



Passion Capital

ESG policy

Introduction

Our investors place money with us to generate returns for them, but not at any cost. We recognise our responsibilities, as stewards of capital provided by others, to put it to work in the best early-stage digital technology companies.

Beyond the moral imperative for ESG (environment, society and governance) issues, research¹ shows a correlation between a strong ESG agenda and financial success in companies. We also applaud the fact that ESG issues are now high up the agenda for stakeholders at every level impacting our own success: for prospective limited partners considering whether to invest in Passion Capital; for other funds and strategic investors looking to co-invest in or acquire our portfolio companies; for prospective employees of our portfolio companies and for the consumers or businesses that those companies serve.

The purpose of this policy is to set out (i) our values and beliefs and (ii) our current targets for integrating ESG principles into our business at both the fund level and at the portfolio level. Sarah Stafford, our General Counsel, is responsible for the execution of this policy and for keeping ESG issues on the agenda across our operations. Malin Posern is the partner with ESG responsibility for our pre-2023 vintage funds and Will Orde has responsibility for our post-2023 vintage funds. This policy will continue to evolve over time. This is our marker for where we are in financial year 2025/26, now in our fifth year of having an ESG policy.

Our values and beliefs

- The best performing companies are those that recognise the importance of ESG issues as they scale and grow.
- As active investors, we are in a prime position to be able to nurture that awareness and influence the future direction of many of these exciting companies.
- **E:** There is no Planet B. We recognise that the Earth is our most valuable resource, and yet recent human activity has damaged the future prospects of humans and most other living species on the planet. We are guided by science, and the urgent need to minimise global warming and to mitigate the effects of unavoids global warming.
- **S:** Our portfolio companies each exist to improve the human experience. Having social awareness, being diverse, being in touch with consumers is good for business.
- **G:** Our founders provide the ideas and leadership to their team. We provide the capital, but also the mentoring, to set them on the best road to maturity and success. At the pre-seed and seed stage we often have a good level of influence as companies set up their initial governance structures and priorities.

¹ For example NYU Stern/ Rockefeller Asset Management: ESG and Financial Performance (Feb 2021); BlackRock: Lifting financial performance by investing in women (Nov 2023); Frontiers in Environmental Science, "The impact of ESG performance on the financial performance of firms" (2025).

Environmental targets

1. Carbon impact at the firm level
 - We will continue to carry out an annual mapping exercise to assess the carbon impact of our head office operations (that is scope 1, 2 and 3 emissions except for category 15: financed emissions).
 - We will continue to compensate our emissions using highly traceable and regarded schemes, in effect meaning a focus on UK schemes.
 - We acknowledge that our head office emissions are small (being a team of less than a dozen people, mostly computer based). It is likely that over 95% of our emissions are “financed emissions”: in other words, emissions from our portfolio of investments, which we address below. In compensating only our fund level emissions, we are aligned with the recommendation of the Venture ESG whitepaper² that VCs should focus on operational emissions.
2. CleanTech opportunities
 - We will continue to look favourably on investment opportunities which aim to accelerate progress towards net zero. This is now given extra impetus by our Article 8 commitments to invest via Fund IV only in companies which are capable of having good environmental and/or social characteristics and which have good governance.
3. Carbon impact at the portfolio level
 - We are a signatory to EDCI (the ESG Data Convergence Initiative) and our Fund I, III and IV companies are now receiving annual requests for data from us. In early 2026, we will seek to bring our Fund II companies into the programme.
 - As recognised by the Venture ESG whitepaper, the first elephant in the room is that the core VC business model is to invest in companies that have the potential to scale rapidly. Absolute emissions reductions targets are impractical. Venture ESG therefore recommends a stage-based approach based on company maturity. For pre-seed companies (that is usually the point at which Passion Capital invests) the recommendation is to seek engagement with the portfolio and look to mentor creation of an ESG policy (without reduction targets). With our EDCI initiative, we believe we are tracking ahead of the recommendations: not only engaging at a theoretical level but also encouraging companies to track emissions (and report via EDCI).
 - The second elephant in the room for Passion Capital is that we did not set any ESG expectations with our portfolio for Funds I, II or III. Only Fund IV has contractual commitments to provide ESG data. Whilst some of our Fund I and II companies are now sufficiently mature that, based on the Venture ESG recommendations, they ought to be capable of providing detailed emissions data, in our case, we don't have the levers to force this and in some cases our percentage ownership has dropped to a low level of influence. Despite that, we had a good level of engagement from our portfolio in early 2025 for the EDCI reporting cycle and we will aim to host a webinar in early 2026 to give the entire portfolio practical guidance on the footprinting exercise to aim to improve the quality of data received.
4. Reporting to our investors
 - We will restart our inclusion of an ESG summary for our LPs for all of our seed funds in our quarterly reports. This got inadvertently dropped earlier in 2025.
 - Fund IV is aligned to Article 8 SFDR, meaning that it is a fund that promotes environmental and/or social characteristics and good governance, and we will report and disclose our ESG metrics in accordance with Article 8 requirements. This

