Balderton.

TCFD REPORT

2024

BALDERTON CAPITAL

Taskforce on Climate-Related Financial (TCFD) Disclosures Report 2024

Balderton Capital (UK) LLP ("we", the "Firm") is a UK-based alternative investment manager (AIFM) that manages venture capital funds ("Funds"). It is regulated as a UK AIFM by the Financial Conduct Authority. The disclosures provided in this report build on last year's voluntary disclosures.

This report was prepared for calendar year 2024. Our approach to climate related risks and opportunities continues to evolve and some statements relating to Governance and Risk Management reflect our internal operations in calendar year 2025.

INTRODUCTION

Climate change is one of the greatest challenges facing humanity today. Its far-reaching impacts require urgent and sustained action from all sectors of society. For investors and capital allocators, this means not only understanding the financial risks posed by climate change but also identifying the critical opportunities that arise from the transition to a low-carbon economy.

Building upon our inaugural Task Force on Climate-related Financial Disclosures ("TCFD") report, we have deepened our understanding and management of climate-related financial disclosures, aligning with the evolving expectations of stakeholders and regulatory frameworks.

Our approach to climate change management, and disclosure thereof, continues to evolve and we are committed to align with the latest climate-related financial disclosure recommendations over the course of 2025 and beyond, whether it be through TCFD, or the International Financial Reporting Standards S2.

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities

***a) Describe the board's oversight of climate related risks and opportunities*.**

Balderton's Partners delegate accountability for sustainability to the SFG (Sustainable Future Goals) Committee. This committee sets the strategy through the SFG Policy and provides oversight over its implementation.

The SFG Policy sets out Balderton's approach to considering, evaluating, and mitigating climate related risks and opportunities.

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

- Managing Partner
- Operating Partner
- Chief Financial Officer

- Groundswell representative (External)
- Chief of Staff
- Head of Compliance

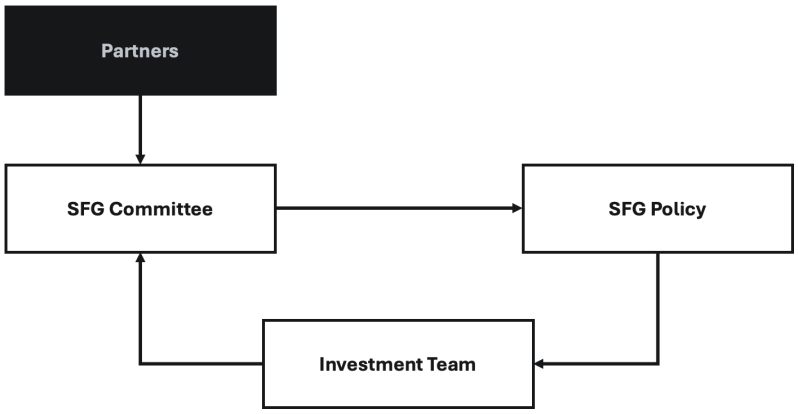
b) Describe management's role in assessing and managing climate-related risks and opportunities.

The investment team includes a high-level review of financially material sustainability risks, including climate risks, as well as alignment with the SFGs (Sustainable Future Goals), within the Investment Memorandum.

If the investment progresses to the second round, the team conducts a full Sustainability Assessment, which establishes the extent to which sustainability issues are financially material to the company and to what extent the company supports the SFGs.

Where risks are identified and considered material, the investment teams are responsible for ensuring that adequate steps are taken to mitigate them. The day-to-day management, monitoring, and assessment of climate related risks and opportunities is therefore undertaken by the investment team and the SFG Committee, with support from Groundswell who work across Balderton on a fractional basis.

Below is an organisational chart, detailing our SFG governance structure:



STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

We invest primarily in early stage, privately held European technology companies which are broadly resilient to climate risks in the short, medium and long term. These companies don't have large operations, global supply chains, or operate in carbon-intensive industries, and given that at the

point of investment these are small businesses, we assess climate risks and opportunities in the context of the company's growth plans.

To some degree, all our companies are potentially exposed to transition climate risks stemming from a more stringent policy and legal environment that could be material in the short and medium term. Carbon pricing mechanisms and more rigorous regulations related to GHG emissions reporting could have implications for our companies' costs, their ability to operate, and investment returns. Annually we measure our GHG emissions across our portfolio to identify any hotspots that could be exposed to these risks.

Outside of GHG emissions, only a small proportion of our AUM (6%) show any material exposure to other transition-related risks. In fact, some of our businesses stand to benefit from legislation and the increasing demand for lower-carbon solutions associated with the climate transition.

Given our focus on technology businesses, a significant proportion of our AUM (75%) could be exposed to indirect physical climate risks. These companies are exposed through their dependency on third-party data centres which could be impacted by severe weather events creating downtime or customer disruption.

b) Describe the impact of climate related risks and opportunities on the organisation's business, strategy and financial planning.

Across our portfolio, we believe that we remain resilient to these risks. Of the 75% of our AUM potentially exposed to physical climate risks, 88% of companies have already taken steps to mitigate their exposure through prevention (uptime monitoring) and reliance planning (Business Continuity & Disaster Recovery Plans). While we continue to assess the materiality of climate risks at an investment and portfolio level, these risks remain nonmaterial in our view, and we do not consider them to be a principal risk to the Firm or our Funds.

c) Describe the resilience of the organisation's strategy taking into consideration different future climate scenarios. Including a 2°C or lower scenario.

