

Working Capital Fund

Annual Report 2023



Working Capital Fund (WCF) is a venture capital firm investing in technology to reduce inequality and build responsible, sustainable global supply chains.

WCF was established in 2017 with a highly-differentiated thesis about how to support systemic improvements in respect for labor rights. **At Working Capital Fund, we identify opportunities to accelerate the development and deployment of innovative, market-based solutions to meet the growing need to protect marginalized workers and source responsibly.** Working Capital Fund enables business to respond and implement operational change with rigor and at scale, shaping a world where supply chains work for everyone.

Working Capital Fund was initially incubated within The Omidyar Group, a diverse collection of independent organizations and initiatives.



Executive Summary

This is our 8th annual report. All quantified results in this report are as of the end of 2023. Overall we see increasing evidence that confirms our investment thesis.

The demand for responsible sourcing tools continues to rise, spurred by the implementation of new legislation with stricter regulations for corporations and investors, as well as the growing technological capabilities of the tools themselves. We have begun to chart the 'Return on Impact' generated by our portfolio companies and their clients, delivering financial benefit hand-in-hand with impact.

Our portfolio companies actively collaborate with a wide range of stakeholders across supply chains, including workers at all levels, brands, retailers, suppliers, government entities like customs agencies, social and financial audit firms, unions, insurers, investors, recruiters, logistics firms, buyers, and consumers. Tools are available for decision-makers in all supply chain functions.

WCF saw commercial growth across our portfolio in 2023, with 14 out of 16 portfolio companies reporting year-over-year revenue increases. The average revenue increase now stands at 25 times for Fund I companies and 3 times for Fund II companies (a newer set of investments). In 2023, portfolio company SupplyShift mobilized towards an exit that was realized in early 2024.

Our portfolio remains focused on tackling issues faced by marginalized workers and communities, including forced labor, child labor, gender inequality and income. Five portfolio companies are also addressing the connection between climate change and workers' rights. Two companies focus on addressing urgent health and safety risks. Moreover, 48% of our invested capital has been allocated to companies founded or led by women, compared to the 2% industry average.



Overall Reflections & Findings

There is increasing evidence to support our initial investment thesis: an investable market exists where supply chains and social sustainability intersect, driven by market forces, regulation and technology.

Multiple Avenues to Value Creation and Impact:

Portfolio company tools link impact with financial performance, enable compliance at scale, and help corporates meet internal codes and policies cost-effectively.

Worker Empowerment and Protection: Companies which reach workers directly are achieving meaningful scale in high-risk workplaces, increasing worker agency, opportunity, and protection from harm.

Return on Impact: Several companies are demonstrating a 'Return on Impact', in which impact-focused services lead to direct financial benefits for clients, who are often suppliers or employers.

Collaboration for Impact: Portfolio companies have become nodes around which multiple MNCs organize their compliance/impact efforts (e.g., to combat gender-based violence), collaborating for impact at scale.

Technological and Market Reach: Emerging technologies enable significant geographic and sectoral reach, driving transparency, risk assessment, and market traction.

Scalability: Companies which drive transparency and assess risk, enabling Human Rights Due Diligence, are gaining significant market traction and financial success.



Supply chains are complex and opaque.

In today's globalized economy supply chains promise equitable growth for workers, supplier businesses and multinational corporations. But too often they are instead tainted with gender inequity and severe labor exploitation. There is a need for transformative solutions that build agency for workers and communities, and enable effective accountability for business.

At Working Capital Fund, we invest in technology solutions that promote

**Gender
Equity**

**Decent
Work**

**Just
Transition**

through supply chain transformation.



Scope of the Problems We Are Trying to Solve



Gender Equity



Decent Work

(forced and child labor, migrants rights)



Just Transition

Women make up **43%** of the global workforce, **27%** of management positions ([Sedex](#))

\$236B are generated from forced labor each year, a **37%** rise since 2014 ([ILO](#))

The number of child laborers has risen to **160 million** worldwide - the first increase in two decades ([WorldVision](#))

Over **65 million** adult workers in the US are in occupations at increased risk for climate-related health risks ([KFF](#))

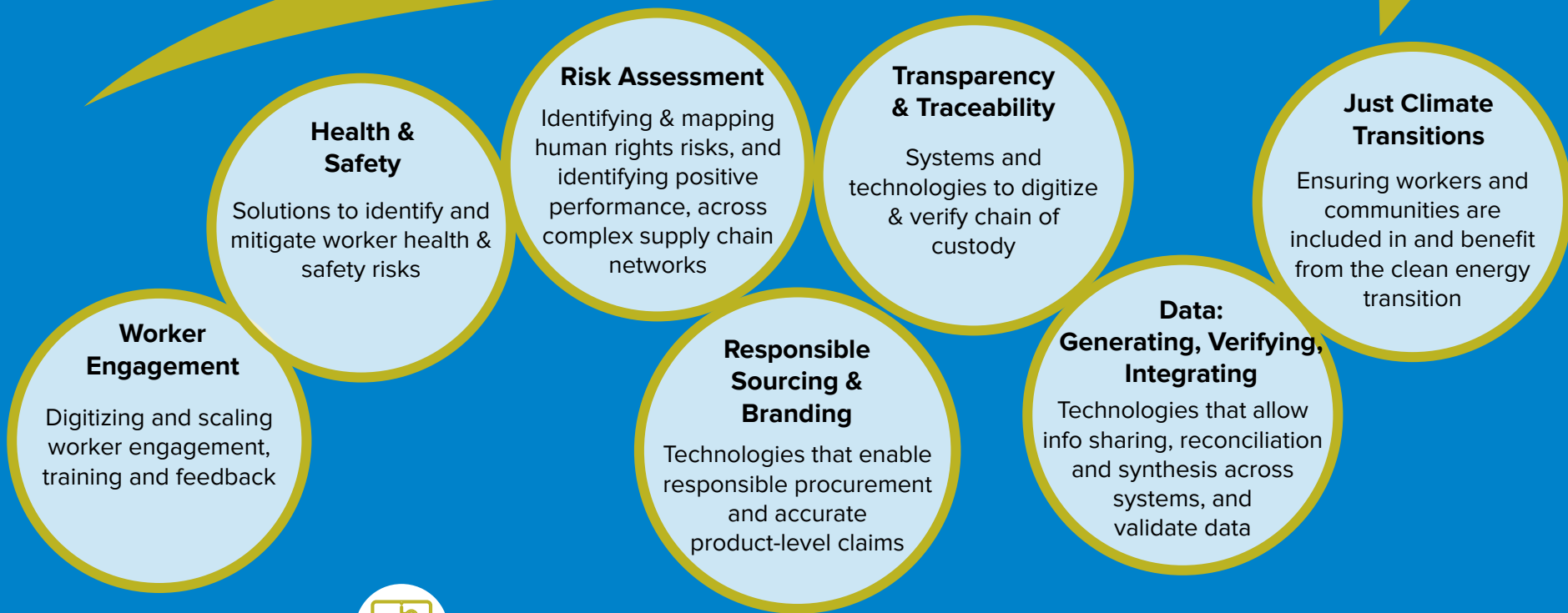
Only **7%** of workplaces collect worker grievance data disaggregated by gender ([Sedex](#))

20 million migrant laborers work in countries where they face risk of debt bondage ([Brandeis](#))

The CDC estimates **702 deaths, 67,512 ER visits and 9,235 individuals** hospitalized per year in the USA due to environmental heat exposure ([OSHA](#))



WCF Supply Chain Solutions



Summary Results

56% of our portfolio companies are women led/founded

16 impact-aligned portfolio companies

Portfolio reaches workers in **80** countries

Avg. revenue increase
Fund I: 25x
Fund II: 3x

Over **1.9M** workers reached in **2023**

Data captured on **450M** suppliers

Each WCF portfolio company addresses dimensions of marginalization and remains impact-aligned.

