

# Talis

**ESG Report 2021**

# Talis: ESG Report 2021

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# Foreword

2021 has witnessed the mainstreaming of ESG in venture capital, which has historically been a lagging asset class. The power of technology continues to make headlines, but not always for the right reasons. Investors have a responsibility to harness their power for a fair and inclusive society by not only committing to a Responsible Investment Policy but by integrating ESG into their due diligence. This is one of the key developments we made at Talis this year.

At Talis, we think ESG can be more than just risk mitigation. Identifying material issues early on and embedding sustainable practices will create long-term value not only for Talis and our companies, but for society. As a Seed and Series A investor, we have an opportunity to engage our companies on ESG practices early on, mitigating many of the challenges that growth-stage businesses may find when implementing best-in-class ESG practices later down the line.

Post-investment, our founders are offered the opportunity to opt-in for additional support on ESG. We go beyond providing guidance to our founders by helping them affect tangible, positive change through our FutureProof Programme. The programme is designed to help founders execute on their ESG priorities through tailored strategies that caters for their individual needs. It's been great to see the reception of this programme from our portfolio companies and their drive to embed ESG practices, despite the day-to-day challenges that early-stage businesses face.

We remain committed to industry-wide initiatives that help to standardise and promote ESG integration. That's why we're a member of VentureESG and ESG\_VC. Without broad industry collaboration, ESG data collection by VCs could put an unfair burden on portfolio companies.

As a fund, it's crucial we lead by example. This means committing ourselves to Net Zero by 2030, and ensuring we measure, reduce and report our Scope 1, 2 & 3 annually. We are making commitments to improving diversity and inclusion through all aspects of the fund. We know there's a lot more work to do, but we look forward to continuing and improving on our execution of this strategy going into 2022.

**Matus Maar**

CO-FOUNDER & MANAGING PARTNER  
TALIS CAPITAL

# ESG investing is the use of environmental, social and governance criteria to assess a company's internal processes.

## Environmental

Understanding how a company performs as a steward of nature: e.g. reducing carbon emissions, managing resources, implementing environmentally friendly practices, and disclosing all environmental reporting related to the company.

## Social

Understanding how the company manages its relationships with employees, suppliers, customers and the communities where it operates: e.g. promoting a diverse and inclusive management team, promoting health and safety in the workplace, increasing employee morale and reducing turnover.

## Governance

Understanding how the company runs, including assessing a company's leadership, executive pay, audits, internal controls, and shareholder rights: e.g. include proper data management, privacy and security, protecting shareholder's rights, appropriate financial controls and corporate risk management.

**'Materiality'** is a concept that defines why and how certain issues are important for a company or business sector. Material ESG Issues are those that can have 'a major impact on the financial, economic, reputational and legal aspects of a company, as well as on the system of internal and external stakeholders of that company'.<sup>1</sup>



# Stating the case for ESG in VC

## Why should startups care?

Identifying internal ESG areas that are material to growth is critical to a company's success. In addition, implementing ESG best practice, (e.g. parental leave policies) helps startups to scale.

It can help startups:

- Attract and retain talent
- Build stronger company culture
- Increase customers and boost sales
- Attract mission-aligned investors

On the other hand, poor ESG practices can alienate customers, investors and other stakeholders, lead to regulatory penalties and reputational damage.

## Why should VCs care?

The lifecycle of venture capital investment can span up to ten years, depending on the fund's focus stages. ESG best practices prioritise action that helps to build companies that are sustainable from the outset, and drive value to society in the long term.

Identifying potential ESG issues early-on helps to tackle challenges that arise from scaling, e.g. taking measures to optimise cloud costs early-on, reducing carbon emissions.

As investors in the next generation of category-defining companies, VCs have a unique responsibility to invest and support companies to build a fair and inclusive society.


## Where is the landscape today?

The industry still has a way to go, although attitudes are beginning to change. Increasingly more VCs are joining forces to try to achieve consensus on a common ESG framework for early-stage venture.


VentureESG is a community-driven not-for-profit uniting 200+ VCs and 60+ LPs globally in their efforts to engage ESG practices. Through four working groups, provides best-in-class insights, learnings and concrete tools around ESG for VC, including a framework for due diligence, portfolio support and fund management.

ESG\_VC is a community of 120+ VCs, working with the BVCA to help create a common scoring system for portfolio management, as well as insights and events.

## ESG in venture capital is at the very beginning of its journey.



**When we are already seeing big problems with how ESG is handled in the public markets, venture capital is at least two years away from that state. Everyone is only now developing their awareness and making the first concrete steps to use ESG principles in their investment decision making and fund management. However, this has only really started to take place in the last twelve months and we are confident that attitudes will evolve even faster now. The momentum is incredible - at least in the European context, partly driven by stronger regulation, more influential LPs and employee activism - and we will do everything to drive that momentum in a direction where it makes makes the industry more sustainable, responsible and inclusive.**



**DR JOHANNES LENHARD & HANNAH LEACH**

VentureESG/.

## Tracking ESG portfolio performance across funds with ESG\_VC

**ESG\_VC is an initiative of 150+ VCs that supports a measurement framework for early-stage companies to benchmark their ESG performance, as well as insights and events. The measurement framework can be used across industries, uses 14 outcomes and 48 metrics, was built in partnership with the Social Value Portal and incorporates SASB, UN SDGs and B Corp.**

**This year, 11 VC firms participated in the pilot year of data collection, giving a submission sample of 221 companies (although not all companies were able to fully populate the template).**

**These results should be taken as a high-level overview due to the small sample size of VCs and portfolio companies. In addition, data was self-disclosed by portfolio companies. The BVCA supported the data collection, the removal of duplicates and the identification of key trends across the dataset.**



## Pilot evidence from ESG\_VC indicates a number of emerging trends:

**1**

**Later stage VC-backed companies performed better on ESG in comparison to early-stage**

**2**

**At all stages, social and governance metrics scored higher than on environmental metrics**

**3**

**Feedback indicates a clear drive to build low-carbon businesses, although this is in tension with higher emissions as businesses scale**

**4**

**Strong aspiration from VC-backed businesses to improve in all areas of ESG over the coming year**

# ESG at Talis

# What does ESG mean at Talis?

**1**

## ESG in the investment process

We know that ESG starts with how we invest which is why we've changed our Due Diligence process to integrate ESG. If ESG risks are too great, we don't invest.

We've developed a clear **Exclusion Criteria** of what we do and don't invest in. To ensure climate action is central in our investments, we've implemented clauses in our Term Sheets in line with **Leaders for Climate Action's VC Sustainability Clause**.

**2**

## ESG in the portfolio

At Talis, our mentality is that you can't improve on things you don't measure. That's why we send out our annual **ESG questionnaire** to understand where our founders are today on ESG, and where they want to be in the future.

We've rolled out our **Futureproof Programme**, where we hold workshops with founders and execs to help them on their ESG strategies. This can range from implementing D&I practices in hiring to finding suppliers for more sustainable packaging.

**3**

## ESG in our internal operations

We want to walk the walk as well as talk the talk.

We've been **measuring and offsetting our internal emissions** since 2019 and have **committed to halving our carbon emissions by 2030**.

In this report we **publish our internal D&I metrics**. In addition, we're committed to building a diverse and inclusive team, which includes internship programmes with 10000 Black interns and FutureVC, as well as using blind hiring platform Applied.

## Integrating our ESG Policy

### Looking beyond material issues after investment

In addition to material issues, we also pay particular attention to cross-sectors ESG issues that have significance for all businesses. Helping to understand where the portfolio stands on ESG today is paramount, as well as helping them to set ambitious goals within their organisation.

### Aligning our ESG Due Diligence with global ESG standards

No formally recognised ESG frameworks have been created for the due diligence of early-stage startups in the tech sector. We use SASB as a framework to understand stakeholder interests and the potential implications on different groups. This helps us to map the various material risks and understand the potential adverse impacts on the business.

### Focusing on materiality pre-investment

Aside from screening against the exclusion criteria, our investment DD focuses on identifying stakeholder interests and material issues for the company. Material ESG risks are sector-specific risks, likely to affect the financial or operating performance of a business. We believe that material ESG factors are crucial to deciding whether we should invest.

