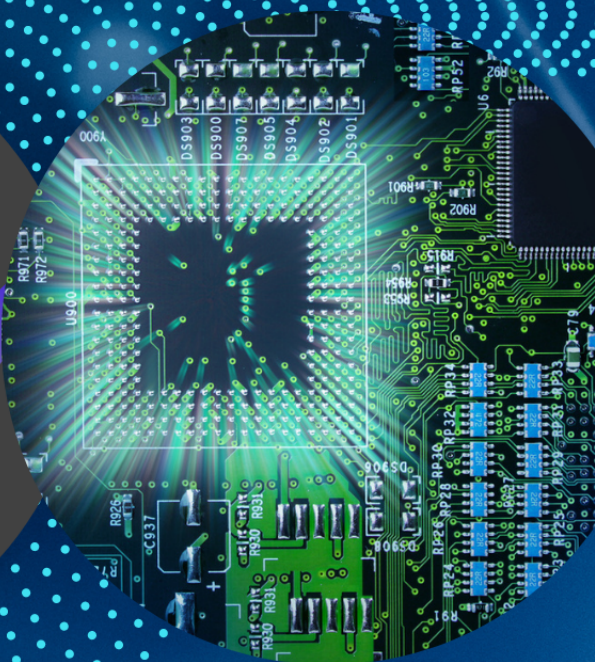




# RESPONSIBLE INVESTMENT REPORT 2022



## MESSAGE FROM THE CO-FOUNDERS

Greetings again from out here on the edge. It's where you'll always find us because it provides the best perspective for leading this ongoing journey to Responsible Investing. From here we can see both the big picture vision and the detailed actions needed to make meaningful and positive change in the world.

Embracing ESG is fundamental to our approach because we believe it inherently creates value. In 2022 we took a deep dive to examine how the Digital Industrial transformation is aligning with the E in ESG in particular. It was a fruitful exercise because it confirmed what we've also always believed to be true: there is inherent risk for so many industrial companies making the low carbon transition, but the landscape is also rich with opportunity, especially for those in the Digital Industrial sector. The very firms we choose to work with.

Digital Industrial technologies help industrial operations run better, faster, cheaper, safer and with lower environmental impact, and these tech companies also sit on a treasure trove of potential to combat the impact of climate change. We learned the potential exists in multiple areas—resource efficiency, renewable energy, the creation of new products and services, the advancement of new carbon markets, and the ability to practice resilience as steps are taken to transition to a net zero emission world. This feels so reassuring and thrilling at the same time; it signals our collective understanding of how to address the challenges of climate change is expanding with greater opportunity than ever before to make a real difference. And it aligns with our very personal mission to change the world.

We will continue to blaze the trail to establish best practice standards and reporting frameworks alongside meaningful financial returns in the emerging field of the Digital Industrial. We take real action and hold ourselves accountable to annual targets that we consistently meet and, in some cases, exceed. We are proud of the work we do in this area and how ESG is a fundamental core value of our firm. It is a significant part of what makes McRock a great place to work and create value.

Our position on the edge makes it all possible. Sure, the view is pretty fantastic. But it's the "zoom out" perspective which provides a broad view of the majestic peaks to be climbed—the ambitious goals and aspirations of McRock driving positive change through Digital Industrial investing. And the "zoom in" perspective illuminates the many rich details of the landscape—the specific actions, strategies and initiatives we are implementing to achieve our ambitious goals.

Come change the world with us, the right way.



Whitney Rockley and Scott MacDonald  
Co-Founders, McRock Capital



## 2022 ESG HIGHLIGHTS

<b>\$182 million</b> Assets under management (as of December 31, 2022)	<b>17</b> Portfolio companies since inception—13 active, 4 exits	<b>Zero</b> Portfolio company failures since inception	<b>100</b> Diversio Inclusion Score—perfect score and 29 points above industry average
<b>67%</b> Female partners	<b>50%</b> Female team members	<b>50%</b> Visible minority team members	<b>60%</b> Visible minority investment team members
<p>McRock led 10 Diversity, Equity &amp; Inclusion initiatives in 2022, exceeding our target. These initiatives included co-hosting several Female Founders, Funders &amp; Fortifiers events and a McRock Summer Diversity mixer.</p> <p>McRock's inaugural Responsible Investment Report was recognized in Diversio's Top 20 DEI Initiatives of 2022.</p>		<p>McRock portfolio companies continue to be recognized:</p> <ul style="list-style-type: none"> <li>• <b>Landing AI</b> was one of Fast Company's <a href="#">15 Tech Start-ups to Watch</a>, and Datanami profiled CEO Andrew Ng as a <a href="#">Person to Watch</a>.</li> <li>• <b>Triax</b> was included in the <a href="#">2022 Marcum Tech Top 40</a>.</li> <li>• <b>Invoxium</b> won the inaugural SecurityInfoWatch.com <a href="#">Readers' Choice Product Awards</a> in the Access Control Hardware category.</li> <li>• <b>SkySpecs</b> won multiple awards, including the <a href="#">Fast Track Award</a> two years in a row!</li> </ul>	



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# OUR ESG JOURNEY—THE RIGHT WAY

Our journey towards environmental, social and governance (ESG) started right from our inception as a firm. Doing it the right way means:

- Integrating diversity considerations throughout our investment cycle and carving out a niche as a venture capital (VC) industry diversity champion ([ESG in Our Investment Process—Social](#))
- Harnessing the potential of Digital Industrial to provide environmental sustainability solutions and accelerate the transition to a resilient, low-carbon economy ([ESG in Our Investment Process—Environmental](#))
- Supporting our portfolio companies to measure and account for the positive climate impact of their innovations ([ESG in Our Portfolio—Measuring ESG Performance in Our Portfolio](#))
- Applying best practice ESG guidelines within our investment process, including:
  - Sustainability Accounting Standards Board (SASB) Standards
  - Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations
  - ESG Data Convergence Initiative ([ESG in Our Portfolio—Measuring ESG Performance in Our Portfolio](#))
- Walking the talk by incorporating ESG into how we run the firm ([ESG Within Our Firm](#)). If we expect our portfolio companies to operate responsibly, we need to lead by example. We're proud of these efforts, and our essential contribution to the global sustainability movement. The impacts of our offices in Toronto and Calgary are small, but every bit counts!

## ESG Journey

<b>2012</b>	Scott and Whitney co-found McRock as the first investment firm focused exclusively on the Industrial Internet of Things (IIoT)
<b>2017</b>	Whitney becomes the first woman to chair the Canadian Venture Capital & Private Equity Association (CVCA)—establishing and chairing its first Diversity & Inclusion Committee and Taskforce
<b>2018</b>	Scott and Whitney launch the thought leadership vlog and McRock Live series
<b>2020</b>	We roll out the Diversio for Portfolios tool for current and prospective portfolio companies
<b>2021</b>	We become a signatory to the Institutional Limited Partners Association (ILPA) Diversity in Action initiative We achieve certification to Diversio's Diversity VC standard
<b>2022</b>	We become a signatory to the Principles for Responsible Investment (PRI) We join the ESG Data Convergence Initiative We undertake the McRock Climate Opportunities Project to help portfolio companies measure and account for the positive impact of their Digital Industrial technology solutions on GHG emissions We publish our first Responsible Investment Report, which is recognized in Diversio's Top 20 DEI Initiatives Ha is promoted to Partner making McRock's Investment Committee 2/3 women
<b>2023</b>	We subscribe to Green Project, an automated software platform to track firm and portfolio company ESG metrics We undertake portfolio climate change materiality assessment aligned to the TCFD Recommendations to update our analysis of climate risks and opportunities for the value of Digital Industrial companies

# THIS IS US

## The Rise of Digital Industrial

We came here to change the world and we built McRock Capital as the vehicle to make it happen. Nearly two decades of investing in the industrial and energy sectors gave us front row seats to the impact these industries have on people, communities and the environment—locally and globally. We channeled that insight when we started McRock with the mission to invest in companies accelerating the Digital Industrial Revolution with better, safer and climate-focused technologies.

The new frontier in the Digital Industrial Revolution is combining next-generation data analytics, through artificial intelligence (AI) and machine learning, with data from a range of field devices, machines and equipment. Major industries are at a tipping point, facing profound economic and technological challenges and opportunities, and their big advancements are being powered by Digital Industrial solutions.

As we look to the future, our focus is on Industrial SaaS (Software as a Service). We believe it is bigger than Enterprise SaaS and has more transformational potential for the economy and sustainability given the sheer size, complexity and potential industrial companies have in driving economic growth and climate action.

Do you want to change the world, too? Partner with people brave enough to find new and better ways. That's just what we're doing. Check out these innovators in [ESG in Our Portfolio—Portfolio Overview](#).

## About McRock

We're here to change the world, doing what we do best, investing globally in companies that are accelerating the Digital Industrial Revolution and supporting lasting, positive impact in their sectors. We were founded in 2012 by Scott MacDonald and Whitney Rockley with offices in Toronto and Calgary, Canada. McRock is a team of wickedly specialized, high-performing people who are also kind, humble and a whole lot of fun.

