

# ESG Policy

## Introduction

A/O PropTech ("A/O") and the funds which it advises have a mission to scout, invest in and support companies transforming cities and communities by improving quality of life and promoting sustainable living. ESG is at the core of A/O's ethos with a clear goal to align purpose and profit: by ultimately decarbonising the built world whilst generating attractive returns for investors.

The next few pages summarise A/O's approach to responsible investing and Environmental, Social and Governance ("ESG") issues within its business operations and investment activities.

A/O aims to set out the principles that the firm aspires to, the procedures that are currently implemented, and comprehensively outline how the firm plans to meet its ESG goals and standards.

As of March 2022, A/O currently includes the following factors within our definition of ESG:

- **Environmental factors:** climate change and carbon emissions; the wastage, pollution and contamination of land, air and water; eco-efficiency; waste management; management of scarce natural resources; biodiversity; and the development of new technologies, products and markets e.g. 'green' / sustainable products and services.
- **Social factors:** social inequalities, data-protection and privacy, the treatment of employees including their pay; health and safety; labour conditions; human rights; any form of discrimination, harassment, bullying and/or victimization; diversity and inclusion; and the treatment of all stakeholders across our entire ecosystem of companies, customers, employees and communities.
- **Governance factors:** anti-bribery and corruption measures; business ethics; accountability; transparency; conflicts of interest; whistleblowing; control mechanics; and the governance of environmental and social factors.

The ESG factors listed above and in this policy are not exhaustive: A/O will continuously work to improve, refine and strengthen its policies as the firm expands its footprint and exposure throughout its various stages of evolution.

This ESG Policy covers all A/O funds, existing portfolio companies, new investments and A/O's own operations. All A/O staff are required to adhere to this ESG Policy.

## **A/O Approach to ESG - or what we like to call impactful change.**

"Be the change you want to see in the world" is the principle that drives everything at A/O. Change is good, positive change is better, impactful and meaningful change is A/O's goal.

A/O's central ethos is to do well by doing good, by aligning profit and purpose, and by targeting the improvement of the built world through increasing transparency and accountability, promoting social inclusion and strengthening communities, and enabling decarbonisation and sustainable resource utilisation.

As such, the aim is to embed the goal of impactful change into A/O's purpose, culture and investment philosophy and use it as the north star to guide the firm's evolution, actions now and in the future.

A/O recognises the integral role that ESG issues have on the success of our investments (both positive and negative) and that, given the scale of impact that some of A/O's portfolio companies can have, venture capital firms such as ourselves are in a uniquely privileged position to enable and accelerate long lasting change in the world.

We want the entrepreneurs and companies that we back, to genuinely follow our "impactful change" north star and focus on creating comprehensive and inclusive value for all stakeholders (including their employees, customers, suppliers, shareholders, adjacent communities, and the environment). We are convinced that organisations that embrace responsible, sustainable, inclusive and transparent business practices and cultures, significantly outperform their peers and create superior long-term value for all stakeholders.

A/O does not exclusively invest in climate positive or impact-first businesses. This is by design, as we believe that in order to build a better built world and create long lasting positive change, we need to be able to back companies that will not always directly target climate or social issues, but which will contribute to enhancing the digital infrastructure and sophistication on underlying industries like real estate and construction, so that the dedicated ESG solutions can expand and succeed faster and more permanently. As such, at a minimum, A/O expects to mitigate the negative impact of investment decisions on factors such as environmental, social and employee matters, human rights, corruption and bribery matters. The degree and the way the impacts on these factors are considered in the investment process depends on various factors, such as the availability of reliable data, stage of the business and A/O's resources available to identify and assess these risks. For A/O, ESG is not just a screening process. The A/O team takes an active interest in how our

portfolio companies manage ESG issues and actively encourage and support our portfolio companies to aim for the very best ESG standards in their field.

A/O is humble in its approach and understands that the field of measuring ESG and the impact of policies and outcomes is rapidly evolving. As such, we believe that policies and best practices should continuously evolve over time and in accordance with the size and maturity of the firm, availability of internal resources, and the best available tools and practices available over time.

