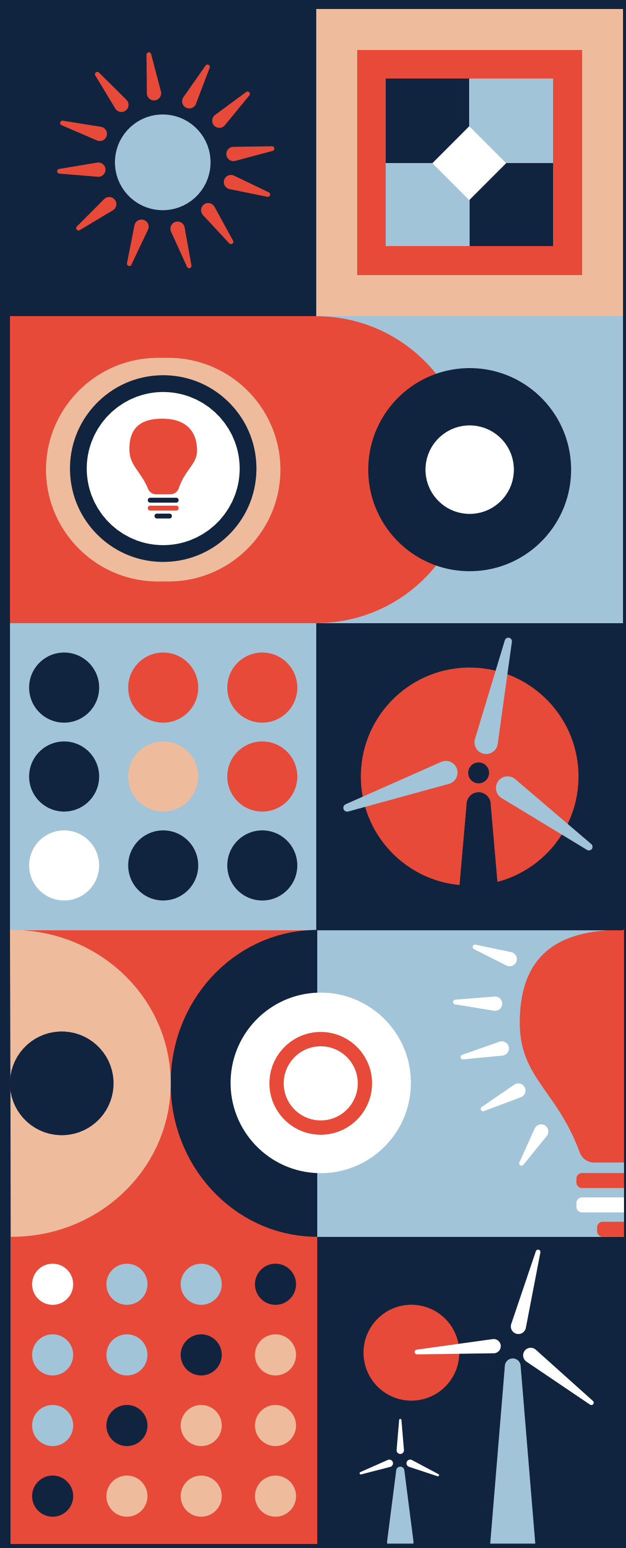
serena

RESPONSIBLE INVESTMENT POLICY



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5. The European Union (EU) Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) (“SFDR”) which came into force as of March 10, 2021, introduced new regulatory requirements.
Serena makes the following disclosures in accordance with Articles 3(1), 4(1)(b) and 5(1) of the Disclosure Regulation. p.13

Our responsible investment policy

Serena aspires to be the go-to partner in sustainability, climate, energy transition, and environmental, social, and governance (ESG) from the board room to the engine room. We are working with our companies to lead a wave of innovation and economic growth that safeguards our planet and advances sustainability.

Serena sustainable investment policy provides a framework in which Sustainability and ESG criteria are considered throughout every step of the investment cycle, from the pre-investment phase, through portfolio monitoring, to divestment.

