

2023 ESG Report

Advancing ESG across the venture ecosystem

June 2024

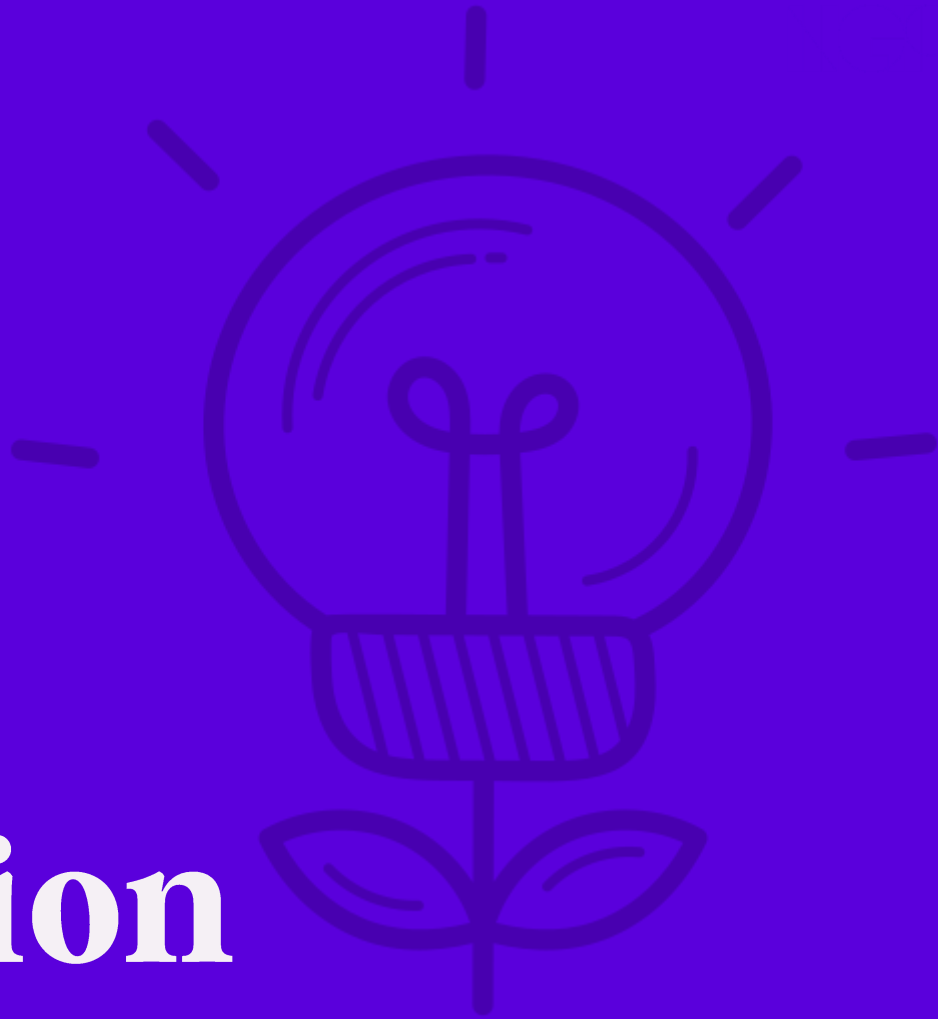


Contents

- **Introduction**
 - About Us
 - Three pillar framework
- **ESG in portfolio**
 - 2023 survey results
 - Portfolio highlights
 - Portfolio impact
- **ESG in investing process**
- **ESG at NGP**



Introduction



A message from NGP Capital

Every company is an actor of change. Our pledge is to be conscious and deliberate in our impact

“



We believe that integrating environmental, social, and governance (ESG) principles into our investment strategy is not just a responsibility but a strategic advantage.

We are committed to fostering sustainable growth and ethical practices in the companies we invest in, ensuring they not only thrive financially but also contribute positively to society and the environment.

- Bo Ilsoe, Managing Partner

We are pleased with the participation and progress of our firm and our portfolio companies across the venture ecosystem in 2023. While there is much work to do, we recognize the importance of measuring our efforts and setting goals each year.

- Monica Johnson, Operating Partner & CFO



NGP Capital at a glance

NGP Capital backs early-stage B2B companies from Series A onwards in the U.S., Europe, Israel, and China within enterprise software, industrial tech, cybersecurity, and infrastructure.

Through its \$400M fifth fund launched in 2022, NGP Capital invests in companies driving the convergence of the physical and digital.

Founded in 2005, NGP Capital has over **\$1.6B in AUM** and has invested in **more than 100 companies**, of which 18 became unicorns and 11 went on to IPO.

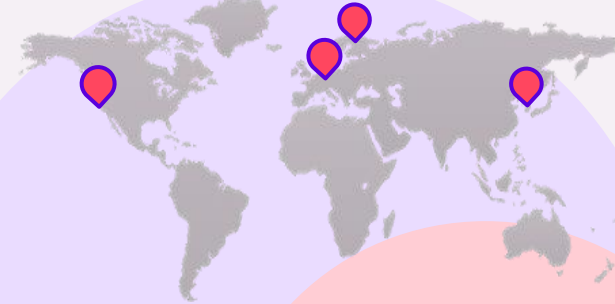
The companies NGP has backed include Scandit, Lime, ANYbotics, Akeyless, Xona Space Systems, SecurityScorecard, and many others.

Visit www.ngpcap.com for more information.

Private & Confidential

Global presence

Offices in Berlin, Helsinki, Palo Alto, and Shanghai



Team Size

30

Across investments, portfolio development, finance, marketing, data & analytics, and more

Our investment focus

NGP Capital invests in companies driving the convergence of the physical and digital.