### **A/O's Commitment to ESG**

A/O is continually working to embed impactful change / ESG within its operations and across the entire investment cycle from investment screening to due diligence, ownership and exit. A/O's commitment to safeguarding and enhancing ESG includes:

- *Maintaining strong ESG governance within **A/O's own operations**:* A/O is establishing an ESG and Diversity Group comprising of team members across Investment & Operations teams. The Group, headed by the COO reports to A/O's board which has overall responsibility for implementing this ESG Policy. A/O seeks to provide staff with resources to help them fulfil the firm's ESG commitments.
- *Encouraging strong ESG engagement by **portfolio companies**:* A/O encourages portfolio companies and the founders and CEOs we work with to actively engage with the ESG implications of their business activities. Our approach is not only about mitigating risks, but also about adding value by using ESG factors to improve business practices. Where possible and appropriate, we aim to work with our portfolio companies to share guidance and support on implementing leading practices. Going forward, we also plan to partner with our portfolio companies to implement ESG related term sheet clauses where A/O leads investment. Such term sheet requirements may, depending on each portfolio company, include board representation, appointment, voting, audit, fraud, reporting and financial reporting. A/O encourages the implementation of a strong governance and management structure for each portfolio companies. We also plan to have our investment teams monitor and help portfolio companies with ESG issues and ESG risks as part of their engagement (including in their capacity as board members).
- *Embedding ESG within **our investment process**:*
  - *Pre-Investment:* In sourcing opportunities we work with mission aligned investor network and accelerators with similar values and ambition towards impactful change. As part of our screening process, the A/O investment team

will consider a company's ESG-related risks and related factors (including potential issues related to diversity, environmental impact, climate change, ethics, anti-bribery and corruption), and present material findings to the Investment Committee, as part of the diligence process. Where appropriate or deemed necessary, A/O will also instruct external experts to perform additional ESG due diligence on potential portfolio companies. If the Investment Committee concludes that the ESG risks related to a potential investment are too great and/or cannot be appropriately mitigated in a reasonable timeframe, no investment is made.

- *Post-Closing:* Following the completion of each investment, A/O's Portfolio Ops team will seek to support portfolio companies with improving their ESG approach and on an ongoing basis provide portfolio companies with access to knowledge materials and access to other founders.
- *Engaging with our limited partners on ESG issues:* A/O aims to have broad transparency on ESG topics with the limited partners. To this end, A/O will seek to include ESG updates within our quarterly reports to our limited partners and provide updates on ESG issues and programmes at our annual general meeting. As part of that initiative, we will look to leverage our data science resources to create a matrix of impactful KPIs, both internal and exogenous to our portfolio companies in order to track progress, cumulative impact and benchmarking. We are currently working to leverage work done within the World Economic Forum and plan to leverage the Paris Agreement and the EU taxonomy to identify and curate the best data to track.
- *Engaging with wider stakeholders:* A/O seeks to engage with ecosystem stakeholders. A/O is a member of VentureESG – a community-based initiative from VCs for VCs to push the industry forward on good ESG. A/O is a member of the World Economic Forum's Global Innovators Community which brings forward new ideas and innovations to help protect lives and livelihoods of communities and industries around the world, as well as being a platform to engage with leaders to contribute new solutions to overcome crisis and build future resiliency. Going forward, A/O intends on becoming a UNPRI signatory in 2022 by committing to their guidelines in relation to responsible investment practices.
- *Considering A/O's environmental footprint:* A/O is conscious about the environmental impact of our day-to-day operations and is currently designing processes to measure and reduce its own carbon footprint. As of Q2-2022, A/O is entering a carbon offsetting program to remove not just future carbon emissions of our workforce, but all emissions since our formal launch in 2020.

- *Promoting diversity, inclusion, and equality **within A/O's team**:* Diversity and Inclusion are embedded at the core of A/O. Our aim is to attract, motivate, develop, and retain a diverse and talented group of people while also providing a working environment that promotes inclusion, equality, happiness and opportunities. We have an inclusive culture and practice open sharing of information, transparent decision making and provide an accessible environment for all. We are committed to implementing a set of class leading benefits to support new parents on our team, including equal maternity, paternity and adoption leave, and flexible working policies.