



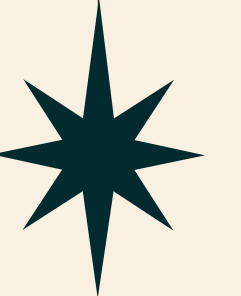
m POWER

2022 SUSTAINABILITY REPORT



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Foreword

We are excited to share with you MPower's first Sustainability Report! It's been a little over two years since MPower launched in May 2021, and we are proud to share what we've accomplished in 2022 from an ESG perspective: how we've taken action according to environmental, social, and governance factors we feel are most material to our fund. In particular, our biggest accomplishments include our efforts around diversity, as well as increasing awareness and knowledge about ESG in the Japanese startup ecosystem.

As you may know, we work with each of our portfolio companies to integrate ESG into their core business operations. All ten companies have commenced their ESG journey, and you can learn more about their processes and reflections in the second half of this report.

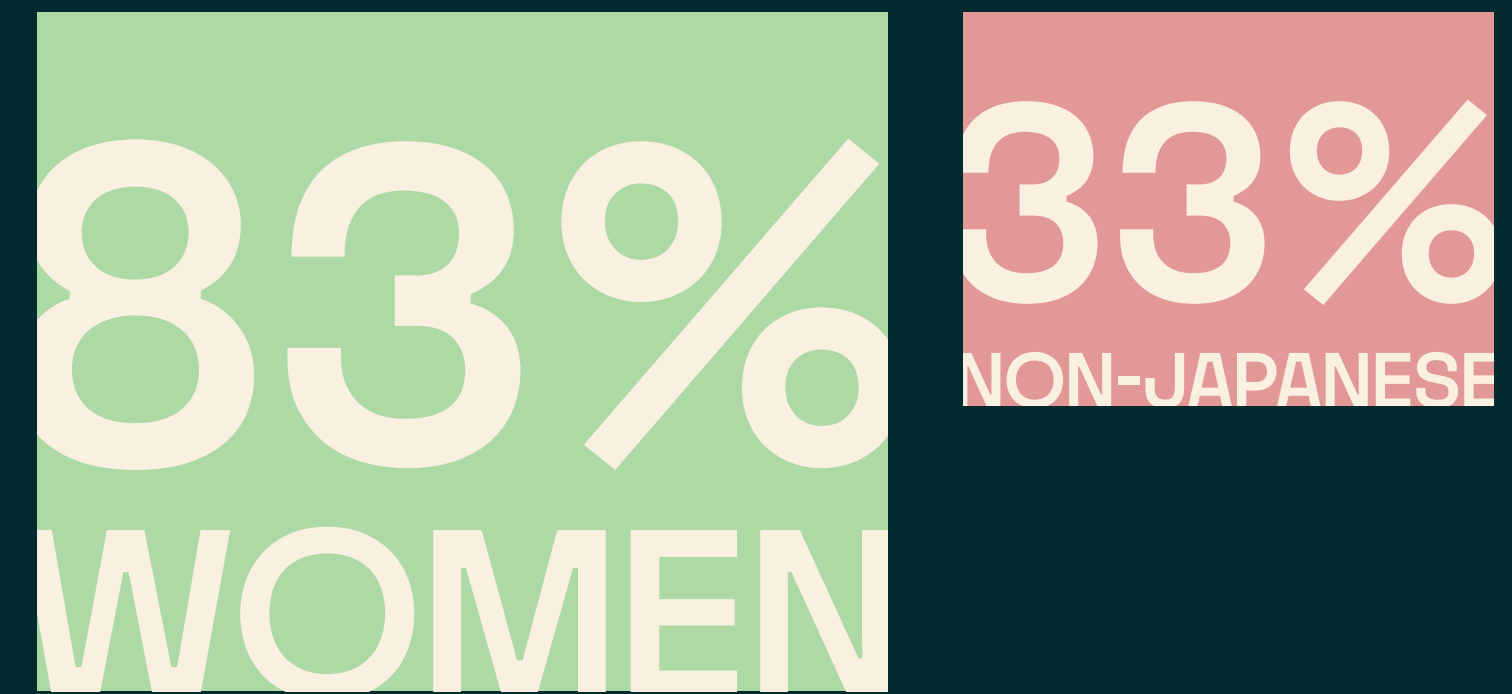
We hope our report increases the awareness of some of our initiatives, as we are eager to engage with anyone who is interested in collaborating to revolutionize Japan's startup ecosystem and enable sustainable, long-term growth for startups globally.



