**).

+7 years
of service

With €500M under management, daphni (i) operates **daphni Purple FPCI** (French innovation fund), raised in 2016, which has invested in 28 companies including Back Market and Memo Bank, (ii) advises **Jaïna Capital** which has invested in 50 companies including Devialet and Made.com and (iii) manages the successor fund **daphni Yellow FPCI** (French innovation fund), which has announced its first investments (10 by December 31, 2021).

€500M
years of service

What makes daphni stand out is its broad community and expert support. The fund created a unique digital platform centered around value creation to foster collaboration among its network. This **digital initiative** also relies on a mobile application, accessible to the fund's investors (deal flow sharing while respecting confidentiality rules, online reporting, private social media features). In 2021, **daphni** became a **mission driven company** and initiated the **process to becoming a B Corp** (certification expected in 2022, with a score of **123.3 points**, the threshold being 80).



+ 50%
of the historical
portfolio is
“Tech for Good”

daphni presents an **ESG/“Tech for Good” approach** as a common denominator to every investment the team considers. The team knows that **tomorrow’s successes start with the changes we make today**. This is why the daphni Yellow fund investment strategy is centered around supporting companies that foster the development of **new uses**, whether personal or professional. These new uses, imagined by the men and women who create the companies we finance, are naturally in line with the major challenges facing society and the planet. daphni and these entrepreneurs share the belief that **technology and innovation** are essential to building a **better world**. In terms of numbers, more than half of the portfolio is part of this ESG dynamic, and **daphni expects** this proportion of positive impact projects to increase.

2%
of
the budget
dedicated
to ESG

Our ESG approach is embedded in every level of the daphni ecosystem to ensure consistency between our commitments and our achievements. With this in mind, daphni is involved with **several initiatives**, both **human** and **financial**, devoting around 2% of its management company budget to the ambitious and generous projects detailed in this document.

We hope that reading this annual report will also inspire you to become a driving force in the forthcoming ESG transition. Please feel free to ask us to take part in our initiatives or to submit new ones, which we will carefully consider.



daphni

Gender parity



50% (M)
50% (F)

35 yo

average age of
our employees

€96K

difference
between the
lowest and
highest salary

40%

ESG projects/all projects

7

nonprofits
funded

Carbon
footprint

Scope

**1+2 : 129
eqCO₂**

daphni portfolio

2 601

total number of
employees in our
portfolio

Gender parity



65% (M)
35% (F)

31 yo

average age of
employees

14 SDGs**

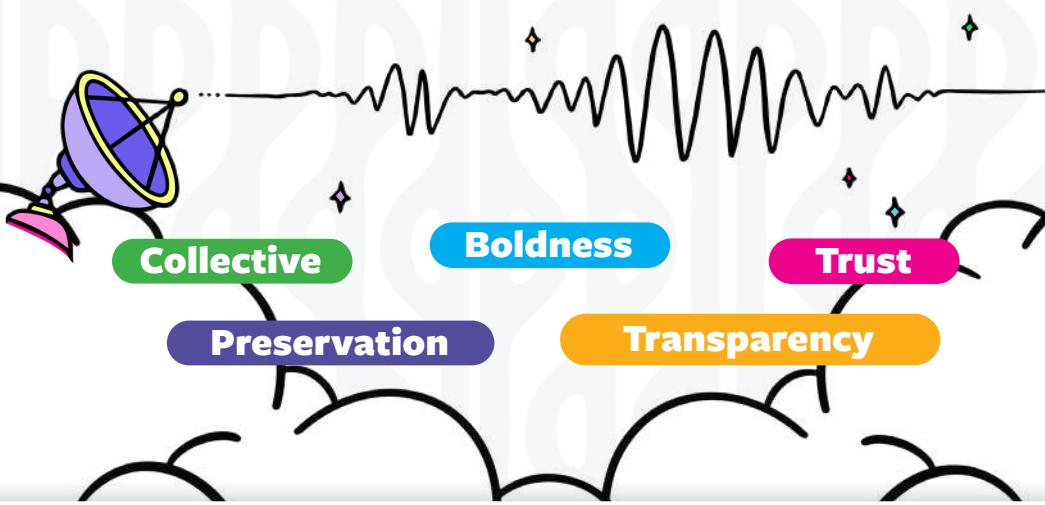
positively impacted by
the portfolio

Carbon footprint

**Scope 1+2+3 :
1 531 eqCO₂**

*Industries included: social/impact, health, education, well-being, agriculture/food

**SDGs: Sustainable Development Goals



Our values



Boldness: Innovation stems from boldness. Stepping out of your comfort zone, thinking about things differently, and being willing to push boundaries, are the first steps towards achieving great things. We invest in bold entrepreneurs, and we are willing to share the risk with them. Through our unique approach to investing, we also aim to encourage and cultivate this capacity for boldness among our team.



Collective: Success is never achieved by one person alone. We know that entrepreneurs achieve great things with the support of the people who embark on the adventure with them. daphni is also a collective; together we make smarter decisions and it's together that we face the storms and persevere on our journey.



Trust: Investment and trust go hand in hand. Trust feeds the bilateral relationship between entrepreneurs and their investors, and can foster success. Trust is also one of daphni's core corporate value, to ensure every one of us blooms and takes initiative in a safe environment.



Transparency: In investment like in other industries, digital technology has shattered compartmentalization. We know we must support this movement towards transparency and not be afraid to share. We apply this requirement to our entire ecosystem (community, LPs, entrepreneurs, collaborators, etc.), by using a proprietary platform that facilitates sharing and exchanges, while respecting confidentiality rules.



Preservation: It is our individual and collective responsibility to actively participate in the preservation of our planet and to contribute to its wellbeing, especially by financing projects that are in line with this goal. We support innovations that harmoniously protect and develop our environment and the people who live in it.

1- Our purpose

The story behind our purpose and a presentation of our approach to becoming a Mission Driven Company

As a **Mission Driven Company**, and as stated in our by laws, daphni's purpose is as follows:

"Aware of our responsibility towards future generations, the Company's purpose is to focus its commitments and investments on fostering a better and more sustainable world, accelerated by technology. In order to achieve its mission, and as part of its work, the Company pursues the following social and environmental goals:



- 1. To provide financial means and assistance to the companies** we support, in order to actively participate in the transition towards a more sustainable world.
- 2. To apply the environmental and social standards** that guide our purpose to ourselves first.
- 3. To communicate and share** with our stakeholders and communities the ethical, social and environmental values that drive us.

As part of this approach, the Company is committed to considering (i) the social, societal and environmental consequences of its decisions on all of the Company's stakeholders, and (ii) the consequences of its decisions on the environment."

The ESG commitments of the daphni SAS management company are consistent with its corporate strategy and are perfectly aligned with its values.

An ESG / “Tech for Good” approach as a common thread in the team’s investment strategy, since the inception of daphni

We believe that the successes of tomorrow stem from the changes we make today. This is why we have centered our investment strategy around companies that support the development of **new uses**, whether personal or professional. We are grateful to the men and women creating the companies we support because they carry the vision for these shifts in uses, which means they are naturally aligned with the major **challenges** facing our **society and our planet**. We share with them the belief that technology and innovation contribute to building a better world.

Presenting the Mission Monitoring Committee

The **Mission Committee** is an advisory body, separate from the Management Committee. It oversees the advancement of our mission and monitors its execution. The Mission Committee presents an annual report attached to the management report, which are both presented to the general shareholders' meeting. It is reviewed as part of the decision to approve the company's financial statements, and reports on progress and areas for improvement with regard to the company's social and environmental goals. The Mission Committee may make any recommendation to the Management Committee on i) the investment strategy of daphni, ii) the methodology for analyzing and measuring the company's impact, and iii) more generally, any strategic orientation of the company with respect to its mission.

5 persons on the Mission Committee

The Mission Committee carries out any verification it deems appropriate and receives any document necessary to carry out its goals. It is composed of four to eight members, including at least one company employee, stakeholder representatives (especially contributors to the funds and companies who receive financial support), but also experts in their respective fields. The external members of the Mission Committee are chosen for their knowledge and expertise on social and environmental matters and/or their ability to represent stakeholders.



Bertrand BADRÉ

Managing Director and CFO of the World Bank from 2013 to 2016. Bertrand founded a management company called Blue Like and Orange that focuses on supporting environmentally friendly projects. He wrote several books including: *"Do we (really) want to change the world?"* and *"Can finance save the world? Regaining control over money to serve common good"*.



