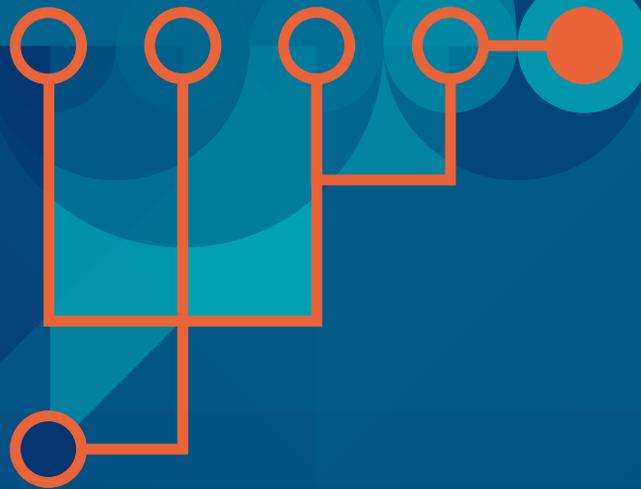


# Venture Capital Reinvented.

Draper Esprit plc Annual Report 2020

Year ended 31 March 2020



# Sustainability

**“Our ESG ambitions are an ongoing and evolving process that we are committed to build and develop over time.”**

Following a year that encompassed devastating forest fires in Australia, rising ocean temperatures, continued stories of racial and gender inequality across every walk of life and some of the largest fines in history for corporate data protection failures, the importance of environmental, social and governance issues have never been as acute or necessary as they are now. The business community has work to do around ESG, and Draper Esprit is firmly committed to playing its part.

During the previous financial year, the Board of Directors approved the formalisation of Draper Esprit’s ESG strategy to build upon the existing positive practices undertaken by the business. This financial year, we have continued that journey and taken steps towards the overarching ambition of embedding ESG considerations into all of our investment and business decision-making processes.

Notable milestones have been achieved during the past 12 months, which should be considered against the backdrop of an embedded business culture committed to positive change and the principles of ESG, both in our own business and in the companies that we invest.

Tasked with the day-to-day management and oversight of the Group’s ESG implementation strategy is a core steering committee that was established earlier in the year by appointment of the Executive team, and comprises representatives from each of the legal/compliance, finance, investment, HR, and marketing functions, under executive sponsorship of CFO Ben Wilkinson.

The steering committee is mandated to implement a 12-month ESG roadmap prepared in early 2020 in consultation with external ESG specialists which sets out a pathway for adoption of an evolved ESG investment policy; updated investment checklists with enhancements to include ESG/RI considerations; a portfolio benchmarking exercise; and the development of ESG monitoring tools for internal and external deployment.

It is our intention to operate in line with the UN’s Sustainable Development Goals, the

BVCA Responsible Investment Management System and our own obligations as signatories to the UN’s Principles of Responsible Investment.

Our ESG ambitions are an ongoing and evolving process that we are committed to build and develop over time. Whilst we acknowledge that there is a long way to go on this journey, meaningful steps have been taken during the year across multiple areas within our business.

## Environment

Through our investment activities, we have helped businesses like **Pod Point** (exit in February 2020) to rapidly scale up their award-winning electronic vehicle charge point solution; **Everoad** (post year-end merged with Sennder) to leverage technology solutions to build efficiencies and carbon reductions into the global freight management industry; and **Aircall** to facilitate cloud-based calling solutions reducing the need for travel. We will continue to look for environmentally minded investment opportunities and have adapted our internal due diligence questionnaire accordingly.

Within the plc, we have invested heavily in Zoom video conferencing solutions to encourage video calls in lieu of domestic or international travel. We have also continued the push towards a paperless working environment with the adoption of improved internal IT and document sharing solutions.

During the year, we commissioned a full carbon footprint report and balancing programme, which was completed post year-end in May 2020 with certified B-Corp, C-Level Earth Limited, allowing us to compensate for our 260 tonnes of CO<sub>2</sub>



#### CommuniTree

Monitoring the success of C-Level carbon balancing through reforestation

through investment in two Plan Vivo accredited projects, namely (i) forest restoration and protection with Hadza Hunter Gatherers in Tanzania and (ii) reforestation with The CommuniTree Carbon Program in Nicaragua.