Kathy Matsui, Yumiko Murakami, and Miwa Seki

BY THE NUMBERS

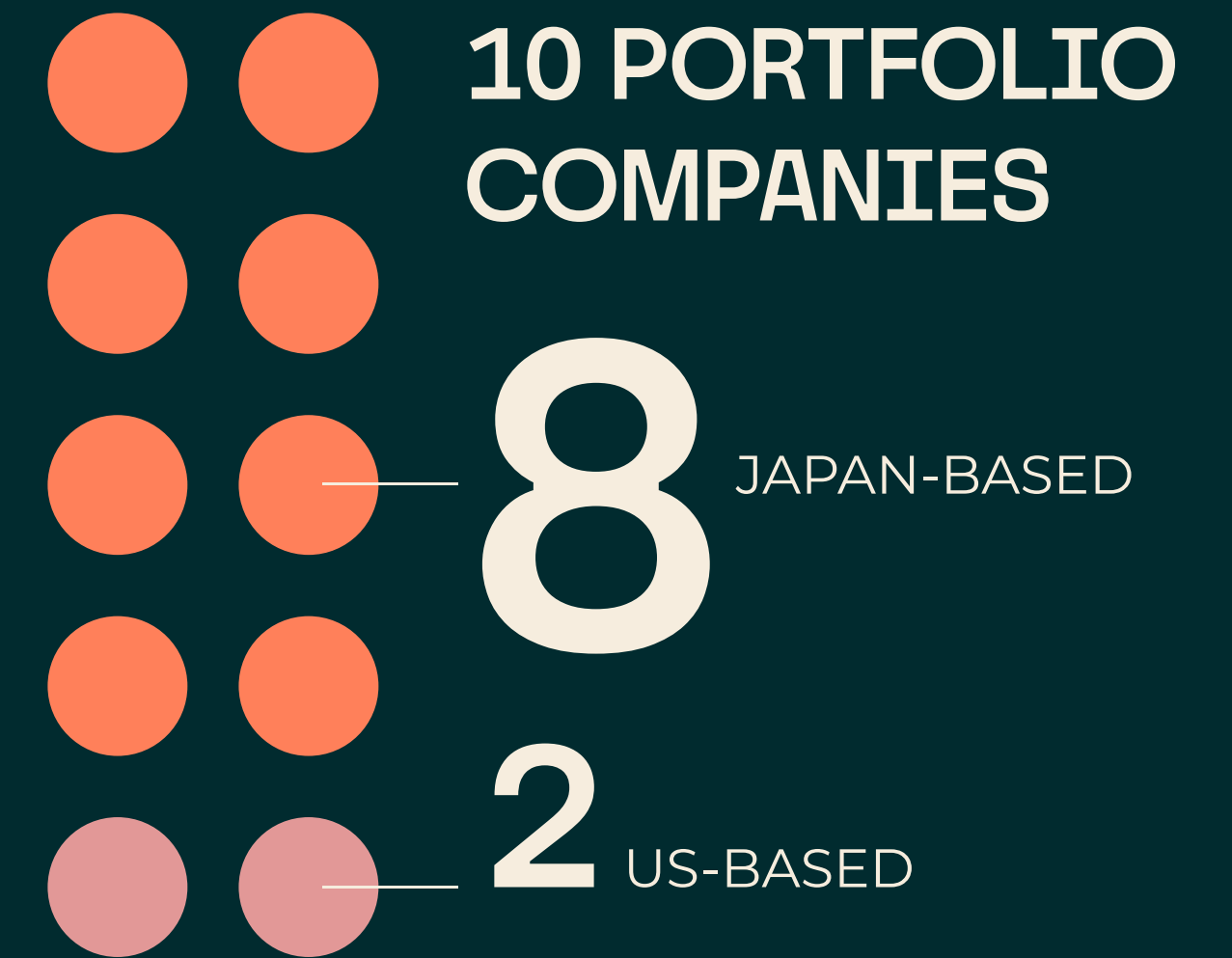
OUR INVESTMENT TEAM



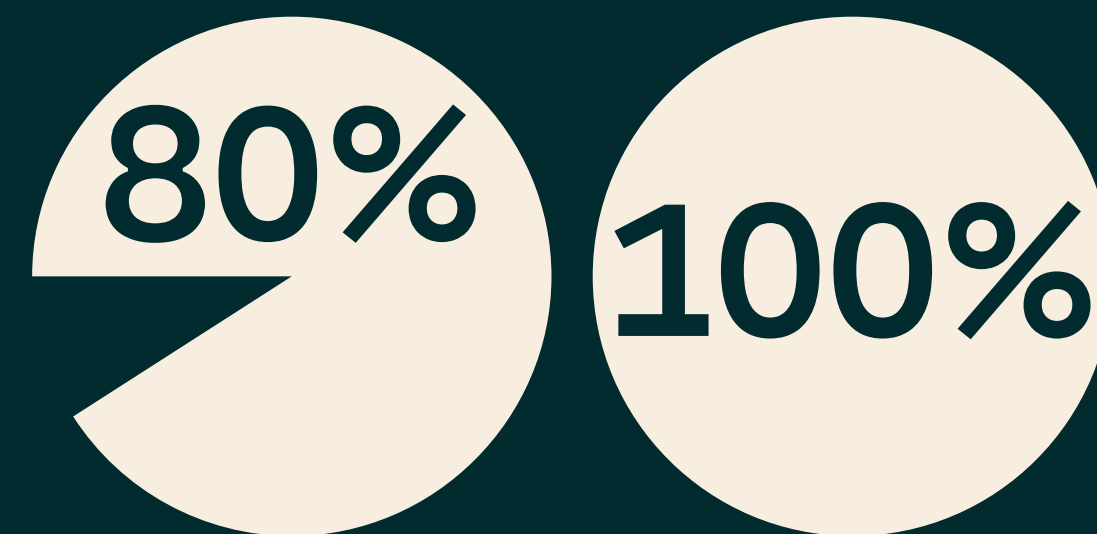
WE SPOKE AT

100+

EVENTS COVERING ESG IN VC AND STARTUPS, AS WELL AS WOMEN EMPOWERMENT TOPICS



4 OUT OF 10 PORTFOLIO COMPANIES ARE FOUNDED BY WOMEN



OF PORTFOLIO COMPANIES MEASURING SCOPE 1 AND 2 EMISSIONS

100% OF JAPANESE PORTFOLIO COMPANIES

25% OF COMPANIES IN OUR PIPELINE HAVE UNDERREPRESENTED FOUNDERS

7 NEW INVESTMENTS IN 2022

ESG AT
m POWER

OUR ESG CHARTER

Long before ESG investing became mainstream in financial markets, the founding general partners of MPower have championed non-financial factors, such as diversity and governance, in economic and financial analysis. We believe that the thoughtful consideration and integration of Environmental, Social, and Governance (ESG) factors into companies, including startups, provides them with a core lever for long-term value creation.

With the launch of MPower Partners, we are committed to integrating the highest standards of ESG in all aspects of our own fund operations in order to achieve our mission of empowering bold, globally-minded entrepreneurs providing tech-enabled solutions to societal challenges; helping innovative companies drive sustainable growth through ESG integration; and revolutionizing Japan's venture ecosystem via greater globalization, diversity, and innovation. Through our activities, we will promote ESG-integrated investing in the venture ecosystem.

[FIND OUT ABOUT OUR GOALS >>>](#)

OUR GOALS

The following are our materialities and goals to achieve the MPower Partners mission

ENVIRONMENTAL

- **Resource management in our own operations** – be as efficient as possible in our use of resources
- **Greenhouse gas emissions** – measure, reduce, and offset our carbon emissions

SOCIAL

- **Diversity, equity, and inclusion** – promote a startup ecosystem, which includes our own workplace, that is diverse, equitable, and inclusive
- **Knowledge, awareness, and development** – enable learning and betterment for our employees, as well as the broader public, on ESG topics
- **Health, safety, and wellness** – ensure health, safety, and wellness of our employees

GOVERNANCE

- **Ethical conduct** – uphold the highest level of ethical conduct for all of our activities
- **Accountable leadership** – ensure the highest standards of governance in our fund management and operations
- **Transparency and reporting** – provide transparency in our policies and activities, especially to our employees and investors
- **Data privacy and security** – comply and stay up-to-date with all data-related best practices and regulations

OUR INVESTMENT APPROACH

ESG is core to our investment thesis, and we integrate ESG principles in every stage of our investment process

In **deal sourcing**, we identify investment opportunities that promote tech-enabled sustainable living, while excluding sectors that we believe stand in contrast to ESG (e.g., tobacco, gambling, fossil fuels) as well as businesses with known, repeated, or unresolved human rights violations. We look for an ESG-aligned mindset within leadership teams. We enable access for diverse founding teams.