Brune POIRSON

Secretary of State to the French Minister for the Environmental Transition from 2017 to 2020, Brune initiated and implemented the "Anti-Waste Law for a Circular Economy" before joining the Accor Group as Chief Sustainability Officer in April 2021.



Isabelle COMBAREL

Deputy CEO of Swen Capital and member of the Board of Directors of France Invest, Isabelle is one of the first French leaders to promote responsible finance. On the Mission Committee, Isabelle represents daphni's investors.



Marc SIMONCINI

A French serial entrepreneur, he is now mostly an investor, but retains ties with the social impact entrepreneurial world. He became a partner at daphni in 2019, and he represents the company in this committee.



Thibaud HUG DE LARAUZE

Co-founder and CEO of Back Market (founded in 2014) Thibaud represents the companies supported by daphni. Back Market proves that growth and impact are not mutually exclusive.

Presenting the approach to becoming a B Corp

B Corp certification (also known as **B Corporation** certification or **B Lab** certification) is awarded to (for-profit) companies that meet environmental and social requirements, along with governance and public accountability criteria. The name is an abbreviation of “Benefit Corporation”, which refers to a company that has a beneficial impact on the world while being profitable. This certification is awarded by **B Lab**, a non-profit organization based in the United States, Europe, South America, Canada, Australia, and New Zealand. As of December 31, 2021, 4,276 companies worldwide spanning 153 industries and 77 countries are certified “B Corp”.

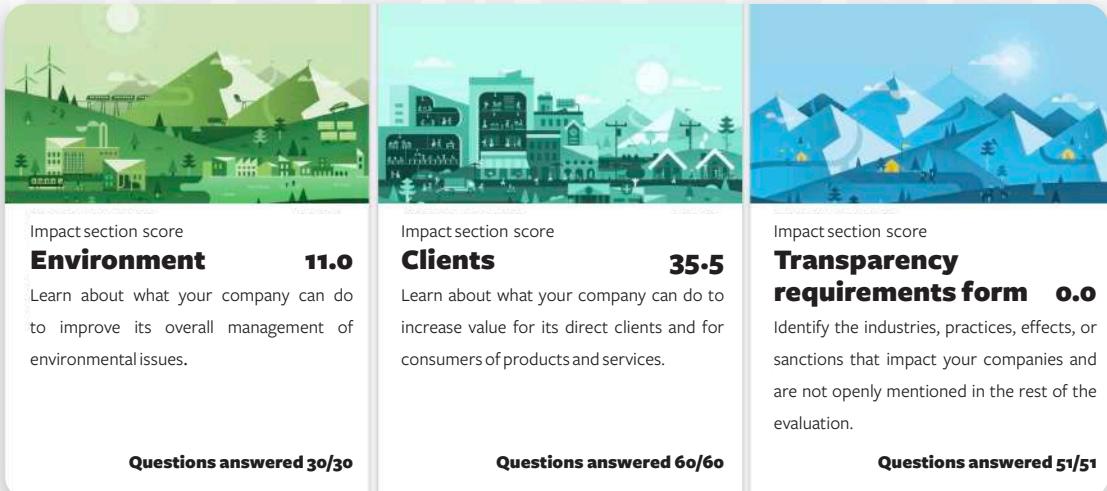
Companies wishing to receive a B Corp certification must meet societal, environmental, governance and transparency requirements. Their impact criteria scores are public, thereby indicating how well a company is doing on specific issues. A certification applies to the entire company, all departments, and all business lines. It is only applicable to for-profit entities. The goal is to engage the private sector in sustainability and to act in the public's interest.

The questions are divided into 6 sub-categories covering all the stakeholders of the management company:

123,3
daphni
B Corp score

- 1.** Governance of the management company.
- 2.** Employee well-being.
- 3.** The company's actions in the communities in which it operates.
- 4.** The company's consideration for the environment.
- 5.** The relationship between the management company and its holdings.
- 6.** Sensitive information, and possible exclusion criteria.





The number of questions varies depending on the pre-registered answers, industry, and model of each company. daphni had to answer a total of 262 questions to complete its assessment.

daphni's B Corp score

123,3

daphni obtained a score of 123.3 out of 200 during its initial evaluation phase. The minimum score required to be certified and maintain certification is 80.



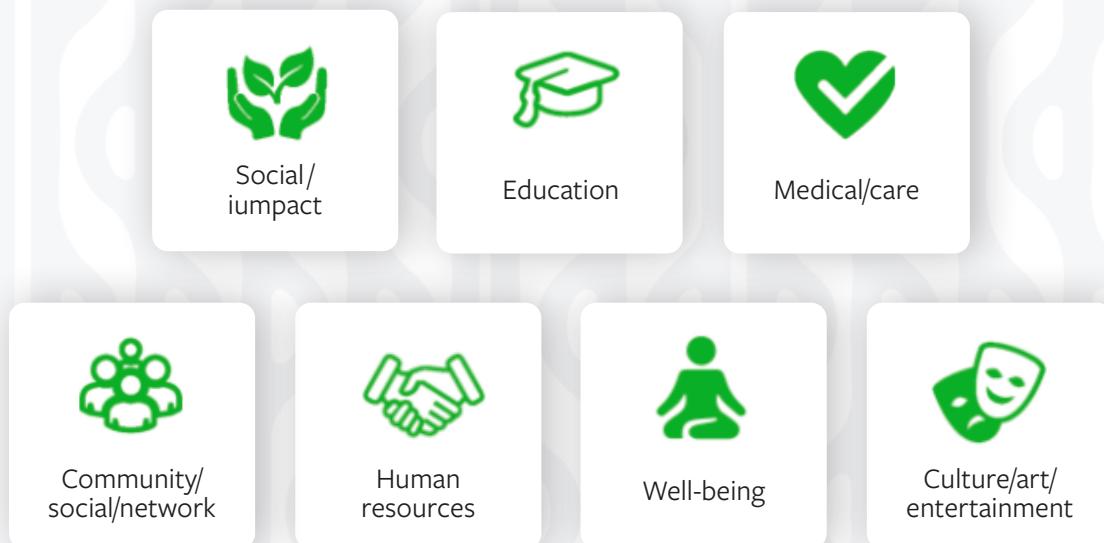
daphni **passed its assessment in May 2021** and entered the **verification phase** in February 2022. daphni has been closely aligned with B Corp values since its inception, including through its motto **“Build Da City For Good”**, and has done everything it could over the past 18 months to build precise and measurable indicators for its various commitments.

2- Our investment methodology

ESG and impact are **at the heart of daphni's investment strategy**, especially when it comes to the Yellow Fund. Impact goals are **integrated** into all stages of the **investment process**, from entry to exit. daphni is committed to **supporting portfolio companies** during their growth phase so that ESG criteria are promoted and monitored throughout the life of each holding.

Deal Flow

daphni's ESG approach is consistent with its investment policy. We believe that including **non-financial investment criteria** is essential to creating long-term value for our investors, the entrepreneurs we support, and our partners.



Certain industries are strictly excluded from our investment strategy, as per our funds' regulation. Our deal flow is consistent with a **responsible sector approach** and includes the collaborative **economy, mobility, resource conservation, health, and quality of life**.

daphni complies with regulations regarding the fight against money laundering and the financing of terrorism. As such, no investment will be made in a non-cooperative country or territory.

Below is daphni's deal flow as displayed on the daphni digital platform, and the industries the projects fall under.



Due diligence and investment

Each of daphni's investments starts with an assessment of both financial and non-financial criteria, including **positive environmental, social, and governance impacts**.

Our extra-financial criteria revolve around:



Social aspects:
ensuring the diversity of profiles and experiences among founders and employees, sharing value creation



Governance aspects:
diverse board members, independent directors



Diverse geographic and cultural origins
within the companies we support

The *daphni* methodology

17 Sustainable Development Goals (SDGs)

+

Level of influence on the company

Influence weighting

In terms of methodology, we use an impact measurement tool based on the **17 UN Sustainable Development Goals (SDGs)**.



In addition to these, the **daphni methodology** also **measures the impact** of each of the potential investments according to the criteria they fit into. This influence can be destructive (-2), risky (-1), neutral (0), positive (+1) or meaningful (+2).

