**Responsible Investment Policy**

We believe responsible investment is inseparable from our mission: to back transformative, UK-based climate technology companies that reduce greenhouse gas emissions and drive the transition to a net zero economy. Our investment approach integrates environmental, social, and governance (ESG) considerations at every stage—from diligence to active ownership—and is grounded in the UN Principles for Responsible Investment (UN PRI), to which we are a signatory, and the Task Force on Climate-Related Financial Disclosures, to whose recommendations we adhere.

**UN PRI's Six Principles of Responsible Investment**

- *Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes*

As a climate technology venture capital fund, every investment we make is selected based on its potential to mitigate greenhouse gas emissions. We conduct a rigorous pre-investment Climate Assessment Report, independently reviewed by sector experts, which quantifies expected emissions reductions from each company's technology over time. These assessments are updated annually and guide both initial and follow-on investment decisions.

Alongside climate impact, we integrate ESG considerations into our due diligence process. Each prospective portfolio company completes a detailed ESG questionnaire, helping us understand their approach to governance, labour practices, environmental compliance, and broader stakeholder engagement. Where we identify gaps or risks, these are documented in the Investment Recommendation, and we consider whether additional action plans or governance support are needed post-investment.

- *Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices*

We take board seats in nearly all our portfolio companies and use this position to embed ESG and climate performance into strategic discussions. ESG forms a standing item in board agendas, and we work with management teams to implement or improve policies and practices in line with company maturity and sector norms.

We recognize that many early-stage companies are still building formal governance systems. Our goal is to support sustainable growth by helping them develop appropriate ESG frameworks over time, including clear accountability at leadership level. We also track our alignment with international standards such as the UN Sustainable Development Goals (SDGs), which we map across our portfolio.

- *Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest*

We engage our portfolio companies in open and regular dialogue about ESG performance. During the holding period, we distribute an anonymous Equality, Diversity & Inclusion (EDI) survey to portfolio companies, enabling us to track inclusion and representation trends and share anonymized benchmarking insights across the portfolio.

We ask that material ESG issues – including health and safety incidents, regulatory breaches, or reputational risks – are disclosed promptly. These issues are escalated internally and considered as part of valuation reviews and follow-on investment decisions.

Our Climate Assessment KPIs also serve as the foundation for monitoring achieved emissions reductions over time. We encourage portfolio companies to build the systems required for tracking these indicators as they scale.

- *Principle 4: We will promote acceptance and implementation of the Principles within the investment industry*

As a specialist climate tech investor, we actively promote the adoption of best-practice ESG and impact frameworks among our peers. We contribute insights to industry groups, share methodologies, and advocate for greater standardisation in climate impact assessment across venture capital.

We also encourage our portfolio companies to adopt responsible business practices early in their development – helping them prepare not only for future fundraising, but for the long-term responsibilities of growth-stage leadership.

- *Principle 5: We will work together to enhance our effectiveness in implementing the Principles*

We participate in cross-industry working groups and collaborative initiatives aimed at improving the quality, comparability, and ambition of responsible investment practices in venture capital. We believe collaboration is essential to accelerate innovation and to improve the ESG capacity and support available to founders.

We engage regularly with industry bodies, co-investors and LPs to refine our approach and improve outcomes for all stakeholders.

- *Principle 6: We will each report on our activities and progress towards implementing the Principles*

We provide quarterly reports to our Limited Partners, covering ESG metrics, equality and diversity insights, and climate performance. Each report includes updates on progress against our own Net Zero Strategy, alongside emissions data for Scope 1 and 2 across our firm operations. This ensures transparency on expected vs. achieved impact.

**TCFD Recommended Disclosures**

1. Governance

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

At CGIM, our board – defined as our Management Committee – maintains ultimate oversight of climate-related risks and opportunities. Given our exclusive focus on climate technology investments, these considerations are embedded across all investment decisions and strategic planning. Each fund's Investment Committee reviews each proposed investment's climate risk and impact profile as part of the formal investment recommendation and ensures alignment with our fund's mission to reduce greenhouse gas emissions.

The Management Committee also reviews ESG and climate impact reporting from portfolio companies and oversees the firm's overall ESG policy and Net Zero strategy. Any material climate-related issue is escalated to this body for review and guidance.

b) What is management's role in assessing and managing climate-related risks and opportunities?

