

General Guidelines for Responsible & Impactful Investment

A condition for responsible investment is that exercising responsibility does not have a negative impact on returns. This requirement does not impede responsible investment, however. On the contrary, in the long run companies that act responsibly are expected to generate better and more stable returns for their shareholders, since their business model is more forward oriented. In concrete terms, stable, high returns on a responsible basis are ensured through the choices made by the GPs, based on Grove Ventures' values.

The goal of investing in technology companies which create positive value is an active choice, while the exclusion of companies involved in tobacco products, controversial weapons, etc., according to the negative list, is an opt-out. This ensures that Grove Ventures acts as a prudent and responsible investor, which in the long term generates stable, high returns for its LPs.

A. Grove Ventures Divestment Policy – Global Standards

1. General Framework

Grove Ventures does not invest in companies that:

- Fail to observe conventions adopted by international organisations and that have been ratified by the jurisdiction in which investment takes place.
- Fail to comply with national legislation.
- Contravene sanctions imposed by the UN.

On assessing these conditions, the common denominator will be the UN's key conventions concerning human rights, labour, environment and anti-corruption, as incorporated in the UN Global Compact. The UN Global Compact principles, which are in accordance with the key conventions, are used to assess whether a company is in breach of the conventions.

These principles are based on the following international guidelines:

- The Universal Declaration of Human Rights
- The Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO)
- The Rio Declaration on Environment and Development
- The UN Convention against Corruption

2. Prohibition of investment in controversial weapons and tobacco products

Grove Ventures does not invest in companies producing weapons that contravene the following conventions:

- UN Convention on Certain Conventional Weapons
- Chemical Weapons Convention
- Biological Weapons Convention
- Convention on Cluster Munitions (the Oslo Convention)
- Convention on the Prohibition of Anti-Personnel Mines (the Ottawa Convention)
- Treaty on the Non-Proliferation of Nuclear Weapons

The prohibition also applies to sub suppliers that deliver components, service or development that is designed specially to achieve the final product.

Grove Ventures does not invest in companies that produce tobacco products. Sub suppliers are not included in this prohibition.

3. Countries

Grove Ventures does not invest in countries that are subject to financial sanctions from the EU and the UN and which Israel has endorsed and is thereby obliged to enforce.

B. Grove Ventures Sustainability Policy

This policy intends to reflect a general framework regarding different Sustainability areas – in Climate, Environment, Social and Governance. The policy draws upon universal ESG standards and aims to emphasize certain risks and opportunities throughout the investment cycle.

Grove Ventures believes in leading by example, and as such, Grove Ventures will appoint from within its investment team an ESG Officer who will oversee all the Fund's ESG matters, with regards to the Fund's internal and external operations.

This approach concerns not only Grove Ventures' investment policy, but also Grove Ventures' internal operations, as well as the existing portfolio companies of the fund through Grove Ventures' Active Ownership policy, as described below.

Grove Ventures Active Ownership policy:

Grove Ventures has a clear active ownership policy concerning investments. Grove Ventures exercises active ownership through several activities, including:

- Monitoring: A key aspect of Grove Ventures' active ownership is the regular and systematic monitoring of companies in which it has invested. Grove Ventures monitors that the companies' strategy, financial and non-financial results, risk, capital structure, management remuneration, social and environmental impacts and corporate governance are compatible with Grove Ventures' guidelines for responsible investment, as well as the international principles.
- Dialogue with companies: Dialogue with the portfolio companies is an essential aspect of Grove Ventures' Active Ownership policy. If a company is found to have infringed Grove Ventures' guidelines, it will be placed on Grove Ventures' observation list, and Grove Ventures will exercise Active Ownership to further investigate the company's infringement of the guidelines and its development.

Companies' incentives to adopt reasonable ESG guidelines: Grove Ventures is convinced that the best way to contribute as an Active Owner is to help companies take the right course through dialogue and not by excluding companies that infringe Grove Ventures' policies and guidelines for responsible investment. However, if a company persistently and grossly infringes Grove Ventures' policies and guidelines for responsible investment, and/or does not wish to engage in dialogue with Grove Ventures, Grove Ventures will have the right not to engage in future investments or rounds with the company, to its own discretion.

The efforts to incorporate these considerations is dependent upon Grove Ventures' influence over the management of each investment, which may vary depending on the investment structure and terms.

In cases where Grove Ventures determines it has limited ability to conduct pre-investment due diligence, or to influence the enactment of Sustainable issues in connection with an investment, Grove Ventures will make best efforts to apply those considerations of the Sustainability policy which it determines to be practicable.

