



# ESG 2022 REPORT

# INNOVESTOR VENTURE CAPITAL

We believe you can do well by doing good

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# ESG POLICY AND SURVEY 2022

# Innovestor's Sustainable Investment Policy

## **Our mission is to make good money.**

In addition to optimal profits, we as well as our investors have requirements regarding sustainability factors. We believe that companies which consider sustainability factors within their operations perform best, as profits and sustainability go hand in hand.

As an active owner, the impact of our operations is realized through our portfolio companies. We aim to develop our target companies in a sustainable way.

We aim to identify the ESG (environmental, social, governance) issues relevant to each company during our investment process, as part of our due diligence work. During our holding period, we support our target companies in developing and managing ESG risks and opportunities.

We develop the monitoring and reporting of ESG issues both at the portfolio company and fund level.

For more info see also our [Sustainable Finance](#) section available on our website.

# ESG Survey 2022

- Our questionnaire template is aligned with Finnish Venture Capital Association's (FVCA) own ESG survey, prepared together with several Finnish VC investors.
- The ESG questionnaire was sent to all portfolio companies of our three funds, i.e., to 94 companies, in June 2023.
  - Our Life Science Fund was not part of this survey since it has published a separate ESG report from 2022.
- The response rate was 59% (as compared to 67% in 2022). It goes without saying that we're not pleased with the response rate, and actions are required to increase the rate for next year. Timing of the survey has been a conscious choice to avoid extra reporting burden for portfolio companies in the beginning of a new year. However, timing of the survey will be considered again as one possible factor for unsatisfactory response rate.



# GENERAL REMARKS AND HIGHLIGHTS

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# General Remarks

Responses have a large deviation as some companies see ESG as more relevant than others.

This is mainly due to different sectors and stages of companies.

Report compiles data from all portfolio companies irrespective of funds. Managed funds may have different emphasis on ESG depending on the fund strategy.

The response rate decreased from last year, thus there is still a lot room for improvement.

Different reporting requirements have increased which is burdensome for portfolio companies.

This is mostly due to lack of resources to focus on ESG. Resources are used for business matters considered more urgent.

Even though ESG is an important matter and not something very new, it still seems to be hard to grasp by portfolio companies and they find it challenging to find the right measures.

Often the primary and/or quick fix idea is to have a written policy but it's hard to write one if the content hasn't been thought through at first.

# Survey 2022 Highlights

## Gender Diversity Maintaining Progress

Based on survey results over the past few years there has been a consistent trend in the representation of women. Number of employed women in companies increased again from 2021 to 2022. However, the number of women in management teams and board of directors has remained relatively stagnant over the past year.

Achieving significant progress in this area remains a challenging endeavor. The persistence of this trend highlights the need for continued commitment to diversity and inclusion efforts, as well as a re-evaluation of strategies to effect meaningful change in gender diversity at the highest levels of leadership.







# Survey 2022 Highlights

Number of companies performing GHG calculations has increased (22% > 16%)

Greenhouse Gas Protocol is the world's most widely-used greenhouse gas accounting standard for calculating environmental impact and emissions. The protocol classifies company's emissions into 3 categories (scopes 1-3) to enable companies to understand their full value chain emissions and focus their efforts on the greatest reduction opportunities.

As many others, also we have requested portfolio companies to submit data for their GHG calculations. Even though reducing company's environmental footprint would not be the most important of its actions, it is essential to understand where it stands in this regard and what it could do better.

*Everyone has to do their part, and the same applies to GHG calculations.*

# Survey 2022 Highlights

More anti-discrimination and equality policies  
as well as diversity policies

DEI (diversity, equity and inclusion) is a trending topic within the broader ESG landscape – and not without a reason. It's especially relevant for private equity and venture capital industry since to ensure long-term success, we must hire and retain the best talent from the widest possible pool – both for our industry and the companies we support. That is why diversity, equity, and inclusion (DEI) are essential to us. E.g., the FVCA launched its DEI guidelines in June 2023 to provide a comprehensive, non-exhaustive list of possible actions that any organization can take.

We're happy to see that our portfolio companies also recognize the importance of DEI and are taking steps to enhance and foster it.





# Survey 2022 Highlights

In terms of overall ESG maturity more companies consider themselves as moderate (44% > 36%)

There are no quick wins when it comes to building and running a sustainable business. It takes hard work and prioritizing, choosing between contradicting alternatives and balancing among versatile stakeholders and their expectations.

Step by step the ESG maturity of the companies ripens when the companies have more knowledge and comprehension, management takes sustainability seriously, and the theme is included in all processes instead of treating it as a separate nuance among thousand others.



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# STEPS FORWARD

# Steps forward

## Sharing lessons learned

Over Q2, we had the pleasure of running a cross-functional Innovestor corporate sustainability project the aim of which was to define our key sustainability focus areas. We found the project very insightful and will share some key take aways with our portfolio companies in the near future.

## Minimizing reporting burden

Many portfolio companies face several deviating ESG reporting requests from their investors. We'll try to cooperate with other VC investors as well as keep the topic on FVCA's and Invest Europe's agenda to streamline different reporting where possible.

## GHG calculations

We will assess our own GHG emissions for the first time for this year 2023. The goal is to prepare data collection so that emissions calculations for 2024 will be based on accurate data instead of estimates only. We hope that our own example will inspire portfolio companies as well: you don't have to be perfect, but you have to start somewhere.