We propose to build upon the steps taken in the coming year with input from external specialists to determine how we can best engage our portfolio companies to help reduce and counteract carbon emissions.

#### Social

Our existing portfolio is full of companies doing remarkable things to enhance health and wellbeing (e.g. **Endomag**, **Push Doctor**, **leso Digital Health**, **Lifusum**, **Fluidic Analytics** and **Miracor Medical Systems**), encourage social engagement (e.g. **Perkbox**, **Aircall** and **Resolver**), and improve pro-consumer compliance (**Kaptivo** and **GetSafe**).

We have also been making adjustments within our own business to drive social change by hiring a dedicated Human Resources Manager; engaging with entrepreneurs in hosted themed events, including a 'Women in VC' event; and continuing to offer highly competitive remuneration and benefits packages to all of our personnel. Various policies are in place within the Group designed to protect and empower personnel, including Anti-bribery and corruption, Whistleblowing and Health and Safety, all of which are reviewed annually and, where relevant, amended or supplemented to accommodate the evolving risk profile of the business.

We are an equal opportunities employer and very proud of our diverse workforce, which is built to reward people on ability, regardless of gender, age, race or sexuality. We see our differences

**"We see our differences as one of our greatest strengths, and only have to look at the range of participation in panel events that our team undertake in multiple languages across different continents, to see the clear benefits of embracing all backgrounds into the workforce."**

as one of our greatest strengths, and only have to look at the range of participation in panel events that our team undertake in multiple languages across different continents, to see the clear benefits of embracing all backgrounds into the workforce.

For the year ahead, we will be continuing our inclusive recruitment policy and engaging further with our community of entrepreneurs and portfolio companies in the UK and Europe to promote awareness of social issues and encourage action where possible.



#### Hadza Hunter Gatherers

C-Level carbon balancing with communities protecting forests

#### Governance

Draper Esprit has a strong track record of investing in businesses that either enhance the state of the art in digital security technology (e.g. **Ledger's** crypto security solutions or **Fraugster's** Ai technology focused on eliminating payment fraud), or facilitate greater transparency, accountability and/or protection in existing systems (e.g. the technological security advances being driven in the banking industry by **Form 3**, **Revolut**, **N26**, and **TransferWise**, or the crowd-generated consumer confidence platform provided by **TrustPilot**).

Good governance and cyber resilience are also critical to our own operations. By virtue of the FCA-regulated investment activities undertaken within the broader Group, and the status of the Company as a publicly traded entity subscribed to the Quoted Companies Alliance (QCA) Corporate Governance Code, we are the subject of robust risk management and governance arrangements, and have this year further bolstered our internal systems and processes in a number of ways.

A dedicated IT Manager has been hired to implement various security enhancements into our IT environment including the introduction of Mimecast cloud-based email security and archiving; investment in Microsoft Office 365 cloud computing; bit locker device encryption and remote wiping functionality; and Cyber Essentials accreditation. Post year-end, external penetration testing was performed against our internal infrastructure, to assess the overall security posture of our IT environment, with zero critical or high risk areas identified.

Complementing the technological changes is the addition of our first Legal Counsel who has been working with our internal and external IT and compliance advisors to build policy and systems designed to protect our data and redouble our commitment to minimising compliance risk and preventing bribery and corruption.

Responsibility for governance within the Group ultimately sits with the Board (comprised of 4 Executive and 3 Non-executive Directors to ensure a suitable level of independent thought and challenge), but is also permeated throughout the Group by regularised training and internal processes designed to ensure observance of good governance at every stage of investment.

Remuneration policies are regularly reviewed by the Board's Remuneration & Nomination Committee and are designed to ensure that all reward and recognition structures are aligned with the broader goals of the Company's stakeholders by dissuading risk-taking practices that are inconsistent with the goals and parameters established by the Board.



Draper Esprit London HQ  
20 Garrick Street  
London, WC2E 9BT  
Tel: +44 (0)20 7931 8800

[draperesprit.com](http://draperesprit.com)