

Investing in Startups Impacting the World

2020 Sustainability Report

CATHAY INNOVATION FUND II

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Foreword from President and Co-Founder



Mingpo Cai

FOUNDER & PRESIDENT
CATHAY CAPITAL

“

Since our founding, we have been driven by the same obsession of connecting people across industries, sectors and borders to achieve ‘the extraordinary’, while being useful stewards to our ecosystem and society as a whole. We believe that extraordinary companies are not necessarily the largest, but those that promote sustainability and transform economies that ultimately benefit all.

While impact has always been core to who we are, it’s critical to ensure we’re doing our part to contribute to solutions to the world’s pressing challenges from climate change and scarcity of resources to social equity and inclusion. It’s also clearly a priority for our portfolio companies, with 88% of companies from Fund II already evaluating sustainability at the executive and board level.

As a global investor, we believe it’s our responsibility to drive the transition forward by stepping in as the missing link between all stakeholders – from investors, startups to Fortune 500 companies – to share the knowledge and tools that keeps everyone accountable for positive outcomes. While this is just the first step, our goal is to constantly evolve our framework and improve each year. Our hope is that this work will create an evolved ecosystem of collaborative cross-industry relationships and alliances, working together towards a more sustainable world.



Denis Barrier

CO-FOUNDER
CATHAY INNOVATION

“

With the new wave of industrialization and job creation across economies, along with an increase in connectivity and internet access for over two billion people in emerging markets, there has never been so many opportunities for mission-driven entrepreneurs to drive change through technology. From the investment perspective, until now, there was a clear separation between traditional investing and impact investing or ESG related practices due to the misconception of sacrificing returns.

However, we’re now at a critical turning point in the Venture Capital industry where the two are merging, “tech for good” is scaling while others are struggling to create long-standing companies. After analyzing our portfolio (along with our peers), it’s become clear that the most successful companies are also, in fact, the most socially impactful.

At Cathay Innovation, since day one, we built our strategy around the belief that innovation and startups are a key component in the transition towards a sustainable economy. This belief has led us to build our global platform and ecosystem to support impactful startups and build a portfolio that is heavily concentrated on addressing key SDGs. However, the venture capital industry needs a systematic approach to measuring ESG related performance and outcomes. We believe the time is now to turn good intentions in the investment community into action by adopting a principled framework that integrates risk, return and impact to be part of the change, drive it forward and scale meaningful tech-enabled solutions worldwide. We will continue to share our work.

Executive Summary

The objective of this inaugural report goes beyond any regulations or current trends. At its core, it addresses the question of purpose. In summary, the report highlights:

- How sustainability is embedded in what we do with the support of **methodologies and analytics developed with PwC and Sirsa** (Reporting21)
- How we **bring impact at scale globally** using the Impact Management Project (IMP) recognized framework in a concrete way
- How **tech is a powerful means** to bring ESG and globalization to a higher and more meaningful level

Whilst our financial reports for investors detail the precise metrics we collect for every portfolio company, the below scorecard shows a simple and comprehensive view of Cathay Innovation Fund II portfolio’s impact:

WHAT	KPIs	TARGET PERFORMANCE	CURRENT PERFORMANCE	
Diversity	# direct jobs supported	3000	4007	●
	% women in total headcount	> 40%	47%	●
	% women at exec committee	> 30% (industry benchmark 24%)	21%	●
HR / Well-being	% permanent contracts (*)	> 90%	92%	●
	Employee satisfaction rate	> 80%	TBC	○
	% employee trained / year	> 50%	42%	●
Good governance	Code of Ethics in place	100%	30%	●
	Data security breach	0	0	●
	IS-IT cyber risk policy in place	80%	60%	●
Climate action	Formalized CSR / Sustainability policy	40%	42%	●
	Environmental initiatives implemented (variable for each participation => aggregated %)	70%	53%	●

(*) : taking into account China specific regulation ● In line with plan ● In progress ○ No progress

Keeping in mind the context of young innovative companies focusing on hyper-growth in a set of very different market maturities, these core metrics and ratios have reached much higher levels compared to last year’s beta-test assessment.

Therefore, we consider the **aggregated performance** of the **Fund II portfolio a significant achievement**. As the Cathay investment team works with entrepreneurs to improve ESG and impact further, **we believe this first reporting will be a launchpad for more extraordinary progress in the future**.

Of note, the report shows how **90% of Fund II portfolio companies are tackling UN Sustainable Development Goals 3** (health & wellness), 8 (decent economic growth) and 13 (climate action).

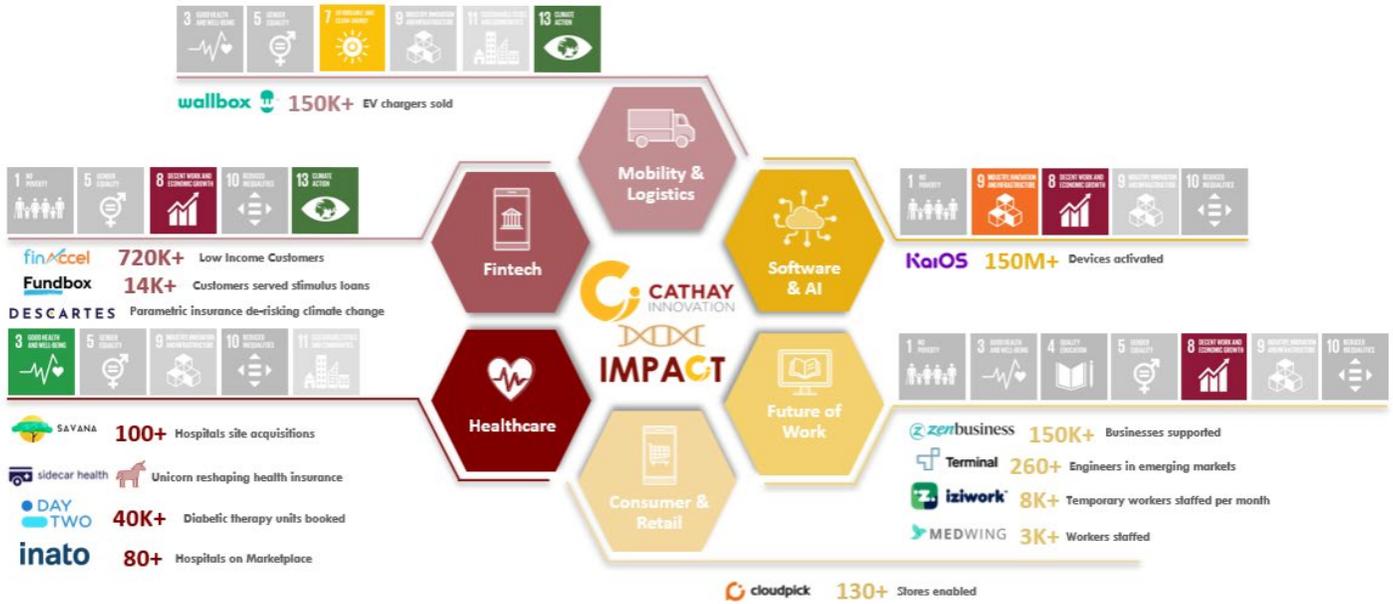
Cathay Innovation x Sustainability at a glance

“

Our investment team is a community, where decisions regarding sustainability are taken **together**. Convinced that impact is a driver of value creation, our common goal is to integrate the interests of all stakeholders in our investment process. The topics of ESG and impact go far beyond compliance. It’s a matter of **purpose, principles and people** – representing the **foundation** of which our global platform was built.