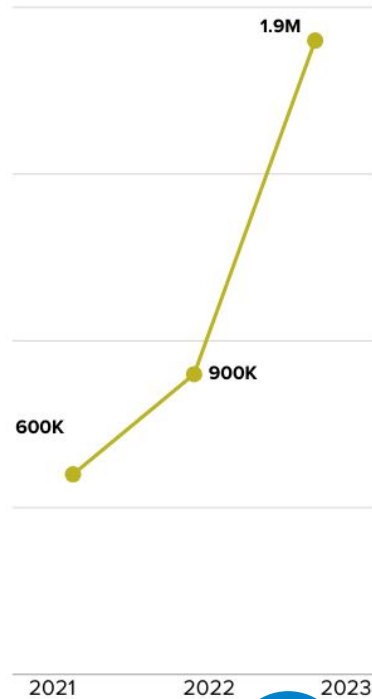
We have seen both qualitative and quantitative proof points bolstering our hypotheses that the intersection of technology and impact are strong areas for investment.



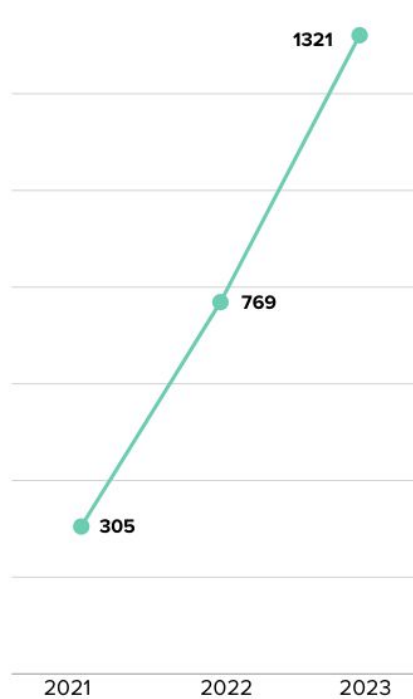
Portfolio Reach Results Visualized

In aggregate, the portfolio **more than doubled the number of workers reached directly** year-on-year, demonstrating the maturity of worker engagement tools.

**WORKERS
REACHED DIRECTLY**



**SUPPLIERS
ENGAGED**



**COUNTRIES WHERE
WORKERS ARE REACHED**

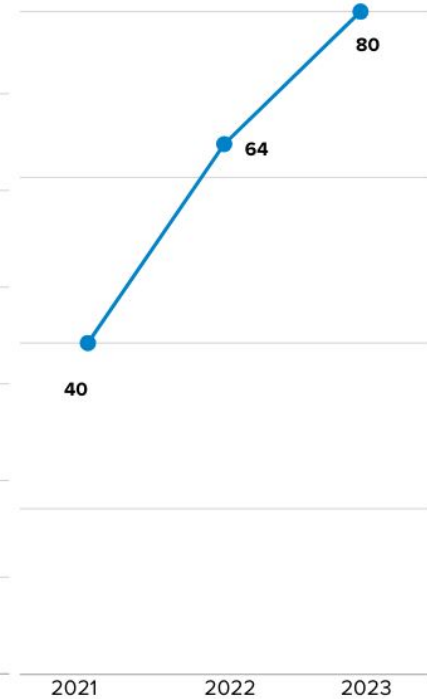


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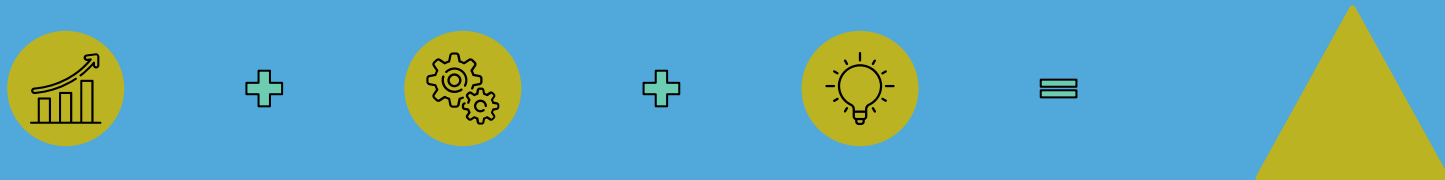
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How We Work



Investment Thesis: An impact investment fund can influence labor rights practices and outcomes in global supply chains through its investment and other ecosystem actions.



Growing Market Demand

By 2026 the global supply chain management application market is expected to reach almost \$31 billion.

New legislation and regulations in the EU, UK, North American and Australian markets are driving the adoption of tools that more effectively identify risk and report accurately.

Trade bans raise the stakes for companies that do not have visibility into their lower tiers and specific risky geographies.

Existing Tools are Broken

The scale of the problem has far outpaced regulatory capacity. The social audit-based paradigm is not sufficiently scalable. As the New York Times reported:

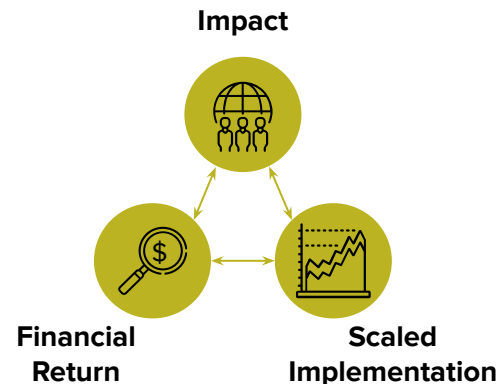
"The expansion of social compliance audits comes as the Labor Department has shrunk, with staffing levels now so low that it would take more than 100 years for inspectors to visit every workplace in the department's jurisdiction once."

Emerging Tech Offers Disruptive Solutions

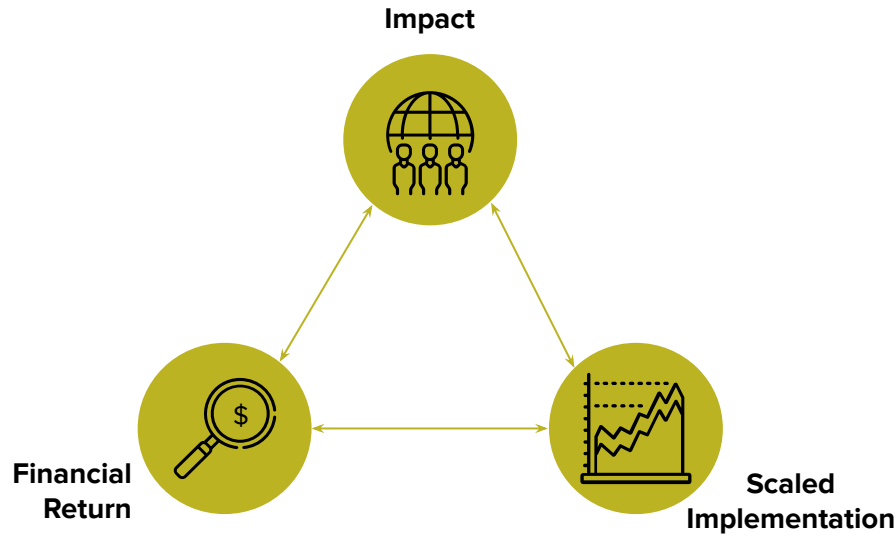
There are promising opportunities to apply emerging tech to supply chain responsibility:

More and different types of data are captured and analyzed using IoT, natural language processing, and sensors including wearables.

AI and machine learning automate data gathering, analyze computer vision, integrate data, predict outcomes, triangulate results.



WCF invests to achieve three interrelated outcomes.