 INSTITUTIONAL LIMITED PARTNERS ASSOCIATION	Signatory of:  PRI   Principles for Responsible Investment	 CANADIAN VENTURE CAPITAL & PRIVATE EQUITY ASSOCIATION	
Signatory—Institutional Limited Partners Association (ILPA) Diversity in Action initiative  Participating General Partner—ESG Data Convergence Initiative	Signatory—Principles for Responsible Investment (PRI)	Member—Canadian Venture Capital & Private Equity Association (CVCA)  Board Member—Scott MacDonald, Co-Founder	Certified to Diversio's Diversity VC Standard  Diversio's Top 20 DEI Initiatives of 2022



## Our Team

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**Scott MacDonald,  
Co-Founder**

*"The right way is not the easiest way, but our dedicated approach to Responsible Investment strives to improve investment returns while delivering a positive social and environmental impact."*



**Whitney Rockley,  
Co-Founder**

*"At McRock, Responsible Investment is not a separate category of investing, but rather an integral part of our firm, investment process and overall decision-making."*



**Ha Nguyen,  
Partner**

*"We view ESG as an opportunity to manage risks, unlock growth potential within the investment portfolio and uphold our values as a responsible investor."*



**Udit Bhatnagar,  
Vice President**

*"We believe that incorporating ESG factors into our investment process not only benefits society and the environment, but also drives long-term financial performance for our firm."*



**Mike Dawson,  
Vice President**

*"As a responsible investor, we can identify and invest in companies that are committed to sustainable practices and are better positioned for long-term success. This not only benefits our planet but also helps us achieve higher returns on our investments."*



**Fasih Kareem, Associate**

*"The true value of investing is not only to do it well financially, but to use our resources to support companies that prioritize sustainability, ethical practices and contribute to creating a better world for future generations."*



**Susan Malik, Head of Finance & Operations**

*"When companies consider environmental, social and governance factors in their business decisions, they are planning for the future and that is always a sound investment strategy that pays dividends."*

## Our Investors

### Corporation

	Cisco is the global leader in IT and networking
	Shell is a leading international energy company
	Caterpillar is the world's leading manufacturer of construction and mining equipment
	Électricité de France is a French multinational electric utility company
	Mitsubishi is a global integrated business enterprise
	AspenTech is a leading provider of software and services for the process industries
	Wilson Sonsini Goodrich & Rosati is a premier legal advisor for technology companies

### Financial

	Export Development Canada (EDC) is a Canadian financial Crown corporation that supports Canadian companies to succeed globally
	CPP Investments is a global investment manager that invests the assets of the Canada Pension Plan
	Business Development Canada (BDC) is a Canadian financial Crown corporation that supports entrepreneurs
	Teralys Capital is a Canadian private markets investment firm
	HarbourVest is a global private markets investment firm
	Alberta Enterprise Corporation (AEC) invests in VC funds that promote innovation in Alberta
	Fonds de solidarité-FTQ is a Québec development capital fund that invests in small and medium enterprises
	Kensington Capital Partners is a Canadian private markets investment firm
	Lionhill Global is the family office of Novotex Textiles and Novel Investment Partners
	Band Capital is the investment company of the Manix Family business, a 4 <sup>th</sup> generation family in Alberta, Canada

## ABOUT THIS REPORT

Our Responsible Investment Report describes how we implement our *Responsible Investment Policy*.

We are committed to reporting annually on responsible investment activities as well as our approach to ESG at the firm level and we will seek to enhance our reporting year over year.

Unless otherwise stated:

- The scope of data and information in the report is firm-wide and portfolio-wide
- Data covers the reporting period of January to December 2022
- Financial data is stated in Canadian dollars

The terms “McRock”, “our”, “we”, “us”, and other similar terms denote McRock Capital.

We seek to follow best practices by aligning our reporting to the following ESG disclosure standards:

- Sustainability Accounting Standards Board (SASB)—Asset Management & Custody Activities Standard
- The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

The content of this report also reflects our commitments as a signatory to the Principles for Responsible Investment (PRI), a member of the Institutional Limited Partners Association (ILPA) Diversity in Action initiative, a supporter of the ILPA Industry Code of Conduct Guidelines: Harassment, Discrimination and Workplace Violence and a participant in the ESG Data Convergence Initiative.

### Venture Capital 101

We are proud of McRock and we want our Report to be read by as many people as possible including people who may be unfamiliar with the world of venture capital. Some key terms are defined below.

#### Venture Capital (VC)

Investment targeted at start-up, early-stage and growth-stage tech companies

#### Portfolio Companies

The companies that receive venture capital investment from GPs

#### Founders

The entrepreneurs who set up and run the portfolio companies

#### General Partner (GP)

The firm that runs a VC investment fund—selecting and monitoring the portfolio companies and partnering with them to help them grow and prosper

#### Limited Partner (LP)

The investors that provide capital by investing in the funds run by GPs—these include investors such as financial institutions, pension funds, as well as major corporations, family offices and individuals



## OUR APPROACH

### ESG at McRock

With an exclusive focus on investment in the Digital Industrial space, we recognize the transformative power of technology and big data in the transition to a more sustainable economy. But we don't just want to invest responsibly, we also want to be a responsible firm. We are committed to making a positive impact as entrepreneurs, influencers and investors. To do so, we aspire to incorporate best practices through a holistic approach to ESG, encompassing:

- **ESG Within Our Firm:** How we consider ESG in the way we run the firm
- **Responsible Investment:** How we consider ESG in the way we invest
  - **ESG in Our Investment Process:** How we incorporate ESG in our investment strategy and in pre-investment due diligence and post-investment monitoring of portfolio companies
  - **ESG in Our Portfolio:** How we monitor the ESG performance of our portfolio companies

Our approach is formalized in our *Responsible Investment Policy*.



We believe Responsible Investment drives the performance of our firm and our underlying portfolio companies, in addition to unlocking new business opportunities and ways of operating.



## Governance

### ESG Responsibilities

Our co-founders are primarily responsible for ensuring that ESG considerations are incorporated into our investment process and operations, including:

- Approving the *Responsible Investment Policy*, reviewing it annually and updating it as necessary
- Facilitating, monitoring and providing oversight of the implementation of the *Responsible Investment Policy* and incorporation of material ESG issues within the investment process
- Ensuring McRock's capacity to implement the *Responsible Investment Policy*, by making resources available and through appropriate communication, training and education on ESG

All McRock team members are responsible for:

- Developing and maintaining processes to support implementation of the *Responsible Investment Policy*
- Reporting to the co-founders on progress in implementation of the *Responsible Investment Policy*

As a small firm, all our team members are closely involved in our Responsible Investment and ESG activities, and we meet regularly to discuss enhancements to our approach. To ensure that we incorporate best practices, we bring in external ESG advisory resources as necessary.

### Climate Governance

Our co-founders have the highest level of accountability within the firm for management of climate-related risks and opportunities within our investment process and operations. All McRock employees participate in assessment, management and monitoring of climate risks and opportunities. [\[TCFD Governance \(b\)\]](#)

### ESG Policies

Policy	Purpose	Date of Approval / Last Update
<a href="#">Responsible Investment Policy</a>	How we consider ESG in the way we invest and the way we run our firm.	April 25, 2022
<a href="#">Code of Conduct: Diversity, Violence, Discrimination and Harassment Policy</a>	Our commitment to provide a safe and respectful working environment, consistent with the ILPA Code of Conduct Guidelines.	September 19, 2019
<a href="#">Diversity, Equity &amp; Inclusion Overview</a>	Our commitment to diversity, equity and inclusion, consistent with ILPA Diversity in Action initiative Foundational Commitment 1.	August 6, 2021
<a href="#">Code of Ethics</a>	Our commitment to integrity, loyalty and honesty.	June 17, 2015
<a href="#">Pregnancy and Parental Leave</a>	Our commitment to equal treatment of parents who are welcoming a child into their lives.	July 5, 2022
<a href="#">Recruitment and Selection Process Policy</a>	Our commitment to recruit and select candidates that bring diverse backgrounds to the team.	August 16, 2022

<a href="#">Remote Work Policy</a>	Our guidelines for employees who have a desire to work remotely.	August 16, 2022
<a href="#">Performance Review Policy</a>	Our commitment to coach, evaluate and reward employees based on constructive feedback and open communication.	August 16, 2022
<a href="#">Policy Regarding Personal Investments</a>	How we limit potential conflicts of interest between McRock Funds and our personal investments.	April 9, 2019
<a href="#">Computer Usage Policy</a>	Guidelines for using company network and computer facilities.	January 10, 2022
<a href="#">Network Disaster Recovery Policy</a>	Procedures for IT network disaster recovery, including critical technology platforms and telecom infrastructure.	January 10, 2022

## Strategy

We believe companies harnessing the potential of the Digital Industrial Revolution to provide solutions to sustainability challenges present a significant and growing investment opportunity. By integrating consideration of material ESG issues into investments, we can better identify value creation opportunities and mitigate risks; by engaging portfolio companies to pursue improved performance on material ESG issues, we can better protect and enhance the value of our investments. We strive to seize the right opportunities, quickly. Recognizing the risks and opportunities presented by material ESG issues and the impact they can have on our business and investment strategy is part of the agile mindset that has driven the success of our firm since inception.

As a small, office-based firm, our biggest ESG impacts are indirect ones associated with our investments. Nevertheless, we take responsibility in our own operations, just as we expect portfolio companies to operate responsibly. Therefore, at the firm level, we prioritize compliance with applicable ESG laws and regulations and seek to follow ESG best practices.

### Firm-Level ESG Issues

- [Diversity, Equity & Inclusion](#)
- [Business Ethics](#)
- [Environment](#)

### Investment Process and Portfolio-Level ESG Issues

- [Environmental](#)
  - [Climate Change](#)
- [Social](#)
  - [Diversity, Equity & Inclusion](#)
  - [Data Privacy](#)
- [Governance](#)
  - [Corporate Governance](#)
  - [Digital Industrial Governance](#)
    - [Intellectual Property \(IP\)](#)
    - [Data Security](#)
    - [IT Systems and Infrastructure](#)



## Climate Strategy

We are committed to incorporating climate risks and opportunities into our business and investment strategy. We enhanced our approach to evaluating and quantifying the actual and potential impacts of climate change for our portfolio and assessed them to be primarily on the opportunity side. We have also begun to explore the resilience of our strategy under two International Energy Agency (IEA) climate change scenarios—Stated Policies (STEPS) and Net Zero Emissions by 2050 (NZE)—with a focus on impacts for the portfolio ([ESG in Our Investment Process—Material ESG Factors—Environmental](#)).

