Molten
Make More Possible

Sustainability Report

Excerpt from Molten Ventures plc
Annual Report FY23

REGISTRATION NUMBER: 09799594

Contents

ESG at Molten in numbers

This year…

55
portfolio companies mapped to at least one UN SDG

We offset
177
tCO_2e which represents 100% of our Scope 1 and 2 and select Scope 3 emissions for calendar year 2022

The Molten team comprised of
40%
female personnel

91%
of FTEs who reported data used public transport, cycling or walking as their main mode of transport for their commute

We provided
63%
of new investments made during FY23 with financial support towards their carbon footprint calculations or offsetting

52%
of portfolio companies have had 1:1 ESG onboarding with our ESG Lead

100%
of our employees* completed Bullying and Harassment training

78%
of portfolio companies have completed our ESG Framework for at least one iteration

* 100% of full-time employees during Q4 of FY23 (excluding those on parental leave).

Contents

Sustainability Report

ESG committee report

Chair:
Gervaise Slowey

Other members:
Ben Wilkinson

Meetings held in the year: Three

FY23 activities undertaken:

- Ongoing review and achievement of our FY2023 ESG KPIs
- Review and oversight of the activities of the ESG Working Group
- Review and approval of our Groupwide Human Rights Policy
- Formulation of our Climate Strategy and carbon management programme
- Engagement of Accenture as our external climate consultants
- Evaluation and expansion of current Investment Team involvement and integration of ESG in the investment process
- Assessment of external disclosures and review of industry best practice
- Development of our ESG KPIs for FY24

FY24 anticipated activities:

- Embed our Corporate Purpose into the ESG Strategy to ensure holistic integration
- Continue to review climate-related risks and opportunities
- Review progress against Climate Strategy and interim targets
- Appoint an additional Independent Non-Executive Director to the Committee, ensuring greater independence
- Continued engagement with, and oversight of, the ESG Working Group.

On behalf of the Board, I am pleased to present the report of the ESG Committee (the "Committee") for the year ended 31 March 2023.

The ESG Committee was established in March 2022, with this being its first year of operation. At Molten Ventures, our Purpose is to advance society through technological innovation which informs the work of the Committee and provides a strategic framework for the direction in our work. As responsible investors, our unique influence allows us to define our future by funding and championing innovative tech companies, delivering robust financial returns alongside strong ESG performance and best practice. ESG reporting remains relatively nascent in the VC industry, and Molten Ventures aims to overcome any misconceptions as we lead the way on developing this agenda. Our ESG Policy, originally adopted in 2019, sets out our approach, values and standards, and is adopted at a Groupwide level to provide long-term thinking around the evolution of our ESG agenda.

As part of our commitment to strong ESG credentials at a company and portfolio level, the ESG Committee was set up to oversee and provide strategic direction to the ESG initiatives and activities being undertaken at Molten Ventures. These are managed by our ESG Lead and supported by the multi-disciplinary ESG Working Group which meets no fewer than six times a year. The ESG Committee enables Board oversight of Molten Ventures's responsible investment activities, and oversees the work towards achieving our ESG KPIs (details of which can be found on pages 46 and 47).

During the period, the Committee held three meetings to review progress on our FY2023 ESG KPIs; updates from our ESG Working Group; and the Company's management of climate-related risks and opportunities as identified in our FY2022 TCFD Report. The Committee formally considered and approved our Groupwide Human Rights Policy which was published in September 2022. The ESG Committee reviewed, and updated the following policies where appropriate:

- Groupwide Responsible Investment & Sustainability Policy (ESG Policy)
- Diversity, Equality and Inclusion Recruitment Policy
- Board Diversity & Inclusion Policy
- Groupwide Diversity, Equality, Inclusion and Equal Opportunities Policy

More detail on Molten Venture's ESG activities throughout the period, as well as progress against our ESG KPIs and proposed FY2024 KPIs (for the year ahead) are located within the Sustainability Section.

We have made good progress in FY23 and I would like to thank my colleagues on the Committee and in the Executive Team for their work in the past year. That said, we have much more to do and I look forward to further strengthening our ESG performance in FY24. I welcome any input or feedback on the work of the ESG Committee from our Shareholders and can be contacted at esg@molten.vc.

Gervaise Slowey
Chair of the ESG Committee

14 June 2023

Sustainability overview

Progressing our ESG journey

This year we have continued to make progress in our ESG journey, at both a company and portfolio level. We use our corporate purpose, which is to advance society through technological innovation, to provide a level of strategic direction to the work we carry out and the long-term vision we are developing. Understanding what is important to our people and to our portfolio is critical in leading our efforts, and focusing our responsibility to create positive, tangible change. As such, we are committed to maturing and refining our ESG agenda over time and recognise that we, like many players in the VC industry, will continue to learn and adapt to the challenges that are presented along the way.

We are pleased to announce that we have achieved 100% of FY23 ESG KPIs, the details of which are outlined in the table below. These ambitious targets have been completed through hard work and collaboration of our ESG Working Group, with strategic guidance from the ESG Committee. While these KPIs have proven challenging, we are applying a more directional, long-term perspective to progress and achievement against our FY24 KPIs, as part of the evolution of our ESG strategy more widely.

FY23	ESG KPI	Completion update	Status
Environment	Implement a Climate Strategy which defines the Group's GHG reduction targets, KPIs and roadmap to net zero.	• Formal engagement with Accenture began in February 2023 on the development of our Climate Strategy which is presented in this Annual Report on pages 59-62. This Strategy is inclusive of Scope 1 and 2 reduction targets and portfolio engagement targets in alignment with best practice.	**100%** achieved
	Engage with the management teams of at least 50% of direct primary investments during the period to establish their Scope 1 and 2 GHG emissions and assist with GHG reduction plans, footprint analysis and offsetting schemes up to a level of £10,000 per portfolio company.	• Engagement has taken place with 100% of new investment management teams on the financial support we offer towards GHG measurement, management, and offsetting and 63% have since utilised this opportunity.	**100%** achieved
	Increase accuracy of Scope 3 measurements (upstream and downstream) to report against the SECR and TCFD frameworks.	• We have engaged with carbon emissions management specialists at our new partners, Altruistiq and Accenture. SECR and TCFD are presented in the Annual Report on pages 63 to 71.	**100%** achieved
	Undertake the Company's first CDP Climate Change disclosure.	• We submitted our disclosure in July 2022 for the full version of the Climate Change Questionnaire.	**100%** achieved
Social	Develop the Group's D&I Recruitment Policy to track and report on D&I-related metrics through the hiring process.	• This policy is in place and HR has been tracking key D&I metrics of new hires and active recruitment during the period.	**100%** achieved
	Achieve implementation by 80-100% of directly held portfolio companies of a (i) Parental Policy and (ii) Health & Wellbeing Policy.	• Parental Policy – confirmed implementation by 84% of directly held portfolio companies. • Health & Wellbeing Policy – confirmed implementation by 81% of directly held portfolio companies.	**100%** achieved
	Establish, track and report portfolio progress across a range of core D&I targets.	• The ESG Framework requests gender and ethnicity data across the Board, senior management/leadership and total workforce. This has been completed by 45 portfolio companies.	**100%** achieved
Governance	Develop and publish a Group Human Rights Policy.	• Policy has been developed, received Board approval on 27 September 2022 and has been published on the website.	**100%** achieved
	Achieve implementation by 80-100% of directly held portfolio companies of a (i) Cyber Security Policy, (ii) Anti-Bribery and Anti-Corruption Policy, (iii) Whistleblowing Policy, and (iv) Anti-Harassment Policy.	• Cyber Security Policy – confirmed implementation by 84% of directly held portfolio companies. • Anti-Bribery/Corruption Policy – confirmed implementation by 88% of directly held portfolio companies. • Whistleblowing Policy– confirmed implementation by 83% of directly held portfolio companies. • Anti-Harassment Policy – confirmed implementation by 88% of directly held portfolio companies.	**100%** achieved

FY23	ESG KPI	Completion update	Status
Overarching	Develop and formalise the Company's Corporate Purpose to articulate our core reason for being, in alignment with the Group's ESG Policy.	• Completed with Board approval and communicated to the wider team in April 2023.	**100% achieved**
	Track and report on the metrics used by the Company to evaluate potential investments in alignment with the Company's ESG Policy.	• Our ESG Framework is completed as part of Due Diligence and on an ongoing basis has been completed by 78% of directly held portfolio companies, with key highlights presented on page 55.	**100% achieved**
	Deliver two portfolio engagement events focussed on ESG-related risks and opportunities.	• FairHQ delivered event on D&I in the recruitment process in February 2023. • Gowling WLG delivered event focused on best practice in governance in March 2023.	**100% achieved**

FY24 ESG KPIs

The ESG KPI indexes 10% bonus entitlement for all staff and Executive Directors (see further details on page 112). These KPIs have been developed as part of the evolution in our ESG strategy towards target setting which is long-term, strategic and holistic in nature, reflective of our growing maturity in this area and our newly developed Climate Strategy.

Portfolio Level

Demonstrate the value of strong ESG performance at both the fund and portfolio level to help ensure ESG is fully supported by key internal stakeholders

- Demonstrate engagement with 75%+ directly held portfolio companies (held throughout the period) at Molten's internal February 2024 Portfolio Strategy Day through the identification of at least one component aspect of ESG with each portfolio company that is understood to present an actionable commercial opportunity to help build business and accrue value in support of wider corporate targets
- Inclusion of an ESG agenda item and evidence of a material discussion of ESG topics in at least one board meeting during FY24 across 75%+ of directly held portfolio companies (held throughout the period) in which Molten has an appointed director
- Deliver improved aggregated portfolio ESG performance across directly held portfolio companies for which an ESG Framework assessment was carried out in FY22 and use data outputs to establish key champion areas that will be communicated to portfolio management teams at an annual ESG engagement and training event

PLC Level

Effectively embed Molten's Corporate Purpose and Climate Strategy on a company-wide level to ensure holistic understanding of their synergies and strategic direction

- All new investment opportunities assessed for alignment with our Corporate Purpose and Climate Strategy as part of the new investment case brought to Investment Committee
- All core portfolio companies assessed on their alignment to our Corporate Purpose and Climate Strategy

Climate Strategy

Implement our Climate Strategy and take action both internally and across the portfolio to drive carbon reduction through education and opportunity realisation

- Introduce internal carbon reduction initiatives targeting the reduction in our Scopes 1, 2 and/or 3 (categories 1-14) carbon emissions
- Identify any material "carbon intensity hotspots" within all of our directly held portfolio, and positively engage with 75%+ of the relevant management teams or appropriate dedicated personnel in those that have identified, to support them in their assessment/ understanding of their carbon emissions and reduction pathway

Activities in the year

Sustainability at Molten Ventures

At Molten, we advance society through technological innovation; we do this by finding and equipping the best innovators with the tools they need to transform the way the world works. As responsible investors, we have a unique position to define our future by funding and championing innovative tech companies which deliver robust financial returns alongside strong ESG practices and performance. We integrate ESG across all facets of the business, including through deal sourcing and due diligence, portfolio management and in how we operate as a firm. We strongly believe that the businesses we back are more valuable assets when able to demonstrate a level of ESG maturity with a long-term view of the growing importance and expectations in this space.

Demonstrating resilience to the unique challenges presented by the climate crisis, and a commitment to foster an inclusive workforce of diverse thinkers are increasingly important factors within the investment decision process. In addition to this, we recognise the importance of practicing what we preach, and so continue to develop our internal ESG strategy, to ensure we are doing our bit. We are dedicated to reducing our greenhouse gas (GHG) emissions, promoting Diversity and Inclusion, and demonstrating good governance across our own activities and interactions with our portfolio companies.

May 2022

- Offset 97 tonnes of CO_2e attributed to Molten's FY22 Scope 1, 2 and select Scope 3 emissions through UK-based peatland restoration and tree planting projects with IUCN and VCS accreditations.
- Participated in *ESG in VC Office Hours* event meeting founders specifically tackling S – "Social" and "G" – Governance issues, to offer them guidance on their journey.