# APPENDIX: GRAPHS FOR 2022 RESULTS

ESG Policy and Survey 2022

General Remarks and Highlights

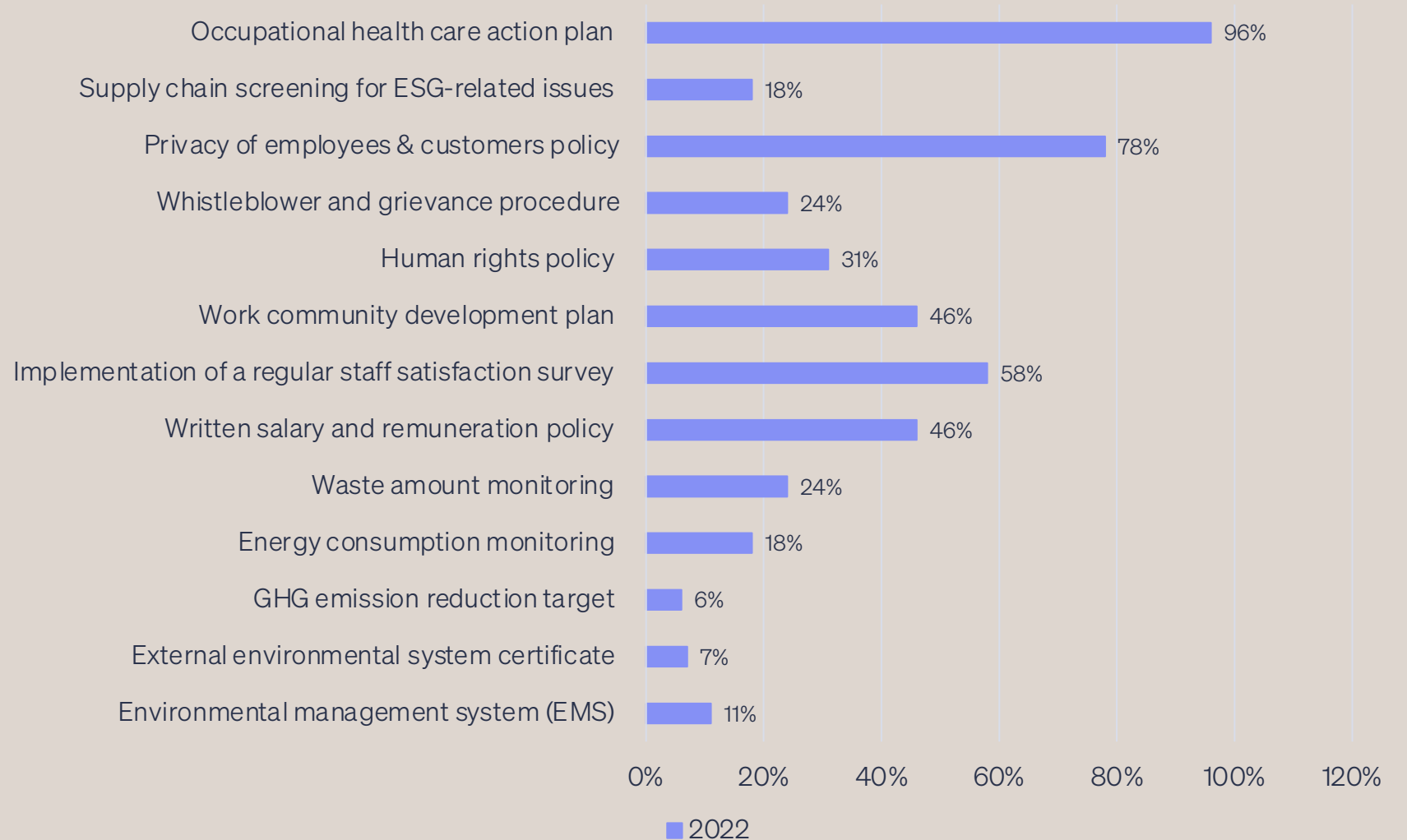
Steps forward

[Appendix: Graphs for 2022 Results](#)

# Policy selection

Overview of the range of written policies in place as of 2022.

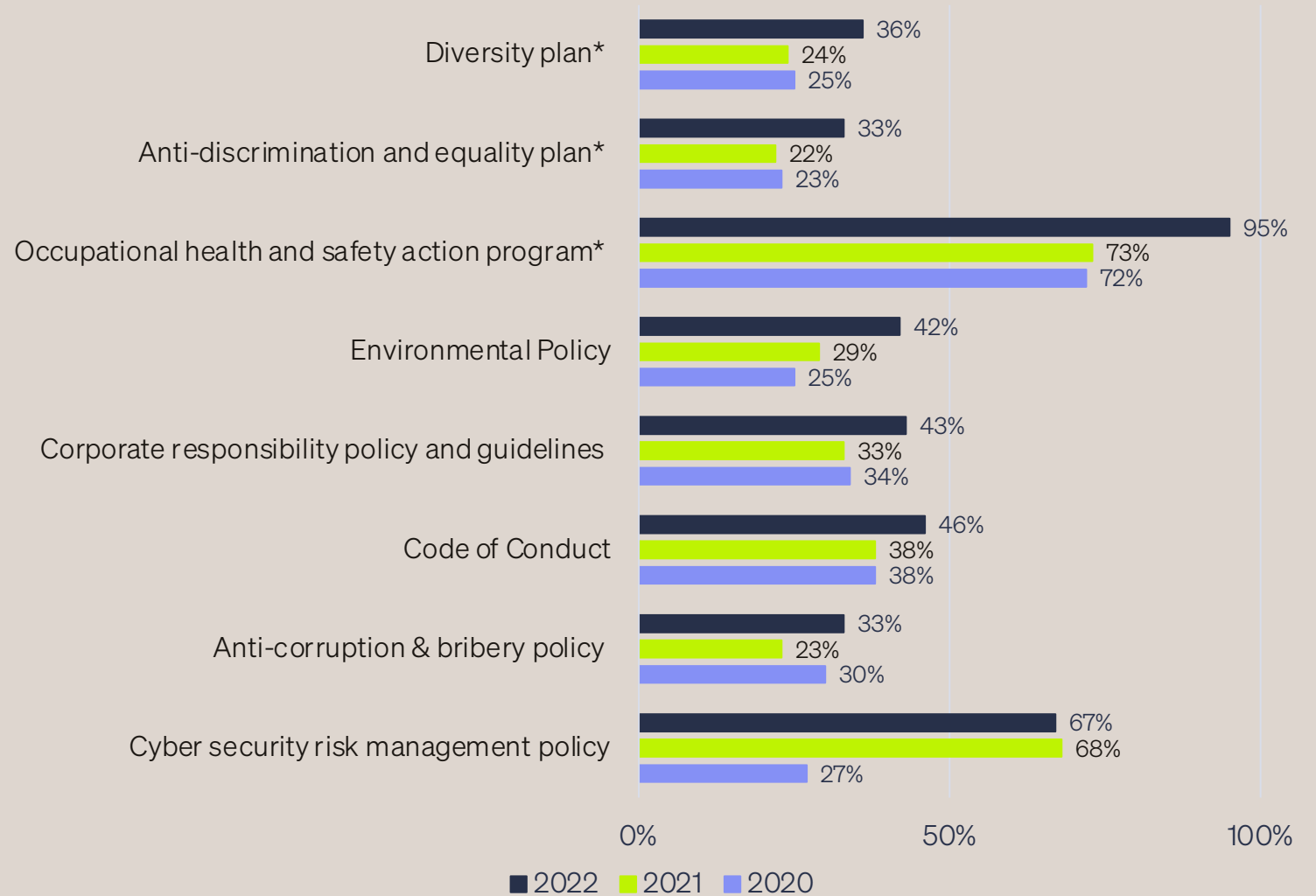
The next slide summarizes the most common policies and their development.