Matthieu van der Elst
CHIEF IMPACT OFFICER



This highlights the powerful impact of tech companies, through innovation and action, as a major transformation lever of the world that addresses critical needs of people and the planet. Of course, we remain humble in this first achievement as we know there is still a long journey ahead on the path toward a more sustainable economy and world which requires a strong foundation and commitment from all stakeholders.

HIGHLIGHTS

*Percentage of portfolio companies in Innovation Fund II

FOUNDATION

88%

of portfolio monitors sustainability at executive and/or advisory board meetings

35%

have a dedicated person in executive committee responsible for ESG or have implanted an ESG committee

70%

count at least one independent member as part of its supervisory or advisory board

90%

have a value sharing mechanism for employees beyond management

40%

provide trainings on gender equality to employees

61%

propose soft skills/ management training

PEOPLE

At Cathay, we are fully committed to this longterm goal and will work hard, with dedication, sincerity and transparency, to move us all forward. Overall, this report is encouraging by proving that **Cathay's global platform is an effective means to combine right intentionality, authenticity and performance.** And that is what our **purpose** is all about.



INTRODUCTION

Who we are: Our vision & values

Driving Change Through Technology

We were founded under the belief that we can make a difference by helping entrepreneurs scale technologies that will fundamentally change the world for the better

We've written a new venture capital playbook – a global platform that unifies the technology investment landscape to better find and support startups positively impacting the world. By **bringing together entrepreneurs, investors, experts and leading corporations across continents and cultures**, we share the knowledge, tools, networks and market access needed to help startups scale while helping our corporate partners innovate. This includes addressing sustainability issues – both the **risks and opportunities**. Throughout this report, we use the word **sustainability beyond ESG**, to encompass **impact**. We believe that a responsible investment team must both understand and promote **the highest ESG standards** and strive **to maximize the positive impact** its companies can achieve.

We see **tomorrow's greatest companies as the extraordinary** that promote **sustainable growth** and the transformation of economies for a more **open and inclusive world**. We believe that innovation and startups are key components but extraordinary companies cannot be built in silos. The transition will take an ecosystem level response across regions, sectors and up and down the value chain. Under this overarching sustainability vision, we have developed a **responsible investment approach to add value throughout the investment cycle** (see section "Sustainability is anchored in all our processes").



BEING USEFUL

We build trust by constantly being useful to our ecosystem in achieving their goals



DO WHAT YOU SAY

Sincerity is the universal language



DETERMINATION

If we don't work hard today, we won't have a rice bowl tomorrow



GRATEFULNESS

When we drink water, don't forget those who dug the well



DIVERSITY

We are one global team, with various backgrounds and cultures, for one world

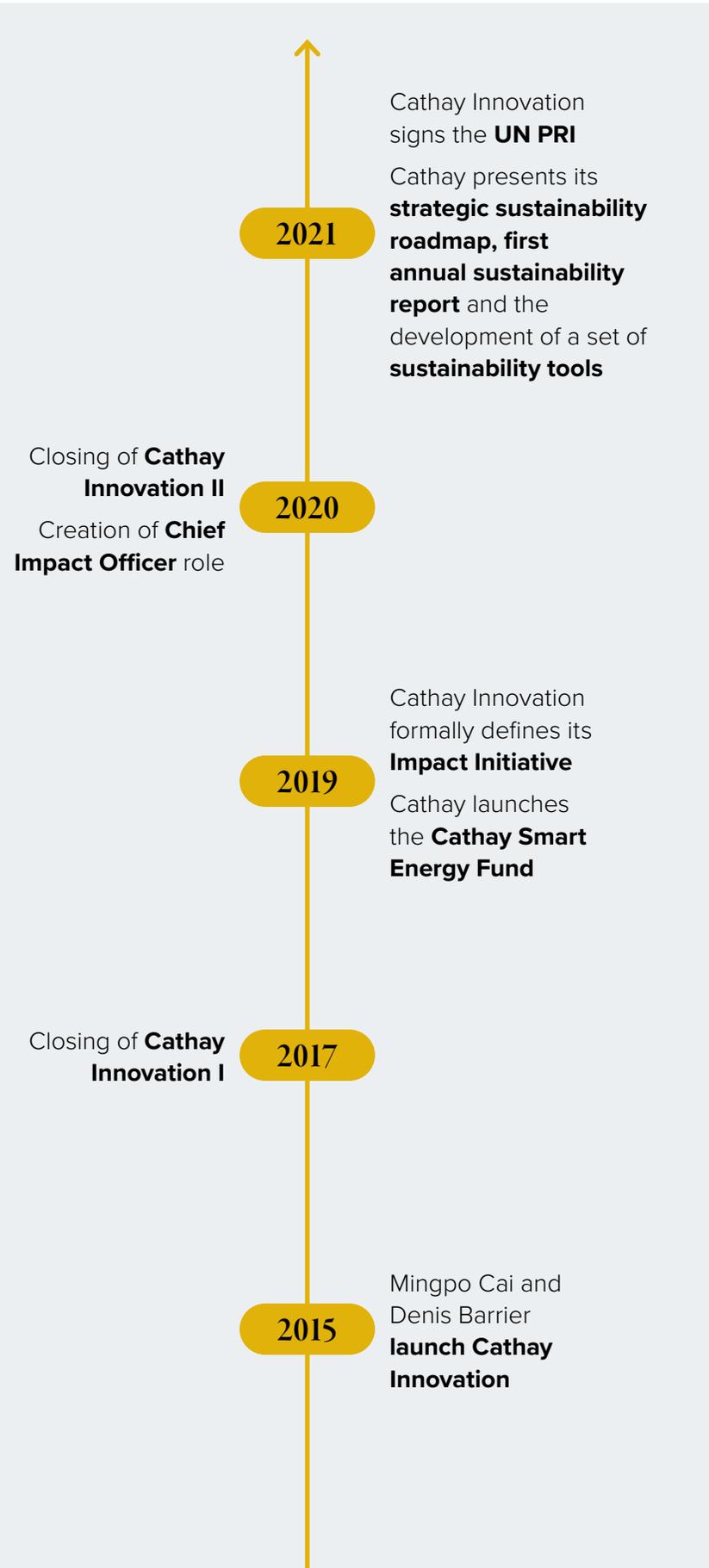


CHANGE THE WORLD FOR THE BETTER

We want to leave the world better than how we found it



Our sustainability journey



Since 2019, we've been refining our **impact initiative** to better define and measure the economic and social impact of portfolio companies (present and future) and their ability to foster sustainable development. Today, our impact investment spectrum has been broadened: from **impact-motivated investment** (focus on financial return, consistency with values, desire for positive impact) to **impact-committed investment** (regular reporting, transparency on activity, commitment to measuring metrics, action items discussed in board meetings).

Our impact initiative serves **several goals:**

- 1** Align portfolio companies, entrepreneurs, LPs and fund managers with shared sustainability values and ambitions

- 2** Define qualitative and quantitative measures to assess and measure impact

- 3** Provide feedback and reporting on a regular basis to fuel progress

- 4** Ensure accountability



Our sustainability approach

Cathay Innovation’s sustainability governance is integrated at every level of the investment team.

We’ve created an executive-level sustainability position, **Cathay Capital’s Chief Impact Officer**. The first mandate was **steering a structural and strategic process**, with the help of external experts and advisors, to define a broader sustainability vision, roadmap, investment procedure and investment tools for both Cathay Capital Private Equity and Cathay Innovation. This large-scale process involved all of Cathay’s management team.

Operational responsibility is also assigned within the investment teams, where **sustainability champions** act as reference points for colleagues in the deployment of the procedure in the context of deals and contributing to annual portfolio performance assessments.