June 2022

- Group-wide Diversity, Equality and Inclusion Recruitment Policy was updated to include quantitative metrics
- ESG Committee held its first meeting
- ESG-focused Purpose Workshop was delivered for the ESG Working Group alongside company-wide Corporate Purpose Workshops

July 2022

- First full Climate Change questionnaire was submitted to CDP
- Our first Volunteer Day was led by The Royal Park's Trust on wildlife restoration
- Donated total combined sum of £81,000 to cover portfolio company losses incurred directly as a result of the Russia Ukraine conflict

September 2022

- Developed 13 template policies as part of Sustainability Toolkit to share with portfolio companies
- Published our Groupwide Human Rights Policy

October 2022

- Shared portfolio ESG data gathered through our ESG Framework with ESG_VC for inclusion in their 2022 report on industry trends in portfolio performance in ESG

November 2022

- Reported first iteration of data as signatory to the Investing in Women Code
- Ben Robson spoke at PEI's European Responsible Investment Forum: *Venture Capital: is venture catching up with PE on its approach to ESG?*

December 2022

- Set up our office Multi-Faith and Wellbeing Room for a more inclusive office environment

January 2023

- Molten hosted Portfolio Engagement Event: Building an Inclusive Hiring Process as you Scale, co-hosted by FairHQ
- Ben Robson spoke at UN PRI's webinar: *Responsible Investment in Venture Capital: Asset Owner expectations of VC GPs*
- Recognised as a Sustainalytics 2023 Top-Rated Company at industry and regional level

February 2023

- Engaged with Accenture to support with our climate action and journey to net zero
- Joined the ImpactVC community initiative focusing on shared learnings to drive impact within venture

March 2023

- Molten hosted Portfolio ESG Event: The Importance of Strong Governance
- Provided financial support to eight portfolio companies towards measuring, managing and offsetting their carbon footprint
- Mohadeseh Abdullahi from the Investment Team sat on a panel celebrating International Women's Day with DiversityVC, WVC:E and Cooley LLP

Looking forward

- Building on our disclosure to improve our CDP score in this year's cycle
- First year of charitable activities of the Esprit Foundation
- Delivering against FY24 ESG KPIs (see page 47)

Our ESG policy in action

Our mission is to advance society through technological innovation, to invent a future which is sustainable, fair and accessible to all. We aim to use our platform in VC to encourage and promote our ESG values and ESG considerations in developing best-in-class technology companies and achieving strong returns for our investors.

External engagement and benchmarking

We believe it is important to demonstrate our commitment to ESG and responsible investment through voluntary involvement with external standards and frameworks. We remain at the formative years of our ESG benchmarking process, but as we begin to gather more longitudinal data, we hope to establish a baseline from which we can compare and track improvements in the future.

UN Sustainable Development Goals ("UN SDGs")

We assess our entire portfolio against the UN SDGs and evaluate their alignment with specific targets and indicators as identified as part of our due diligence process.

UN Principles for Responsible Investment ("UN PRI")

As signatories to the UN PRI we demonstrate our recognition of the role we play and responsibilities we hold in building a more sustainable financial system.

Investing in Women Code

As signatories to the Investing in Women Code we highlight our commitment to female empowerment by working to improve female entrepreneurs' access to tools, resources and finance.

The Taskforce for Climate-Related Financial Disclosures ("TCFD")

We are supporters of the TCFD and report annually to improve our understanding and management of the risks and opportunities presented by climate change, climate-related policy and emerging technologies.

Streamlined Energy and Carbon Reporting ("SECR")

We report against the SECR, indicating our dedication to reducing our carbon emissions year on year through the implementation of energy efficiency measures.

CDP

We report against the CDP Climate Change questionnaire to disclose our greenhouse gas emissions and other voluntary metrics in order to build transparency around our environmental impact.

Diversity VC Standard

In FY2022 we attained our Diversity VC Standard Level 1 certification after an assessment of our recruitment, culture, dealflow and portfolio guidance policies compared to DEI best practice.

Impact VC

We are a member of Impact VC which is a community-led initiative for knowledge, tools and resource sharing for the acceleration of impact within venture.

Responsible investment

Integration of ESG in our investment strategy

We are committed to a policy of responsible investment through the life cycle of our investments, from pre-screening to exit. We believe that ESG integration across our portfolio is paramount and enables us to fulfil our broader corporate purpose: to advance society through technological innovation. We aim to invest in businesses and entrepreneurs who recognise and embrace the need for more sustainable practices and strive to improve their ESG performance in order to contribute towards a more sustainable and prosperous future for all.

While we don't expect or demand the finished product, we do ask for a commitment from founders and management teams to meet or surpass our ESG targets during the lifetime of our investment with our support. We believe that in doing so, this creates value for our Shareholders and makes our portfolio companies more attractive for investment, against ever-growing expectations of investors, regulators, prospective talent and consumers.

Early and transparent dialogue with our portfolio companies about our ESG expectations allows us to work collaboratively, and to identify their business-specific ESG risks and opportunities, while providing the tools and guidance to help mitigate issues and achieve ESG-related goals which are set.

We aim to use our position to help portfolio companies identify their business-specific ESG risks and opportunities, and provide the tools and guidance for them to mitigate and realise the same.

Molten Team ESG training

We aim to ensure that ESG is not siloed within our investment process, but instead is an integrated component of our business model and investment strategy. Our approach to ESG is holistic throughout the Company and our ESG Working Group exemplifies the value of cross-team contributions and inclusive representation in this area.

We are committed to providing training to our wider team (including the Executive) on ESG topics to ensure continued understanding of the value of ESG, portfolio performance and the role we play in pioneering action towards sustainability and prosperity for all. This training is led with a particular focus on the Investment Team, recognising the unique contribution they have, and the enhanced impact this can produce. ESG training took place as part of our Investment Strategy meeting in January 2023 and was led by our internal ESG Lead and explored our progress to date in our ESG commitments both within the investment process and more broadly. The session also provided the Partnership Team and wider Investment Team with practical guidance for utilising the ESG data collected from portfolio companies for both initial and ongoing performance tracking.

ESG topics were also presented at our Portfolio Strategy day in February 2023, giving Company-wide visibility of our progress towards achieving our ESG KPIs and the positive contribution of ongoing support from the Investment Team in pushing our ESG agenda out to the portfolio.

In continuation of our ESG training (and internal communication), one of our FY24 ESG KPIs is to deliver an internal training session to the Investment Team, and other key internal stakeholders on the topic of ESG performance across the portfolio, to further integrate ESG into our investment strategy and portfolio management.

01 Pre-screening

We are mindful of the general themes surrounding ESG and our role as a responsible investor when considering potential investments.

02 Screening

We screen all prospective portfolio companies against our ESG Exclusion List which contains various assets we will not invest into.

03 Due diligence

We distribute our ESG Framework to identify risks as part of the diligence process.

The output of this Framework is used to help inform our investment decision.

Significant ESG risks are flagged and escalated to General Counsel.

04 Investment Committee

We outline ESG risks and opportunities as part of qualitative assessment in the Investment Committee paper.

Relevant ESG topics are explored as part of the Investment Committee discussion and decision-making process.

05 Ownership

We monitor portfolio companies' performance through annual distribution of our ESG Framework and deliver bespoke ESG Events to help with integration of ESG strategies.

06 Exit

We collate historic ESG data through the lifetime of the investment to produce a summary of ESG progress.

Alignment of portfolio to UN SDGs

The Sustainable Development Goals (SDGs) were adopted by the United Nations (UN) in 2015 as a universal call to action ensuring a better and more sustainable future for all. The SDGs are intended to be achieved by 2030 and are made "actionable" through 169 targets and 231 indicators within each goal.

SDG/Sector				
2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH
Agritech, Foodtech	**Digital health and wellness, Deeptech**	**Digital health, wellness and quality education, Deeptech**	**Digital health and wellness, SaaS**	**Deeptech, Fintech**
Strongly aligned targets within each goal				
Target 2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries. **No. of aligned companies** 1 **Target 2.4** By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters. **No. of aligned companies** 2	**Target 3.4** Reduce premature mortality through prevention and treatment and promote mental health and wellbeing. **No. of aligned companies** 6 **Target 3.7** Ensure universal access to sexual and reproductive healthcare services, including for family planning, information and education. **No. of aligned companies** 1 **Target 3.8** Achieve universal health coverage, including financial risk protection and access to quality essential health-care services. **No. of aligned companies** 3	**Target 4.3** By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. **No. of aligned companies** 1 **Target 4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. **No. of aligned companies** 2	**Target 5.1** End all forms of discrimination against all women and girls everywhere. **No. of aligned companies** 2	**Target 8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors. **No. of aligned companies** 18 **Target 8.10** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. **No. of aligned companies** 9
Total number of companies aligned to each UN SDG				
2	10	3	2	25

Each year, we carry out an assessment of our portfolio to identify companies that are strongly aligned to one or more of these goals and whose business model and operations demonstrate positive contribution forwards the achievement of these goals. For two years running, 77% of the portfolio has mapped to at least one UN SDG. For more detail on the methodology we follow to undertake this assessment, please refer to page 54 of Annual Report FY22.

9 Industry, Innovation and Infrastructure

Deeptech

Target 9.1
Develop reliable, sustainable and resilient infrastructure, to support economic development and human wellbeing.

No. of aligned companies
1

Target 9.3
Increase the access of small-scale industrial and other enterprises to financial services including affordable credit.

No. of aligned companies
5

Target 9.4
Upgrade infrastructure and retrofit industries with increased resource-use efficiency and greater adoption of clean technologies.

No. of aligned companies
15

Target 9.5
Enhance scientific research, upgrade the technological capabilities of industrial sectors. Encouraging innovation and substantially increasing the number of R&D workers.

No. of aligned companies
9

29

10 Reduced Inequalities

Consumertech

Target 10.5
Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

No. of aligned companies
2

2

11 Sustainable Cities and Communities

SaaS

Target 11.3
Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning.

No. of aligned companies
1

Target 11.6
Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and waste management.

No. of aligned companies
5

6

12 Responsible Consumption and Production

SaaS

Target 12.3
Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

No. of aligned companies
1

Target 12.6
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

No. of aligned companies
5

6

13 Climate Action

SaaS

Target 13.1
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

No. of aligned companies
1

Target 13.3
Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

No. of aligned companies
4

5

15 Life on Land

Deeptech, Hardware

Target 15.2
By 2030, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase both afforestation and reforestation.

No. of aligned companies
1

1

Portfolio engagement in ESG

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As active, responsible investors, we recognise the importance and value of engaging with our portfolio companies to assess their performance in ESG through both quantitative and qualitative means. This occurs pre-investment, during the due diligence process and throughout the life cycle of the investment and allows us to develop tailored action plans for each of our portfolio companies.

The support required by the portfolio varies company to company, depending on factors such as sector-specific challenges, level of ESG maturity at the point of investment and champion areas they choose to focus their efforts on.

As such, we have developed a range of proprietary tools and resources and gathered publicly available content and best-practice guidance for alignment to external standards and frameworks. These resources have been shared through the provision of our Sustainability Toolkit which includes 13 corporate policy templates, a staff survey for measurement of key D&I metrics and a job board directory to access more diverse talent pools. Depending on the specific needs of the portfolio company, a tailored selection of these resources is shared in order for them to develop their ESG strategy and in doing so, we believe, become a more valuable asset.

ESG 1:1 engagements and onboarding

While we strive for a broader shift towards quantification in tracking and reporting of ESG metrics, we also see value in the richness of qualitative assessment of ESG performance through 1:1 engagements with our portfolio companies. These engagements allow for more free flowing discussion of potential challenges facing the portfolio so that we might help them overcome these while realising ESG opportunities and minimising ESG risks which may have been identified during the due diligence process. 1:1 engagements with Molten's ESG Lead have taken place either in person or remotely with 52% of our directly held investments. The direct impact of these support meetings will be explored on a longer time scale through disclosure against our FY24 ESG KPIs (see page 47). Next year, we will also be establishing a more formalised ESG onboarding with all new investments made during the period.

Portfolio ESG data

As a continuation of our portfolio ESG data gathering exercise, we have for the second year distributed our ESG Framework to the majority of directly held portfolio companies during the due diligence process and then on an ongoing annual basis. Our ESG Framework has been developed in collaboration with ESG_VC, a VC community led initiative, and constitutes of 48 questions on the following areas:

ESG – Environment	ESG – Social	ESG – Governance	
Carbon emissions reduction	Measuring diversity	Parental policy	Fair and equal pay
Air pollution reduction	Encouraging diversity and inclusion	Board oversight	Cyber security controls
Resource efficiency	Staff wellbeing	Corporate policy	Health and Safety
Sustainable procurement	Working with community		

Exploring these themes allows us to build an understanding of material ESG risks and opportunities, particularly in relation to our TCFD reporting and Climate Strategy commitments. The output of the ESG Framework is an extensive breakdown of portfolio company performance by theme, as well as a quantitative score for each ESG pillar and an Improvement Plan as the starting point for a 12-month roadmap. Tracking and reporting ESG metrics across our portfolio allows us to aggregate and share data back to our portfolio companies to help them benchmark their ESG performance against their peers and monitor and improve their progress over time.

