

## Principal Adverse Sustainability Impacts Statement

Feelsgood Capital Partners d.o.o.

1 January 2022 – 31 December 2022

For the purposes of this Annex, the following definitions shall apply:

- (1) ‘scope 1, 2 and 3 GHG emissions’ means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council<sup>1</sup>;
- (2) ‘greenhouse gas (GHG) emissions’ means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council<sup>2</sup>;
- (3) ‘weighted average’ means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;
- (4) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (5) ‘companies active in the fossil fuel sector’ means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>3</sup>;
- (6) ‘renewable energy sources’ means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;
- (7) ‘non-renewable energy sources’ means energy sources other than those referred to in point (6);
- (8) ‘energy consumption intensity’ means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

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<sup>1</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

<sup>2</sup> Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

<sup>3</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

- (9) ‘high impact climate sectors’ means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council<sup>4</sup>;
- (10) ‘protected area’ means designated areas in the European Environment Agency’s Common Database on Designated Areas (CDDA);
- (11) ‘area of high biodiversity value outside protected areas’ means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council<sup>5</sup>;
- (12) ‘emissions to water’ means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council<sup>6</sup> and direct emissions of nitrates, phosphates and pesticides ;
- (13) ‘areas of high water stress’ means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aqueduct”;
- (14) ‘hazardous waste and radioactive waste’ means hazardous waste and radioactive waste;
- (15) ‘hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council<sup>7</sup> ;
- (16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom<sup>8</sup>;
- (17) ‘non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC;
- (18) ‘activities negatively affecting biodiversity-sensitive areas’ means activities that are characterised by all of the following:
  - (a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;

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<sup>4</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

<sup>5</sup> Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

<sup>6</sup> Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

<sup>7</sup> Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

<sup>8</sup> Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

- (b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:
- (i) Directive 2009/147/EC of the European Parliament and of the Council<sup>9</sup>;
  - (ii) Council Directive 92/43/EEC<sup>10</sup>;
  - (iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council<sup>11</sup>;
  - (iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);
- (19) ‘biodiversity-sensitive areas’ means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas (‘KBAs’), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139<sup>12</sup>;
- (20) ‘threatened species’ means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;
- (21) ‘deforestation’ means the temporary or permanent human-induced conversion of forested land to non-forested land;
- (22) ‘UN Global Compact principles’ means the ten Principles of the United Nations Global Compact;
- (23) ‘unadjusted gender pay gap’ means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;
- (24) ‘board’ means the administrative, management or supervisory body of a company;
- (25) ‘human rights policy’ means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

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<sup>9</sup> Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

<sup>10</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

<sup>11</sup> Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

<sup>12</sup> Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

- (26) ‘whistleblower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council<sup>13</sup>;
- (27) ‘inorganic pollutants’ means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council<sup>14</sup>, for the Large Volume Inorganic Chemicals- Solids and Others industry;
- (28) ‘air pollutants’ means direct emissions of sulphur dioxides (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), non-methane volatile organic compounds (NMVOC), and fine particulate matter (PM<sub>2.5</sub>) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council<sup>15</sup>, ammonia (NH<sub>3</sub>) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;
- (29) ‘ozone depletion substances’ mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

- (1) ‘GHG emissions’ shall be calculated in accordance with the following formula:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

- (2) ‘carbon footprint’ shall be calculated in accordance with the following formula:

$$\frac{\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

- (3) ‘GHG intensity of investee companies’ shall be calculated in accordance with the following formula:

<sup>13</sup> Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

<sup>14</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

<sup>15</sup> Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance ), OJ L 344, 17.12.2016, p. 1–31

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

- (4) ‘GHG intensity of sovereigns’ shall be calculated in accordance with the following formula:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country's Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i(\text{€M})} \right)$$

- (5) ‘inefficient real estate assets’ shall be calculated in accordance with the following formula:

$$\frac{((\text{Value of real estate assets built before 31/12/2020 with EPC of C or below}) + (\text{Value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU}))}{\text{Value of real estate assets required to abide by EPC and NZEB rules}}$$

For the purposes of the formulas, the following definitions shall apply:

- (1) ‘current value of investment’ means the value in EUR of the investment by the financial market participant in the investee company;
- (2) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (3) ‘current value of all investments’ means the value in EUR of all investments by the financial market participant;
- (4) ‘nearly zero-energy building (NZEB)’, ‘primary energy demand (PED)’ and ‘energy performance certificate (EPC)’ shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council<sup>16</sup>.

