

Ring Capital - ESG Policy

I. Introduction & Convictions

About Ring SAS

Ring Capital is an independent French Management Company, founded in 2017 by Nicolas Celier, a VC tech investor, and Geoffroy Bragadir, an entrepreneur.

Geoffroy and Nicolas who have known each other since high school later happened to be co-investors in a number of deals such as SoCloz, TextMaster, Smallable.... They teamed up in 2016 to create Ring and develop an ecosystem to finance and build sustainable tech leaders.

Ring's first investment vehicle, Ring Altitude Growth I, closed in December 2017 at €165m, is a growth capital fund focused on tech companies.

In early 2021 Ring achieved the first closing of Ring Mission Venture Capital I, a €50m venture capital investment vehicle, dedicated to investing in "Tech for Good" companies (developing tech products or services aimed at addressing major social or environmental issues) with a strong growth and impact potential.

Over the years, Ring has built strategic advantages to source dealflow and bring support to portfolio companies. The Ring team has notably designed the Ring2Success operational support program, federating 15+ experts to bring value in various business areas (strategy aligned with operations, HR, Sales and marketing, CSR,). The Ring team has also increased its competitive advantage by building proprietary tech tools including AI tools to detect upstream opportunities online, and a proprietary CRM to manage dealflow and leverage networks.

Convinced that actively promoting social and environmental responsibility is key to building a solid brand reputation and generating sustainable financial value, Ring has also built over the years a pragmatic and demanding roadmap to incorporate sustainability and ESG issues as a key pillar of Ring strategy. Our sustainability strategy is therefore declined at two levels: at the funds' level throughout our ESG investment process (ESG) and at the Management Company level in our Corporate Social Responsibility strategy (CSR). In 2021, Ring has recruited a dedicated Operating Partner to supervise this strategy.

Our convictions

As investors, our role is to support value creation in the long-run, and we firmly believe that only sustainable growth can last over time. This is why the companies of tomorrow will be the ones bringing business performance and sustainability into a virtuous circle.

Our vision is to have a global sustainability policy, aimed at contributing to both social and environmental issues, and serving value creation. We take real actions to embody this vision in a pragmatic and tangible way.

We therefore chose to focus on two topical issues, which we believe are key for our ecosystem, and on which we can have a real impact and support:

- the improvement of diversity in the tech ecosystem (including parity and inclusion);
- the reduction of the environmental footprint of tech solutions.

At the Management Company level, we have sharpened our CSR strategy over the years, and we have built a roadmap for the years to come.

At the funds level our sustainability strategy is embedded in the investment process through our ESG policy.

Convinced of its responsibility towards its ecosystem and its potential impact on portfolio companies, Ring Capital has continuously improved its ESG policy. We believe ESG analysis can be a tool for more value creation, and a way to engage founders, employees, customers and stakeholders. We are also convinced that ESG is a powerful tool to limit investment risks.

Objectives of the policy and scope of application

The aim of this ESG policy is to present the broad lines of Ring Capital's sustainable approach to investment and to the integration of ESG considerations into key stages of the investment process, its different commitments and contributions.

Ring Capital systematically integrates ESG criteria into its processes and investment decisions for all its funds: Ring Altitude Growth I and Ring Mission Venture I.

II. Our commitments

UN Principles for Responsible Investment

As a signatory of the UN Principles for Responsible Investment (PRI), Ring Capital is committed to fully implementing the six founding principles in its conduct of business, as follows :

1. we will integrate ESG issues into investment analysis and decision-making processes;
2. we will be active shareholders and integrate ESG issues into our share ownership policies and procedures;
3. we will seek, as much as possible, the entities in which we invest to be transparent about ESG issues;
4. we will promote acceptance and implementation of the Principles within the investment industry;
5. we will will work together to enhance our effectiveness in implementing the Principles;
6. we will report on our activities and progress towards implementing the Principles.

Initiative Climat International

In 2020 we became signatory of the Initiative Climat International

1. We recognize that climate change will have adverse effects on the global economy, which presents both risks and opportunities for investments.

→ Publicly demonstrate a commitment to act on climate change by becoming a signatory to the iC International.

→ Promote the initiative among private equity firms and encourage them to become a signatory to the iC International.

2. We will join forces to contribute to the objective of The Paris Agreement to limit global warming to well below two degrees Celsius.

→ Integrate climate change analysis into investment processes.

3. We will actively engage with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance.

→ Identify companies where climate change poses a material risk and carry out a measurement of its carbon footprint.

→ Meaningfully engage with management teams of portfolio companies to develop an emissions reduction and climate change action plan.