# Number of written policies on the rise

Companies have the following most common written policies in place.

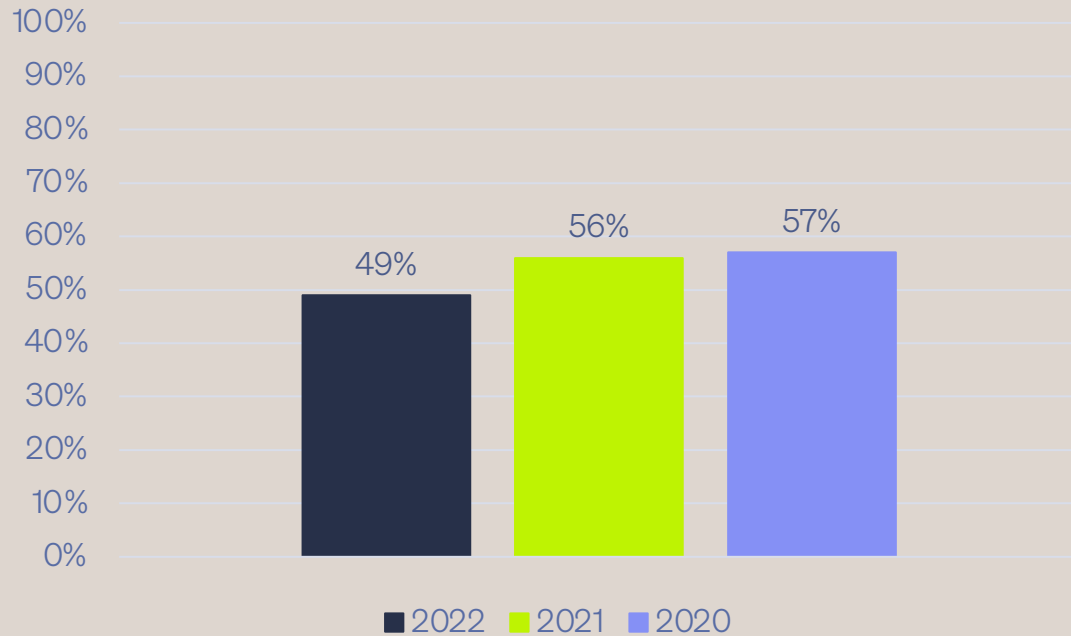
\*Policies based on mandatory regulation and the fulfilment of certain conditions (e.g., number of employees).



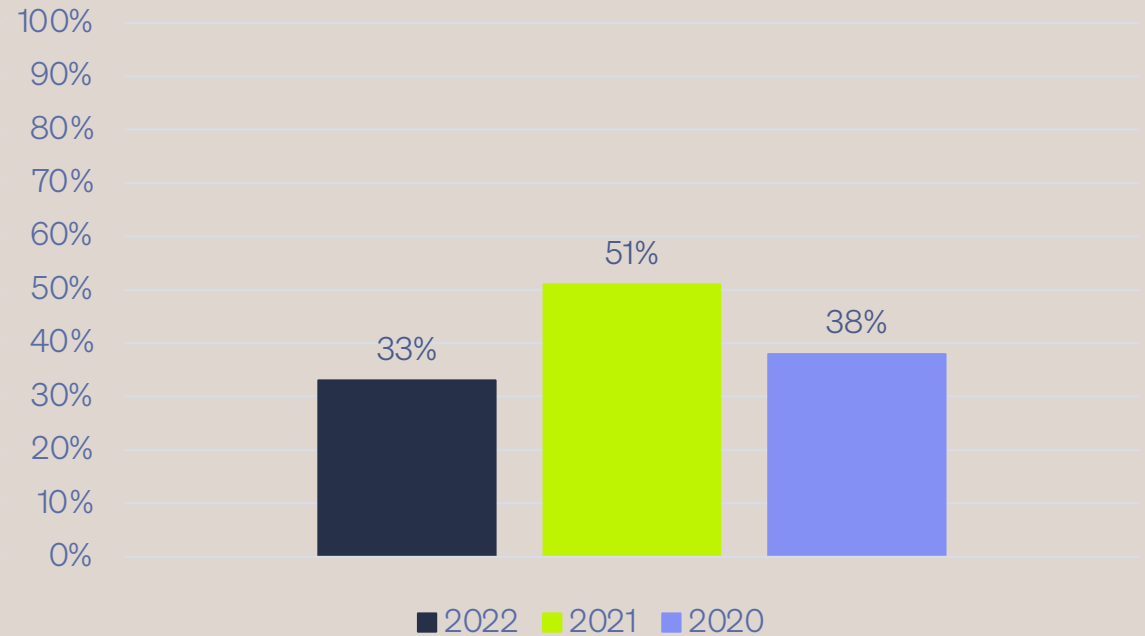


# ESG in Portfolio Companies

Companies that have, or partly have, a person responsible for ESG matters.