As a thesis-driven fund, we invest across four thematic sectors:

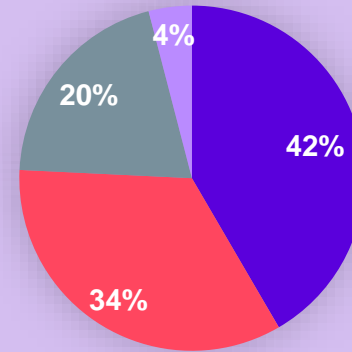
Industrial Technology

Cybersecurity

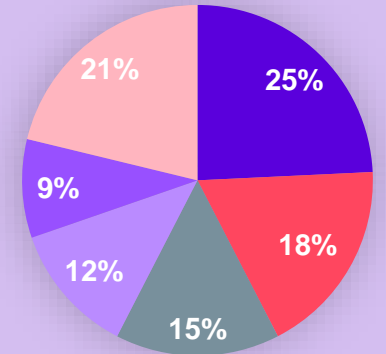
Enterprise Software

Edge & Data Infrastructure

NGP Portfolio by Geography



NGP Portfolio by Sector



- Europe
- US
- China
- India
- Industrial Technology & Logistics
- Enterprise Software
- Edge & Data Infrastructure
- Smart Mobility
- Cybersecurity
- Other

Data based on active portfolio cost

NGP portfolio sector includes all active portfolio companies (III, IV, & V); the sector graph is based solely on companies in funds IV & V.

3 pillars of ESG at NGP



Our impact across the venture ecosystem

ESG in portfolio management

- ESG support across the portfolio. NGP provides tools, frameworks and resources.
- ESG governance and influence at the Board level.
- ESG metric measurement and tracking.

ESG in the investment process

- Incorporation of ESG elements into our investment decision process.
- ESG framework used as part of due diligence & IC process.
- Exclusionary investment screening.

ESG at NGP Capital

- Internal fund management that supports our **core values**.
- Diverse and inclusive practices that we operationalize across our team.
- Measuring and managing our environmental footprint.

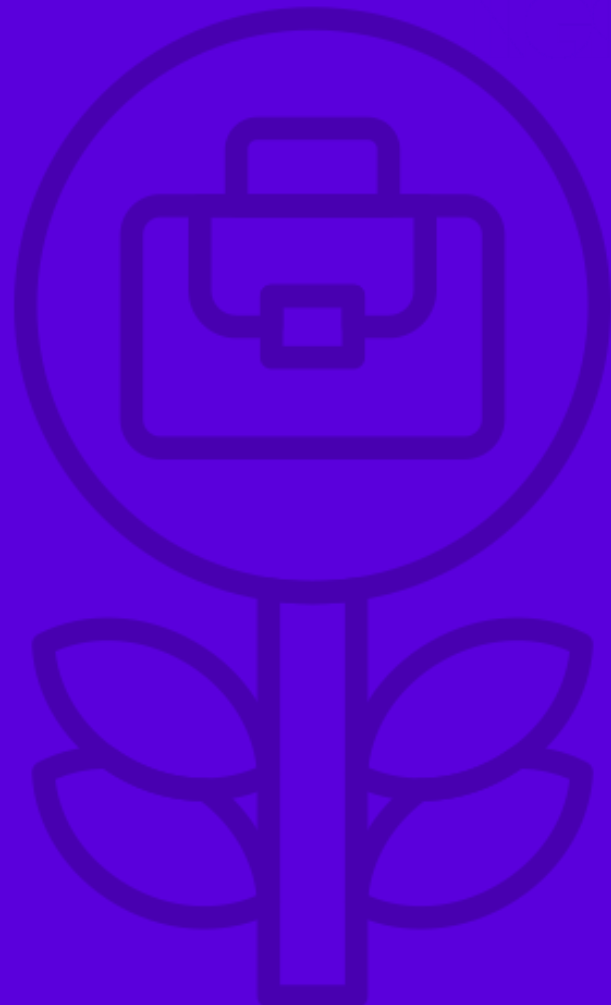
Curiosity

Do the right thing

Inclusivity

Insightfulness

01. Portfolio



Survey participation

Participation increased to 72% of the portfolio with Europe leading with 100% participation

The 2023 Survey was sent to 43 companies across the US, Europe, and China:

72% response rate +4ppts year over year

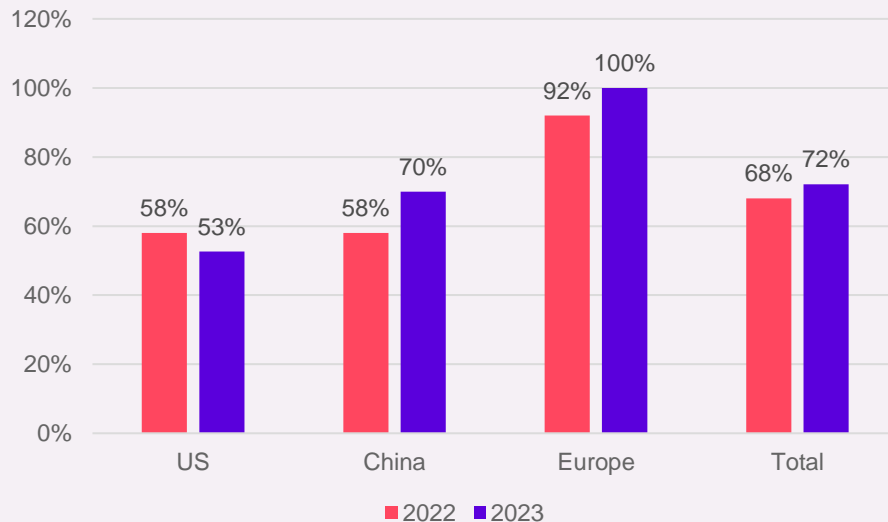
Response rate by region:

- Europe's response rate hit **100%**, up from 92% last year. The European region is further along its ESG journey, with many funds and LPs requesting ESG metrics.
- China companies increased their participation rate to 70 percentage points.
- US company participation declined 5 ppts

Companies are increasingly appointing ESG leads as their focus increases: over **25%** of our portfolio companies now have a designated ESG contact within their organization.