Compared to other sectors of the economy, the exposure of Digital Industrial companies to climate risk is limited: in fact, these companies often provide solutions that mitigate climate risk in the wider economy. We are strongly attracted to Digital Industrial companies that provide viable solutions responding to climate opportunities, including adaptation to the physical impacts of climate change, enhancing energy and resource efficiency, increasing efficiency in renewable energy generation and providing new products and services that are aligned with the transition to a low-carbon economy. And when we invest, we partner with them to leverage these opportunities. For example, in 2022 we undertook the McRock Climate Opportunities Project to assess the positive impact on greenhouse gas (GHG) emissions from specific portfolio companies that provide climate-related technology solutions, and the potential for them to participate in the carbon offsets market. We encourage all portfolio companies to measure and report their GHG emissions as part of our participation in the ESG Data Convergence Initiative and by providing access to the Green Project ESG data software platform; this will facilitate further analysis of their potential climate risk exposure ([ESG in Our Portfolio—Measuring ESG Performance in Our Portfolio](#)).

The impacts of climate change for our operations at the firm level are minimal compared to the potential impacts relating to our investments, but nevertheless we have begun to measure and monitor our operational carbon footprint, alongside our portfolio companies. [[TCFD Strategy \(a\),\(b\) and \(c\)](#)]

## Status of ESG Priorities for 2022

Status as of date of publication: ☒ Completed ➡ In progress

Activity	Firm Level	Investment Process	Portfolio Level	E	S	G	Status
Undertake a gap analysis of our current ESG approach against best practices	●	●		●	●	●	<input checked="" type="checkbox"/>
Review ESG expectations for Digital Industrial companies		●	●	●	●	●	<input checked="" type="checkbox"/>
Review climate-related risks and opportunities for the portfolio	●	●	●	●		●	<input checked="" type="checkbox"/>
Update our Responsible Investment Policy	●	●		●	●	●	<input checked="" type="checkbox"/>
Enhance and document ESG incorporation in portfolio due diligence and monitoring framework		●	●		●		<input checked="" type="checkbox"/>
Support assessment of GHG emissions reduction potential of portfolio companies with climate technology solutions focus			●	●			<input checked="" type="checkbox"/>

Participate in the 2021 ESG Data Convergence Initiative		•	•	•	•	•	☑
Enhance reporting to LPs on ESG matters	•			•	•	•	↻
Participate in four DEI initiatives annually	•	•	•		•		☑
Provide a summer internship for a qualified New Canadian/visible minority candidate	•				•		☑
Measure our carbon footprint at the firm level	•			•			☑
Publish inaugural Responsible Investment Report	•	•	•	•	•	•	☑

## Looking Ahead – ESG Priorities for 2023 and Beyond

Activity	Firm Level	Investment Process	Portfolio Level	E	S	G
Collect data and disclose Scope 1 and 2 GHG Emissions in addition to expanding the data collection to include Scope 3-related air travel	•		•	•		•
Determine if any changes are required to McRock RI Policy, due diligence, monitoring process and LP reporting upon completion of the first step of the Climate Materiality Project,	•	•	•	•		•
Creation of a McRock ESG Attractiveness Score	•	•	•	•		•
Assist in the launch of an Immigrant Entrepreneurial Initiative in Alberta	•				•	
Continue team training with the Canadian Private Capital Investment School at the Ivey Academy	•					•
Enhance reporting to LPs on ESG matters	•			•	•	•
Participate in four DEI initiatives annually	•	•	•		•	

## Risk Management

Our co-founders are ultimately accountable for firm-wide risk management, including ESG risks. Whitney takes the lead on risk management. Firm-level ESG risks are mitigated through our policies and procedures ([Our Approach to ESG—Governance](#)). Portfolio-related ESG risks are addressed through our pre-investment due diligence process and post-investment engagement and monitoring of portfolio companies ([ESG in Our Investment Process—Our Responsible Investment Process](#)).

Given the small size of our team, we work together to identify potentially material ESG issues, with support from external ESG advisors. Our pre-investment and post-investment processes include seeking to identify and consider all material ESG issues that could impact the value of portfolio companies. However, Digital Industrial is a new frontier for ESG, with few established ESG guidelines and standards. Recognizing this challenge, in identifying material ESG issues specific to the Digital Industrial space or to individual companies, we leverage our internal expertise, the expertise of our external advisors and ESG guidelines and standards, including the SASB Standards for Technology & Communications industries and the TCFD Recommendations. We will continue to enhance the integration of ESG factors into the firm's overall risk management processes.

## Climate Risk Management

We recognize that climate change poses significant long-term challenges that have the potential to substantially impact investments. We also recognize the opportunity for companies harnessing the potential of the Digital Industrial Revolution to provide climate solutions. We acknowledge the Paris Climate Agreement goal to limit the rise in global average temperature to well below 2°C above pre-industrial levels and preferably to 1.5°C, which requires the global economy to achieve net-zero GHG emissions by 2050. We also acknowledge the TCFD recommendations on disclosure of climate-related risks and opportunities. We have enhanced our approach to identify and manage climate-related risks by undertaking portfolio climate change materiality assessment aligned to the TCFD Recommendations to update our analysis of climate risks and opportunities for the value of Digital Industrial companies, and have reviewed climate-related risks and opportunities for the portfolio ([ESG in Our Investment Process—Environmental—Climate Change](#)). Climate risks and opportunities identified as priorities for portfolio value are integrated to our investment process, including sourcing deals, due diligence and monitoring ([ESG in Our Investment Process—Our Responsible Investment Process](#)). We avoid investing in Digital Industrial solutions specifically targeted at industries and sectors that could become obsolete in the transition to a low-carbon economy [[TCFD Risk Management \(a\), \(b\) and \(c\)](#)].

## Metrics & Targets

We collect diversity metrics at the firm level and portfolio level. Diversity statistics are incorporated into quarterly fund reporting to LPs. We have set diversity targets at the firm level ([ESG Within Our Firm—Diversity & Inclusion](#)) and portfolio level ([ESG in Our Portfolio—Measuring ESG Performance in Our Portfolio](#)). As a next step, we are focusing on collecting carbon data at the firm level and portfolio level.

In 2022 we joined the ESG Data Convergence Initiative, through which portfolio companies are encouraged to report a range of standard ESG metrics, including GHG emissions, renewable energy consumption, board and management diversity, work-related injuries, hiring and employee engagement. McRock also subscribed to Green Project, an ESG data reporting software platform designed for investment firms and underlying portfolio companies. McRock continues to be committed to enhancing ESG performance disclosure and seeking greater alignment with select ESG disclosure frameworks over time.

## Climate Metrics & Targets

We measured our firm's scope 1 and 2 carbon footprint in 2022 ([ESG Within Our Firm—Environment](#)). At the portfolio level, we supported select portfolio companies to quantify the GHG emissions reduction potential of their technology solutions. We continue to participate in the ESG Data Convergence Initiative through which portfolio companies are encouraged to report their Scope 1 and 2 GHG emissions, with the option to provide Scope 3 emissions. We are also offering our portfolio companies access to Green Project's automated ESG data reporting software at no cost so they can track progress seamlessly—including GHG emissions performance ([ESG in Our Portfolio—Measuring ESG Performance in Our Portfolio](#)). [[TCFD Metrics & Targets \(a\)](#)]



## ESG WITHIN OUR FIRM

### In This Section

- Diversity, Equity & Inclusion
- Business Ethics
- Environment



## Diversity, Equity & Inclusion

### Why This Matters for McRock

VC firms require highly skilled talent to make successful investments, yet the industry has a low level of diversity, implying that firms are failing to make effective use of the potential talent pool. There is evidence that diverse groups make better decisions in the investment context. McRock was founded with diversity, equity and inclusion (DEI) as a key pillar. Our DEI mandate is to attract, retain and develop a diverse team through an inclusive culture, with a goal to drive performance.



Investing in the right businesses has been instrumental to McRock's success. However, investing in the right people has been equally, if not more, important. The people we depend on aren't accidents of proximity or privilege.



**Diversity** refers to the range of human differences, which include but are not limited to: visible dimensions, such as race, gender and ethnicity, as well as invisible dimensions, such as religion, political beliefs and sexual orientation. Diversity also recognizes human differences in personality.

**Equity** refers to the approach to ensure everyone has access to the same opportunity.

**Inclusion** refers to creating an environment in which people feel involved, respected, valued and connected, and to which individuals bring their authentic selves (ideas, backgrounds and perspectives) to their work with colleagues, entrepreneurs and investors.

### Our Approach

As a signatory to the ILPA Diversity in Action initiative, we are committed to DEI at the firm level, including tracking diversity in hiring, promotions, setting goals and implementing practices for inclusive recruitment and retention, as set out in our *Diversity, Equity & Inclusion Overview*.

We are aware we may have unconscious biases. As we moved from a two-person shop to build a world-class investment team, our co-founders researched tools we could use to neutralize bias in selecting potential new team members. We asked candidates to take a Plum talent assessment survey to explore human potential rather than relying on subjective criteria. Next, we used Spark Hire to conduct one-way video interviews in which every candidate got a chance to answer the same questions. Finally, we conducted blind case studies, reviewing each case study without knowing which candidate prepared it. Only after comparing the results from these three steps did we move on to in-person interviews, at which point our natural biases became an aware second thought and not the first impression that drove the formation of our opinions about the candidates.

We regularly assess workplace inclusion through Diversio.

We provide paid internships to recent graduates and young professionals from underrepresented groups. The interns experience many aspects of the VC business and have frequent interactions with all members of the investment team, including our co-founders.

Our team members are encouraged to be active in industry efforts to introduce underrepresented groups to the opportunity to make a rewarding career in private markets ([Case Study—Changing the Face of Venture Capital](#)).

The Diversio [Diversity VC Standard](#) is a global DEI certification standard that measures investor representation, inclusivity and accountability. McRock was part of the inaugural North American cohort to achieve certification in 2021 and received Diversio's DEI Impact Award in 2022 for our Responsible Investment work.