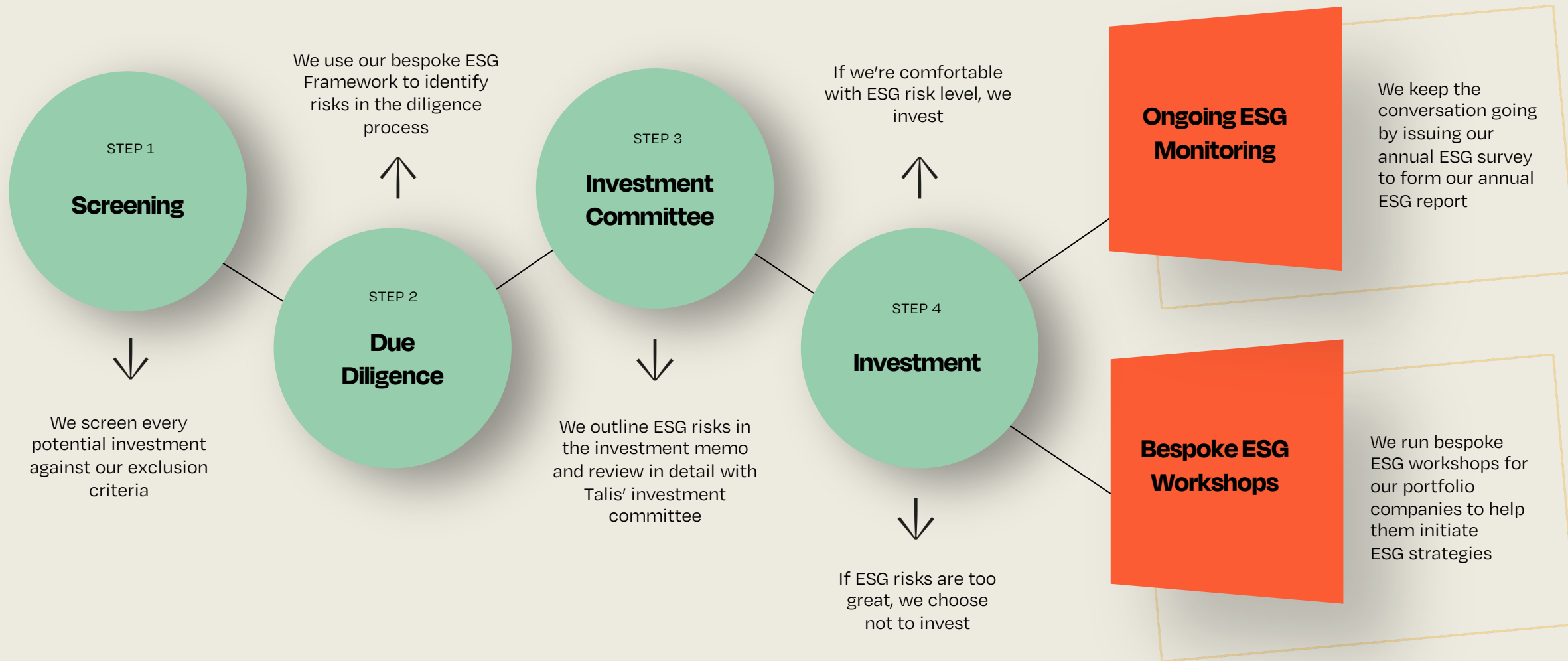
### Creating a holistic strategy with cross-fund participation

At Talis we believe that ESG needs to be integrated across all aspects of the fund and championed by everyone at the fund. ESG is considered within our investment processes, portfolio management and fund administration.

### Leading by example

We feel strongly that VCs should hold themselves accountable to the same standards as portfolio companies. We endeavor to collect much of the same ESG data we ask of portfolio companies and set ambitious targets for ourselves.

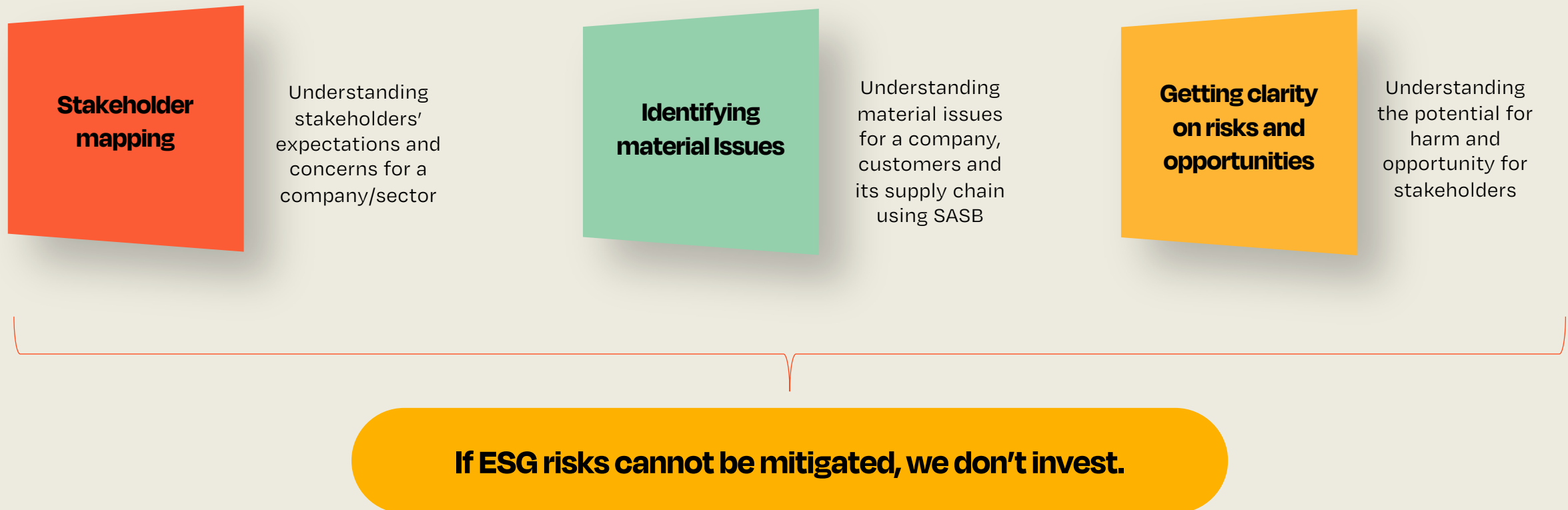
# ESG in the investment process





## What does our ESG Due Diligence process look like?

We developed our ESG Due Diligence process with the help of an external consultant who supported us in adapting SASB for early-stage venture capital and identifying material issues at the pre-term sheet stage.



## Our exclusion criteria

We've aligned our exclusion list to the **IFC's exclusion list**, which includes the production or trade of any product or activity deemed illegal under host country laws, regulations, international conventions or subject to international bans.



### What we *don't* invest in

**Tobacco**  
**Weapons**  
**Gambling**  
**Palm oil**  
**Fossil fuels**



### What we *do* invest in

**Climate & sustainability**  
**Tech infrastructure**  
**Consumer internet**

# **ESG Insights from the Portfolio**

## Portfolio, Questionnaire & ESG Snapshot

**55+**

PORTFOLIO COMPANIES

**60%**

QUESTIONNAIRE COMPLETION FROM  
PORTFOLIO

**37%**

PORTFOLIO COMPANIES WITH  
AT LEAST ONE FEMALE FOUNDER\*\*

**11**

NEW INVESTMENTS\*

**30%**

RESPONDENTS LAST RAISED AT SEED  
STAGE (EX. BRIDGE OR EXTENSIONS)

**15%**

RESPONDENTS CURRENTLY  
MEASURING EMISSIONS

**9**

FOLLOW-ON INVESTMENTS\*

**44%**

RESPONDENTS LAST RAISED AT SERIES  
A STAGE (EX. BRIDGE OR EXTENSIONS)

**32%**

RESPONDENTS CURRENTLY  
IMPLEMENTING D&I STRATEGIES

\*TIME PERIOD Q3 2020 – Q3 2021

\*\*ALL PORTFOLIO COMPANIES (EXCLUDING ANGEL PROGRAMME)

# Talis' ESG questionnaire

In 2021, we distributed our ESG questionnaire to collect data from across the Talis portfolio. This has helped us to identify where we need to provide more support, as well as highlighting if there are any material ESG issues that need to be addressed within the company. In this report, we focus on non-sector specific metrics that are critical in building ESG best practice, although we chose to keep the questions relatively light-touch for our pilot year.

Collecting data from the portfolio on ESG also helps us to understand if our work is helping to contribute to positive trends. By anonymising our portfolio data and reporting it publicly, we aim to contribute to the broader conversation of ESG in VC, and support on benchmarking ESG data in venture capital. Our questionnaire focused on the following areas:

## Environmental

- Carbon Emissions
- Climate Action
- Green Web Hosting
- Potential Impact of a Carbon Tax

## Social

- Diversity and Inclusion
- Team & Working Environment

## Governance

- Compliance
- Data Privacy
- Data Security
- Policies

# **Environmental Metrics**

# Understanding the portfolio's environmental impact

## Questions

Does your company track its carbon emissions?  
(If yes, breakdown by Scope 1, 2 & 3)

Does your company use green web hosting services?

Will a carbon-constrained world likely have a negative impact on your business model? (e.g. a carbon tax)

Is your company looking to minimise its total emissions and/or resource consumption? (If yes, are you looking for support?)

Most would expect early-stage companies to have negligible emissions. However, even young businesses can have a significant environmental impact, particularly those with long supply chains. **It's important to consider emissions using GHG Protocol's Scope 1, 2 and 3** to better understand the sources of emissions and how these will increase as the company scales.

Any company with a digital presence should **consider green web hosting services**. Hosting and other digital activities – in particular, advertising – are often neglected as part of Scope 3 analysis, despite often heavily contributing to a company's total carbon emissions.

As we enter new territories in terms of regulation around sustainability and emissions, we believe it's important to **consider whether our portfolios' business models remain viable in the event of a carbon tax policy being implemented**.