Our ambition & commitments

Compliance is the baseline, not the goal. We believe in delivering value with values. As such, we aim to be a useful global actor across operations:

1 As a company, we operate globally with agile and diverse teams, with a sense of responsibility everywhere locally.



Diversity in all forms



Ethical conduct



Reduce environmental footprint



Cyber risk & data privacy

2 As an investor, we create value for society by ensuring that sustainability is embedded not only in our processes but in every portfolio company.



We are committed to being a **responsible investor**. As such, we signed the **United Nations Principles for Responsible Investment (UN PRI)**, committing to monitor and report on ESG.



We align our sustainability framework with the **UN Sustainable Development Goals** to measure our impact against global challenges



We are committed to the **UN Guiding Principles on Human Rights** and the **OECD Guidelines for Multinational Enterprises**. In this context, we address the issue of Human Rights systematically in our pre-investment due diligence approach

3 As an ecosystem partner, we provide a set of tech-enabled solutions, available to all, that any company can implement to drive the transition forward with us.

Sustainability is anchored in all of our processes

We turn our commitments into action by **integrating sustainability** into each and every step of **the investment cycle**, accompanying our portfolio companies to grow as well as their impact.



ACQUISITION PHASE	<p>Sourcing & deal flow qualification</p> <ul style="list-style-type: none"> • Exclusion list • Sustainability screening to be performed by the investment team using the screening questionnaire • Include a sustainability clause in Lol, when context allows
	<p>Due Diligence Post Lol, pre closing</p> <ul style="list-style-type: none"> • For all companies with high potential of entering the portfolio, depending on context (deal, competition, timing, etc) <ul style="list-style-type: none"> • Sustainability due diligence including a roadmap (deep dive approach) or • Sustainability review, including a roadmap (deep dive approach), within 6 month of investment • Include a sustainability clause in shareholder agreement (building on Impact KPIs clause), when context allows
HOLDING PERIOD	<p>Follow-up of performance</p> <ul style="list-style-type: none"> • For all companies, annual assessment through the ESG risk assessment tool, Climate screening tool and Impact scoring tool • For all companies with a high ESG risk level, follow-up review of the action plan implementation each year • For all companies with a medium ESG risk level, follow-up review of the action plan implementation every two-years
	<p>Reporting</p> <ul style="list-style-type: none"> • For all companies, annual reporting of sustainability KPIs through Reporting 21 • Annual Cathay Board / executive-level review of aggregated portfolio sustainability positioning and KPIs • Annual sustainability report to LPs • Annual UN PRI reporting
EXIT	<p>Sustainable “value”</p> <ul style="list-style-type: none"> • Use this metric-based performance track record to highlight sustainability performance at exit or in future fundraising rounds



Partnering with startups on sustainability

We partner with **visionary and mission-driven entrepreneurs** who can lead and positively impact their domains and communities through technology.

Our sustainable investment framework assesses the alignment of each component of a **company’s business model** with our **sustainability ambitions** to inform the **decision-making process** during the pre-investment phase. It also allows us to offer **tailored support to companies** we work with throughout their sustainability journey. The framework is holistic and addresses **ESG, climate and impact** across the value chain.

		What is assessed, concretely?	Associated sustainability themes
IMPACT	Value proposition	Impact of company products and/or services? Value it creates for society? Does it address objectively defined societal needs?	<ul style="list-style-type: none"> • Societal need addressed • Contribution to SDG target(s)⁽¹⁾, including, when relevant, contribution to a low-carbon economy transition
	Beneficiaries	Which stakeholders benefit from company products and services? How underserved are they? What impact are those products and/or services on them?	<ul style="list-style-type: none"> • Relative Company impact performance⁽²⁾
ESG	Fundamentals	In a rapid growth context, what practices and measures are in place to ensure that the company is built upon solid ethical grounds, which in turn inform transparent decision-making?	<ul style="list-style-type: none"> • Vision and governance • Business and data ethics
	Human resources	Exceptional talent is vital to early-stage companies. In this context, how are key, strategic human resources issues addressed and managed by the company?	<ul style="list-style-type: none"> • Talent attraction, retention, and development • Diversity, equity, and inclusion
	Key business partners	<p>What is the company buying or outsourcing and what is the impact of this supply chain?</p> <p>Which business partners is the company working with? How is it managing its supply chain?</p>	<ul style="list-style-type: none"> • Environmental and social impact of the supply chain • Supply chain management • Human rights • Climate risks and opportunities
	Key activities	What activities is the company handling directly? How can it limit or offset potential adverse environmental impact of its activities? How is the company engaging with its community?	<ul style="list-style-type: none"> • Operational eco-efficiency • Circular economy and eco-conception • Carbon footprint • Climate risks and opportunities • Community relations and thought leadership

CLIMATE³

1. The Sustainable Development Goals (SDGs) are a set of 17 goals, detailed into 169 targets, developed by the United Nations to be a blueprint to achieve a better and more sustainable future for all (see Appendices)

2. Based on Cathay Innovation’s impact Scoring framework, which relies on the Impact Management Project (IMP) standards (see Appendices)

3. Key climate-related issues, including carbon footprint, product-related avoided emissions, and exposure to physical and transition-related climate risks and opportunities are identified using Cathay Innovation’s Climate Screening framework (see Appendices)



THE RESULTS: OUR PORTFOLIO'S IMPACT

Tech x Impact: Innovation for good

The companies we invest in offer solutions to **important societal problems**. We measure their societal impact against the **UN SDGs**.

***Note: most companies presented in this section are part of the Cathay Innovation Fund II. In select cases, companies may be from several Cathay Innovation Funds such as Fund I, Smart Energy Fund or CarTech Fund**



Contributing to better healthcare
Ensure healthy lives and promote well-being for all at all ages.



BENEFICIARIES
Patients

Revolutionizing diabetes care with microbiome precision nutrition

The first evidence-based, actionable, microbiome platform in the market for diet-related chronic illnesses. It is the only precision nutrition solution that tackles the root cause of diabetes, an epidemic affecting **420M** people worldwide.



BENEFICIARIES
Hospitals / Pharma

AI-accelerated clinical trials getting new therapies to patients faster at lower costs

Helps biopharmas increase the pool of patients in clinical trials by discovering untapped research potential.



BENEFICIARIES
Hospitals / Pharma

Transforming health records into big data to accelerate health science

Grants providers the power to unlock clinical value trapped in electronic health records with maximum privacy and security.



Inclusive, affordable insurance

Provider of innovative cash-based health insurance plans for individuals and small businesses in the US. It is flipping health insurance on its head by empowering consumers with price transparency, choice and customization through a mobile app and debit card that allows them to shop around for the care they need and can afford.

BENEFICIARIES
Patients

By the numbers

THE PROBLEM

The U.S. health system is the most expensive in the world and one of the least distributed



9.2%

Americans not covered by health insurance

IMPACT



40%

Savings for beneficiaries



10,000

People insured



8 DECENT WORK AND ECONOMIC GROWTH

Supporting the transition towards a sustainable economy

Promote sustained, inclusive economic growth, full and productive employment and decent work for all.

Fundbox

BENEFICIARIES
SMBs

Unlocking the potential of SMBs by transforming how B2B funding flows

\$2.5B
Capital unlocked for nearly 300K SMBs

AI-powered financial platform powering SMBs with its B2B payments and credit network.

zenbusiness

BENEFICIARIES
SMBs

Enabling aspiring entrepreneurs to become business owners

175K+
Accompanied new company creation since inception

One-stop platform that makes starting, running and growing a business simple and accessible.