Our *Diversity, Violence, Discrimination and Harassment Policy* is aligned with ILPA's Code of Conduct Guidelines; it formalizes our commitment to provide a safe and respectful working environment for our team members, portfolio company team members and all who do business with McRock. We were one of the first Canadian investors to adopt the ILPA Guidelines.

## Our Policies

- Code of Conduct: Diversity, Violence, Discrimination and Harassment Policy
- Diversity, Equity & Inclusion Overview

## Our Performance

We've always known diversity is the right way to start building a business with equity and inclusion being the right way to sustain success. We've seen DEI drive performance time and again. That's why we set aggressive targets for advancing DEI in an industry that has historically fallen behind.

DEI is the right way for people and for business. In 2018 we set targets to enhance our team's diversity:

- At least 50 percent of our team should be women and at least 50 percent should be visible minorities
- At least 40 percent of our investment team should be women and at least 60 percent should be visible minorities

We met these targets by 2019 and are committed to maintaining diverse representation.

### Diversity at McRock [SASB FN-AC-330a.1]—As of December 31, 2022<sup>1</sup>

Full Team	ACTUAL					TARGET
Category	2018	2019	2020	2021	2022	Minimum
Women	50%	50%	50%	50%	50%	50%
Visible Minorities	20%	50%	50%	50%	50%	50%

Investment Team	ACTUAL					TARGET
Category	2018	2019	2020	2021	2022	Minimum
Women	40%	40%	40%	40%	40%*	40%
Visible Minorities	60%	60%	60%	60%	60%	60%

\* Women on the Investment Committee = 67% upon Ha Nguyen's promotion to partner in 2022

No one has ever resigned from our investment team in our ten years of business. We are incredibly proud of this. We live by our core values, which are to be kind and humble yet to achieve and compete.

We achieved a perfect inclusion score of 100 in 2022, as measured by Diversio—29 points above the industry average. Our core investment team speaks eight different languages and has worked across 13 different countries in North America, Europe and Asia. We work incredibly hard as a cohesive and inclusive team and credit much of our success to the many different experiences and perspectives we each bring to McRock.

<sup>1</sup> Diversity data does not include seconded staff and interns.

“It is not our differences that divide us. It is our inability to recognize, accept, and celebrate those differences.”  
Audre Lorde,  
American writer,  
feminist, professor  
and civil rights activist

We also set a goal in 2018 to undertake at least four DEI initiatives each year, which can include anything from events we host or co-host, speaking engagements or authoring blogs and vlogs. We exceeded this objective in 2022:

- McRock hosted a Summer Diversity Breakfast event
- Ha co-hosted a Female Founders, Funders & Fortifiers (ABF4) Sustainability Breakfast with Isabelle Hudon, CEO of BDC, as well as two additional ABF4 events
- Shell profiled McRock in its TechXplorer publication for its leadership in DEI
- Whitney delivered a keynote speech to Poka's full team at company headquarters on "Embracing the Fear in the Journey"
- Whitney participated in the CVCA's International Women's Day event as a panelist
- Ha sat on the "Women, Innovation and the Financial Feminist Economy" panel hosted by The51
- Whitney became the Vice Chair of the Haskayne School of Business Management Advisory Committee and participated in the Haskayne Equity Diversity Inclusion Focus Group
- Whitney continues to be an advisor to [BKR Capital](#)—a VC fund focused on investing in black-led companies in the technology space
- We continued to mentor senior female team members at our portfolio companies

## ILPA Diversity in Action Initiative

McRock is a signatory to the [ILPA Diversity in Action](#) initiative—a way for GPs and LPs to publicly signal concrete steps they are taking to advance DEI in their organizations and in the VC industry more broadly. To find out how Diversity in Action is changing the VC industry, check out [Diversity in Action—Sharing Our Progress](#).

Diversity in Action Framework	Status	McRock's Action
Intention & Accountability		
<b>Foundational 1:</b> Has in place a Diversity, Equity & Inclusion (DEI) statement or strategy, communicated publicly, and/or a DEI policy communicated to employees and investment partners, that addresses recruitment and retention	Y	Website: <a href="#">Diversity at McRock</a> <i>Diversity, Equity &amp; Inclusion Overview</i>
<b>Optional:</b> Has assigned senior level DEI accountability, aligned with an investment or senior management role	Y	Our co-founders, Scott and Whitney, have the highest level of accountability for DEI, Whitney takes the lead for this topic
Talent Management & Inclusive Culture		
<b>Foundational 2:</b> Has in place organizational goals that result in demonstrable practices to make recruitment and retention more inclusive	Y	<a href="#">ESG Within Our Firm—Diversity, Equity &amp; Inclusion—Our Approach</a>
<b>Foundational 3:</b> Tracks internal hiring and promotion statistics by gender and race/ethnicity	Y	<a href="#">ESG Within Our Firm—Diversity, Equity &amp; Inclusion—Our Performance</a> Website: <a href="#">Diversity at McRock</a>
<b>Optional:</b> Provides unconscious bias training for employees on an ongoing basis		Under consideration
<b>Optional:</b> Has in place diverse employee resource groups	N/A	This action is difficult to implement in a small firm—instead, we focus on industry engagement
<b>Optional:</b> Incorporates contributions towards advancing DEI into employee performance reviews	Y	<a href="#">ESG Within Our Firm—Diversity, Equity &amp; Inclusion—Our Performance</a> We include DEI objectives as part of our annual goals



Investment Management		
<b>Foundational 4:</b> Provides DEI demographic data for any new fundraises	Y	<a href="#">ESG in Our Investment Process—Social—Diversity, Equity &amp; Inclusion</a>
<b>Optional:</b> Tracks gender and race/ethnicity statistics within portfolio company boards/management teams	Y	<a href="#">ESG in Our Portfolio—Measuring ESG Performance in Our Portfolio</a> We have joined the ESG Data Convergence Initiative
<b>Optional:</b> Commits to encourage and promote diversity within boards of directors at portfolio companies	Y	Website: <a href="#">Diversity at McRock</a> <i>Diversity and Inclusion Overview</i> <i>Responsible Investment Policy</i>
<b>Optional:</b> Provides DEI demographic data for all funds i.e., not solely new fundraises	Y	<a href="#">ESG in Our Investment Process—Social—Diversity, Equity &amp; Inclusion</a>
Industry Engagement		
<b>Optional:</b> Supports DEI research in the private markets industry by participating in surveys that capture data on diversity in the workforce	Y	We have joined the ESG Data Convergence Initiative; McRock also participated in the research for the most recent CVCA/Diversio <a href="#">State of Diversity &amp; Inclusion Report</a>
<b>Optional:</b> On a programmatic basis, supports industry efforts to educate underrepresented groups about careers in private markets	Y	<a href="#">ESG Within Our Firm—Diversity, Equity &amp; Inclusion—Changing the Face of Venture Capital</a>

## Case Study: Changing the Face of Venture Capital



At McRock we lead by example. We want to inspire and motivate other investors and tech companies to pursue their dreams and contribute to a more diverse and inclusive industry. By working together, we can create a future where everyone has the opportunity to succeed.” (Whitney)

“I am so proud of the amazing culture of D&I we have built at McRock. I am proud that our entire team has worked hard to change the VC industry so that some of the challenges that Whitney and other underrepresented people faced during their careers become a thing of the past. I am proud of my first decision ten years ago—to partner with a woman. (Scott)



It's no secret the VC industry has lagged on diversity. According to the 2021 CVCA/Diversio [State of Diversity & Inclusion Report](#), 81 percent of Canadian VC partners are men, and 77 percent are white. Nevertheless, these statistics are now showing a more positive trend, with representation of women increasing by 8.4 percent and visible minority representation increasing by 5.2 percent since 2019. We promote diversity within the firm and in our portfolio, and our team members have also taken a leading role in VC industry diversity initiatives. These efforts are beginning to have an impact and we'll continue to do our part, undertaking at least four DEI initiatives each year.

### Championing Diversity at CVCA

The Canadian Venture Capital & Private Equity Association (CVCA) is the voice of Canada's private capital industry. Co-founder Whitney became the first-ever female chair of CVCA in 2017. Whitney launched and led the first CVCA Diversity & Inclusion Taskforce and Committee and took part in CVCA's 2018 cross-country tour to speak to female business school students about careers in VC and private equity.

## Elevating Diverse Founders

It's not enough to increase diversity within VC firms—it's also vital to ensure that diverse founders have equitable access to VC funding. Ha co-founded Alberta Female Founders, Funders, and Fortifiers (ABF4), a networking group to promote the advancement of women in the tech space. Whitney continued her work as an advisor to [BKR Capital in 2022](#), a VC fund focused on investing in black-led companies in the technology space. We also co-hosted multiple events including a Summer Diversity Breakfast at McRock's Toronto office and several ABF4 events in Alberta.

## Educating and Mentoring Diverse, New and Emerging Entrants to the VC Industry

Canada is known for encouraging immigration but it can still be tough for New Canadians to build a network and navigate unfamiliar career requirements. Ha is advising Upcomer—an initiative focused on building an investment platform for immigrant entrepreneurs and investors in Alberta. Scott and Udit are supporting emerging Canadian VC professionals through the Ivey Academy/CVCA Canadian Private Capital Investment School (CPCIS). Scott continues to be an instructor for the CPCIS negotiation course and Udit volunteers as an "investor-in-residence" for aspiring VCs.

## Diversity Thought Leadership

Diversity is a key topic within our thought leadership communications, including our regular [blogs and vlogs](#). Whitney gave a keynote speech to Poka's full team in Quebec City on "Embracing the Fear in the Journey." We have also profiled the efforts of industry leaders in diversity through the annual [McRock Digital Industrial Symposium](#).

