



VICKERS  
VENTURE  
PARTNERS

2020 Environmental, Social and Governance Report

# Investing with Impact: ESG & Beyond



# MISSION STATEMENT

We deliver extraordinary financial returns by investing capital in a sustainable, compliant and impactful manner.

We seek to back entrepreneurs with revolutionary technologies committed to solving major global problems.

# Foreword

We are pleased to present our inaugural Environmental, Social and Governance Report to our investors and our stakeholders. In this report, we share an update on the state of our ESG policy and how it drives our firm's practices, investment decisions and behaviors.

Vickers funds invest primarily in companies, whose breakthrough new technologies will create tectonic changes in the world. Whether positively or negatively, they will have great impact on humanity and society. We believe that, as financial backers of new technologies, venture capitalists ought to have a large responsibility in investing not just for financial gains but also with a view on positive social impact.

Vickers Venture Partners has had its ESG policy in place since 2012. Since its inception, our ESG initiatives have been exclusionary – focused on avoiding certain sectors. This applies to both our practices as a company (internal focused) as well as throughout our investments (external focused).

Starting 2019, Vickers has taken on a slightly new approach in filtering and assessing deals. While this has yet to be formally adopted in our ESG approach, the impact our portfolio are creating is significant. In the following pages, we will introduce the methodologies we

use in our investment decision process and discuss our plans to formalize improvements in the next few years to improve our ESG process.

The Covid-19 pandemic has highlighted the interconnectedness of today's world. The impact of corporate and government decisions can quickly ripple all around the planet. In such an environment, the importance of cogent and coherent ESG policies to instill sustainable long-term thinking within our firm and our portfolio is all the more vital. It is with this mindset that we iteratively review and refine our policies.

Finally, a word of thanks to all of the Vickers team members who have contributed to this initiative in many ways. We see ESG as a journey, always improving and striving to make a difference in this world we live in.

*Jeffrey Chi (Chair), Kevin Pereira, Joanna Goh, Chris Ho  
ESG Committee*

# About Vickers Venture Partners

Vickers is a global deep tech venture capital firm. Since our inception in 2005, Vickers has invested \$1B from five funds and affiliated co-investments, and the value of the portfolio has grown to just over \$3 billion. Vickers consistently ranks among the world's top-performing VC fund managers.

Our investment focus is on companies with breakthrough innovations that solve major global problems, addressing a large and known market that provides the financial returns our investors seek. We have a strong technical team of over 30 professionals, operating out of hubs in the United States, China and Southeast Asia.

Our portfolio consists of cutting-edge technologies in deep-tech sectors, including regenerative medicine therapeutics, a T-cell vaccine system, portable dialysis machines, fully biodegradable plastic alternatives, an electric motor and drivetrain manufacturer, clean baseload geothermal power, and more.

We are currently raising Fund VI, which will continue our long-standing strategy of providing venture capital to highly capable management teams working in high growth deep-tech sectors which are tackling large, global problems.



*Vickers offices around the world*

# PROCESS AND APPROACH

# ESG vs SDG

In our assessment, we distinguish between ESG risks, and SDG outcomes. Both are important considerations when reviewing our deals and portfolio, and our overall assessment may require a balancing between potential tradeoffs.

## Environmental, Social, and Governance (ESG) Principles

ESG risks are operational or process-related. Issues are related to the long-term sustainability of the business across all ESG dimensions These would include:

- Environmental - waste management, pollution, fuel use etc.
- Social - anti-discrimination, fair hiring practices etc.
- Governance - board management, decision processes, transparency etc.

These operational issues are of especial import to long-term investors in the venture capital asset class. Superior ESG practices will lead to better managed and more efficient portfolio companies.

There is an expanding scope of what is a material concern for ESG risk, and it is imperative to continuously review and improve our ESG monitoring practices.

## Sustainable Development Goals (SDGs)

SDGs are outcome-oriented, created as a blueprint to align the world towards a better and more sustainable future. They address global challenges, including poverty, inequality, climate change, peace and justice.