FOR MORE INFO SEE PAGE 63

This year, 78% of portfolio companies completed our ESG Framework, providing us with valuable data and insights into their ESG activity and performance. Key findings from these data include the following:

15
portfolio companies measure their carbon footprint, a further 10 intend to do so in the next 12 months

56%
of portfolio companies have energy-efficient measures implemented in their primary office

49%
of portfolio companies conduct equality, diversity and inclusion training for their staff

Average female representation on portfolio companies' boards is
14%

The average number of Board meetings held in the last 12 months by portfolio companies is
6

84%
of portfolio companies reported zero cybersecurity incidents in the last 12 months

ESG engagement events

We recognise the importance of supporting our portfolio companies through educational means in order to build awareness of the ever-changing industry expectations and best practice guidance. As part of this, we hosted two portfolio engagement events this year in collaboration with external advisers detailing specific ESG challenges and opportunity areas most material to our portfolio.

The first of these was led by FairHQ, a tech platform which helps fast-growing companies embed D&I across their business using data, research and behavioural science. The session focused on building an inclusive hiring process as portfolio companies scale, through practical and actionable means. Attendees also gained insights into how to identify and overcome common biases in the hiring process and had a Q&A opportunity. There were 17 portfolio attendees at this event.

The second event was led by experts from Gowling WLG. More information on this event is located on page 75.

Environmental

We annually report our GHG emissions and energy consumption in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These regulations implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). We qualify for SECR compliance on the basis of being a UK-based quoted company, and the following section presents our SECR disclosures for CY22.

SECR statement

Our third year of Streamlined Energy and Carbon Reporting (SECR) compliance has been carried out by portfolio company Altruistiq, who were engaged on an arms length basis to assist with the calculation of our energy consumption and GHG emissions. Previously, emissions have been disclosed based on financial year ("FY22"), but this and subsequent years will be reported based on calendar year ("CY22") to better align calculation and reporting timelines. Therefore, while we present our FY22 figures below, we do not draw comparison between these figures and CY22 figures given cross over in 12-month time periods and changes in methodology which are outlined on page 57.

As per SECR requirements, energy and fuel use activities have been tracked in the UK and Ireland. The GHG emissions have been calculated using the appropriate emissions factors from BEIS's 2022 Government Conversion Factors. This work has been completed in line with the GHG Protocol guidance and covers all material Scope 1 and 2 emissions produced by Molten Ventures, under operational control. Molten does not have any GHG emitting vehicles under operational control, and due to our business model, Molten does not generate any process emissions. No fugitive emissions were recorded for the reporting year.

Table A below presents our CY22 global energy consumption and GHG emissions for SECR compliance. Our UK and Global (Ireland) emissions are reported as a combined figure for both FY22 and CY22.

Table A: GHG emissions and energy use data for SECR

	FY22	CY22
Total global energy consumption used to calculate carbon emissions (kWh)	192,056	42,948
Emissions from employees working from home (tCO_2e) (Scope 3)	15.6	14.68
Emissions from combustion of natural gas in buildings (tCO_2e) (Scope 1)	14.7	1.69
Emissions from purchased electricity in buildings (location-based) (tCO_2e) (Scope 2)	5.0	6.52
Total organisational emissions (location-based) (tCO_2e)	36.7	8.21
Total organisational emissions (market-based, from 100% renewable electricity) (tCO_2e)	31.7	0.08
Carbon intensity ratio – carbon emissions per net asset value (NAV) (location-based) ($kgCO_2e$/£100k NAV)	2.6	0.61
Carbon intensity ratio – carbon emissions per net asset value (NAV) (market-based) ($kgCO_2e$/£100k NAV)	2.2	0.01
Carbon intensity ratio – carbon emissions per full-time employee (location-based) ($kgCO_2e$/full-time employee)	574.9	103.5
Carbon intensity ratio – carbon emissions per full-time employee (market-based) ($kgCO_2e$/full-time employee)	496.3	1.27

Energy efficiency actions

We have implemented a range of measures and energy efficiency actions which are outlined in the carbon reduction section on page 58.

Greenhouse gas emissions

In CY22, we calculated our Group-wide carbon footprint. This section presents our full carbon footprint, including our Scope 1, Scope 2 and all material Scope 3 emissions, along with the data collection and calculation methodologies used.

A key focus this year, and one of our FY23 ESG KPIs, was to increase the accuracy of Scope 3 measurements (upstream and downstream). This has been achieved using Altruistiq's GHG Protocol-aligned methodology as well as the provision of more granular data, particularly for purchased goods and services, capital goods, investments and other Scope 3 categories.

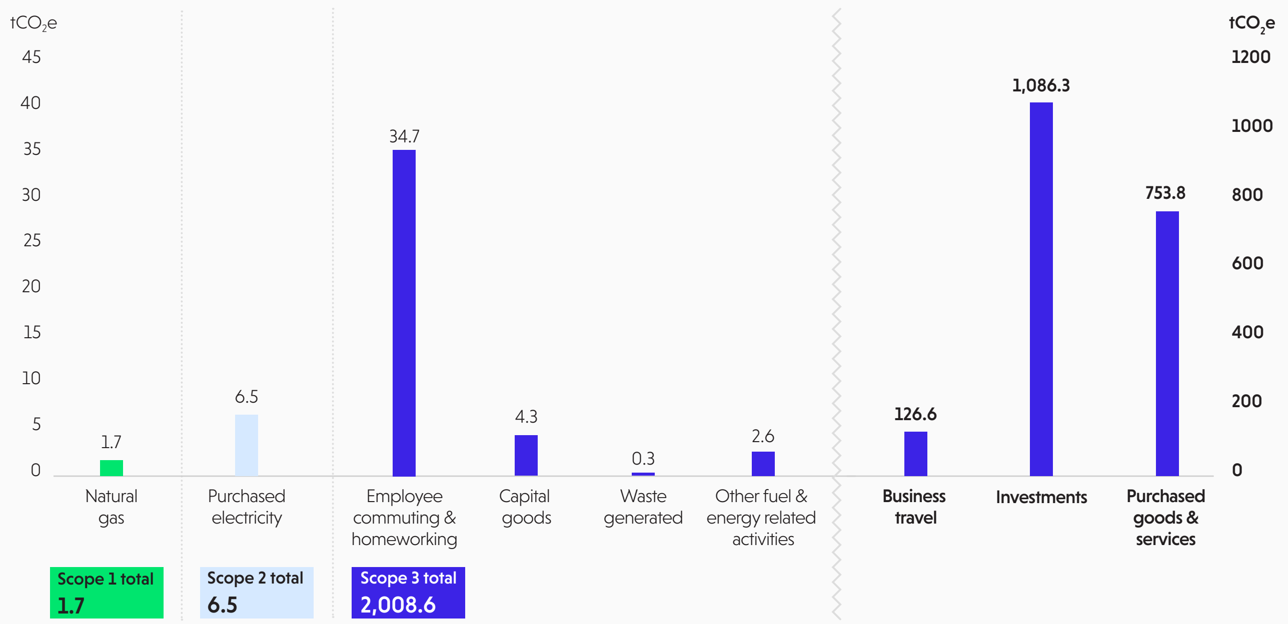
Due to the business activities of Molten, it is within our value chain that the most significant GHG emissions arise, rather than via our direct operations. However, with impact comes opportunity, which we see most significantly through our portfolio and the positive impact our investments are achieving. Not only can we leverage our position as investors to help portfolio companies to measure and reduce their GHG emissions, but in the year ahead we aim to explore the positive impact of the tech products and services these companies are developing, which ultimately can create societal, economic and carbon efficiencies.

Table B: Full carbon footprint for CY22

	tCO_2e
Natural gas	1.7
Total Scope 1	1.7
Purchased electricity	6.5
Total Scope 2	6.5
Employee commuting & homeworking	34.7
Business travel	126.6
Investments*	1,086.3
Purchased goods & services	753.8
Capital goods	4.3
Waste generated	0.3
Other fuel & energy related activities	2.6
Total Scope 3	2,008.6
Total Scope 1, 2 and 3	2,016.8

* Note reported emissions for Category 15: Investments cover Scope 1 and 2 emissions of the investments but exclude Scope 3, consistent with our FY22 disclosure.

Figure 1: Breakdown of Carbon Footprint by GHG Protocol Category



Methodology

As with our SECR calculations, our carbon footprinting methodology is aligned with the GHG Protocol Corporate Standard and uses an operational control approach. A materiality assessment of our value chain determined which Scope 3 emissions to include within our carbon footprinting boundary which we report this year for calendar year 2022. These calculations have been measured using Altruistiq, a portfolio company, and their emissions data management platform which provides leading ISO14064 assured emissions measurement and reporting across Scopes 1,2 and 3 using a database with over 100,000 emissions factors.

For the most accurate calculations, we prioritised collecting primary data across our business and portfolio and applied an emission factor to convert our business activity data directly into associated GHG emissions. Where primary data was unavailable, we applied industry benchmarks and bespoke extrapolation techniques to estimate the data.

Within our Scope 3 inventory, we have accounted for our allocation of portfolio companies' Scope 1 and 2 emissions based on our equity share, in line with the Partnership for Carbon Accounting Financial (PCAF) guidance. We used reported emissions from 17 portfolio companies and undertook a screening exercise with Altruistiq using Climate Neutral's Brand Emissions Estimator tool to generate individual estimates for the remaining directly held investments. This assessment was informed by data on portfolio companies' financial activity, facilities, geography, sector and sub-sector to provide greater insight into the emissions of portfolio companies who are not yet at an appropriate level of maturity to undertake their own carbon footprint measurement exercise. Actual figures may differ from these estimates.

Analysis

Our indirect (Scope 3) GHG emissions make the largest contribution to our total carbon footprint by a significant margin, with purchased goods and services and our investments standing out as the main drivers. Business travel undertaken by our employees was also a meaningful contributor to our Scope 3 GHG emissions.

As screening for Scope 3 category 15 was carried out on an individual portfolio company level, we have been able to identify carbon intensity hotspots within the portfolio. High carbon intensities are reflective of portfolio industries such as consumer, AI, Deeptech and hardware, which have significant computing power and manufacturing requirements which are energy intensive. In terms of our direct (Scope 1) and indirect (Scope 2) GHG emissions, these are comparatively lower than our Scope 3 emissions, at just 8.2 tCO_2e total. Despite this, we will continue to implement carbon efficiencies where possible to attempt to reduce or maintain our direct emissions as we grow.

As we have calculated our carbon footprint based on calendar year 2022 and used an operational control approach, we are unable to make direct comparison between these emissions and those previously calculated using a financial control approach and based on financial year. We will however begin to conduct year-on-year monitoring of our GHG emissions once comparative data is available next year.

Summary

This carbon footprint provides transparency around our most significant emissions' drivers, and utilises data and methods which contribute towards our goal of ensuring that this exercise is as accurate and robust as possible, having regard to the challenges in data collection, use of emissions' factors and use of estimates where necessary. As part of this goal, we have this year undertaken a verification exercise with Accenture, in order to ensure robustness of our GHG emissions calculations and methodology. This process will provide us with limited assurance from an independent third party that our Scope 1, 2 and 3 (Category 15: Investments) emissions calculations are accurate, complete, consistent, transparent and free of material error or omissions.

In addition to this, we have also provided financial support to eight portfolio companies towards their carbon management programmes and will continue to evolve our engagement with our portfolio companies to encourage them to measure, reduce and offset their carbon footprints.

Environmental CONTINUED

We have continued our carbon offsetting programme which will be our fourth year of offsetting commitments.

Carbon Reduction

Although our Scope 1 and 2 emissions are minor contributors to our carbon footprint, we continue to ensure that our internal practices are aligned with resource efficiency and carbon reduction efforts. Our cycle to work scheme encourages staff to use greener commuting methods and, when travelling internationally, staff are encouraged to opt for more sustainable transport options and accommodation. This year, we are aiming to formalise this ethos in a business travel policy, given the contribution of business travel to our Scope 3 emissions and overall carbon footprint. Our London office runs on 100% renewable electricity and our waste is zero to landfill, with 44% recycled courtesy of our environmentally guided recycling and waste management provider, First Mile. We also have available Allplants, a portfolio company, meals in our London office, offering healthy, vegan, low-carbon meals to our employees. In line with our Climate Strategy (see pages 59-62) and wider climate agenda, we will continue to seek out carbon efficiencies and areas for reduction which are within our direct control.