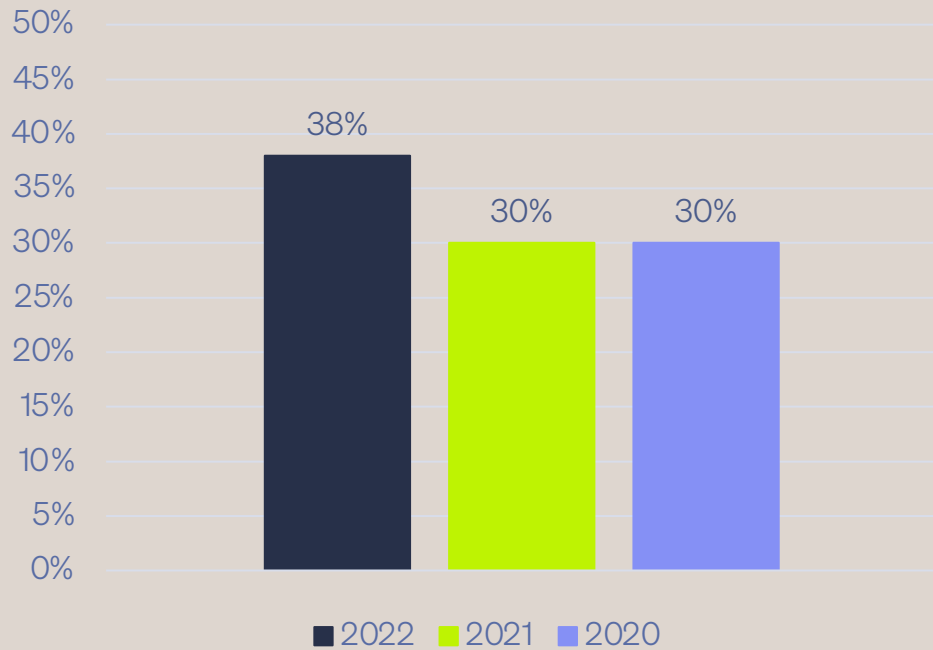


Companies that train, or train on some aspects, personnel on ESG matters.

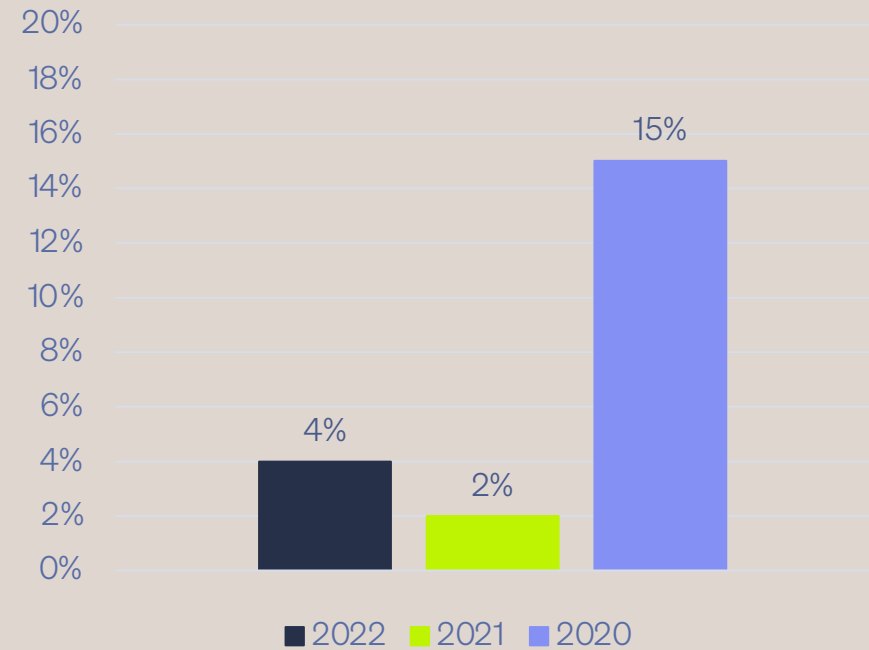


# ESG in Portfolio Companies

Companies that list, report and monitor all, or some, environmental, social or governance related risks.

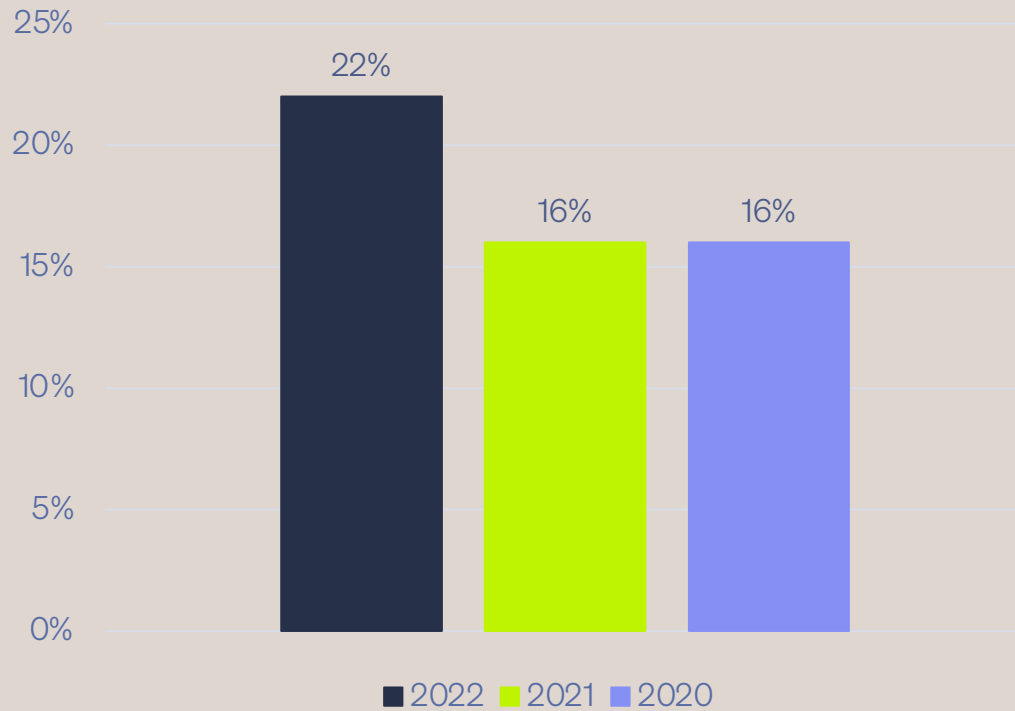


Companies that are a member of or committed to any local or global organization attending climate change or an ESG related issue.