Our Partners and senior investment professionals are actively engaged in identifying, assessing, and managing climate-related risks and opportunities – both within our operations and across our portfolio. As board members at investee companies, they ensure that climate considerations are factored into company strategy, risk planning, and operational decisions.

They lead pre-investment climate assessments, conduct site visits to evaluate climate risk exposure, and work with founders on emissions reduction targets and resilience planning. This hands-on involvement ensures that both risks and opportunities are continuously monitored and addressed throughout the investment lifecycle.

2. Strategy

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

Climate-related risks include:

- Physical risks such as extreme weather affecting infrastructure and supply chains (especially for internationally-operating companies)
- Transition risks including policy shifts, corporate decision making, and changing investor expectations

Climate-related opportunities include:

- Growing global demand for decarbonisation solutions driven by government regulation and corporate net zero targets
- Increased capital flows into climate-aligned technologies and business models
- Positive societal and regulatory tailwinds for innovation in energy, transport, food systems, and industrial processes

Our short-term focus is on selecting the most promising commercially and environmentally impactful solutions. Medium- and long-term, we are focused on supporting companies to deliver systemic emissions reductions as markets, supply chains, and regulations evolve.

b) What is the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning?

Climate considerations are core to our value proposition and financial strategy. Risks and opportunities related to climate change are not externalities – they are the reason for our existence. Every investment we make is expected to deliver measurable emissions reductions in alignment with global climate goals. Our financial returns are closely linked to our companies' ability to meet this climate imperative and to benefit from the growing commercial appetite for decarbonisation solutions.

c) How resilient is the organisation's strategy, considering different climate-related scenarios, including a 2°C or lower scenario?

We believe our strategy is inherently resilient across all climate scenarios. Our investments are aligned with the IEA Net Zero by 2050 scenario, which we use as a benchmark for relevant companies to assess technology readiness, market demand, and emissions reduction potential. Increasing ambition and momentum around climate action reinforces the business case for our companies. In more constrained or slower-transition scenarios, the need for cost-effective emissions reduction technologies becomes even more urgent – further validating our long-term investment thesis.

3. Risk Management

a) What are the organisation's processes for identifying and assessing climate-related risks?

We assess climate-related risks during pre-investment due diligence using a structured climate assessment methodology reviewed by an independent expert. On-site visits and management interviews complement this process.

Post-investment, we continue to identify and assess risks through ongoing board representation and monitoring of operational and external developments affecting each company.

b) What are the organisation's processes for managing climate-related risks?

We follow a hierarchy of risk management:

1. Elimination – e.g. avoiding investments with unmanageable climate risk and updating policies and practices to minimise risk
2. Mitigation – e.g. supporting portfolio companies in strengthening climate resilience through operational changes or scenario planning
3. Transfer – e.g. ensuring appropriate insurance policies are in place to protect against financial implications

Management leads on developing mitigation strategies with companies and works with co-investors where applicable. For risks material to the fund manager, we escalate to the Management Committee for action or review.

c) How are these processes integrated into overall risk management?

Climate-related risks are integrated into our firm-wide risk register, which is reviewed regularly by the Head of Compliance and Managing Partner, and updated as needed. The same risk framework encompasses financial, operational, reputational, and climate factors, ensuring that climate risks are not siloed but embedded in our overall approach to risk management.

4. Metrics and Targets

- What metrics does the organisation use to assess climate-related risks and opportunities?

We track the following ESG and climate metrics across our portfolio:

- Estimated and actual greenhouse gas (GHG) emissions reductions per investment
- Environmental co-benefits
- Results from our Equality, Diversity & Inclusion (EDI) surveys

- Governance quality indicators (e.g. Board structure, audit and risk controls)

We also monitor technology deployment trajectories relative to climate policy milestones such as UK net zero goals and the IEA scenario pathways.

- What are the organisation's Scope 1, Scope 2 and (if appropriate) Scope 3 GHG emissions and related risks?

We measure and report our own Scope 1 and Scope 2 emissions annually and disclose them to our LPs as part of our quarterly reporting. We are actively working to minimize our operational footprint and ensure any residual emissions are disclosed and managed. We do not currently report Scope 3 emissions at the firm level, though we encourage our portfolio companies to adopt processes that will allow this in future as they grow.

