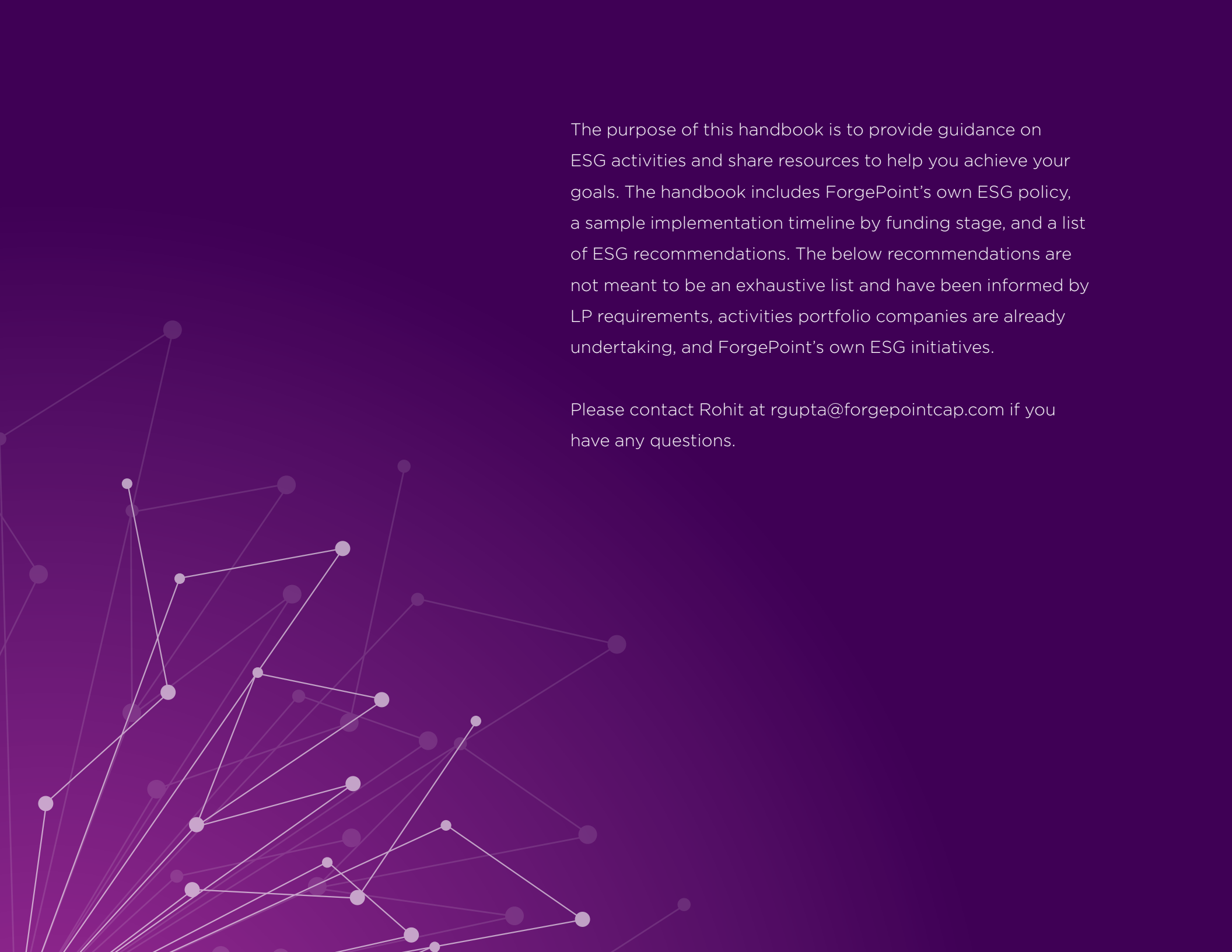




PROTECTING THE DIGITAL FUTURE

# ESG PORTFOLIO HANDBOOK



The purpose of this handbook is to provide guidance on ESG activities and share resources to help you achieve your goals. The handbook includes ForgePoint's own ESG policy, a sample implementation timeline by funding stage, and a list of ESG recommendations. The below recommendations are not meant to be an exhaustive list and have been informed by LP requirements, activities portfolio companies are already undertaking, and ForgePoint's own ESG initiatives.