FINANCIAL RETURN

WCF invests to build successful businesses with growing revenue. They must be able to attract investment in stages beyond that which WCF can support, if necessary, and eventually enable an exit for investors.

IMPACT

Our fund provides impact-focused capital for the innovation of solutions and business models. We influence labor rights, practices, and outcomes by convening supply chain actors to catalyse new relationships in the system, and build new collaborations across actors working towards shared goals. Our portfolio companies influence corporate decision-making directly within procurement, risk assessment, corporate responsibility, marketing, and other commercial functions.

SCALED IMPLEMENTATION

Portfolio companies transform supply chain visibility and worker engagement at scale, with the ability to map billions of data points, and to reach thousands of workers efficiently and cost-effectively.



How We Think About Impact Management and Measurement

As we navigate the complex landscape of impact investing, we find ourselves in constant conversation about the impact we are aiming to have and our achievements. Our stakeholders – including Limited Partners, portfolio companies and co-investors – have different needs for measurement and learning. Measuring and managing for impact is challenging.

Furthermore our portfolio is diverse and varied, addressing different parts of the overall problem and focused on different audiences. From companies directly engaging workers to those providing risk information at the scale of a supply chain, the work of these ventures is not easily captured by standard or comparable metrics. Furthermore, the dynamic nature of early-stage startups means that their goals and strategies evolve, rendering static metrics less meaningful over time.

Recognizing these challenges, we have embraced a nuanced approach to impact measurement, one that combines quantitative and qualitative data against a fixed set of questions. With the guidance of an external Developmental Evaluation team, we have built a methodology that allows us to capture the richness of our portfolio's impact and each portfolio company's specific approach.

Attempting to distill the diversity and dynamism of our portfolio only into simplistic measures such as 'number of workers reached indirectly' or 'lives touched' risks oversimplifying the complexities of our work, and would result in numbers both massive and meaningless. Instead, we remain committed to providing contextual understanding of our impact, celebrating the diversity of these ventures and the way they collectively build a portfolio of approaches.

This blend of qualitative and quantitative data not only provides us with a more comprehensive understanding of the problems we're solving but also supports the development of our portfolio companies as they link impact and business performance for them and their clients. In our latest Annual Report, we have endeavored to share transparently our insights and findings with key stakeholders. We welcome your feedback and suggestions.



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Portfolio Level Results



Portfolio Companies // Fund I



Altana is a data analytics company using machine learning and AI to illuminate global trade flows and actors within international trade, identifying risk and creating trusted networks.



HonestJobs enables responsible recruitment in global supply chains and domestic work by investing in and supporting responsible firms in Southeast Asia.



HowGood is an independent research company that offers Latis, a SaaS-based product ingredient platform helping brands secure better ingredient sourcing data.



OpenSC uses blockchain and IoT to provide traceability and transparency in food and agriculture supply chains to corporate clients.



Provenance powers trusted sustainability claims at scale through a B2B2C SaaS platform connecting sustainability to every purchase.



Quizrr is a leading provider of human and labor rights training, developing innovative and engaging solutions backed by real-time data to advance corporate responsibility and capacity building in global supply chains, using a bottom-up approach.



Kenzen is the premier physiological monitoring platform to keep industrial workers safe on the job, combining small wearable devices with real-time predictive analysis to prevent injuries due to heat stress, exertion, and fatigue.



SupplyShift offers supply chain mapping through cascading surveys and data analytics to demonstrate the relationships between all the actors in a client's supply chain.



Ulula is a worker engagement tool that amplifies worker and community voices to create more responsible supply chains.



Versed.AI offers a multi-tier knowledge graph of supplier networks helping businesses monitor, manage, and mitigate risks within their supply chains.



Portfolio Companies // Fund II

CompScience

CompScience is a computer vision company that uses the existing camera infrastructure of a facility to prevent workplace accidents, and lower insurance costs.



Twinc Capital provides 'fair funding' for global trade, serving as the first sustainable supply chain solution that includes purchase order financing.



Diginex enables companies to collect, evaluate and share sustainability data through software, focused on labor and supply chains, ESG and climate.

!Prewave

An AI platform for supplier monitoring, targeted at purchasing, sustainability and supply chain managers.



Proof delivers on-demand impact insights for businesses so they can use ESG and sustainability data to outperform the market.



To The Market provides turnkey supply chain management to Fortune 500 companies, retailers, and brands, enabling responsible vendor compliance and management, digitized procurement, and automated impact reporting.





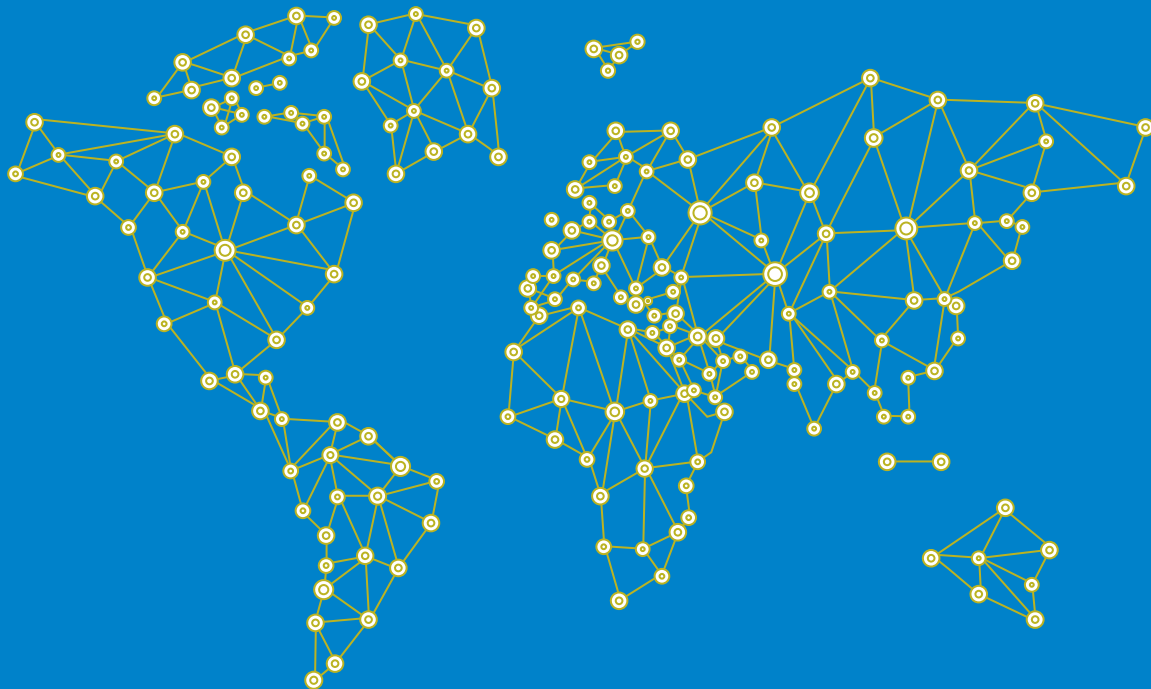
Scaled Implementation: Geographic Coverage

Technology enables WCF portfolio companies to reach workers in widely distributed places and to engage workers where other avenues to remedy are absent.

Many of our portfolio companies' impact is a result of scaling their technology to surface and connect data points about human rights violations and other indicators.

Our portfolio companies report reaching workers in a total of 80 countries.