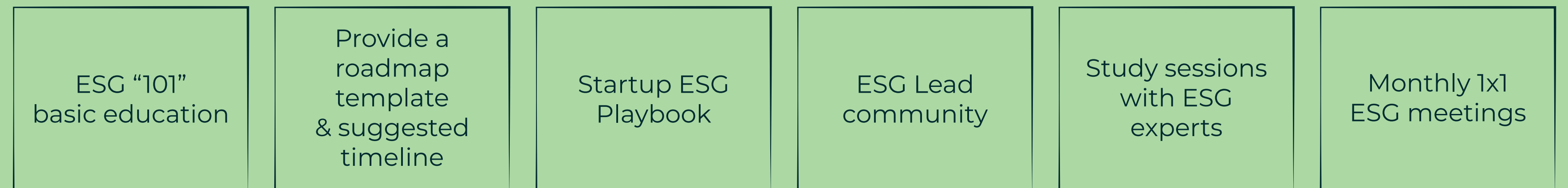
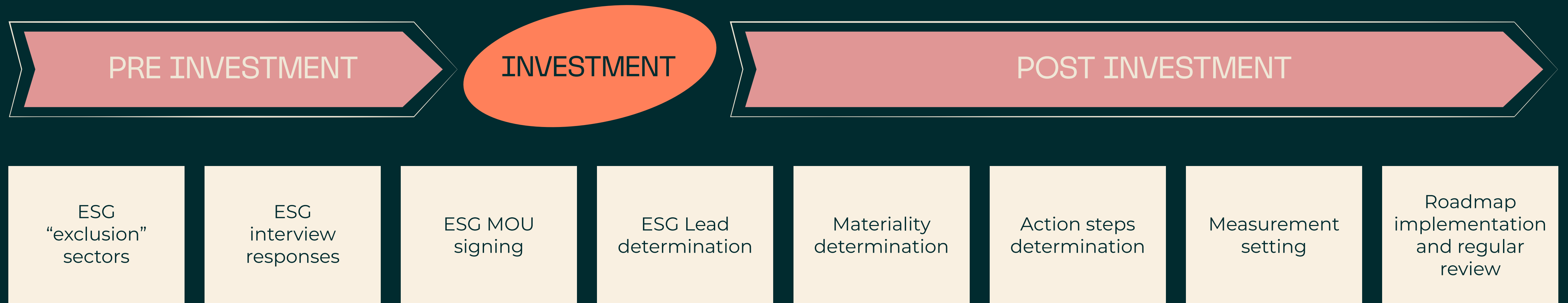
In **due diligence**, alongside our fundamental assessment of a business, we also conduct a high-level ESG evaluation, in order to understand where environmental, social (including human rights), and governance-related risks may lie and how we can help add value in the company's ESG integration process. In order to ensure that the founders are committed to their ESG agenda, we request them to sign an ESG Memorandum Of Understanding prior to our investment.

Post-investment, we provide hands-on support for each of our portfolio companies to determine the most material ESG factors for their businesses, and based on these, we help them create an ESG roadmap, including specific KPIs. We then maintain a continuous dialogue with each company regarding their roadmaps and closely monitor their progress.

Furthermore, ESG principles are embedded in MPower Partners' own operations and on June 26, 2021, we became an official signatory of the United Nations Principles for Responsible Investment (UNPRI).

ESG INTEGRATION AT MPOWER

ESG is integrated in each stage of our investment process



MPOWER
ESG VALUE-ADD

M POWER
FAMILY

OUR TEAM



Kathy Matsui
GENERAL PARTNER



Yumiko Murakami
GENERAL PARTNER



Miwa Seki
GENERAL PARTNER



Lisa Shalett
OPERATING PARTNER



Masatoshi Fukasawa
PARTNER



Yuna Sakuma
PRINCIPAL



Xia Ye
ASSOCIATE



Kirara Tsutsui
ASSOCIATE



Yuuki Umeda
FUND OPERATION



Chi Guillemette
LEGAL AND COMPLIANCE



Shizuka Schweiger
OFFICE MANAGER

INDUSTRY EXPERTS



Simeon Bochev
AI



Trista Bridges
ESG



Paul N. Matsui
HEALTHCARE



Kanoko Oishi
HEALTHCARE

OUR PORTFOLIO



Childcare healthcare IoT and workflow DX to empower childcare providers and parents



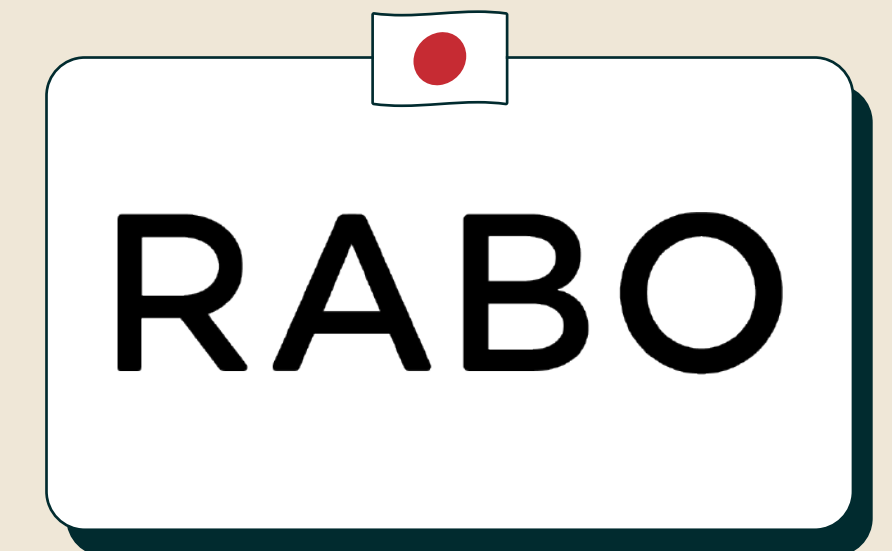
No-code multilingual translation SaaS to enable inclusion for websites and applications



Leader in predictive data and analytics for climate risk and resilience



Video-based management support system to enhance organizational performance at multi-store businesses



Pet tech solutions to monitor daily movement and health conditions of beloved cats



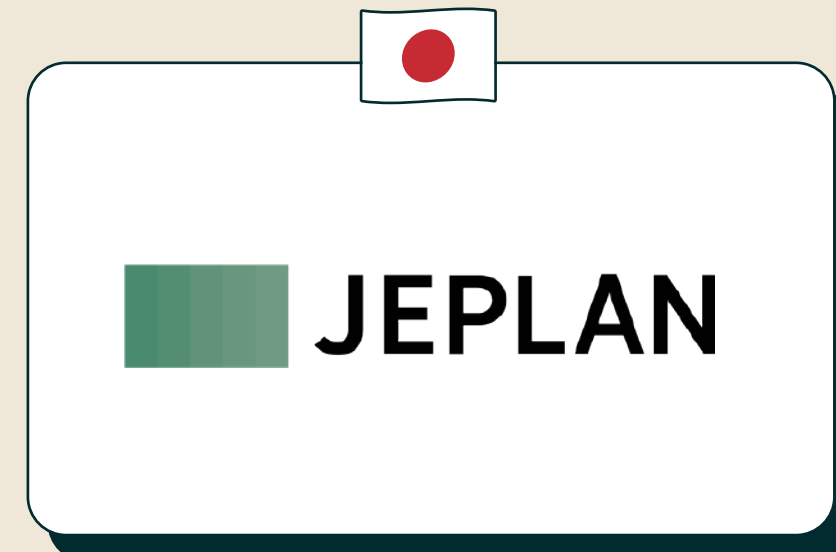
A matching platform for the construction industry to solve labor supply and demand challenges