Our strategy focuses on deep-tech companies, with breakthrough solutions that target global problems. Many of them align with one or more SDGs, as is the case with RWDC tackling plastic pollution, Emergex solving the infectious disease problem, and Eavor providing clean energy.

Our role is to ensure that these companies maintain ESG policies consistent with our values while pursuing their noble goals against their respective SDGs.

# ESG Feedback Loop

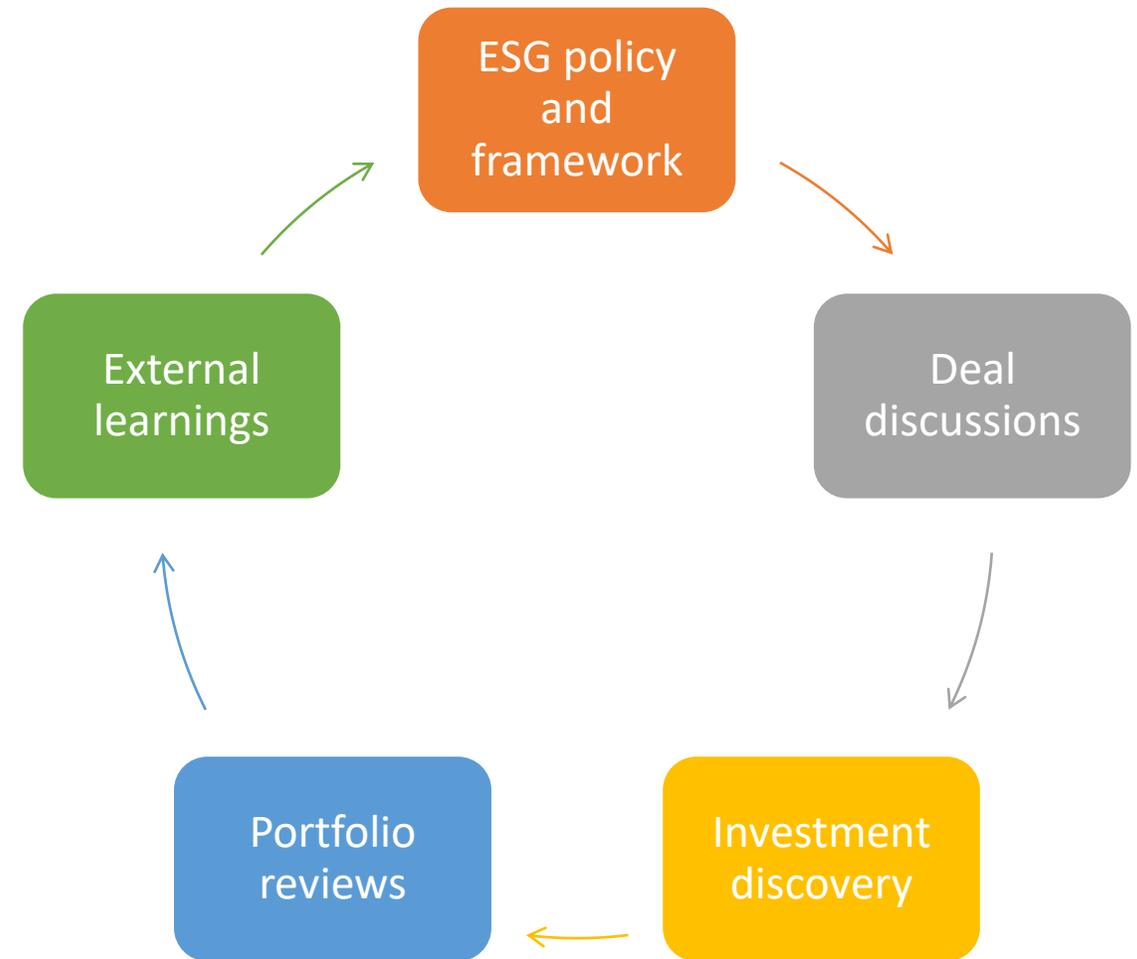
Our central tenet is that systematically considering ESG issues will lead to more complete investment analyses and better-informed investment decisions. In service of this goal, we recognize the need to continuously update and refine our policies and framework.