Terminal

BENEFICIARIES
Workers

The remote teams engine for fast-growing companies

260+
Engineers employed in emerging markets

World's first tech-enabled remote teams engine connecting companies with top talent wherever they are.

MEDWING

BENEFICIARIES
Healthcare staff

Combining tech & recruitment to solve the global healthcare shortage

40K+
Shift bookings per month

Europe's leading job matching and career consulting tech company for healthcare professionals.

finAccel

Fast & accessible financial services for the underbanked population in Southeast Asia

Focused on making financial services faster, cheaper and more accessible to the underbanked population of Southeast Asia, its leading digital credit platform gives consumers instant credit financing for ecommerce purchases and personal loans.

BENEFICIARIES
Individuals

By the numbers

THE PROBLEM



9.8%

Indonesians have access to credit (lowest in SEA)

IMPACT



1M+

Active FinAccel users accessing credit



Reducing the worker shortage in France

Digital labor agency managing the **recruitment and contracts of interim workers**. Combining the expertise of its recruitment team and the company's algorithm, Iziwork identifies the best candidates for open positions clients need to urgently fill. By training workers to **match clients' qualifications and needs**, Iziwork **facilitates recruitment** and **alleviates difficulties in the hiring process**. With fully digital services, Iziwork also contributes to **reducing the cost of work for its clients while offering flexibility to workers**.

BENEFICIARIES
Patients

By the numbers

THE PROBLEM

Despite France's high unemployment rate, companies have difficulties filling positions.

200K - 330K

Recruitment projects abandoned in 2018 due to lack of qualified candidates and applications

*Pole Emploi study

IMPACT



19,379

Staffed workers (annual basis)



985

Workers trained (2020)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Leveraging access to information

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Internet access for the next billion people

Develops lite operating systems powering a global ecosystem of affordable digital products and services with the mission of bringing mobile connectivity to the billions without Internet in emerging markets. Recognized on Fortune's Change the World List 2018 (with India's Reliance Jio), Time's Best Inventions 2019, FastCompany's Most Innovative Companies 2020.

BENEFICIARIES
Individuals

By the numbers

THE PROBLEM

4B+

People have no access to internet
Smartphones & data plans are too expensive

IMPACT



150M

Global users connected to the internet



65

Free positive impact apps offered for 1st time Internet users (education, agriculture, health, etc.)



Fighting climate change

Take urgent action to combat climate change and its impacts.

DESCARTES

BENEFICIARIES
Global environment; governments, businesses



Tech-driven insurance for a more resilient world

Innovative, bespoke and affordable parametric insurance to build resilience against climate and other emerging risks.

150+
Corporate & public sector clients protected



BENEFICIARIES
Global environment



EV charging infrastructure reducing the world's dependence on fossil fuels

Leading energy management company manufacturing smart charging solutions for electric vehicles.

67
Countries Wallbox is developing EV charging solution in

#1
Best Seller On Amazon & "Amazon Choice" in EV Charging Category



Energy production optimization to reduce carbon emissions

*Allsense (Cathay Innovation Smart Energy), is a provider of **energy efficiency solutions** for thermoelectric energy production in China. Allsense offers services and products to **monitor, analyze and optimize electricity production** by coal-powered thermal plants.

BENEFICIARIES
Global environment



By the numbers

THE PROBLEM

Coal is the world's primary source for energy yet it is by far the most carbon intensive¹.

0.3°C+

Annual global average increase of surface level temperature above pre-industrial levels² from coal (of the 1°C increase)

*estimate from IEA

40%

Of emissions cuts needed for UN goal could be reached by increasing efficiency of energy production systems

*UNDP

IMPACT



39M

Tons of CO₂ avoided by 2023



LAYING THE FOUNDATION

Solid governance supports growth & protects vision

The first step in a startup’s sustainability journey is to implement a **robust and adapted governance structure** to ensure **long-term resilience and growth**. As such, we support the adoption of **dual governance structures**, with either a supervisory board or advisory board, to support the executive committee.

*Percentage of portfolio companies in Innovation Fund II

50%

of portfolio have a supervisory board or an advisory board

70%

count at least one independent member as part of its supervisory or advisory board

67%

count as least one woman as part of their supervisory or advisory board

A governance system for **sustainability issues** is vital to ensure the achievement of impact goals, as well as appropriately implementing and managing ESG policies, procedures and initiatives.

88%

monitor sustainability at executive and/or advisory board meetings

35%

have a dedicated person in executive committee responsible for ESG or have implemented an ESG committee

BEST PRACTICES: GOVERNANCE FOR STARTUPS

A strong, **well-functioning board adds value to early-stage companies** by **challenging founders, fostering key partnerships** and steering long-term resilience and growth.

We recommend the following **best practices**:



INDEPENDENT BOARD MEMBER:

Have at least one independent member in the overseeing governance body to provide an external point of view and sectorial expertise



DIVERSITY IN GENDER AND BACKGROUNDS:

Increase diversity in leadership teams and governance bodies, which has shown to increase revenue by bringing different perspectives on innovation



OVERSEE SUSTAINABILITY ISSUES:

The board should be the first place where the social role of the company is shared and will set the tone for the entire company by making it a priority

Ensuring data protection & ethics

As a technology investor, the protection of data is of the utmost importance as it is for the startups we partner with. Over the past year, there was no occurrence of data security breaches in our portfolio companies. This is the result of solid governance, where 82% of our companies have designated responsibility for data protection and implemented data security policies. This is a very high percentage taking into account the early stage of companies.

*Percentage of portfolio companies in Innovation Fund II

56%

of portfolio have formally defined a security policy for its information systems

82%

have formally assigned responsibility for data protection

BEST PRACTICES: CHALLENGING DATA ETHICS

Beyond data protection, **data ethics**, which applies to the way data is collected and used, is a growing theme of public scrutiny and interest for tech companies.

A first step in ensuring that ethical practices are in place is using a **data ethics checklist** to identify potential red flags in the way data is handled. A data ethics checklist should cover the following topics:



DATA COLLECTION:

Informed consent, collection bias, actions taken to limit personally identifiable information, downstream bias mitigation



DATA STORAGE:

Data security, right to be forgotten, data retention



ANALYSIS OF DATA:

Missing perspectives, bias, honest representation, privacy



MODELING:

Non-discrimination through proxy, fairness across groups, metric selection, explainability



DEPLOYMENT:

Prevent harm to users, concept drift, unintended use

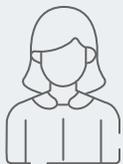


PEOPLE FUEL SUCCESS

Diversity is in our DNA



Spanning the U.S., Europe, Latin America, Africa and Asia, we are **one global team of diverse people from various backgrounds and experiences**. At **Cathay Innovation**, we count more than **10 different nationalities** on our team. As a signatory of **France Invest gender diversity charter**, we promote gender equality and are committed to reach 25% of women in our Investment Committee by 2030, 30% by 2035 and 40% in our investment teams by 2035. While our current metrics and commitments are on par with the industry status quo, we **recognize that it's not enough and strive to beat these thresholds before 2030**.



22%

of women among employees

25%

of women among managers

13%

of women among the investment teams



Additionally, we have signed the **Sista pledge** to promote diversity in tech. As a signatory, we committed **to measure gender metrics in our investments** and **adopt inclusive practices in recruitment and investment processes**. We also host the **Sista Inclusive Hours** dedicated to female entrepreneurs and are part of the **Sista x future VC program** that offers internships to underrepresented groups in venture capital.