Response rate by region



Environmental highlights

Increasing emphasis on tracking environmental impacts

While many portfolio companies do not yet monitor their emissions or waste, in 2023 the environmental focus increased as five additional companies began assessing their environmental impact.

Most companies that are tracking greenhouse gas emissions are based in Europe, whereas many U.S. portfolio companies are still in the process of understanding their environmental impact and carbon emissions.

As the importance of waste and emissions tracking continues to grow, we anticipate that more companies will start to measure their environmental footprint.



Our companies focus on reducing carbon emissions in a variety of ways:



“Our head office in Berlin is supplied with 100% renewable energy and includes features like thermal and acoustic insulation, reduction of air circulation at off-peak times, and energy-saving lamps.”

–Babel

“We have implemented and follow strict recycling and energy saving rules at all our office locations. We encourage, financially support and financially incentivise the use of public transport in all locations.”

–Scandit

“We conduct annual carbon footprint assessments to measure our emissions, and we set an ambitious target of a 5% CO2 emission reduction per year.”

–Shippeo

Social highlights

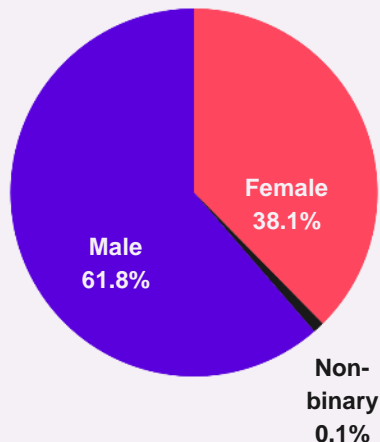
Women compose just 38% of workforce

Total employees

Gender diversity: modest progress, +1ppt

For companies that reported gender diversity in 2022 and 2023, the percentage of female employees increased slightly from 38% to 39%.

Including new companies in the data set, the total percentage of female employees in 2023 was 38%.



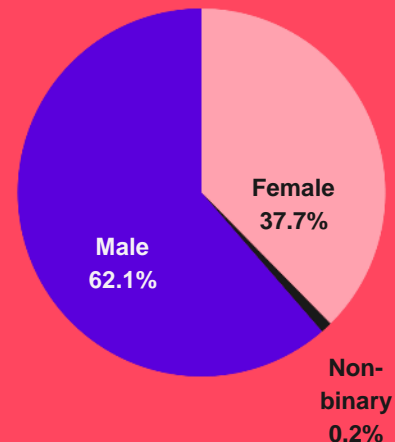
Although still below 50%, female managers increased by 3 percentage points in 2023

Management employees

Diversity in management: +3 percentage points

The percentage of women in management roles increased year over year from 35% to 38%.

Women now make up the same percentage of management roles as non-management roles.



Social highlights

How our portfolio is tackling diversity

Over 33% of our portfolio companies have a policy in place to ensure diversity in hiring. Diversity targets and policies include:

- Requirements for diverse candidate pools across all roles
- Targeting a minimum female-to-male ratio
- Writing job descriptions in an inclusive manner
- Including a diversity and inclusion statement on all job descriptions
- Training peers involved in the hiring process on non-discriminatory hiring practices
- Sourcing tools that provide diversity statistics to confirm that the posting is reaching a diverse pool of candidates

A large blue circle is centered on the right side of the slide. Inside the circle, the text is written in white. In the background of the circle, there is a faint, light blue graphic of a person's head and shoulders, with a circular pattern around the head, suggesting a global or diverse perspective.

**Our global portfolio
represents 22
different ethnicities
with headquarters
across 9 countries**

Social highlights

Employee health and wellbeing is top of mind

Examples of health and wellbeing initiatives our portfolio companies have in place include:

- Mental health benefits, including access to apps such as Unmind, Headspace, OpenUp, and Spring Health
- Fertility assistance
- Wellness and fitness stipends for employees. Some companies allocate this money specifically for fitness expenses such as gym memberships, while others have broader employee wellness stipends that can go towards personal training and development or WFH equipment
- Access to fitness and wellbeing applications such as Thrive, Aaptive, Wellpass, and Whoop
- Team sports classes and corporate sponsorships for events & races

A large blue circle is centered on the right side of the slide. Inside the circle, the text '81% of companies have initiatives to support employee health and wellbeing' is written in white. The background of the circle features a faint, light blue graphic of a hand holding a heart, symbolizing care and support.