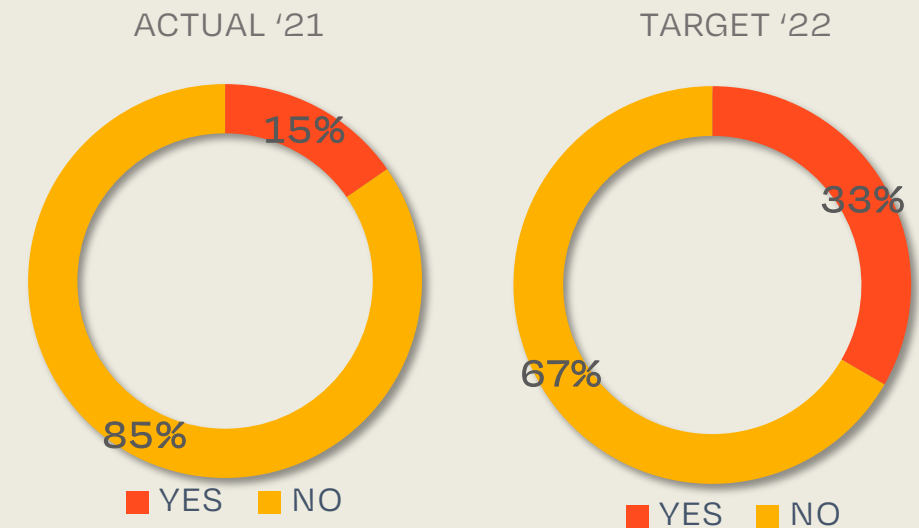
Finally, we asked the portfolio whether they were actively **looking to minimise emissions and/or resource consumption** so we can support them to achieve their goals via our FutureProof Programme.

## Carbon measurement

At any given time, early-stage companies face numerous challenges from all across the business that all require urgent attention: often, measuring the business's carbon footprint may not always be the first priority. **85%** of our founders said they do not currently track their carbon emissions. However, as long-term partners to our founders, **we aim to futureproof companies for the transition to a low-carbon economy**, addressing potential environmental risks as early as possible. **We believe that you cannot reduce what you don't measure.** In fact, doing a carbon audit can often bring value to organisations to highlight areas of inefficiencies.

Helping our portfolio to measure their carbon emissions (as well as their resource consumption) is one of our priorities going into 2022. **We aim to have one third of all respondents tracking their carbon emissions by 2022**, particularly encouraging those that produce physical products (with larger Scope 3 emissions) to measure and reduce their emissions.

### Does your company measure its carbon emissions?





# Ynsect: hatching a plan for avoided emissions

FOUNDED

**2011**



Ynsect

INVESTED

**2019**

**Ynsect transforms insects into premium, high-value ingredients for pets, fish, plants and human beings. By placing insect-derived protein at the heart of the agri-food system, Ynsect helps to address the global growing demand for premium proteins.**

**The substitution of YnMeal (aquaculture product) leads to avoided emissions associated with the production of fishmeal. Furthermore, substituting YnFrass (fertilizer product) over traditional fertilizer is linked with higher soil carbon stocks and net environmental benefits.**

Nearly 90% of the world’s marine fish stocks are now fully exploited, overexploited or depleted.<sup>2</sup> However, aquaculture still requires wild, small fish to produce fishmeal, the main diet of farmed fish. Every tonne of insect protein could enable five tonnes of fish in the ocean to be protected. By adapting the food chain, Ynsect helps to create a sustainable food for fish, pets and humans at scale. Insects contain high levels of protein, vitamins and minerals, and serves as an environmentally friendly alternative to meat and fish. By replacing traditional proteins with insects, Ynsect also contributes to the significant reduction of water use and avoided GHG emissions.



**65,000**

TONS OF SMALL FISH SPARED OVER THE NEXT THREE YEARS



**1:5**

RATIO OF INSECTS TO FISH NEEDED FOR FISHMEAL



**-9,326 tCo2e/y**

AVOIDED EMISSIONS FROM YNSECT’S AMIENS PLANT



**SERENA TAYLOR**  
ESG. & IMPACT OFFICER, TALIS

**“While we have companies in our portfolio where components of ESG are central to their overall mission and business model – like Ynsect – there’s room for every single young business out there to make a positive impact from an ESG perspective, regardless of sector or stage.”**

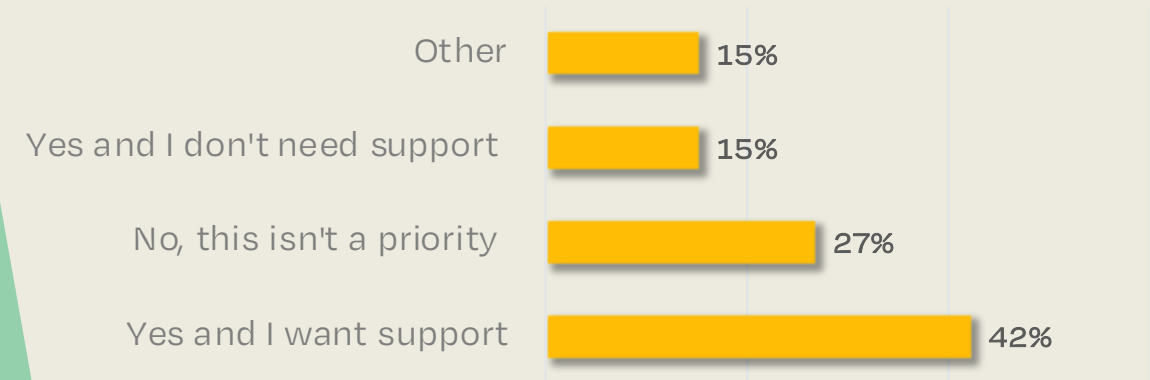
## Climate action

Although many of our portfolio companies do not yet track their emissions or resource consumption, the majority of them are looking to reduce these in the future.

42% of our portfolio companies wanted further support from Talis on this via our **FutureProof Programme**. Over the next year, a big priority will be **helping founders to find the best tools and providers**, depending on the complexity of their needs. We continue to provide **educational resources** to help early-stage companies identify their emissions and make changes in a time-effective and cost-efficient way.

Supporting our portfolio companies to get an accurate measurement of their carbon emissions is high priority for us. While there are a number of free tools that help companies calculate emissions, often **companies with supply chains need specialist support** to calculate their Scope 3 emissions (which are often their largest).

### Is your company looking to reduce its emissions and/or resource consumption?



## Nøie: a D2C skincare platform with sustainability at its core

**Being as sustainable as possible has always been a core part of Nøie's brand identity, with co-founder Chris Christiansen taking on the role of Chief Footprint Officer from the outset.**

- Having completed a **GHG audit for Scopes 1, 2 & 3**, Nøie identified the relevant parts of Scope 3 that made up the majority of its GHG emissions and are now working on a concrete reduction plan.
- Although Nøie is implementing a reduction strategy, any unavoidable emissions created by the company are offset. The company is guided by the **Oxford Principles for Net Zero Alignment** to ensure high-quality, permanent offsets are purchased.
- Over time, the company will be **net carbon negative** by removing more CO2 than has been historically emitted, as well as **100% circular**.
- Nøie currently uses **74% post-consumer recycled materials** in its packaging, and all packaging is **recyclable**. The company continues its mission to source the best and most sustainable materials for its products.
- The team also built a **[guide](#)** (as well as a spreadsheet and methodology) to help other early-stage businesses measure their emissions.

The Nøie logo is displayed in a large, black, serif font. The letter 'ø' is stylized with a diagonal slash through it. The logo is centered on a light green background that has a white, angular shape on the right side, resembling a stylized 'N' or a decorative element.

FOUNDED

**2018**

INVESTED

**2021**

**Copenhagen-based Nøie is a customised skincare platform for people that suffer with chronic skin conditions. Nøie takes a data-driven approach to provide highly personalised skincare to combat conditions like acne, eczema and psoriasis, in turn, improving quality of life for its customers.**

# Nøie: making the case for tracking Scope 3 emissions

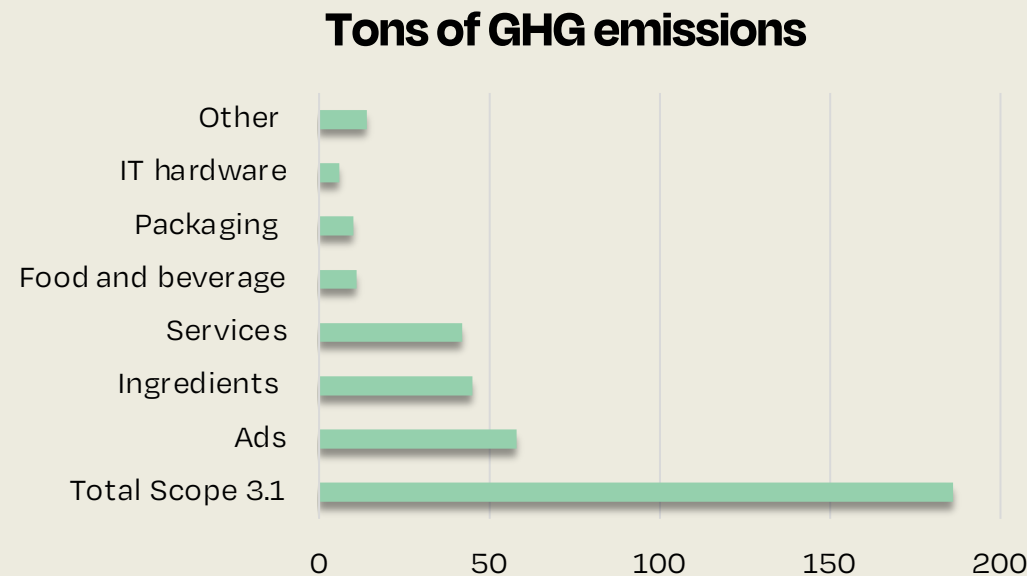
## 2020 GHG Audit

Out of all the relevant Scope 3 categories, Nøie found that its purchased goods and services (Scope 3.1) made up ~90%.