Carbon offsetting

This year, Molten has continued our carbon offsetting programme which will be our fourth year of offsetting commitments. While we recognise that carbon reduction is the ultimate goal in order to reach net zero, we still appreciate the merit in investing in carbon credits to balance the carbon we have already emitted. We have done so for our Scope 1 and Scope 2 emissions, as well as select Scope 3 emissions which are in our direct control.

Based on these commitments, 177 tCO_2e have been offset for calendar year 2022 through investment in two carbon projects. We are supporting these projects for the second year, given our understanding of their quality and associated risks based on guidance from the BeZero Carbon Rating system. The first is a collection of woodland restoration projects in the UK which we have supported through the purchase of Pending Issuance Units (PIUs) equating to the removal of 87 tCO_2e over future decades. The second project is a UK tree planting scheme coupled with an avoided deforestation project based in Brazil. This is certified by the Verified Carbon Standard (VCS) and has received approval from the Quality Assurance Standard (QAS) for carbon offsetting. Through this project, we have offset 90 tCO_2e.

In addition to this, we have provided financial support towards carbon offsetting for a select number of portfolio companies within their first or second year of investment, as per our term sheet commitment. In doing so, we hope that these companies will be able to cover their own carbon offsetting as they scale and seek not only to purchase carbon credits but take efforts to reduce their carbon footprint as a priority.

△ Molten employees removing invasive species and creating a biodiversity corridor in Regent's Park as part of our corporate volunteer day.

Molten Ventures Climate Strategy

What does climate action mean to Molten?

The effects of the climate crisis are already causing catastrophic damage to the environment, societies and economies globally and are set to only become more severe in the future as warming continues and unpredictability persists. Physical climate risk, as well as the risks associated with the transition to a low carbon economy, are becoming more apparent, as are the key stakeholders and industry players whose activities and advocacy for climate action are crucial to the future of our planet.

With this, there is increasing expectation on investors and businesses alike to recognise their responsibility in limiting the effects of climate change through carbon reduction and technological innovation, and in accelerating the transition to a net zero economy.

The steps needed to tackle climate change present significant opportunity for Molten and our portfolio, which we believe we are well placed to realise due to the close alignment with our Corporate Purpose and our ongoing commitment to greater quantification of analysis and targets and more strategic decision-making within our climate agenda.

Our approach to climate action

The objective of this Strategy is to set out our approach and roadmap for climate action, leaning on the authority and guidance of best practice frameworks and established industry bodies including the Investor Agenda Climate Action Plan (ICAP) Expectation Ladder, the Institutional Investors Group on Climate Change's Net Zero Investment Framework (NZIF) for Private Equity and the Science-Based Targets Initiative (SBTi) to assess our climate maturity and guide both operational and portfolio level target setting.

While best practice methodologies and standards for navigating the net zero transition in the VC industry remains nascent, we have used these frameworks to inform the basis for our Strategy, and in doing so have constructed a bespoke methodology guided by Accenture where ICAP NZIF and SBTi fall short of VC-specific-guidance. This methodology is explored in further detail in the latter half of this Strategy.

Climate action at Molten: aligning to industry best practice

Investor Agenda's Climate Action Plan (ICAP)

Governance

- Policy
- Accountability
- Board reporting
- Planning and evaluation
- Skills assessment

Investment

- Alignment target
- Strategy
- Risk management
- Asset allocation
- Additional target setting

Corporate engagement

- Collective/collaborative engagement
- Bilateral engagement
- Corporate escalation and Shareholder engagement

Policy advocacy

- Investor statements
- Lobbying
- Advocacy

Investor disclosure

- Commitments, objectives and targets
- Carbon emissions
- Portfolio assessment
- TCFD alignment
- Assessment of disclosures

We have utilised the ICAP Expectations Ladder and Guidance to assess our climate action to date and identify opportunities for Molten to strengthen our approach and initiatives on climate change as a financial institution.

A high-level review of our climate journey demonstrates positive alignment in our current approach across ICAP's five focus areas: Investment, Corporate Engagement, Policy Advocacy, Investor Disclosure and Governance. Governance represents our strongest area and Policy Advocacy our weakest, noting that the latter is not strictly relevant to VC firms under the current ICAP guidance. We will continue to review our performance against these focus areas and strive for improvement across them.

Molten Ventures Climate Strategy CONTINUED

> "It is critical that all venture-backed companies understand how to manage climate-related risks and opportunities as they grow over time and mature into a dynamic economy in which climate and CO_2 emissions will play a greater role."

FAQs document, Venture Climate Alliance, April 2023

The Net Zero Investment Framework for Private Equity (NZIF:PE) and the Science-Based Target initiative: Private Equity (SBTi:PE)

While financial services sector-specific target setting frameworks have rapidly evolved over the last 24 months, these are still largely positioned around private equity and larger asset management firms. The lack of fit to VC is reflected in both the NZIF guidance for private equity (NZIF:PE) and the Science Based Targets Initiative (SBTi) guidance for private equity (SBTi:PE), whereby the threshold criteria for inclusion of portfolio companies within a standardised target methodology, when applied to the current composition of Molten's portfolio, would serve to exclude[1] 100% of our directly held investments.

In order to demonstrate our effort in earnest to take meaningful climate action at the portfolio level, we have created our own, more ambitious portfolio threshold criteria while also prioritising a selection of criteria from the NZIF:PE methodology with which to align Molten's provision of educational end engagement support to portfolio companies, aimed at assisting them in progressively increasing their alignment to net zero. Our bespoke approach is explored in more detail in the Portfolio Footprint and Target section of this Strategy.

We continue to remain actively engaged with industry updates in order to anchor our portfolio climate action to credible and fit for purpose industry frameworks, as and when they become available to the VC industry.

We plan to engage with the Venture Climate Alliance, which was set up post-period end in April 2023, to assess whether this can provide an appropriate global forum through which VCs can share common best practice for collecting, interpreting, and reporting carbon footprint and climate impact data at a level that is appropriate to earlier stage businesses.

Climate action: investments

We seek to use our platform as venture capital investors to help find and scale technological advancement and innovation, particularly in the Climate Tech sector. This is in line with our Corporate Purpose and the ICAP Investment focus area on asset allocation and strategy development for the realisation of low-carbon opportunities.

As well as new investments in Climate Tech companies, we work with existing portfolio companies to gain understanding of their operational emissions and realise climate opportunity through the particular technologies that each are pioneering. This ties in with our assessment of climate-related risks and opportunities impacting individual portfolio companies and climate scenario analysis within our TCFD Report (see more on pages 63-71)

We engage with our investments in developing their climate agenda on a case-by-case basis given the range in climate maturity across the portfolio based on size, sector and stage of investment. For more information on portfolio engagement around ESG including carbon, see pages 54-55.

Portfolio footprint and target

In line with industry best practice, we are committed to measuring and reporting on the climate impact of our investment activity by disclosing our portfolio carbon footprint. A breakdown of our financed emissions is located below.

Breakdown of Molten Ventures' Scope 3 Category 15: Investments' emissions (CY22):

Key performance indicators	
Total Scope 1 emissions for portfolio (tCO_2e)	572.3
Total Scope 2 emissions for portfolio (tCO_2e)	514.0
Total Scope 3 emissions for portfolio (tCO_2e)	13,771.1
Total emissions for portfolio (tCO_2e)	14,857.5
Total Scope 1 & 2 intensity for portfolio (tCO_2e/£m invested)	1.1
Total Scope 1, 2 & 3 intensity for portfolio (tCO_2e/£m invested)	16.8
Total Scope 1 & 2 WACI for portfolio (tCO_2e/£m revenue)	99.7

Molten recognises that setting near- and long-term GHG emission reduction targets at an aggregated portfolio-level or individual investee company level is unlikely to be the most suitable and impactful approach for technology-centred venture capital firms having regard to the typically small emissions footprints of the young, rapidly scaling businesses in which investments are made and the difficulty in anticipating the future GHG emissions trajectory of individual companies, which can create drastic variability when aggregated at a portfolio level.

To this end, our bespoke approach to leveraging the NZIF:PE Net Zero Asset Alignment Assessment methodology, outlined above, focuses predominantly on providing support for our investments in increasing the alignment of their business models to a net zero economy, by:

i. enabling the identification and management of climate-related and value-creation-related opportunities associated with the integration of climate solutions across the operations, products and services of the business, and

ii. enhancing the climate literacy of the investee companies through tools, resources and best practice guidance.

By adjusting the threshold criteria described in the NZIF:PE and SBTi:PE, which defines the point at which a portfolio company is scoped into a net zero asset alignment assessment, we can ensure that a meaningful proportion of our portfolio is subject to our climate-related engagement and reporting efforts.

[1] Start-ups to be included once they meet the following criteria: >50 persons; and more than EUR 10 million annual turnover OR balance sheet, and have been in existence for five years, and the General Partner has more than 15% of the fully diluted shares of the portfolio company AND Board seat(s).

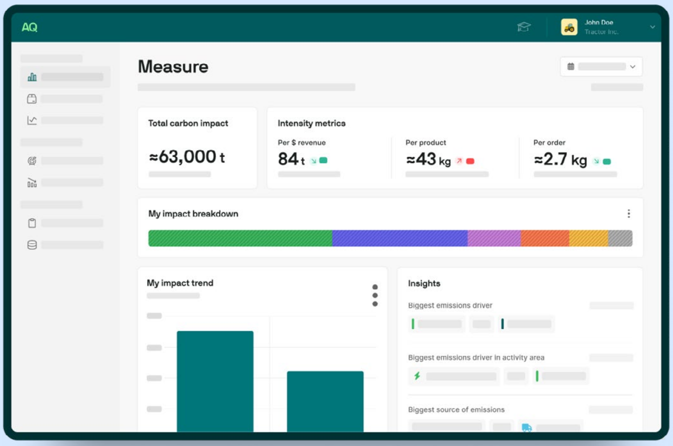
Case Study 1: Altruistiq

Altruistiq is an emissions data management platform that enables enterprise businesses to make better sustainability decisions.

The platform provides industry leading ISO14064 assured emissions measurement and reporting across Scopes 1, 2 and 3.

The Altruistiq platform automates emissions data ingestion and calculations using a database with over 100,000 emissions factors.

Impact modelling tools linked to live emissions data help companies in building an emissions reduction roadmap alongside informed and costed climate action.



Altruistiq platform showing company dashboard.

Case Study 2: BeZero Carbon

BeZero Carbon is a leading data and analytics platform for scaling and catalysing the Voluntary Carbon Market (VCM).

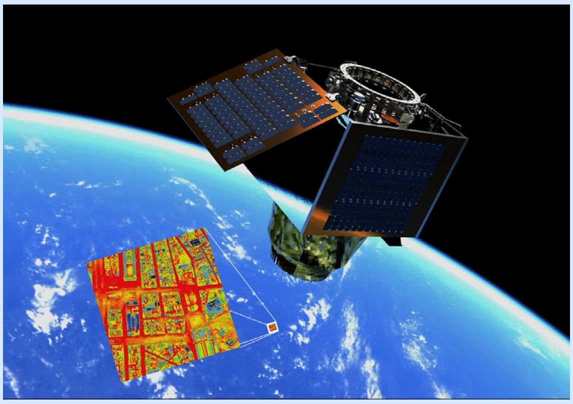
They have developed a rating system using a risk-based framework in order to assess carbon efficacy that can be applied to any carbon credit project globally, providing a metric for cross-credit carbon fungibility and a mechanism to facilitate true carbon liability-asset matching. The likelihood of carbon avoidance or removal is evaluated, and this helps to accelerate the net zero transition through increased assurance and robustness of the VCM.

BeZero Carbon rating breakdown against 6 risk factors.

Case Study 3: Satellite Vu

Satellite Vu is launching a constellation of infrared satellites to measure the thermal footprint of any structure on Earth in a consistent and near real time manner, delivering unique insights at scale around energy efficiency and carbon emissions.

Identifying and monitoring heat waste from the built environment is imperative in the push towards decarbonisation and a net zero future.



Satellite Vu thermal footprinting from space.

Molten Ventures Climate Strategy CONTINUED

Portfolio companies are deemed within scope through:

- Total alignment of a portfolio company to the six criteria set out within NZIF:PE and SBTi:PE guidance
- Partial alignment (5 out of 6 criteria met) of a portfolio company to the NZIF:PE and SBTi:PE guidance and a suitable level of climate maturity as assessed through our ESG Framework

Our portfolio target is to engage with all investee companies that meet the threshold for inclusion in a net zero asset alignment assessment and to support them with incremental satisfaction of net zero alignment criteria during the hold period.