We invest primarily in early stage, privately held European technology companies and our most material exposures sit in third-party infrastructure (e.g., cloud infrastructure/data centres). Due to the third-party nature of this risk, there is a lack of available data and therefore, we have conducted a high-level qualitative analysis of our exposure to risks in both a 1.5-degree and a 4-degree climate pathway.

We believe that transition risks (policy/legal, market and reputation) are more material in a 1.5-degree climate pathway where governments introduce regulation to limit the worst impact of climate change, and the market demands change from customers and suppliers. While we believe that physical risks (acute and chronic) are more material in a 4-degree climate pathway where as a society we fail to make the changes necessary to limit the worst impacts of climate change.

1.5 °C (fast transition; stronger policy and market signals)

- Implications: A 1.5 °C pathway creates potential opportunities for investment into new technology businesses that support a lower carbon economy, and demand for these products/services. It also presents risks relating to tax and legislation introduced to limit emissions.

4 °C (slow transition; elevated physical risk)

- Implications: Weaker/lagged policy reduces some near-term transition risks, but acute physical risks (storms, floods, heatwaves) rise, driving downtime, insurance costs and repair capex; chronic heat/water trends lift cooling/utility OPEX across third-party data centres.
- Portfolio impact:
    - Service disruption and lost revenue from extreme-weather events affecting data centres, logistics and critical infrastructure vendors.
    - Higher insurance premiums/deductibles and asset repair/replace capex at exposed facilities in the value chain.
    - Rising cooling/water OPEX in hot/water-stressed locations over time.
- Short/medium/long: This pathway has limited impact on the immediate portfolio but could present increased risks in a 4-degree pathway over the medium and long term.

On balance, Balderton benefits from a 1.5 °C pathway where there is increased demand for efficiency-led, lower-emission solutions. A 4 °C pathway increases exposure to risks relating to third party data centres across a significant proportion of our AUM, but our portfolio companies are already taking steps to build resilience to these risks.

Across both 1.5- and 4-degree pathways, our portfolio remains resilient to climate-related risks.

RISK MANAGEMENT

Disclose how the organisation identifies, assesses, and manages climate-related risks

a) Describe the organisations process for identifying and assessing climate related risks

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 second round, the team conducts a full Sustainability Assessment. 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 identifies, assesses and manages climate related risks. It establishes whether these risks are transition or physical risks and whether they are more material in a 1.5- or 4-degree pathway. The assessment involves:

- Desk-based research: Establish whether ESG issues identified are financially material to the investment and identify value opportunities across the SFG Framework.
- Materiality assessment: Establish whether these risks and opportunities meet a materiality threshold and why.
- Maturity assessment: We look at the steps the company is taking to address these issues.
- Risk assessment: Based on the materiality of the risk, and the maturity of the approach, we rank risks as: ‘High risk’, ‘low risk’ or ‘no risk’.
- Climate risk overlay: We overlay a climate risk assessment to identify the most prevalent climate risks for each portfolio company.

- Alignment with our 6 SFGs (as set out in our SFG Policy).

Relevant data is consolidated at a firm level to maintain an understanding of all climate risks which could impact fund, and subsequently company, performance.

b) Describe the organisation's process for managing climate-related risks.

As with all sustainability issues, any climate-related risks that are identified at a portfolio level will be discussed by the SFG Committee and if material, raised to the Investment Committee (IC) who will define any mitigations required at an investment level and feed into our own risk management framework.

c) Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisations overall risk management.

The outputs & data from the Sustainability Assessment are reviewed within the investment process and any material portfolio wide issues identified by the SFG Committee are escalated to the Investment Committee. This ensures climate risks are identified, assessed, and managed early in the investment process, while also ensuring that there is appropriate oversight over any material risks and opportunities that could impact the portfolio.

METRICS & TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We have measured Greenhouse Gas (GHG) emissions across the portfolio and report on them. This year we have expanded our carbon footprinting program to twelve portfolio companies that report on Scope 1, 2 & 3 (business travel & purchased goods and services) emissions using the GHG Protocol guidance, via Sweep.

b) Disclose scope 1, scope 2 and if appropriate scope 3 greenhouse gas (GHG) emissions and the related risks

For the 2024 reporting period, Balderton's total GHG emissions were 273,090 tonnes of CO_2 equivalent (tCO_2e), consisting of:

- **Scope 1:** 4 tCO_2e
- **Scope 2:** 37 tCO_2e
- **Scope 3:** 273,050 tCO_2e (including financed emissions)

Of Scope 3, 271,674 tCO_2e, were financed emissions, consisting of:

- **Scope 1:** 5,470 tCO_2e
- **Scope 2:** 10,220 tCO_2e
- **Scope 3:** 255,990 tCO_2e

We appoint an independent carbon accounting software (Sweep) to calculate GHG emissions following:

- UK Government Environmental Reporting Guidelines
- ISO-14064:2018 standard
- Current BEIS emission conversion factors
- GHG Protocol Corporate Accounting and Reporting Standard

Scope 1: Direct emissions from sources under company control

Scope 2: Indirect emissions from purchased energy

Scope 3: All other indirect emissions across the value chain (business travel, employee commuting, etc.)

Primary data collection prioritised wherever possible, including:

- Energy consumption (kWh electricity, m^3 natural gas)
- Travel distances by transport mode
- Survey-based approach for subsidiary company data

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

We will continue to measure scope 1, 2 & 3 emissions across our investments and five of our portfolio companies have now set science-based targets. Going forward, we will continue annual TCFD reporting and expand our analysis and disclosures.