*Table 1*

### Statement on principal adverse impacts of investment decisions on sustainability factors

<b>Financial market participant</b> Feelsgood Capital Partners d.o.o., LEI: 747800B02069BTN49G25
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<sup>16</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

## Summary

Feelsgood Capital Partners d.o.o., LEI: 747800B02069BTN49G25 considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Feelsgood Capital Partners d.o.o.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

The table below presents the principal adverse impacts of Feelsgood's investment decisions on sustainability factors. Along with the 14 mandatory PAI indicators, two additional indicators have been chosen ("Investments in companies producing chemicals" as an additional environmental indicator; "Lack of human rights policy" as an additional social indicator). Eight companies were in the portfolio throughout 2022 and the data was sourced directly from the portfolio companies for seven investments. Due to the unavailability of data, assumptions have been used for one portfolio company. Actions were planned and targets set for the next reporting period for indicators deemed material with respect to the size and nature of the portfolio companies and the Feelsgood's goals. With respect to climate and other environmental-related indicators, in 2022, total GHG emissions amounted to 153,11 tonnes of CO<sub>2</sub>, of which scope 3 emissions being the most significant contributor. Respectively, the carbon footprint was 30,32 tonnes of CO<sub>2</sub> and the GHG intensity of investee companies was 400,61 tonnes of CO<sub>2</sub> per million euro of revenue. Share of non-renewable energy consumption is 100%. No companies were active in the fossil fuel sector, none were located in or near biodiversity-sensitive areas, with total emissions to water and hazardous and/or radioactive waste equal to zero. No investments have been made in companies producing chemicals. With respect to indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters, there have been no violations of the UN Global Compact or OECD Guidelines for Multinational Companies and all companies have policies to monitor compliance with the UNGC principles and OECD Guidelines for Multinational Enterprises. Unadjusted gender pay gap is 32% and average ratio of female to male board members in companies is 73,99%. No companies are involved in the manufacture or selling of controversial weapons. All companies have a human rights policy. No investments have been made in sovereigns, supranationals or real estate assets. During 2022, Feelsgood Capital Partners managed one fund: Feelsgood Social Impact Investment Fund I.

## Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	5,08 TCO2E	N/A	Due to the size and nature of portfolio companies, the indicator does not have a significant adverse impact, hence no



						actions to reduce it are planned.
		Scope 2 GHG emissions	1,59 TCO2E	N/A		Due to the size and nature of portfolio companies, the indicator does not have a significant adverse impact, hence no actions to reduce it are planned.
		Scope 3 GHG emissions	146,45 TCO2E	N/A		Planned action: Educate portfolio companies on scope 3 reduction strategies.
		Total GHG emissions	153,11 TCO2E	N/A		
	2. Carbon footprint	Carbon footprint	30,32 TCO2EPMEUR	N/A		

	3. GHG intensity of investee companies	GHG intensity of investee companies	400,61 TCO2EPMEUR	N/A		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0,00%	N/A	As per Fund Rules, the Fund shall not invest in companies active in the fossil fuel sector.	The target shall remain 0.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	100,00%	N/A	All portfolio companies are small, early-stage and rent offices. Consumption 100%, production 0%.	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0,0000000006666 GWHPMEUR	N/A	Out of eight portfolio companies, only two are operating in a high impact climate sector (both in sector G as	Due to the nature and size of the portfolio companies, the indicator does not have a

					per Annex I of Regulation (EC) No. 1893/2006).	significant adverse impact, hence no actions to reduce it are planned.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0,00%	N/A		Target shall remain 0.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,00 TPMEUR	N/A		Target shall remain 0.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,00 TPMEUR	N/A		Tagret shall remain 0.
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
	10. Violations of UN Global	Share of investments in investee companies that have	0,00%	N/A	All portfolio companies	Target shall remain 0.

Social and employee matters	Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			formally adopted and act according to the OECD Guidelines for Multinational Enterprises, Ten Principles of UN Global Compact, The UN Guiding Principles on Businesses and Human Rights, ILO Declaration on Fundamental Rights at Work and the Universal Declaration of Human Rights.	
	11. Lack of processes and compliance mechanisms to	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or	0,00%	N/A	All portfolio companies formally adopted and	Target shall remain 0.

	monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			act according to the OECD Guidelines for Multinational Enterprises, Ten Principles of UN Global Compact, The UN Guiding Principles on Businesses and Human Rights, ILO Declaration on Fundamental Rights at Work and the Universal Declaration of Human Rights.	
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	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	32,00%	N/A		Actions planned: Tracking the number of female managers, females in the IT industry in several portfolio companies.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	73,99% FPM	N/A	A value of 100% would constitute an equal number of male and female board members.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,00%	N/A	As per Fund Rules, the Fund shall not invest in companies involved in the manufacture or selling of controversial weapons.	Target shall remain 0.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A		
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	N/A		
Indicators applicable to investments in real estate assets						

Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period								
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A										
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A										
Other indicators for principal adverse impacts on sustainability factors														
<table><tr><th>Additional climate and other environment-related indicators</th><th>Metric</th><th>Impact 2022</th><th>Impact 2021</th></tr><tr><td>Investments in companies producing chemicals</td><td>Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006</td><td>0,00%</td><td>N/A</td></tr></table>							Additional climate and other environment-related indicators	Metric	Impact 2022	Impact 2021	Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0,00%	N/A
Additional climate and other environment-related indicators	Metric	Impact 2022	Impact 2021											
Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0,00%	N/A											



Additional indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters	Metric	Impact 2022	Impact 2021
Lack of human rights policy	Share of investments in entities without a human rights policy	0,00%	N/A

#### **Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

The rules to identify and prioritize principal adverse impacts have been included in the Operational Unit Procedures and Risk Management Procedures. The policies have been updated to include principal adverse impacts on sustainability factors and are subsequently updated on a yearly basis. These policies have been formally adopted by the Management Board. The implementation of those policies, principal adverse impacts tracking, as well as all other SFDR requirements are the responsibility of the Operational Unit.

The additional climate and other environmental indicator chosen is “Investments in companies producing chemicals”. The choice of indicator has been driven by the direct and indirect impacts of use of chemicals on human health as chemical production can involve the use of harmful substances, as well as ethical controversies and possible violations of human rights. Due to all the listed reasons, Feelsgood shall track the number of investments in companies producing chemicals and shall work on keeping the target at 0.

The additional indicator for social and employee, respect for human rights, anti-corruption and anti-bribery matters chosen is “Lack of human rights policy”. As Feelsgood Social Impact Investment Fund I is a social impact fund, respect for human rights at all levels of portfolio companies is of utmost importance. For such reasons, all portfolio companies shall, upon signing of the Investment Agreement, formally adopt and act according to the OECD Guidelines for Multinational Enterprises, Ten Principles of UN Global Compact, The UN Guiding Principles on Businesses and Human Rights, ILO Declaration on Fundamental Rights at Work and the Universal Declaration of Human Rights. Therefore, Feelsgood shall work on keeping the target at 0.

Due to the nature of Feelsgood’s investments and direct oversight of activities of portfolio companies, the margin or error for additional indicators is assessed to be 0.

With respect to data sources, in 2022 Feelsgood Social Impact Investment Fund I had eight portfolio companies. Data came directly from the portfolio companies for seven out of eight investments, while being based on reasonable assumptions for one portfolio company.

### **Engagement policies**

According to the Directive 2007/36/EC (Art. 3g), engagement policies are only applicable to investments in public companies. Nevertheless, Feelsgood is an active owner and takes a hands-on approach with respect to the portfolio companies. Throughout Feelsgood's engagement efforts, due care is taken that companies are educated with respect to ESG practices, that sustainability-related risks are kept under control, and ESG considerations and their implementation in daily operations are recurring topics during discussions. In addition, a particular emphasis was put on the respect of human rights and, thanks to Feelsgood's initiative, in 2022 all portfolio companies formally adopted the OECD Guidelines for Multinational Enterprises, Ten Principles of UN Global Compact, The UN Guiding Principles on Businesses and Human Rights, ILO Declaration on Fundamental Rights at Work and the Universal Declaration of Human Rights (PAI indicators 10., 11. and the additional social indicator). This remains a requirement for all future portfolio companies. In case there is an increase in a certain PAI indicator which is not simply caused by the portfolio expansion at the end of the next reference period, Feelsgood shall direct engagement efforts towards reducing that principal adverse impact of the portfolio.

Moreover, with respect to social impact, all portfolio companies measure and report their social impact key performance indicators (KPIs) which are a condition precedent to closing an investment. As a part of Feelsgood's engagement efforts, each portfolio company's social impact and its maximization is regularly discussed, as well as any further development of social impact KPIs.

### **References to international standards**

All portfolio companies formally adopted and act according to the OECD Guidelines for Multinational Enterprises, Ten Principles of UN Global Compact, The UN Guiding Principles on Businesses and Human Rights, ILO Declaration on Fundamental Rights at Work and the Universal Declaration of Human Rights. This commitment is reflected in mandatory PAI indicators 10. and 11., as well in the choice of the additional social indicator.

Prior to closing the investment, ESG due diligence is performed through an ESG Questionnaire which is derived from the Invest Europe ESG Checklist but altered to fit smaller, early-stage companies the fund invests in. The ESG Questionnaire also includes the following mandatory PAI indicators: 4., 5., 6., 7., 8., 9., 10., 11., 12., 13., 14., and the two additional PAI indicators ("Lack of human rights policies" and "Investments in companies producing chemicals"). The ESG due diligence is used to assess and document potential adverse impacts and the data is sourced directly from potential investee companies.

No forward-looking climate scenario is used, as Feelsgood Social Impact Investment Fund I is focused on its social objective, however the "Do no significant harm" principle is applied and respected.

**Historical comparison**

2022 is the first reporting period.