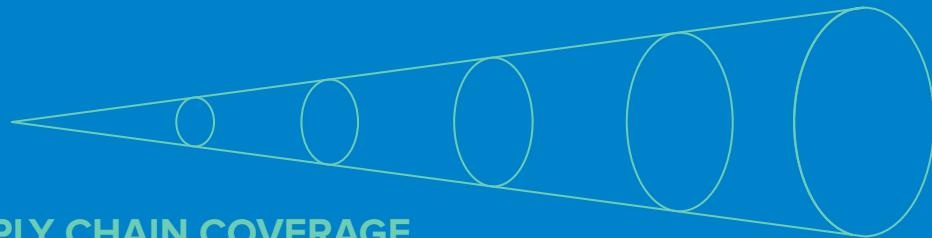
Our portfolio companies target countries at high risk of human rights violations, as indicated by the [Human Rights Index](#).



Scaled Implementation: Sector and Supply Chain Coverage

SECTOR COVERAGE

Our portfolio companies are engaged in reducing risk and improving workplace conditions in numerous sectors at high risk of labor violations including agriculture, electronics, mining, textiles, cosmetics, apparel, construction, food and beverage, transportation, financial services, automotive, and consumer goods.



SUPPLY CHAIN COVERAGE

WCF's portfolio was designed to recognize that supply chain responsibility requires the involvement of decision-makers in a full range of supply chain businesses and operational functions, and to engage those responsible for risk management, procurement, compliance, marketing, distribution, logistics, and more.

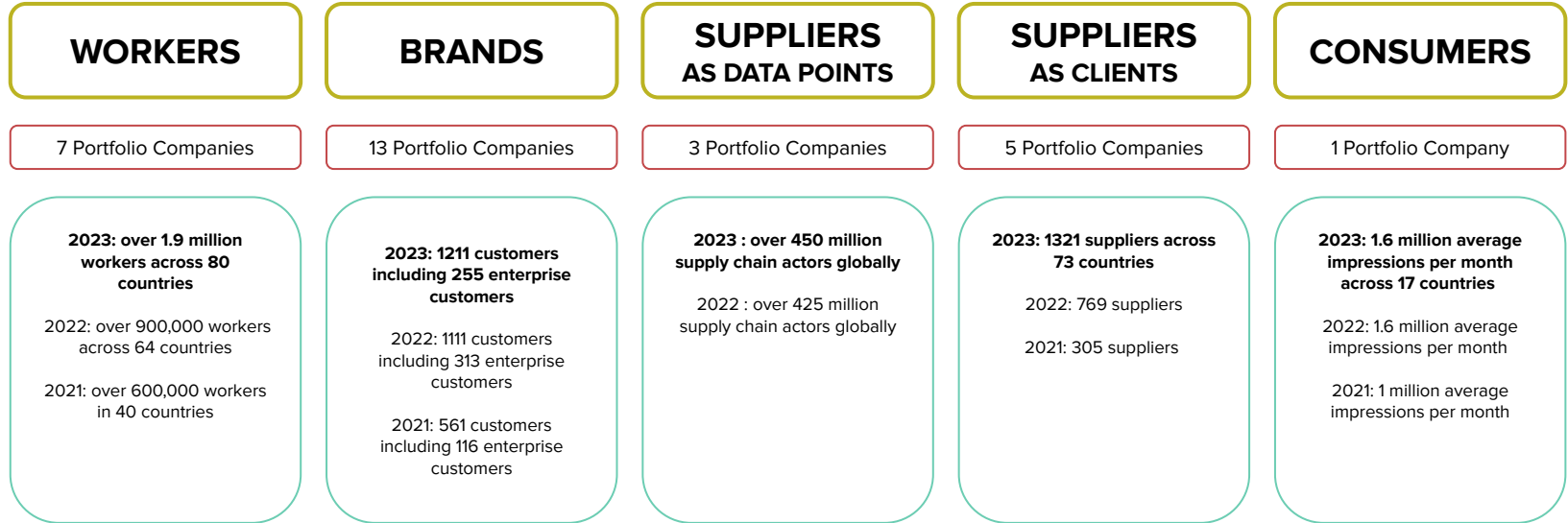
DIVERSE APPROACHES

Provenance leverages Proof Points across ESG categories through a B2B2C SaaS platform. **TwinCo** provides purchase order and invoice financing. **Altana**, **Prewrite**, and **Versed.ai** map supply chains and identify risk at scale. **To The Market** enables responsible sourcing by connecting large global retailers with certified ethical suppliers. **HowGood** provides research to improve ingredient sourcing sustainability.



Portfolio Reach

Portfolio companies continue to increase their reach globally across supply chains, with commercial engagements that extend beyond brands/buyers/retailers to interface with workers in 80 countries including 37 countries rated Very High or High for Human Rights risks; suppliers in 73 countries; and consumers in 17 countries.



The total number of portfolio companies has varied as we invest in new ones (and as some cease operations); 2023 and 2022 results are from 16 companies, and 2021 results are from 15 companies.





The exit of SupplyShift, purchased by Blackstone-backed Sphera, is further evidence of the viability of our investment thesis: that there is not only a market for supply chain responsibility tools, but also the availability of mainstream funding to take companies to scale after WCF early-stage investment.

Sphera, a leading global provider of ESG performance and risk management software, acquired SupplyShift, one of our Fund I investments.

Since we initially invested in 2018, SupplyShift has grown to work with leading brands and serve as the backbone for The Sustainability Consortium's THESIS platform. It built a network of over 100,000 suppliers where buyers and suppliers not only share information but also collaborate to eliminate labor risk and facilitate compliance.

SupplyShift's integration into Sphera is an opportunity to reach new audiences helping move corporate practice beyond risk awareness towards action. As an impact fund that aims to drive both financial returns and amplify impact, we see the acquisition as evidence that there is a viable market for early-stage impactful exits.



3

Impact Focus and Outcomes



WCIF portfolio companies help identify, address and prevent adverse human rights outcomes

Out of 16 portfolio companies,

include a specific focus on **forced, child, and migrant labor** in their solutions.

14

5

support workers during a **Just Transition** to a clean energy economy

include a specific **gender outcome**

(focusing on sectors and industries with higher female representation; working with women-founded and women-led suppliers; and developing support and empowerment programs for women or on gender in the workplace.)

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focus on solutions that specifically target **Fair Wages and Financial Wellness**

2

focus on **workers' exposure to physical risks**



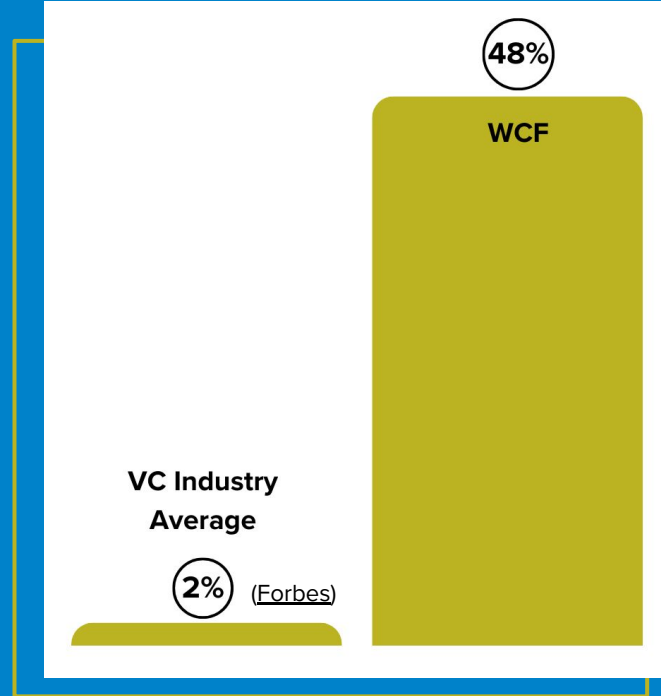
GENDER INEQUITY



1. INVEST IN FEMALE LEADERSHIP

WCF
investment in
women-led or
-founded
companies is
significantly
greater than
industry
average.

