

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Reference period: 18 September 2024 (first close) to 31 March 2025 (financial year end)

Product name: PASSION CAPITAL IV LP (the "Fund") Legal entity identifier: 2138008ZB68UDGCW3752

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Passion Capital Investments II LLP ("**Passion Capital**") is a non-EU AIFM. As such, Passion Capital will be required to ensure compliance with Regulation (EU) 2019/2088 ("**SFDR**"), including the financial product related provisions, in the event that it enters the market of a given Member State by means of a National Private Placement Regime. In any event, Passion Capital has chosen to voluntarily align with SFDR because sustainability considerations are strongly embedded in the firm's strategy, culture and values at all levels.

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective : ____% <div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div> <input type="checkbox"/> It made sustainable investments with a social objective : ____%	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments <div><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective</div> <input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund actively promotes the following E/S characteristics ("**Characteristics**") when investing in portfolio companies (whether or not those investments are classified as sustainable investments):

- 1. Diversity within the management team
- 2. Diversity within the workforce
- 3. Having and maintaining an ESG policy

4. *Completing an annual ESG questionnaire to include carbon footprinting*
5. *ESG as a standing item at board meetings*
6. *Good governance appropriate for the size and stage of the company*

In addition, the Fund does not invest in sectors that are contrary to progressive environmental and social norms. The excluded sectors are set out in the Investment Guidelines for the Fund, which are set out in the Limited Partnership Agreement of the Fund (the “LPA”).

● **How did the sustainability indicators perform?**

The Characteristics can be grouped into 3 categories: diversity, emissions and governance.

In relation to diversity, as explained the LPA, the Fund does not mandate percentage targets for D&I, but we discuss diversity with founders, especially in the period immediately following our initial investment, when they are focused on spending their capital on key hires and setting the company culture. It was always recognised that we need to take founding teams as they are, but that we should encourage diversity (a) by casting our net wide during the search for new investments (and collecting statistics on that) and (b) encouraging the founding teams to think early about great culture and diversity of hiring pools and hires during their early months. In terms of gender diversity, during the reference period, the Fund took reference calls with founding teams of which 29% had at least one female founder. The industry average for investments into female/mixed gender founds was 19.7% in 2024¹. The Fund has made 5 investments, of which one company has a female founder and one identifies as non-binary (therefore 40% of the current portfolio is not all-male founding teams). In terms of ethnic diversity, 20% of the portfolio has a non-white founder. We are actively encouraging a diverse pool for early hires into all of our companies.

On ESG reporting, the annual EDCI reporting cycle runs from 1 January to 31 December each year, with results collated and submitted during the next quarter. Since only two investments had been concluded by the end of 2024, only two companies were asked to join the most recent EDCI reporting exercise, which they did. In terms of broader ESG policy adoption, one of the 5 companies has already adopted an ESG policy and the remainder are considering our template in order to do so.

On governance, as confirmed in the internally-produced “ESG tracker” documents for each new investment, all investments made during the reference period met the requirement that the companies have good governance appropriate for the size and stage of the companies, and the Passion representative is working with each company to ensure that ESG is a standing item at board meetings with no pushback.

● **...and compared to previous periods?**

This paragraph will be populated after the end of the next financial year when there is a comparison period.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

As set out in the LPA, the Fund will continue to cast its net wide to find and invest in companies that (a) meet the Investment Guidelines set out in the LPA, (b) meet or have the

¹

Source: Pitchbook: European VC Female Founders Dashboard

capacity to meet the Characteristics (whilst always meeting the Characteristic of good governance), (c) that present outstanding founders with the ambition to build companies of scale and (d) be open to and supportive of potential sustainable investments which have an environmental or social objective (whether qualifying under the EU Taxonomy or not). The Fund has not made any investments with an environmental or social objective during the reference period (which is consistent with its election not to set percentage targets for such investments).

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Not applicable. The Fund has not committed to making any investments with an environmental objective (Taxonomy-aligned) or indeed any sustainable investments.

How were the indicators for adverse impacts on sustainability factors taken into account?

Not applicable.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did this financial product consider principal adverse impacts on sustainability factors?

As explained in the LPA, the Fund has opted not to undertake PAI reporting. The Fund believes that the disclosures that it is making in accordance with, and as if it were bound by, the remaining provisions of Article 8 (principally this annual reporting under Article 8, the annual reporting of core ESG metrics under the EDCI initiative and further quarterly ESG updates to investors) provide sufficient clarity to enable the investment manager of the Fund and the Fund's investors to easily and meaningfully assess the positive as well as the adverse impacts of the Fund's investments.

What were the top investments of this financial product?



