Balderton.

SFG POLICY

This policy is intended to provide information about the policies of Balderton Capital (UK) LLP ("Balderton") on the integration of sustainability risks in its investment decision-making process, in compliance with Article 3 of the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019) ('SFDR").

Further disclosures are required under Article 10 of SFDR, including a description of the environmental or social characteristics of the Balderton Funds, along with information on the methodologies used to access, measure and monitor such characteristics. This information is available on request.

At the current time, Balderton does not use principle adverse impact (PAI) indicators to consider the adverse impacts of portfolio company activities on sustainability factors. This is principally because of the lack of consistent, accessible and accurate data from portfolio companies on PAIs, given their early stage, tech start-up activities. Instead, we use our annual Sustainable Future Goals ("SFG") survey to capture portfolio company performance and trend against our six SFGs.

INTRODUCTION

We launched our Sustainable Future Goals ("SFGs") in 2020 to make a strong public statement on our attitudes to ESG and sustainability as a venture capital firm and investor in some of Europe's top technology companies. This was driven by both a moral imperative and clear business case.

The moral imperative

From climate change and biodiversity loss, to economic uncertainty, human rights violations, social unrest and growing inequalities, we cannot ignore the significant global crises we're collectively facing. We all have a responsibility to contribute towards building a better, brighter future - and at Balderton, we believe the best way to change the world is to build a business.

The business case

Sustainability risks relating to our investee companies may emerge from internal issues or external sources. The inadequate management and mitigation of those risks can impact valuations, be it from operational or reputational damage. Conversely, in a world embarked on a sustainable transition, there is much value to be captured from aligning with a sustainable future.

INVESTMENT PHILOSOPHY

Balderton is not an impact fund, but we are fully supportive of sustainable value creation and believe that responsible investing is the best way to create long-term value for our investors. We recognise the importance of considering and promoting sustainability through our investment decision-making process and as responsible minority investors.

We have an opportunity and a responsibility to promote positive business values, behaviours and characteristics. We developed our SFGs as a framework for promoting and implementing these behaviours across our investment lifecycle.

Our 6 SFGs are based on the UN's 17 Sustainable Development Goals ("SDGs"), focusing on those that are most relevant for Balderton as a European venture capital firm:

SFG 1. Climate change.
SFG 2. Responsible consumption.
SFG 3. Fairness and inclusion.

SFG 4. Lifelong wellbeing and learning.
SFG 5. Ethical AI digital security.
SFG 6. Business ethics and governance.

We also recognise that every sector is exposed to different sustainability issues which could have an impact on their financial performance. We conduct a materiality assessment that identifies potential issues and makes sure that they are managed.

Collectively, the SFGs and our materiality assessment form the basis of our **Sustainability Assessment**.

Balderton has been a signatory to the UN PRI since January 2021 and we submitted out first report in 2024. We also make TCFD disclosures, and our more recent funds are SFDR Article 8.

SUSTAINABILITY IN THE INVESTMENT LIFECYCLE

We consider the SFGs and material sustainability issues at every stage of the investment lifecycle.

I - Sourcing and diligence

When the investment team first identify an investment opportunity, we conduct a high-level review that identifies potential risks that could be financially material to the company and alignment with the SFGs. This is included within the SFG section of the Investment Memorandum that is presented to the Investment Committee.

If the investment progresses to the next stage, we then conduct our internal Sustainability Assessment with support from Groundswell Sustainability**.** This research establishes whether the sustainability issues that have been identified are financially material to the company and establishes how and to what extent the company supports the SFGs.

The Sustainability Assessment is broken down into two parts:

1. Materiality assessment:
   - Identification:
     - We identify relevant sustainability issues to the company's sector and conduct a climate overlay to identify physical and transition climate risks and opportunities.
   - Desk-based research:
     - We establish whether the sustainability issues identified are financially material to the company, and why.
   - Outcome:
     - Based on the materiality of the risk, and the maturity of the approach, we rank risks as: 'High risk', 'low risk' or 'no risk'. At this stage, where necessary, we will engage with management, include within the DD scope, and/or request that issues are built into the company's ESG Policy post investment.

2. SFG assessment:

   The second part of the assessment includes a summary of positive and negative contributions to our SFGs. This involves an assessment of both:

   - **The products and services that the business is building:** We identify whether the company's product or service is aligned with one of our SFGs, and whether there could be any unintended negative impacts against them.
   - **How the business is set up and operates**: We want to understand to what extent they are already considering the SFGs through their operational practices and identify engagement opportunities.