Our feedback loop incorporates best practices from external sources, as well as learnings from each deal we review from three parts: (i) internal discussions on each deal, (ii) discovery during due diligence, and (iii) findings during the investment stage and consequent reviews. Together, these help us to improve our policies for future deals.

In addition, the incorporation of systematic ESG screening and evaluation on our portfolio companies will help us improve the regularity and consistency of reporting and assessment to better measure compliance and manage risks.

This is an ongoing process, and key next steps are to:

- Implement an ESG reporting system
- Engage and commit portfolio to reporting
- Review and update investment scorecard



# **INTERNAL REVIEW**

# Our Internal Processes

We believe in leading by example, so our internal ESG processes apply the same rigor we expect from our portfolio.

Below are the processes we have implemented:

GENERAL	<ul style="list-style-type: none"> <li>• Integrated ESG considerations into deal process since 2012</li> <li>• Setting up of Vickers ESG Committee in 2018 to incorporate ESG processes and the refinement of policies and procedures</li> <li>• A written ESG Policy is reviewed annually by the partners</li> <li>• The ESG policy is disseminated to all employees annually</li> <li>• ESG training is provided firm-wide at least once a year</li> <li>• ESG metrics are tracked on a regular cadence both internally and for our portfolio companies in order to provide reporting transparency</li> </ul>
ENVIRONMENTAL	<ul style="list-style-type: none"> <li>• All office locations emphasize green practices such as recycling and waste management</li> <li>• An internal review on climate impact and pollution is conducted regularly. Given the nature of the business, this is primarily from travel.</li> </ul>

SOCIAL	<ul style="list-style-type: none"> <li>• Qualified candidates are reviewed based on merit, and not on arbitrary factors like race, gender or belief</li> <li>• Diversity initiatives are in place</li> <li>• Safe internal channels are provided for all employees to voice any grievance or harassment issues</li> <li>• Professional development programs offered for all staff</li> <li>• Fitness benefits, compassionate, parental and marriage leave</li> <li>• Regular staff evaluations via firm survey and one-on-one partner assessments</li> </ul>
GOVERNANCE	<ul style="list-style-type: none"> <li>• The firm has adopted the CFA Institute’s Code of Ethics and Standards of Professional Conduct</li> <li>• We are also subject to regulations as stipulated by the Monetary Authority of Singapore</li> <li>• Vickers’ code of conduct also stipulates non-discrimination, anti-bribery, and proper internet use</li> <li>• No investment is made without first being affirmatively voted by the Investment Committee</li> <li>• Each fund has an advisory committee to deal with and resolve any conflicts of interest identified in investment decisions</li> <li>• Annual audits are conducted with internal and external auditors</li> </ul>

# Our Internal Progress

ENV.	Resource usage	Generally not applicable for Vickers. However, some areas for improvement include travel miles, energy usage, printing and general waste management.		Need to establish and track metrics
	Hiring and Retention Practices	Hiring, retention and bonus payments are based on merit and performance.		
SOCIAL	Diversity	Some gender and racial diversity in the firm. Firmwide: <ul style="list-style-type: none"> <li>11/31 are women</li> <li>6/31 are of non-Asian descent</li> </ul> Senior Staff <ul style="list-style-type: none"> <li>1/8 is a woman</li> <li>1/8 is of non-Asian descent</li> </ul> Front Office: <ul style="list-style-type: none"> <li>5/21 are women</li> <li>6/21 are of non-Asian descent</li> </ul> Back Office <ul style="list-style-type: none"> <li>6/10 are women</li> </ul>		Need to establish targets, particularly for senior staff positions
	Employee Commitment to ESG	Employee Handbook contains guidance to staff on incorporating ESG into their work. This includes encouraging staff to conserve material and energy and recycle, treating one another and third parties with mutual respect, proper use of information and communication channels and transparency (e.g. in reporting ESG incidences).		
	Grievance	Employee Handbook contains grievance procedure for staff who feel that there is a grievance to escalate to management.		