Sales quote comparison and order placement platform that empowers small businesses



Hyperlocal air pollution and greenhouse gas measurement and analysis platform



Circular economy business with a proprietary chemical recycling technology



Reskilling and career support platform that help women meet their life and career goals

ESG HIGHLIGHTS: our operations

ENVIRONMENTAL

MATERIALITIES

- Resource management in our own operations
- Greenhouse gas emissions

COMMITMENTS

- Be as efficient as possible in our use of resources
- Measure, reduce, and offset our carbon emissions
- Empower the startup ecosystem on taking climate action

2022 RESULTS

- As a starting point in taking action, we embarked on measuring our greenhouse gas emissions. We put systems in place to measure our Scope 1, 2, and 3 carbon emissions
- Though the direct greenhouse gas emissions of technology companies can be limited, we believe awareness around climate action can be much higher within the startup ecosystem. We hosted a workshop on carbon accounting for MPower portfolio companies. As a result, all eight of our Japanese companies measured Scope 1 and 2 emissions for 2022

8_{OUT OF} 10

portfolio companies measured Scope 1 and 2 emissions (100% of Japanese portfolio companies)

SOCIAL - DIVERSITY

MATERIALITIES

- Diversity, equity, and inclusion

COMMITMENTS

- Promote a startup ecosystem, which includes our own workplace, that is diverse, equitable, and inclusive

2022 RESULTS

- We developed and published our DEI policy, as well as measured the diversity metrics of our fund, pipeline, and portfolio companies
- We held an event for over 150 participants on diversity and startups at the CIC Tokyo, featuring startup founders and leaders keen on bringing DEI to the forefront of their companies
- We became certified as a Level 2 fund by Diversity VC, as the first fund in Asia -- the highest certification available at the time
- We support and actively participate in formal initiatives to promote gender diversity in the startup ecosystem, including Tokyo Women in VC, the Japan Venture Capital Association, and Tokyo Women in VC Diverse Founder Office Hours

The JVCA's Diversity and Inclusion Initiative (DII)

The Japan Venture Capital Association is a group of more than 300 VC and CVCs. It launched the DII with the goal of promoting diversity and inclusion not only in the VC/CVC investment industry but throughout the entire startup ecosystem in Japan. In 2022, the DII has published the results of several initiatives.

Event policy

The goal is to reach 20% representation for women, members of the LGBTQ community, non-Japanese nationals, and persons with disabilities for JVCA-organized events.

Source: <https://jvca.jp/news/31442.html>

Diversity and inclusion survey

A survey run in the spring resulted in responses from 59 firms. It highlighted the following for diversity statistics in VC firms:

	WOMEN	NON-JAPANESE
All employees	25.5%	6.3%
Investors	16.3%	9.2%
Management level	8.7%	6.8%
Investment decision makers	9.3%	7.0%

DIVERSITY - OUR NUMBERS

Internal

	% women	% non-Japanese
GPs	100%	33%
Other investment team	67%	33%
Other team	100%	33%
External advisors	50%	33%
Industry experts	50%	75%

Pipeline

Founder identifies as:	% of companies
Female	16%
Minority	8%
Female & minority	1%
Other	75%

Portfolio

Female founders	
By number of companies	40%
By investment value	42%

Out of 10 portfolio companies:

8 have at least 30% women employees

6 have over 20% women managers

5 have over 20% women in senior management roles

8 have at least 1 female board director

Why diversity is imperative for growth

Female-founded startups raise less capital, but deliver better outcomes

While strong positive linkages have been identified between diversity and large corporations, what about diversity and startups?

A 2018 study by Boston Consulting Group and Mass Challenge compared 350 US startups over a five-year period, dividing them between those with at least one female in the founding team versus those without. On average, the female-founded startups raised less than half the funds raised by male-founded startups. Yet, for every dollar of investment, female-founded startups generated 78 cents, while male-founded startups generated 31 cents.

What about the situation for Japan-based startups?

MMPower Partners conducted an analysis of IPOs during 2020-2021, comparing startups with female vs. male founders. Female founders accounted for merely 8 of the 231 IPOs. Moreover, the average amount of total funds raised by female-founded startups (JPY403 mn) was 44% less than of male-founded firms (JPY719 mn).

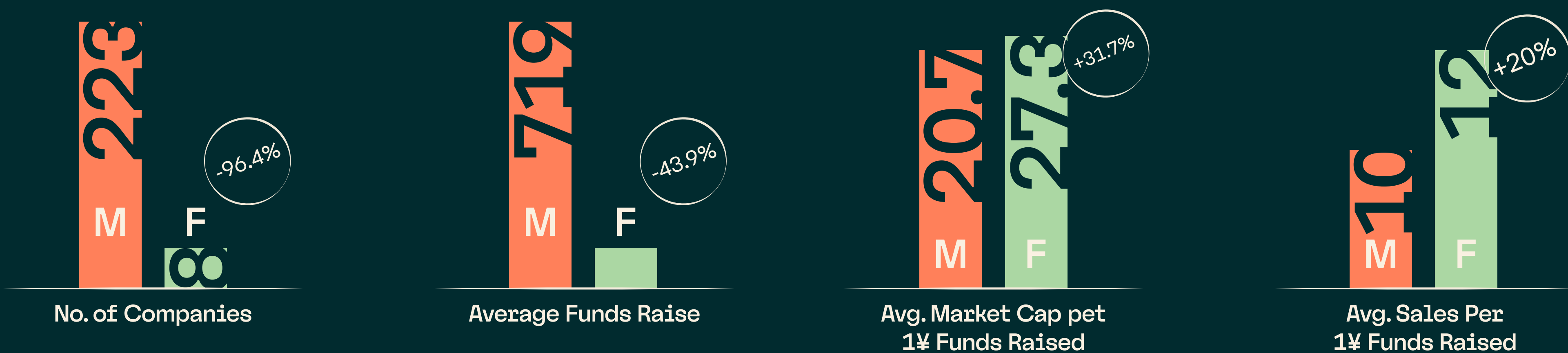
Despite this funding gap, relative to every Japanese Yen of funds raised pre-IPO, **the market capitalization of female-founded firms at the time of IPO was 32% larger vs. male-founded firms, and impressively, revenues generated in the IPO year were 20% higher for female-founded firms.**

Why?

The BCG/Mass Challenge survey cited three reasons:

- 1) Relative to men, female-founders are often subject to more challenges and pushback from investors
- 2) Male founders are more likely to make bold projections and assumptions in their pitches, while female founders tend to be more conservative
- 3) Many male investors may overlook potential market opportunities since they may have limited familiarity with the products and services that women-founded businesses market to other women.