There are a number of sectors and industries in which we will never invest, our exclusions list includes tobacco, and illegal economic activity.

II - Decision making

This **Sustainability Assessment** is used by our investment team to make informed investment decisions.

Ultimately, if a particular risk or attitude is be deemed to be unacceptable to Balderton as a firm, we will not proceed with the investment.

While we don't set targets for making impact investments, we have conviction that the best entrepreneurs and young companies of today are motivated to further these sustainable future goals either in their operations or through the products and services they develop.

We therefore interpret alignment with our goals as positive signals for future value creation.

III - Portfolio engagement and reporting

We commit to promote ESG practices and sustainability outcomes during our ownership of the company through a number of channels and initiatives, including:

- Requiring the company to establish an ESG Policy within twelve months of closing as part of our term sheet and long form.
- Offering ESG and Sustainability services as part of our Value Creation platform (advice and access to resources).
- Running a Balderton Portfolio Sustainability Community (peer learning and knowledge sharing platform).
- Using our board seats and interactions with founders and management teams to influence and promote progress on social and environmental performance and outcomes.
- Creating a Founder Wellbeing and Performance Platform, to provide holistic support to entrepreneurs (including health and fitness, CEO forums, executive coaching, parental support, leadership development).
- Running an annual ESG data collection exercise, our SFG survey (annual benchmarking of portfolio SFG/ESG performance).

IV - Exit

Balderton wants to ensure that our portfolio companies are actioning and promoting ESG best practices prior to, during and beyond our ownership of the company. This involves ensuring that the company has the foundations for a sustainable future well beyond our period of ownership. These factors are, therefore, part of our considerations as we own the business with a view to exit when the time comes.

CLIMATE

We are committed to reducing greenhouse gas emissions to protect the planet and future generations, while also reducing the financial impact of climate change on our investments. We do this through carbon measurement, risk management, and a set of policies & initiatives, explained below:

1. **Measurement:**
   - We measure and report on Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions.
   - Our carbon footprinting campaign enables companies from the Balderton portfolio to measure their emissions via Sweep, for free.

2. **Managing risks:**
   - Investment teams use the Sustainability Assessment to consider climate-related risks and opportunities relating to investments
   - The materiality of these issues is assessed in 1.5 and 4-degree pathways and over the short and long term.
   - We provide oversight of sustainability risks (including climate risks) in quarterly SFG Committee Meetings and we publish an annual TCFD report.

3. **Policies and initiatives to manage our footprint and drive our climate action, including:**
   - Procure 100% renewable electricity.
   - Offsetting our corporate emissions using an internal carbon price.
   - Attend >50% of Boards virtually.
   - All employees most regularly commute to their local office on foot, bike or other e-mobility vehicle, or public transport.

RESPONSIBILITIES AND OVERSIGHT

Balderton's Partners delegate accountability for sustainability to the Sustainable Future Goals (SFG) Committee.

This committee sets the strategy through this Policy and provides oversight over its implementation. This Policy sets out Balderton's approach to considering, evaluating, and mitigating sustainability related risks and opportunities throughout the investment process.

The SFG Committee meets quarterly, provides oversight over the implementation of this Policy and of performance against the sustainability strategy. The SFG Committee consists of the following key members and reports to the Investment Committee annually:

- Managing Partner.
- Operating Partner.
- Chief Financial Officer.
- Groundswell representative (External).
- Chief of Staff.
- Head of Compliance

Our approach to sustainable investing as it relates to prospective investments is assessed by the investment team within the IC process. Where issues are identified and considered material, the investment team is responsible for ensuring that adequate steps are taken to mitigate them.

The day-to-day management, monitoring, and assessment of sustainable investing is therefore undertaken by the investment team and the SFG Committee with support from Groundswell, who work across Balderton on a fractional basis and provide oversight of this approach to the SFG Committee who escalate any material issues to the Investment Committee.

MEMBERSHIPS AND INDUSTRY COLLABORATIONS

We launched our SFGs in 2020 to make a public statement on sustainability as a leading venture capital firm, in the hope of setting a positive example for the industry. We continue to contribute to the important topic of responsible investing through our membership with UN PRI and the BVCA. We are members of the UNPRI VC working group which co-developed the UN PRI Venture Capital Due Diligence Questionnaire.

We are also members of Reframe Venture: a global community of GPs and LPs driving the adoption of ESG in the venture capital industry

We strongly believe that sustainability is a team sport and welcome the opportunity to collaborate with our investors, the founders and operators from across our portfolio, and partner organisations in the tech ecosystem, so that we can all do better, together.

Policy subject to annual review. Last updated: November 2025.