We commit to measuring and tracking the impact of our climate engagement with portfolio companies, sharing insights and lessons learnt from adopting this approach with the VC community, and to updating our bespoke methodology at such time as VC specific guidance is released.

Climate action: operations

We are committed to demonstrating best practice on the management and reduction of our direct, operational emissions (Scope 1 and 2) as well as utilising our influence in the management of our indirect emissions (Scope 3, categories 1-14). A breakdown of our carbon footprint and SECR report is located on page 56 . We are developing operational targets in line with the SBTi-FS guidance and the SBTi Corporate Net Zero Standard as the most relevant industry frameworks. These targets are currently under construction; details regarding the methodology and rationale will be provided in forthcoming disclosures.

Scope 1, 2 and 3 GHG emissions

Our Scope 1 and 2 emissions make up approximately 0.4% of our GHG footprint, this year surmounting to just 8.2 tCO_2e. These emissions are attributed to 66 full-time employees, 64 of whom operate out of our London office and two from a leased office space in Dublin. With this in mind, we endeavour to focus our climate action on engagement and strategic focus on our Scope 3 emissions, in particular those from our portfolio companies, suppliers and business travel.

Alongside the development of engagement targets as set out below, we are committed to improving the methods used to measure Scope 3 emissions, recognising the challenges and limitations associated with current footprinting of indirect emissions. We are also in the process of a GHG Verification exercise with Accenture for external assurance of these methods and our resulting figures.

Breakdown of Molten Ventures Scope 1, 2 and 3 (CY22)

	tCO_2e (FY22)[1]	tCO_2e (CY22)[1]
Natural gas	14.7	1.7
Vehicle fuel	1.3	–
Total Scope 1	**16**	**1.7**
Purchased electricity	5	6.5
Total Scope 2	**5**	**6.5**
Employee commuting & homeworking	33.3	34.7
Business travel	34.9	126.6
Investments[2]	1,436.3	1,086.3
Purchased goods & services	1,637.1	753.8
Capital goods	6.5	4.3
Waste generated	0.2	0.3
Other fuel & energy related activities	–	2.6
Electricity transmission & distribution	0.4	–
Total Scope 3	**3,148.7**	**2,008.6**
Total Scope 1, 2 and 3	**3,169.9**	**2,016.8**

1 Differences in methodology and cross over in time period means that FY22 and CY22 emissions are not comparable. Read more on page 57

2 Reported emissions for Category 15: Investments cover Scope 1 and 2 emissions of the investments but exclude Scope 3, consistent with our FY22 disclosure

Operational target details

Scope 1 and 2 Targets

Molten have reviewed the SBTi-FS guidance and SBTi Net Zero Standard for Corporates to inform the construction of Scope 1 and 2 emissions target.

We are committing to set a Renewable Energy Target covering Scope 1 and 2 emissions. Setting this target will involve aligning to the SBTi's ambition for 80% renewable energy by 2025 and a mid-term target of 100% renewable energy by 2030 to ensure that we remain committed to procuring our energy from renewable sources as our operations grow.

Scope 3 (Excluding Category 15, Investments)

As a financial institution, there are no expectations under existing target-setting frameworks (SBTi/NZIF) for Molten to set a target across our Scope 3, Categories 1 – 14, however, to demonstrate our effort in earnest to take meaningful climate action across our value chain, we are exploring the option of setting an engagement target. An engagement target would entail a commitment to collaborate with value chain partners to decarbonise emissions associated with our purchased goods and services. Details regarding any engagement target that we set will be provided in forthcoming disclosures.

Task Force for Climate-related Financial Disclosures (TCFD) Report

Our approach to identifying and managing climate-related risks and realising climate-related opportunities is guided by the recommendations of the TCFD, which allows us to assess and mitigate the growing impact that climate change will have on Molten Ventures and our portfolio.

In FY2022, the focus of our TCFD implementation was on the development of high-level descriptions of qualitative climate-related impacts, assessing our exposure to risks and identifying the management actions needed to mitigate risks and realise opportunities. This year we have introduced the following to our voluntary disclosure:

01

Portfolio focus

We have enhanced our analysis and methodology by introducing a greater emphasis on the direct impact of climate on the fair value of the portfolio through a clearer lens of materiality.

02

Granular assessment

This assessment has been more granular, with a particular focus on our core portfolio companies, but also considers our emerging portfolio due to the important role that it plays in driving longer term future fair value growth for Molten.

03

Additional scenario

We have expanded our climate scenario analysis to cover an additional scenario to further explore the possible future transitionary trajectories which will impact our planet.

In the coming years, as guidance continues to mature for the VC industry, we will seek to further develop our analysis and understanding of the quantification of financial impacts of climate change on our business and our investments. The Directors confirm that, to the best of their knowledge, Molten Ventures has met the recommended TCFD disclosure requirements.

Governance

In accordance with the TCFD recommendations and supplementary guidance for the financial sector, this section describes Molten's governance structure as it relates to climate-related risks and opportunities.

Board oversight

We take a top-down approach to the governance and management of climate change, with the Board of Directors holding ultimate oversight. The Board recognises climate change as a principal business risk and it is integrated into our existing risk management process (please see page 86).

Management approach

Our ESG Committee of the Board was formed in March 2022 and is chaired by independent Non-Executive Director, Gervaise Slowey, given her relevant expertise in ESG through completion of the Sustainability Leadership Programme at the University of Cambridge. This Committee has delegated authority from the Board to: ensure that the Company has in force and maintains a Group Responsible Investment & Sustainability Policy (and an associated strategy) which remains fit for purpose, with a remit to; monitor, review and challenge progress of our climate targets; and oversee and support the work of the multi-disciplinary ESG Working Group. The Committee meets no fewer than four times a year, and reports to the Board on its activities.

The ESG Committee and the ESG Working Group are accountable for the assessment and management of climate-related risks and opportunities. ESG, including climate, and the review of climate change reporting requirements, is a standing item on the Board agenda and each of the management boards of the Group's regulated fund managers. Principal climate risks are documented in the Corporate Risk Register (see page 86), which the Executive Team regularly review and update for presentation to the Audit, Risk and Valuations Committee and the Board. The Group Compliance Officer is responsible for assessing regulatory compliance matters in relation to climate change.

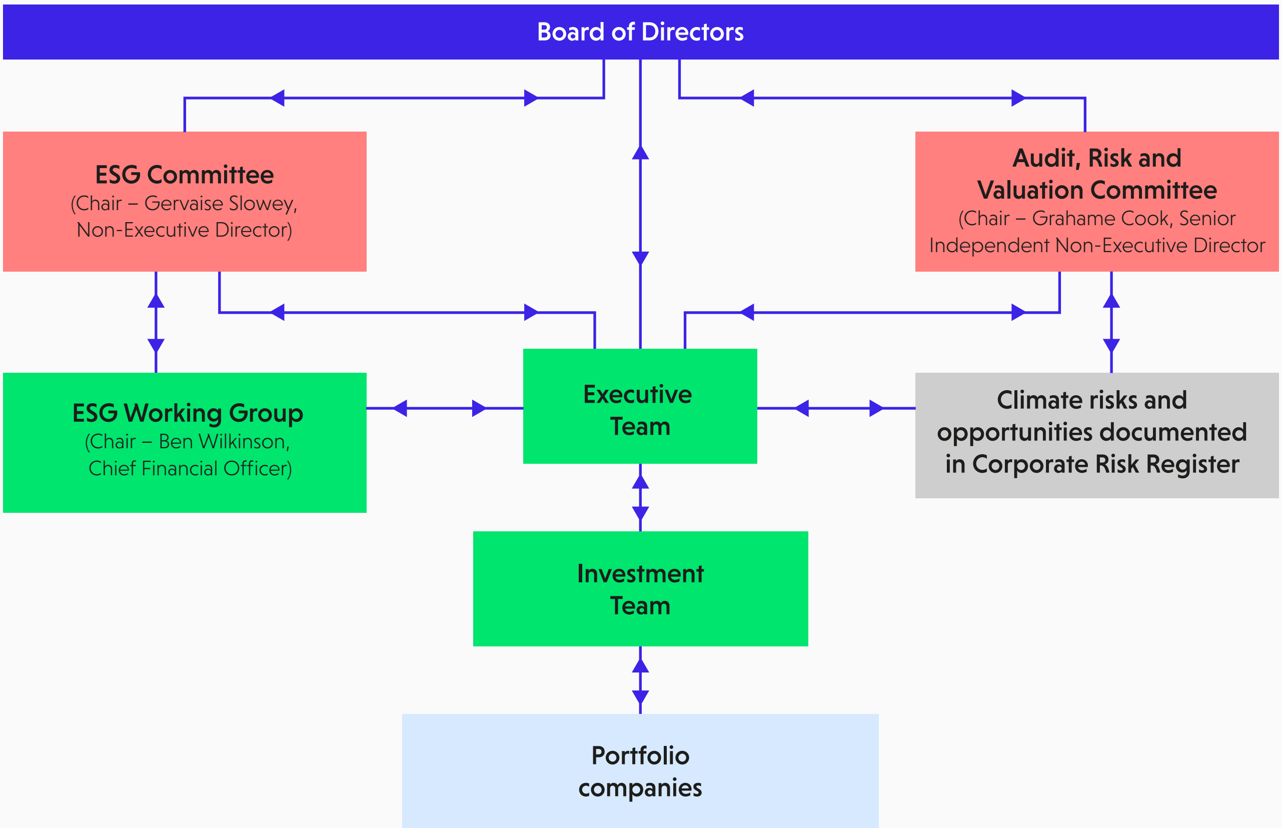
In July 2022, George Chalmers (Associate in the Molten Investment Team) was appointed Head of Climate in anticipation of the launch of our Climate Fund in the coming year. While our investment process will remain the same, this fund will expand our pre-existing climate thesis and allow us to scale our ambition for investment in the Climate Tech sector.

Climate Strategy

During the period, the ESG Committee and ESG Working Group have been working with external climate consultants Accenture to develop our Climate Strategy, which encompasses our operational targets, portfolio and supplier engagement targets and climate risk mitigation and adaptation strategy. Development of this Strategy also involved input from Molten's Executive Team on the consideration of recognised appropriate net zero frameworks informed by the output of a climate maturity assessment. Our Climate Strategy is explored in more detail below and further summarised on pages 59-62.

TCFD Report CONTINUED

Climate risk and opportunity management



Strategy

This section describes some of the known current and potential future impacts of climate-related risks and opportunities on Molten's business, strategy and financial planning.

While our methodology for identifying climate-related risks and opportunities remains largely unchanged from last year, minor adjustments reflect our growing maturity in assessing climate risks and opportunities and capture the material influence that these are likely to have, with particular focus on the fair value of our portfolio.

Definition	FY22	Adjusted for FY23
Short term	0-5 years	0-2 years
Short-medium term	5-10 years	2-5 years
Medium-long term	10-20 years	5-15 years
Long term	20+ years	15+ years

Timeframes have been brought forward to prioritise immediate action in line with our typical business planning cycles so that necessary mitigation measures are actioned in the lead up to 2030 – a key global milestone for decarbonisation.

Following our enhanced risk impact assessment and the reassessment of our applicable time horizons, we have been able to categorise previously and newly identified risks and opportunities into five impact channels which could materially influence the fair value of the portfolio, each of which detailed below and explored further on page 65. Materiality has been informed by the existing risk management framework used within the Corporate Risk Register, and assessment of material business risks more widely. This analysis was undertaken using our FY22 TCFD Report findings, ESG Framework data, portfolio companies' financial information (provided by Molten) and sector specific research.