VC Funding to Female Entrepreneurs



56% of
WCF portfolio
companies are
women-led or
founded



GENDER INEQUITY



2. INVEST IN TECHNOLOGY THAT ADDRESSES GENDER INEQUITY FOR WORKERS

TARGETING HIGH-RISK SECTORS AND GEOGRAPHIES

Focus Areas:

- Sectors with predominantly female workforce
- High-risk regions for gender-based mistreatment

Key Risks:

- Low recognition of women's rights
- Limited workforce participation avenues
- Underpayment and systemic discrimination

SOLUTIONS

- Increase gender-informed data collection
- Identify the risk of gender-based violence and harassment in supply chains
- Provide female-staffed support workers (e.g., case workers when women workers report grievances)
- Build women's skills and confidence to apply for and take on leadership roles in the workplace.

Designed with an understanding of how gender inequity affects data quality (e.g. gender-aware grievance mechanisms where usage and trust vary by gender)

EVIDENCING THE PROBLEM

Portfolio companies are actively building the case for addressing gender inequity and exploitation in supply chains by:

- Surfacing instances of gender-based violence and discrimination. Including:
 - forced pregnancy tests
 - sexual harassment
 - discrimination against female workers
- Using data-generated results and trends to advocate for corporate action on vulnerability and opportunities for women (e.g., Quizrr notes that women over 24 years of age leave the workforce in specific geographies and sectors in India.)

WCF applies a gender lens to all pre-investment assessments.



GENDER INEQUITY



WCF's 2-pronged approach to gender lens investing: 2. INVEST IN TECHNOLOGY THAT ADDRESSES GENDER INEQUITY FOR WORKERS



HonestJobs has invested in two startup responsible recruitment ventures, in Malaysia and Indonesia, that provide fair recruitment and employment for migrant workers in domestic work (a sector dominated by women workers).



Quizrr's educational platform empowers female workers to advocate for themselves in becoming leaders, line managers, and worker representatives.



Diginex implemented a **gender module to help corporates detect gender inequalities** and identify the risk of gender-based violence and harassment in their supply chains.



Kenzen implemented a **gender-inclusive heat stress technology pilot** for workers in sectors where women are often underrepresented (construction, mining).



In 2023, 70% of new suppliers onboarded to TTM are women-owned and/or operated. 60% of orders placed in 2023 were filled by women suppliers.



Provenance captures and validates data to promote 66 companies to consumers as Female-Led.



Using female leaders to run mobile money awareness sessions dedicated to women, **OpenSC** has provided a safe space for women farmers to ask questions in relation to mobile money, building access to other financial services, such as micro- credit.

The following companies incorporate gender aware metrics in their solutions for brands: **ToTheMarket, Quizrr, OpenSC, Provenance, Diginex, SupplyShift, Ulula**



Twinco provides working capital to the **apparel sector** in Bangladesh and Pakistan, where **over 50% of workers are women**.



Ulula is using its growing cross-sector and geographic database to educate clients on important worker grievance trends. For example, 28% of women reported that sexual harassment is a concern in the workplace and many also are hesitant to report issues if/when they arise or are witnessed.



The Social Audit Toolkit on which most companies rely is **inadequate to understand or resolve serious labor rights risk in supply chains.**

WCF invests across system entry points to:
**ADDRESS WORKER EXPLOITATION
ACROSS GLOBAL SUPPLY CHAINS**

A New York Times review of confidential audits conducted by several large firms shows that they have consistently missed child labor.

“Children were overlooked by auditors who were moving quickly, leaving early or simply not sent to the part of the supply chain where minors were working, The Times found in audits performed at 20 production facilities used by some of the nation’s most recognizable brands.”

The New York Times

“Even some of the auditing firms themselves recognise the flaws in the system. [One] prominent social auditing firm...said in September 2019 that audits were “not designed” to detect issues such as forced labor and harassment.”

THE OUTLAW OCEAN PROJECT





VISIBILITY INTO COMPLEX SUPPLY CHAINS

Portfolio Companies generate visibility within complex supply chains to the first mile by:

- Mapping millions of data points including
 - Specific location of production
 - Materials
 - Production processes
- Providing specific and accurate supply chain information
- Capturing and sharing information about workers' and farmers' experiences and conditions they face

IDENTIFY AND REMEDIATE FORCED AND CHILD LABOUR

Portfolio companies identify forced and child labor and support remediation by:

- Capturing and sharing worker vulnerability indicators including
 - Location
 - Migration
 - Internal migration
 - Process
 - Materials used in production
 - Production processes
- Raising tens of thousands of alerts
- Providing actionable insights
- Enabling remediation, including fast communication across supply chain tiers

PREVENT WORKER EXPLOITATION

Portfolio companies address drivers of worker exploitation by:

- Building workers' and managers' knowledge of how to prevent forced labor
- Targeting vulnerable worker groups such as migrants
- Financing suppliers at key production points to alleviate drivers of worker exploitation
- Advising brands and buyers in effective, ethical supply chain management
- Guaranteeing fair and living wages for workers with good working conditions



Themes and examples of how our portfolio is addressing

FORCED AND CHILD LABOR

AND OTHER WORKER VULNERABILITIES



WCF invests across system entry points to:

ADDRESS WORKER EXPLOITATION ACROSS GLOBAL SUPPLY CHAINS



Altana's Atlas tool has revealed nearly 1 million entities tied to forced labor in China.

'We now have an actual regulatory paradigm with U.S. Customs and Border Protection catalyzing industry level change and with real economics at stake.' (Altana interview)



Versed.AI provides more granular location data to clients – sometimes to the workplace address – useful because location of production is a key indicator for forced labor risks.



Prewave's technology offers visibility into sub-tiers of supply chains, where forced labor risks are harder to detect. The company offers a product targeted at UFLPA compliance via Tier-N visibility of sanctioned entities.



LUMEN is used by large brands in the FMCG and construction sectors to bring transparency to the treatment of labor migrants within their operations and extended supply chains, illuminating forced labor risks and enabling remedy.



Since 2013, Quizrr have a growing global workforce database that includes 584,191 workers and 64,370 managers, 63% of which are women, across 1,925 facilities in 41 countries using 40 languages. During 2023 alone, 105,016 people were trained on responsible recruitment practices around the globe, many of them migrant workers. During 2023 Quizrr partnered with The Centre to develop global training on Child Labor Prevention and Remediation.



After three years of engagement with Ulula's Worker Voice Program, a large retailer sees it as effective enough to mandate that suppliers in Cambodia and Pakistan remain in the Program as a condition of continued business.



13,230 workers were provided with decent and inclusive work in safe working environments as a result of TTM's responsible production. TTM also created 45,203 fair wage hours in certified facilities in 2023.

The following companies address forced and child labor: **Altana, Prewave, Versed. Ai, ToTheMarket, Quizrr, Provenance, Diginex, SupplyShift, Ulula, TwinCo, OpenSC, SupplyShift, How Good, and HonestJobs.**

Four portfolio companies - **Quizrr, Ulula, HonestJobs, and Diginex** - offer solutions that directly engage **migrant workers**, one of the populations identified by the ILO as vulnerable to workplace exploitation and forced labor.



HonestJobs invest in startups targeting migrant and domestic workers. To date each worker placed by these startups have avoided an estimated \$1000 in fees.





WCF invests to support the integration of social equity, particularly workers' rights, in the vital transition to a clean-energy economy.

We are guided by the opportunities laid out by the International Labor Organization

- Promoting environmentally sustainable economies in a way that is fair and inclusive to everyone concerned – workers, enterprises and communities – by creating decent work opportunities and leaving no one behind.
- Maximizing the social and economic opportunities of climate and environmental action, while minimizing and carefully managing any challenges, including through effective social dialogue and stakeholder engagement and respect for the fundamental principles and rights at work.