SOCIAL	Employee Satisfaction	<ul style="list-style-type: none"> <li>80% feel there are sufficient resources and guidance</li> <li>80% are satisfied with their rate of learning</li> <li>77% feel that staff are fairly treated</li> <li>68% feel appreciated</li> <li>85% feel their work is meaningful and fulfilling</li> </ul>		Could improve on the cadence of surveys
	Training and Professional Development	<ul style="list-style-type: none"> <li>Annual staff training</li> <li>ESG training</li> <li>Reimbursements for courses approved by firm</li> </ul>		Could improve on cadence of trainings
GOVERNANCE	Regulatory Compliance	Vickers Venture Partners (S) Pte Ltd is regulated by the Monetary Authority of Singapore and has a Capital Markets Services License. The Compliance Officer handles the regulatory compliance obligations. These obligations are reviewed by the internal auditors on a quarterly basis and audited by the external Auditors on an annual basis.		
	Advisory Committee ("AC") Meetings	The AC is tasked with resolving conflict in any Vickers fund's operations. In particular, any investment activity with a cross fund element must be approved by the relevant fund's AC pursuant to the stipulations of the relevant Limited Partnership Agreement. In 2019, we had a total of 5 AC meetings for all the funds.		

# PORTFOLIO REVIEW

# Our External ESG Approach

Our deal assessment should cover all three stages in the portfolio life cycle:

## 1. Pre-investment

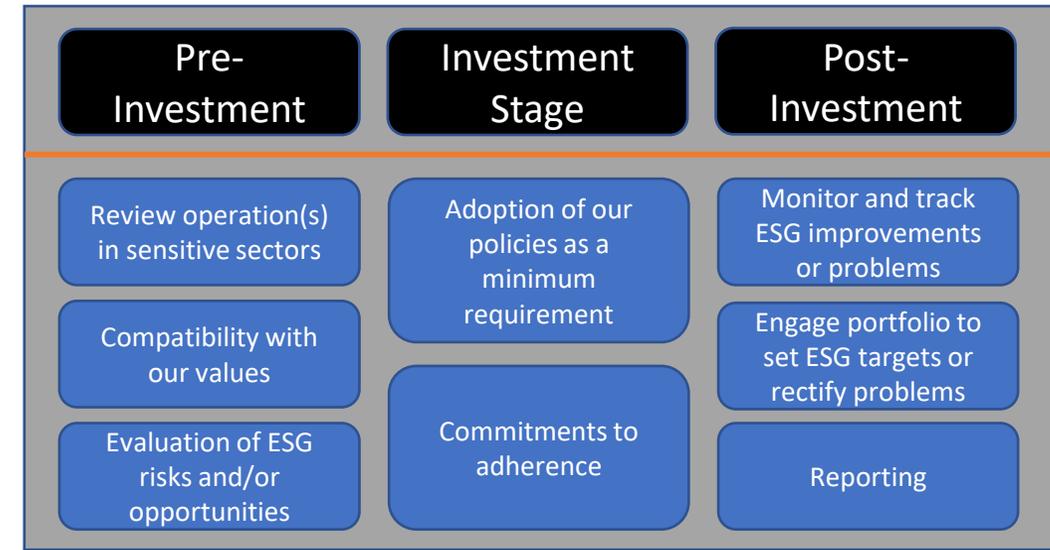
We are developing a scorecard to systemically and rigorously screen for ESG risks and value-adding factors when assessing deals. In the past, our focus was on exclusionary factors, but we now also consider inclusionary factors to measure their positive ESG impact.

## 2. Investment stage

During deal execution, we require the company to adopt our ESG policy, and update us on their ESG framework. We also seek commitments from management to adhere to practices consistent with our ESG policy.