-2
destructive

-1
risky

0
neutral

+1
positive

+2
meaningful

Then, **we weight this influence from x0.25 to x2** depending on the project's **scalability** and the impact it has on a stakeholder (**the depth effect**).

Obviously, each of these non-neutral influences must be justified by the founders' **intentionality**, the **additionality** of the solution and the **measurability** of the impact.

Looking at measurability is key to following the evolution of the company's impact for each of the Sustainable Development Goals. We can then calculate an average to obtain an **average score for the company's overall impact**.

Impact measurement tool							
SDG	Impact	Scale	Depth	Grade	Intentionality	Additionality	Measurability
1 NO POVERTY	o	o	o	o			
2 ZERO HUNGER	o	o	o	o			
3 GOOD HEALTH AND WELL-BEING	o	o	o	o			
4 QUALITY EDUCATION	o	o	o	o			
5 GENDER EQUALITY	o	o	o	o			
6 CLEAN WATER AND SANITATION	o	o	o	o			
7 AFFORDABLE AND CLEAN ENERGY	o	o	o	o			
8 INDEBTEDNESS AND ECONOMIC GROWTH	o	o	o	o			
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	o	o	o	o			
10 REDUCED INEQUALITIES	o	o	o	o			
11 SUSTAINABLE CITIES AND COMMUNITIES	o	o	o	o			
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	o	o	o	o			
13 CLIMATE ACTION	o	o	o	o			
14 LIFE below water	o	o	o	o			
15 LIFE ON LAND	o	o	o	o			
16 PEACE, JUSTICE AND INCLUSIVE PARTNERSHIPS	o	o	o	o			
17 PARTNERSHIPS FOR THE GOALS	o	o	o	o			

“Tech for Good” % range
Overall grade

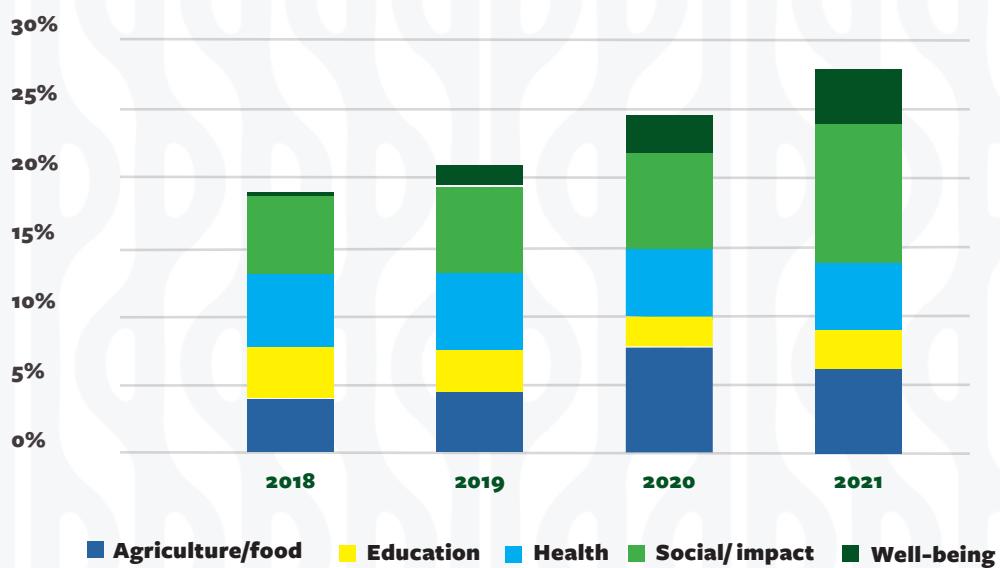
daphni is already perceived by entrepreneurs as a fund that supports positive impact companies, and this image is reflected in the large number of applications we receive.

In total, the daphni investment team has met 1,581 entrepreneurial teams, and has invested in 38 projects.



As outlined in the graph below, about 60% of our current deal flow is connected to one or more ESG impact areas.

Share of ESG tags attributed to daphni dealflow projects



Reporting and awareness raising of ESG best practices among our holdings

We encourage target companies we finance to **adopt best practices** in a minority investment context.

- A **guide to ESG best practices** is currently being drafted, and will be shared with all our recipients.
- We hold **webinars** with our portfolio managers on a regular basis to share best practices.

We have set up a **quarterly reporting model** for investors that **integrates impact issues**:

Environemental , social and gouvernance

Environemental

Donec pulvinar, erat a aliquet laoreet, turpis felis imperdiet nibh, id vestibulum nisl arcu a est. Ut lacus nunc, tristique ut pellentesque ac, auctor ut nisl. Etiam mauris nunc, egestas et velit a, consequat congue risus. Lorem ipsum dolor sit amet, consectetur adipiscing elit. Nulla tincidunt lacus non enim auctor pellentesque. Cras vel ante sapien.

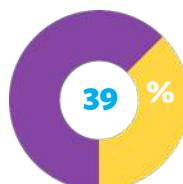
Social

35

Ratio Job creation

Donec pulvinar, erat a aliquet laoreet, turpis felis imperdiet nibh, id vestibulum nisl arcu a est. Ut lacus nunc, tristique ut pellentesque ac, auctor ut nisl. Etiam mauris nunc, egestas et velit a, consequat congue risus. Lorem ipsum dolor sit amet, consectetur adipiscing elit. Nulla tincidunt lacus non enim auctor pellentesque. Cras vel ante sapien.

Parity



30 yro

Average Age

Donec pulvinar, erat a aliquet laoreet, turpis felis imperdiet nibh, id vestibulum nisl arcu a est. Ut lacus nunc, tristique ut pellentesque ac, auctor ut nisl. Etiam mauris nunc, egestas et velit a, consequat congue risus. Lorem ipsum dolor sit amet, consectetur adipiscing elit. Nulla tincidunt lacus non enim auctor pellentesque. Cras vel ante sapien.

Governance

Donec pulvinar, erat a aliquet laoreet, turpis felis imperdiet nibh, id vestibulum nisl arcu a est. Ut lacus nunc, tristique ut pellentesque ac, auctor ut nisl. Etiam mauris nunc, egestas et velit a, consequat congue risus. Lorem ipsum dolor sit amet, consectetur adipiscing elit. Nulla tincidunt lacus non enim auctor pellentesque. Cras vel ante sapien.

Traditional quarterly management reporting template including
ESG data

Annual ESG and impact reporting aspects:

- Mission and goal monitoring
- SCG based methodology reminder
- Impact summary of the entire portfolio based on the abovementioned methodology
- Line-by-line review of each impact criterion's measurability
- Achievements and targets set by the companies' boards of directors
- Monitoring of the company's extra-financial commitments

When it comes to quarterly reporting, daphni is approaching the process in a way that fits with the company's size and the maturity of its portfolio companies.

Every quarter, we ask our portfolio for **detailed** ESG information. We send out an online form featuring open-ended questions, so we do not burden start-ups with additional reporting duties, as it can become cumbersome for them. Depending on the responses we get, we can initiate a dialogue in order to have a better understanding of their actions. These interactions are a great lever to support the portfolio companies on their own ESG journeys.

Here is the list of questions we ask:

How would the company rate its **compliance with environmental standards or goals**? (GHG emissions, energy consumption, water pollution, waste, etc.)

How would the company rate its **compliance with social standards or goals**? (employment, turnover, work accidents, well-being at work, absenteeism, gender parity, diversity, HR, training, impact on civil society, etc.)

Job creation ratio (= total number of employees on 31/12/n divided by total number of employees at the time of the first investment)

How would the company rate its **compliance with governance standards or goals**? (value sharing, profit-sharing, organization of the governance body, responsibility, skills, transparency, business ethics, corruption, money laundering, data security, working conditions of subcontractors)

Diversity (= at least one woman in a management position at the time of the first investment)

Gender parity

Average age

Example of an online ESG form sent to the portfolio:

ENVIRONMENTAL

How does the company position itself from the point of view of environmental criteria or goals, and how (greenhouse gas emissions, energy consumption, water pollution, waste...) ?

Environmental criteria for current quarter

SOCIAL

What is the team count ?

Previous Quarter

How does the company position itself from the point of view of social considerations (employment, turnover, accidents at work, well-being at work, absenteeism, mixité, diversity, HR, training, impact on the civil society...) ?