Sources: <https://www.mpower-partners.com/blog-en/why-diversity-is-imperative-for-growth/>, <https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet>



SOCIAL - KNOWLEDGE

MATERIALITIES

- Knowledge, awareness, and development

COMMITMENTS

- Enable learning and betterment for our employees, as well as the broader public, on ESG topics

2022 RESULTS

- In January 2022, we launched the MPower blog, covering global ESG topics, CXO ESG interviews, ESG Playbook content, and more
- We developed and published our Startup ESG Playbook, which provides a step-by-step guide to embarking on the ESG journey, available free to the public (blog, Notion)
- We published “ESG x Startup Report: Current State of ESG Efforts Among Japanese Startups and Learnings From Japanese/International Case Studies,” a joint report with the Boston Consulting Group. The report was based on a survey of 50 Japanese startups
- We hosted events to foster ESG dialogue in the startup community, including lunches with portfolio companies, LPs, and other startup leaders
- Between our team members, we spoke at over 100 events and conferences, covering ESG in VC and startups, as well as women empowerment topics
- We sponsored our employees to receive VC-related training through the Japan Venture Capital Association and Endeavor Japan



Supported by



Startups x ESG Report

Current State of ESG Efforts Among Japanese Startups and Learnings from Japanese/International Case Studies

Published September 2022

In order to help startups implement ESG successfully, this report is comprised of two main sections. The first is a quantitative assessment of the current state of ESG efforts among Japanese startups based on a survey of 50 startups. The section examines actual initiatives implemented across ESG areas and obstacles which startups encounter, in addition to the actual impact of ESG initiatives on business performance, among other topics. Second, drawing from expert interviews with 10 leading Japanese and overseas startups, the report synthesizes the significance of ESG initiatives and explores 7 Principles for activating ESG efforts.

Sources:

https://www.mpower-partners.com/www/wp-content/uploads/2022/09/2209_MPower-BCG_JointPR_EN.docx.pdf,
https://speakerdeck.com/mpower_partners/esg-startup-report2022_en

STARTUPS SEE A POSITIVE IMPACT FROM ESG EFFORTS ON “EMPLOYEE RETENTION AND RECRUITMENT,” WHILE “LACK OF RESOURCES AND KNOWLEDGE” IS A KEY HURDLE

The survey, which received responses from 50 Japanese startups across all stages from pre-Series A through companies that recently went public, found that startups experience a real impact of ESG efforts on their business, particularly around employee engagement. On the other hand, startups cite the lack of ESG resources and knowledge to be the largest bottlenecks, as well as difficulty in achieving internal consensus on the importance of ESG.

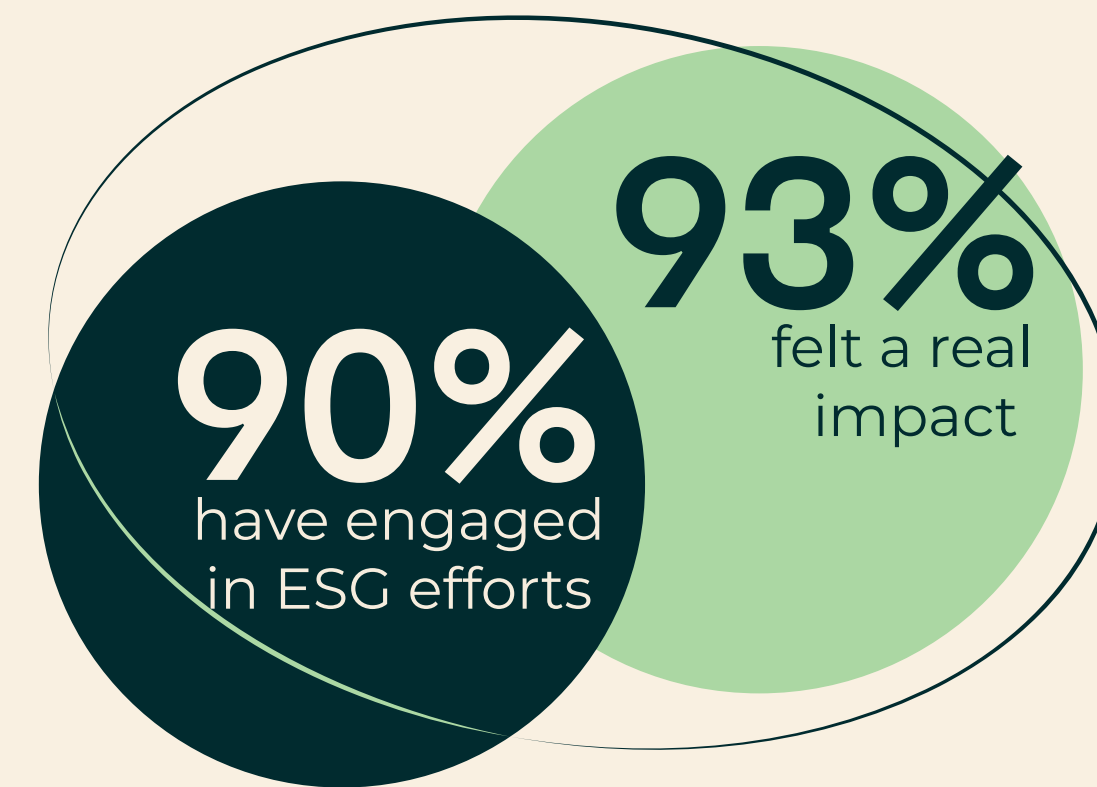
STARTUPS SEE A POSITIVE IMPACT FROM ESG EFFORTS ON “EMPLOYEE RETENTION AND RECRUITMENT,” WHILE “LACK OF RESOURCES AND KNOWLEDGE” IS A KEY HURDLE

The report draws on expert interviews with 10 leading Japanese and overseas startups to summarize the significance of ESG initiatives and key principles for activating ESG efforts. Three key contributions of ESG to business performance and operations

Securing financing, as investors increasingly include ESG as a part of their decision-making