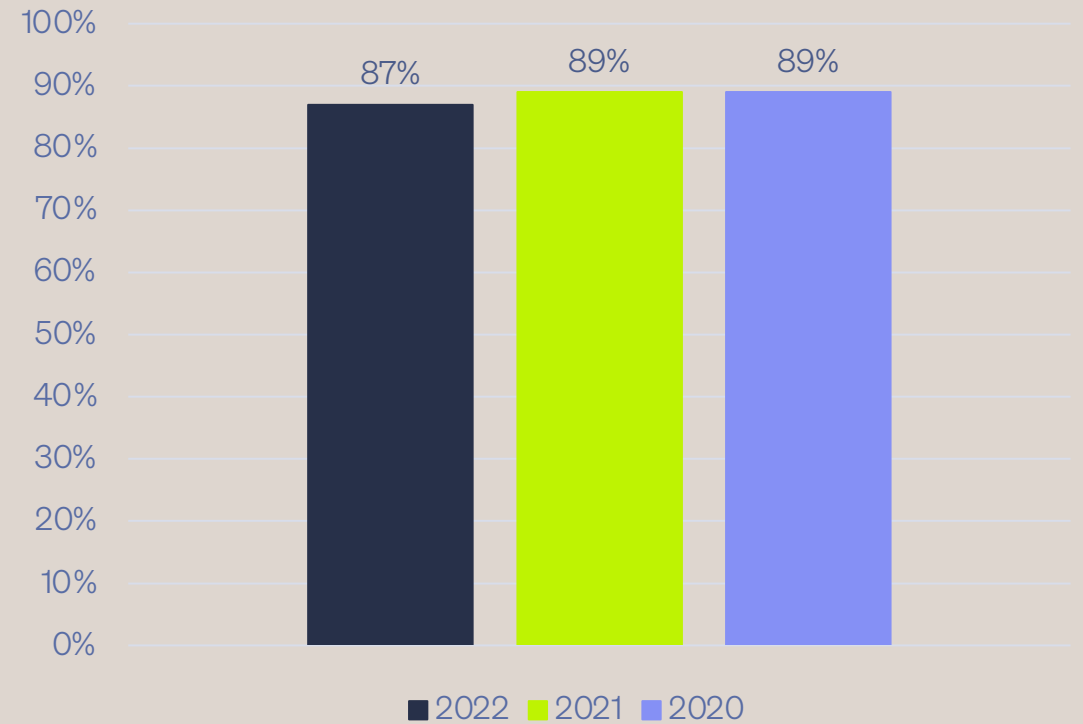


# Environmental

Companies that have estimated all, or part, of their CO2/GHG emissions.



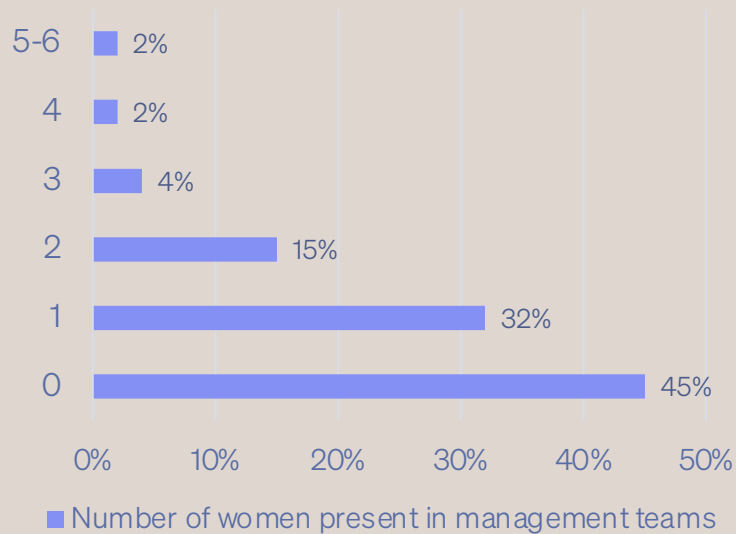
Companies that recycle or or have implemented waste reducing practices.



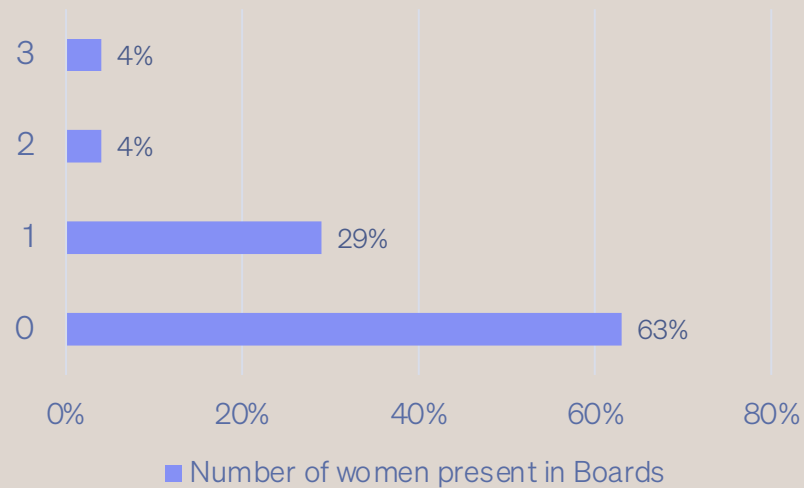
# Diversity

On average 5,1 women work for portfolio companies as of 31 December 2022 (ranging from 0 to 46).

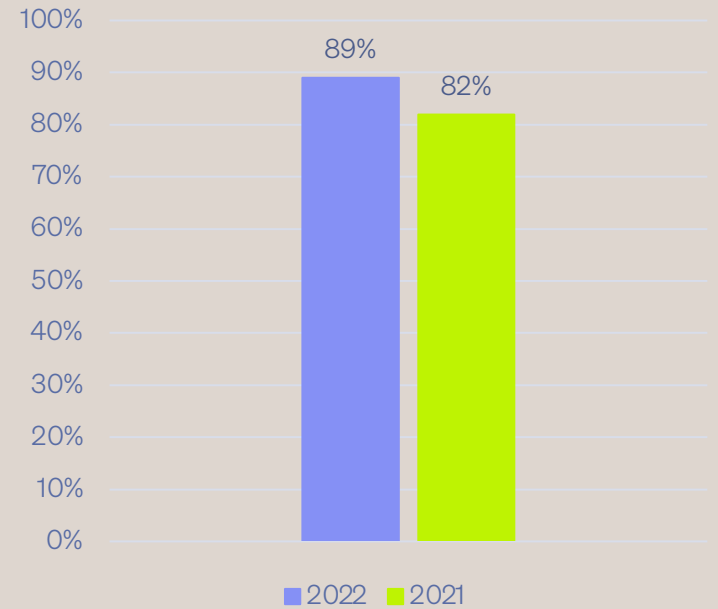
On average 0,9 women were members of the management team as of 31 December 2022.