Largest investments

Sector

% Assets²

Country

GEOSurge	AI	25.71	UK
LangWatch	AI	23.77	Netherlands
Paypercut	Fintech	21.61	Luxembourg
Marble	Fintech	14.63	France
Effra	Healthtech	14.28	UK

² Interpreted to mean concentration within the fund, based on capital invested, regardless of actual ownership percentages within investee companies.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

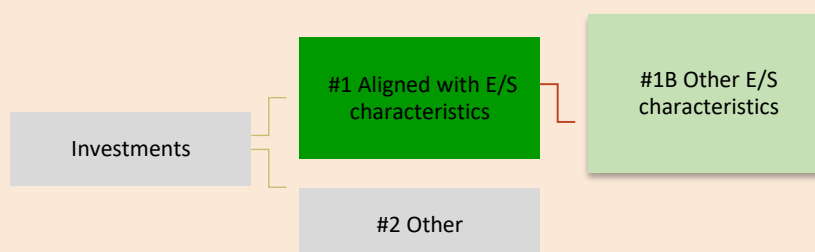
Any other sustainable investments must also not significantly harm any environmental or social objectives.

What was the proportion of sustainability-related investments?



The Fund has invested fully in line with its Investment Guidelines and the commitments set out in the LPA disclosures. It has only made investments that are aligned with the six E/S characteristics listed above. The Fund continues to seek to make sustainable investments (which may in turn fall into one or more of the three sub-categories of sustainable investments) but has made no sustainable investments to date. The Fund set 0% as its minimum for sustainable investments, meaning that it is possible that no sustainable investments will be made. The Fund has not invested any of its capital in any other asset class, but from time to time may hold liquid investments, e.g. cash and short term deposit accounts.

● What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other covers liquid investments, eg. Cash and short term deposit accounts.

The sub-category **#1B Other E/S characteristics** covers investments aligned with (either meeting or having the capacity to meet) the six E/S characteristics listed above but that do not qualify as sustainable investments.

Asset allocation describes the share of investments in specific assets.

● **In which economic sectors were the investments made?**

None of the Fund's investments are in or closely related to exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels.

As set out in the table above, the investments to date are all in the technology sector, specifically AI, fintech and healthtech.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund continues to seek to make sustainable investments (which may in turn fall into one or more of the three sub-categories of sustainable investments) but has made no sustainable investments to date. The Fund set 0% as its minimum for sustainable investments, meaning that it is possible that no sustainable investments will be made.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy³?**

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

No

● **What was the share of investments made in transitional and enabling activities?**

Not applicable (0%). The Fund does not make and does not intend to make investments in transitional or enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

This paragraph will be populated after the end of the next financial year when there is a comparison period.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The Fund's minimum commitment to sustainable investments is 0% meaning that it is possible that no sustainable investments will be made with an environmental objective that is not aligned with the EU Taxonomy



What was the share of socially sustainable investments?

The Fund's minimum commitment to socially sustainable investments is 0% meaning that it is possible that no sustainable investments will be made with a socially sustainable objective

³ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

All of the Fund’s investments align with its six Characteristics, other than its liquid investments such as cash and short term deposit accounts which are the only investments included in “#2 Other”.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

All investments made during the reference period met the requirement that the companies have good governance appropriate for the size and stage of the companies. This was recorded in a bespoke “ESG tracker” that we have created for each company, and which we will revisit each time a company wishes to raise new capital, with the results of that ESG reflection exercise informing our decision whether to allocate further capital to that company.

For Effra, the Fund was not the lead investor and does not have a board seat and so we rely upon our contractual rights and goodwill established with the founders to press the Characteristics, and that has proved effective in these early months of collaboration. In Marble we have an observer right, which has also proved an effective line of communication. For example, both Effra and Marble were asked to, and successfully completed, our annual EDCI ESG reporting exercise. (The remaining investments listed in the table above were concluded after the EDCI reporting period and so will be asked to report in early 2026).

In Geosurge, we have an investor director appointed and in the remaining two companies (LangWatch and Paypercut) we have the right to appoint an investor director when their supervisory boards are established, which we anticipate will occur within the next 12 months. We therefore have a representative acting as a director or a de facto director in each of these 3 companies with the concomitant ability to influence decision-making, the prominence of ESG issues and ESG ambitions of the founders.

In all five companies we have been and intend to continue to be involved in hiring decision discussions (with the opportunity to raise diversity and culture issues).

All five companies have received a copy of our template ESG policy to act as their starting point and/or to provoke a discussion around ESG ambitions.



How did this financial product perform compared to the reference benchmark?

Not applicable. The Fund did not set any reference benchmarks.