Investment process

Sourcing

- Sector-based exclusion policy

And / or

- Sector-based or ESG-based targets

And / or

- Preliminary review and identification of Red-Flags

Selection

- Sustainability analysis grid
- Sustainability due diligence
- Identification of areas of improvements

Investment decision

- Notes in the memo
- Sustainability clauses in the shareholders' agreement

Ownership

- Annual monitoring of sustainability at the Board
- Annual reporting
- Development and monitoring of an action plan

Exit

- Provision of information to assess the company's situation on the sustainability (e.g. Exit memo, VDD)

Sourcing

Although Serena investment strategy is far from certain sectors subject to a great deal of controversy, we wanted to formally define an exclusion policy. We have naturally excluded the following sectors from our universe:

- Tobacco
- Pornography
- Production of or trade in firearms or ammunition
- Coal production
- Gambling and casinos
- Alcohol marketing and distribution

In addition, judgment will be applied to any potential investment that is not listed in the exclusion list. We will pose the same hurdles to any other industries, geographical areas such as sanctioned countries that present behavior unaligned with our values.

Serena will keep under watch new situations or any regulatory evolution. If new activities were to fall under the spectrum of controversy, we will update our position accordingly.

Selection

When considering an investment in a company, we go beyond its product-market fit and the ability-to-execute aspects. We also pay attention to the company's mission statement, its alignment with its offering and with the entrepreneur's vision.

We perform screening and ESG due diligence before high-potential investments, both in order to exclude controversial investments and to identify key ESG risks and opportunities to enrich the Investment Committee's understanding prior to the final investment decision.

This ESG due diligence is carried out with the aim of integrating knowledge of sustainability with deep sector expertise to define and evaluate nuanced drivers of risk and opportunity. It provides a new perspective on the risks and opportunities of a company's business model and its management. These criteria cover the fundamental dimensions (environment, social, governance) and external stakeholders and are based on data that cover a wide range of aspects, ranging from human resources management, and environmental criteria, to governance issues.

Each opportunity presents its own specificities. Depending on the industry, sub-sector and geography, the materiality assessment will vary as well as the findings.

The sustainability journey starts with the pre-investment analysis which poses the key areas on which the companies should put the emphasis.

Investment decision

We built our Term Sheet in a way that prompts a discussion on sustainability with entrepreneurs and requests full transparency on ESG indicators. A summary of the ESG due diligence is included in our investment memorandums. Post-term sheet, when it is appropriate, we conduct a cybersecurity audit and a carbon footprint assessment alongside the financial and legal audits performed before the investment decision.

We draft a balanced shareholder agreement to align the interests of all shareholders. The agreement lays the foundations for a sustainable governance structure. We further include sustainability topics in the agenda of Board meetings to make sustainability a priority.

Ownership

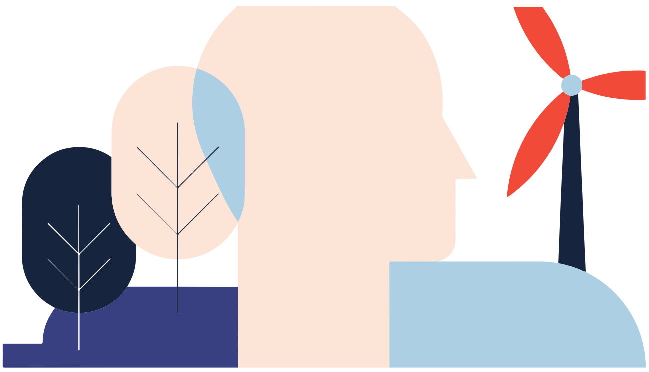
The ownership period is a transformational process at Serena, where the teams at Serena keep mapping ESG risks and opportunities in the portfolio while implementing adequate actions in response. From a new portfolio company onboarding process, to the annual ESG reporting campaign, all the way to the creation of an ESG action plan, each of our portfolio companies develops its capacity to identify and tackle its ESG material topics. All teams at Serena are committed to help portfolio companies improve their sustainability maturity.

As part of the ESG road map, improvements are tracked on an annual basis. Portfolio companies are required to report on key performance indicators covering five dimensions: Sustainability at management company, environment, social, governance and external stakeholders. Each dimension encompasses core indicators and sector-oriented indicators.

We also collect key performance indicators from portfolio companies and consolidate them to assess sustainability at the portfolio level. The results are disclosed in the annual report.