## 3. Post-investment

Our goal is to draw up a monitoring and reporting document through which to better track ESG issues, compliance and mitigation. In the event of non-compliance, issues are brought to senior management for improvements. Further inaction are escalated to the board through our board representation. We are exploring ways to augment our reporting capabilities to provide greater transparency to all stakeholders.



Company reviews are prioritized based on a tiering structure. The top tier are companies which are weighted higher in the portfolio based on investment size and importance.

# Process Assessment

The following sets out our assessment of our ESG process with respect to portfolio investments. In our view, our pre-investment process is quite complete, but we feel that more rigor can be injected into the investment and post-investment stages, particularly around tracking and evaluating ESG compliance.

Pre-Investment Stage			Investment Stage			Post-Investment Stage		
Review of risk factors		To implement scorecard and value-add factors	Require signing of ESG policy			Monitor and track ESG issues		Improve data collection, engage to establish targets
Evaluate company values		Add rigor to process	Review of ESG commitments		Need to establish goals and benchmarks	ESG issue escalation		Engage to establish targets
Review of company operations and potential sensitivities		Add rigor to process				ESG reporting		Implement tools to collect data

# Company Risk Assessment Framework

Our review process should cover the following areas:

## Environment

- Fuel use, emissions and resource management
- Waste disposal and treatment, particularly hazardous materials
- Health risks and regulatory exposure
- Environmental and ecological damage assessment and mitigation
- Human displacement and resettlement risk
- Review of responsible supply chain

## Social

- Diversity and anti-discrimination
- Apprenticeships, internships and anti-exploitation
- Grievance procedures and anti-harassment
- Fair hiring policies and labor management – contracts, housing and sanitation, hours, workplace safety, training
- Fair wages and leave policies
- Customer protections and data privacy

## Governance - Commitment

- Board formalities – charter, articles, bylaws
- Division of responsibilities between management and board
- Board meetings cadence and regularity
- Definition of core functions – admin, legal, accounting, IT

- Documentation of strategic plans, budgets and minutes
- Establishment of code of ethics, code of conduct, compliance procedures and calendar of corporate events
- Succession planning

## Governance - Decision making

- Agenda and supporting materials provided in advance of board meetings
- Discussion of long-term strategy and material risks at board meetings
- Management risk identification, assessment and management processes and reports
- Mix of skills on board, with process to refresh as needed
- Board roles and responsibilities
- Nomination process and eligibility criteria, and induction and training
- Minutes preparation, distribution and communication
- Board performance review process and reports
- Independence of audit and risk committees, and selection policies
- Third party review of internal controls and audits
- Conflict of interest management

## Governance - Transparency

- Adequacy of accounting systems and auditing systems
- Financial reporting - preparation in accordance with recognized accounting system, on regular cadence with sufficient distribution
- Audit by independent and reputable firm, and rotation requirement as needed
- Review of audit opinions
- Management discussion letter(s) discussing forward-looking issues and performance analysis
- Disclosure of material events and related-party transactions
- Confidentiality policies and data security
- Compliance reports with applicable regulatory or licensing requirements

## Governance - Shareholders

- Disclosure of ultimate beneficial ownership of shareholders
- Shareholder agreements and distribution of voting/control rights
- Review of special rights to lenders or share classes
- AGM processes – regularity, agenda items, limitations (if any)
- Mechanism for dispute resolution

# Portfolio Summary

Overall, we are satisfied with the current performance of the portfolio from the ESG perspective. Our front office maintains close contact with our founders and have reported good governance processes.

While the environmental impact of our portfolio companies does not seem high, we have yet to formulate or use any metrics to track environmental footprint.

However, we observe that our target technical domains and indeed our entire portfolio tend to have limited gender diversity, with few women or minorities in the founding team, on the board, or in C-level positions. We monitor the diversity of the teams and ensure fair and non-discriminatory hiring practices are in place. It is also important to broaden recruitment to ensure the “top-of-funnel” is inclusive.