CURRENT INVESTMENTS

Worker and Farmer Protection:

- Investment in companies protecting workers in risky environments due to climate change
- Addressing climate and labor/human rights issues

Success and Impact:

- Supply chain transparency and verification tools
- Worker safety tools demonstrating commercial success and large-scale impact
- Compliance with climate disclosure and human rights obligations

THEMATIC SCOPE & SCALE

Economic Transformation:

- Vast scale of required transformation
- High demand for critical minerals with risky extraction processes

High-Risk Sectors:

- Farming, forestry, and fisheries facing increased pressure
- Impact on smallholders, suppliers, and workers

Accountability and Tools:

- Need for supply chain impact accountability due to legal requirements
- Tools for Scope 3 visibility and resilient production systems benefiting workers

FURTHER INVESTMENTS AND EXPLORATION

Opportunities:

- Addressing labor-market transformations with inclusive strategies
- Decarbonize supply chains and create ethical and fair conditions within them

Climate Adaptation and Resilience:

- Implementing inclusive climate adaptation measures
- Health technologies for workers in hazardous conditions
- Innovative climate finance mechanisms for socially just transitions



JUST TRANSITION

CLIMATE AND WORKERS' RIGHTS



KENZEN™

A multinational energy company has used **Kenzen** wearables as a mandatory piece of PPE for over 500 emergency responders since 2022. In those two years they were able to eliminate heat-related illnesses.



Provenance advised a leading UK beauty and skincare company against claiming they used "Renewable Energy" because their energy came in the form of unbundled REGOs (their provider purchased normal mixed energy and renewable energy certificates separately). The company subsequently switched to genuine 100% renewable energy in order to accurately make the claim.



Twinco is influencing buyers by providing a comprehensive perspective on supplier risk. This will shift buyer assessment of supplier risk from a binary to a nuanced view based on suppliers' actual social and environmental performance.

TOTHEMARKET™

In 2023 TTM's platform saved **643,000kWh of energy, avoided 107,000kg carbon emissions**, conserved 12M liters of water, and eliminated 42,000 grams of pesticides by manufacturing with organic and recycled material.



OpenSC's partnership with a coffee company securely and digitally tracks every bag of coffee from 1,184 smallholder farmers in the AMKA cooperative in South Kivu, Congo. The tracking includes digital payment verification for living income, ensuring timely and correct payments. This **reduces economic insecurity for farmers** and decreases the likelihood of their engaging in deforestation activities to supplement their income.

The following portfolio companies address climate concerns alongside workers' rights: **Provenance, Diginex, HowGood, Altana, To The Market, Kenzen, OpenSC, TwinCo.**

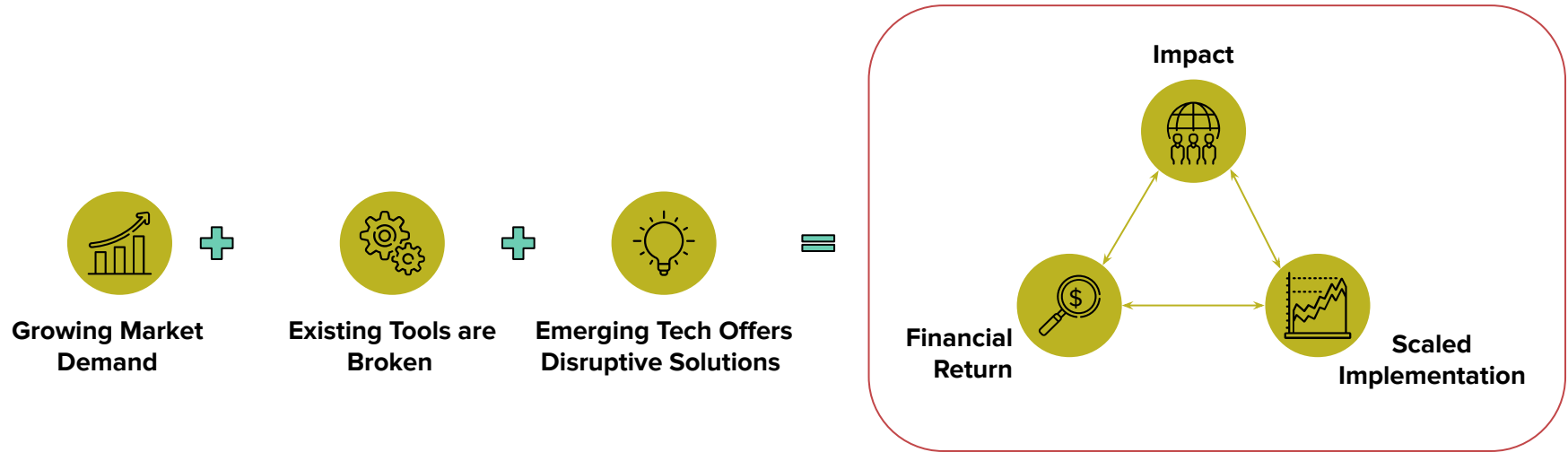


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Evidence of Impact







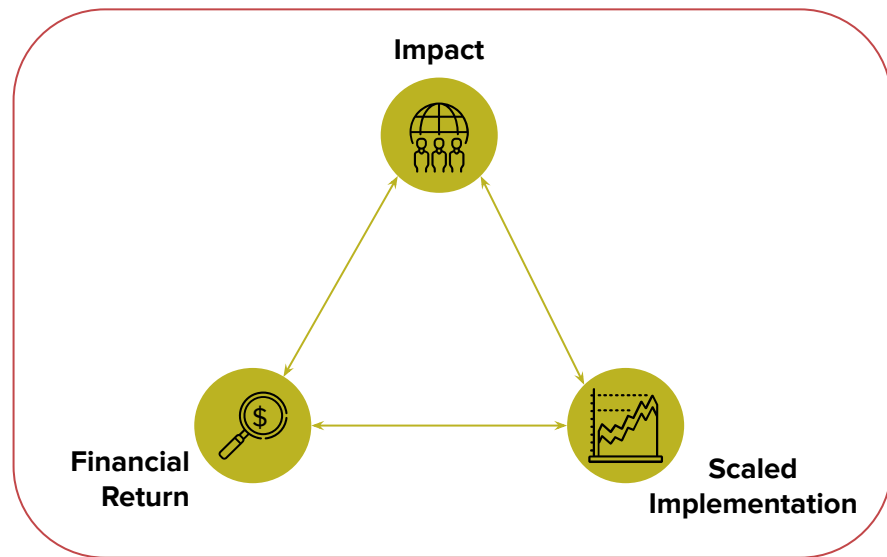
Investment Thesis: An Impact Investment Fund can influence labor rights practices and outcomes in global supply chains through its investment and other ecosystem actions.



We aim to have impact, at scale, and with financial return. These are three key indicators of success which interact with one another, and which emerge in different relation to one another among portfolio companies.

WCF and our portfolio companies employ a range of approaches that lead to these three results.

-  **Driving Corporate Adoption** through
 - “Return on Impact”
 - Enabling Meaningful Compliance
-  **Engaging Workers Directly** to enable self-advocacy and grievance resolution
-  **Enabling Responsible Decision-making**
 - Risk Assessment: enabling buyers to see their supply chains clearly
 - Responsible Sourcing: and make affirmative decisions to source responsibly
-  **Generating Unique Datasets** that are proprietary and impact focused



In this section we outline learning and examples.



WCF invests to exploit the intersection of impact and direct business benefit.

RETURN ON IMPACT emerges when impactful services and products directly yield positive financial and other business outcomes, leading to scale and access to new budgets beyond compliance.