Exit

We value the transformation of our portfolio beyond the environmental, social and governance dimension of ESG, on which we intervene with appropriate governance. The objective of our approach is to create shareholder value while embracing the environmental and social challenges. This translates into ESG actions that can result in not only financial savings and better productivity but ultimately in a structural change in our portfolio companies, that contributes to their success. Serena will seek to carry out an ESG vendor due diligence when it is appropriate.



Empowering our ecosystem

Since 2018, we have created an active community of 500+ Founders and C-suite members from our start-up ecosystem. Thanks to this ecosystem, entrepreneurs can share best practices and leverage each other's skills and knowledge. Our peer-to-peer platform and events give entrepreneurs access to peer support, expert workshops and training, actionable templates, and other exclusive content.

Within this community, we have put together a Sustainability task force with the mission to raise awareness and promote best practices around these challenges.

Communication and Reporting

Every year, Serena takes care to report on the ESG performance of its portfolio companies to its investors. This performance is measured using an annual ESG questionnaire that considers the specificities of Serena fund portfolios.

Aware of the requirements in terms of transparency on sustainability topics, Serena is fully committed to strengthen its approach and produces an Sustainability report ESG to present the projects and the progress made.

As a member of the PRI, Serena contributes to the annual reporting exercise of the association. This report is available upon request to Serena. Being a leading authority in terms of sustainability issues, Serena believes this reporting to be a relevant tool to steer its practices and continuous improvement approach.

Finally, our sustainable investment policy is updated regularly and available on Serena's website.

Our engagement in climate change and biodiversity

Climate change

An increasing number of innovative and uplifting technologies are joining the ever-expanding effort to fight climate change. Tech became a powerful weapon to fill the gaps.

We are witnessing:

- a broader belief in climate change: the understanding that climate change is having profound consequences on the planet is increasing and the stakeholders working on it are much more widespread today.

- stronger capital environment: VC funds are widening their investment scope in assets capable of innovative business models that will tackle the environmental challenge.

At Serena, we believe that VCs have a vital role in integrating climate risks in our investment process and raise awareness among our portfolio companies regarding their carbon footprint to gradually reduce it.

In accordance with the French Legislation, Article 29 of the French Energy & Climate Law, which requires investment managers to publicly disclose information on their exposure to climate risks and the means implemented to contribute to the energy transition, we will assess our exposure to climate risks at the corporate level as well as at portfolio level and we will communicate annually through this report.

Our engagement to materialize our contribution to the climate change issue:

- Drive solutions: we have launched our new impact fund Racine[2] with the intent notably to boost our action on climate change.
- Measure and activate: every year, we will encourage our portfolio companies to assess their carbon footprint impacts and set achievable targets in CO2 reduction.
- Select and assess: strengthening our selection criteria by highlighting in the pre-investment phase the principal adverse impacts for all of our funds.
- Monitor and oversight: during the ownership phase, our team is fully committed to follow a climate and biodiversity road map designed for each of our portfolio company.
- Learn and share: we have been trained to become Climate Fresk facilitators and conduct workshops in our ecosystem to spread greater knowledge about man-made climate change.

Serena intends to take a step further in its engagement in the climate change issue by following the recommendations of the Task Force on Climate-related Financial Disclosure ("TCFD"). The aim is to conduct a portfolio-wide physical and transition risks assessment and to provide Serena's team with a better understanding of the climate change outcomes.

Biodiversity

Along with environmental assessment, biodiversity should be considered when conducting the preliminary ESG analysis. Through specific indicators, Serena will address biodiversity when considering an investment and during the ownership phase. For now, we are analyzing the available literature and guidance to address biodiversity and define appropriate actions in the future.

Our engagement through national and international sustainable initiatives

The Principles for Responsible Investment encourages investors to adopt ESG principles in investment practices to align activities with broader interests of society.

Serena became a signatory of the UNPRI in 2019. Since then, Serena is using the PRI as a reference to continuously improve its sustainability journey.

Besides, the six principles reflect how sustainability is embedded at all levels: ESG and investment teams, investors, communities, society as a whole.

Principle 1:

- We will incorporate ESG criteria into investment analysis and decision-making processes.