Our deep-tech investments come with their own challenges, which we continue to monitor. Critically, many of these industries may have regulatory and compliance requirements specific to their jurisdiction. It is important for us to remain vigilant and keep compliance at the forefront. Such requirements or associated issues are discussed regularly with management, including at the board level.

We are currently reviewing tools that can improve our data collection process. Our intent is to collect information more rigorously and regularly and review this data for areas of potential risk or non-compliance.

Data can help us identify focus areas, but we must also seek resolutions. Currently, any identified issues are brought to senior management for discussion and to implement improvements. Should this fail to remedy the issue, matters are escalated to the board through our board representation. We are also considering changes to our transaction documents to foster greater commitment to adherence.

# Environmental Issues

We are at an early stage of our ESG initiative and are currently taking a broad-brush approach with our environment risk assessment framework. As such, we look at which of the broad environment risks are most material to operations.

Our portfolio companies are mostly in high-tech industries, without high-run commercial production facilities. Hence, there are no significant environmental issues within our portfolio.

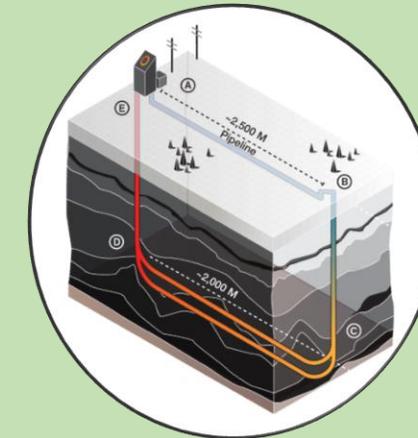
For those soon to be entering commercial scale productions such as RWDC, we are continuing to refine our framework and are in the process of determining the depth of analysis for each company's environmental impact. We will then source corresponding metrics based on our conclusions.

## Resolutions

1. Further iteration on reporting process to determine key metrics



RWDC's PHA can replace petroleum-based plastics with a 100% biodegradable alternative for straws, cutlery, packaging and more.



Eavor's technology is bringing clean, sustainable, and scalable geothermal energy to the world.

# Social Issues

The social issues affecting our portfolio tend to fall into three categories:

## Customer privacy and data collection

- Companies including Snapcart, Migo, Matchmove, Tenfen, and Kuyun have direct customer-facing exposure and access to customer information.

## Gender diversity

- Many of our companies have limited gender diversity, particularly in the founding team, on the board, or within the C-suite. These companies include Aardvark, Emergex, Awak and Lumitron.

## Clear documentation of grievance and hiring policies

- Some of our companies do not have documented anti-discrimination and grievance processes to ensure fair labor policies.

## Resolutions

Work with the company to:

1. Ensure policies and procedures to protect customer privacy
2. Ensure data collection, storage and usage policies comply with government and regulator's requirements
3. Document internal HR policies and procedures
4. Commit to promoting gender equality and gender diversity
5. Periodically audit hiring processes to ensure compliance



Matchmove's digital payment solutions and virtual mobile wallets are improving financial inclusion and wealth equality in emerging markets.

# Governance Issues

Corporate governance issues are addressed at the deal closing, where we implement certain requirements on management reporting, board meetings, and other protective provisions. Additional ongoing risks from regulatory compliance and political volatility are addressed through management practices:

1. **AgilePQ, Chooch:** These companies operate in cyber-domain and need to manage internal engineering teams to comply with clearance requirements
2. **Emergex:** The company has avoided taking government funds to minimize regulatory and commercial risk due to political volatility. There remains some risk in commercializing successful vaccines during the Covid epidemic.
3. **Lumitron:** Their technology is applicable to nuclear security by detecting hazardous materials. Regulatory risk is mitigated via close collaboration with DARPA and other connections.
4. **Eavor:** Energy security is a core state interest; however, any regulatory risk for a green, sustainable source is low.