# Business Ethics

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## Why This Matters for McRock

We operate in a highly regulated industry in which trust is paramount and investment managers have a legally binding duty to protect the interests of their investors.

## Our Approach

McRock has built a reputation for integrity among our LP and portfolio company partners and within the wider VC industry. We seek to demonstrate responsibility in our own operations, just as we expect portfolio companies to operate responsibly. Therefore, at the firm level, we prioritize compliance with applicable laws and regulations and seek to follow best practices for ethical business conduct.

Specifically, we have established the following commitments and policies:

- Our *Code of Ethics* and associated policies formalize our commitment to transparency and accountability grounded in sound business ethics. We are committed to upholding strong corporate governance practices and to the prevention of extortion, bribery, corruption and financial crime.
- We are committed to financial probity, including properly recording, reporting and reviewing financial and tax information and clearly defining responsibilities, procedures and controls in our management structures.
- Our *Diversity, Violence, Discrimination and Harassment Policy* formalizes our commitment to provide a safe and respectful working environment, in alignment with ILPA's Code of Conduct Guidelines.
- Our *Computer Usage Policy* and associated policies formalize our commitment to data security. We are acutely aware of the importance of data privacy and security as investors in the Digital Industrial space. We have a rigorous approach to protecting the data of our investors, portfolio companies and our own firm. In this context, we have taken the strategic decision to store sensitive LP information with a well-regarded third-party fund administrator which operates in a SOC 1 Type II controls environment.

## Our Policies

- Code of Conduct: Diversity, Violence, Discrimination and Harassment Policy
- Code of Ethics
- Policy Regarding Personal Investments
- Diversity, Violence, Discrimination and Harassment Policy
- Computer Usage Policy
- Network Disaster Recovery Policy

## Our Performance

We have not received any fines or sanctions for violations of business ethics or financial industry regulations since our inception [SASB FN-AC-510a.1].

## Community Giving

We are annual contributors to Holiday Helpers. In 2022, we became a Silver Sponsor and helped to provide customized holiday packages including gifts, decorations and festive food to low-income families in the Greater Toronto Area.

We made a donation to Better Shelter—an organization that provides temporary shelters for refugees that are much safer, secure and more dignified than tents. The not-for-profit has delivered more than 80,000 shelters in 80 countries to improve the living conditions of more than 400,000 people in displacement.

And we have also contributed financially to the Swansea Mews Resident Relief Fund. In 2022, 114 families were displaced from their homes after a Toronto Community Housing complex called Swansea Mews was deemed unsafe. The Fund was administered by Windermere United Church after a resident was seriously injured from a ceiling collapsing while she slept.

## Environment

### Why This Matters For McRock

Most of our environmental impact occurs through our investment portfolio (see [ESG in our Portfolio](#)). While we may be a small firm with limited direct impact on the environment, we prioritize being an environmentally conscious firm because this is important to our team.

### Our Approach

We started measuring our firm's operational GHG emissions in 2022. We performed Scope 1 and 2 emissions measurement and, in 2023, began calculating air travel-related emissions—a critical component to understanding our firm's Scope 3 carbon footprint. McRock rents office space so we are technically not in control of our gas and power usage, but we do believe being aware of our consumption is critical to raising awareness and making wiser climate-based decisions in the future. Regardless, in 2022, McRock's gas and power usage at a firm level was 36.4 tonnes of CO<sub>2</sub>, or the equivalent of about eight typical passenger vehicles running on gasoline for a year.

Our Toronto head office is located at the Light Factory (219 Dufferin Street)—a renovated heritage industrial building. The building has LEED certification for Existing Buildings: Operation and Maintenance. It is fitted with individual unit heating and air conditioning controls and energy-saving lighting. The building's **Energy Star energy efficiency score (81) puts it in the top 20 percent of commercial buildings**. Recycling programs have been established for tenants. The building diverts 45 percent of its waste from landfill and has achieved 22 percent water savings.

# ESG IN OUR INVESTMENT PROCESS

## In This Section

- Our Responsible Investment Commitments
- Our Responsible Investment Process
- Material ESG Factors
  - Environmental
  - Social
  - Governance



## Our Responsible Investment Commitments

We focus exclusively on investment in the Digital Industrial space and recognize the transformational power of technology and big data in the transition to a more sustainable economy. We believe companies harnessing the potential of Digital Industrial to provide solutions to sustainability challenges present a significant and growing investment opportunity.

Our *Responsible Investment Policy*, updated in 2022, sets out our approach to incorporating ESG considerations to our investment process both pre- and post-investment, through:

- **ESG integration:** By integrating consideration of material ESG issues into investments, we can better identify value creation opportunities and mitigate risks.
- **ESG engagement:** By engaging portfolio companies to pursue improved performance on material ESG issues, we can better protect and enhance the value of our investments.

We further demonstrated our commitment to responsible investment by becoming a signatory in April 2022 to the **Principles for Responsible Investment (PRI)**—the leading global coalition for responsible investors. As a signatory, we commit to six principles:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

We also participate in Responsible Investment initiatives to help advance ESG both within both our portfolio and across the VC industry, including through **CVCA**, **ILPA Diversity in Action** and the **ESG Data Convergence Initiative**. In addition, we take into account the **Organization for Economic Co-operation and Development (OECD) Responsible Business Conduct for Institutional Investors**, which provides guidance on addressing any significant adverse impacts associated with investment portfolios.

### Our Policies

- Responsible Investment Policy

## Our Responsible Investment Process

Our co-founders are primarily responsible for ensuring that ESG is effectively incorporated throughout our investment cycle.

We take a partnership approach to investment. **We typically sit on the Boards of our portfolio companies**, allowing us to develop strong relationships with management and creating significant potential to encourage progress on material ESG issues through engagement, driving self-sustaining ESG practices that support company growth and positive environmental and social outcomes.

“We are very active with our portfolio investments, so we only invest in a select number of high-potential companies—a maximum of 10 to 12 per fund. We work hard with each of them, as we believe that we can help every entrepreneur in our portfolio to be wildly successful.”



## How do we incorporate ESG to the investment process?

### Pre-investment [[SASB FN-AC-410a.2](#)]

- Each of our senior investment professionals is responsible for ESG due diligence on potential deals.
- ESG information is gathered through our Due Diligence Questionnaire, meetings, calls and use of third-party tools such as Diversio, Plum and Green Project to identify ESG value creation opportunities or risks.
- If material ESG issues are identified, they may be included in discussions with the Investment Committee and external advisors may be engaged to carry out additional due diligence.
- If we identify a need for improvement on a material ESG issue we engage and work with the potential portfolio company to develop a corrective action plan.
- Our preference is to engage where there is a need for improvement on material ESG issues. However, we exclude investment in technologies where the primary purpose is warfare or weapons-related.
- ESG findings and next steps are documented, including in Investment Committee documentation.
- As appropriate, we may include ESG terms in deal documentation and agreements with portfolio companies.

### Post-investment [[SASB FN-AC-410a.3](#)]

- We communicate to portfolio companies our commitment to Responsible Investment.
- We monitor ongoing progress of portfolio companies on material ESG issues to manage risks and value creation opportunities.
- We encourage the management teams of portfolio companies to identify and raise material ESG issues to relevant decision makers, including the Board of Directors.
- We participate on the Boards of portfolio companies and work with their other investors to encourage progress on material ESG issues.
- We work with portfolio company management to support development of a corrective action plan where there is a need to improve management or performance on ESG issues.
- We document ESG issues that are being monitored or managed in order to progress towards resolution and next steps.
- Portfolio companies are expected to inform us of significant ESG incidents and the steps taken to address them.
- We support our portfolio companies' efforts to report externally and internally on their ESG approach and performance related to material ESG issues. Through our participation in the ESG Data Convergence Initiative, we encourage portfolio companies to develop consistent reporting on material ESG issues. Every quarter, portfolio companies report a range of KPIs that include ESG metrics, such as diversity. These metrics are included in quarterly LP reporting. We provide software tools, at no cost to the portfolio companies, to measure DEI, carbon footprint and other best practices related to ESG.

### Exit

- At exit we assess the portfolio company's progress on material ESG issues and identify lessons learned.

## Material ESG Issues

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Some of the most prevalent ESG issues for Digital Industrial companies are discussed in this section.

In our pre-investment and post-investment processes we seek to identify and consider all material ESG issues that could impact the value of portfolio companies. However, Digital Industrial is a new frontier for ESG, with few established ESG guidelines and standards. We recognize this challenge in identifying material ESG issues specific to the Digital Industrial space or to individual companies and therefore leverage internal expertise, the expertise of external ESG advisors and ESG guidelines, including the SASB Standards for a range of technology and communications industries and the TCFD Recommendations for climate change.

We're increasingly seeing how innovation and sustainability outcomes are becoming intertwined. For example, does a Digital Industrial application increase productivity and energy efficiency? Or does a start-up recognize that the best young talent is drawn to more sustainable companies?

### Environmental

#### Climate Change

McRock likes to invest in companies that solve a problem—and climate change is a systemic issue that presents risks and opportunities for businesses in almost every sector. While the first Industrial Revolution kick-started the modern era of climate change, the Digital Industrial Revolution has the potential to facilitate the transition to a more sustainable economy.

We seek to mitigate climate-related risks in our portfolio and to support the transition to a low-carbon economy by identifying sustainable value creation opportunities, including companies that provide sustainability solutions. To an increasing extent, climate change considerations are integrated throughout our investment process, both pre-investment and post-investment. We engage with portfolio companies to address climate risks and opportunities and support and encourage portfolio companies to report on climate metrics and targets, such as GHG emissions produced and avoided. Refinements to our approach to climate integration continue to be a priority.

In 2022 and early 2023, as part of our ongoing review of climate strategy in alignment with the TCFD Recommendations, we enhanced our approach by undertaking portfolio-level materiality assessment to evaluate the actual and potential impacts of climate change, specifically for Digital Industrial start-ups.

