

ESG Charter

Responsible investment matters to Gaia Capital Partners. We believe that companies contributing positively to leading societal and environmental challenges will benefit from a powerful lever able to drive value creation in the long term. We are therefore targeting the most virtuous business models - from a financial and an extra-financial point of view – and encourage our portfolio companies to implement best business and governance practices.

We incorporate Environmental, Social and Governance (ESG) issues into our investment process and throughout the monitoring of our portfolio. Through our investments, we aim to deliver sustainable performance for all stakeholders. This is part of a Gaia's global strategy and commitments.

1. Deal sourcing

Gaia Capital Partners is a generalist fund with a focus on tech-related companies. We invest in all tech segments (consumer, software, education, fintech, HR, 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 financial factors in the mainstream analysis of investments, focusing on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect our investment decision.

Our analysis of the tech industry and our interactions with founders highlight that growth-stage companies have great value creation potential related to ESG matters. Most growth-stage companies and their founders naturally tend to integrate a responsible approach although some founders are not aware of it, lack of frameworks and proactive policies on the subject, and do not clearly make their voices heard on it.

In addition, most targeted industries already implement sustainable business models in line with our ESG expectations such as health, circular economy, natural food, reconditioning and energy efficiency industries.

Gaia's commitments:

In terms of deal sourcing, Gaia commits to:

- Identify key players, partners and advisors in the ecosystem
- Identify opportunities within our investment scope (communities and collaboration, empowerment, circular economy, tech for all businesses, etc.)
- Exclude non-ESG sectors (tobacco, weapons, etc.)
- Prioritize opportunities with diverse founding teams (proven to be more performing)
- Define the sensitivity of management on ESG issues from 1st management presentation

2. Due Diligences

Gaia Capital Partners believes that integrating material ESG data into its investment process enables a more complete approach to understanding the environment and social impact that a company can have on society.

To be more specific, our due diligence process focuses on three strategic topics:

- ✓ **Environment** matters, which consist in considering how a company performs as a steward of nature. It may include a company's energy use, waste, pollution, natural resource conservation. It can also be used in evaluating any environmental risks a company might face and how the company is managing those risks.
- ✓ **Social** matters, which consist in how a company manages relationships with employees, suppliers, customers, and the communities where it operates.
- ✓ **Governance** matters, which deal with the company's leadership, executive pay, audits, internal controls, and shareholder rights. Gaia wants to make sure that a company uses accurate and transparent accounting methods, and that shareholders are given an opportunity to vote on important issues. Among other requirements, we also want evidence that companies avoid conflicts of interest in choosing their Board members, don't use political contributions to obtain unduly favorable treatment, and don't engage in illegal practices.

Gaia's commitments:

During our due diligence, Gaia's commitments consist in:

- Completing ESG due diligences for all portfolio companies with the support of Sycomore ESG team (i.e. benchmark, assessment using our proprietary comprehensive framework);
- Rating business model on their societal and environmental impacts (Net Environmental Contribution approach)

3. Portfolio monitoring

Gaia Capital Partners believes that the investment industry has a responsibility to include ESG matters in their portfolio companies' strategy and reporting.

We consider ESG matters as part of the company's operations, governance and philosophy, as they help mitigate execution risk. We also believe we must actively support the entrepreneurs we work with to maximize their social and environmental impact while maintaining their financial strategy.

That is why we evaluate companies on a large range of environmental, social, and governance (ESG) criteria.

We are proud to operate proactively and in collaboration with each of our portfolio company from the first day of our investment to our divesture.

At the very beginning of our investment, we define, in collaboration with the company's management, measurable social and environmental indicators which can be followed over the long term. These KPIs can relate to business practices (transparency, employee retention, work policies, etc.) as well as the company's business model (education, partnerships, employment, etc.).

They are then regularly discussed with the management and the advisory board as part of the company's reporting.

Gaia's commitments:

While monitoring our portfolio companies, Gaia's commitments consist in:

- Prioritizing "positive impact" opportunities
- Engaging in a constant dialogue and help set up roadmaps on responsibility issues
- Raising awareness at Board level and set annual ESG reporting as an objective
- Implementing dedicated ESG KPIs with each portfolio company
- Monitoring and quantifying progress
- Correlating financial performance with extra-financial performance

4. Inside Gaia Capital Partners

We are convinced that ESG challenges enable us to become better investors. And since we aspire to lead by example, it is important for us to apply to ourselves what we require from our portfolio companies.

Gaia's commitments:

To be consistent with the ESG standards expected in our portfolio companies, Gaia commits to the following actions:

- Be forward-thinking through collaboration with research chairs such as Tech for Good Sciences Po – Mines Paris Tech chair to monitor opportunities and risks
- Organize specific events and actions to raise awareness and share our methodology
- Continually improve our inhouse methodology
- Collaborate with foundations and non-profit organizations to further promote good in tech through direct actions
- Promote diversity within our employees and suppliers selection