Moving forward, Grove Ventures will also include a Sustainability Clause in all future term sheets and investments agreements, which will state that each portfolio company shall enact an ESG policy, following the signing and within a reasonable time frame determined by Grove Ventures.

1. Climate & Environment Policy

To counteract climate change, Grove Ventures has laid down the following principles:

Investment Policy

- Grove Ventures does not invest in companies whose overall exposure is to coal production.
- Grove Ventures is committed to seek out investment opportunities which will accelerate the shift to sustainable, affordable and clean energy.
- Prior to investing in a company, the General Partner will apply its' best efforts to determine the company's effect on the environment, as part of the due diligence process.

Internal Operations

- Grove Ventures commits to reduce carbon emissions within its internal operations.
- Grove Ventures commits to apply best standards for responsible consumption and production, as well as reduce food waste to minimal levels.

Portfolio Companies

- Grove Ventures will encourage and guide portfolio companies to implement high standards for substantially practices, and to reduce carbon emissions.
- Grove Ventures will encourage and guide portfolio companies to apply best standards for responsible consumption and production, as well as reduce food waste to minimal levels.

2. Social Policy

Investment Policy

- Grove Ventures is committed to seek out investment opportunities which reflect principles of Gender Equality and Diversity.
- Grove Ventures will devote some of its investment budget to actively seek out gender-diverse investment opportunities and/ or entrepreneurs, and to nurture the Israeli women-entrepreneurship eco-system, whether by hosting events or panels, creating mentorship opportunities, providing educational seminars, providing pre-seed funding, and in any other way in which Grove Ventures will see fit, and that will advance Grove Ventures endeavors in investing in gender-diverse entrepreneurs.
- Grove Ventures will incorporate Gender Equality and Diversity considerations as part of the pre-investment due diligence process and seek appropriate disclosure on Diversity issues ahead of investing when applicable.

Internal Operations

- Grove Ventures is committed to Gender Equality, Diversity and Inclusion within the fund's internal operations, to support gender balance, and to a zero-tolerance approach to discrimination of any kind.
- Grove Ventures is committed to ensure good health and well-being to all the employees in the workplace, as well as to other stakeholders of the Fund.

- Grove Ventures is committed to equal opportunity within the workplace, and to allow employees to reach their full potential within the Fund.

Portfolio Companies

- Grove Ventures is committed to actively encourage, guide and help portfolio companies to implement principles of Gender Equality, Equity and Inclusion.
- Grove Ventures is committed to actively promote and guide portfolio companies to establish employees' and other stakeholders' well-being and safety frameworks.
- Grove Ventures will seek disclosure on diversity issues within its portfolio companies annually.

3. Governance & Remuneration:

Governance principles include:

- Grove Ventures will adhere to strong ethics in governance, and against corruption and unethical behavior.
- Grove Ventures will adopt internal monitoring of Sustainability expectations as laid forth in this Policy.
- Grove Ventures is committed to instilling a strong culture of trust, responsibility and best practice regarding data.
- Grove Ventures is committed to fostering appropriate risk culture, with respect (but not only) to the management of potential conflicts of interest, as well as compliance with applicable law and regulation.

Grove Ventures focuses on its' portfolio companies' remuneration policy, with the objective of promoting sound and effective risk management. Grove Ventures' policy for the remuneration of board and executive board members is therefore founded on a set of fundamental principles to achieve the same objective.

Remuneration principles include:

- The remuneration paid within Grove Ventures Internal Operations and Portfolio Companies must be in line with the company's long-term goals for required earnings and corporate culture.

- Grove Ventures is committed to ensuring that the company's overall incentive scheme correctly reflects the company's actual long-term value creation.
- Grove Ventures is committed to ensuring that the remuneration and compensation packages of the company's board and senior executives are aligned with their long-term value creation within the company.
- Grove Ventures is committed to ensuring that assessment of performance and compensation takes full account of adherence to risk management requirements, covering all relevant types of current and future risks.

We believe that the Deep Future is Now: We invest in startups which have the potential to change the world as we know it. However, as investors, we also believe that startups can not only change entire industries for the better, but also change the world for the better.

As such, we aspire to invest in technologies and in people that can steer the world towards a better direction, and to provide us all a better future. We firmly believe that financially driven startups who have a holistic sustainable policy, can lead to improved financial gains, as was proved time and time again over the last few decades.