**Delivery of Impactful
Product or Service**



**Business Performance
Improvements**

*via compliance, cost management, risk
assessment, responsible sourcing,
branding, product differentiation,
productivity, etc.*



Return on Impact

Return on Impact examples include:

- **CompScience** demonstrated in a large **logistics facility** a 63% reduction in workplace injuries, leading to \$250,000 in savings in insurance premiums.
- **Provenance's** B2B2C solution for brands and retailers led to a 2.8x increase in engagement at point of sale and 35% increase in conversion rates.
- **TwincO** utilizes its direct relationships with both buyers and their suppliers, leveraging supplier financing and trade-related information to impact supplier performance on environmental and social issues.
- **Quizrr** in collaboration with **two global brands** are co-funding an impact and ROI evaluation to build the case for scaling **Quizrr** training across the brands' supply chains, and eventually to other global supply chains. This will help demonstrate that the **Quizrr** training helps workers understand their rights and report violations proactively, while improving the human rights performance of our suppliers and their agencies.

CompScience



twincO
capital

Quizrr®



WCF invests to ENABLE MEANINGFUL COMPLIANCE, keeping impact and integrity at the core of compliance functions, as regulations in the EU, UK and North American markets drive the adoption of risk assessment and communication/reporting solutions.



!Prewave

Altana  **VERSED.AI**

We foresaw that Human Rights Due Diligence requirements would strengthen our investment decisions:

- We invested in **SupplyShift in 2018, Altana in 2019, Versed.AI in 2021, and Prewave in 2022**, anticipating legislative shifts.
- We invested in **Provenance in 2017**, prior to reporting, disclosure and claims-related legislation introduced in 2021, 2022, and 2023.

Examples:

- **Provenance** - A complaint was made to the UK Advertising Standards Agency questioning the veracity of a leading, global dairy company's sustainability claims. The dairy company subsequently provided proof and substantiation behind its claims, which included the evidencing work they had done with Provenance. The ASA was satisfied and their case was dismissed.
- **Altana's** map is being used by the US Customs and Border Protection Agency to enforce and comply with the trade-related forced labor requirements, and particularly with the Uyghur Forced Labor Prevention Act.
- The automotive industry is moved to use **Prewave** *"because of their use of regulated materials such as cobalt."*
- **Diginex, Prewave, and Versed.AI all report that** legislation is driving uptake of their solutions.





WCF invests to build WORKER ENGAGEMENT TOOLS and platforms that provide workers with visibility; opportunities to exercise their agency and protect themselves; and productive mechanisms for interaction between workers and their management.



WCF-supported solutions (Ulula, Quizrr, Diginex, Kenzen) have demonstrated that they bring unprecedented scale and cost-effectiveness to the task of worker engagement.

These tools mostly work within existing worker- management relationships to shift power and agency.

Tools build knowledge on a wide range of topics areas such as occupational health and safety, wage management, gender equality, among others; create conditions for dialogue between workers and managers; connect corporates to prevention and remediation solutions through a unified platform; and incorporate worker satisfaction ratings into grievance mechanisms.

Examples:

- In 2023, **Ulula** and **Quizrr** engaged with an additional 1.9 million workers in 60+ countries, in 25+ languages, across industries and supply chain tiers.
- In 2023, **Ulula** gathered over 2.5 million data points and 5,000 grievances with a worker satisfaction rate of near 80 percent.
- **Ulula** has reached over 4.5 million people directly - impacting a total of about 29 million people in 69 countries and over 100 languages
- **Kenzen** was used by over 2,000 workers on six continents. Workers have received over 7,000 alerts to prevent heat related illness.
- **HonestJobs** investments are reaching migrant and domestic workers in multiple Southeast Asian geographies.



Case Study: Quizrr

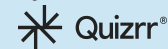


Quizrr creates worker-centric, engaging and gamified digital content with short live-action and animated films followed by a quiz – always in local language and setting. The platform is built for inclusivity, making sure anyone, no matter digital literacy levels, can benefit from the training.

“The training has raised awareness about labor rights among workers, recruiters, and employers. Workers learn about their rights and safe migration while employers and recruiters assess their companies and their obligation to workers”.

Manunya Inklai, President of the Proud Association, Thailand)

“Ms. Inklai also shared that the mobile app training has had a real impact in raising awareness about labor rights in Samut Sakhon Province. For example, a worker who had attended the training and was laid off without receiving a fair severance payment understood that they had a right to their full severance pay. They contacted Ms. Inklai for assistance which led to talks between the employer and employee. This resulted in the worker receiving their full severance pay.”



Since 2013, Quizrr has a growing global workforce database that includes 584,191 workers and 64,370 managers, 63% of which are women, across 1,925 facilities in 41 countries using 40 languages. During 2023 alone, 105,016 people were trained on responsible recruitment practices around the globe, a majority of them migrant workers.





WCF invests in RISK ASSESSMENT TOOLS that generate actionable information at scale, and are the area of fastest growth in the WCF portfolio.



Risk Assessment tools are the most commercially successful of WCF focal areas, driven by the fit between big data and the transparency required by emerging legislation. Two of our portfolio companies have demonstrated significant and sustained growth in revenue and valuation.

WCF continues to explore the link between the compliance enabled by visibility, and the impact that emerges when visibility is a spur to action.

Examples:

- Our risk assessment portfolio companies have surfaced data across more than 500 million companies, providing enterprises, governments, and logistics firms with a shared model of global commerce.
- More than 1 million data points tied to forced labor in China have been revealed.
- **Prewave's** Action Platform introduces preventive and mitigation functions on top of risk identification and evaluation. This is enabled through partnerships with other providers, including Ulula and Quizrr.





WCF invests to generate RESPONSIBLE SOURCING DECISIONS that enable private sector decision-makers in a range of functions, at buyer and supplier businesses, to avoid risk and prioritize social performance.



TO THE MARKET



Supplier responsibility has typically been a top-down, requirement-focused effort initiated by multinational 'CSR' staff.

WCF portfolio companies are building ways that consumer decisions and supply chain finance approaches can be leveraged to deliver improved social responsibility performance.

WCF portfolio companies are interacting with medium and small enterprises (MSMEs) as well as multinationals.

Examples:

- **Twinco** utilizes its direct relationships with both buyers and their suppliers, leveraging supplier financing and trade-related information to impact supplier performance on environmental and social issues. **Twinco** finances 150+ suppliers based on specific performance assessments. The company already finances more than 80% of purchases of a large Spanish fashion retailer in two key apparel markets.
- **Diginex** screens suppliers of 165+ MSMEs for compliance and sustainability risks, and is exposing gender inequality and gender-based violence and harassment in supply chains.
- **To The Market** has 200+ certified-ethical suppliers in 50+ countries.



Case Study: Provenance



Provenance powers trusted sustainability claims at scale through a B2B2C SaaS platform connecting sustainability to every purchase.

Illustrations of Provenance's impact on responsible sourcing decisions:

Provenance advised a leading global beauty brand against claiming “RSPO - Sustainable Palm Oil” because they wrongly believed that their brand, owned by a larger multinational parent company, was RSPO certified meaning the palm oil they use in their products is sustainably sourced. Instead, the ParentCo is only an RSPO member which means that they “support efforts to source more sustainable palm oil”, but they cannot guarantee the origin of the palm oil in their products. The brand is now exploring how they can ensure they only use certified palm oil and become RSPO audited and certified.

Illustrations of Provenance's Return On Impact:

Reducing risk of regulatory penalties for Brands - A complaint was made to the UK Advertising Standards Agency questioning the veracity of a leading, global dairy company's sustainability claims. The dairy company subsequently provided proof and substantiation behind its claims, which included the evidencing work they had done with Provenance. The ASA was satisfied and their case was dismissed.



Provenance estimates they currently influence **\$1.9 billion** in marketing budgets for sustainability-marketed goods.