We concluded that Digital Industrial companies are well-positioned to seize opportunities created by the low-carbon transition and the need to address the impacts of climate change. We are strongly attracted to Digital Industrial companies that provide viable solutions responding to climate opportunities—including adaptation to the physical impacts of climate change, enhancing energy and resource efficiency, increasing efficiency in renewable energy generation and providing new products and services that are aligned with the transition to a low-carbon economy.

Our investments include partnering with Digital Industrial tech companies to leverage climate opportunities and mitigate risks. Digital Industrial tech companies have relatively low exposure to both physical and transition climate risks, unless they specialize in solutions specific to industries or sectors that could become obsolete in the transition to a low-carbon economy—which is not an area of investment for McRock. In fact, the climate risks faced by other sectors and industries translate into climate opportunities for Digital Industrial companies that can offer innovative solutions. We are also considering how the risks and opportunities facing Digital Industrial might change over time under two International Energy Agency (IEA) climate change scenarios—Stated Policies (STEPS) and Net Zero Emissions by 2050 (NZE).

## How do climate risks and opportunities impact Digital Industrial?

### Digital Industrial companies...

... are well-positioned to seize opportunities created by the low-carbon transition and the need to address impacts of climate change...

...and have low exposure to climate risks...

**Resource Efficiency:**  
Enabling efficiency in resource use, operations and transportation

**Highly attractive for McRock**  
▲ ▲ ▲

**Energy Source:**  
Enabling expansion and efficiency in renewable energy production

**Highly attractive for McRock**  
▼ ▼ ▲ ▲

**Products & Services:**  
Low-carbon products and services, enabling technology transition

**Highly attractive for McRock**  
▼ ▲

**Markets:**  
New markets with increasing climate exposure, participation in carbon markets through offset creation  
**Consideration for McRock in combination with other opportunities**  
▼ ▼ ▲ ▲

**Resilience:**  
Infrastructure monitoring and predictive analysis, event tracking and response

**Highly attractive for McRock**  
▲ ▲ ▲

...while climate risks faced by other sectors and industries can create climate opportunities for Digital Industrial companies that offer solutions.

	Resource Efficiency:	Energy Source:	Products & Services:	Markets:	Resilience:
<b>Acute &amp; Chronic Physical Risk:</b> Extreme weather and climate shift impacts on facilities, supply chain and team					
Consideration for McRock—low risk for software ▲ ▲ ▲					◎
<b>Policy &amp; Legal Transition Risk:</b> GHG emissions from data centres, shifting prices for carbon offsets					
Consideration for McRock—low risk for start-ups ▼ ▲	◎	◎	◎	◎	◎
<b>Technology, Market and Reputational Transition Risk:</b> Digital Industrial solutions for high-carbon industries and technologies at risk of obsolescence					
McRock avoids investment ▼ ▲			◎		
<b>Risks and opportunities can increase ▲ or decrease ▼ over time under different climate scenarios:</b> <ul style="list-style-type: none"> <li>Stated Policies Scenario (STEPS)—Global action to address climate change is limited to policies that have been announced—increased physical risk, decreased transition risk ▲ ▼</li> <li>Net Zero Emissions by 2050 Scenario (NZE)—Global action is taken to avoid the worst impacts of climate change in the line with the Paris Agreement—decreased physical risk, increased transition risk ▲ ▼</li> </ul>					

We are committed to engaging portfolio companies on risks and opportunities relating to climate change and encourage all our portfolio companies to measure and report their GHG emissions, which enables further analysis of their climate risk exposure ([ESG in Our Portfolio—Measuring ESG Performance in Our Portfolio](#)).

## Social

### Diversity, Equity & Inclusion

We recognize the value creation potential of including diverse perspectives, and the historical and continuing diversity challenges within VC and technology companies, and thus we prioritize DEI as a material ESG issue for all portfolio companies.

The Diversio [Diversity VC Standard](#) is a global DEI certification standard that measures investor representation, inclusivity and accountability. McRock was part of the inaugural North American cohort to achieve certification in 2021. The standard identifies what VCs can do to increase DEI across their portfolio and provides recommendations for implementation of DEI policies by portfolio companies. McRock was recognized by Diversio as having one of the Top 20 DEI Initiatives of 2022 for its inaugural Responsible Investment Report.

McRock is one of the first Canadian adopters of ILPA's Industry Code of Conduct Guidelines; we are committed to engaging portfolio companies to provide a safe, respectful working environment. Our portfolio-level commitments are formalized in our Diversity, Violence, Discrimination and Harassment Policy.

We use Diversio for Portfolios for data collection and analysis of current and prospective portfolio company DEI performance in areas including culture, career development, workplace safety and recruitment. We conduct a diversity assessment during the pre-investment stage, including assessment of diversity practices and representation of women and visible minorities.

We work closely with management teams of portfolio companies to develop DEI strategies and practices, providing resources, tools and guidance. We require each of our portfolio companies to report diversity metrics each quarter, which we report to our LPs. Where possible, we participate in the Human Resources and Compensation Committee for all our portfolio companies.

As a signatory to ILPA's Diversity in Action initiative, we are committed to engaging portfolio companies on best practices relating to DEI and to monitoring their diversity performance. Performance data can be found in [ESG in Our Portfolio—Measuring ESG Performance in Our Portfolio](#).

### Data Privacy

The Digital Industrial space leverages the power of data to drive and shape technologies that make operations safer and more efficient. But with this great power comes great responsibility to ensure ethical use, storage and sharing of data. Most of the data our portfolio companies work with is about machines—not people. This means our portfolio companies are unlikely to be using, storing or sharing sensitive personal data. If they gather location or demographic information, such as the location of employees for safety monitoring, it is anonymized. In general, we do not invest in companies whose business model focuses on collection, processing, storage or monetization of personal data.

Our investment due diligence includes taking a case-by-case approach, assessing the type of data collected and what it is used for. This helps us analyze actual or potential data privacy concerns. We also assess data security to determine the company's capability to protect any sensitive data. We recognize there may be grey areas and that we cannot monitor every line of code used by portfolio companies. To address these concerns we proactively engage with portfolio companies to discuss the types of data being collected and the use case.

## Governance

### Corporate Governance

Effective corporate governance underpins financial, operational and sustainability performance, but it can sometimes be an afterthought for start-up companies. We are committed to using our influence to facilitate good corporate governance practices across our portfolio. We seek to partner with companies that align with our values of transparency, accountability and compliance with legal requirements and best practices.

During pre-investment due diligence we assess the governance quality of potential portfolio companies, including the roles of the management team and Board and whether there are clear communication channels between them. Post-investment we aim to serve on the Boards of all our portfolio companies.

### Digital Industrial Governance

A range of technology-related governance issues present significant risks and opportunities for most companies in the Digital Industrial space:

Material ESG Issues	Why This Matters	Risk	Opportunity
Intellectual Property (IP)	IP presents significant value creation and erosion potential for technology start-ups. Given the potential financial and operational risks associated with patent infringement claims, free and clear IP is a critical investment consideration.	●	●
Data Security	As well as data security, physical hardware security is also a significant risk, where any port can be a point of attack that can shut down systems and endanger safety. Specialist cybersecurity companies can present investment opportunities, particularly in the Digital Industrial space.	●	● (specialist data security companies)
IT Systems and Infrastructure	The stability and resilience of the IT systems and infrastructure that portfolio companies rely on to deliver their services, including third-party cloud computing services, is critical to their ability to satisfy customers.	●	



# ESG IN OUR PORTFOLIO

## In This Section

- Portfolio Overview: How Our Portfolio Companies Address Global Challenges
- Measuring ESG Performance in Our Portfolio
  - ESG Data Convergence Initiative
  - Targeting Enhanced Diversity at Portfolio Companies
  - McRock Climate Opportunities Project
- Portfolio Company ESG Spotlight
  - Portfolio Case Study #1: Triax—Connecting industrial workers and assets to work safer and smarter
  - Portfolio Case Study #2: Samdesk—Protecting critical infrastructure and workforce based on critical event management
  - Portfolio Case Study #3: Poka—Enabling factory operators to streamline workflows in manufacturing



## Portfolio Overview: How Our Portfolio Companies Address Global Challenges

As of December 31, 2022

The Goal	The Problem	The Solution	Portfolio Company	Founders
Affordable and Clean Energy	Renewable energy reliability	Autonomous inspections and predictive failure intelligence to optimize operations and maintenance	<b>SkySpecs</b>	Danny Ellis Tom Brady Jonathan Bendes
Decent Work and Economic Growth	Unsafe, inefficient factories and warehouses	Navigation AI and robotics to automate movement-based tasks	<b>Clearpath Robotics</b>	Matt Rendall Ryan Gariepy Bryan Webb
	Security of physical spaces	Facial recognition, fever detection and analytics	<b>Invoxium</b>	Shiraz Kapadia
	Workforce shortages in logistics and warehouses	Autonomous vision and robot supervision software	<b>Plus One Robotics</b>	Erik Nieves Shaun Edwards Paul Hvass
	Inefficient training and knowledge management	Factory floor worker performance app for on-the-job learning, knowledge access and process improvement capture	<b>Poka</b>	Alex Leclerc Antoine Bisson
	Operational anomalies and disruptions	Real-time data processing to improve productivity, product quality and safety	<b>Praemo</b>	Michael Martinez
	Unsafe industrial worksites	Intelligent technology and real-time data collection for worksite safety and visibility	<b>Triax</b>	James Franklin
Industry, Innovation and Infrastructure	Lack of access to the efficiency benefits of connectivity	Human-machine interface and smart surface solutions	<b>E2ip</b>	Eric Saint-Jacques
	Lack of access to efficiency benefits of AI in traditional industries	Enable companies with limited data sets to benefit from machine learning for visual inspection and product defects	<b>Landing AI</b>	Andrew Ng
	Inefficient analysis of information in contracts and legal documents	AI data solution for legal document analysis	<b>ThoughtTrace (acquired 2022)</b>	Nick Vandivere
	Impact of manmade disasters created by infrastructure failure	Remote monitoring and anomaly detection for critical infrastructure	<b>Worldsensing</b>	Ignasi Vilajosana
Sustainable Cities and Communities	Traffic congestion creating air pollution, GHG emissions and economic costs	E-mobility products and analytics	<b>Dott</b>	Henri Moissinac Maxim Romain
	Traffic congestion creating air pollution, GHG emissions and economic costs	AI for traffic signal planning and operations	<b>Miovision</b>	Kurtis McBride
Peace, Justice and Strong Institutions	Impact of natural and man-made disasters and unrest	Global disruption monitoring powered by big data and AI	<b>Samdesk</b>	James Neufeld Ashlyn Bernier