“

Apart from my day job as a venture capital investor at Cathay Innovation, I am thankful for the opportunity to work with Sista alongside an inspiring group of women and men that want to increase the diversity of founders and funders. Cathay has been extremely supportive of my volunteering activities and has actively partnered on a number of projects close to my heart.

Costanza Carissimo

VP AT CATHAY INNOVATION

*Percentage of portfolio companies in Innovation Fund II

71%

of portfolio have at least one woman represented on the executive committee

40%

provide trainings on gender equality to employees

31%

identified barriers to entry linked to gender

Entrepreneur spotlight

As a travel activities marketplace in the Fund I portfolio, Peek was heavily impacted by the pandemic but quickly pivoted focus to help companies stay afloat through the downturn. This earned Bashir recognition by the Female Founders Alliance (FFA)'s Champion Awards, celebrating champions of intersectional gender equity. She's also been named one of Fortune's Most Powerful Women Entrepreneurs, Fast Company's 100 Most Creative People in Business and was a finalist for E&Y's Entrepreneur of the Year.



Ruzwana Bashir

CO-FOUNDER & CEO, PEEK



Mei Siau

CO-FOUNDER & CEO, LEADIQ

“

A melting pot of different backgrounds, cultures and perspectives is what produces the best, global solutions. As a startup founder who's also an immigrant, there was a lot of pressure to blend in. For example, I was given feedback to take accent reduction classes or have someone else pitch for the company. While this helped me be more mindful, I believe all forms of diversity should be celebrated. These early barriers led us to be more capital efficient and prove our value through our work. We were humble, committed and fiercely believed in ourselves. Our team spans 22 different countries, a big strength that also takes work, and we're fortunate to have found investors like Cathay who believe in us as well. I met various Cathay team members, all from different continents, yet completely aligned in vision and through the common language of sincerity, who have learned from experience the power of diversity in global innovation and entrepreneurship.

LeadIQ is a Fund II portfolio company based in the U.S. and Singapore. Cathay's investment came after metrics were compiled for this report. As a founder, a mother of two and an immigrant to the U.S. from Indonesia, Mei has quickly built and scaled a global category leader in the enterprise SaaS sector.



A talent-oriented mindset

Being **attentive to the development needs of our employees** is a priority to reach the level of global excellence and leadership we strive for. A trusting relationship with our employees is fundamental and is deeply embedded in our values and belief in a **collaborative ecosystem**.

The notions of **appeal and loyalty** are key as we continue to grow with **new generations**. As part of the *AlumnEye Junior ESSEC* study “Our added value for society”, Cathay is recognized as one of the funds where interns have had the best exposure (staffed on major deals, participated in management presentations, bank pitches, etc.).

Cathay portfolio companies also strive for the best working conditions for their employees. Our startups recognize the necessity of having **strong human resources management**, as well as **levers in place to grow talent** to ensure future sustainability and success.

*Percentage of portfolio companies in Innovation Fund II

59% of portfolio employees trained in 2020

90% have a value sharing mechanism for employees beyond management

Promoting well-being

The COVID-19 pandemic has placed a greater emphasis on the importance of **ensuring employee well-being**.

Remote work is now completely integrated in our processes and we offer **soft skills trainings** for employees to obtain full satisfaction from their experience at Cathay Innovation.

Conscious that full flexibility and asynchronous workflow are inherent to startups, we work closely with our portfolio companies to **ensure a healthy and sustainable workplace for all employees**.

80%

of portfolio perform team-building activities

61%

Offer soft skills/ management training

50%

Perform individual development plans

*Percentage of portfolio companies in Innovation Fund II

BEST PRACTICES: BOOSTING EMPLOYEE SATISFACTION

Employee satisfaction is key to startup success and **retaining talent**. We recommend the following best practices:

- Develop a **company culture** based on **respectful treatment of all employees**
- **Open communication** between employees and management
- **Offer career development opportunities** to all employees (and visibility on next steps)
- **Provide challenging and exciting** work opportunities
- **Offer competitive compensation, benefits, and incentives**
- **Recognize work done** through feedback and incentives



CLIMATE ACTION

Climate screening

We are **mindful of the digital carbon footprint** of the tech sector, representing 1.4% of total greenhouse emissions, and work hand-in-hand with portfolio companies to **reduce CO₂ emissions**. The first step is identifying climate-related risks and opportunities linked to company activities. We do so by using our climate screening tool.

We developed our **climate screening methodology** based on recommendations from the Task Force on Climate-related Financial Disclosures, the SASB’s Climate Risk Technical Bulletin and 2019 Carbon Disclosure Project on “Major risk or rosy opportunity” report.



For each company, we **systematically review and evaluate** the following set of **risks and opportunities** to identify whether specific actions are required:



TRANSITION OPPORTUNITIES

- Reduced operating costs due to resource efficiency and shift to alternative energy sources
- Increased revenue through demand for low emissions products/services and solutions for energy efficiency or adaptation needs
- Increased capital availability (as more investors favor low-emissions producers/ solution providers)



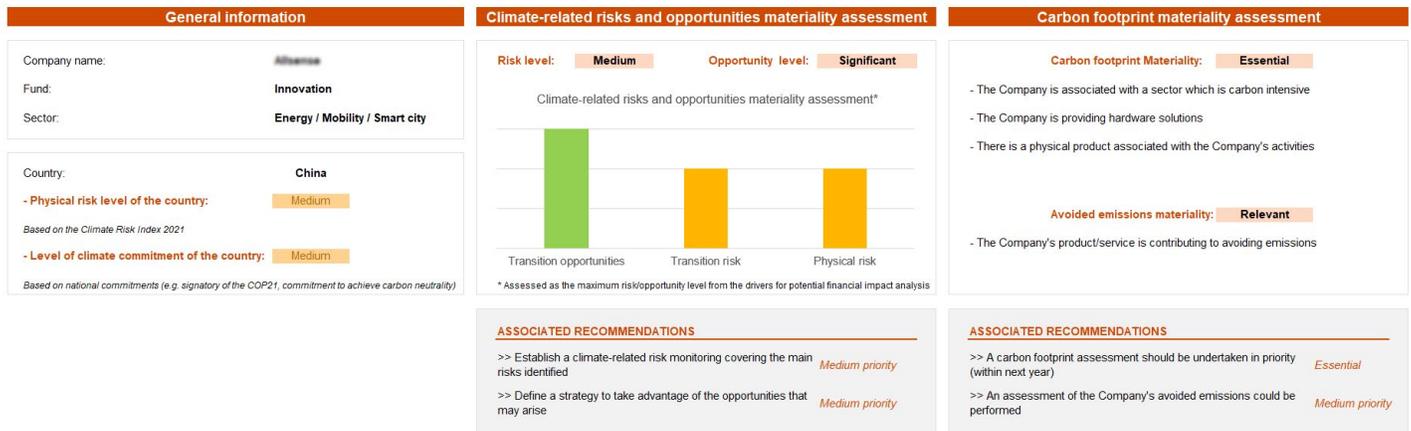
TRANSITION RISKS

- Increased operating costs (e.g. higher compliance costs, increased insurance premiums, fines)
- Increased production costs due to changing input prices and output requirements
- Reduced revenues from decreased demand for goods and services due to reputational issues
- Reduced revenues from decreased demand for goods and services due to shifts in consumer preferences
- Impact on the value of core assets due to changes in policy leading to asset impairment and early retirement of existing assets



PHYSICAL RISKS

- Increased operating costs (e.g. due to inadequate water/ resources supply)
- Reduced revenues from decreased production capacity (e.g. transport difficulties, supply chain interruptions)



Illustrations of Cathay's Climate screening tool

Our actions

Developing **environmental initiatives**, coherent with activities and value proposition, is part of continuous exchanges with top management of our portfolio companies. Taking into account their early-stage, *our portfolio companies have already started to implement some climate action regarding travel policies and Green IT and expect to see further progress in the years to come.*



By 2022, 100% of portfolio companies for which it is material will have conducted a full carbon footprint assessment and by 2025, 100% of relevant portfolio companies will have deployed a GHG emissions reduction action plan.