	Tonnes (CO2e)	Share
Scope 1	0.63	0.30%
Scope 2	3.97	1.89%
Scope 3	205.67	97.81%
<b>TOTAL</b>	<b>210.27</b>	<b>100%</b>

## Scope 3.1 (purchased goods & services) breakdown

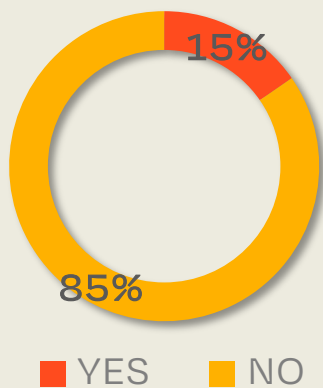
Online advertising, mostly Facebook and Google, made up ~28% of the company's Scope 3 emissions.



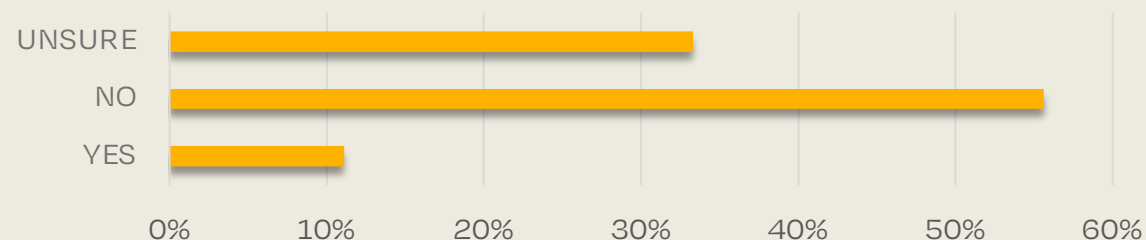
# Green web hosting & future-proofed businesses

As tech investors, we recognise the impact that internet consumption and data usage has on the environment. Green web hosting, cloud providers and sustainable product design are often points for consideration, in addition to cloud optimisation. In our portfolio, **15%** use green web hosting services. We're currently exploring platforms and consultants in the digital carbon space to better understand more how we can support the portfolio on making this transition.

## Does your company use green web hosting services?



## Will a carbon-constrained world likely have a negative impact on your business model? (e.g. carbon tax)



Due to the urgency of the climate crisis and anticipated regulation to limit the burning of fossil fuels and/or tax carbon, we expect that some business models will no longer be viable. We encourage our portfolio to investigate the impact of a carbon tax on their business and in turn, we consider the effect of a carbon tax in due diligence as a ESG risk.

# **Social Metrics**

# Understanding the portfolio's social performance

When it comes to building a startup, a significant portion of your success is based on who you hire. Getting into good practices for hiring from the outset will set a precedent for how you hire as you scale. Diversity and inclusion should be something that founders consider from the outset: not only as it helps to build a more inclusive working environment but because it can bring huge benefits to innovation by having a range of different backgrounds and experiences at the table. In turn, this can bring significant benefit to the business's bottom line.

We considered diversity in our questionnaire from a range of different perspectives: founder level, board level and employee level, focusing at this stage on gender and race. While we recognise that diversity goes far beyond these two factors, they are currently the most commonly-held type of diversity data points within our portfolio companies. To complement this data, we asked what initiatives were in place to support inclusion within our portfolio companies.

## Questions

What gender does the founder/founding team identify as?

What is the total number of employees who identify as women?

In the last financial year, what percentage of your board of directors identified as women.?

What is the ethnicity of the founding team?

What is the total number of employees who identify as ethnic minorities?

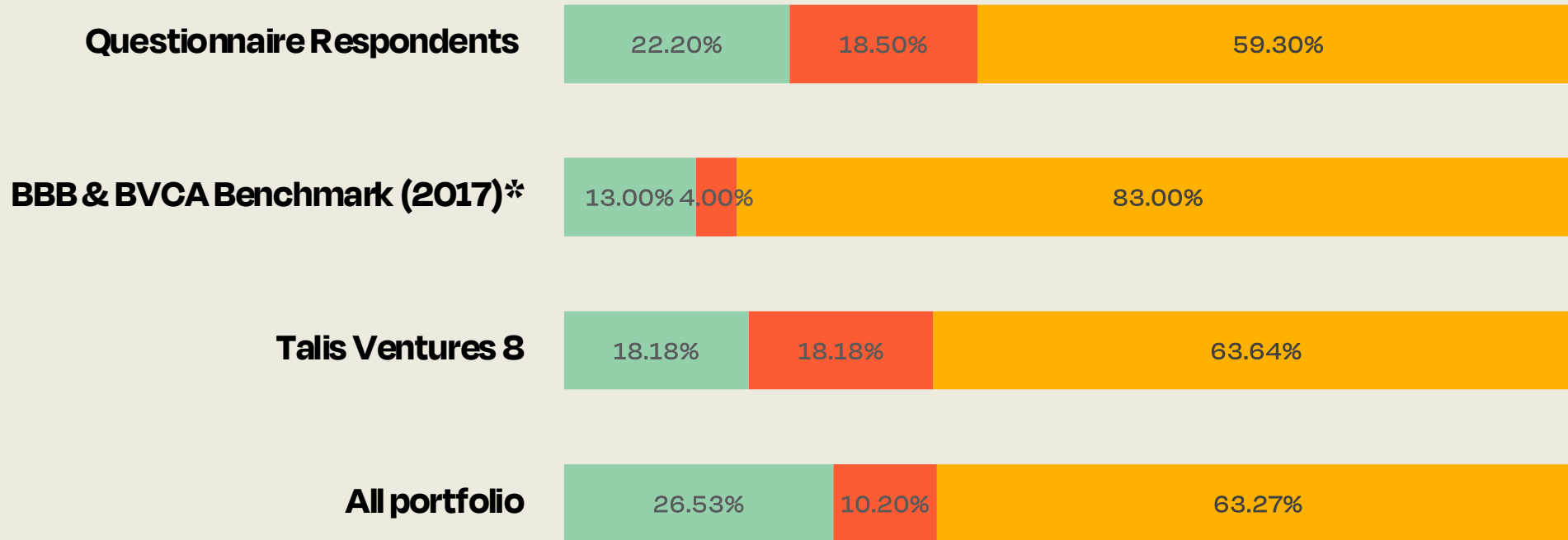
In the last financial year, what percentage of your board of directors identified as ethnic minorities?

What Diversity & Inclusion strategies are in place at your organisation?



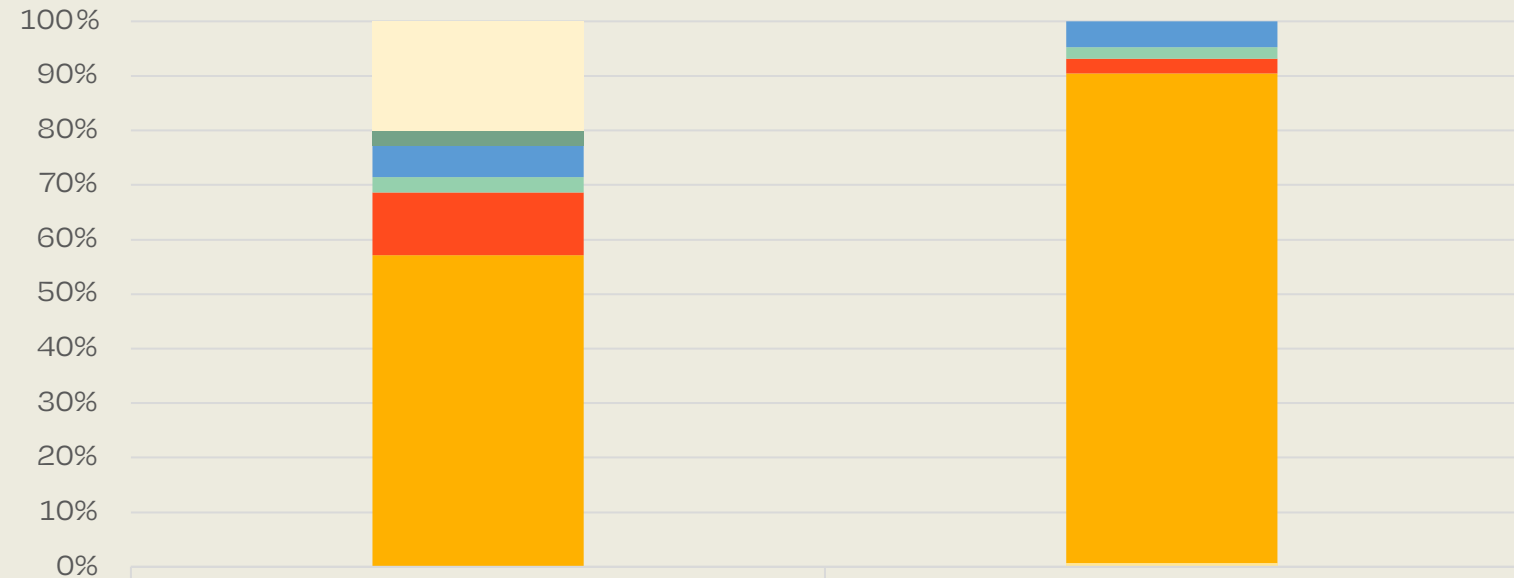
# Gender diversity of founders

■ Mixed Gender Team    
 ■ Solo Female or All-female Team    
 ■ Solo Male or All-male Team