## Measuring ESG Performance in Our Portfolio

### ESG Data Convergence Initiative

Responding to a patchwork of differing investor requests and requirements on ESG can be a burden for portfolio companies. The [ESG Data Convergence Initiative](#) helps leading global GPs and LPs to partner and align on a standardized set of ESG metrics and a mechanism for comparative reporting by private companies in their portfolios. Participating firms have agreed to report a core set of ESG metrics across six categories drawn from existing ESG frameworks, including GHG emissions, renewable energy, board and management diversity, work-related injuries, net new hires and employee engagement. We also support portfolio companies seeking to enhance ESG data reporting by providing access to the Green Project ESG data reporting platform at no cost. As companies across our portfolio begin to report comparable ESG performance data, we will enhance the scope of aggregated portfolio-level data points included in our Responsible Investment Report.

### How did our portfolio companies perform on ESG in 2022?

#### ENVIRONMENTAL

**69%**

currently **disclose Scope 1 & 2 GHG emissions**—portfolio coverage more than doubled compared to 2021

**69%**

currently **disclose total energy consumption**

**15%**

currently **disclose renewable energy consumption**

#### SOCIAL

**15%**

of board members are **women**

**20%**

of board members are **visible minorities**

**0**

work-related **fatalities**

### Targeting Enhanced Diversity at Portfolio Companies

Companies need to create a diversity pipeline from entry level upwards in order for diversity efforts to flourish in the C-suite. We collect board diversity data derived from the ESG Data Convergence Initiative as well as data on diversity in the management and workforce of our portfolio companies. There is scope for improvement so we have set targets to improve representation of women and visible minorities by 2026. The table below demonstrates how the McRock iNFund LP (Fund I) has met or was close to meeting the 2026 targets by 2022. Diversity has also improved year-over-year.

Portfolio Company Diversity Data Fund I	Average Percentage (as of December 31, 2022)			
	Management	Full Team	2026 Target (Management)	2026 Target (Full Team)
Women	33%	29%	30%	30%
Visible Minority	13%	33%	15%	30%

As a result of successful exits and improved data, some aggregate diversity metrics for Fund II trended downwards compared to 2021. We recognize the correlation between diversity and value in the VC market. More effort is required to increase diversity in general, and especially representation of visible minorities. We have reflected on this and have enhanced the focus on diversity in Fund III due diligence.

Portfolio Company Diversity Data Fund II	Average Percentage (as of December 31, 2022)			
	Management	Full Team	2026 Target (Management)	2026 Target (Full Team)
Women	20%	23%	30%	30%
Visible Minority	7%	22%	15%	30%

### McRock Climate Opportunities Project

We're delighted that 69 percent of our portfolio companies are already measuring GHG emissions but we'd like to make that 100 percent. And it's important to know a company's GHG emissions are only part of the climate change story. While climate change poses material risks and opportunities across the economy ([ESG in Our Investment Process—Environmental—Climate Change](#)) we assess the actual and potential impacts of climate change for Digital Industrial companies to be primarily on the opportunity side.

McRock Portfolio Companies	Potential Climate Opportunities for Digital Industrial				
	Resource Efficiency:  Enabling efficiency in resource use, operations and transportation	Energy Source:  Enabling expansion and efficiency in renewable energy production	Products & Services:  Low-carbon products and services, enabling technology transition	Markets:  New markets with increasing climate exposure, participation in carbon markets through offset creation	Resilience:  Infrastructure monitoring and predictive analysis, event tracking and response
Miovision	●			●	
Poka	●				
Landing AI	●	●	●	●	
Triax	●				
Clearpath	●		●		●
Plus One Robotics	●		●		
SkySpecs		●			●
Dott			●	●	
e2ip Technologies			●		
Samdesk					●
Worldsensing					●



Many of the companies we invest in will have a net-positive impact on GHG emissions because they provide climate-related technology solutions that allow other companies and organizations to reduce their own GHG emissions.

The question is: how much of a positive impact? And how can companies use this information to enhance value?

We believe in engaging with our portfolio companies to help them enhance all aspects of performance—and that goes for ESG performance, too. But talk is cheap and we know that measuring GHG emissions impact isn't easy. That's why in 2022 we put our money where our mouth is, supporting relevant portfolio companies to explore climate opportunities by providing technical expertise to undertake tasks such as:

- Preparing a GHG emissions inventory
- Quantifying positive climate impact—in other words, how much the company's Digital Industrial solutions can help their customers to reduce their own GHG emissions
- Finding ways to leverage quantifiable evidence of positive climate impact to create additional value, for example, by creating credible GHG emissions offsets that can be traded in carbon markets—specifically, exploring the “Markets” opportunity highlighted in the TCFD Recommendations

McRock Climate Opportunities Project supported Miovision's initiative to conceptualize and draft a Traffic improvement-based GHG Accounting Methodology [Concept Note](#), which was submitted for consideration to the Verified Carbon Standard Program ([Verra](#)).

## Portfolio Company ESG Spotlight—Action on Climate Change

Most, if not all, our portfolio companies are harnessing the potential of the Digital Industrial Revolution to provide solutions to environmental sustainability challenges. In the following pages we profile how three of our companies are innovating to help companies, communities and scientists scale up today's green economy, make sustainable technologies even greener, reduce GHG emissions and tackle the physical impacts of climate change all while doing some social good, too.

“ Every investment is a shared journey. When you look for revolutionary technology, you end up finding passionate people, and sometimes, an unforgettable anecdote. ”



## Portfolio Case Study #1: TRIAX

Triple triple: what's good for people is good for business and the environment

**FOUNDED: 2012**

**EMPLOYEES: 17**

**LOCATION: NORWALK, CT, USA**

**INITIAL INVESTMENT: MAY 2021**

**BOARD REPRESENTATION: SCOTT MACDONALD (CHAIR)  
UDIT BHATNAGAR (OBSERVER)**



We love a good pivot, especially when it reaps benefits for so many. Did you know Triax started by making sensors for sports equipment to monitor impacts to the head? It didn't take long for them to see the potential for their sensor technology and data in the high-risk construction workplace. That pivot led to what is now a comprehensive software platform with wearable monitoring devices that provide real-time, data-driven worksite visibility, safety, security and improved project management. Impressive, right? And we thought the helmet thing was pretty cool.

It gets even better. Triax's clients come to them for solutions to support their needs around site safety, labour productivity and equipment utilization. But they get so much more. Why? Because when you help companies monitor safety and productivity, they also get more efficient and effective. When businesses run better, they reduce their impact on the environment.

Follow this thread: over the past four years Triax users have seen on-the-job injury claims decrease by 60 percent. Excellent. At the same time productivity has increased between 10 and 25 percent. Makes sense. Guess what else happens? Improved productivity means fewer trips to and from the job site and a drop in material consumption. Sites have also measured a 30 percent decrease in equipment rental needs, leading to a drop in waste and emissions.

Let's go one step further. Imagine what's possible when organizations in the "green" energy industry—wind, solar or nuclear power—use Triax to operate their generators even more safely and efficiently. Their business is literally decarbonization of the energy infrastructure, so each performance improvement in their operations contributes to their positive impact on the environment. Is that a double double?

As much as Triax loves doing their part to help protect the planet, they are proud to be protecting people. The technology is so inherently flexible and adaptable making it useful in so many applications, including responding to emergencies. Triax enables digital tracking for evacuation and muster. Client sites have achieved a 70 percent drop in time-to-safety for muster drills. And in a moment of urgent need (think global pandemic) they were able to quickly provide solutions for even more layers of worker safety. When COVID-19 started Triax used existing hardware and software to launch a social distancing product to aid workers in keeping six feet apart. This permitted workers to continue their work and earn a living while ensuring their safety and, in turn, enabling the facilities (often deemed essential) to keep operating.

Technology that protects people, businesses and the environment, all in one fell swoop? Sounds more like a triple triple.

## Portfolio Case Study #2: SAMDESK

AI and data are the new  
essential tools for climate  
assessment and response

**FOUNDED: 2013**

**EMPLOYEES: 55**

**LOCATION: EDMONTON, CANADA**

**INITIAL INVESTMENT: APRIL 2021**

**BOARD REPRESENTATION: WHITNEY ROCKLEY (CHAIR)  
HA NGUYEN (OBSERVER)**



Who remembers when news alerts on your phone felt like a massive step forward in keeping abreast of current events? This app technology has undoubtedly made a tremendous impact on our lives, where we now feel like we are learning about global events in real time. Or are we?

Businesses monitoring risk—both inside and out of their organizations—often rely on traditional and even newer digital news sources to assess the threat from looming or active crises. In fact, samdesk was first built to analyze those news reports to generate its alerts. News flash: the speed of these alerts is wholly dependent on people first capturing and reporting the news, often by combing through vast sources claiming to capture the most recent information. The problem? By the time it reaches you, the news is often out of date. For businesses, that's no longer good enough.

Enter big data and AI. The brains at samdesk recognized the opportunity to get in front of this lag. Their AI platform now ingests vast amounts of real-time data, performing billions of computations on public datasets to spot disruptive events. It then sends early warning alerts and insights, well ahead of traditional news and crisis monitoring tools.