Climate risks and opportunities identified

Impact channel	Type	Description	
Changes in demand	Risk 1	Demand destruction	Portfolio companies may face reduced revenue due to damage to brand value and loss of customer base as customers increasingly factor climate change considerations into their decision-making process
	Opp 1	Demand creation	Increased low carbon investment opportunities due to shift in consumer demand for low carbon products and the growing potential of the "climate-conscious customer base"
	Opp 2		Enhanced government innovation funding for low carbon projects and technologies will lower the cost of innovation and improve portfolio companies' success
Changes in price of energy	Risk 2	Cost of energy and carbon pricing	Government intervention in carbon pricing resulting in higher power prices may increase operating costs
	Risk 3		Market conditions may cause increased energy and operating costs
	Opp 3	Energy efficiency	Improved energy, water and waste efficiency could result in reduced operating costs and improved reputation among customers, staff, prospective staff and investors of Molten and our portfolio companies
	Opp 4		Development of our Climate Tech thesis by continuing to pursue investment opportunities that are energy and carbon focused or efficient as part of our wider investment strategy, thereby enhancing return on investment
Changes in physical weather events/ patterns	Risk 4	Increasing costs due to extreme weather	Event-driven impacts arising from increasing frequency and severity of extreme weather events. The specific risks will be contingent on the business operations of portfolio companies but may include increased capital costs due to damage to infrastructure, increased insurance premiums, supply chain disruptions and impacted access to resources such as clean water
	Risk 5		Overall shifts in climatic behaviour resulting in long-term changes in temperature and precipitation patterns. The specific risks will be contingent on business operations but may include scarcity of natural resource supplies causing increased operational costs and global political tensions
Changes in stakeholder expectation	Risk 6	Reputational damage limiting access to capital	Changing stakeholder expectations with consumers, portfolio companies and investors increasingly making decisions based on carbon performance and climate resilience
	Opp 5	Access to green linked capital	Engagement in climate-related commitments may lead to increased access to private sector funding. We actively seek to address and improve our climate resilience and carbon emissions
Changes in technology	Risk 7	Cost to transition to new tech	Additional cost to transition to lower emissions technologies
	Opp 6	Technological climate solutions	Portfolio companies focused on developing technology based climate solutions critical to the Net Zero Transition and detection and management of extreme weather events will be likely to benefit from a rapidly expanding market

TCFD Report CONTINUED

Our assessment of risks and opportunities and supporting climate scenario analysis focus primarily on our portfolio and investment activities as the area with the greatest material exposure to climate opportunity and risk. Risks identified at a corporate level, such as an increase in mandatory reporting requirements, are outlined within our Principal Risks on page 81-90. Beyond these, Molten's own corporate footprint and exposure to climate-related risk is relatively limited, consisting of 66 full-time employees, 64 of whom operate out of our London office and two from a leased office space in Dublin. Our London office uses 100% renewably sourced electricity with zero waste going to landfill and 44% recycled courtesy of our environmentally guided recycling and waste management provider, First Mile. We have no Company-owned vehicles; 77% of employees commute by public transport; and a further 14% of employees either walk or cycle to work.

100%
renewably sourced electricity in our London office

44%
waste recycled and zero waste to landfill

77%
of employees commute by public transport

14%
of employees either walk or cycle to work

Financial planning

This year's qualitative analysis has highlighted a range of potential financial impacts associated with mitigating and adapting to an uncertain climate future. These include the cost (in time and money) of implementing a Climate Strategy and complying with carbon-related regulations as well as potential positive and negative impacts on our portfolio valuations. Additionally, there may be implications in relation to our investment strategy and the expansion of our Climate Tech thesis and the creation of our climate fund. Lastly, there are costs associated with supporting our portfolio in the development of their own carbon management and climate strategies. We intend to begin quantitative analysis in future years to further integrate climate change into our planning.

Scenario analysis

This year, we have expanded our scenario analysis to better inform our understanding of the impact of varying climate change futures on our exposure to physical and transition risks. As part of a shift towards more in depth analysis, we have this year decided to evolve our scenario analysis to include three climate scenarios (Orderly Transition, Disorderly Transition and Hothouse) to be in line with the requirements from the FCA.

We use the Network for Greening the Financial System (NGFS) as a base framework to support the analysis of three scenarios rather than two. However, given that both IEA and NGFS climate scenarios are built on the same concepts and from the IPCC pathways, we leverage the trends and data from each that are most relevant for Molten and our portfolio companies. Therefore, we do not restrict ourselves to one static framework, and allow for insights and updates from both to inform more fluid climate risk analysis.

Climate Scenarios

Our chosen climate scenarios are as follows:

Orderly

NGFS Net Zero 2050/IEA Sustainable development (1.5°C / <2°C)

Immediate introduction of stringent climate policies and ambitious innovation to limit global warming to 1.5°C by reaching net zero emissions by mid-century.

Disorderly

NGFS Delayed Transition (+2°C), new scenario

Global emissions to not decrease until 2030, when strong policies are adopted to limit warming to well below 2°C and make up for lost time, leading to higher transition risks.

Hot House

NGFS Current Policies/ IEA Stated Policies (+3°C)

Limited action on climate change leads to significant global warming and greatly increased exposure to physical risks.

Risk management

This section will describe how Molten identifies, assesses and manages climate-related risks.

Identification and assessment

This year, our risk identification and assessment were undertaken through workshops facilitated by Accenture with a sub-committee of the ESG Working Group. Consistent with our Corporate Risk Register, identified risks are scored based on their impact and likelihood, both with and without mitigation. The residual risk score presents the level of risk that remains once existing mitigations and additional actions have been implemented and determines whether that level is acceptable or in need of further mitigation.

Our classification of risk whereby

Risk = **Likelihood** × **Impact**

is below:

Classification	Risk/opportunity Score	Risk/opportunity Assessment
Extreme	10–12	High risk/opportunity
High	6–9	Moderate risk/opportunity
Medium	3–5	Monitor for risk/opportunity
Low	1–2	Low risk/opportunity
Zero	0	No risk/opportunity

In connection with Molten's investment activities as a responsible investor under the UN PRI, the Investment Committee is responsible for assessing ESG risks and opportunities associated to investment opportunities as part of the pre-investment due diligence process. This involves the distribution of our ESG Framework to prospective investments containing 17 climate-related questions, across the following areas:

- Carbon emissions reduction
- Air pollution reduction
- Resource efficiency
- Sustainable procurement
- Board oversight

This data gathered through this exercise is used to assess the materiality of climate risk to which the potential investee company is exposed as well as the scope of its climate-related opportunity, and is used to inform the investment decision.

During the ownership stage, we monitor portfolio companies' risk exposure through annual distribution of our ESG Framework. This year, we distributed an updated version of the ESG Framework which requested portfolio companies' GHG baseline broken down into Scopes 1, 2 and 3 and offered a subsidised partnership with our carbon data management partners, Altruistiq, to those companies yet to measure their carbon footprint.

In the coming years, we intend to carry out further work to integrate climate change considerations throughout the investment process, including through the evaluation of a broader range of physical and transition climate risks.

Management and integration

Specific mitigations and actions have been identified to assist Molten to manage risks and capitalise upon opportunities. Please refer to the Risk and Opportunities tables on page 65 which describe the mitigation actions which are also recorded in our Corporate Risk Register and assigned to teams or individual owners. The Corporate Risk Register is presented at meetings of the Audit, Risk and Valuations Committee and to the Board at least annually.

We support our portfolio companies in managing their specific ESG and climate risks and opportunities by providing tools and resources and best practice guidance, and through the curation of tailored ESG-focused events with domain experts. Our ESG Framework generates tailored KPIs on an annual basis to help companies identify strategic actions to manage their risks and opportunities. One-to-one meetings have been held with 52% of directly held investments, specifically for discussion around climate and ESG concerns. In addition to this, we offer financial support to new portfolio companies towards the measurement, reduction and offsetting of their carbon footprint, in recognition of the fact that financial capability may be a barrier to these smaller stage investments beginning their carbon management strategies.

We are working to further evolve our engagement with portfolio companies on climate-related risk and opportunity management in future years.

TCFD Report CONTINUED

Metrics and targets

In this section, we set out the metrics and targets Molten uses to assess and manage relevant climate-related risks and opportunities.

Assessment – Scope 1, 2 and 3

Molten is in a unique position to use our influence as an investor to support our portfolio companies in climate risk mitigation and opportunity realisation. Measuring our Scope 1, 2 and 3 GHG emissions remains a key focus area and enables us to better understand our environmental impact, understand our corporate and portfolio level exposure to transition risk and meet our Streamlined Energy and Carbon Reporting (SECR) obligations. Our Scope 1 and 2 emissions are minimal, reflective of the size (in headcount) and nature of our Company, however we remain committed to monitoring and reporting all of our direct and indirect GHG emissions annually, using both intensity metrics and absolute values (see table on page 60).

The majority of our emissions are associated with Scope 3, which we have calculated and reported in full on page 56 and are committed to attempting to reduce by leveraging our position in the venture ecosystem. Within Scope 3, these emissions predominantly fall within purchased goods and services and our investments, which have proven as useful metrics for understanding where to focus our climate action. In order to assess our Scope 3 Category 15 emissions in full, these calculations are partially informed by industry assumptions which are outlined in more detail within the methodology section on page 60. We recognise the challenges and nuances associated with measuring Scope 3 emissions and are committed to the year-on-year refinement of our methodology by the most accurate means in accordance with the GHG Protocol Corporate Value Chain (Scope 3) and Accounting and Reporting Standard, using primary data wherever possible.

Assessment – Climate Strategy

This year, in accordance with our new Climate Strategy, an assessment of our portfolio companies' climate-related risks and opportunities was undertaken by Molten with support from Accenture and Altruistiq. This exercise was informed by the recommendations of the Investor Agenda Climate Action Plan (ICAAP) and aligned to the methodology set out in the Net Zero Investment Framework (NZIF), This exercise was informed by the recommendations of the Investor Agenda Climate Action Plan (ICAAP) and aligned to the methodology set out in the Net Zero Investment Framework (NZIF) (please see the insert on page 60 for more information about NZIF).

Sector and sub-sector assumptions outlined within these methodologies were applied to identify portfolio companies whose size and sector reflect greater exposure to climate risk and the materiality of this risk to Molten, based on our holding in each investment. This exercise highlighted that, by virtue of our position as a venture capital firm within the earlier stage tech ecosystem, all directly held investments within our portfolio are currently below the NZIF threshold of materiality for inclusion in our Net Zero Strategy, however, it has also allowed us to identify carbon hotspots within the portfolio in order to target our engagement more strategically. We also note that the same materiality outcome is achieved under the Science Based Targets Initiative (SBTi) and so, as a result, have set our own materiality threshold and subsequent engagement target which is outlined in more detail on pages 60 and 62. While Net Zero guidance for earlier stage investors like Molten remains nascent, we are committed to embracing the spirit and intent of NZIF by utilising the granular insights into our portfolio to inform our current and future engagement with specific companies and monitor portfolio exposure to climate-related risks on an aggregated and individual level. Alongside our portfolio engagement target, our Climate Strategy also outlines our operational target for Scopes 1 and 2 and the development of an engagement target for Scope 3 categories 1-14 with a particular focus on our purchased goods and services. Read more about our Climate Strategy on pages 59-62.

We will focus in future years on tracking additional metrics, including quantitative financial metrics relating to the broader landscape of risks and opportunities in which we operate.

Climate risks and opportunities

As part of our alignment with the TCFD recommendations, we have completed a materiality assessment of climate-related financial risks and opportunities (categorised into impact channels) that are likely to impact the fair value of our portfolio. Analysis was carried out on an individual portfolio company level, paying particular attention to our core companies, given their higher fair value and therefore materiality of risk to Molten. We also focused on our emerging companies given the forward-looking nature of this report.

All identified impact channels have been analysed against our three chosen climate scenarios, however, this disclosure will explore a subset of this analysis based on the greatest relevance of each impact channel to an orderly, disorderly or hot house future.

The following charts reflect the risks and opportunities identified through each impact channel through our four defined time horizons, split by climate scenario. For conciseness, in-depth analysis of each impact channel has been split across the three climate scenarios.

Orderly – changes in demand, changes in energy price, changes in stakeholder expectation

An orderly climate transition is reflective of a Net Zero 2050 scenario and is the most favourable climate future of the trajectories that we have considered on account of, other things, the smoother transition to a decarbonised economy; the associated opportunities to profit from changes in demand and stakeholder expectations; and the least disruption to weather conditions and energy prices.

Changes in demand

The central catalyst to changed demand in this scenario is shifting customer preferences towards products and services which demonstrate sustainability through their carbon performance and climate resilience. Different portfolio companies will be impacted differently by changes in consumer demand, either positively or negatively depending on climate scenario, timeframe and sector of operation. A deliberate market shift and diversification towards more sustainable options presents an opportunity for new markets and increased revenue, while negative sentiment towards businesses operating without mitigations in carbon-intensive industries such as cryptocurrency or fashion through the low-carbon transition may lead to a shift in customer base to reflect changed consumer sentiment.

Mitigations

All potential investments undergo pre-screening to map the particular company and its product/industry to ESG themes, followed by formal screening against our Exclusion List which contains asset operating in industries such as fossil fuel mining. Further data is gathered via our ESG Framework during the course of pre-investment due diligence, and all investment papers include a summary of the particular company's wider ESG credentials. While the timeframe for this process varies on a case-by-case basis, the sequencing of each element is detailed on page 51.