**81% of
companies have
initiatives to support
employee health and
wellbeing**

A majority of companies also seek employee feedback through annual employee satisfaction surveys

Social highlights

Investing in employees

Skills for the future

In 2023 companies spent on average ~\$350 per employee on training and development. This is expected to almost double to ~\$600 in 2024. Examples of training and development benefits offered include:

- 1:1 coaching and peer mentorship programs
- Dues for professional associations
- Leadership workshops
- Access to tools like Udemy, Coursera, and LinkedIn Learning
- Tuition reimbursement programs
- Personal development budgets for subscriptions to newsletters, books, professional certifications, conferences, and more

RSUs/stock options

- 96% of our portfolio companies provide stock options or RSUs to employees as a benefit
- Of these companies, on average 80% of their employees receive stock options or RSUs



**91% of portfolio
companies have
programs in place to
upgrade employee
skills**

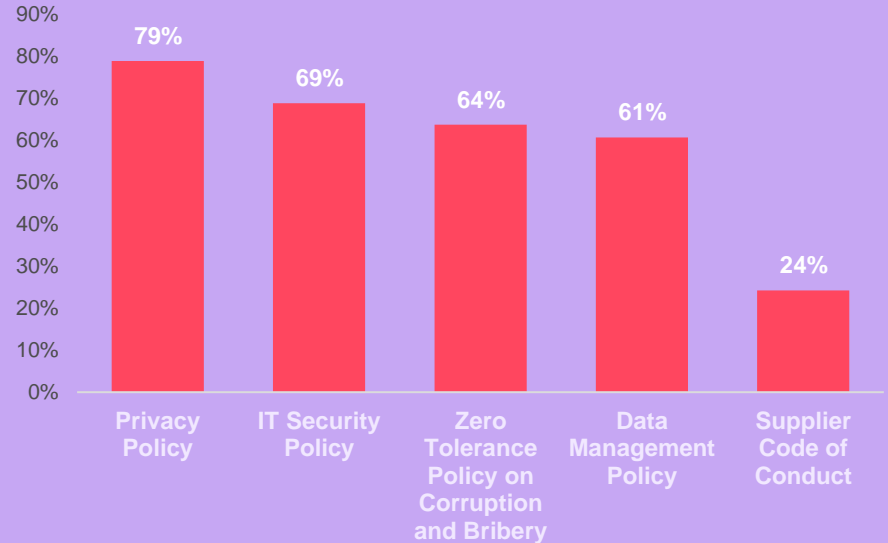
Governance highlights

Most companies start with an employee handbook and add more policies each year

- **The majority (79%) of our companies have a privacy policy in place** and 69% have an IT security policy. Additionally, 94% of companies provide employees with training and guidelines on how to handle confidential and sensitive information.
- **Over 60% of companies with zero-tolerance policies on bribery and anti-corruption** in place also provide training and resources to employees. Examples include annual policy certifications, ethics courses, and internally circulated anti-corruption guidelines.
- **Less than 25% of companies have a supplier code of conduct.** Most of our companies do not formally include ESG factors in their supplier evaluations. Companies that do, range in sophistication with some companies including carbon criteria in sourcing decisions.



What % of companies have the following policies in place?



Governance highlights

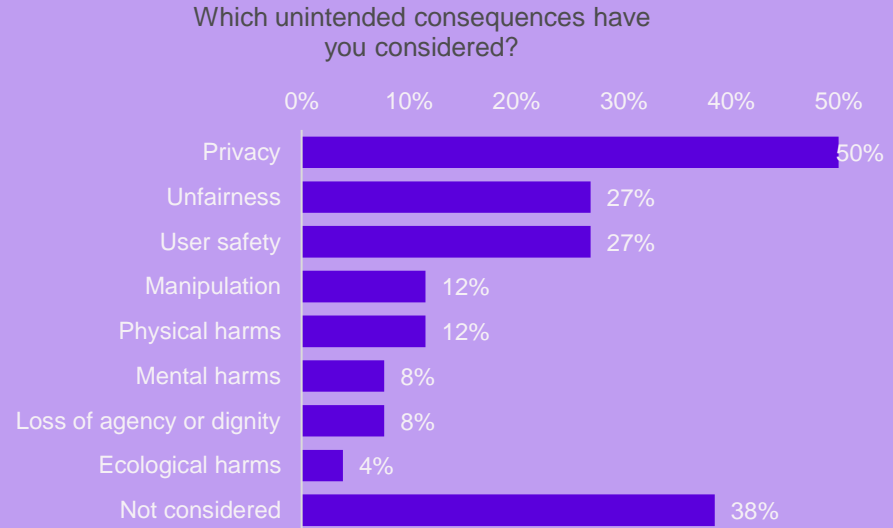
Responsible use of technology

Unintended consequences and responsible use of technology are becoming increasingly important in the age of AI. Now more than ever, companies are being asked to consider how their products and services could be used.

Over 60% of companies have considered unintended consequences, with privacy issues being the largest concern.



Privacy is top of mind for portfolio companies as they consider unintended consequences for their products and services



Governance highlights



Board governance: Diversity and ESG focus are in early stages at many of our Boards