Social criteria for current quarter

What is the company ratio of job creation (= total number of employees as of end of the quarter divided by total number of employees at time of first investment) ?

10

Is there diversity in the company (= at least one female CEO, executive director, founder) ?

Describe the diversity in your company

What is the average age of the workforce ?

30 years

What is the percentage of female workers in the workforce ?

50 %



Furthermore, we note that during refinancing or liquidity operations for a start-up's shareholders (IPO, sale), the buyer or new investors are increasingly more likely to include ESG criteria in their due diligence.

This is also why we act upstream, as soon as we acquire a stake in a company and when we start our journey with it, so that its ESG policy is proactively addressed in the context of its business development.



3- Our historical portfolio broken down by ESG theme

Health



Nabla: mobile health app



Lifen: Patient Data Management platform

WANDERCRAFT

Wandercraft: robotic walking exoskeleton



EPIGENE LABS

Epigene Labs: epigenetics research platform, specialized in oncology



23&Me: genetic data testing and analysis



Concilio: medical concierge service



⌚ Sensee.

Sensee: online optician

Sport and Wellness



Angell: electrical bike



Agricool: vertically integrated farm producing fruits and vegetables locally without pesticides



Poulehouse: the egg of the future that doesn't kill the chicken



Beendi: production and distribution of organic spices and cereals based culinary preparations

Lifestyle



Typology.



AGUA BLANCA

Typology: innovative skincare brand

Geev : online platform for donating objects

Aguablanca: ethical personal care and cleaning products

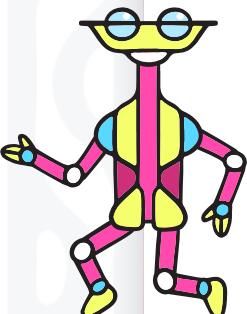
BackMarket

Back Market: a marketplace for reconditioned electronic products



TheFoodLife: free unsold food product pick-up

Education



Ornikar: online driving school



Coursera : American company that provides online courses and certifications



CourseHero : American online course provider



Epic / Story Magic: digital bookstore for children under 12

4- Portfolio data

Rating System

Our rating system generates an overall rating and a distinction for each company in the Purple and Yellow Funds.

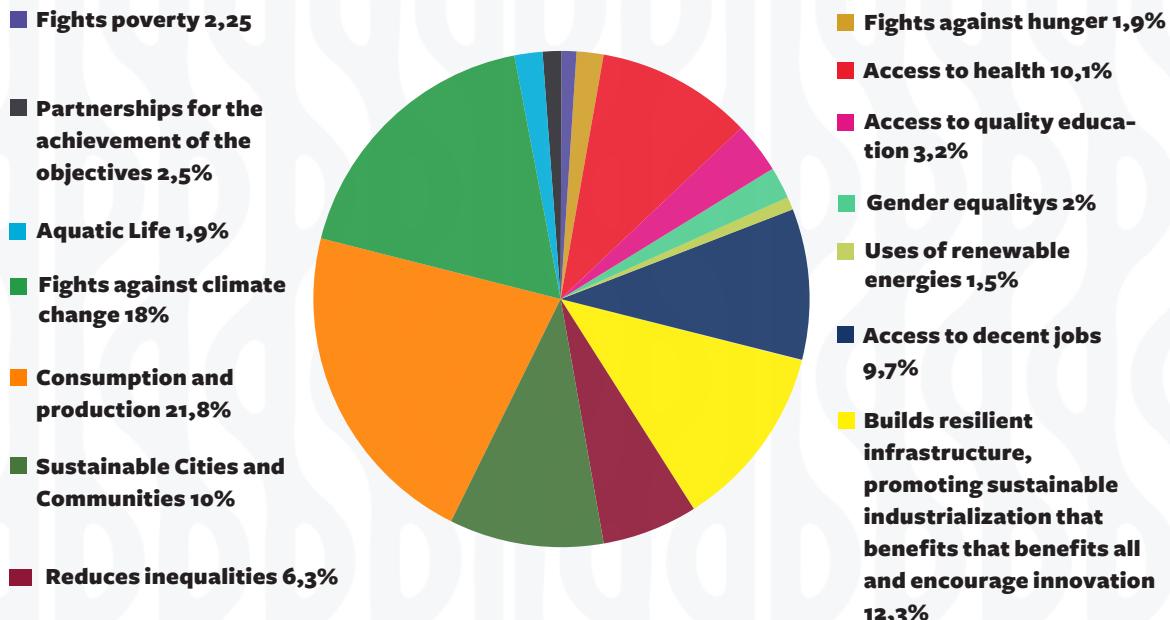
Overall score of our portfolio companies

Lowest	Highest	Median
0,5	21,5	5,8

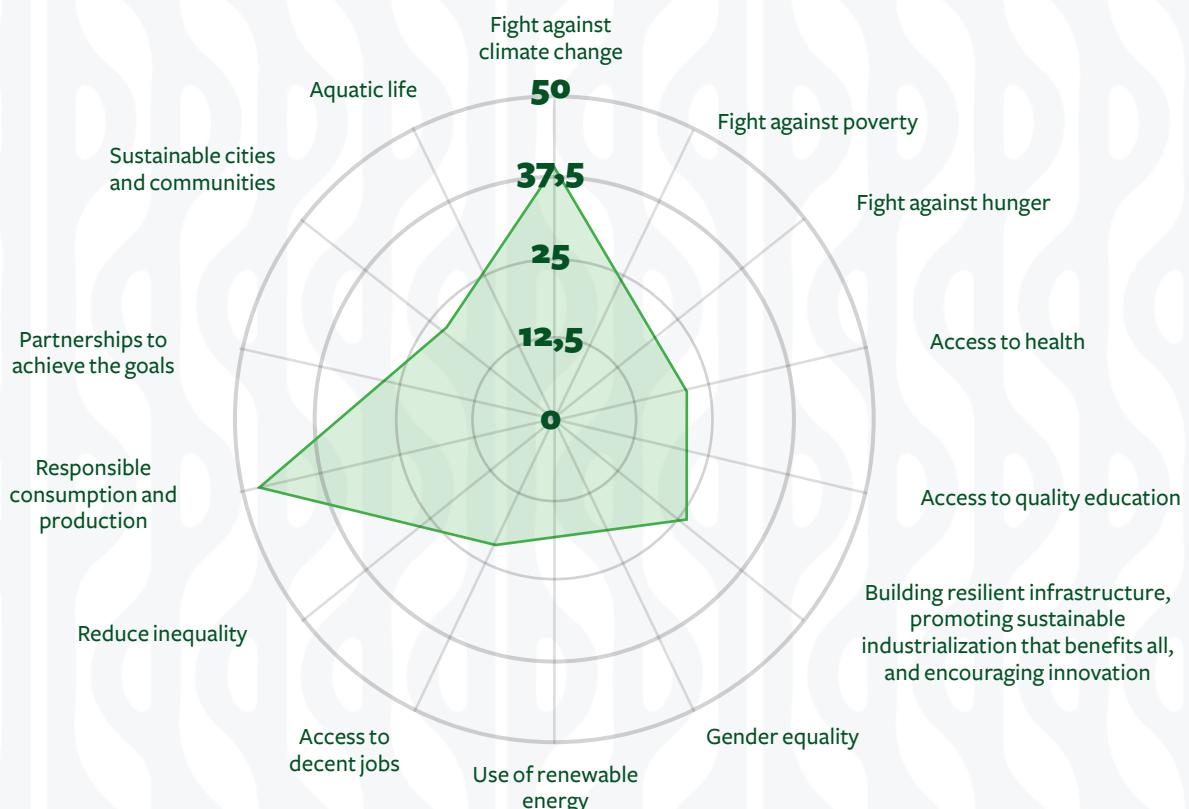
Distribution of our portfolio companies by distinction

Portfolio (Purple and Yellow)	Distinction	Overall score
3 start-ups	Changes the world	x > 14
11 start-ups	Meaningful impact	6 < x < 14
10 start-ups	Positive impact	3 < x < 6
11 start-ups	Positive impact on uses	1 < x < 3
2 start-ups	Low impact	0 < x < 1
0 start-up	Negative impact	x < 0

Distribution of SDGs addressed by our companies



Sum of our companies' impact scores by SDG



5- Case studies within the daphni portfolio

Through its different funds, daphni has invested in **over 100 start-ups** in France, Europe and the U.S.