Please contact Rohit at [rgupta@forgepointcap.com](mailto:rgupta@forgepointcap.com) if you have any questions.

## FORGEPOINT'S COMMITMENT TO ESG

ForgePoint Capital's mission is to protect the digital future. We believe investing in cybersecurity will protect individual privacy and ensure greater economic prosperity. In addition, responsible corporate behavior with respect to Environmental, Social and Governance (ESG) factors can mitigate risk and positively influence long-term financial performance.

We are keen to partner with other firms and groups focused on ESG and are proud to be one of the founding signatories of ILPA's [Diversity in Action](#) initiative as well as a signatory of the [United Nations' Principles for Responsible Investment \(PRI\)](#) group.

### OUR RESPONSIBLE INVESTING PLEDGES:

- **Inclusivity:** Foster a culture of meritocracy, fairness, and transparency.
- **Community:** Encourage all firm and portfolio company professionals to engage in nonprofit giving and socially responsible volunteer activities.
- **Actions Over Words:** Proactively work with portfolio companies on environmental, health, safety, and social initiatives to improve performance and minimize adverse impacts.
- **Governance:** Promote appropriate governance of our portfolio companies, including establishment of a qualified board of directors, engagement of independent auditors, and creation of appropriate channels for stakeholders to report potentially improper activities.
- **Compliance & Ethics:** Proactively comply with national, state, and local regulations in the countries in which we invest, support competitive wages and benefits for employees, and provide a safe and healthy workplace for all.
- **Data Privacy & Security:** Protect the privacy of confidential consumer and corporate information through our own operations and those of ForgePoint portfolio companies.
- **Protecting Our Planet:** Ensure and continuously improve the environmental responsibility and energy efficiency of our firm and our portfolio companies.

- **Transparency:** Encourage dialogue with our Limited Partners and other stakeholders on how we can manage ESG opportunities and risks in a way that is consistent with their initiatives.
- **Positive Impact:** Not invest in any business that willfully exploits underserved or underprivileged communities and/or creates significant damage to society.

## RESPONSIBILITY: FROM FIRST CALL TO EXIT

Our commitment to ESG starts with our team, composed of individuals who are all passionate about creating positive societal impact by investing in and advising companies that protect the digital world. As impact investors, we incorporate ESG into every aspect of our investment process. Once an investment is made, we actively monitor ESG opportunities and risks on an ongoing basis and require our portfolio companies to periodically provide us with information on their ESG initiatives.

## ESG INITIATIVES:

- Unconscious bias training
- Carbon offsetting
- Recycling
- ESG Committee
- Tracking fairness of promotions
- Tracking the diversity of our team and our portfolio companies
- Annual ESG survey
- ESG due diligence checklist
- Incorporated ESG into annual performance reviews

## SUGGESTED IMPLEMENTATION TIMELINE BY FUNDING STAGE

### Seed

- **Environmental:** Conduct training on recycling
- **Social:** Track representation of management and employees by gender and ethnicity, track days worked without injury or illness, conduct anti-harassment training, provide employees a paid volunteering day
- **Governance:** Nominate an ESG champion from the leadership team to oversee ESG activities, actively seek out personal ESG learning opportunities through books, podcasts, etc.

### Series A

*Everything in Seed plus:*

- **Environmental:** Match employee donations to climate relief organizations, track the company's overall carbon footprint
- **Social:** Source interns and employees from underrepresented groups, track employee mental health, measure employee engagement, provide a family and medical leave policy
- **Governance:** Identify your company's top 3 impact metrics and share the results annually, report ESG risks and opportunities in board meetings

### Series B and Later

*Everything in Series A plus:*

- **Environmental:** Encourage and incentivize employees to minimize their footprints, replace plastic materials and items in the office with recyclable ones, organize Earth Day volunteering activities
- **Social:** Identify diversity & inclusion gaps with software like Diversio, track the fairness of promotions and ensure equal pay, deploy organizational culture surveys, conduct unconscious bias training for management, measure retention, track and improve diversity of board directors and advisors