\*BRITISH BUSINESS BANK & BVCA UK VC FEMALE FOUNDERS REPORT

# Ethnic diversity of founders



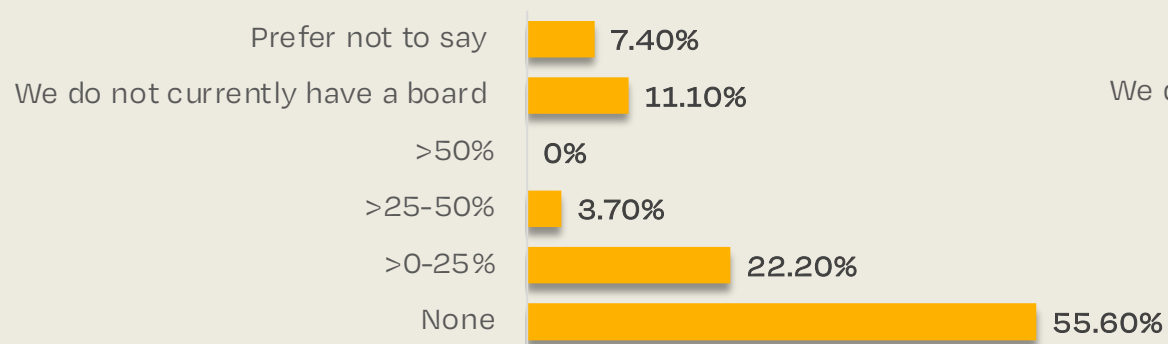
	Portfolio*	Benchmark**
Prefer not to say	20.00%	N/A
Mixed or multiple ethnicities	2.86%	N/A
South Asian	5.71%	4.70%
Middle Eastern	2.86%	2.20%
East Asian or Pacific Islander	11.43%	2.70%
White	57.14%	89.80%
Black	0.00%	0.70%

\*AS OF THE ESG QUESTIONNAIRE 2021. N.B ALL FOUNDERS WERE ASKED TO SELF-IDENTIFY THEIR ETHNCITIY AS AN OPEN QUESTION

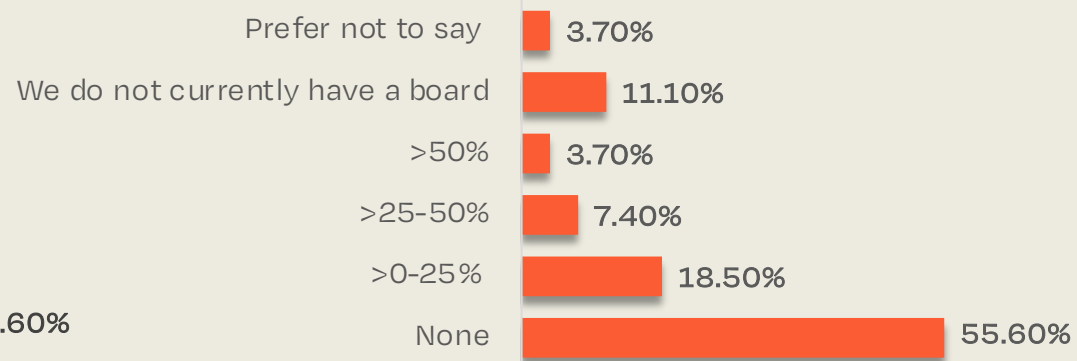
\*\* BENCHMARK USED IS EARLY-STAGE INVESTMENT BY ETHNCITIY IN THE ['DIVERSITY BEYOND GENDER DIVERSITY' REPORT](#) BY ERIKA BROADNOCK, EXTEND VENTURES

# Diversity at Board level

**In the last financial year, what percentage of your board identify as people of colour?**



**In the last financial year, what percentage of your board of directors identify as women?**



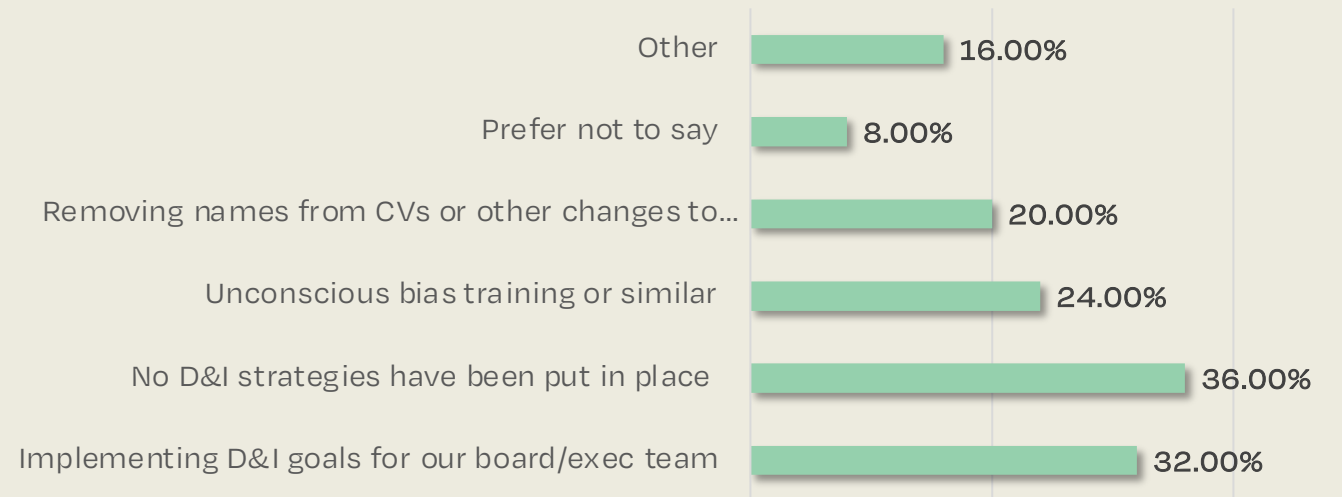
# Diversity & Inclusion strategies

Tech and venture capital have a long way to go in achieving parity in diversity and inclusivity. The Talis team looks to support our portfolio on not only building **diverse workforces** but also **inclusive working environments**.

We asked our portfolio what they were doing to improve on diversity and inclusion in their organisations. Nearly a third (**32%**) highlighted the use of D&I goals for their exec team or board, although the most common response was that no D&I strategies have been put in place.

Some strategies our portfolio has implemented to help build diverse and inclusive companies includes **salary audits**, **D&I committees** and **removing names from CVs**.

## What Diversity & Inclusion strategies are in place at your company?



## Supporting gender inclusion

**70.4%**

PORTFOLIO COMPANIES HAVE MATERNITY LEAVE POLICIES (BEYOND STATUTORY)

**31-50%**

AVERAGE NO. OF FEMALE EMPLOYEES IN OUR PORTFOLIO COMPANIES

**32%**

OF PORTFOLIO ARE IMPLEMENTING D&I GOALS FOR EXEC TEAM OR BOARD

The Berlin-based construction marketplace **Construyo** took the time at the start of this year to reflect on the gender diversity at their organisation. In conjunction with the HR team, we did a deep dive on improving hiring practices. Breaking down their hiring funnel by gender helped them to access the gender diversity of their talent pool at interview stage.





**LICHEN**  
FOUNDER & CEO, HOWL

**2020 and 2021 were powerful years for all of us to shed fear and be a voice of change - I've become a lot more vocal in asking funds how they are supporting diversity in venture. I'm proud to work with Matus, Kirill, and the Talis team - from the beginning they've prioritised working with founders of all backgrounds. It's one thing to talk and quite another to put both time and money where it counts!**

# **Governance Metrics**

# Understanding the portfolio's governance

## Questions

Has your company implemented an IT security management system?

Does your company ensure compliance with national employment regulation?

What policies are in place at your company?

Does your company have processes in place to protect sensitive data? (such as customer or employee information)

It's important that startups prioritise data privacy and security from the outset. This not only applies to how companies are stewards of data, but how they create information from that data, decide what to do with it and how to store it. In addition, there are now a number of legal requirements regarding data privacy and security in the EU that startups need to comply with.

Compliance with national employment regulation is also a highly significant topic. We also asked survey respondents to disclose what internal policies were in place.

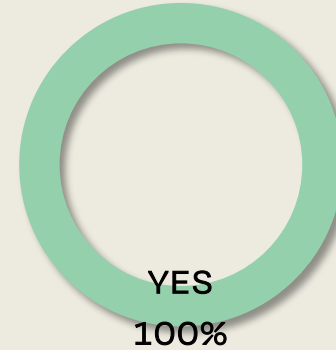


# Governance, data & security

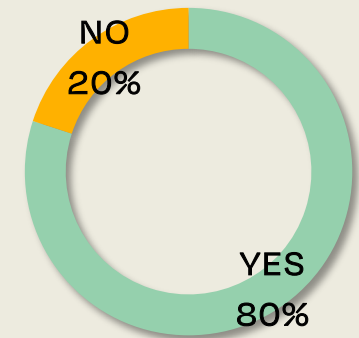
Data and security are increasingly important for early-stage startups, particularly in the context of European regulation. **100%** of founders responded that they had processes in place to protect sensitive data, such as customer or employee data. **80%** had implemented IT security management systems.

We continue to work with our tech venture partner to analyse ESG risks of data privacy and security issues pre-investment and make recommendations for our portfolio companies to implement post-investment.

