

FIKA VENTURES: ESG BEST PRACTICES

PREFACE / PURPOSE STATEMENT:

Fika Ventures has put together this Environmental, Social, and Corporate Governance (ESG) Best Practices document for our portfolio companies in an effort to provide some high-level guidelines and key reflection questions around sustainability and societal impact in the workplace. It is our belief that ESG factors are core to business strategy and can have a lasting, positive net impact across the business, including financial outcomes. Similar to how we hold ourselves accountable as responsible investors in our [ESG](#) and [Code of Conduct](#) policies, we hope this document empowers you to better incorporate ESG responsibilities into your daily business operations and build company-wide awareness around these topics. As always, let us know if you have any questions on any of these areas or would like referrals to ESG experts for more tailored guidance or support.

ENVIRONMENTAL - Climate Change, Energy, Sustainability

- Support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.¹
- Communicate potential risks for the consumer and provide complete information on risks to both the consumer, and the public.
- Define company vision, policies and strategies to include sustainable development — economic prosperity, environmental quality and social equity.
- Apply environmentally sound technologies to reduce day-to-day operating inefficiencies, emissions of environmental contaminants, worker exposure to hazardous materials and risks of environmental disasters.
- Reduce greenhouse gas emissions and footprint (where applicable) and implement a zero-waste policy.

SOCIAL - Human Rights, Diversity, Consumer Protection, Animal Welfare

Best Practices: Human Rights²

- Providing safe and healthy working conditions
- Guaranteeing freedom of association
- Ensuring non-discrimination in personnel practices
- Ensuring that they do not use directly or indirectly forced labor or child labor
- Providing access to basic health, education and housing for the workers and their families, if these are not provided elsewhere

¹ [UN Global Compact Principles](#)

² [UN Global Compact Principles](#)

- Having an affirmative action program to hire victims of domestic violence
- Making reasonable accommodations for all employees' religious observance and practices
- Zero tolerance policy for sexual harassment
- Additional support and respect related activities in the community

Note: Special attention should be paid to the rights of vulnerable groups, including women, children, people with disabilities, indigenous peoples, migrant workers, older persons etc.

Best Practices: Diversity & Inclusion

- Measure and monitor employee engagement & sentiment around inclusion and diversity
- Audit/review hiring, onboarding and performance review processes to ensure clear, measurable and fair benchmarks for excellence
- Build partnerships to diversify hiring pipeline (Code2040, LaborX, Bixel Exchange, etc.)
- Invest in and support any existing equity, diversity and inclusion programs
- Host and attend anti-racism workshops
- Consider using this [DEI template](#) to measure progress in your D&I initiatives

Best Practices: Consumer Protection

- “Buyer beware” rarely holds up anymore so operate under the assumption that the consumer/buyer has a right to a degree of protection (otherwise be prepared to pay stiff consequences such as damages litigation or public brand-bashing).

Best Practices: Animal Welfare

- There is a growing concern around the welfare of animals so be aware of it and limit the testing of products on animals where possible (not applicable to most of you).

CORPORATE GOVERNANCE - Management Structure, Employee Relations, Executive Compensation

Best Practices: Management Structure³

- Define roles and responsibilities and establish clear lines of accountability for ESG initiatives among the Board, Chair, CEO, Executive Officers and management
- Emphasize integrity and ethical dealing
- Over time, tie incentives and compensation to ESG-related goals and metrics

Best Practices: Employee Relations

- From diversity to the establishment of corporate behaviors and values, the role that improving employee relations plays in assessing the value of a company is becoming increasingly important.
- Some examples of the way you achieve strong employee relations are offering a great, engaging work environment, good benefits packages, equal and fair leave policies,

³ [McInnes Cooper](#)

opportunities for continued learning/growth, ongoing coaching/training (including implicit bias), mental health support and generally doing whatever it takes to ensure employees are heard and feel valued.

- Your goal should be to get on a list like Fortune's [100 Best Companies to Work For](#) as the recognition alone helps recruit the best possible workforce and has a noticeable impact on company values and employee longevity.

Best Practices: Employee Compensation

- Fair, equal and competitive compensation is critical to support long-term growth and reduce employee turnover
- Eliminate discrimination in respect of employment, occupation and compensation
- Uphold the freedom of association and the effective recognition of the right to collective bargaining (where applicable)

Key Reflection Questions

1. What are some clean, green, and renewable opportunities your company might be interested in or already partaking in?
2. How much does your company focus on responsible sourcing, or the voluntary commitment to considering social and environmental costs while managing relationships with suppliers?
3. What are some social opportunities your company provides, e.g. access to health, wellness, communication, and finances?