Principle 2:

- We will be active owners and incorporate ESG criteria into our ownership policies and practices.

Principle 3:

- We will seek appropriate disclosure on ESG criteria by the entities in which we invest.

Principle 4:

- We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5:

- We will work together to enhance our effectiveness in implementing the Principles.

Principle 6:

- We will report on our activities and progress towards implementing the Principles.

In a quest to strengthen our action towards climate change, we have decided to formally become a member of the iCi initiative. Through this signature, we wanted to join this collective commitment to reduce the carbon emissions of our companies and secure sustainable investment performance by recognizing and incorporating the materiality of climate risk.

We are committed to effectively analyzing and managing climate-related financial risk and emissions in our portfolios, in line with the recommendations of the Taskforce for Climate-related Financial Disclosure.

We will observe the iCi's principles in our activity:

- We recognize that climate change will have adverse effects on the global economy, which presents both risks and opportunities for investments.
- We will join forces to contribute to the objective of The Paris Agreement to limit global warming to well below two degrees Celsius, and in pursuit of 1.5.
- We will actively engage with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance.

The France Invest Charter on gender equality in private equity commits signatories to promote gender parity in their management company and in portfolio companies.

Serena is also a signatory of the gender parity charter of France Invest: By adhering to this charter, Serena shows its commitment to take an active approach to improving gender equality in management companies and in companies supported by the venture capital industry, while making our investment activities more inclusive and attractive.

The gender equality issue has always been a topic of great importance for Serena. The management company is proudly a company where gender pay gap has been tackled for years.

The SISTA Charter is committed to promoting the equal access to financing for projects led by women in the digital economy.

Serena is deeply convinced that increasing the number of women in an organization or company is virtuous. It guarantees a better representativeness of society, an expansion of the human pool, an energy linked to the diversity of ideas and behaviors necessary to meet the challenges of tomorrow. Reinforced parity in companies generates both a performance increased and accelerated growth.

Mouvement Impact France is an association which represents the actors of the social and solidarity economy in France. It was founded in 2020, from the merger of the Movement of Social Entrepreneurs and the Tech for Good France network. The organization represents companies that base their model on 4 pillars: sharing of power, sharing of value, social impact and ecological impact. Each of these pillars is accompanied by indicators and criteria to assess them.

Venture ESG is a community-based non-profit initiative from VCs for VCs to push the industry on good ESG. Together with our community of 250+ VC funds and LPs from across the globe, we are working to make ESG a standard part of due diligence, portfolio management and internal fund management.

Serena recently joined CSR Connect, a movement created by Greenly, the carbon footprint calculator start-up. CSR Connect is a tech community committed to CSR topics by organizing working groups and events on climate-related topics.

Make sense is an organization founded in 2010 that creates tools and programs for collective mobilization that enable everyone (citizens, entrepreneurs and organizations) to take action and build a more inclusive and sustainable society.

A dedicated sustainability Team

Unlocking sustainability success starts with the team. At Serena, we are all wholeheartedly involved in the rollout of our commitment to sustainability. It's everyone's concern and it's embedded in our daily activities. But to set the agenda, define the objectives and measure progress, we have built a dedicated, lean task force to actively lead the sustainability initiatives and coordinate our efforts.

Sylvie Nhansana
CFO & Partner
Sustainability Officer

Xavier Lorphelin
Managing Partner
Investment Policy Lead

Sybille Ranchon
Venture Associate
Climate Lead

Emilie Benayad
HR Operating Director
DE&I Lead

Heba Hitti
Community & Communication
Sustainability Content Lead

This team shapes the overall sustainability strategy, supervises the integration of the sustainable investment policy across all of Serena's funds, and raises awareness of the team and of our companies on sustainability and ESG issues.

They engage internally with all teams to level up Serena's sustainable commitments and projects, share ESG best practices with portfolio companies, and communicate openly and transparently with Serena's investors on the management company's sustainable agenda through annual questionnaires, reporting publications, and investors' meetings.

They identify and implement sustainability projects that will contribute to achieving the best standards in terms of sustainability in the venture capital industry.