**Does your company have processes in place to protect sensitive data?**

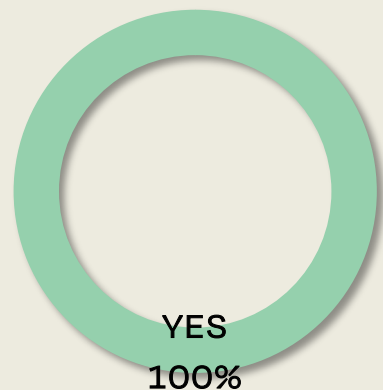


**Has your company implemented an IT security management system?**



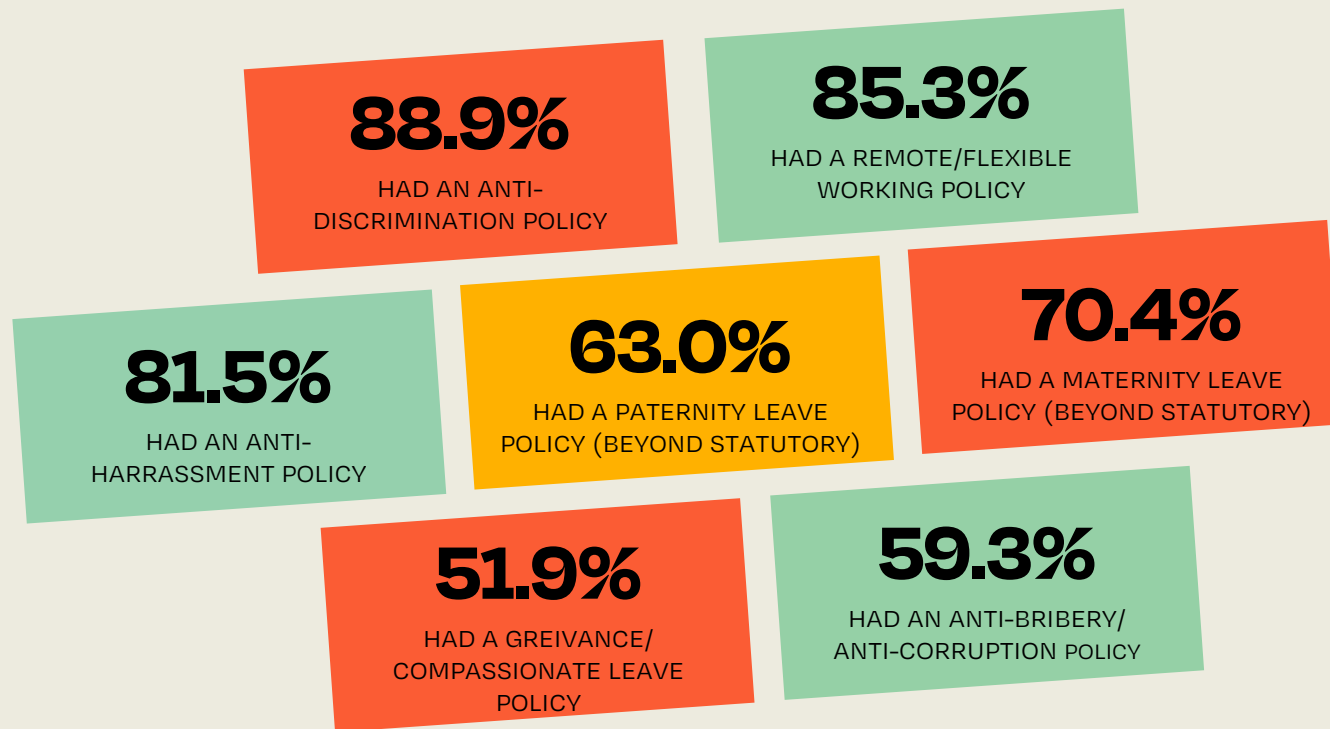
# Compliance & governance

### Does your company ensure compliance with national employment regulations?



100% of founders responded that they complied with national employment regulations.

### What policies are in place at your company?



## Vinehealth: making customers aware of their data privacy rights

Vinehealth works with cancer patients, hospitals and pharma companies to help bring better drugs to market more quickly using PRO (patient-reported outcome) data. Given how highly sensitive health data is, the platform was built with a strong focus on making customers aware of their data privacy rights and building trust between users and the platform.

During sign-up, users are directed to read through the Privacy Policy (which clearly written in plain English). This helps users to understand what Personal Information is being collected and how it will be used. By implementing these processes in product development, Vinehealth enables users to give informed consent. Notably, the Vinehealth app is rated **93%** by **ORCHA**, the world's largest single source of digital health compliance, making Vinehealth the highest-rated cancer tool in the world by a significant margin.



**vinehealth**

FOUNDED

**2018**

INVESTED

**2021**

**Vinehealth's platform uses behavioural science and AI to improve the quality of life of cancer patients through highly personalised patient support. The Vinehealth mobile app allows patients to track, understand and optimise their care, supporting higher patient engagement and communicating crucial information back to their care team for improved outcomes. Through this, the platform generates rich real-world data and ML-driven insights to support health service delivery, drug development and research.**

# **Talis' FutureProof Programme**

# Talis' FutureProof Programme

Our FutureProof programme was set up to support founders to implement best practice in ESG. Over the past year, we've seen founders who want to make change in their businesses, but don't always know the best way to go about it: for example, 42% of our founders said that they were looking for support on reducing resource consumption and/or carbon emissions.

## What is the FutureProof Programme?

Our FutureProof is a programme where portfolio companies can opt-in for additional support on ESG initiatives.

With the help of the ESG data we collect, we can understand where a company is and where they can improve. Either we work directly with their teams to implement strategies or connect them with relevant external platforms, tools and consultants.

## What work do you do?

Following the questionnaire, we deep-dive into a specific ESG areas with a company. This ranges from understanding environmentally-friendly packaging, increasing diversity in the hiring process, and helping companies to measure their carbon emissions.

Investment team members help to identify when companies need to address specific issues. We're currently working on an onboarding programme for new portfolio companies.

## What outcomes do you achieve?

Each outcome is specific to each project. We work collaboratively with portfolio companies to understand what their needs are and what is realistic to achieve in a given timeframe.

Some previous examples of work we have done with the portfolio include implementing strategies to improve D&I in hiring, helping companies to measure their carbon emissions and connecting them to D&I consultants.

# Our FutureProof programme helps to support founders to implement best practices in ESG.



## Pirate.com on the FutureProof Programme

**Knowing that Pirate had the support of Talis to help guide us through the early phases of developing our ESG strategy has been incredibly beneficial. We still have a long way to go but having access to a team of professionals who have tried and tested methods, resources, ideas, contacts and networks has taken the challenge out of knowing 'where to start'.**

**ASHLEEE CAMPBELL**  
PEOPLE DIRECTOR, PIRATE.COM

## PIRATE.COM

### COMPLETED:

- ✓ Living wage employer
- ✓ Unconscious bias training

### ONGOING:

- D&I work with leading change committee

# Webinar recap:

## The steps to becoming a B Corp for early-stage businesses

On 10 September 2021, Talis and Felix Capital joined forces to give startups and SMEs an overview of what it takes to become a B Corp. While not all early-stage companies may be ready to embark on the B Corp process, we believe it's a good framework for mapping out ESG issues and the impact your company has on stakeholders.

### What is a B Corp?

Certified B Corps are a new kind of business that meet the highest standards of social and environmental performance. Accredited B Corps are legally required to consider the impact of their decisions on their workers, customers, suppliers, community and the environment. To get certification, companies must receive a minimum score of more than 80 points from an assessment of social and environmental performance, known as the B Impact Assessment. In addition, B Corps must amend their governing documents to commit to considering the impact of all their decisions on all stakeholders.

### What were the key takeaways?

Early-stage businesses require one year's worth of data to complete the B Corp assessment. Businesses that are under one year of operation can apply for the 'Pending B Corp' status before going through the full process after their first year.

You'll want to look for support from your team so you can access all the information you need. Some of our speakers suggested building a **project team** from different parts of the business to drive certification forward.

The B Corp certification is holistic in its approach, covering the businesses as a whole, unlike other certifications which may only focus on certain subsegments of the business practice.