BEST PRACTICES: CLIMATE ACTION FOR TECH STARTUPS

Early-stage companies can take simple steps to **reduce their carbon emissions**. We recommend the following:

- **Identify key carbon intensive activities** throughout the company's value chain (travel, data centers, etc.)
- **Use sustainable web hosting services** (Green cloud)
- **Use renewable energy** for offices and car travel
- **Raise awareness** among employees
- **Identify solutions with suppliers** to reach climate action ambitions
- **Identify business risks and opportunities linked to climate transition** and set up an action plan to integrate these elements into the company business model



As an investor, we make a point to back companies that can make a difference for our planet. While energy demand is a global issue, China’s large and increasingly tech savvy population represents a big opportunity to scale energy solutions that will result in significant impact. That’s why we’ve launched the dedicated Cathay Smart Energy Fund in China that invests in companies that are fighting climate change with innovative carbon neutral solutions.

Taking action to fight climate change was key in our decision to invest in companies such as Wallbox, Kayrros along with hydrogen fuel cell mobility company Refire, a Cathay Smart Energy investment.

AI DRIVEN ANALYTICS PLATFORM FOR ENERGY MARKETS



Today’s energy markets are opaque, especially oil & gas, with 90% of the world’s data not accessible, delayed by months and with errors. Kayrros* (Fund I) provides **analytics** that integrates multiple sources of unstructured data (optical and radar satellite imagery, shipping data, financial data, social news, etc.) for **energy intelligence**.

Kayrros is **the leading advanced data analytics** company that helps market players make better decisions. The company delivers **deep insight into climate risk** and extracts value from integrating alternative and market data into products across energy, natural resources and industrial markets worldwide.



SMART CHARGERS FOR ELECTRIC VEHICLES

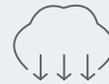


Founded in 2015, Wallbox designs and manufactures smart **electric car chargers** for electrical vehicles (EVs) for homes, businesses and cities.

Wallbox consists of two primary pillars:

- Hardware: various types of premium chargers, both AC and DC (for efficient charging) with advanced technology and features, such as **de-charging a vehicle to feed energy back to the grid or store for later use**.
- Software: “My Wallbox” is a cloud platform that allows users to view data in real-time, control and optimize charging and energy consumption. Users can **charge when energy is cleanest, most affordable and fastest**.

Wallbox is building the integrated ecosystem and infrastructure needed to fuel the EV boom and shift to sustainable mobility.



1.8

gigatons of CO₂ emissions

Quantified from global methane leaks



130K

chargers installed



4.3M

charges in 1 year



GIVING BACK TO SOCIETY

Cathay Foundation

Since 2011, the Cathay Capital Foundation has sponsored initiatives which deepen and broaden mutual understanding between Western and Chinese cultures. The Foundation sponsors **cultural events, education programs and the translation of works from thought leaders and researchers** across the French and Chinese languages.

The Foundation seeks to become a **vector of exchange** between the two great economic and cultural powers of Europe and China, and more broadly to build a network founded upon knowledge-sharing and a kindred spirit of good-will between all continents across the Cathay ecosystem.

Our startups are engaged in their communities

The startups we work with are also engaged in societal actions through **community involvement**.

For instance, Iziwork is partnering with the French non-profit organization **Generation**, which provides **support, guidance and assistance to the younger generations looking for employment**. Iziwork has committed to starting a **new 6-week training program** to develop the employability of candidates and promote equal opportunity of access to employment. Both Iziwork and Generation seek to **address the gap between the high unemployment rate of this demographic** and the difficulties companies face in recruiting for skilled professions.

*Percentage of portfolio companies in Innovation Fund II

50%

of portfolio are involved in community projects

5

offer financial donations to charitable organizations

2

offer skills-based sponsorships

CONCLUSION

Next steps on our sustainability journey

Where do we go from here?

- **How we operate as a company:** provide our teams with a set of flexible, adapted and context-fitting tools to thrive and excel at what they do.
- **How we invest and act as shareholders:** work towards the full integration and systematic application of **Cathay's sustainable investment procedure** to ensure that we create value with values.
- **How we partner with our ecosystems:** *develop a sustainability in tech digital platform openly accessible, to help entrepreneurs globally.*

Establishing and implementing a principled framework is just the beginning of the sustainability journey. Looking forward, we're committed to making further progress on our goals as a company, an investor and an ecosystem partner for startups. We'll continue to share our progress.

Recognitions

In order to build and refine our methodologies, along with the compilation of this report, we are thankful for the guidance, collaboration and recognized industry expertise from leading organizations pWc and Sirsa.



PwC: Sustainability Strategy

Founded in 1993 in France, PwC's Sustainability Strategy team now counts more than 70 dedicated experts and consultants. Our team relies on a strategic Global Sustainability platform, which brings together more than 2,000 sustainability professionals across 70 countries and manages a Sustainability Community of 150 sector and subject-matter experts within PwC France (finance, risk, transformation, supply chain, blockchain, data intelligence, economic modelling, etc.). Building on expertise spanning across all sectors of activity, our consultants support investors, banks, and companies of all sizes, to anticipate, integrate and implement the most innovative sustainability approaches.



Sirsa: Reporting 21

Founded in 2014 in France, Sirsa is a consulting firm specialised in sustainable transformation. Its method is based on data activation to help organisations become more transparent and impactful. A team of over 30 consultants guides financial actors and companies of all sizes on ESG issues across their value chains, from analysing risks to reporting results. Sirsa's SaaS platform Reporting 21 facilitates data collection and analysis, among many other functionalities. Learn more: www.sirsa.io/en | www.reporting21.com.

APPENDICES

Appendix A – Exclusion list

- Activities involving any use of forced labor or child labor;
- Activities that are illegal under the law of the host country or under international treaty, convention or regulation, in particular activities not consistent with the Kimberley Process concerning trade in diamonds and activities counter to the International Tropical Timber Organization (ITTO) agreement;
- Production of, or trade in, arms or ammunition;
- Production of, or trade in, tobacco; and alternative tobacco products, such as
- Vaporizers and electronic cigarettes (tobacco heating products);
- Gambling, casinos and equivalent activities;
- Trade in wildlife and products within the scope of CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora);
- Production of, or trade in, radioactive materials;
- Production of, or trade in, or use of, asbestos;
- Commercial deforestation or purchases of equipment for such purposes in tropical rain forests;
- Production of, or trade in, products containing polychlorinated biphenyl (PCBs);
- Production of, or trade in and storage or transport of significant volumes of dangerous chemicals, or the use of dangerous products for commercial purposes;
- Production of, or trade in, pharmaceutical products subject to international prohibition or destruction requirements;
- Production of, or trade in, pesticides or herbicides subject to international prohibition or destruction requirements;
- Production of, or trade in, ozone depleting substances subject to international destruction requirements;
- Fishing at sea with the use of floating nets of a length exceeding 2.5 km;
- Production on, or investment in, land belonging to, or claimed in an adjudication process by, an indigenous people without the duly documented agreement of the same people;
- Activities contrary to applicable ADS or IFC policies (whichever is stricter in the case concerned);
- Threats to the status of individuals, leases, companies or private institutions;
- Production or distribution of, or trade in, pornographic material;
- Prostitution;
- Products and commodities subject to French or European embargo. ;
- Production of, or trade in, narcotics (including cannabis and any product with cannabis as an ingredient);
- Production of, or trade in, drugs and substances;
- Upstream or downstream palm oil value chain (it being understood that upstream and downstream palm oil value chain does only refers to companies involved in the extraction, production and distribution of palm oil and not to companies which use palm oil in their products);
 - (i) Construction (including expansion and upgrading) of a coal-fired power plant, or
 - (ii) Power generation sector that owns or operates coal-fired power plants and for which coal-fired power accounts for at least 30% of its total installed power generation capacity;
 - (i) Exploration, development and production of oil sand and/or shale oil and gas, or (ii) arctic oil and gas exploration projects, or (iii) pipelines transporting a significant volume of oil sand and/or shale oil and gas, as well as LNG export terminals supplied by a significant volume of shale gas; and
 - (i) Greenfield and/or expansion of existing mining projects, covering mine planning and development, operation, on-site processing of extracted ore, mine closure and rehabilitation, or (ii) owns mining assets representing a significant share of its total assets and is involved in exploration, development or operation of such mining assets.



