



Engagement and Voting Strategy

In compliance with section I of Article L. 533-22 of the French Monetary and Financial Code (“Code Monétaire et Financier”), and the Delegated Regulation of the European Commission (EU) No. 231-2013 of 19 December 2012, daphni, as a portfolio management company, has developed a “Shareholder Engagement Policy” in accordance with the provisions of Article R533-16 of the French Monetary and Financial Code.

1/ Monitoring of strategy, financial and non-financial performances, risks, capital structure, social and environmental impact and corporate governance


Investments made by funds managed by daphni are subject to the signing of a shareholders’ agreement (or, in particular in the event of subscription of securities, of side letters), under which the founders and the target company undertake to provide daphni with financial and extra-financial information on a periodic basis. This information allows us to monitor our portfolio companies and nourishes exchanges between entrepreneurs and investment team members responsible for monitoring the investment.

In addition to this regular reporting, daphni’s representative (as the case may be) obtain information as part of the meetings of the governance bodies of the portfolio companies. daphni is represented in the governance bodies of the majority of its holdings, and thus regularly reviews their financial and non-financial developments.

The monitoring carried out by the investment team members responsible for the investment covers strategy, financial and non-financial performance, risks, capital structure and corporate governance.

Social and environmental impact is also a central issue in daphni’s monitoring of investments.

We are convinced that our role is to support entrepreneurs in their sustainability efforts by disseminating the best ESG practices to create value and protect against certain sustainability risks. This commitment is materialized through continuous dialogue with our portfolio companies and their leaders. 100% of our portfolio companies are covered by our ESG engagement strategy.



As a reminder, our engagement strategy, is enshrined in our mission and more specifically in the 3 associated objectives:

- 1.** Provide the resources and support necessary, for the companies we back, to play an active role in the transition to a more responsible world.
- 2.** Apply the environmental and social standards that underpin our purpose.
- 3.** Communicate and share our ethical, social, and environmental values with our stakeholders and communities.

Our mission committee is the governance body that oversees the proper implementation of these objectives at daphni.

We have articulated our engagement strategy around three pillars that are in line with our mission objectives:

- 1.** Supporting our portfolio companies on sustainability issues
- 2.** Finding trusted suppliers for our portfolio companies who have ESG issues in their DNA
- 3.** Communicating and sharing ESG knowledge with our stakeholders and our wider community

Our investment team is fully committed to our engagement strategy, globally coordinated by our Acceleration Partner, who benefits from the support of our ESG Manager and his expertise. We aspire to become a center of expertise in sustainability, offering invaluable support to our portfolio companies.

daphni strives to be a driving force, generating a positive impact on environmental, social and governance issues for a more sustainable future.

2/ Dialogue with portfolio companies

As a responsible investor, daphni supports its portfolio companies in their development and maintains an ongoing dialogue with entrepreneurs on the various issues and problems they encounter as part of their acceleration.

This dialogue also covers sustainability issues: we are convinced that our role is to support entrepreneurs in their approach to sustainability and by disseminating ESG best practice to create value and guard against certain risks.



Supporting our portfolio companies on sustainability issues

At daphni, we provide support through various engagement actions implemented by our teams. These actions include, among others, bilateral dialogues, communication and awareness-raising campaigns, discussions at board meetings, and the exercise of our voting rights. These initiatives are designed to create a strong bond with our stakeholders.

To calculate daphni's carbon footprint in its entirety, it is necessary to integrate the emissions from our investments into our own scope 3. In fact, the vast majority of our carbon footprint is directly linked to our investments, i.e. the scope 1, 2 and 3 carbon emissions of our portfolio companies.

To meet this need, we strongly encourage our portfolio companies to measure their scope 1, 2, and 3 carbon footprints. In order to get them on board, daphni carries awareness-raising campaigns on the importance of measuring the carbon footprint. We believe that everyone should measure their carbon footprint in order to identify the major levers for action associated with their company and sector. We also share with them daphni's convictions, provide guidance and support on carbon footprint calculation, and how to go beyond the measurement stage. These various actions are part of our ongoing dialogue with our portfolio companies.