Read more on our [Medium](#) >



James Ghaffari,  
Director, B Corp



Jean-Gabriel Levon, Co-  
founder & Chief Impact  
Officer, Ynesct



Chris Lykke Christiansen,  
Co-founder & Chief  
Footprint Officer, Nøie



Emily Wood, Chief of  
Staff, Talis Capital



# **Our Responsibility**

# Committed to Net Zero

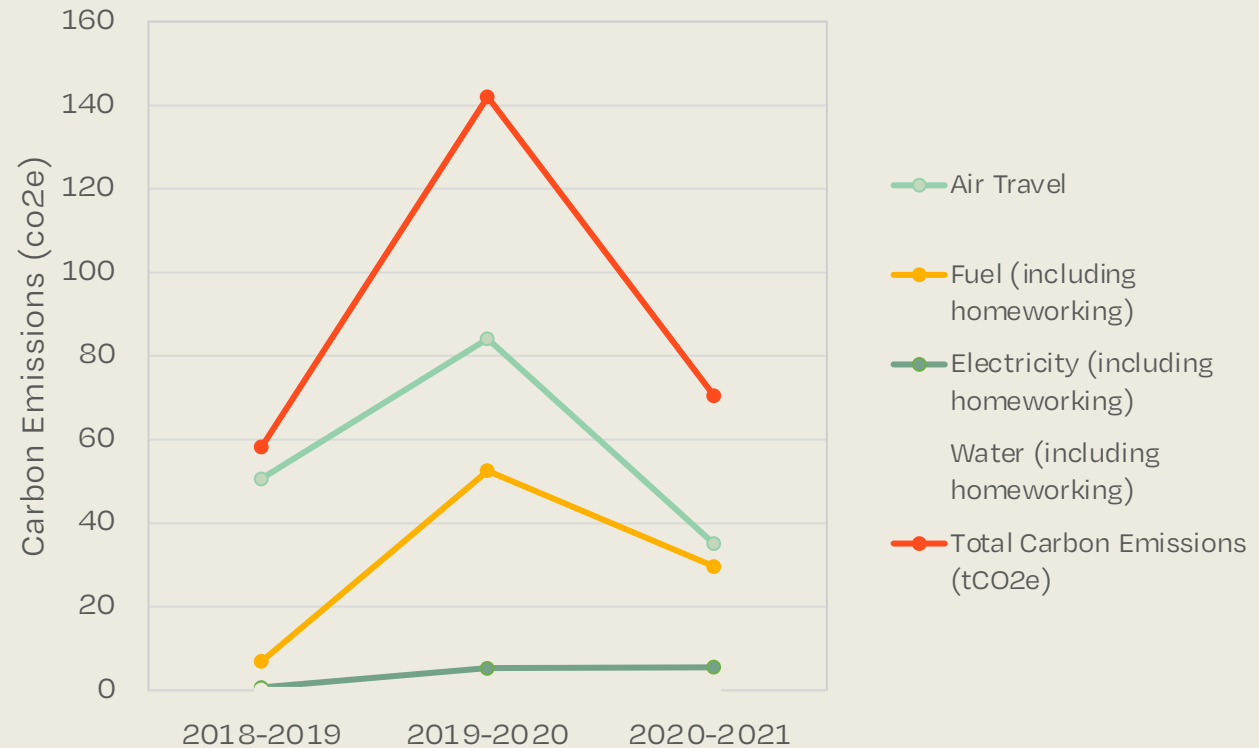
Over the next nine years, Talis commits to ensuring that by 2030 we have halved our greenhouse gas emissions and **Net Zero by 2050**, in line with the UK government's **SME Climate Hub Initiative**. In addition, we commit to measuring our emissions and disclosing our yearly progress.

Since 2019, we've audited our internal carbon emissions, worked to reduce them and offset what we cannot reduce on an annual basis. Internally, we've switched to renewable energy, installed a smart thermostat and implemented the **cycle to work scheme**, which has seen great uptake from the Talis team.

We have undertaken carbon measuring and 'balancing' in conjunction with the **World Land Trust** in order to try to eliminate the effects of some of our emissions. We recognise that this audit has been limited in addressing our Scope 3 emissions, which are typically the largest segment.

We believe that understanding our portfolio's emissions and working with them to develop climate strategies is essential for achieving Net Zero, and where we as investors can have the greatest impact on our emissions.

## Talis: estimated internal emissions

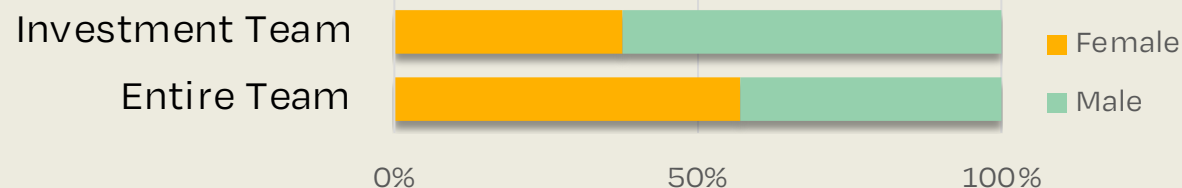


# Talis as an inclusive employer

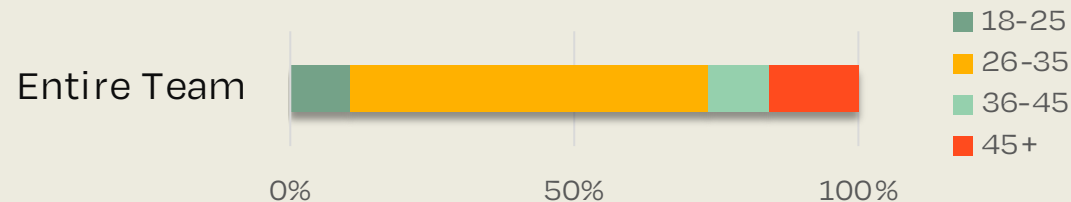
Talis is committed to **building and sustaining a diverse workforce and inclusive working environment**. Not only do we recognise that diverse teams perform better and thrive in inclusive environments, but we want to lead on building a more diverse venture ecosystem.

Before any VC can take real action to increase diversity, equity and inclusion in their firms, people need to **get comfortable with the idea of hiring people with different mindsets, ideas, experiences and world views**. Without doing this, it creates an industry that is focused solely on one world view which fails to include other perspectives and reinforces archaic stereotypes. **VCs need to accept accountability and the responsibility that the power is with them to effect real change.**

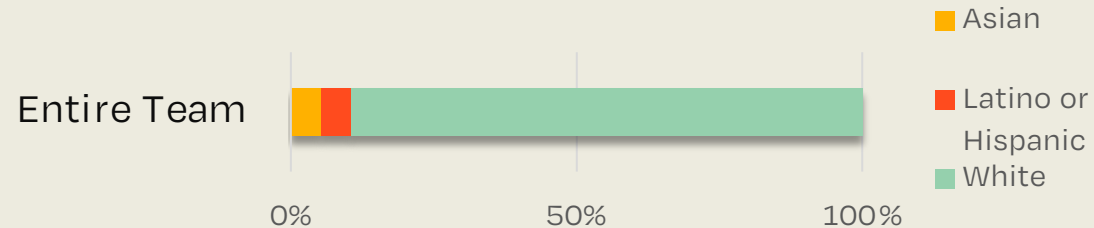
## Gender diversity at Talis



## Age diversity at Talis



## Ethnic diversity at Talis



# Talis as an inclusive employer

## What we've done

Measured and reported on D&I

Unconscious bias training

Been certified by the Diversity VC Standard

Implemented **blind hiring** through **Applied**

Interns from the **10000 Black Interns & FutureVC** and provided mentees for **LaunchIT**

Held **Office Hours sessions** for diverse founders

Built an at least **50/50 gender split team**

## Where we can do better

Measuring our **gender pay gap**

Reviewing sourcing strategies to **improve access to funding for underrepresented founders**

Continue to build out a **diverse investment team**

**Improving accessibility** in our office

**Better understanding and measurement of the diversity of the founders we meet**

# Prioritising employee wellbeing at Talis

Read more on our [Medium](#) >

Work/life balance has been integral to Talis since day one. We believe that employee wellbeing is one of the most important components of the happiness and function of any business.



## Fitness, diet & health

Talis views fitness, diet and health as key drivers of employee wellbeing and productivity. Since its early days, Talis has invested in three personal training sessions per week for its employees at lunchtimes, as well as health insurance for all employees.



## Stress & mental health

The eighteen months of COVID so far has been exceptionally stressful for all. During lockdown, Talis invested in mental health allowances for all employees. These could be used for anything that contributes to a healthier mind.



## Parental leave policies for the modern world

In 2020 Talis decided to review its parental leave policies. We believe Statutory Leave in the UK is no longer fit for purpose for the modern family. That's why we've implemented a more generous policy with a "burn-in" period regardless of a parent's gender.



**EMILY WOOD**  
CHIEF OF STAFF, TALIS

**Policies that we've implemented at Talis are driven by everyone in the team at every level. The beauty of working in the fast-growth tech space is that as a company, we emulate the entrepreneurial spirit that we see in our portfolio companies. Being entrepreneurial is part of our DNA.**

# Looking Ahead

# There's a lot we can learn from this year's ESG questionnaire to apply in 2022.

Since going out to the portfolio between Q2-Q3 2021 with the questionnaire, there have been further developments in industry-wide ESG initiatives in venture capital like VentureESG and ESG\_VC. For next year's data collection, we look forward to better aligning our work with frameworks supported by industry initiatives.

We purposely kept the questionnaire light-touch to keep it accessible for founders. However, it still took on average 40 minutes to complete and often required input from multiple people in the organisation. We'd like to track even more data from our companies next year, particularly on supply chain, data privacy, governance and responsible product design.

We also questioned whether the questionnaire was providing enough value for founders. We wanted them to get insights into best practice in each area and how they performed relative to their stage. One of our key takeaways is to think about whether a static questionnaire is the best way to collect data on ESG from our portfolio companies going forward. Over the next months we will be consulting other options for a more streamlined way to collect data.

