How we integrate sustainability into the investment decision-making process

The thesis of HCVC funds is to back founders who digitize, automate, and decarbonize the world. We believe that humanity is facing an unprecedented existential crisis, and that the ideal future is one where new technologies can disrupt how we produce energy, transport goods and people, manufacture products, and grow food. We further believe that the next wave of profitable investments will come from exactly these sorts of technologies. Subsequently, we consider sustainability in every investment decision. We further believe that everyone in the team has a collective responsibility toward affirming our ESG values.

Though we believe our investments have a positive impact on fighting this crisis, we do not market our funds as impact funds. The funds managed by Elephants & Ventures (“HCVC”) come under Article 6 of the European SFDR.

We take a holistic approach to sustainability, reviewing every element of an investment, such as quantitative elements like the company’s financial position, qualitative elements like the company’s values and ESG policies, in the context of our investment. In line with our investment thesis, we are always cognizant of the potential of an investment in a new technology to improve sustainability. As a result of the holistic nature of our approach, we do not set a consistent set of KPIs across all investments. We do, however, require companies we invest in to sign a letter affirming their adherence to our values with respect to money laundering, sexual harassment, and prohibited activities. HCVC remains free in its decisions to incorporate potential sustainability risks, including the potential to invest despite a risk. In such case, HCVC is also free to apply measures to mitigate such risks.

HCVC’s investment policy forbids invest into, among other things, the production or trade in tobacco and distilled alcohol, the production of or trade in weapons or ammunition, casinos, or human cloning.

HCVC is committed to the fight against money laundering and incorporates screening on such risks into every investment.

How we consider adverse impacts of investment decisions on sustainability

HCVC considers adverse impacts of its investment decisions on sustainability factors both before and after it makes investments. We require our portfolio companies to answer quarterly surveys on their quantitative and qualitative performance on many factors. We update this survey every quarter based on the evolution of our understanding of our portfolio and potential ESG risks.

HCVC has not identified any adverse sustainability impacts related to its investments to date. If we identify any adverse effects, we will consider them on a case-by-case basis, in the context of the size of the investment, the nature of the transaction, and the resources we can bring to help mitigate such impacts.

How our remuneration policies are consistent with our integration of sustainability risks

The remuneration of our investment committee is primarily based on long-term factors and considerations, such as by way of carried interest.