Appendix B – Cathay’s ESG scoring tool presentation

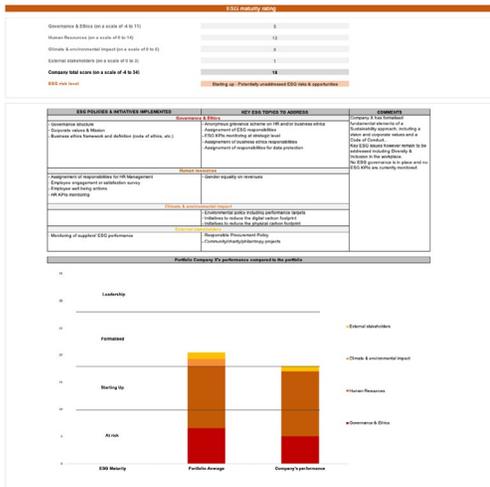
OBJECTIVES	<ul style="list-style-type: none"> Assessment of the Company overall ESG maturity Provide a follow-up actions to be implemented by Cathay Innovation to track the ESG performances of the Company (ex: deep dive review, ESG roadmap, etc.)
METHODOLOGY	<ul style="list-style-type: none"> The assessment of the Company is based on answers to questions on the topics of Governance & ethics, Human Resources, Climate & Environmental impact, External stakeholders (all included in the Reporting questionnaire)
INPUTS	<ul style="list-style-type: none"> Responses on 22 questions from the Reporting questionnaire.
OUTPUTS	<ul style="list-style-type: none"> For each Company, the tool calculates a rating: at risk, starting up (potentially unaddressed ESG risks), formalised approach, leadership Based on the Company rating, the tool associates a recommendation (necessity of a deep dive review, formalisation of an ESG roadmap, discussion with Management, etc.)

General information

Company name:

Countries:

Sector:



Topic	Question	Answer choice	Scoring	Company Score	Answer from the Company Annual Report 2021
Governance & Ethics	What type of governance structure is in place?	Dual / Hybrid / No formal corporate governance structure	Dual = 2 / Hybrid = 1 / No formal structure = 0	2	Dual
	Has the Company formally defined corporate values and/or its mission statement?	Yes, both / Yes, one / None	Yes, both = 2 / Yes, one = 1 / None = 0	2	Yes, both
	Has the Company implemented an anti-corruption governance scheme on HR and/or business ethics based on an whistleblowing channel?	Yes/No	Yes = 1 / No = 0	0	No
	Has the Company implemented any guidelines or regulations in the past three years related to business ethics, human resources/HR issues, or environmental issues?	Yes, both / Yes, one / No	Yes, both = 2 / Yes, one = 1 / No = 0	0	No
	Has the Company appointed a person or ESG committee responsible for HR issues?	Yes/No	Yes = 1 / No = 0	0	No
	Does the Company regularly monitor or manage from any ESG performance areas (Climate Change, Corporate Social Responsibility)?	Yes/No	Yes = 1 / No = 0	0	No
	Has the Company formally assigned responsibility for Business Ethics?	Yes/No	Yes = 1 / No = 0	0	No
	Has the Company implemented any of the following? Code of Ethics / Code of Conduct / Ethics guidelines / Anti-corruption policy / etc.	Yes, more than one / Yes, one / None	Yes, more than one = 2 / Yes, one = 1 / None = 0	1	Yes, one
	Has the Company been any data security breaches over the past three years?	Yes, but no further personally identifiable information was released / Yes, and the subject of incident has been personally notified / No further personally identifiable information = 0 / None = 0	Yes, but no further personally identifiable information was released = 1 / Yes, and the subject of incident has been personally notified = 0 / No further personally identifiable information = 0 / None = 0	0	No
	Has the Company formally assigned responsibility for Data Protection?	Yes/No	Yes = 1 / No = 0	0	No
Human Resources	Has responsibility for HR Management been formally assigned?	Yes/No	Yes = 2 / No = 0	2	Yes
	Does the Company perform employee engagement or satisfaction surveys?	Yes/No	Yes = 2 / No = 0	2	Yes
	Has the Company implemented employee wellbeing activities? (e.g. Employee assistance and guidance / Wellbeing plan or dashboard / Staff with management training for employees in managerial roles / HR or general performance incentives for employees in managerial positions / Flexible work hours / Remote employment plan / Subsidised development courses / Grants for small group of external courses access / Subsidised financial plan / Wellness program / Wellbeing workshop / Subsidised mental health support / Subsidised childcare / Long-term career plan / Subsidised retirement program / Others	Yes, more than one / Yes, one / None	Yes, more than one = 4 / Yes, one = 2 / None = 0	4	Yes, more than one
	Does the Company have 3 highest talents, are there at least 3 women?	Yes/No	Yes = 2 / No = 0	0	No
	Does the Company formally monitor any of the following metrics? Employee turnover rate and costs / Number of employees leaving between with the Company for 1 year or more / Number of internal promotions / Number of cross-department transfers or secondments / Number of employees involved in external development plans / Number of training hours / % of employees trained during the year / Training budget expressed as a percentage (%) of total payroll	Yes, more than one / Yes, one / None	Yes, more than one = 4 / Yes, one = 2 / None = 0	4	Yes, more than one

ASSOCIATED RECOMMENDATIONS

Conduct an ESG deep dive review, formalise an ESG roadmap with the Management team, and follow up on roadmap progress

Score	Rating	Associated recommendation
4 to 10	At risk	Conduct an ESG deep dive review, formalise an ESG roadmap with the Management team, and follow up on roadmap progress
10 to 18	Starting up - Potentially unaddressed ESG risks & opportunities	Conduct an ESG deep dive review, formalise an ESG roadmap with the Management team, and follow up on roadmap progress
19 to 28	Formalised approach	Continue tracking ESG positioning through annual reporting & results review
29 to 34	Leadership	Continue tracking ESG positioning through annual reporting & results review, consider engaging with the Management for good practices / experience sharing with other less mature portfolio companies



Appendix C – Cathay’s Impact scoring tool presentation

OBJECTIVES	<ul style="list-style-type: none"> Identify which companies positively contribute to the achievement to an SDG target through their value proposition Assess the extent of contribution & compare companies across the portfolio Issue recommendations to maximize positive impacts (due diligence)
METHODOLOGY	<ul style="list-style-type: none"> The assessment is based on the 5 IMP dimensions: what, who, how much, contribution, risks. Each dimension is scored using a set of quantitative and qualitative data
INPUTS	<ul style="list-style-type: none"> Quantitative KPIs tailored to each SDGs target, Company (collected through the quarterly impact questionnaire) and country context (database update required annually) Qualitative assessment (by external experts, during due diligence, and deal teams)
OUTPUTS	<ul style="list-style-type: none"> For each Company, an Impact score is calculated on a scale from -100 to 100 The tools gives an overview of Cathay Innovation portfolio companies’ impact

Theoretical approach

We propose an impact scoring methodology, aligned with IMP recommendations, to enables comparison between portfolio companies. Each IMP dimension is scored on a scale from 1 to 5 based on Company and societal metrics.