On average 0,5 women were members of the board of directors as of 31 December 2022.



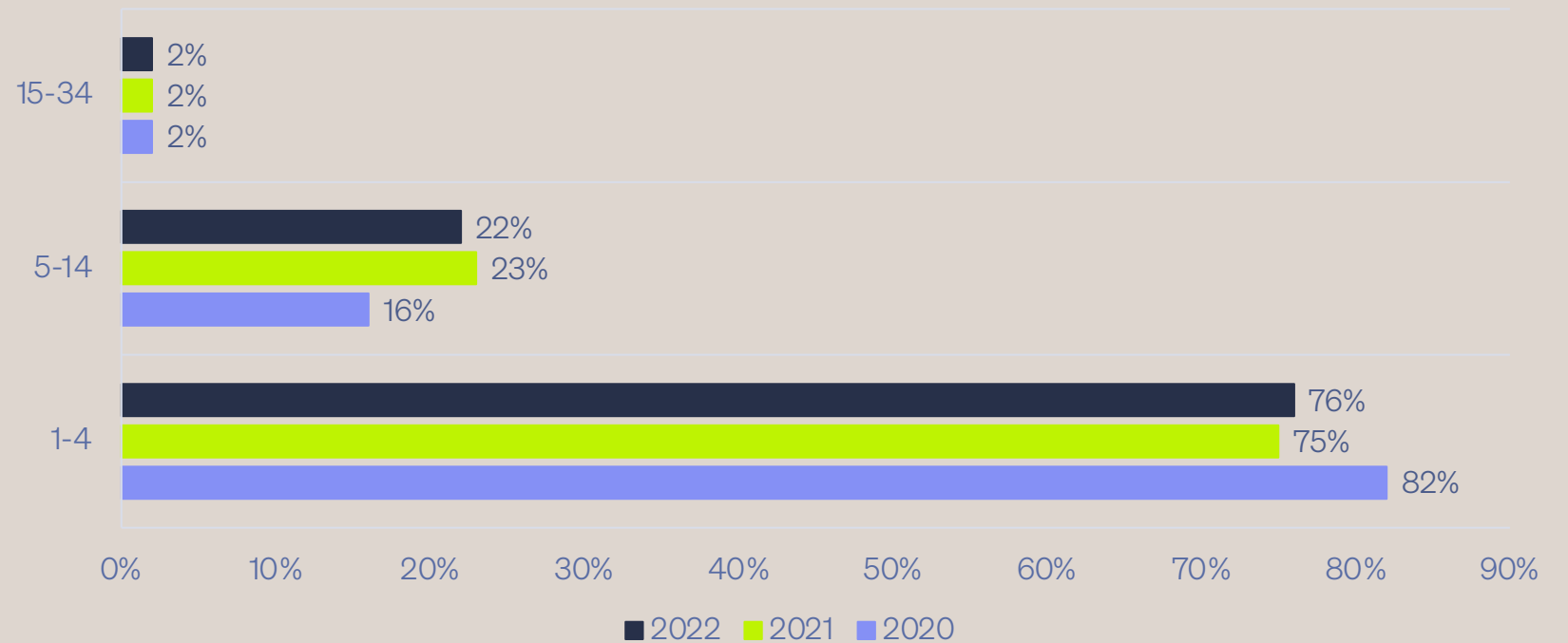
Companies that have one, or more women working for them.



# Diversity

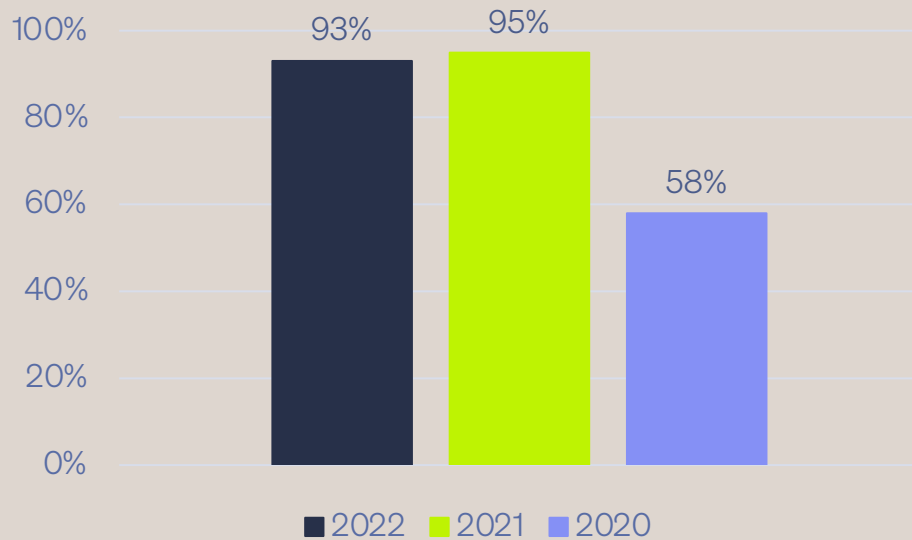
Companies primarily have 1-4 different nationalities working for the company.

11 % of the portfolio companies that responded to the survey are located outside Finland.

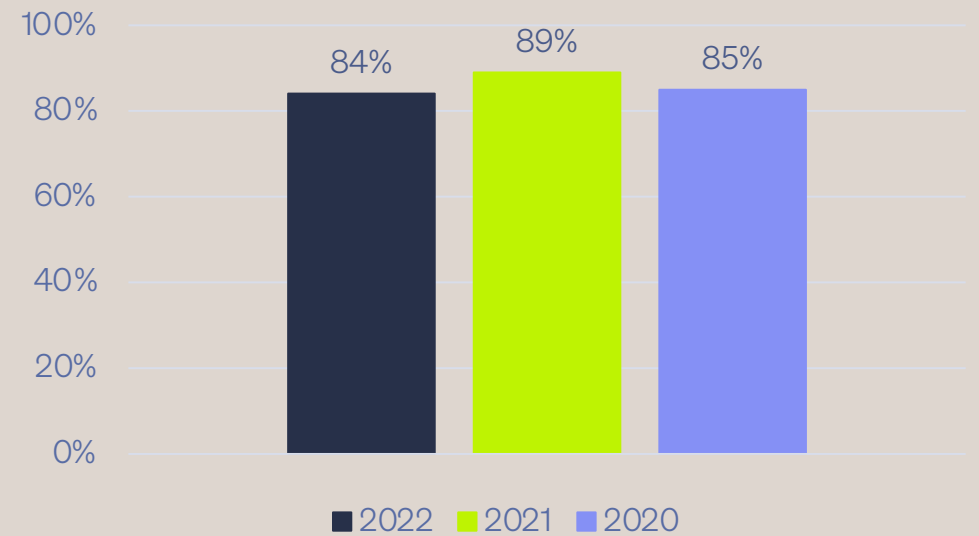


# Governance

In HR, most of the companies have formal contracts.