Molten continues to develop our work and research in the arena of ESG and will continue to seek investments that are aligned to our ESG Policy and position to take advantage of the commercial opportunities that will emerge from the transition to net zero.

Changes in energy prices

In all future scenarios, the price of energy, and therefore carbon, is expected to become more volatile, meaning that carbon intensive businesses will be more exposed to both increases in energy prices and future carbon taxes from government intervention, thereby increasing operating costs. Risk will be more material to portfolio companies operating in energy intensive industries including aerospace, manufacturing and those with heavy reliance on data centres.

The potential for opportunity arises for companies improving energy efficiency to reduce operating costs and therefore gaining an advantage over their peers, whose business models could benefit significantly from innovations in green coding and green AI as emerging solutions that are less energy intensive.

Mitigations

Currently, all prospective investments are screened against our Exclusion List which specifically refers to fossil fuels and includes other historically energy intensive industries. Our ESG Framework, which is distributed on an ongoing annual basis, also requests data on the implementation of energy-efficient measures in portfolio companies' buildings and offices to ensure that companies can be supported toward the adoption of green energy solutions wherever possible.

Changes in stakeholder expectations

Changes in stakeholder expectations could cause reputational damage, therefore limited access to capital through consumers and investors. The materiality of this risk to our portfolio will be driven by the larger and few listed companies who are likely to face increased stakeholder pressure as they grow, as well as companies operating within or connected to energy intensive, high impact sectors. Regarding opportunity, "clean growth" will allow firms to obtain funding from government-backed initiatives with a view to catalysing the Clean Growth equity financing market and improving access to venture capital for green technologies.

Mitigations

As discussed on pages 54 and 55 of the Sustainability section, Molten provides portfolio companies with tools, resources and guidance to develop their ESG and sustainability strategy and realise climate opportunities in their business models. For companies in their first or second year of investment, we offer financial support towards their carbon management programme and GHG reduction efforts. Molten also leads training and events on specific ESG themes on an at least annual basis and we voluntarily report against external standards and frameworks (please see page 55 for a summary of some of these) to enhance the quality and transparency of our climate-related disclosures and by way of demonstration of best practice to our portfolio companies.

Orderly – Changes in demand, Changes in energy price, Changes in stakeholder expectation

TCFD Report CONTINUED

Disorderly – Changes in technology

A disorderly, or "delayed transition" climate scenario will have significant implications for the "changes in technology" impact channel, particularly when considered through the lens of our portfolio composition. This is also apparent within the orderly scenario analysis, but is discussed in more detail within this section. There is uncertainty associated within the disorderly scenario as the need for fast pace technological change based on rapid and disorderly decarbonisation will be dependent on the sufficient development of renewable energy infrastructure.

Changes in technology are anticipated to result in both climate risk and climate opportunity exposure for our portfolio companies, largely dependent on the specific industry within which they are operating.

Portfolio company examples

Portfolio companies likely to experience increased materiality of risk within the disorderly scenario include those whose operations are tied to the rocket and satellite launching industry. While fast paced commercialisation of space tourism and the exploitation of space-based networks is already underway, there is an accelerated need for companies dependent upon launch activities to be trialling more efficient launch methods and fuels which may result in unpredictable or varied cost as these technologies emerge.

Conversely, portfolio companies focused on developing technology-based climate solutions critical to the Net Zero Transition will likely benefit from a rapidly expanding market, for example, ICEYE's ability to monitor and assist responses to major weather events; Gardin's solution to difficulties managing crop yields through digital monitoring of growth rates and nutrition; or the increasing demand for accuracy and consistency of GHG accounting which creates opportunities for digital solutions such as Altruistiq (see page 34), BeZero Carbon (see page 35) and Satellite Vu (see page 61).

Mitigations

We have continued to expand our portfolio of Climate Tech investments and have a position in the early-stage ecosystem in Europe as responsible investors, having backed a number of climate and sustainability-focused seed fund managers through our Fund of Funds programme.

Our ESG Framework contains questions on the energy efficiency measures of companies with manufacturing facilities so that we are able to track and support portfolio companies in implementing these measures and think more critically about their renewable energy procurement on an annual basis.

Disorderly – Changes in technology

Hot House – Changes in physical weather events/patterns
When modelling our Hot House climate scenario, the impact channel determined to be of greatest materiality in likelihood and impact was "changes to physical weather events/patterns" due to the increased frequency and severity of extreme weather events (acute) and long-term changes in weather patterns (chronic). Specific risks will be contingent on the business operations of portfolio companies but may include:

- Increased capital costs due to damage to infrastructure
- Increased insurance premiums
- Supply chain disruptions
- Impacted access to resources such as clean water or raw materials for manufacturing

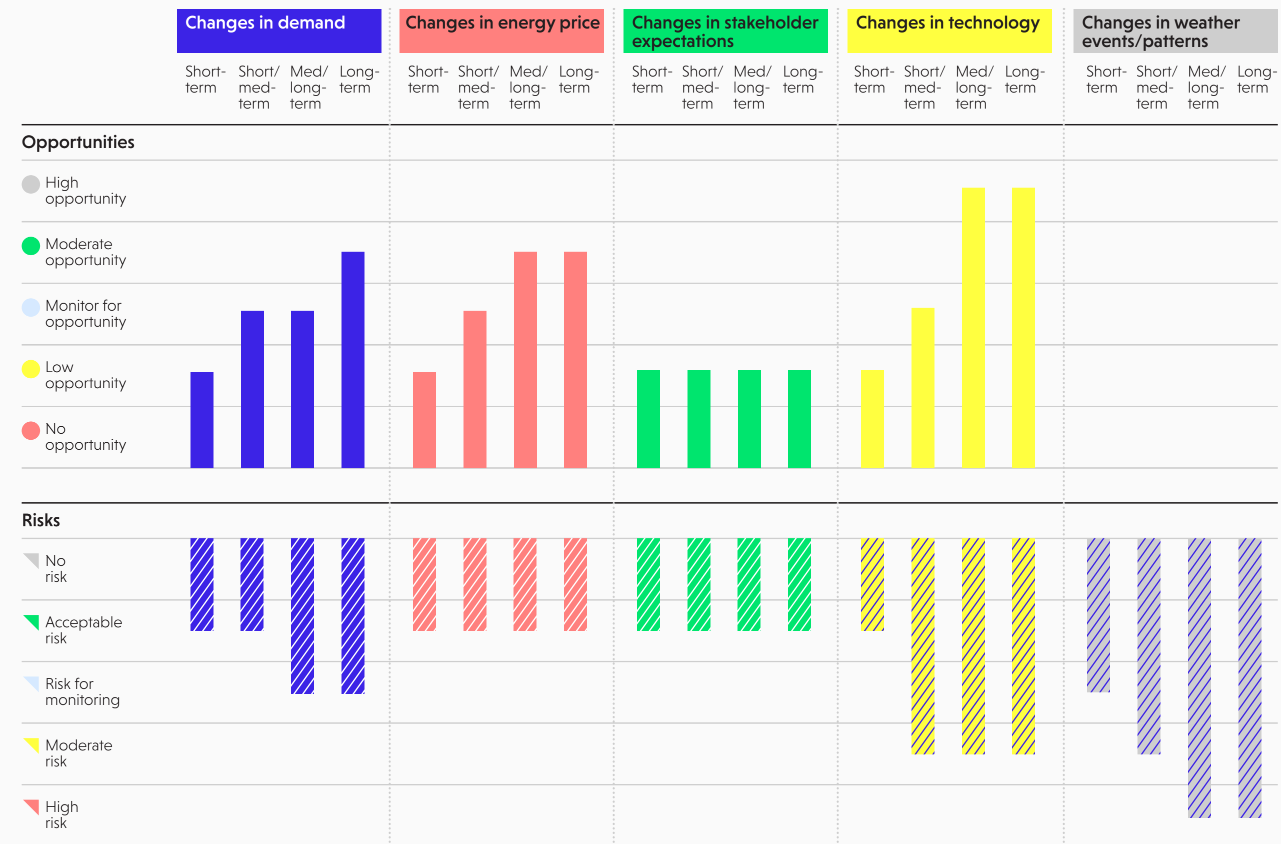
Portfolio company examples
Portfolio companies which are heavily reliant on supply chains for their procurement of semiconductors and key rare Earth metals (for production of microchips and other advanced technologies) are likely to be most severely impacted under this climate scenario due to extreme weather events and droughts disrupting supply chains and semiconductor process.

Additionally, portfolio companies who are heavily reliant on data centres may be impacted by the occurrence of heatwaves and increasing temperatures causing data centres to overheat, putting their conventional cooling systems under extreme strain and raising the likelihood of failure.

Mitigations
Our ESG Framework includes questions on the locality of the company's supply chain and screening of suppliers for carbon efficiency, which allows us to better understand portfolio companies' exposure across different regions.

To advance this mitigation, we will include more explicit questions in the ESG Framework around exposure to physical climate risk and aim to use our influence as an investor to help portfolio companies to recognise, navigate and wherever possible mitigate this risk, particularly for companies that are highly reliant on data centres. We plan to introduce these changes within the FY24 period.

Hot House – Changes in physical weather events/patterns



Summary of FY2023 TCFD Exercise and Plans for FY2024

Our scenario analysis and assessment of climate risks and opportunities within our portfolio demonstrates the materiality of these impact channels across three climate scenarios and over a range of time horizons. Undertaking this analysis and doing so at a sector, sub-sector and individual portfolio company level has allowed us to gain insight into more specific impact areas, the most relevant mitigations to focus our actions and indeed the opportunities arising through technological innovation in climate solutions which we will support our portfolio in realising.

We will continue to report against the TCFD recommendations annually and build on the extent of our analysis and maturity of our risk and opportunity identification, assessment and management processes.

Social

Our D&I vision

A widened perspective for our team, our founders and our industry.

A different approach for our team, our founders and our industry.

A team and portfolio that reflect the society we live in.

A sector that better serves the world it is trying to change.

A world where everyone can see themselves in tomorrow's leaders.

At Molten Ventures, we pride ourselves on actively seeking out diversity of all descriptions, through both the individuals we hire and the companies we invest in.

Our D&I mission

The venture capital industry has a diversity problem. We all know that VC funding is concentrated in a small segment of the population leaving other segments largely under-funded.

For our industry

As investors, we are committed to discovering and supporting entrepreneurs who build the future. Yet, talent is still lying dormant in many under-represented communities, marginalised groups and underfunded ideas. The world needs tech created by people from all backgrounds to serve a wide set of needs. The true winners will be those that can feel pride in creating a world of opportunity for future generations of diverse entrepreneurs.

For our teams

Our lived experiences shape who we are and how we think. We respect each other, our varied experiences and believe that the differences in our backgrounds lead to richer insights and broader perspectives.

We know that diversity of thought positively impacts team performance; investor teams or boards are no exception. We believe that hiring from a wider talent pool will not only lead to better investment decisions but also enrich us as people.

For our business

At Molten, we make more possible. Since day one, democratising venture capital has been at the core of our business. To fulfil this goal, we continue to commit ourselves to a culture with Diversity, Equality and Inclusion ("DEI") at its core. This is the right thing to do and just better business.

Success, for us, means looking at our team and portfolio, knowing that we invested in the best people.

Diversity, Equality and Inclusion

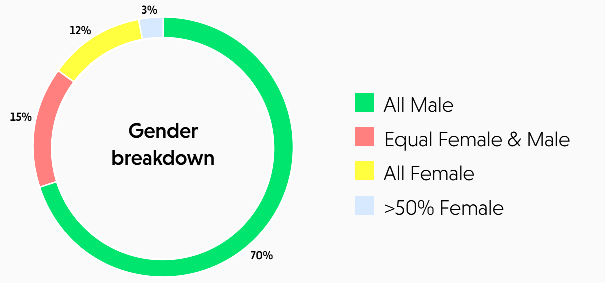
We are committed to equal opportunities for everyone throughout recruitment, selection and career development. In accordance with our DEI Recruitment Policy released in August 2021, all applicants are treated equally regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

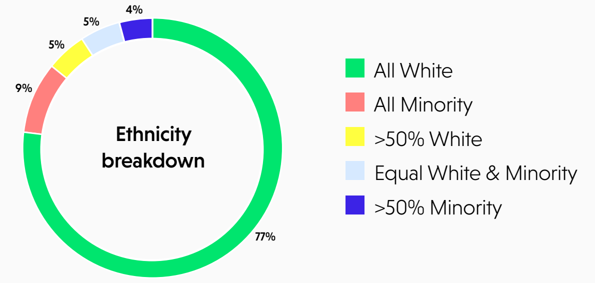
This year we also updated our DEI Recruitment Policy to include quantitative metrics around the fair representation of females and individuals with an ethnic minority background in interview pools provided by recruiters.