5

Most common **board size**, later stage companies average 7-9 board members



12%

Women occupy just 12% of board seats

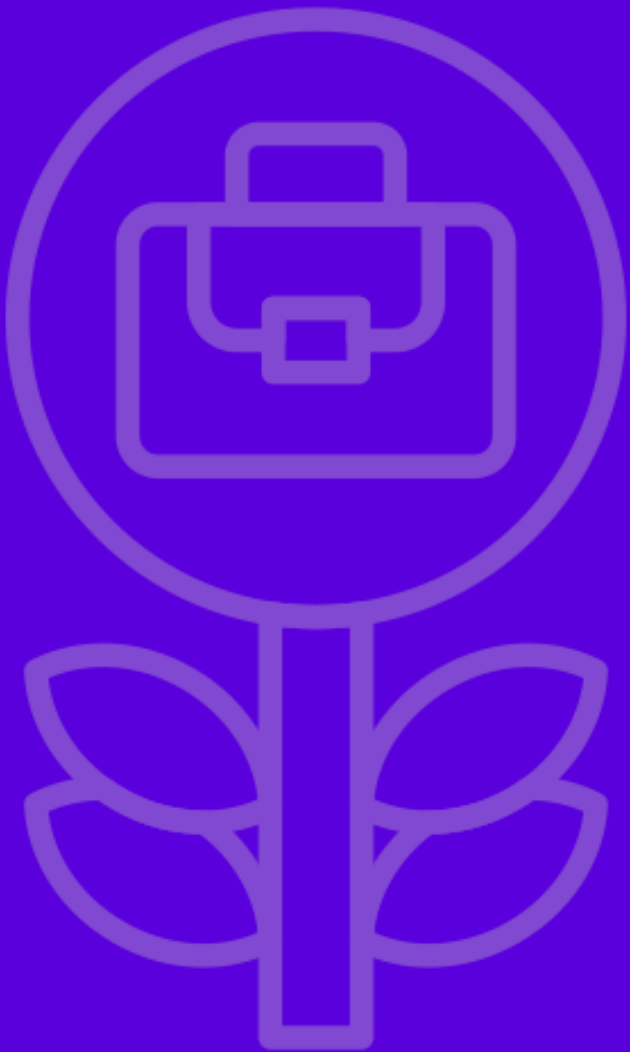
39%

Percent of companies that have **at least one female board director**



14%

Percent of companies that include **ESG as a regular part of their board agenda**



Portfolio highlights

Improving the environment



Lime: Getting to net zero by 2030

Headquarters: San Francisco, CA

Stage: Series D

Headcount: 700

NGP Investment Year: 2017

Description: Lime is a leading global micromobility operator. In 2023, 156 million trips were completed across Lime's fleet, the equivalent of five trips per second for the entire year.

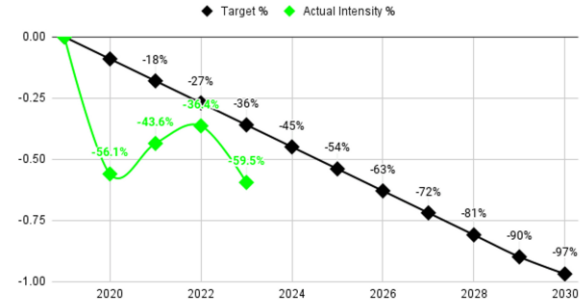


Changes to hardware design, such as switching to swappable batteries, reduce waste and prolong vehicle lifetimes. The result is lower carbon emissions and reduced maintenance and replacement costs.

59.5%

Reduction in emissions in 2023, compared to 2019 baseline

Lime's Progress Toward 2030 Net Zero Target (tCO2e/km)



In 2020, Lime committed to reaching net zero emissions by 2030. To achieve this lofty goal, Lime committed to operating fully electric fleets, powering warehouses with renewable energy, designing more repairable and durable bikes, eliminating carbon-intense shipping methods, and engaging across their supply chain to promote aggressive climate action. The preliminary results are in, and Lime has cut its emissions intensity by 59.5% in 2023 from the company's 2019 baseline. In 2023, Scope 1 emissions (direct emissions from onsite combustion and mobile sources that the organization controls) were reduced by 32%, Scope 2 emissions (purchased electricity) were reduced by 100%, and Scope 3 emissions (indirect emissions from suppliers, travel, and transport of goods) were reduced by 16%. For 2024, Lime has already begun using zero emission vehicles to transport bikes, scooters, and parts to distribution centers. The company is also sourcing low-carbon aluminum for their scooters, cutting emissions on the single biggest source of their impacts, their award-winning vehicles. All of these efforts are part of Lime's pursuit to provide clean electrified micromobility solutions.

Advancing social impact



ANYbotics: driving workplace safety

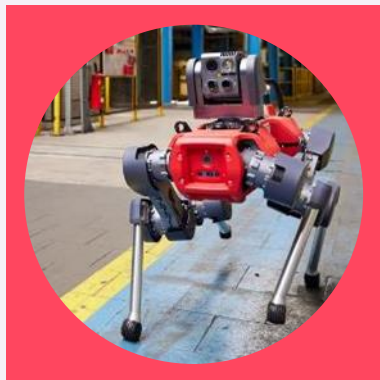
Headquarters: Zurich, Switzerland

Stage: Series B

Headcount: 154

NGP Investment Year: 2023

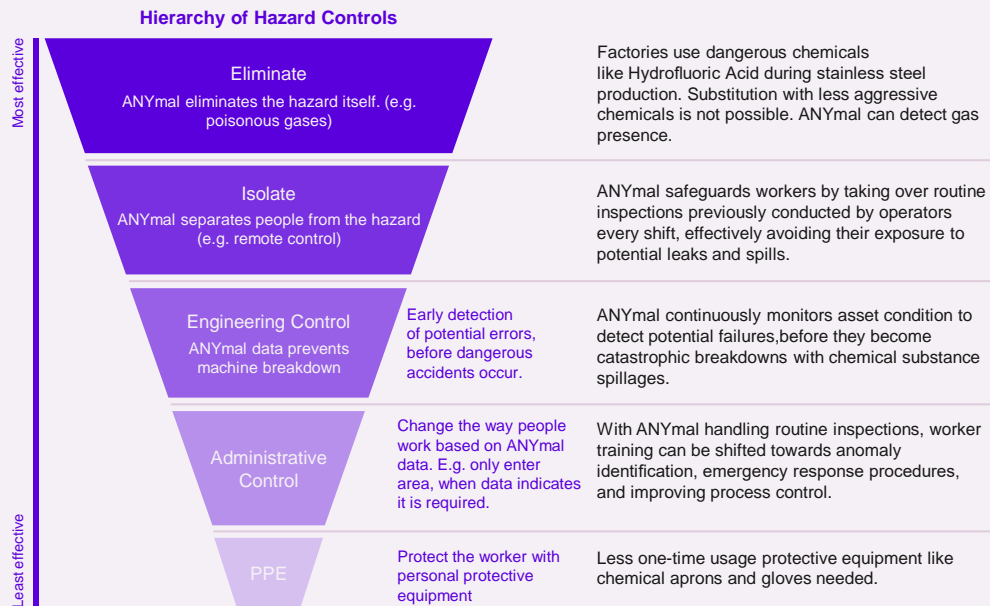
Description: ANYbotics provides autonomous legged robots, called ANYmals, for industrial applications to provide high availability and reliability in automated routine inspections. ANYmal robots are often deployed in hazardous work environments and reduce employee exposure to chemicals.