---

## ENVIRONMENTAL RECOMMENDATIONS

- 1 Match employee donations to climate relief organizations (up to a specific amount, such as \$200) annually.** We advise presenting employees a list of vetted charitable organizations (effective climate change-focused ones can be found [here](#)) and matching their donations to demonstrate your organization's commitment and support.
- 2 Track company-wide carbon footprint and encourage employees to pay for carbon footprint offsets.** Companies like Pachama, Wren and others help calculate your company's or an individual's carbon footprint free of charge, provide access to verified carbon reduction projects such as reforestation, and enable the purchasing of carbon credits that fund projects of your choosing. For an individual, the cost of offsetting a year's worth of carbon emissions may range from \$150 - \$400 depending on the individual's lifestyle, amount of travel, diet, and other factors. We advise subsidizing the carbon offsets either by a fixed percentage or a flat amount (e.g. 20% of the offset cost or \$100 per person) to further incentivize employees to go through the process.



---

**3 Conduct training on recycling.** This can be accomplished by working with an external organization such as [Greenpath](#), [Roadrunner](#), and similar groups or by asking an employee to deliver a presentation on the importance and benefits of recycling, what items can be recycled and what cannot, and where employees can place recyclable materials within the office. After conducting a training, we advise tracking the percentage of employees that recycle through a survey.

**4 Use recyclable materials in the office.** We advise getting rid of disposable plastic materials such as plastic cups, plates, and straws and only use recyclable materials to reduce waste. Installing water bottle filling stations can be a powerful motivator for employees to bring reusable water bottles to work.



---

## SOCIAL RECOMMENDATIONS

### DIVERSITY & INCLUSION

- 1 Track the breakdown, as a percentage, of gender and racial/ethnic group representation for: 1) management, 2) technical staff, and 3) all other employees.**
- 2 Hire interns from underrepresented groups and post openings in non-traditional job networks.** Potential groups to consider connecting with for recruiting purposes include: ICMCP (International Consortium of Minority Cybersecurity Professionals), Women in Cybersecurity, The International Order of Black Security Executives, Women in Security and Privacy, Minorities in Cybersecurity, Queercon, and Blacks in Cybersecurity. You can find more information about these groups [here](#), and feel free to reach out to the ForgePoint team if you have trouble reaching any of these organizations as our team works with several of these.





---

## HEALTH & SAFETY

- 1 Track employee mental health on an ongoing basis using tools like Moodpath, Animo, Levell, Unmind or others.**

We advise using tools like Animo that not only track mental health but also prioritize recommendations to improve mental health.

- 2 Track the number of days worked without injury or illness each year (subject to reporting on OSHA Form 300A).**

## Community

- 1 Provide employees a paid service day to give back to their communities in whatever way they see fit.** We advise setting a company-wide service day and asking employees to document their service experience, which can be shared in later team meetings.

- 2 Organize volunteer community events as part of team bonding - these can include helping at a local food kitchen, homeless shelter, or picking up trash in nearby parks.**



---

## INTERNAL POLICY & CULTURE

- 1 Track employee engagement.** This can be achieved through brief, daily pulse surveys that gauge current employee happiness or less frequent surveys that focus on the following three metrics: 1) Satisfaction - how pleased is the employee with their tasks, working conditions, pay, benefits, supervisor, and so on? 2) Alignment - is the employee motivated by the goals and missions of your organization, or do they wake up every day just to collect a paycheck? 3) Future orientation - does the employee envision a future at the company, or see themselves elsewhere in a few years?
- 2 Conduct anti-harassment training annually.** Please refer to your state's guidelines to determine at what stage anti-harassment training is mandated by law. In California for instance, all employers with 5 or more employees must provide 1-hour of sexual harassment and abusive conduct prevention training to nonsupervisory employees and 2-hours of sexual harassment and abusive conduct prevention training to supervisors and managers once every two years.