**60%**

ESG QUESTIONNAIRE  
COMPLETION RATE IN 2021  
FROM PORTFOLIO COMPANIES



## **ESG priorities for 2022**

### **ITERATE**

ON ESG DATA COLLECTION  
FOR BETTER ENGAGEMENT

### **EDUCATE**

PORTFOLIO ON WHY WE ARE  
DOING THIS AND WHY IT  
MATTERS

### **SHOWCASE**

BEST PRACTICE WITHIN OUR  
PORTFOLIO, PARTICULARLY  
WHEN IT COMES TO MEASURING  
EMISSIONS

### **BUILD**

MORE PARTNERSHIPS WITH  
D&I NETWORKS

## ESG goals for 2022

	Investment	Portfolio	Fund
<p>2021 <b>Completed</b></p>	<ul style="list-style-type: none"> <li>• Training on how to conduct ESG Due Diligence</li> <li>• Climate Action Plan in Term Sheets</li> <li>• All investments going through ESG Due Diligence process and debated at IC</li> </ul>	<ul style="list-style-type: none"> <li>• ESG Questionnaire completed</li> <li>• Launched the FutureProof Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity VC Standard</li> <li>• Internal Carbon Emissions reporting</li> <li>• Applied blind hiring</li> <li>• B Corp pending</li> <li>• 2030 Net Zero commitment</li> </ul>
<p>2022 <b>Goals</b></p>	<ul style="list-style-type: none"> <li>• Formalise ESG onboarding for all portfolio companies</li> <li>• Track diversity of teams that present to IC</li> </ul>	<ul style="list-style-type: none"> <li>• Target one third of portfolio measuring carbon emissions</li> <li>• Further engage the portfolio on why ESG matters</li> <li>• Iterate on ESG data collection process</li> </ul>	<ul style="list-style-type: none"> <li>• Scope 1-3 audit for Talis as a fund</li> <li>• Build more partnerships with D&amp;I networks to increase our D&amp;I learning as a fund and access to dealflow</li> </ul>

# Appendix

# Glossary

<b>10,000 Black Interns</b>	<a href="#">10,000 Black Interns</a> is a paid internship programme for young Black people in the UK. The programme seeks to offer 2,000 internships each year for five consecutive years in over twenty sectors and provides a comprehensive training programme to get applicants ready for their internships. Talis has signed up to participate in 2022.
<b>Applied</b>	<a href="#">Applied</a> is a recruitment platform that helps companies to anonymise candidates and remove CVs, creating less opportunities for bias during the recruitment process. It also gives companies performance data and insights into the candidate pool.
<b>B Corp</b>	A certification for businesses that balance purpose and profit, have a high environmental and social performance and have the consideration of stakeholders built into company principles. See <a href="#">here</a> for the write-up of our event with <a href="#">B Corp</a> .
<b>Carbon Neutral</b>	When any carbon dioxide emitted is balanced by an equivalent amount being removed.
<b>Carbon Negative</b>	When more carbon dioxide is being removed by the atmosphere than being emitted.
<b>Carbon Offsetting</b>	Carbon offsetting (or voluntary carbon offsetting) is the idea that actors can take responsibility for unavoidable emissions by purchasing an equivalent quantity of avoided or sequestered carbon.
<b>Climate Action Term Sheet</b>	Our term sheets include a climate action clause to signify our commitment to advancing our portfolio's work on achieving sustainability goals. This includes adopting a climate policy within 12 months, as well as evaluating and implementing best practices with regards to ESG. We have adapted this from the <a href="#">Leaders for Climate Action' Sustainability VC Clause</a> .
<b>Climate Positive</b>	The same as "carbon negative".
<b>Cycle to Work Scheme</b>	Cycle to Work Scheme is a government initiative, which offers a tax-exempt loan scheme for employees to purchase cycling equipment in exchange for part of their salary. Talis implemented this scheme in 2020.
<b>DiversityVC Standard</b>	<a href="#">The DiversityVC Standard</a> was launched by DiversityVC in 2020 to provide VCs with the tools and recommended practices they need to open their networks and make funding available to underrepresented founders, as well as the resources needed to cultivate an environment where founders and colleagues from all backgrounds feel they belong in the industry and the ecosystem. Talis was <a href="#">certified by the Standard</a> in 2021.

# Glossary

<b>Exclusion Criteria</b>	At Talis we don't make investments in a specific list of harmful industries. You can read more in our Responsible Investment Policy <a href="#">on our website</a> .
<b>FutureVC</b>	<a href="#">FutureVC</a> is an internship and development programme designed to support talented underrepresented individuals to learn about and work in the venture capital industry, and in turn improve the inclusiveness of VC. Talis has participated in 2020 and 2021.
<b>Greenhouse Gas Protocol (GHG)</b>	The <a href="#">Greenhouse Gas Protocol</a> is the internationally recognised and most widely used standard for greenhouse gas accounting. The GHG Corporate Standard classifies a company's GHG emissions into three 'Scopes'. See more in Scope 1, 2 and 3.
<b>IFC Exclusion List</b>	This is a list of types of projects that the International Finance Corporation (IFC) does not finance. See <a href="#">here</a> for full list.
<b>Launch It</b>	<a href="#">Launch It</a> is a youth enterprise charity that provides young people with the space and support they need to start a business. The charity primarily supports young people aged 18-30 from disadvantaged backgrounds to start and grow their businesses. At Talis, many of us mentor these young business owners, utilising our experience to help them drive their businesses forward.
<b>Leaders for Climate Action</b>	<a href="#">Leaders for Climate Action</a> is a community of business leaders and climate officers that are all driven by the need to reduce emissions in their organisations. The platform provides clear guidance on how to achieve climate neutrality as well as access to their carbon footprint calculator.
<b>The Oxford Offsetting Principles</b>	The <a href="#">Oxford Offsetting Principles</a> are a set of principles to guide offsetting activities to ensure they help to achieve a net zero society. Firstly, the principles prioritise cutting emissions. Secondly, they advocate for high-quality offsets that remove carbon rather than avoiding or reducing emissions elsewhere. They see carbon removal offsetting, with long-term storage as best practice and suggest regularly revisiting offsetting strategy as best practice evolves.
<b>Net Zero</b>	Used interchangeably with 'carbon neutrality'. Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere. Getting to net zero means reducing to zero and/or ensuring that any ongoing emissions are balanced by removals.

# Glossary

<b>SASB</b>	The <a href="#">Sustainability Accounting Standards Board (SASB)</a> is a non-profit organisation focused on independent standards setting. SASB sets industry-specific ESG standards and has determined a set of standards that are most financially material for each industry. The <a href="#">SASB Materiality Map</a> is an interactive tool that identifies and compares disclosure topics across different industries and sectors. It helps investors to focus on areas they should analyse when investing in an industry.
<b>Science-Based Targets</b>	Science-Based Targets are defined pathways for companies to reduce greenhouse gas (GHG) emissions that are built upon the idea of a global carbon budgets. The methodology of the <a href="#">Science-Based Targets initiative</a> (SBTi) enables companies to set a target based on the required decarbonisation of the sectors in which they operate.
<b>Scope 1</b>	Under the <a href="#">Greenhouse Gas Protocol</a> , these are direct GHG emissions from operations that are owned or controlled by the reporting company.
<b>Scope 2</b>	Under the <a href="#">Greenhouse Gas Protocol</a> , these are indirect GHG emissions from the purchase of electricity, steam, heating or cooling consumed by the reporting company.
<b>Scope 3</b>	Under the <a href="#">Greenhouse Gas Protocol</a> , these are indirect GHG emissions with 15 categories of upstream and downstream emissions. These include purchased goods and services, transport and distribution, business travel, leased assets, investments, use of sold products and many more. The Greenhouse Gas Protocol has guidance on what Scope 3 categories are relevant to your business.
<b>SME Climate Hub</b>	<a href="#">The SME Climate Hub</a> is a platform where small and medium-sized businesses can make climate commitments, join the UN's Race to Zero campaign and access a number of free tools and resources to get started on their climate journeys .
<b>UN Race to Zero</b>	<a href="#">The UN Race to Zero</a> is a global campaign to rally leadership and support from businesses, cities, regions, investors for a healthy, resilient, zero carbon recovery.
<b>UN SDGs</b>	<a href="#">The United Nations Sustainable Development Goals (UN SDGs)</a> are a set of 17 global goals designed to achieve a better and more sustainable future. The SDGs were set up in the 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.
<b>Zero Emissions</b>	Zero emissions refers to processes where no carbon dioxide is released at all.

# Full ESG Questionnaire

- What is your name?
- Which company do you represent?
- Which of these best describes our relationship (e.g. existing portfolio, prospective portfolio)?
- What stage was your latest funding round, excluding bridge rounds or extensions?
- Does your company track its carbon emissions? (If yes, breakdown by Scope 1, 2 & 3)?
- Does your company use green web hosting services?
- Will a carbon-constrained world likely have a negative impact on your business model (e.g. a carbon tax)?
- Is your company looking to minimise its total emissions and/or resource consumption? (If yes, are you looking for support?)
- What gender does the founder/founding team identify as?
- What is the total number of employees who identify as women?
- In the last financial year, what percentage of your board of directors identified as women?
- What is the ethnicity of the founding team?
- What is the total number of employees who identify as ethnic minorities?
- In the last financial year, what percentage of your board of directors identified as ethnic minorities?
- Has the company put any Diversity & Inclusion strategies in place?
- Does your company ensure compliance with national employment regulations?
- What policies are in place at your company?
- Does your company have processes in place to protect sensitive data (such as customer or employee information)?
- Has your company implemented an IT security management system?
- Does your company contribute to any of the UN Sustainable Development Goals?
- Do you have any feedback regarding the questionnaire?
- How do you see ESG risks and opportunities within your company?
- Is there anything else you'd like to share?

# References & attributions

<b>1</b>	Datamaran, 2021, 'Materiality Definition: The Ultimate Guide', <a href="https://www.datamaran.com/materiality-definition/">https://www.datamaran.com/materiality-definition/</a> , accessed 19.10.21
<b>2</b>	UNCTAD, 2018, '90% of fish stocks are used up – fisheries subsidies must stop', <a href="https://unctad.org/news/90-fish-stocks-are-used-fisheries-subsidies-must-stop">https://unctad.org/news/90-fish-stocks-are-used-fisheries-subsidies-must-stop</a> , accessed 23.10.21
<b>Attributions</b>	Art used from <a href="#">SBTS2018</a> , <a href="#">Freepik</a> and <a href="#">tulpahn</a> .



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