Provenance reaches **1.6 million** shoppers every month with evidence of social and environmental impact of products at the point of sale.



WCF invests to build **UNIQUE DATASETS** about supply chain risk and performance to enable supply chain interventions that lead to prevention and remediation of supply chain violations.



Many of the portfolio companies are building datasets on supply chains that are unique to them, and create intelligence which can be leveraged to build the case for and support the design of impactful interventions. Accurate supply chain data about social conditions is in short-supply and so has great value in enhancing the impact of supply chain interventions.

Examples:

- Since 2013, **Quizrr** has a growing global workforce database that includes 584,191 workers and 64,370 managers, 63% of which are women, across 1,925 facilities in 41 countries using 40 languages. **Quizrr** uses data-generated results, patterns, and trends to advocate for corporate action on vulnerability and opportunities for women.
- **Diginex** tracks at least 24 indicators of worker experience, allowing them to assess worker conditions, identify patterns of issues, and remediate individual cases. Their platform increases the capacity of brands to conduct impact analysis, as well as track the implementation of improvements.
- **Twinco** integrates commercial, financial, and sustainability risk analysis to identify areas of highest risk within supply chains, aiding buyers in prioritizing resources and actions. For instance, **Twinco** assists buyers in determining if the production of a key product is concentrated among suppliers with high human rights risks, necessitating mitigation measures such as targeted audits, proper grievance mechanisms, specialized training, and diversification of production.



5

Annexes



Methodology for the 2023 WCF Annual Report

This annual report provides an update to Limited Partners and others on portfolio and investee progress as of the end of 2023.

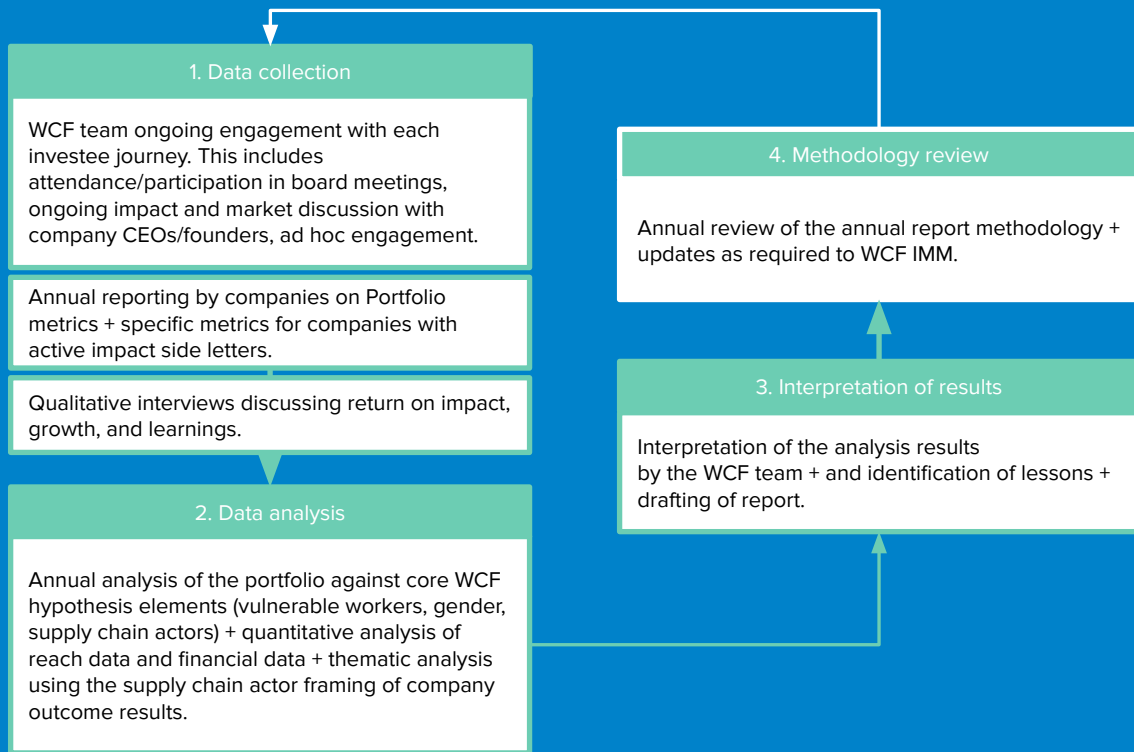
Guiding questions:

1. What activities did the Fund undertake?
2. How is the Portfolio progressing against core impact and financial metrics?
3. What evidence is available that tests or supports our investment theses?
4. What are we learning about our original hypothesis?

Data sources:

- Portfolio company self-reported impact and financial data against agreed indicators;
- WCF internal investment memos, ecosystem engagement;
- Portfolio company articles, press releases, and websites;
- Interviews conducted with ecosystem actors and representatives from each portfolio company.

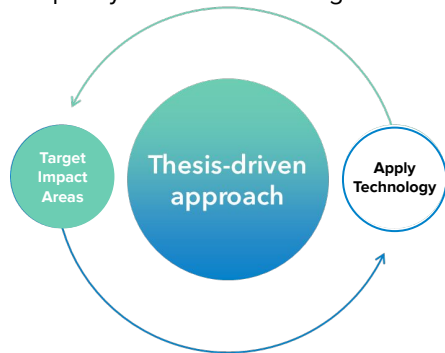
Limitations: The methodology does not at this stage include independent verification of the company-reported data.



WCF's impact investment approach combines thesis-driven explorations with strong **Impact Management and Measurement (IMM)** practice to find, assess and manage for impact and business success.

In 2023 WCF screened 2000+ companies, from which we identified 397 high quality leads, which led to deeper diligence on 18 companies.

We use a thesis-driven approach to identify frontier technologies with capacity to reduce labor rights risks:



WCF's Impact Management and Measurement practice:

1. Diligence

- Is company aligned with WCF Theory of Change and thesis?
- What are impact risks?
- What are indicators of impact performance, and what will WCF contribute to the company?


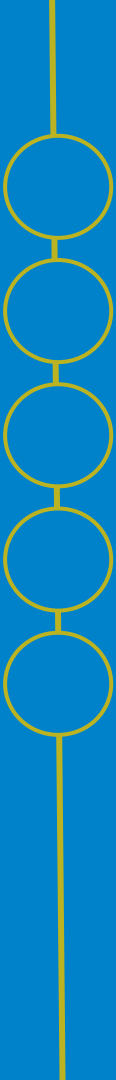
2. Decision

- Co-develop performance expectations including impact (reach and outcome), gender, and other KPIs.
- Agree on ways WCF will support, including IMM.
- Co-develop risk monitoring and mitigation plan.

3. Post-investment

- Monitor progress against agreed performance expectations and KPIs.
- Participate in governance.
- Ongoing reflection and learning against the impact thesis including impact progress and risks, the changing ecosystem, and potential business model pivots.





**We are grateful for the engagement,
collaboration and investment of our Limited
Partners, investors and supporters:**

- ❖ Humanity United
- ❖ Laudes Foundation
- ❖ Minderoo Foundation
- ❖ Walmart Foundation
- ❖ Open Society Foundations
- ❖ Apple
- ❖ The Walt Disney Company
- ❖ Stardust Equity
- ❖ Dolby Family Ventures
- ❖ Zalando
- ❖ LGT Capital Partners
- ❖ Children's Investment Fund Foundation
- ❖ UK Aid

Sincere thanks to
Laudes Foundation's Effective Philanthropy Program
*for the support that has enabled
WCF to build our IMM framework and practice.*



Our Team

Top Row: Martin Roeck, Ed Marcum, Dan Viederman, Evan Okun
Bottom Row: Paarul Dudeja, Rebecca Wong



Thank you!

We welcome feedback
on this report.



WCF Annual Report 2023