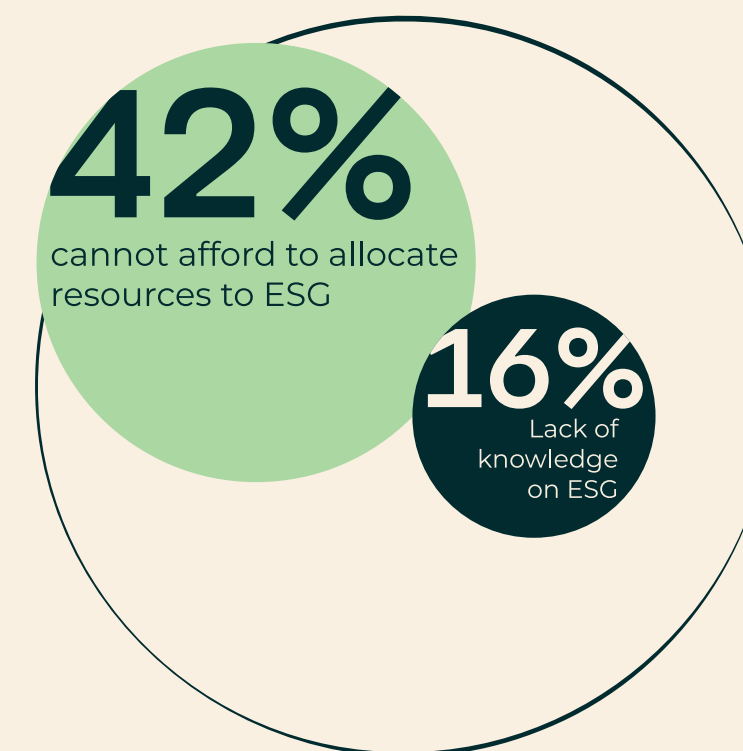
Sales improvement in the short- to medium-term, in response to requirements of large companies and consumer preferences

Ensuring sustainable growth in the medium- to longer-term, by creating an organization and strategies for continued business growth



Of respondents, **90% have engaged** in ESG efforts. Of those companies, **93% felt a real impact** on their business performance and operations

In particular, a positive impact is seen on “promotion of employee retention and recruitment,” which **46% cited as a top 3 factor**



The primary bottlenecks working against undertaking ESG are “lack of resources” and “lack of knowledge on ESG”: **42% of respondents mentioned that they “cannot afford to allocate resources to ESG”** and **16% cited a “lack of knowledge on ESG”** as key hurdles

BY SPECIFIC ENVIRONMENTAL, SOCIAL, AND GOVERNANCE AREAS, THE FINDINGS FROM THE SURVEY ARE AS FOLLOWS

ENVIRONMENTAL

“Efforts to measure and reduce GHG emissions” are currently limited:

- **74%** of respondents have not yet measured their GHG emissions
- **64%** have no initiatives in place to reduce emissions

SOCIAL

Proportion of women in managerial roles tends to be very low compared with the total share of women employees:

- **78%** of respondent companies have 20% or higher women employee representation
- **26%** have 20% or more women in management roles.
- **42%** of companies have not engaged in DEI (diversity, equity, and inclusion) initiatives
- **Over 85%** of respondents have “established a remote work policy”

GOVERNANCE

Limited representation of internal and external “women & foreign nationals on Board of Directors” (internal/external directors included):

- **50%** of respondents have no women directors
- **88%** have no foreign national directors on their boards

Most later stage companies have a whistleblowing process and half of them actually “utilized the whistleblowing process”:

- **97%** of later-stage startups have “a whistleblowing mechanism/process”
- **53%** have “whistleblowing mechanisms that have actually been used”

Majority of startups have data incident tracking systems in place:

- **64%** of startups have a data privacy incident tracking system in place, of which **53%** actually measured incidents

Greater tendency for later stage startups to engage in data security and privacy efforts compared with early-stage ones:

- **97%** of later stage startups have worked “to maintain compliance with privacy regulations” and “manage the security of information terminals used by employees”

Our Engagement

Our engagements with organizations in the broad startup ecosystem and policymakers help us amplify our influence, particularly with regard to our materialities around DEI and knowledge. Here are some of our involvements

STARTUP ECOSYSTEM

The **Japan Venture Capital Association** is a group of more than 300 VC and CVCs. Kathy Matsui serves as director and chair of the Diversity & Inclusion Committee

Tokyo Women in VC is a community dedicated to foster collaboration and support women in venture capital and startup investment. We are active individual members, and Kathy Matsui serves as advisor

VentureESG is a global initiative to increase ESG integration among VCs. Yuna Sakuma serves on the steering committee

DiversityVC is a non-profit that offers an assessment and certification process that measures a fund's internal and external DEI policies and programs. We obtained a Level 2 certification, the highest level awarded. We are also proud to be Diversity VC's first certified fund in Asia

The **Environment and Energy Innovation Community** was launched by CIC Tokyo and U3 Innovations with the aim of promoting innovation in the environment and energy field. Yumiko Murakami serves as advisor

Endeavor is the leading global community of, by, and for High-Impact Entrepreneurs — those who dream bigger, scale faster, and pay it forward. MPower is a supporter of Endeavor Japan

POLICYMAKERS

Yumiko Murakami sits on **Prime Minister Kishida's panel on "the New Form of Capitalism"**

Yuna Sakuma serves on the **Ministry of Environment** "Working group on climate tech impact measurement and management"

MPower is a signatory of the **United Nations Principles for Responsible Investment** since June 26, 2021. We provided our feedback on the "Limited Partners' Venture Capital Investment Due Diligence Questionnaire"

MPower provided a comment letter to the Exposure Draft of the **International Sustainability Standards Board**

ESG Playbook

ESG is becoming increasingly prominent in the investment world, and not a day goes by that we do not encounter the word “ESG.” On the other hand, it is hard to deny the feeling that the term “ESG” has taken on a life of its own. And since there are no textbooks explaining ESG for start-ups, some entrepreneurs have admitted to us that while they’ve heard of ESG, they don’t really comprehend what it means, and some also don’t understand the difference between ESG and SDGs.

Drawing on case studies and the team’s experiences, MPower has compiled a “Startup ESG Playbook,” covering the key points for startups to understand and implement ESG from basic ESG knowledge to practical processes. Access it here or read the highlights on the MPower blog."

Sources:
[bit.ly/3wn01nP,](https://www.mpower-partners.com/blog_en_category/playbook/)
https://www.mpower-partners.com/blog_en_category/playbook/

Content

★ PART I: WHAT IS ESG?

- What is ESG?
- Why is ESG important for startups?
- Essential ESG factors

★ PART II: THE ESG JOURNEY

- The ESG journey
- Conducting a materiality analysis
- Determining commitments and best actions to take
- Establishing targets and defining metrics
- Utilizing ESG and sustainability frameworks
- Communicating an ESG roadmap
- Resources to get started and next steps

SOCIAL - WELLNESS

MATERIALITIES

- Health, safety, and wellness

COMMITMENTS

- Provide an industry-leading approach to employee wellness support and flexible working
- Provide lifelong learning and development opportunities for employees

2022 RESULTS

- MPower supports a positive and flexible working culture to support employee needs
- We formalized maternity and childcare leave process, and our first employee utilized the program in 2022

GOVERNANCE

MATERIALITIES

- Ethical conduct
- Accountable leadership
- Transparency and reporting
- Data privacy and security

COMMITMENTS

- Uphold the highest level of ethical conduct for all of our activities
- Ensure the highest standards of governance in our fund management and operations
- Provide transparency in our policies and activities, especially to our employees and investors
- Comply and stay up-to-date with all data-related best practices and regulations