In addition, we also offer ESG methodologies and guides on our proprietary platform and during bilateral discussions. For example, we recommend France Digitale's ESG Toolbox to companies in our portfolio to support them in defining and monitoring their ESG strategy. It provides a guide in three major steps: (I) formalizing environmental, social, and governance policies; (II) deploying these different strategies and engaging stakeholders; (III) measuring and communicating results. The toolbox is an excellent co-pilot that lists different solutions and providers, provides complementary resources, as well as information related to the current regulations, enabling a better understanding of the various ESG issues.

At daphni, we keep a close eye on the tools, regulations and methodological frameworks published in our ecosystem. Our aim is to make them accessible and to promote them among our portfolio companies, so that we can continue to work together towards a responsible and sustainable ESG approach.



Proposing trusted providers who have ESG issues in their DNA

At daphni, we attach great importance to our community and the synergies that can be created between its members. Since our launch, we have collaborated with a number of service providers, enabling us to identify the most relevant in this area. For this reason, daphni has developed a tool specifically designed for employees of companies in our portfolio, entitled “Trusted Providers” and accessible from our website, to access this information.

The objective of this tool is to facilitate their daily lives by offering them a simple solution for finding recommended service providers, regardless of their field of activity. “Trusted Providers”; gives them access to a selection of the best service providers in whom we have full confidence, those we recommend, or who have been recommended by other members of our community. The topics covered are varied: Com & Marketing, Sales, Legal, HR, Finance, Tech, and ESG. Numerous companies are listed, some of which offer perks for our portfolio companies’ staff.

Communicating and sharing ESG knowledge with our stakeholders

Communicating and sharing the ethical, social, and environmental values that drive us with our stakeholders and communities are strong engagement levers at daphni. To this end, communication and awareness-raising initiatives are deployed each year. We are firmly committed to promoting a responsible and environmentally friendly approach in everything we do, both for our portfolio and for our wider ecosystem.

We organize targeted communication actions and events focused on ESG and impact-related themes, bringing together the executives from our portfolio companies and our stakeholders. These efforts aim to instill a common culture and strengthen their expertise on environmental and social issues.

In addition to these actions, we are actively involved in collective initiatives within different working groups, global initiatives, as well as with our federation, in order to promote best practices in ESG and bring about significant changes both within the venture capital sector and in our portfolio companies’ ecosystem.



3/Exercise of voting rights and other rights attached to shares

The exercise of the right to vote is an essential tool for fully expressing our commitment to our holdings and the entrepreneurs we support.

As holders of shares in our portfolio companies, we participate in the general meetings of these companies. In addition to these meetings, we are also represented in the supervisory body (board of directors or equivalent) of the majority of our holdings. Within these bodies, we have the opportunity to review and discuss the strategy of our portfolio companies. We also participate in qualified majorities over binding changes that may have significant ESG implications, such as changes to the company's purpose, development plan, or mission. This representation in these supervisory bodies allows us to communicate our vision on ESG issues and share best practices in this area with our portfolio companies, to promote the developments that we recommend in this regard.

We exercise our voting power in the governance bodies in two ways:

1. Direct voting, where we express our position in our own name (including, as the case may be, through our representative within the governance body)
2. Where applicable, voting by delegation, whereby we entrust our voting power to the CEO or another member of the relevant governance body.

Regardless of the voting method chosen, daphni examines each resolution submitted to its vote in light of the interests of the fund and its limited partners, the interests of the portfolio company, and any ESG implications.

We are committed to voting in 100% of the governance bodies in which we are represented. This practice demonstrates our responsibility towards the governance and management of the companies in which we invest. We ensure that our voting decisions reflect our ethical values, our ESG convictions, and our commitment to the long-term success of our holdings.



4/ Cooperation with other shareholders

daphni generally invests alongside other investors. daphni maintains ongoing dialogue with them, with the main objective of acting in the best interests of the portfolio companies. These exchanges, which allow for the pooling of ideas and resources, take place notably within the governance bodies in which daphni and other co-investors are represented.

5/ Communication with relevant stakeholders

Relevant stakeholders are identified within the framework of each investment project, and daphni ensures regular dialogue with them.

6/ Prevention and management of actual or potential conflicts of interest with regard to our engagement strategy

daphni complies with applicable procedures for identifying, preventing, and managing conflicts of interest as a portfolio management company.

Prevention of conflicts of interest is based on the principles of the France Invest and AFG code of ethics. The latter is given to each employee upon hiring and upon each update. All teams commit to respecting internal policies and procedures, to which they are regularly trained and sensitized.

A register of conflicts of interest is also maintained by daphni.