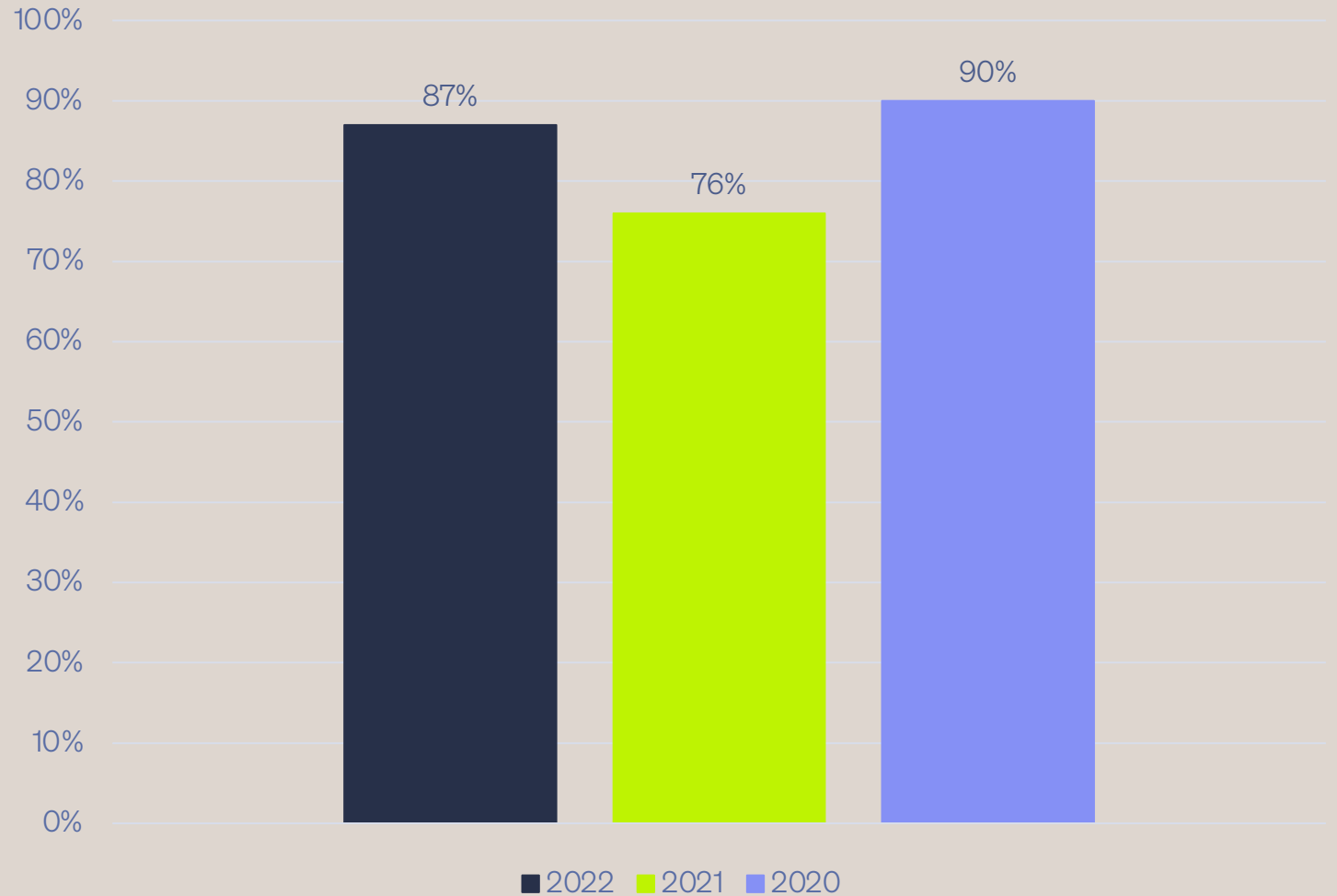


Most companies have a Management's / Directors' and officers' liability insurance in place