2022 RESULTS

- Our Legal and Compliance Officer led 8 compliance training sessions for all employees. Additionally, each new employee, including interns, were trained individually on key topics
- We provided updates on fund activities through quarterly reporting and LPAC meetings, as well as LP calls based upon request
- For our 7 new investments in 2022, we informed LPs regarding each investment decision at the time capital is called
- We engaged with a third-party IT consultant to assess MPower's data security and privacy processes. As a result, we updated internal data security and privacy processes based upon recommendations

PORTFOLIO ESG PERSPECTIVES



CEO
YASUYUKI TOKI

CFO
NAOTO HOSHI

Unifa

Childcare healthcare IoT and workflow DX to empower childcare providers and parents

📍 JAPAN



ESG AS A MEANS TO ARTICULATE THE MEDIUM-TO LONG-TERM VALUE OF A BUSINESS

Unifa has always been committed to contributing to the UN Sustainable Development Goals (SDGs). Toki explains that Unifa chose to utilize ESG as an additional framework because “it was the most suitable framework to explain the purpose of Unifa’s business.” Hoshi adds, “in the capital markets, ESG is the de facto standard over SDGs. Each framework has its own pros and cons, so one is not necessarily better than the other. However, when considering dialogue with the capital markets, we believe that using ESG is an effective way to begin.”

A FOCUS ON MAKING EMPLOYEES HAPPY

Within ESG, Unifa’s primary focus is in the area of S (Social). In particular, Unifa’s priority is to solve the labor shortage at childcare facilities and reduce the burden of childcare-related work. The company hopes to enable women to become more active in society and improve the quality of care and education for children.

Internally, Unifa has strategically created a strong HR system, including a benefits program and recruitment process, believing that “we are a company that creates infrastructure to make families happy, and it would mean nothing unless our employees and their families are happy.” Currently, in addition to further increasing the ratio of female leaders, Unifa is also focusing on promoting the use of family leave, including for men.

ESTABLISHING GOOD GOVERNANCE FROM AN EARLY STAGE

In addition to the Social factors, as a concrete action for Governance, the company established an audit committee at the same time as their Series D fundraise. Furthermore, the company has spent about two years recruiting outside directors. These efforts are on par with those of large corporations, which is uncommon for a startup.

Hoshi continues, “in the same way that it is better to learn good habits from an early age, if a start-up company engages in ESG activities early, it can ingrain good standards as part of its identity. However, while it’s important to have this mindset, startups don’t have to match the level of large or public companies from the start. The key is to do what you can in a step-by-step manner.”

ESG HELPS CLARIFY UNIFA'S PURPOSE AND PHILOSOPHY

Toki says, “we have been sharing our quantitative business metrics until now, but we have not quite been able to articulate our deeper thinking on the business. ESG has enabled us to differentiate ourselves from other companies and to proactively share our most important values. By thinking about actions to further the impact behind these values, we are now able to take the next steps and reflect them in the numbers.”

Source: www.mpower-partners.com/blog-en/unifa-esg-interview/



CEO

TAKAHARU HAYASHI

CFO

TAKESHI FUJIWARA

Wovn Technologies

No-code multilingual translation SaaS to enable inclusion for websites and applications

JAPAN

WOVN.io

ESG IS EMBEDDED IN WOVN'S BUSINESS OBJECTIVES

Fujiwara says, “eliminating inequality of information due to language barriers hits right at the center addressing diversity, equity, and inclusion (DEI). Therefore, WOVN’s mission itself is aligned with the ESG framework, especially in terms of ‘Social.’” For WOVN, ESG is embedded in its business objectives.

The company’s rapid growth is enabled by its highly diverse team. Currently, WOVN’s employees represent over 25 different nationalities. “In order for our business to be successful, we need to realize the potential of our diverse team members. This is one of the reasons why we embrace and place such a high priority on DEI,” explains Fujiwara.

A CROSS-FUNCTIONAL ESG TEAM SUPPORTS A COMPANY-WIDE EFFORT

After MPower invested in 2021, WOVN officially launched their ESG Project. What was important to WOVN at that time was to create an environment for the entire company to work together on the endeavor. When the ESG Project Team was formed, members were recruited from across the company. According to Fujiwara, this was a good opportunity to promote company-wide collaboration. “In a hybrid, remote work environment, it’s easy to lose interactive communication across departments,” he said, “but the ESG Project has allowed us to facilitate discussions cross-functionally.”

ESG HAS INCREASED EMPLOYEE ENGAGEMENT

Since the establishment of the ESG Project, WOVN has expanded efforts into areas other than “Social.” For “Environment,” for example, WOVN will measure and reduce their CO2 emissions, and with their recent office relocation, they chose recyclable materials for the floor and chairs in the central space. Fujiwara says that “when we thought about what we could do in terms of the ‘E’, we surprised ourselves that there are many small things we can do, and we would not have even thought about it without our ESG efforts.”

ESG awareness has also increased member engagement. Fujiwara says, “our ESG efforts have given us an opportunity to think about WOVN’s significance as a business – our ‘purpose.’ As a result, we believe our employees’ motivation and engagement has increased.” Further, Fujiwara believes the structure of running the ESG efforts in a cross-functional project team format has enabled that.

Source: www.mpower-partners.com/blog-en/wovn-esg-interview/



CEO RICH SORKIN

Jupiter Intelligence

Leader in predictive data and analytics for climate risk and resilience

USA



COULD YOU HIGHLIGHT A FEW ESG PRIORITIES AND THE RELATED ACTIONS YOU'RE TAKING?

“For almost three years, we have prioritized DEI enhancements across all levels of the company. We have produced and publicly reported our DEI commitment statement. Concretely, we have recruiting channels to reach a pipeline of diverse candidates, and we provide our search firms strong guidance that we need to see diversity in the candidates that they present. We require female and minority representation on our interview panels for all positions. As a result, we have an increase in women and underrepresented minorities in our employee base, as well as in management positions and our board of directors. And I truly believe that a diverse representation of people of all backgrounds enhances Jupiter teams.

As a business in the climate space, the “E” of ESG is a priority for us. We continue to be a significant thought partner externally, offering our science expertise and a strong voice in initiatives that combat impacts of climate change. Jupiter also signed up for “Race for Resilience,” a sibling campaign to “Race to Zero.”

Finally, we are proud of the Jupiter Promise, an important dimension to our ESG efforts. The Jupiter Promise is a program to make Jupiter’s services available at little to no cost to under-resourced countries and communities suffering most from the effects of climate change. For the inaugural Jupiter Promise program, Jupiter worked with the Nature Conservancy in Colombia, South America, helping identify most at risk ecosystems.”

WHAT BENEFITS DO YOU SEE FROM PRIORITIZING ESG-RELATED INITIATIVES?

“ESG goals have both business and culture benefits—both internally within the company and externally to our customers, shareholders, board, and community, as well as with the government, business leaders and public policy makers. We partner with many top companies who are committed, both in the US and abroad, to having strong ESG initiatives.