## Resolutions

1. Ensure that board meeting of the company are regularly held.
2. Consult with the company regularly on governance issues.
3. Ensure compliance is a top priority for each portfolio company to be regularly discussed and reported.
4. Conduct thorough market risk review and political risk review when entering new markets.
5. Build network with leading researchers and key influencers in relevant industries, such as nuclear medicine, cybersecurity, etc.
6. Periodically review major geopolitical risks and trends.



Chooch was awarded a \$950 mil contract from the US Air Force. They are reviewing their org structure to maintain compliance with clearance standards.

# Portfolio ESG Review

No ratings are provided for environmental factors as we have yet to review metrics to track environmental footprint. However, we expect our portfolio to have minimal environmental impact.

Company	E	S	G	Areas of improvement
Aardvark	—			Gender diversity
AgilePQ	—			Compliance
Alo7	—			
Atomwise	—			
AWAK	—			Gender diversity
Chooch	—			Board practices
Drugarray	—			
Eavor	—			
Emergex	—			Gender diversity, governance policy

Company	E	S	G	Areas of improvement
Everledger	—			
Fastwork	—			
Icontek	—			Gender diversity
Idealz	—			
KPISoft	—			Gender diversity
Lebao	—			
Lumitron	—			Gender diversity
Matchmove	—			Gender diversity
Migo	—			

Company	E	S	G	Areas of improvement
Samumed	—			Gender diversity
Simo	—			
Sisaf	—			
Snapcart	—			Data privacy
Spark	—			
Zanbato	—			

100% of Fund V and VI companies have signed our ESG Policy.

**LOOKING FORWARD**

# Sustainable Development Goals

In relation to SDGs, our investment strategy has focused on companies with proprietary technology to tackle large global problems, and as a result, our portfolio aligns strongly with many sustainable goals. A few companies of note:

- RWDC produces a fully biodegradable PHA plastic alternative that can mitigate our plastic waste problem
- Eavor’s technology improves geothermal energy extraction, offering clean, sustainable, baseload renewable energy anywhere in the world
- AWAK is creating a portable dialysis machine that will significantly change the quality of life for patients with end-stage renal disease, while reducing the amount of dialysis fluids required
- Emergex is creating a synthetic vaccine platform that can protect us against families of viruses, to eliminate diseases like Dengue, Zika and Covid to achieve public health goals
- Matchmove offers a platform to bring banking services to the unbanked, vastly improving financial inclusion in emerging markets

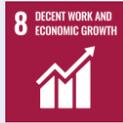
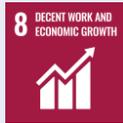
We are in the process of reviewing our portfolio alignment to all the UN SDGs, and we will dive deeper into each company’s contribution to the SDGs in future reports.

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6
No. of investments	6	9	14	15	32	12
No. that impact 1 or more SDGs	3	5	3	7	15	11
% of companies with 1 or more SDGs	50%	56%	21%	47%	47%	92%

# Sustainable Development Goals

Many of our companies affect 1 or more SDGs.

Company	SDG
Aardvark	
AgilePQ	
Alo7	
Atomwise	
AWAK	 
Chooch	 
Eavor	  

Company	SDG
Emergex	 
Everledger	 
Fastwork	
JJE	 
KPISoft	
Lebao	
Lumitron	

Company	SDG
Matchmove	 
Migo	
RWDC Industries	 
Samumed	  
Simo	  
Sisaf	
Snapcart	

# Conclusion and our goals moving forward

We are happy with our internal processes and are of the view that the level of ESG compliance in our portfolio companies, as well as their SDG integration is reasonably high. Further to our findings as set out in the foregoing, our plans for the next 2 years are as follows:

1. Develop an ESG tracking mechanism for our internal practices and portfolio companies
2. Consider diversity targets for our portfolio companies and our workforce
3. Develop and implement our investment scorecards to improve the rigor with which we assess risks
4. Consider the depth with which we will scrutinize our portfolio companies' ESG compliance, taking into account our internal capacity and the size of our portfolio companies' operational teams
5. Evaluate IT systems to enhance ESG data collection, monitoring and reporting processes

We look forward to sharing our progress in our next report.