Dimension	Sub-Dimension	What is assessed?	Scoring
WHAT	SDG target	Which is the main SDG target impacted by the Company's activity?	1 to 5
	Associated KPI / Society	What is the Company's performance on associated metrics? How does it compare to contextual metrics (e.g. national/society average)?	
	Associated KPI / Company	OR if the data are not comparable: Is the outcome positive or negative? Is the outcome intended?	
WHO	Bonus/Malus metric	Which other outcome of the company is impacting the SDG target?	1 to 5
	Beneficiaries	Who is experiencing the outcome?	
	Geographic boundaries	Where are the stakeholders located?	
HOW MUCH	How underserved are the beneficiaries?	How underserved are those stakeholders in relation to the outcome?	1 to 5
	Depth	How positive (or negative) is the Company's contribution?	
	Scale	How many beneficiaries vs. theoretic pool of possible beneficiaries?	
CONTRIBUTION	Duration	How long is the outcome expected to last?	1 to 5
	Efficiency	How efficiently is the Company addressing the SDG target compared to alternative solutions? In terms of: effectiveness, quality of services, cost and accessibility	
	Market positioning	What is the Company's market positioning compared to its direct peers?	
RISK	Evidence risk	How reliable is the data provided by the Company in terms of impact?	1 to 5
	Alignment risk	How inherent is the impact to the Company's business model? How likely is it that it could change over time?	
	Unexpected impact risk	Are there potential positive or negative unexpected impacts?	
	Stakeholders participation risk	Are the expectations and/or experience of stakeholders taken into account?	
TOTAL SCORE	WHAT x (WHO + HOW MUCH + CONTRIBUTION + RISK)		4 to 100

Scoring results

Dimension	Company score
WHAT	3,0
WHO	4,0
HOW MUCH	3,7
CONTRIBUTION	2,5
RISK	3,0
Total Score	39,5



Methodology and results interpretation

Impact score	What (Who+How much+Contribution+Risk)
0-25	Low Company performance and/or low societal need
25-50	Starting up
51-75	Benefits stakeholders
76-100	Contributes to solutions



Appendix D – Cathay’s Climate screening tool presentation

OBJECTIVES

- Assess the Company **climate-related risks and opportunities** on **9 major climate-related financial risks and opportunities** to propose a tailored and relevant approach to climate change issues
- Assessment of the **relevance of performing a carbon footprint for the Company** based on the type of products/ services provided, whether physical products are put on the market by the Company and potential avoided emissions

METHODOLOGY

- The approach analyses the materiality of drivers for potential financial impact on costs, revenues and assets/capital identified by the CDP for each Company based on **SASB's** Climate Risk Technical Bulletin and climate indexes
- It is also aligned with the **IC international** climate assessment

INPUTS

- Quantitative KPIs** tailored to each SDGs target, Company (collected through the quarterly impact questionnaire) and country context (database update required annually)
- Qualitative assessment** (by external experts, during due diligence, and deal teams)

OUTPUTS

- Materiality assessment** for transition opportunities, transition risks and physical risks for each Company
- Level of materiality of a carbon footprint and avoided emissions** for the Company
- Recommendations tailored to each Company** (ex: climate deep dive, climate action plan)

General information									
Company name: Portfolio Company X									
Fund: Innovation									
Sector: Energy / Mobility / Smart city									
Country: China									
Company ID: 123456789									
Climate-related risks and opportunities materiality assessment									
Type of risk	Type of financial impact	Physical/Transition risk	Materiality risk	Materiality level					
Transition opportunities	Revenue	Increased revenue through demand for low emissions products/services and solutions for energy efficiency or adaptation needs	High	High	High	High	High	High	High
	Assets/Capital	Increased capital availability (as more investors favour low-emissions producers/solution providers)	Medium	Medium	Medium	Medium	Medium	Medium	Medium
	Costs	Reduced operating costs due to resource efficiency and shift to alternative energy sources	Low	Low	Low	Low	Low	Low	Low
Transition risks	Revenue	Reduced revenues from decreased demand for goods and services due to reputational issues and/or shifts in consumer preferences	Medium	Medium	Medium	Medium	Medium	Medium	Medium
	Assets/Capital	Impact on the value of core assets due to changes in policy leading to asset impairment or early retirement of existing assets	Medium	Medium	Medium	Medium	Medium	Medium	Medium
	Costs	Increased operating costs and increased production costs due to changing input prices and output requirements	Low	Low	Low	Low	Low	Low	Low
Physical risks	Revenue	Reduced revenues from decreased production capacity (e.g., transport difficulties, supply chain interruptions)	Low	Low	Low	Low	Low	Low	Low
	Assets/Capital	Increased capital costs or risk for impairment or devaluation of physical assets due to more frequent and severe weather events	Medium	Medium	Medium	Medium	Medium	Medium	Medium
	Costs	Increased operating costs due to inadequate water/resources supply (e.g., water to cool down data centers)	Low	Low	Low	Low	Low	Low	Low

General information

Company name: Portfolio Company X
Fund: Innovation
Sector: Energy / Mobility / Smart city
Country: China

Climate-related risks and opportunities materiality assessment

Risk level: **Medium** Opportunity level: **Significant**

Climate-related risks and opportunities materiality assessment*

Carbon footprint materiality assessment

Carbon footprint Materiality: **Essential**

- The Company is associated with a sector which is carbon intensive
- There is a physical product associated with the Company's activities

Avoided emissions materiality: **Relevant**

- The Company's product/service is contributing to avoiding emissions

ASSOCIATED RECOMMENDATIONS

- Establish a climate-related risk monitoring covering the main risks identified. **Medium priority**
- Define a strategy to take advantage of the opportunities that may arise. **Medium priority**
- A carbon footprint assessment should be undertaken as priority within next year. **Essential**
- Ensure to regularly update the Company's avoided emissions assessment (every 2-3 years). **Medium priority**

Illustrations of Cathay's Climate screening tool

Our approach | Company profile | Executive summary | Recommended three-year roadmap | Detailed report | Appendix

Climate risk & opportunities mapping

Portfolio X's value proposition is associated with strong climate transition opportunities

Operating and production costs

Reduced operating costs due to resource efficiency and shift to alternative energy sources

Low risk for Company; but high risk for its customers

Increased revenues

Increased revenue through demand for low emissions products/services and solutions for energy efficiency or adaptation needs

Important opportunity as Company could diversify to less carbon intensive industries

Asset & Capital

Increased capital availability (as more investors favour low-emissions producers/solution providers)

Opportunity for Company with its offer on energy efficiency solutions

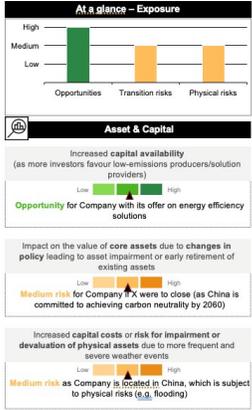


Illustration of Cathay's Climate risk & opportunity mapping included in each Company sustainability deep dive