

FELIX CAPITAL PARTNERS LLP

Environmental Social and Governance Policy

Introduction

Felix Capital Partners LLP (“Felix”) is an independent asset management company focussing on investments in the Venture Capital and Growth Equity sectors of the market.

Whilst ultimately our aim is to maximise returns to the Limited Partners who invest in Funds managed by Felix, and to meet their objectives within agreed risk parameters, we also recognise the importance of responsible investing. The three main criteria for responsible investing relate to the environmental and social impact of a business’s activity, and the manner in which it is managed. Together, these criteria are known as Environmental, Social and Corporate Governance (“ESG”).

Investment Process

Felix believes that ESG issues can have substantial investment implications and it is therefore imperative on us as investment managers to ensure that risks relating to these issues are understood and addressed as part of the investment process. Further it is our belief that companies that operate in an environmentally and socially sustainable way are more likely to generate long-term value for investors.

Therefore, as part of the due diligence process for each potential new investment, the investment executives will consider key ESG issues that are of concern to Limited Partners and that could have an impact on the investment case. The investment executives will consider the relevance of each such issue and will consider its potential financial impact on the investment.

The Felix term sheets used for a new investment request that the target company commits, within 12 months of closing the funding round, to;

- Assess its environmental footprint and adopt an ESG or climate policy with clear carbon footprint minimisation or offsetting targets,
- Commit to building a diverse and inclusive workforce by defining and adopting a diversity & inclusion policy.

When the assessment of the executives considering a new investment is that a company’s approach to ESG issues could have an adverse impact, these issues will be raised with the company. In the absence of a satisfactory response from the company management, the issue will be discussed with Felix’s Investment Committee with a view to terminating its interest in making an investment.

Ongoing Monitoring

It is our policy to maintain representation on the board of directors for the majority of companies in which Funds managed by Felix invest, and request that at least one board meeting per year is used to discuss ESG topics. The board member will continue to monitor the activities of the company to ensure that its prospects are not diminished by ESG issues.

When the Felix board member of an existing investment becomes aware of ESG issues that could have an adverse impact on shareholder value, they will address their concerns to the board of the company. The Felix representative is responsible for reporting the incident to the Felix Investment Committee for a formally minuted discussion. If the issues raised are not addressed, the Felix representative will work with other investors to bring influence on the board to address the concerns. In the absence of satisfactory action, the Felix representative will resign from the board and Felix will consider a disposal of the Fund’s holding as a last resort.

Ethical Investment

Felix will decline from investing in companies that do not conform to our Limited Partners’ moral criteria, and will therefore not invest in companies whose business is primarily based on operating in any of the following areas:

- the production of, distribution of, or trade in tobacco, weapons and ammunition
- casino and equivalent enterprises, (on- or off-line)

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- the manufacture, sale or distribution of pornography products
- genetically modified organisms
- human cloning or related products.
- animal testing unless there is no generally accepted alternative solution.

Felix Itself

In addition to our investment policies and in recognition of the importance of leading from the top, Felix has implemented the following policies;

- In January 2022, Felix became a UN PRI signatory,
- In March 2023, Felix became a certified B Corp with the score of 100,
- In 2020, Felix launched “office hours”, an initiative where members of the Felix investment team dedicate two hours every Friday afternoon to provide equal access to Venture Capital for underrepresented founders,
- Felix measures their Scopes 1-3 emissions and offsets 100% of its Scopes 1-2 emissions on an annual basis,
- 1% of the carried interest earned via Felix Capital Fund III LP has been donated to a charitable organisation,
- Felix is currently establishing a Felix Foundation/Charity that will receive a 1% allocation of carried interest in future Felix Funds, as well as receiving donations directly from Felix,
- Felix operates their office in an environmentally sustainable manner. Initiatives such as the usage of renewable energy, energy saving programming, water saving features, the usage of sustainable cleaning products and mixed recycling are already in place,
- Felix prioritises suppliers with ownership from underrepresented and local populations whenever possible.