Several of these companies have received awards for their ESG/Tech For Good achievements, including **Back Market** (a leading marketplace for reconditioned goods), **Geev** (a donation platform), and **Wandercraft** (exoskeletons for the disabled), just to name a few.

daphni has always **supported projects** that aim to make a **positive societal, environmental and economic impact**, while being ambitious and scalable.

Back Market

#CircularEconomy

#Refurbished

#ScrewNew

The marketplace for reconditioned goods

Back Market is the first marketplace entirely dedicated to **reconditioned products**. The company became a **unicorn** in 2021 to accelerate **international** deployment and speed up product **reconditioning**, which account for just 20% of phones sold today. A leader in the circular economy, Back Market proves to the digital ecosystem that it is possible to be a market leader while advocating for responsible consumer practices.

14,25
Changes the world!



“Giving all humans the power to make machines last, using circularity and repair.”

Back Market's 5 main SCG criteria

+2

Provides the broadest access to reconditioned goods. #Love ThePreloved #ScrewNew

Responsible consumption and production

+2

Reduces new waste by leveraging existing goods.

Fights climate change

+1

The purpose of Back Market is to provide access to affordable electronic devices.

Fights poverty

+1

Provides the broadest access to reconditioned goods. #Love ThePreloved #ScrewNew

Reduces inequalities

+1

The purpose of Back Market is to provide access to electronic devices that are both good for the planet and affordable.

Provides meaningful jobs

In addition to the SDGs, the **daphni methodology** includes measures of the impact of each potential investment based on the criteria they influence. This influence can be destructive (-2), risky (-1), neutral (0), positive (+1) or meaningful (+2). We then weight this influence from x0.25 to x1.5 according to the number of people it can impact (scale effect) and the impact it has on a stakeholder (depth).



#CircularEconomy

#SecondHand

#SocialImpact

The 1st food and goods donation app among individuals in France

Geev is the first French platform for **objects and food donations**. In 2021, the Bordeaux-based company passed the milestone of **10 million donations** posted on the application. Operating in France, Canada, Belgium and Switzerland, Geev is an emblematic figure of the **circular economy** and received the Tech for Good Awards 2020 from BFM Business and France

21,5

Changes the world!



"In 2017, we set out a goal for ourselves: to popularize donations as a means to reduce waste. Using a simple, fun and free app, Geev lets anyone give a second life to millions of objects and food products, while fostering social ties locally. On our ambitious mission to become the reference in the donation among individuals' sphere in France, the daphni team was able to give us the freedom we needed to achieve our vision, while providing support and valuable advice at all key moments in the company's evolution."

Geev's 5 main SCG criteria

+2

Reduces new waste by leveraging existing goods.

Responsible consumption and production

+1

Reduces waste and energy consumption

Fights climate change

+2

Creates local communities of donors and recipients

+1

Removes financial value from secondhand items

Fights poverty

+2

Removes financial value from food

Fights hunger

In addition to the SDGs, the **daphni methodology** includes measures of the impact of each potential investment based on the criteria they influence. This influence can be destructive (-2), risky (-1), neutral (0), positive (+1) or meaningful (+2). We then weight this influence from x0.25 to x1.5 according to the number of people it can impact (scale effect) and the impact it has on a stakeholder (depth).

hemea

#RealEstate

#Renovation

#Construction

The digital architecture and renovation firm

Hemea, an **architecture and renovation firm**, supports projects from their inception to their completion, and simplifies every step of the process. We are spending increasingly more time at home, and it is crucial for Hemea to support individuals in selecting **sustainable and environmentally friendly materials** for their renovation projects.



"As a mission driven company, Hemea made environmental and societal issues a core part of its business, and works on raising awareness on construction related greenhouse gas emissions, which account for 30% of all emissions. And, as a co-signatory of the Climate Act, Hemea is also committed to reducing its carbon footprint. To bolster its environmental commitment, Hemea is planting trees via tree-nation for each new Club Pro subscription."

Hemea's 3 main SCG criteria



Cleaner cities and communities

Sustainable cities and communities



Energy efficient renovations that yield a lower carbon footprint than renovations

Fights climate change



Promotes the use of higher quality and more insulating products

Responsible consumption and production

In addition to the SDGs, the **daphni methodology** includes measures of the impact of each potential investment based on the criteria they influence. This influence can be destructive (-2), risky (-1), neutral (0), positive (+1) or meaningful (+2). We then weight this influence from x0.25 to x1.5 according to the number of people it can impact (scale effect) and the impact it has on a stakeholder (depth).



#Upcycled

#ZeroWaste

#Agriculture

Food and cosmetics upcycling newcomer

Hubcycle **avoids waste** by converting **plant-based** industrial by-products into valuable, innovative and strategic raw materials for **personal care and food**. Hubcycle is a rising star in the **circular economy**.

16,5

Changes the world!



“60% of the carbon footprint of food comes from agriculture. And, when you add all the processing stages, about 50% of the weight of everything we grow is wasted before it even reaches our plates. We focus on finding high value-added outlets for this food waste, to use more of what we have, rather than grow more. Of course, we have high ambitions, work a lot on design, tech, and set high standards for ourselves.”

Hubcycle's 4 main SCG criteria

+2

Decreases production and associated consumption

Fosters responsible consumption and production

+2

Decreases production and associated consumption

Builds resilient and sustainable infrastructures

+2

Decreases production and associated consumption

Fights climate change

+1

Optimizes of food production and fights climate change

Fights hunger

In addition to the SDGs, the **daphni methodology** includes measures of the impact of each potential investment based on the criteria they influence. This influence can be destructive (-2), risky (-1), neutral (0), positive (+1) or meaningful (+2). We then weight this influence from x0.25 to x1.5 according to the number of people it can impact (scale effect) and the impact it has on a stakeholder (depth).

Shine

#Fintech

#Neobank

#Responsible

The professional bank account for companies and freelancers

Shine is a **new-generation neo-bank** aimed at businesses (VSEs/SMEs), startups, freelancers and self-employed. Founded in 2017, Shine has two goals: **to simplify the lives of freelancers and small businesses**, and to **be a positive force for society and the environment**. This responsible bank is B Corp certified, a member of the “1% for the Planet” movement, and an initiative of the “Climate Act” collective.

6

Positive impact!



“With Shine, we want to simplify the lives of small business owners and freelancers, while protecting the planet and improving the lives of everyone.”

Shine's SDG criterion

+2

Simplify administrative tasks for freelancers

Access to meaningful jobs

In addition to the SDGs, the **daphni methodology** includes measures of the impact of each potential investment based on the criteria they influence. This influence can be destructive (-2), risky (-1), neutral (0), positive (+1) or meaningful (+2). We then weight this influence from x0.25 to x1.5 according to the number of people it can impact (scale effect) and the impact it has on a stakeholder (depth).

6- Sharing our messages with a wide audience

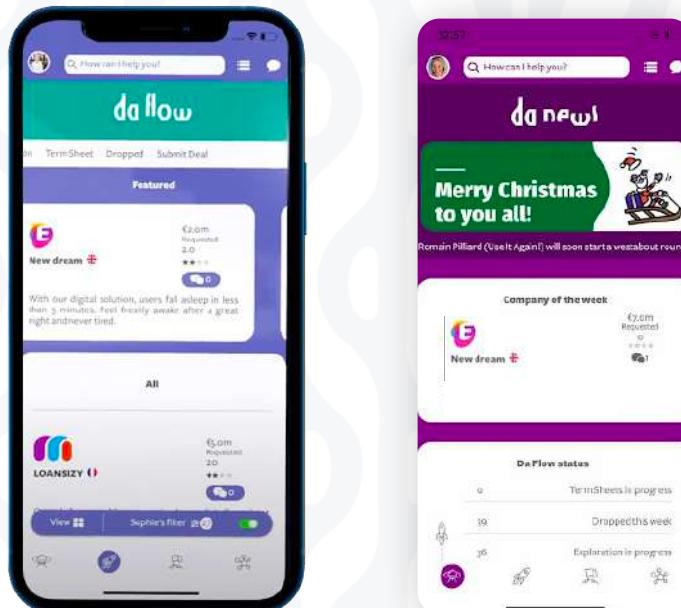
Our motto is “**Build da City. for. Good.**” It informs our investment decisions, our **approach to ESG challenges**, and our commitment to social impact.