Charte Parité France Invest & Sista

We became early signatories of the Charte Parité France Invest drawn up with the Sista Collective. By signing the charter, its signatories, management companies and institutional investors invested in unlisted companies, affirm their determination to resolutely adopt an active approach to promote gender parity in management companies and in companies supported by French private equity. Ring Capital meets gender parity at the Management Company level.

Charte d'engagement des investisseurs pour la croissance - France Invest

As early adopters of the *Charte d'engagement des investisseurs pour la croissance* Ring commits to adopt and promote 16 good practices based on 4 pillars (economic, social, environmental and about governance).

Parental Act

To promote gender equality in the workplace, Ring Capital has signed the Parental Act, allowing for its employees 1 month of paid leave for the second parent after a birth.

III. Our Governance

Sustainability Committee

In order to structure its ESG policy, Ring Capital has built a dedicated governance body responsible for its global sustainable strategy. This Sustainability Committee is also in charge of defining our ESG strategy and implementation.

Composed of Ring Managing Partners and of the internal Ring ESG taskforce, the Sustainability Committee gathers once a year to review the ESG strategy, the ESG reporting and build an ESG roadmap.

In 2021, the Sustainability Committee will welcome an independent member.

ESG Reporting

Ring Capital conducts an annual ESG proprietary campaign on its funds and at the Management Company's level. Ring works with a specialized agency on the ESG questionnaires, campaign, information validation and reporting. The final ESG report includes ESG information related to portfolio companies and the Management Company.

This report is shared with our LPs on an annual basis. The latest ESG reports are available upon request.

Other reportings

Ring Capital signed the UN PRI in 2020. As a signatory of the UN PRI Ring Capital will annually reply to the PRI Questionnaire.

Team formation

Ring plans to organize more ESG trainings for the team in order to provide team members with assistance and/or external resources to help them understand and identify the relevance and importance of ESG factors in investment activities and monitoring.

IV. ESG policy throughout our investment process

Our vision is to use ESG to create value in our investment process and portfolio. We have developed a structured approach of ESG throughout our investment process.

Our ESG process has sharpened year after year and we have built a roadmap to further strengthen it on the years to come.

Scope of the ESG policy

The ESG policy at the funds level has been refined and implemented first at Ring Altitude Growth I's level and later at Ring Mission Venture I's level.

Ring Capital systematically integrates ESG criteria into its processes and investment decisions for all its AuM and funds : Ring Altitude Growth I and Ring Mission Venture I.

ESG criteria integration throughout our investment process

ESG criteria are embedded throughout our investment process, from deal sourcing and due diligence to portfolio monitoring to exit.

1. Pre-investment ESG analysis

In pre-investment phase, we systematically analyse ESG criteria in our deal analysis phases.

In sourcing phase we exclude deals in sectors such as tobacco, weaponry, alcohol, gambling... Moreover, we particularly consider investment in sectors where innovation can have a positive and real-world impact.

The investment team is in charge of reviewing the ESG information made available by the management, of analysing it in the Investment Memorandum, and it is fully part of the investment decision.

In the deal documentation, we systematically insert ESG clauses in the Term Sheet and Shareholder Purchase Agreement.

We have partnered, since 2020, with a specialized agency to systematically conduct ESG Due Diligence of the company post analysis of the deal. The Due Diligence results in analysis of key ESG factors of the company and recommendations to implement a roadmap.

2. Post-investment ESG support

In post-investment phase we have partnered with a specialized consulting agency to conduct an annual ESG reportings and analysis. This ESG campaign is used as:

- an approach to engage companies in a continuous improvement dynamic by providing them benchmark;
- an extra-financial analysis to detect any potential risks in our portfolio (HR, governance, regulation...);

- a tool to identify real levers of action and build a pragmatic sustainability roadmap with the company.

We systematically request companies to plan at least one board per year with ESG, where ESG stakes, strategy and roadmap are discussed with shareholders.

In addition, the Ring2Success operational support program is leveraged to provide portfolio companies with actionable resources and insights on ESG issues. The program organizes regular workshops to share best ESG practices among the portfolio companies, with dedicated experts.

Climate initiatives

As a signatory of the Initiative Climat International, Ring Capital has committed, since late 2020, to analysing the climate impact on its portfolio companies (Principal Adverse Impact), and review the impact of climate risks on its investments when material (Sustainability Risks).

Remuneration & Sustainability risks

The remuneration of the investment team is not linked to ESG factors or sustainability risks. However 50% of the Ring Mission Venture I carried interest is conditioned upon the achievement of impact objectives of its portfolio.

In addition Ring Capital undertakes to use its best efforts to incentivize its portfolio companies Management to ESG factors (through bonuses and/or stock option plans).