Investing in Women Code

In February 2022, Molten became a signatory to the Investing in Women Code, which is a UK government initiative supported by the BVCA and the British Business Bank for the advancement of female entrepreneurship in the UK. As part of Molten's commitment, this year we collected and reported our D&I data relating to our own operations and the pipeline of deals that we see.

Below are some insights into this data, specifically looking at the gender and ethnicity breakdown of pitch decks received during the period 17 Oct 2022 – 25 Nov 2022. This data highlights the challenge that under representative deal sourcing presents and the clear diversity problem that is facing VC and the entrepreneurs who are receiving funding. Gathering and analysing this data has allowed us to better understand the demographics of founding teams we are presented with and how these factors vary by source type. This will enable us to more effectively track these metrics and understand how we can ensure our deal sourcing is as fair, unbiased and representative as possible.





Founding teams gender and ethnicity breakdown from pitch decks received between 17 Oct 2022 - 25 Nov 2022.

Mental health and wellbeing

Molten has a number of measures in place to support the mental health and wellbeing of staff and to ensure that they feel safe, healthy and included in the performance of their role. These include:

- The Perkbox app offers free online workouts and wellness classes and is available to all employees
- All staff have discounted access to Nuffield Health Fitness and Wellbeing Gym to encourage good physical health
- A flexible working policy is in place to permit and encourage employees to work in line with their own personal needs
- Organisation of regular social events to encourage relationship building in an informal environment away from the office
- Private health insurance and private medical healthcare for all staff, including on-demand access to GPs and counsellors
- Enhanced maternity, paternity, adoption and shared parental leave policies

In addition to these initiatives, during the period we also set up a Multi-Faith and Wellbeing room in our London office. This room provides a private, quiet place for prayer, meditation, mindfulness and rest, away from the work environment. Employees can book the room for scheduled prayer, or to use the space more freely as needed.

We also led our first Corporate Volunteer Day at Regent's Park with The Royal Parks' Trust. This involved laying the groundwork for a new pond as well as clearing invasive species from a wildlife corridor to boost biodiversity in the area, and encourage the return of native and threatened plants and animals. The day also allowed employees to participate in teamwork, bonding and mindfulness; and represented one of the five paid days per annum which is part of all employees' entitlement, so they can undertake charitable activities.

Learning and development

Continuing our programme this year, employees have access to coaching through the CoachHub platform as a tool to improve individual performance, develop high potential team members and offer both individual and organisational development opportunities. More information about CoachHub can be found on page 37 in the Portfolio Review.

As per our DEI Recruitment Policy, we request fair representation of interview pools from recruiters across gender and ethnicity metrics, this year reflected as an average make up of interviewees of 42% female and 28% ethnic minority. Regular performance reviews aligned with career development are conducted for all permanent employees. SMART targets are set and tracked within our HR portal with appraisals occurring immediately after year-end.

During the year, mandatory compliance training was conducted for all employees (including the Executive Directors), on topics including: anti-bribery and corruption, anti-money laundering, data protection and cyber security, Senior Managers and Certification Regime and anti-modern slavery. This year, we also introduced mandatory anti-bullying and harassment training and ESG training was provided to the Investment Team, further details of which are set out on page 51.

During the year, all permanent employees received at least one training day.

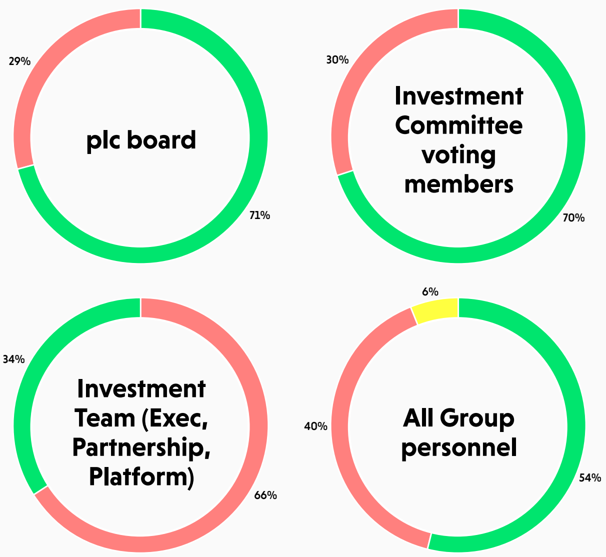
Diversity and Inclusion Statistics

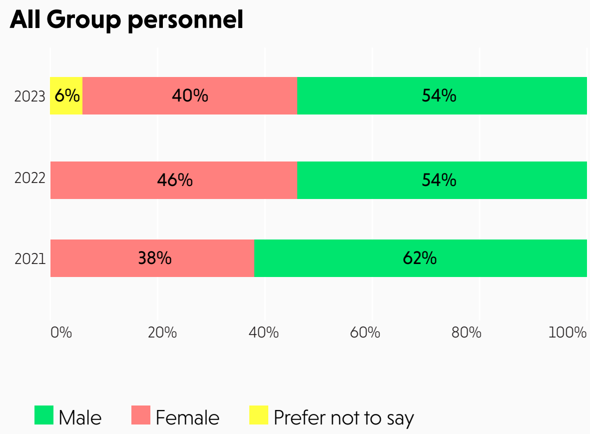
Gender	Execs		Non-Execs		Investment Committee		Total workforce	
	2022	2023	2022	2023	2022	2023	2022	2023
Female	–	–	60%	50%	22%	30%	46%	40%
Male	100%	100%	40%	50%	78%	70%	54%	54%
Transgender	–	–	–	–	–	–	–	–
Non-Binary	–	–	–	–	–	–	–	–
Prefer not to say	–	–	–	–	–	–	–	6%
Ethnicity	**Execs**		**Non-Execs**		**Investment Committee**		**Total workforce**	
	2022	2023	2022	2023	2022	2023	2022	2023
White	100%	100%	100%	100%	89%	80%	81%	77%
Asian/Asian British	–	–	–	–	11%	10%	10%	8%
Black/Black British	–	–	–	–	–	–	2%	4%
Mixed	–	–	–	–	–	–	3%	–
Other	–	–	–	–	–	–	2%	2%
Prefer not to say	–	–	–	–	–	10%	2%	8%
Age	**Execs**		**Non-Execs**		**Investment Committee**		**Total workforce**	
	2022	2023	2022	2023	2022	2023	2022	2023
18-24	–	–	–	–	–	–	5%	6%
25-34	–	–	–	–	–	–	35%	29%
35-44	33%	33%	–	–	56%	70%	28%	33%
45-54	33%	33%	40%	25%	33%	20%	21%	19%
55+	33%	33%	60%	75%	11%	10%	11%	13%
Disability	**Execs**		**Non-Execs**		**Investment Committee**		**Total workforce**	
	2022	2023	2022	2023	2022	2023	2022	2023
% Employees with a disability	0%	0%	0%	0%	11%	0%	5%	4%
Prefer not to say	–	–	–	–	–	–	4%	4%

D&I Statistics as at 31 March 2023. Data was gathered during Q4 of FY22 from 72% of full-time employees.

Social CONTINUED

Gender splits





The Esprit Foundation

During the year, the Esprit Foundation continued to grow and develop, with the creation of the Operational Committee which manages day-to-day operations of the Foundation. Four Trustee meetings took place during the period and grantee opportunities were explored, with the aim of awarding money where cases are aligned with the Foundation's charitable objectives; ultimately geared towards the advancement of education for the public benefit (especially to those aged under 30), with particular emphasis on the fields of technology, business and/or entrepreneurship.

The Foundation aims to award its first grant in FY24 to the Social Mobility Foundation, a charity working to make practical improvements in social mobility for young people through educational support, work experience and skill development, particularly those from under-represented and low socio-economic backgrounds.

In FY24 we also aim to award a grant to Included VC, an organisation which supports young entrepreneurs through education to access venture capital from overlooked communities such as ethnic minorities and members of the LGBTQIA+ community.

△ CoachHub CFO, Kerim Oral – presenting at the Molten Ventures Investor Day.

Governance

Molten Ventures believes that conducting business in an ethical, transparent and responsible manner provides the groundwork for strong environmental and social agendas, while also creating long-term, sustainable value for our Shareholders, wider stakeholders and for society.

Responsibility for governance

Good corporate governance is fundamental to Molten; our portfolio companies; and the way we conduct business.

Governance begins with the Board, but responsibility permeates throughout the whole Group reinforced by strong internal processes and regular training for all employees (including the Executive Directors) as more particularly set out on page 73.

Portfolio governance support

At Molten, we believe that having strong policies and procedures in place allows our portfolio companies to scale quickly, while avoiding common governance pitfalls and meeting the expectations from customers, investors, regulators and buyers. As such, two of our FY23 ESG KPIs set out our aim for 80-100% of directly held investments to have the following policies in place:

- Anti-Corruption and Bribery Policy
- Anti-Harassment and Bullying Policy
- IT Communications and Cyber-Security Policy
- Whistleblowing Policy
- Health, Stress and Wellbeing Policy
- Parental Policy

To support our portfolio companies in implementing these policies if they were otherwise outstanding, we created policy templates and shared these within our Sustainability Toolkit.

Of portfolio companies who engaged in this process:

Anti-Corruption and Bribery Policy
88%
(Pre-engagement: 48%)

Anti-Harassment and Bullying Policy
88%
(Pre-engagement: 45%)

Parental Policy
84%
(Only data on quality of parental leave previously tracked, as opposed to policy implementation)

IT Communications and Cyber-Security Policy
84%
(Pre-engagement: 61%)

Whistleblowing Policy
83%
(Pre-engagement: 38%)

Health, Stress and Wellbeing Policy
81%
(Pre-engagement: 43%)

As part of our portfolio engagement programme, we led a governance-focused webinar, in partnership with Gowling WLG. This session detailed the importance of strong governance and explored the consequences of poor governance, including practical examples from the tech sector and beyond. There were 18 portfolio attendees to this event.

UK Corporate Governance Code

The Company has subscribed to the principles of the 2018 UK Corporate Governance Code since listing to the Main Market of the London Stock Exchange in July 2021. These principles set out standards of good practice around Board composition and development, remuneration, Shareholder relations, accountability and audit. Wherever the Company is unable to comply with the UK Corporate Governance Code then it will explain the basis for such non-compliance.

Health and safety

All staff share responsibility for achieving safe working conditions through adherence to the Group's robust health and safety measures, both in the workplace and any homeworking environment. The Company's Office Manager has overall responsibility for the implementation, operation and periodic review and update of the Group's health and safety policies and procedures to ensure that they continue to fulfil the key function they are designed for. During the period, no injuries, occupational diseases nor work-related fatalities have been reported. Having regard to the size of the Group's workforce, the Company's strong health and safety track record, as well as the nature and location of duties being performed, the Company does not report quantitative metrics, targets or an implementation timeline concerning our health and safety operations or reduction efforts, however this position is kept under review.

IT security, cyber resilience and data protection

Data protection and cyber security is considered to be one of the principal risks to the business and is therefore a Board-level concern and standing agenda item at all formal meetings of the Board. The Group has a range of privacy, IT and cyber security policies and procedures in place which collectively set out the Group's commitment to these areas, and establish employee responsibilities and the process for risk identification. A summary of a number of the policies can be found on our website.

Data protection and cyber security as well as ongoing staff phishing and cyber awareness training continue to be part of the Group's annual training programme. During the period, we continued to receive support from our outsourced IT service provider Softwerx and we also engaged SoftCat plc in a fractional chief information security officer function to help us transition to a cloud-focused infrastructure with a focus on security and business continuity and stakeholder management. Our IT road map for FY2024 includes the migration to a cloud-only GDPR-compliant file system removing major data pinch points allowing for the removal of legacy file system architecture. Our office Wi-Fi has also been upgraded to include the latest encryption methodologies along with Wi-Fi 6 capabilities, as we plan to become Wi-Fi first across the business.

We also continue to stress test our network from a grey hat attacker perspective, and we continually remediate any system weaknesses. As per our Internal Data Breach Register, no Molten data security breaches have been reported during the period. Additionally, no information security breaches have been directly suffered by Molten in the last three years.

Molten

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