



POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

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Policy on Environmental, Social and Governance Matters

Feelsgood Capital Partners follows the policies and practices of responsible investment and recognizes that turning sufficient attention to environmental, social and corporate governance (“ESG”) related issues is essential in today’s business environment.

We have incorporated ESG considerations in our investment process and daily operations. We are convinced that our engagement in ESG related matters is a prerequisite for a sustainable long-term operation improving the performance and attractiveness of our portfolio companies and reducing our overall exposure to risk.

We encourage responsible investment and business principles in our portfolio companies.

Feelsgood Capital Partners is a signatory of the United Nations Principles for Responsible investment (UNPRI), an investor initiative in partnership with UNEP Finance and the UN Global Compact. Feelsgood Capital Partners considers principal adverse impacts (PAI) of investment decisions on sustainability factors within the meaning of Regulation (EU) 2019/2088. PAI indicators are calculated annually for the previous calendar year and published by June 30, starting from 2023.

Long Term Value Creation and Sustainability

The commercial and ESG issues are equally important for long-term sustainability in any organization and when combined can provide additional value increase. The improved economic performance of the portfolio companies also contributes positively to surrounding society.

Feelsgood Capital Partners strives to increase value in portfolio companies through improved efficiency and enhanced management placing emphasis on non-financial issues such as:

- Organizational performance and management processes
- Corporate governance
- Business relations and stakeholder accountability
- Corporate social responsibility (“CSR”) and sustainability development
- Customer and employee satisfaction
- Quality of products and services

- Brand strength and reputation
- Innovation
- Environment
- Social participation

Responsible Ownership and Investment Selection

Feelsgood Capital Partners invests in companies with exceptional growth and social impact potential and provides them necessary tools in achieving the set targets. We carry out a rigorous evaluation of target companies, including also the ESG aspects, as well as setting clear social impact criteria and relevant measurement, before making any investment and consider the findings carefully in investment decisions.

We do not invest in companies engaged in arms manufacturing, manufacture of tobacco, hard spirits, gambling, human cloning and genetically modified organisms. Also, we do not get involved in hostile bids.

ESG due diligence is performed prior to the investment by means of the ESG Questionnaire, available [here](#). The ESG questionnaire considers principal adverse impacts and is derived from Invest Europe's checklist but altered to fit earlier stage companies. ESG due diligence ensures the "Do no significant harm" principle is respected and potential ESG risks and opportunities are documented.

As a matter of general policy, Feelsgood Capital Partners takes an active shareholder role in each portfolio company and participates in strategic decision-making through board or council membership. The active ownership approach ensures all potential ESG risks are kept under control post-investment, and the companies are encouraged and advised on making improvements with respect to their ESG policies. The alignment of interest of key stakeholders (our investors, other shareholders of portfolio companies, employees, customers and community) is of utmost importance to Feelsgood Capital Partners. When selecting co-operation partners, we prefer organizations that follow CSR principles, care about social impact of their businesses and share similar values with us.

Ethics and Governance

Feelsgood Capital Partners is conducting its operations in accordance with the highest legal and ethical standards and we promote the use of best corporate governance practices in our portfolio companies.

We are committed to:

- Acting in good faith
- Managing conflicts of interest
- Complying with applicable laws and regulations
- Avoiding bribery and corruption
- Fostering transparency
- Maintaining confidentiality
- Promoting fair competition and responsible marketing
- Protecting copyright and other forms of intellectual property

We make an effort to educate the local business community by sharing our experiences and knowledge.

Our portfolio companies are compliant with OECD Guidelines for Multinational Enterprises, The UN Guiding Principles on Business and Human Rights, Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, International Bill of Human Rights and The Ten Principles of UN Global Compact.

Environment

We take our responsibility to the environment seriously and seek to adopt and implement environmentally sound policies in our portfolio companies, and in our own internal operations. All our portfolio companies need to comply with applicable environmental regulations and standards and strive beyond the compliance.

With our investment we seek to improve the environmental performance of our portfolio companies primarily through:

- Incorporating environmental considerations into product and service development
- Adopting new and efficient technological solutions
- Reducing the energy consumption, waste and emissions
- Fostering the adoption of environmental management system

In addition, the following environmental factors should always be considered:

- Air and water pollution should be minimized and monitored under appropriate regulatory standards
- Biodiversity should be respected and supported.
- Climate change aspects of industrial operations should be monitored, including policies to mitigate climate change and the impacts of climate change.
- Deforestation of native vegetation should be minimized
- Energy efficiency can have direct economic benefits and should be promoted
- Hazardous materials should be handled according to applicable regulations
- Land degradation should be avoided or its long-term effects mitigated
- Depletion of finite resources should be considered
- Waste management practices should be optimized to maximize environmental benefits
- Water scarcity in affected regions should be considered

People and Social Issues

People are the most valuable asset to us and to our portfolio companies. The motivation and wellbeing of the employees is of utmost importance to us.

We remain committed to:

- Respecting human rights
- Supporting the payment of fair and competitive wages
- Providing a safe and healthy workplace
- Promoting long-term human resource planning

- Facilitating training and competence development
- Promoting work-life balance
- Promoting equal opportunity in employment practices and procedures

We recognize that businesses can achieve substantial long-term benefits from being socially responsible. Accordingly, we aim to consider the following social issues and initiatives in pursuing our commercial objectives, and will encourage the portfolio companies to do the same:

- Customer satisfaction should be a day-to-day priority
- Marketing communications should be responsible and convey a positive approach
- Product mis-selling should be avoided
- Product safety and liability issues should be monitored and addressed appropriately
- Supply chain management supports sustainable business operations
- Government and community relations are an important part of day-to-day operations
- Data protection and privacy principles should be respected
- Diversity and equal opportunity should be promoted both within our own business and, to the extent appropriate, in our external supply chain and service providers
- Indigenous rights and applicable legal frameworks should be respected at all times