The possible applications for this technology are limitless: businesses can plug samdesk into their operational systems to get even deeper insights into travel management, employee wellness, supply chain functionality, entry to new markets, operational safety and beyond.

But let's focus on the environment for a moment, and take the threat of environmental disasters, for example. Today we have a greater understanding than ever before of how climate change and natural disasters impact all businesses, especially those with operations in under-developed parts of the world. We used to rely on expert meteorologists to collect and disseminate a swath of data from many sources before being capable of giving a reliable prediction to the public. Today we have a lock-screen widget generating more accurate forecasts with little to no need for human involvement. In summer 2022, Pakistan experienced some of the worst flooding in a decade due to monsoon rains; it caused massive supply chain issues for global textiles markets among others. Samdesk was able to inform clients far before the news broke globally. This helps its customers stay resilient in the face of the daily impacts of the climate crisis.

What's next for samdesk? Imagine a world where we can move from reacting to near-real-time notifications of critical events to predicting them and providing pre-emptive warnings to minimize the impact. Samdesk moves closer to this vision every day as their datasets grow, identify more trends and uncover even more actionable insights. Work is still required to amalgamate the exhaustive list of inputs that can be used to generate an accurate depiction of risk from weather-related natural disasters into a series of clear insights. But they are well along the path to doing so. That means earlier alerts to danger and subsequently more time to reach safety.

McRock is proud to support samdesk and their efforts to build solutions to address the impact of costly crises—both human and economic—including climate change.

## Portfolio Case Study #3: POKA

People are the secret ingredient in operational efficiency

**FOUNDED: 2014**

**EMPLOYEES: 146**

**LOCATION: QUEBEC CITY, CANADA**

**INITIAL INVESTMENT: APRIL 2021**

**BOARD REPRESENTATION: SCOTT MACDONALD (OBSERVER)**



If you're running a manufacturing operation today, you have a problem. A new problem to add to the list of challenges you face regularly amidst rising costs, aging equipment, supply chain issues and so on. It's a people problem.

Predictability is the cornerstone of manufacturing process improvement. Today, for the first time in history, the biggest challenge to standardized, repeatable, predictable performance isn't the machines, it's the variability of the workforce.

This is the principle driving Poka to create tech solutions to help manufacturers optimize the performance of their workforce. And guess what? In this case, what's good for people is also good for the environment.

Poka's connected worker platform was born out of a need for continuous improvement on the factory floor—to put the right tools and training resources in front of frontline employees in real time regardless of location or shift. The goals were primarily around improving operational efficiency: Consistent and faster onboarding. Reduced

downtime from work stoppages. Ongoing skills development. The result would be an engaged, empowered and versatile workforce through training delivery, operational knowledge management and collaboration. It worked.

And then something else happened. It turns out that improving operational efficiencies also contributes significantly to other corporate targets: Waste reduction. Improved safety records. Greater employee satisfaction and retention. Say what now? And all of this at a time when industry is facing the most aggressive environmental targets of our lifetime. And a historic labour shortage, to boot. Tell us more!

Poka has been used by multiple manufacturers to cut raw material wastage, decreasing the volume sent to landfills and saving money in turn. One large tools manufacturer decreased its scrap rate by more than 50 percent. A global packaging business credited Poka's connected worker platform with helping them divert almost 300 tonnes of material waste from landfills and achieving more than \$300,000 in cost savings along the way. Food giant Danone is being recognized for significantly reducing waste and CO2 and water consumption by leveraging multiple process improvements and software tools, including Poka's connected worker platform.

One pet food plant credits their single digit employee turnover in part to the digital maturity of their operations and the support their workers get; they now have a longer-tenured and better-trained workforce to leverage for priority tasks. Workers are able to cover larger scopes of the production line because they are versatile and empowered to solve problems. And there are processes in place to capture and share institutional knowledge with new recruits.

It's understandable why McRock would be attracted to this innovator. We first invested in Poka in 2021 in part because we see the potential its process improvement technology also has to help organizations reduce their carbon footprint and avoid the looming "boomer brain drain." Their recipe of tech + people is a success story to be modelled.

# SASB INDEX

SASB publishes industry-specific sustainability accounting Standards intended to help companies disclose financially material, decision-useful ESG information to investors. We selected the [SASB Asset Management & Custody Activities Standard](#) as the key framework to guide the development of this Report. While SASB Standards are typically used by listed firms, using this standard will allow us to improve year-over-year ESG performance analysis, compare ourselves to other asset managers and engage more effectively with portfolio companies working to develop an approach to ESG reporting that will meet investor expectations. In 2022, the SASB Standards were incorporated to the new International Sustainability Standards Board.

ESG Topic	SASB Code	Accounting Metric	2022 (Data as of December 31, 2022)															
Activity Metrics	FN-AC-000.A	Total registered assets under management. Total unregistered assets under management.	Assets under management: \$182 million. The registered/unregistered assets distinction is not applicable for our firm.															
	FN-AC-000.B	Total assets under custody and supervision.	Not applicable for our firm.															
Transparent Information & Fair Advice for Customers	FN-AC-270a.1	Number and percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations or other regulatory proceedings.	Zero 0%															
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers.	Not applicable for our firm—we do not have retail investor customers.															
	FN-AC-270a.3	Description of approach to informing customers about products and services.	Not applicable for our firm—we do not have retail investor customers.															
Employee Diversity & Inclusion	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for: (1) Executive management (2) Non-executive management (3) Professionals (4) All other employees	Given the firm's management structure and the small size of our team, we measure diversity of the overall team and the investment team. SASB metrics are provided below. More information on our approach to DEI can be found in <a href="#">ESG Within Our Firm—Diversity, Equity &amp; Inclusion</a> .															
			<table><tr><th>Level</th><th>Women</th><th>Minorities</th></tr><tr><td>(1) Executive management</td><td>67%</td><td>33%</td></tr><tr><td>(2) Non-executive management</td><td>33%</td><td>67%</td></tr><tr><td>(3) Professionals</td><td>50%</td><td>50%</td></tr><tr><td>(4) All other employees</td><td colspan="2">Not applicable</td></tr></table>	Level	Women	Minorities	(1) Executive management	67%	33%	(2) Non-executive management	33%	67%	(3) Professionals	50%	50%	(4) All other employees	Not applicable	
			Level	Women	Minorities													
			(1) Executive management	67%	33%													
			(2) Non-executive management	33%	67%													
			(3) Professionals	50%	50%													
(4) All other employees	Not applicable																	
Incorporation of ESG Factors in Investment Management & Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability-themed investing and (3) screening.	(1) \$182 million (100%). (2) Although many of our portfolio companies offer solutions to sustainability challenges, we do not formally position our funds as ESG thematic or impact funds. (3) \$182 million (100%) warfare and weapons exclusion.															
	FN-AC-410a.2	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies.	A description of our ESG incorporation approach can be found in <a href="#">ESG in Our Investment Process</a> .															
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures.	Proxy voting is not applicable for our firm. A description of our portfolio company engagement approach can be found in <a href="#">ESG in Our Investment Process</a> .															
Business Ethics	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations.	<a href="#">Zero (\$0)</a>															
	FN-AC-510a.2	Description of whistleblower policies and procedures.	We have not yet identified a third-party whistleblower channel tool suitable to our firm requirements and size. A description of our business ethics policies can be found in <a href="#">ESG Within Our Firm—Business Ethics</a> .															

## TCFD INDEX

The TCFD framework for climate-related financial disclosures is intended to help companies and investors disclose decision-useful, forward-looking information on climate-related risks and opportunities. We decided to align our Responsible Investment Report with the TCFD recommendations from the start and plan to enhance our disclosure in future reports.

Category	Recommendation	Recommended Disclosures	Reference
Governance	Disclose the organization's governance around climate-related risks and opportunities.	(a) Describe the Board's oversight of climate-related risks and opportunities.	Not Applicable
		(b) Describe management's role in assessing and managing climate-related risks and opportunities.	<a href="#">Climate Governance</a>
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	<a href="#">Climate Strategy</a>
		(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	
		(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	Disclose how the organization identifies, assesses and manages climate-related risks.	(a) Describe the organization's processes for identifying and assessing climate-related risks.	<a href="#">Climate Risk Management</a>
		(b) Describe the organization's processes for managing climate-related risks.	
		(c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics & Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<a href="#">Climate Metrics &amp; Targets</a>
		(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	
		(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	



## ESG PERFORMANCE METRICS

### Firm-level Performance Metrics—As of December 31, 2022

Metric	2021	2022
Assets under management	\$182 million	\$182 million
Active portfolio companies	13	13
Failed portfolio companies	Zero	Zero
Diversio Inclusion Score	83.3	100
Women partners	50%	67%
Women investment team members	40%	40%
Visible minority team members	50%	50%
Visible minority investment team members	60%	60%
Fines/sanctions for breaches of ethical or financial industry regulations	Zero	Zero
GHG disclosure – Scope 1 and 2, tonnes CO <sub>2</sub> e	N/A	36.4

### Portfolio-level Performance Metrics—As of December 31, 2022

Metric (average)	2021	2022
Women–portfolio company boards	21%	15%
Women–portfolio company management–Fund I	26%	33%
Women–portfolio company workforce–Fund I	24%	29%
Women–portfolio company management–Fund II	29%	20%
Women–portfolio company workforce–Fund II	22%	23%
Visible minority–portfolio company boards	18%	20%
Visible minority–portfolio company management–Fund I	13%	13%
Visible minority–portfolio company workforce–Fund I	29%	33%
Visible minority–portfolio company management–Fund II	6%	7%
Visible minority–portfolio company workforce–Fund II	30%	22%
Number of work-related fatalities	Zero	Zero
GHG disclosure–Scope 1 and 2	25%	69%



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