-72%

Exposure time in hazardous zones

Outokumpu is a global stainless-steel manufacturer that started deploying the ANYmal robot in June 2023. By using ANYmal, employees' exposure time to hazardous substances was reduced by 72% and Outokumpu estimates that hazardous maintenance repairs could be reduced by 20%.



Demonstrating strong governance



Shippeo: setting ESG goals for 2024

Headquarters: Paris, France

Stage: Series B

Headcount: 213

NGP Investment Year: 2019

Description: Shippeo provides real-time multimodal transportation visibility, helping major shippers and logistics service providers achieve operational excellence. Shippeo offers a Carbon Visibility tracker that helps shippers and carriers measure CO2 emissions, allowing users to track trends and create actionable carbon reduction plans.

Shippeo's ESG Priorities for 2024 are a great example of actionable targets:

E

Reduce carbon footprint emissions by 5%. In 2024, Shippeo is focused on reducing emissions by sourcing energy for their headquarters exclusively from renewable sources, launching a new remote work policy to minimize commuting, and raising awareness both internally and externally with suppliers.

S

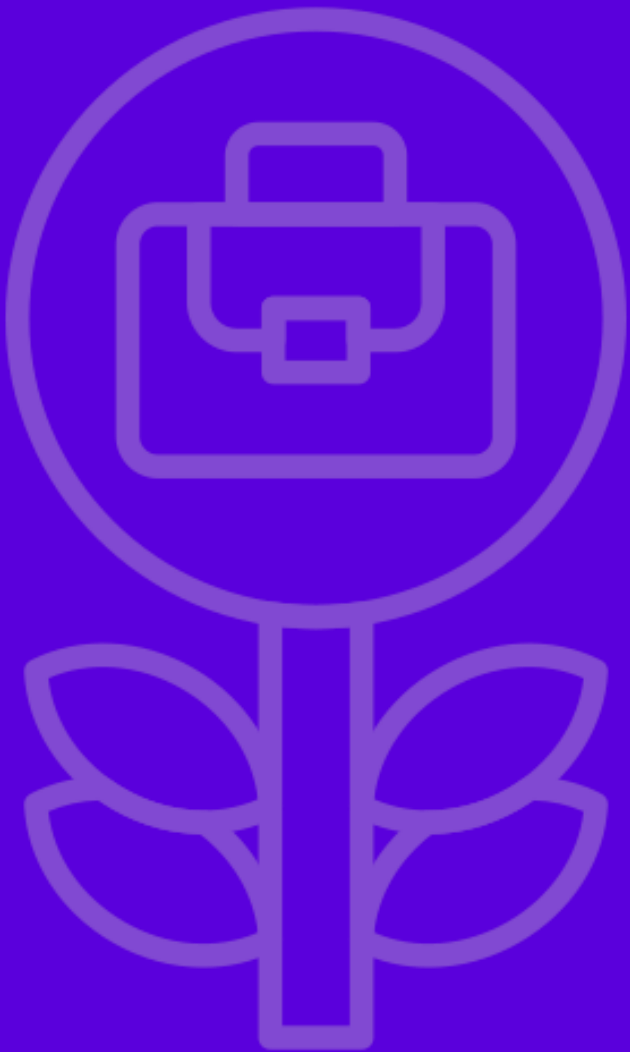
Continuous improvement of Diversity, Equity and Inclusion. In 2023, Shippeo focused on fostering inclusion for people with disabilities by nominating a Disability Advisor, updating their hiring process, and offering training. In 2024, attention will shift to improving gender equity through measures like establishing employee resource groups.

G

Obtain ISO 27001 certification for information security management. ISO 27001 requires companies to have comprehensive systems in place to manage risks associated with data security. This certification will enhance Shippeo's credibility with customers and partners by demonstrating a serious commitment to data security.

How to start tracking carbon? Advice from Shippeo

- **Define goals and set KPIs:** set specific and measurable targets such as reducing kWh of electricity used by 10%.
- **Get internal executive sponsorship:** important for championing initiatives and getting budget allocation.
- **Create a budget:** allocate a budget for carbon tracking tools, purchasing offsets, and financing projects to reduce emissions. Budget size depends on the scope of the project.
- **Set boundaries (scope):** Decide what activities and emissions you will track. For example, only tracking business travel exceeding a certain distance.
- **Start small:** Don't try to be perfect initially. Begin with Scope 1 and 2 emissions, then expand to Scope 3 as you gain experience.



Portfolio impact

Positive net impact of NGP's portfolio

Net impact of +41% compared to -7% for Fortune 500

The Upright Project:

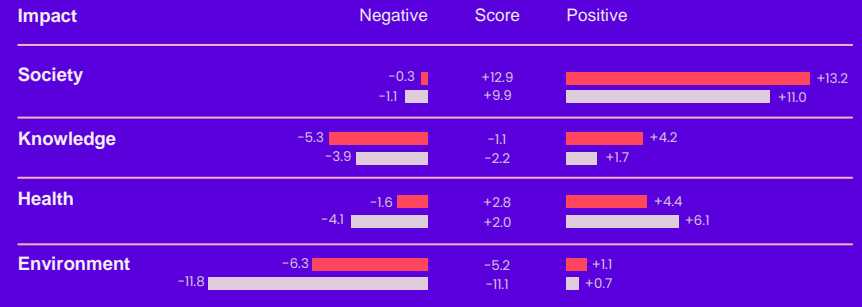
NGP Capital partners with the Upright Project to quantify the net impact of all our investments. The Upright Project measures net impact by looking at the sum of a company's positive and negative impacts on the environment, health, society, and knowledge.