- 
- 3 Provide a family and medical leave policy.** Please refer to your state's guidelines for specific details. In California, employers with 50 or more employees are required to provide eligible employees with up to 12 weeks of leave in a 12-month period for the birth, adoption or foster placement of a child, for the employee's own serious health condition, or to care for a family member with a serious health condition.
  - 4 Track the fairness of promotions and ensure individuals of different genders and ethnicities working in the same roles receive equal pay.** We advise making promotion discussions as tangible and quantitative as possible to remove any possible bias.
  - 5 Provide an anonymous harassment reporting system.** This could take the form of a physical box, or you could consider working with a startup such as [AllVoices](#) which enables the anonymous reporting of harassment, bullying, culture issues, bias, and other concerns.
  - 6 Conduct organizational culture surveys quarterly and identify key improvements.** We advise using tools like [Culture Amp](#) that have pre-built surveys specifically designed with this purpose in mind.



---

## GOVERNANCE RECOMMENDATIONS

- 1 Nominate a chief ESG Officer or executive champion in charge of overseeing and implementing ESG initiatives.**
- 2 Identify your company's top 3 impact-related metrics.** To clarify, these are not financial metrics, but rather metrics that speak to the overall positive impact the company is having on society. Example metrics for cybersecurity startups may include: number of government agencies protected, number of endpoints protected, sensitive data exposure reduced, data breaches detected, malware detected, security incidents prevented, or number of individuals protected. For further guidance on impact metrics, please contact Rohit from the ForgePoint team at [rgupta@forgepointcap.com](mailto:rgupta@forgepointcap.com).
- 3 Report ESG risks and opportunities in board meetings.** For instance, share the ESG activities your company implemented since the previous board meeting, any changes to the representation of management and employees by gender or diversity, and any ESG concerns that your company could use assistance addressing.



## ESG RESOURCES

For additional information, we recommend the following:

### Standards

- United Nations Sustainable Development [Goals](#)
- United Nations Global Compact [Principles](#)
- IRIS+ Impact [Metrics](#)

### Environmental

- Net Zero Carbon [Toolkit](#)
- Tips for Building a Sustainable [Startup](#)
- 6 Ways to Minimize [E-Waste](#)
- Track Your Organization's Carbon [Footprint](#)
- Support Carbon [Offsetting](#)

### Governance

- Framework for ESG Board [Oversight](#)
- LP Expectations of ESG [Reporting](#)

### Social

- Diversity and Inclusion [Handbook](#)
- Creating a Trans Inclusive [Workplace](#)
- How to Develop a DEI [Initiative](#)
- Gender Equality Policies for [Startups](#)

- Labor Standards by [Country](#)
- Unconscious Bias Training [Providers](#)
- Create Employee Resource [Groups](#)
- Design Inclusive Office [Spaces](#)
- Encourage Use of Inclusive [Language](#)
- Diversify Organizational Recruiting [Efforts](#)
- Remove Bias in [Hiring](#)
- Conduct Equal Pay [Analysis](#)
- Implement Culture [Surveys](#)
- Measure Promotions by Gender and Minority [Status](#)

### Talent

- Tech [Leavers](#)
- To Retain Employees, Focus on Inclusion — [not just Diversity](#)
- Lack of Focus on D&I Initiatives is a Key Factor in [Employee Turnover](#)
- The Connection Between Diversity In The Workplace & [Employee Retention](#)
- Lessons in Inclusive [Hiring](#)

### Financial Performance & Innovation

- The Other Diversity [Dividend](#)
- How and Where Diversity Drives Financial [Performance](#)
- Diverse Companies Produce More [Revenue](#)
- How Diversity Can Drive [Innovation](#)
- Diverse Teams Feel Less Comfortable, That's Why They Perform [Better](#)
- How Diversity Makes Us [Smarter](#)

### Legal

- Championing Diversity Without [Discriminating](#)
- How Promoting Diversity Helps Avoid [Discrimination](#)



PROTECTING THE DIGITAL FUTURE

[forgepointcap.com](http://forgepointcap.com)

650.289.4455

400 S El Camino Real | Suite 1050

San Mateo, CA 94402