We use several communication channels to share our messages:

1. Portfolio companies that help create a better world for future generations.
2. daphni's unique model: its platform, its community, and all the tools that digitize our industry, foster communication in our ecosystem, and make participating in innovation easier and more interactive.
3. Our social commitments to help make the tech and investment scenes better by promoting the inclusion of minorities in our ecosystem. To this end, we support and work alongside the following initiatives: **SISTA, Wake Up Café, Chams, Included VC and Use It Again.**

We use multiple communication channels to generate a **constant flow of content and events for our community and the industry** as a whole:

- Our **app** to share insider information with our community



- A **weekly newsletter** on the tech industry

The image shows three mobile phone screens displaying the daphni weekly newsletter. Each screen has a purple header with the word 'daphni' and a yellow 'editorial' button. The first screen features a photo of two people on a boat and the headline 'Westabout round-the-world record by Use It Again!'. The second screen shows a cartoon fox and the headline 'The fox'. The third screen features a photo of Marion Carrette smiling and the headline 'Marion Carrette, from cars to wool balls'. Each screen also includes a 'Hi folks,' greeting and a detailed article body.

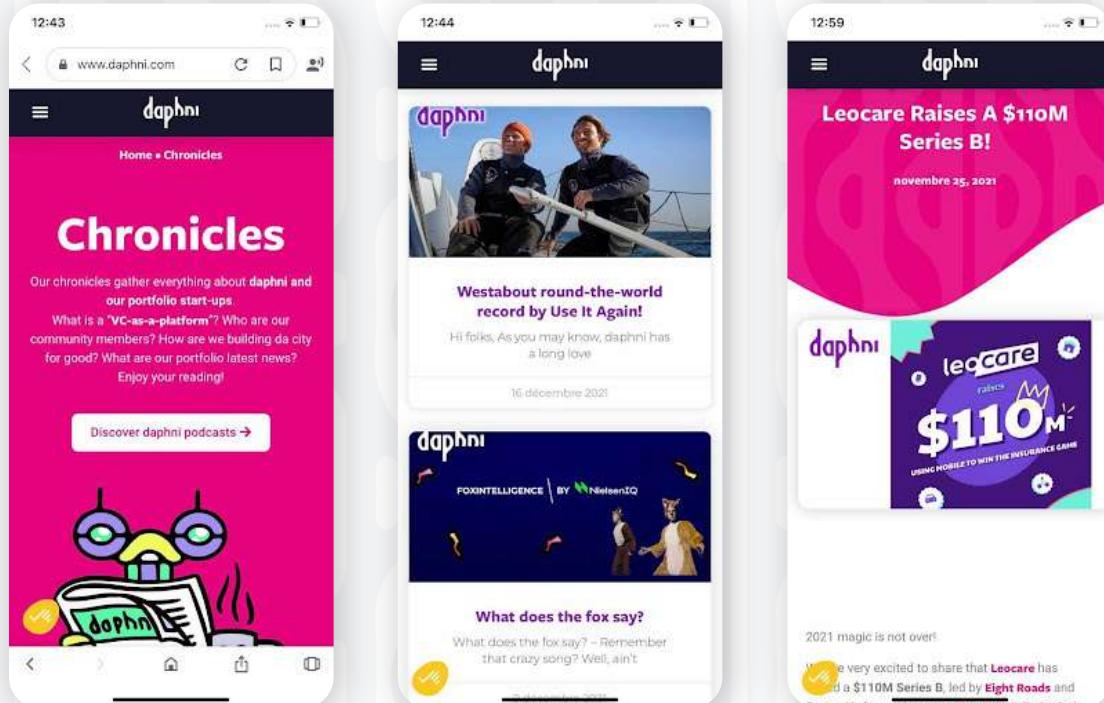
- A **monthly publication** for our network

The image shows two mobile phone screens displaying the daphni monthly publication 'Gazette'. The top part of each screen features a colorful illustration of a city skyline. The bottom part has a purple header with 'daphni Gazette'. The left screen has a banner for 'daphni 5th ANNIVERSARY!' with a photo of a trophy. The right screen has a banner for 'da big news!'. Both screens include articles: the left one about daphni's 5th anniversary and the right one about Double's Series A funding.

- A **podcast** for our community of like-minded individuals: “Build da City. for. Good.” Soon to be available in video format



- **Opinion pieces** on our vision and our beliefs in the media





- **Press relations** to ensure the media picks up our investment related news (entries, exits, industry focus, trends, etc.)

- **Online events (webinars, portfolio reviews) and offline events (VC Bridge, Tech Bikers, themed events)**, especially involving our 300 community members, to create connections and share experience, expertise, aspirations, and commitments.

- A vibrant **social media presence (+11,800 subscribers on LinkedIn, +4,500 on Twitter)**

- **Campaigns to support NGOs** (e.g.: end of year fundraising for 3 nonprofits daphni partner with)

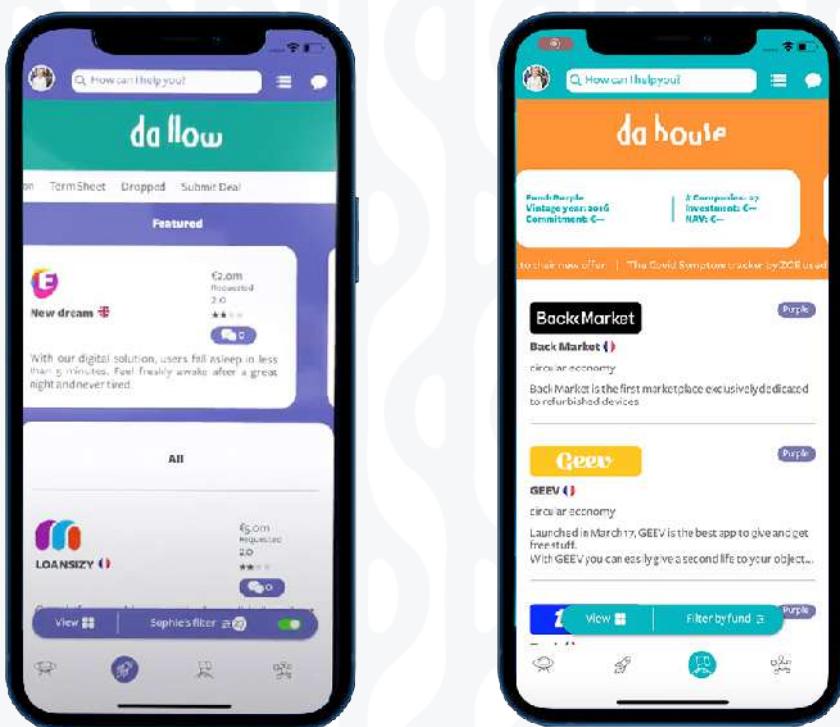


A communication strategy aligned with our DNA: **valuing people and ideas, thinking differently, building a better world.**

7- Transparency and support using our digital and community platform

The daphni model is built around two pillars: a proprietary **digital platform** and a **community**. The community is made up of over 300 individuals scattered around the world, although mainly located in innovation hubs such as Paris, London, Berlin, Stockholm, San Francisco, Shanghai and New York. This tool brings together institutional investors, entrepreneurs, company managers and experts from all industries. daphni has been developing and perfecting a proprietary digital platform since its early stages (mobile and web application). It is a way for all its community members to be involved throughout the different investment stages (identifying and assessing opportunities, supporting portfolio companies, direct access to each community member). This platform gives daphni's investors access to the **deal flow**, with strict access rules to preserve the confidentiality of information. This tool emulates the community and lets viewers shine a new light on their own digital strategy.

The platform also allows each investor of the Fund to access information on the companies in the portfolio, in addition to the traditional reporting information. In doing so, daphni multiplies the opportunities for interaction between its investors and the entrepreneurs in the portfolio to create more value and opportunities, beyond the amounts invested.



8- Support to non-profit initiatives

Throughout 2021, we have worked closely with non-profits. We have provided **financial support, shared our resources, and made ourselves available to help them.**



State of the art: Entrepreneurs come from different socio-economic and ethnic backgrounds. They have diverse cultural backgrounds.

Purpose: Included VC aims to provide solutions by bringing together profiles that aren't familiar with the world of private equity.

Problem : While anyone can become an entrepreneur, the world of private equity is still gated and hard to reach.