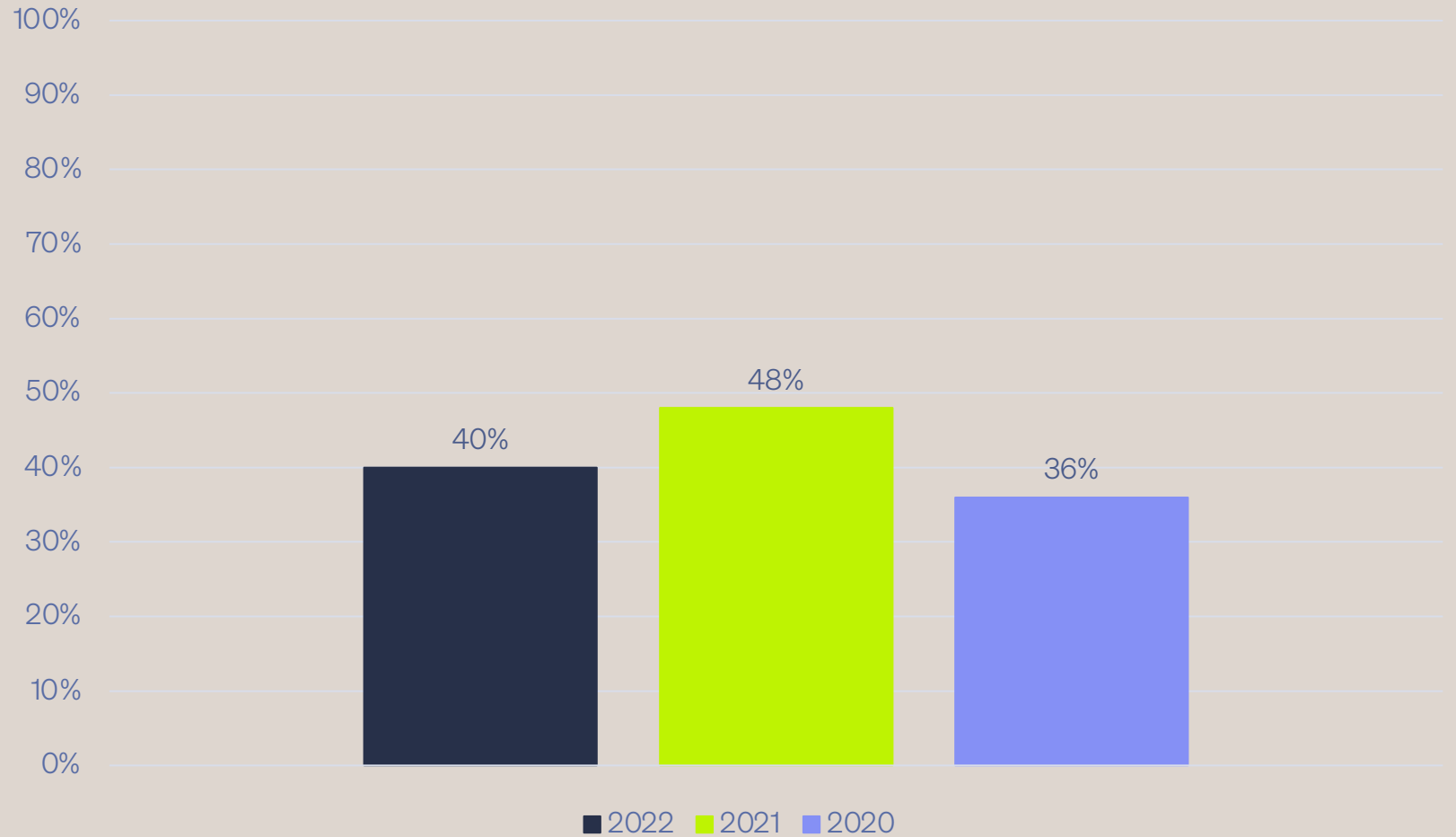
# Governance

Companies that pay attention to  
to pay equality.



# ESG on Board's agenda

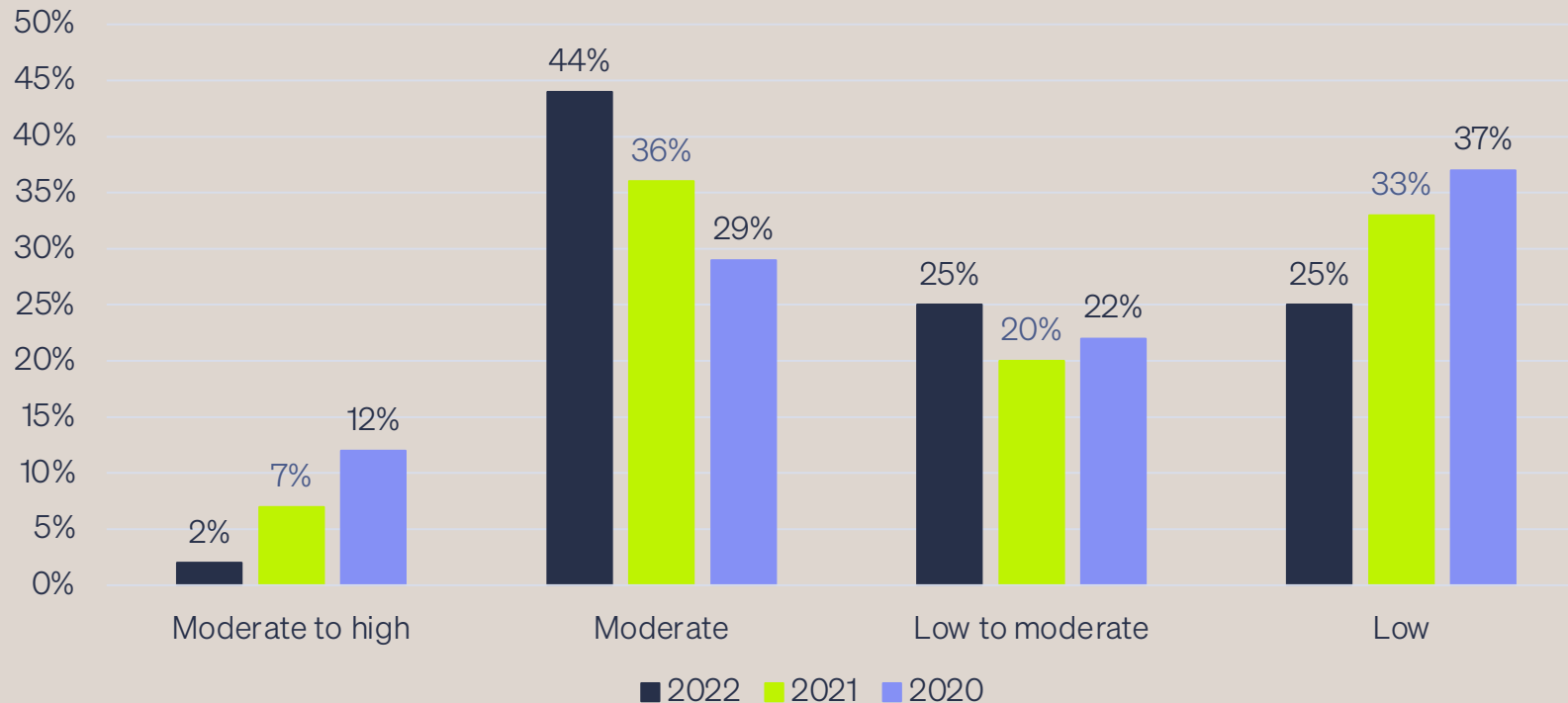
Companies that process or discuss some or most ESG issues at Board level.





# Portfolio ESG Maturity

The overall ESG maturity of the portfolio is *Low to Moderate*. None of the portfolio companies answered *High* and some answered 0 due to the size of the company.



Average ESG maturity  
(same as in 2021)



Low to Moderate  
(scale 1 to 5)



**THANK YOU!**

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IV

REASON > RETURNS