The sustainability team is responsible for supervising the integration of the sustainable investment policy across all of Serena's funds, raising awareness of the team on sustainability and ESG risks and engaging with portfolio companies. Its role also consists in improving Serena's sustainable journey by proposing new projects that will contribute to achieve the best standards in terms of sustainability in the venture capital industry. Parallel to the sustainability team, the Head of Investor Relations is also active in the daily communication of any sustainability-related projects.

The European Union (EU) Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) (“SFDR”) which came into force as of March 10, 2021, introduced new regulatory requirements. Serena makes the following disclosures in accordance with Articles 3(1), 4(1)(b) and 5(1) of the Disclosure Regulation.

Policies on the Integration of Sustainability Risks into the Investment Decision-Making Process (Article 3(1) of the Disclosure Regulation)

A sustainability risk is an environmental, social or governance event or condition that, if it occurs, would cause a negative material impact on the value of an investment. If such risks were to materialize, the value of Serena’s portfolio would be negatively impacted. Sustainability risks appear to dominate in terms of materiality in the following dimensions:

- Environment: climate change and biodiversity related risks including CO2 emissions, carbon intensity, wastes, resource depletion, use of energy
- Social: health and safety including accident prevention, management of the social climate of a company, value creation program for employees, human capital initiatives, diversity and inclusion, social risks linked in the supply chain
- Governance: governance bodies, integration of sustainability into the business’ strategy, governance policies including respect for human rights, anti-corruption and bribery international agreements, management of the supply chain
- Sustainability risks are considered in the fundamental analysis of investment opportunities. As such, identifying environmental, social and governance (ESG) related risks and opportunities is an integral part of Serena’s due diligence process.

Serena applies its ESG assessment which integrates sustainability risks in the decision-making process as well as during the ownership phase.

Before high-potential investments, we perform screening and ESG due diligence both in order to exclude controversial investments and to identify key ESG risks and opportunities to enrich the Investment Committee’s understanding prior to the final investment decision.

This ESG due diligence is carried out with the aim of integrating knowledge of sustainability with deep sector expertise to define and evaluate nuanced drivers of risk and opportunity. It provides a new perspective on the risks and opportunities of a company's business model and its management. These criteria cover the fundamental dimensions (environment, social, governance) and external stakeholders and are based on data that cover a wide range of aspects, ranging from human resources management, and environmental criteria, to governance issues.

The findings of the ESG due diligence are enclosed in the Investment Committee Memorandum. The Investment Committee has the appropriate information to make a sound decision based on financial and extra-financial aspects.

Serena will refrain from any investments that is not aligned with its values regardless of the financial attractiveness.

No Consideration of Sustainability Adverse Impacts (Article 4(1)(b) of the Disclosure Regulation)

Integrating sustainability risks into its investment process is what defines Serena approach. Having said that, Serena has decided to not consider the principal adverse impacts as specifically prescribed in the requirements of the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) (“SFDR”).

The main rationale behind Serena’s position is that the regulatory technical standards supplementing SFDR, which will set out the content, methodology and information required in the principal adverse sustainability impact statement, remain in draft form at the time of this policy. Also, Serena considers its existing sustainable framework to be appropriate and tailored to its investments.

Serena will continue to closely monitor regulatory developments with respect to the SFDR and other applicable ESG-focused laws and regulations. Any new evolution or guidance will be integrated and updated accordingly.

Remuneration Policies and Sustainability Risks (Article 5(1) of the Disclosure Regulation)

Serena remuneration policy takes into account the group's strategy, objectives and risk policy, in order to align the long-term interests of all stakeholders (investors, customers, employees and the community as a whole) and includes measures to avoid conflicts of interest.

Serena observes a sound remuneration policy which sets out fair and equal principals for all employees, prevents excessive risk taking and includes quality, performance and extra-financial criteria.

Except for Partners, Serena compensation is a combination of fixed remuneration (salary and benefits) and variable remuneration (including bonus).

Serena believes that employees should receive a compensation that takes into account their performance as well as their collective involvement regarding Serena sustainable strategy. As such, Serena employees are subject to an annual performance review, where ESG risk management is considered as part of each relevant individual’s performance. Promoting ESG risks and opportunities assessment, monitoring and oversighting portfolio companies and discouraging excessive risk-taking, including sustainability risks, are reflected on the calculation of the variable remuneration.

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