It’s clear to me that our ESG priorities are incredibly important to our employees. It’s also important to our customers; they expect this from their vendors. We want to make sure that both our employees and customers know that they are being heard, and that this is important to us as leaders of Jupiter as well.”

WHY ESG FOR EARLY-STAGE COMPANIES?

“The whole set of things to make a good ESG company is much harder to get right. There are benefits to them regardless, but the earlier the better. For Jupiter, we believe our ESG-related benefits are synonymous with business growth and performance, and thus the returns for our investors, so it makes sense for these to be our top priorities.”

Source: www.mpower-partners.com/blog-en/how-jupiter-embraces-esg-to-accelerate-growth/



CEO AND CCO
ERI FUKUDA

SHE

Reskilling and career support platform that help women meet their life and career goals

📍 JAPAN



SOCIAL INITIATIVES ROOTED IN SHE'S CORE VALUES

Since its founding, SHE has been a frontrunner in promoting and adopting diverse work styles and has pushed to provide employee benefits akin to those offered by large corporations. The “Hello! Baby” program stands out for its initiatives benefiting not just expecting parents but also those with young children. SHE truly believes in “empowering everyone, regardless of circumstance, to realize their own preferred way of working.” The permeation of this value across all policies and firmwide messaging has allowed SHE to foster a comfortable work environment that brings the best out of its employees and attracts top talent.

In 2022, SHE launched a series of new initiatives. One such project is “NEXT FOUNDERS,” which aims to help develop 100 female entrepreneurs a year. As a female founder and CEO in a country where women make up 8.2% of founders and less than 1% of public companies are led by women, Fukuda believes that “an increase in the number of women-led companies would not only increase the number of female managers but also contribute to fostering a more comfortable working environment.”

CREATING AN ENVIRONMENT THAT ENCOURAGES DIALOGUE ABOUT MAJOR LIFE CHANGES

Currently, 10 employees at SHE are on maternity or parental leave. Although this number may seem high for a 120-employee start-up, it has not significantly disrupted SHE’s operations. The key to this lies in

the open culture SHE has fostered, where employees feel comfortable discussing life events. For instance, instead of announcing a pregnancy during the second trimester, employees share their fertility journey from the outset. This approach allows managers to create a support system and make informed staffing decisions.

“Startups lacking diversity in management don’t truly appreciate the significance of diversity. Fostering diversity purely due to societal tailwinds is seldom effective. Leaders ought to fully understand and appreciate the importance of diversity first, perhaps through discussions with companies that have seen its benefits. I believe implementation of company benefits and diversity targets should be addressed subsequently.”

SEAMLESSLY INTEGRATING G (GOVERNANCE) ELEMENTS

As the company matures, SHE now focuses on “G” (Governance). A major action to bolster corporate governance was to establish a board of directors. It meant SHE had to balance the fast pace of a startup with the structure required from a governance perspective. Fukuda recounted how “there were instances where decisions had to be made in the name of governance that sacrificed speed.” Nonetheless, the company’s commitment to strengthening governance was met with little internal pushback. Fukuda attributes this to how deeply the ESG mindset is embedded in the company.

Source: www.mpower-partners.com/blog-en/she-esg-interview-1/, www.mpower-partners.com/blog-en/she-esg-interview-2/



CEO
YOICHI WAGATSUMA

CCO
YUTA OTSUKA

Sukedachi

A matching platform for the construction industry to solve labor supply and demand challenges

JAPAN



LINKING ESG TO SUKEDACHI'S BUSINESS MODEL

"Sukedachi's growth could dramatically improve conditions for those working at the base of this multi-tier, subcontracting structure in construction - a clear purpose alignment with the 'social' facet of ESG. Once I recognized this, everything fell into place for me. It motivated me to go the extra mile." Sukedachi's business is underpinned by the belief that facilitating the alignment of aspirations between construction workers and companies will improve worker satisfaction, reinvigorating an industry known for labor challenges.

IMPROVING EMPLOYEE RETENTION AND PROMOTING DIVERSITY AT THE EXECUTIVE LEVEL

A primary focus for Sukedachi through the past year and a half of rapid expansion was around Social factors, specifically on acquiring and retaining talent. Central to this effort was their four-member hiring team who onboarded over 100 employees in one year. The company also established a 'People & Culture' team to aid employee retention post-hiring. The team has undertaken a number of initiatives, which since implementation, have translated into a lower turnover rate, while observing a three-fold increase in sales.

Additionally, Sukedachi is fervently promoting diversity. In a historically all-male industry, over 25% of the company's roughly 170 employees are women. Sukedachi aims to spearhead change in an industry long challenged with diversity.

As part of their governance strategy, Sukedachi established a board of directors and a board of auditors, selected to ensure objectivity and diversity of perspectives.

THE POSITIVE BUSINESS IMPACT OF ESG

Sukedachi's launch of their sustainability site elicited an overwhelmingly positive response and attracted considerable media attention; this translated into increased interest from shareholders and other startups. Wagatsuma highlighted the positive impact of sharing ESG initiatives during partnership negotiations, where he has found it easier to win the trust and praise of major corporations.

"When we share media coverage of our ESG efforts at company-wide meetings, our employees share this with their families. They feel proud to be part of a company 'working on ESG.' This effect extends to recruitment, attracting candidates who resonate with our ESG commitment."

Despite the substantial impact of Sukedachi's ESG journey, it is entirely managed by just two individuals: executive officer Otsuka and one member of the president's office. Wagatsuma himself lauded how "[ESG integration] didn't require extensive resources."

Source: www.mpower-partners.com/blog-en/sukedachi-esg-interview/

Endnote

MPower Partners turned 2 years old at the end of May. As we prepared this report, we were able to reflect on our ESG commitments and are proud of our accomplishments in 2022.

Yet, we are only getting started.

Our 2022 results showed that we have strengths in diversity, equity, and inclusion and in ESG knowledge sharing. We also consider fund governance and taking climate action to be particularly important.

In 2023, we are continuing to build on these strengths. Though the macroeconomic environment is uncertain, and there are increasing headwinds for ESG, we are encouraged by our team's and our portfolio companies' commitment to ESG.

We are grateful for the support and collaboration of many people to make our ESG efforts possible. To the broader MPower Family — thank you! And we look forward to hearing from anyone who would be keen to work with us.



Principal & ESG Lead
Yuna Sakuma

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Please be aware that currently, there is no single, universally accepted framework, whether legal, regulatory, or otherwise, that defines what constitutes "sustainable", "responsible" or equivalent "ESG" investment, product or offering. There is also no market consensus on these terms. Further, it cannot be guaranteed that such a universally accepted framework or consensus will be established and adopted in the future. While certain jurisdictions, particularly the European Economic Area, have made regulatory efforts to define these concepts, the legal and regulatory framework governing sustainable finance is still in development.

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