² VentureESG April 2025: E of ESG 2.0 Coordinating on Climate Targets in Venture Capital

means that there will be ESG reports available annually on our website and communicated to our investors: the first of such reports is now available online.

Social targets

1. Diversity

- We are a signatory to the Investing in Women Code, an initiative from the British Business Bank, and this includes annual anonymised reporting of gender diversity metrics to help track our progress over time. We gather this data from our portfolio through our quarterly reporting and through enhanced data requests (optional, for GDPR reasons) shortly after our initial investment.
- In our CRM system, we take note of inferred gender of the members of the founder teams for those founders that we meet in person or by video call (whether or not we offer) so that we have data we can use in the future to analyse trends and to challenge ourselves regarding unconscious bias. We report on our gender representation metrics each year in our Article 8 reports available on our website.

2. Community

- We will continue to try to arrange one annual Passion team volunteering day, and our team will continue to encourage generosity when giving to worthy causes that we choose to support. In 2024 the team volunteered at a river habitat restoration project in South London. In 2025 due to staff changes we didn't manage to arrange this but we're keen to restart this in 2026.

3. HR

- We help set good HR culture from the outset through (i) our commitment to pay for a UK EMI option scheme to be put in place for each of our portfolio companies; (ii) our referral of our founders to cost-effective and reputable law firms; and (iii) a template employee handbook for them to tailor to their needs.

4. Mental health

- In our portfolio we have Spill App (an online coordinator of mental health therapy) and Fertifa (wellbeing support for reproductive health) as great examples of tech-for-good (mental health and wellbeing). We will continue to normalise discussions around mental health and wellbeing for our founders and for their teams.
- We consider that one of our "active investor" roles is checking in on founders and helping them to manage their mental health. Many founders find the experience of leading to be an isolating one. We commit to supporting the mental wellness of our founders, through open dialogue, engagement with our alumni and other founders and our focus on mental health.

Governance targets

1. Within Passion Capital

- We will hold ourselves to high governance standards, fostering an atmosphere of ethical conduct and integrity. We will continue to encourage an open atmosphere of feedback and participation and lack of hierarchy in the team. We will maintain our good record of communication with the FCA, prioritising compliance issues.

2. Portfolio compliance with laws

- We aim to ensure that our portfolio companies comply with all relevant laws and regulations relating to ESG issues. Non-compliance with laws pre-investment will be addressed in the legal documents, as a post-investment follow up or as a deal-breaker, depending upon the seriousness of the breach. This will be reflected in the ESG summary for that company and follow-ups will be diarised.

- Once companies are in the Passion Capital portfolio, non-compliance is not ignored. We use our influence to ensure that our companies comply with relevant laws.
3. Active investor
- As an active (albeit minority) investor, we offer our expertise in strategy, communications, people management and financial reporting to set companies on the right ESG track from the outset.
 - We will continue to create an ESG file for each portfolio company at the point of investment, tracked through each follow-on round in which we participate or debate whether to participate in. We will continue to share this with the relevant portfolio company for their reference. This will form the basis of an ESG summary that we could share with future potential investors, partners or acquirers of that company to help in their due diligence.
 - Where we lead the round and take a mid-teens percentage interest, we usually take a board seat at the time of our investment or secure the right to appoint a director. It is important to us to be active investors, both to seek to maximise the value from the funds that we have invested and to steer and mentor our founders as best we can, including in terms of maturity of governance thinking appropriate to the stage of their business. Where we do not lead the round and/or our ownership percentage is low, it may not be appropriate for us to take a board seat, but we will encourage the founders to bring in a non-founder director as soon as sensible after our initial investment.
 - We also encourage our founders to share experiences amongst themselves through our 'PassionFounders' email groups and at our networking events.
4. Managing failure
- Some of our portfolio companies will fail. This is often the hour in which our founders need the most support. We aim to help our founders to wind up failed businesses efficiently and, where possible, solvently.