Solution : Included VC collaborates with a cohort of candidates from around the world to participate in a 12-months (5-7 hours per month) remote private equity training program.

Support from daphni: In early 2019, daphni became an official Included VC partner alongside Notion Capital, Mangrove, Enern, Point Nine, K Fund, Seedcamp, and Santander. **daphni shares its expertise during masterclasses, workshops, and coaching sessions.**



12months long | **5 à 7h**
trainings | **per month**



Inclusion

Education

Purpose: Provide support to former inmates.

Problem : In France, approximately 80,000 inmates are released from prison every year. 80% of them leave without any kind of support. 62% commit another offense within 5 years. 32% return to prison within a year of their release.

Consequences: This high detention rate is a real social issue. The problems stemming from crime and insecurity remain unsolved. Moreover, the costs of detention are very high (50,000 €/year/person) and are often considered inefficient.

Solution : Wake Up Café offers rehabilitation courses, individual support, and a community to counteract recidivism and isolation.

Results : Wake Up Café has lowered recidivism to 10% for the people it supports. 56 individuals found a job. 5% have returned to school and 4% have started their own businesses.

Support from daphni: Financial support to purchase a boat (Thalassa), parked on the Seine, which has been transformed into a restaurant and reception area, managed by former inmates.



56 people

found a job

5%

went back to school

CHAMS

LEARN . CODE . LIVE !

Inclusion

Education

Purpose: Foster the emergence of talent and entrepreneurs in refugee camps through innovative STEM education.

Problem: Refugees are deprived of STEM education.

Solution: CHAMS teaches coding and entrepreneurship in refugee camps through a franchise model, and uses a methodology comparable to the one of Ecole 42.

Goal: Train 10,000+ students by 2025 (2,000 in Jordan, 1,500 in Kenya, 6,500 in other countries).

Support from daphni: Financial support and commitment to finding work for refugees within its start-up ecosystem.



by 2025

+ 10K
students trained



Environment

Education

Purpose: Raise awareness about the circular economy in schools, specifically about the scarcity of natural resources and plastic pollution in the oceans.

Challenge: Renovate Ellen MacArthur's boat using second-hand materials.

Solution: Participate in international races to promote the initiative, and in educational programs to highlight the importance of the circular economy to younger generations.

Support from daphni: daphni has sponsored Romain Pilliard, the founder of UseltAgain! for all of his 2021 races, during which he used his refurbished trimaran. He had repaired the boat in accordance with the “3R” principles: reduce, reuse, recycle. Beyond this initiative, daphni promotes the circular economy via its portfolio companies such as Back Market and Geev.



SISTA

Women

Entrepreneurship

Purpose: Reduce the funding gap between male and female entrepreneurs.

Goal: To increase the diversity of leaders in the digital economy.

Actions: Encourage women's ambition, female entrepreneurship, funding for women entrepreneurs, and increasing the number of women in the teams and deal flows of investment funds.

daphni's support: daphni supports the SISTA collective, which reduces the gender gap in entrepreneurship financing, by becoming an Investor Ally. daphni is a signatory to the SISTA Charter, which commits to dedicating 25% of its financing to women by 2025.

by 2025

25%

of entrepreneurs financed will
be women



And many more...



LEADERS FOR CLIMATE ACTION.



The NGO **ARCH** purchases electronic devices to enable students to access online educational resources. daphni supports ARCH financially.

Leaders For Climate Action (LFCA) is a community of entrepreneurs united for climate action. daphni is an ambassador in France for LFCA.

#EC2022 is an apolitical collective whose goal is to raise awareness on the circular economy and social responsibility during the 2022 French presidential election campaign. daphni is a member of #EC2022.

#PARENTALACT

Parental Act offers paid leave to the second parent. daphni has been a signatory to the Parental Act since 2020, before the French law on parental leave went into effect in July 2021.



France Invest By signing the France Invest Charter of Commitments for Growth, daphni has committed to considering the charter's 16 criteria on economic, social, environmental and governance issues when selecting companies to invest in.



UN-PRI, daphni is a signatory to UN-PRI, the UN-backed investor network for responsible investment principles.

9- ESG panorama at daphni

Strategy

Generic		
Criteria	Response	Comment
Membership in UN- PRI	YES	
Purpose outlined in the articles of association (as stated in the Pact Act)	YES	
Conversion to a mission driven company (as stated in the Pact Act)	YES	
Third party audited CSR certification	NO	Underway

Specific			
Criteria	Sub criteria	Response	Comment
Having an existing, visible, and ambitious strategy, with a management company presentation that includes the following elements	Intentionality of the strategy from the management company	For ESG performance	Monitoring and training on the holdings' ESG aspects. Exemplary management company
	Inclusion by the management company of ESG criteria into the investment decision making process	Commitment of resources	ESG/Impact clause in legal documents. Carbon footprint measurement. Monitoring of OKRs in governance bodies

**Having an
existing, visible,
and ambitious
strategy, with
a management
company
presentation
that includes
the following
elements**

<p>Inclusion by the management company of the investment impact into the investment decision making process</p>	<p>For ESG performance</p>	<p>ESG/Impact clause in legal documents. Carbon footprint measurement. Monitoring of OKRs in governance bodies</p>
<p>Inclusion by the management company of ESG criteria into the exit decision making process</p>	<p>No commitment</p>	<p>It's hard to be a driving force when holding a minority stake and when the exit comes several rounds after our investment.</p>
<p>Inclusion by the management company of the investment impact into the exit decision making process</p>	<p>No commitment</p>	<p>It's hard to be a driving force when holding a minority stake and when the exit comes several rounds after our investment.</p>
<p>Inclusion by the management company of the independence, diversity, impact and/or ESG expertise of the investment recipients into the investment decision making process</p>	<p>No commitment</p>	<p>It's hard to be a driving force when holding a minority stake and when the exit comes several rounds after our investment.</p>
<p>Inclusion by the management company of the diversity, impact and/or ESG expertise of the investment recipients' management teams into the investment decision making process</p>	<p>No commitment</p>	<p>Conversations on ESG and impact ahead of an investment</p>

Having an existing, visible, and ambitious strategy, with a management company presentation that includes the following elements	Assessment of the existence of value sharing mechanisms within the teams of investment recipients by the management company before deciding on a potential investment.	Commitment to results	Issuing a reserve of stock options
	Creating an exclusion principle based on the types of LPs (beyond legal obligations)	Commitment to results	Monitoring the Financial Markets Authority's recommendations
Having an existing, visible, and ambitious ESG strategy, with a management company presentation that includes the following elements	Inclusion by the management company of the investment impact into the exit decision making process	Commitment to results	ESG policy outlined and made available to each employee.

Investments

Responsibility of investments

Criteria	Sub criteria	Responses	Comments
	% of funds, for financial performance purposes only (so-called “Article 6” and “Article 7” products under the European Disclosure Regulation)	100%	Moving to Article 8 for daphni Yellow FPCI (innovation investment fund) and other future investment vehicles
Intentionality of the management company's fund strategy	% of funds aimed at integrating environmental or social characteristics (so-called “Article 8” products under the European Disclosure Regulation)	45%	
	% of funds with a sustainable investment objective (so-called “Article 9” products according to the European Disclosure Regulation)	-	Nothing is published

Portfolio follow-up

Criteria	Sub criteria	Responses	Comments
General monitoring on investments' impact	Existence of a mechanism to monitor the accountability and impact of investments	Commitment of resources	Legal clause and monitoring within governance bodies
	% of holdings in which the management company has voting rights in the governance bodies	100%	

Suivi général des impacts des participations	% of holdings that received and ESG certification from the French government	N/A	Legal clause and monitoring within governance bodies
	% of holdings that have a purpose outlined in their articles of association	4%	
	% of holdings that are mission driven companies	4%	Work in progress
	% of holdings that have a structured philanthropic action	N/A	
	% of holdings that have set up a reduction or compensation mechanism aimed at achieving carbon neutrality	15%	
	% of holdings that have a value sharing mechanism that include at least 50% of the staff	93%	
Diversity monitoring of the companies' governing bodies (board of directors)	% of investments implementing a formalized diversity strategy	99%	
	% of women in the governing bodies	20,6%	
Diversity monitoring of the companies' management bodies	% of investments that include independent members	56%	
	% of women in the management bodies	20%	