Companies receive negative scores for things like using scarce resources or causing pollution and receive positive scores for actions such as generating jobs or improving healthcare. Learn more about the Upright Project [here](#).

+41% net impact from NGP's Portfolio:

NGP's net impact ratio is +41%, driven by increased jobs and taxes, improved distribution of knowledge, and enhanced physical wellbeing resulting from our portfolio companies' products. For comparison, The US Fortune 500 has a net impact ratio of -7%, with lower job creation and much higher negative environmental impacts than NGP Capital.

Net impact profile



Net impact ratio

- NGP Direct Investments- All 41%
- US Fortune 500 -7%

Portfolio alignment with the United Nations Sustainable Development Goals



Other SDGs our portfolio companies contribute to:

<p>1 NO POVERTY</p>	<p>4 QUALITY EDUCATION</p>
<p>5 GENDER EQUALITY</p>	<p>13 CLIMATE ACTION</p>

50% of our companies align with one or more SDG

02.

Investing Process



ESG in the investment process



NGP analyzes ESG and sustainability risks as part of the investment process and then incorporates sustainability clauses into term sheets and legal docs.

Due diligence/ investment memo



- Sustainability assessment and scoring framework used in due diligence.
- Dedicated sections in the investment and pre-closing memos
- Exclusionary screening list

Term sheet/ Shareholder agreements

- Sustainability clause in the term sheet
- Sustainability paragraph added to the shareholder's agreement document



Examples of ESG in NGP's investment process



Due Diligence

Sustainability Assessment:

Included as part of our standard investment diligence process. Sustainability risks are assessed and considered.

		Assessment	Rationale
Environment			
Carbon footprint	Eg., Tracking & reduction of scope 1, 2 and 3 emissions?		• [-]
Sustainable Supply Chain	Eg., Supply chain transparency? Sustainable procurement?		• [-]
Social			
Workforce responsibility	Eg., Health & safety, employee turnover tracking, training & development?		• [-]
Responsible use of Technology	Eg., Responsible AI, security, data privacy, dual use considerations?		• [-]
DE&I	Eg., Pay equity, anti-discrimination, diversity and inclusion policy?		• [-]
Governance			
Management	Eg., Board structure, mgmt. compensation, anti-corruption clauses?		• [-]
Legal & regulatory	Eg., Data privacy & security policy, compliance, transparency & reporting?		• [-]

Legal Docs/ Term Sheet

Term Sheet Clause:

Our standard term sheet template now includes a clause on sustainability.

Sustainability

After closing, the management commits on a best effort basis to evaluating and implementing best practices of its business activities with respect to Environment, Social and Governance (ESG) aspects. This includes the company's internal practices and external impact of the business model, services/products. Such policies and practices will be discussed with and reported to the board.

Shareholder Agreement:

Standard addition where we lead a deal.

We, the company, intend to combine economic success with ecological and social success. In this context we are committed to evaluating our business practices and taking responsible action with regards to Environmental, Social and corporate Governance (ESG) aspects.

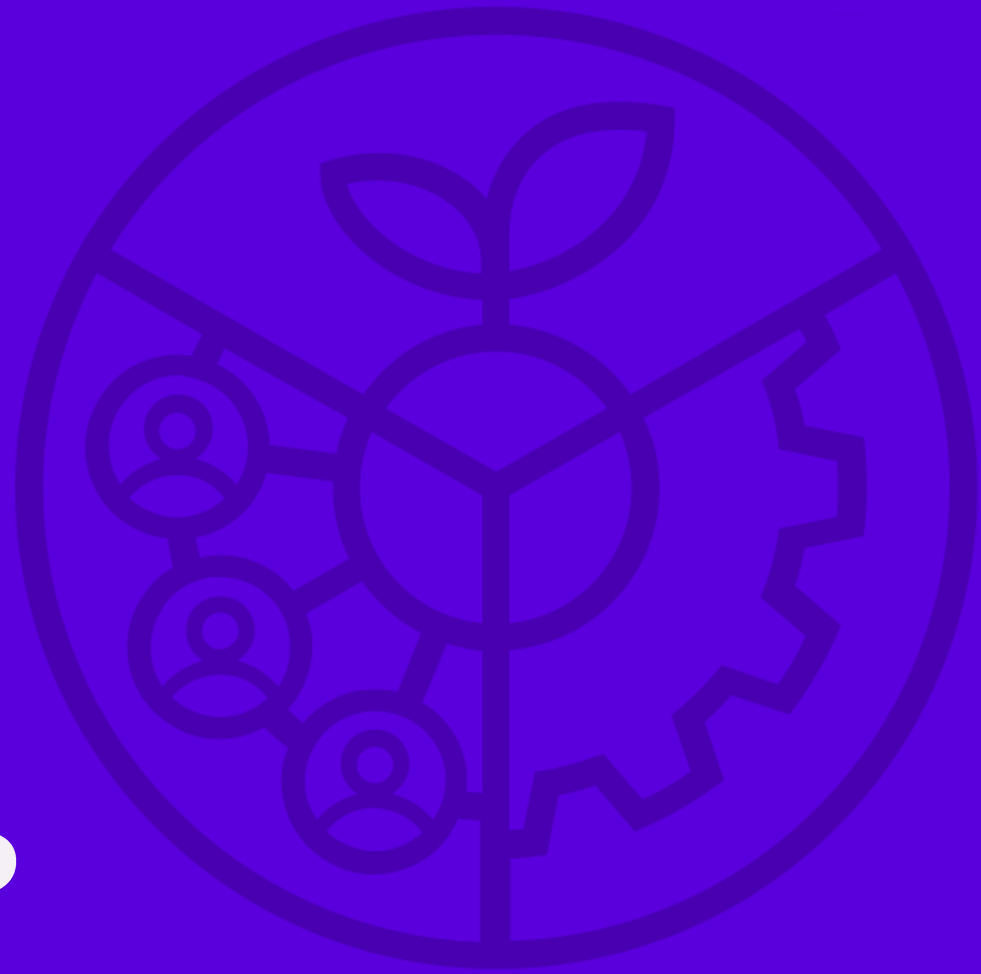
Therefore, we commit on a best effort basis to:

1. Measure the carbon footprint of our business activities within the company by using an appropriate assessment framework.
2. Evaluate and implement measures to reduce our carbon footprint, preferably with yearly targets that include the business model / product implications.
3. Assess our current performance in terms of other ESG criteria in addition to the carbon footprint and our environmental impact. Implement sustainable measures to improve the company's environmental, social and corporate governance (ESG) impact.

The measures will be reviewed regularly, and its progress will be reported to the board annually.

03.

ESG at NGP



ESG at NGP Capital



It all starts with us...NGP's ESG team includes an integrated team across investment, communications, finance, and administration teams. We have an ESG policy that holds us accountable as we continue to expand our focus on sustainability.

Focus Areas:

Environment

- NGP tracks its Scope 1-3 GHG emissions and purchases carbon offsets each year
- We focus on waste reduction through reusable materials and recycling at our offices
- We offer carbon tracking tools to our portfolio companies

Social

- NGP provides diversity and inclusion training to employees
- We gather and track diversity and benefits data on our portfolio companies and share the information as a benchmark
- We support local communities through donations and volunteer work

Governance

- As a UNPRI signatory, NGP agrees to incorporate ESG into our investment analysis, gather ESG data from investments, and report on progress towards ESG goals
- We review our ESG governance policies frequently to hold ourselves accountable
- We create and share policy templates with our portfolio companies

NGP's GHG emissions



NGP offset 2022 carbon emissions with purchased offsets from [Bonneville Environmental Foundation](#).

In 2022 our carbon offsets went towards the Clinton Landfill Gas Project, located in Clinton, Illinois.



Championing diverse boards



NGP Capital, in collaboration with Egon Zehnder, a global executive search firm launched the Vanguard Black Board Readiness Program in 2022. The year-long program aims to empower Black executives, providing them with an avenue to shatter glass ceilings and secure non-executive board positions at venture-backed startups and private companies.



FirstBoard.io® is a curated collective of accomplished women leaders comprised of sitting board directors and board-ready executives with expertise in accelerating growth across different domains from early stage to IPO and beyond.



Partnering with ESG organizations



ESG organizations and communities we engage with to increase our impact:



We are signatories to the UNPRI. The UNPRI believes that an economically efficient, sustainable global financial system is a necessity for long-term value creation.



We are active members of VentureESG, a community-based non-profit organization from VCs for VCs to support the ESG ecosystem with meaningful ESG integration.



We support Venture Forward, a nonprofit founded by NVCA to support venture capital investors by addressing imbalances of access, resources, and opportunity.



We work with Upright to assess NGP and our portfolio. Upright is on a mission to equip investors, customers, employees, and companies themselves with common sense impact data to enable more fact-based decision-making.

FirstBoard.io

We are a sponsor of FirstBoard.io and our operating partner, Monica Johnson, is on the Leadership Council. FirstBoard.io is creating a powerful ecosystem that promotes diversity of perspectives and excellence in the boardroom.

Inklusiv

We support Inklusiv, a DEI agency helping Nordic organizations build more diverse, inclusive and equitable workplaces.



We support Neythri, a global community of South Asian professional women. Neythri fosters leadership through connections, mentoring, learning, and support.

“ I am immensely grateful for the sponsorship from NGP Capital, a partnership that significantly amplifies our mission at Firstboard.io® to increase the representation of women technology leaders on company boards. The involvement, active participation, and leadership of NGP Capital have been invaluable. I look forward to continuing our collaboration, driving forward our shared commitment to enhancing board diversity.

Rita Scroggin
Founder, FirstBoard.io

Supporting local organizations



Supporting local communities through donations and volunteer activities



PATRIZIA
Foundation

Non-profit working to improve educational infrastructure, health, and welfare globally.



BOYS & GIRLS CLUBS
OF THE PENINSULA

Organization promoting academic success and healthy lifestyles for young people in the Peninsula.



COMPASS
FAMILY SERVICES
Housing. Support. Hope.

Non-profit organization providing human services to homeless and at-risk families in the Bay Area.



Sprout Foundation provides education assistance to high school students in China.



Habitat 4 Humanity; a non-profit organization focused on building and improving homes for low income families.



Pelastakaa Lapset

Save the Children is an international non-governmental organization focused on humanitarian aid for children.



BERLINER Tafel E.V.

Germany's oldest food rescue organization. Berliner Tafel reaches over 165,000 people each month.

Thank you!

Thank you to all who participated in this year's survey. We look forward to reporting back next year as we continue to get a pulse check from our portfolio and the ecosystem at large.

In the meantime, if you have any questions about the survey or would like support for your ESG journey, please reach out to Monica Johnson: monica@ngpcap.com.