Participant management		
Criteria	Sub criteria	Responses
Code of conduct for the fund(s) in managing their holdings	Clear emphasis on a code of conduct in public presentations of the fund(s)	Commitment of resources
	Establishment of internal charter compliance accountability mechanisms	No
	Content of the charter leading to votes in favor of board diversity	No commitment
	Content of the charter leading to votes in favor of balanced team compensation	Commitment of resources
	Content of the charter leading to social and environmental resolutions	Commitment of resources
Monitoring mechanism for CSR alerts of holdings		Yes

Value sharing

Societal externalities	
Criteria	Responses
Share of management fees and/or carried interest (or equivalent) distributed to charity	3%

10- Appendices

Our day-to-day commitment to ESG

Presentation of ESG goals at the management company level (topics/initiatives/goals and relevant SDGs):

i) Diversity

- 18 employees 9 of which are women
- Diversity of ages, experiences, profiles
- The daphnopolis (the community built and run by daphni) amplifies daphni's geographic and cultural diversity

ii) Training

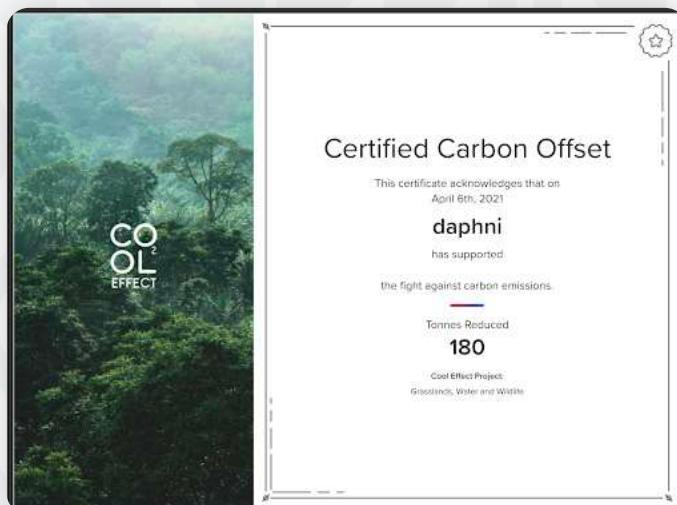
- ESG training conducted by B-Way in 2021
- First aid training conducted in 2021
- Individual training (for 2 employees)

iii) ESG actions

- Dedicated ESG team within daphni
- Bringing the internal procedures of the Purple and Yellow funds and the management company in line with ESG and B Corp commitments
- Integration of ESG criteria in due diligence and legal investment documentation
- Integration of ESG criteria in portfolio company reporting activities
- Publication of an annual report

iv) Carbon offset

We have a dedicated team working on defining a carbon offsetting policy that fits with daphni's activity and overall carbon offsetting policy with portfolio companies.





v) **daphni supplier charter**

Ethics

daphni ensures that its suppliers conduct their business in an honest and law-abiding manner, and while respecting legal provisions relating to fair competition and the prohibition of corruption. More specifically, they shall not use the negotiation and execution of contracts as an opportunity to act or behave in a way that is comparable to passive or active corruption, complicity in influence, peddling or nepotism.

Compliance with working conditions

daphni expects the supplier to respect the freedom of association, protect the right to unionize and defend the rights of workers as defined by the International Labor Organization (ILO). It commits not to use illegal labor as defined by the laws of the countries in which it operates; to contribute to the elimination of child labor and the protection of minors as defined by ILO conventions; and to comply with local laws regarding the employment of people with disabilities. Employees may not be subjected to physical punishment, harassment, or physical, sexual, psychological, or verbal abuse of any kind.

daphni expects its suppliers to agree not to use illegal workers, especially individuals below the legal working age.

daphni works with an ESAT (structure that employs people with disabilities) for certain office supply orders to promote the employment of people with disabilities.

Protection of the environment

daphni expects its suppliers to commit to reducing their negative environmental impact and to implement measures that contribute to the protection of the environment, both for their products and for their organization, especially as it relates to the protection of nature, the preservation of biodiversity and ecosystems, the depletion of natural resources and the management of waste and toxic products. The supplier will have to commit to limiting its impact on the local population, to reduce its energy consumption, its discharges into water, air and soil and the waste resulting from the various aspects of its activity, especially packaging.

The supplier shall make the respect for the environment, health and safety an integral part of the purchase of products and services, the design, production and marketing of its own products and services. The objective is to reduce the company's impact while maintaining and/or improving the overall quality of the offering. At a minimum, it undertakes to comply with locally applicable laws and standards, as well as with the laws applicable in the country or countries for which the product is intended.

vi) Eco-consciousness in the office

daphni aims to reduce its environmental impact through daily actions involving all its employees. This policy is included in the welcome guide for new employees and is accessible to all on our server.

- We also have a kitchen on our premises to limit waste, especially plastic cutlery.
- Most of our furniture is second-hand
- We have a water fountain to reduce our plastic waste
- We have recycling bins and inform our employees on recycling behaviors
- We purchase reconditioned electronic and telephone equipment whenever possible
- We use a specialized service to recycle our ink toners
- We have reduced the amount of mail we send on a daily basis
- daphni is committed to reducing the amount of paper it uses each year for printing (we order 4 boxes per year, i.e. 25 reams of 500 sheets)
- We have posters on eco-conscious behavior in the office
- We use green household products

vii) Procurement policy

We choose our suppliers according to their approach to limiting their environmental impact and improving their social impact.

- Snacking: Greenweez (belongs to Carrefour), works to reduce its greenhouse gas emissions, develop organic farming and environmentally focused agriculture, to improve its packaging, and to recruit a diverse team
- Toner recycling: Conibi (consortium of major market brands)
- Coffee: Kawa (social and environmental implications)
- Fruits: Local merchants
- Plants : Bergamot (commitment to sustainability)
- Household: Thiebat (sustainable cleaning products)
- Computer equipment: Back Market, second hand
- Goodies: embroidered organic cotton vests. We use a Paris based company to ensure a smaller carbon footprint. The list of all suppliers, especially those committed to CSR, is available from our Office Manager. When choosing suppliers, we always look at a company's environmental, social, and ethical commitments.

viii) Transportation

All company employees live in or near Paris and most of them use public transportation to get to the office. Remote working, emphasized by the COVID crisis, serves to limit commuting and to further reduce our employees' carbon footprint.



ix) Energy consumption

daphni uses a green energy provider for its offices, in order to ensure that the electricity it uses is sustainable. We look at our detailed bills to understand our energy consumption and monitor our efforts to reduce it. Our offices use mainly natural light and LED light bulbs as a supplement. Heating comes from a programmable reversible air conditioning system. Employees are made aware of its use so that they only use it when it is very hot. They are also aware of the fact that it is preferable, if possible, to open the windows. The windows are double-glazed.

x) Green IT

Examples of best practices:

- 4G/LTE uses 23 times more energy than Wi-Fi (and therefore emits more greenhouse gases). Wi-Fi is encouraged in the office and elsewhere.
- Regular cleanup of emails, especially those with attachments, is recommended, to avoid unnecessary storage in data centers.
- Promote the use of company instant messaging systems to chat with a colleague (instead of email).
- Store only what is needed in the cloud: turn off your devices instead of leaving them in sleep mode.
- Print only what is useful. Default printer settings: black and white, draft, double-sided, 2 pages per side...
- Obsolete computers and telephones are recycled with a specialized reseller (Back Market)

xi) Events

- Some events are video conferences to avoid travel.
- Face-to-face events are held in a central location in Paris to limit travel for participants and to make access by public transport easy.
- We choose service providers that have ethical and environmental commitments.
- Access badges are recyclable, and cords are reused from one event to another.
- We plan to organize webinars to raise awareness of environmental protection, featuring inspiring people to encourage our community to become even more sustainable.



xii) Maintaining a transparent relationship between daphni and its partners

daphni has established a comments and requests procedure to let every partner express their thoughts. Each request should be sent to *daphni* SAS, 87 rue Réaumur, 75002 Paris, France. The management company has 10 business days to confirm receipt. The company must respond within two months unless it is an exceptional request. The applicant may also request a mediator, including that of the Autorité des Marchés Financiers (French financial regulatory body). The person to contact at the AMF is Mrs. Marielle Cohen- Branche, AMF mediator, 17 place de la Bourse 75082 Paris Cedex 02. The details of the mediation process are available on their website.





thank you



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