- What targets does the organisation use to manage climate-related risks and opportunities and performance against targets?

We aim to ensure that 100% of investments deliver measurable GHG emissions reductions aligned with UK and global net zero targets. Climate performance is tracked annually via our Climate Assessment Reporting. At the firm level, we operate under a Net Zero strategy and are working toward further reducing our operational emissions year on year.

We also aim to support portfolio companies in adopting emissions targets and governance practices consistent with future industry body expectations, to enhance resilience and exit readiness.

**ESG Guidelines**

Our approach to Environmental, Social and Governance (ESG) factors is fundamental to how we assess risk, identify opportunities, and support the long-term success of our portfolio companies. ESG and responsible investment considerations are embedded throughout our investment and governance processes and are critical to both upholding our fiduciary duty and our commitment to delivering measurable climate, societal and commercial impact.

1. Environmental Guidelines

At CGIM, environmental impact is central to our investment thesis. We only invest in companies whose technologies or business models are expected to reduce greenhouse gas (GHG) emissions. Each investment is supported by a Climate Assessment Report, independently reviewed by a sector expert, which quantifies expected GHG savings over time and is updated annually.

While GHG reduction is our primary environmental criterion, we apply a "no significant harm" principle to other environmental factors. Even where climate benefits are substantial, we will not invest in companies that cause material harm to air, water, biodiversity, or other natural resources. Compliance with all relevant environmental regulations is a non-negotiable requirement.

We encourage all portfolio companies to adopt Net Zero strategies appropriate to their stage of development. We also collect annual data from each company on a range of environmental

indicators beyond emissions, helping us understand their broader impact and supporting continuous improvement.

2. Social Guidelines

We believe that companies that value and foster equality, diversity, and inclusion (EDI) are more resilient, more innovative, and better placed to attract talent and customers. As such, we actively encourage all portfolio companies to build inclusive cultures and equitable workplaces.

Each year, we collect a range of social indicators from our portfolio companies, covering topics such as employee engagement, labour practices, health and safety, and community engagement. We also distribute an anonymous EDI survey, which provides companies with an accurate view of their workforce composition across key dimensions of diversity (e.g. gender, ethnicity, socio-economic background, disability, and more).

These insights allow companies to benchmark themselves against others, set priorities, and track progress. We support founders in using this data to shape action plans that enhance inclusion and employee wellbeing as they scale.

CGIM is committed to upholding and promoting respect for human rights. We comply with and expect all portfolio companies to comply with relevant human rights laws and international standards, including those set out in the UN Guiding Principles on Business and Human Rights. We encourage adopt practices that protect workers' rights, promote fair treatment, and prevent exploitation in their operations and supply chains.

3. Governance Guidelines

Strong governance is essential to sustainable business growth, particularly in early-stage companies navigating rapid change and expansion. As active investors with board representation in every portfolio company, we play a direct role in supporting the development of effective governance structures.

We encourage companies to adopt best practices such as:

- Appointing independent chairs or non-executive directors (NEDs) where appropriate
- Establishing formal policies for risk management, compliance, and internal controls
- Setting clear responsibilities and lines of accountability across leadership teams

To inform this work, we conduct an annual governance survey covering key indicators. The results help us benchmark governance maturity across our portfolio and guide conversations about improvement.

We view governance not simply as risk mitigation but as a foundation for strategic clarity, accountability, and long-term value creation.

**Stewardship and Active Ownership**

At Clean Growth Investment Management LLP (CGIM), stewardship is a central pillar of our investment strategy. As active investors, we take board seats in every portfolio company and use this position to support strong governance, advance climate impact, and promote the responsible growth of the businesses we back. Our stewardship efforts are driven by a clear

objective: to help each company reach its full potential—commercially, operationally, and in terms of its environmental and social contribution.

We prioritise ESG issues that are material to each company's success and aligned with our fund's mission. Actions are initiated in our 100-day plans and continue into our holding period and typically include climate strategy and reporting, workforce diversity and inclusion, operational resilience, and governance maturity. Our engagement is tailored to company stage and context but always focused on building long-term value and reducing downside risk. ESG performance is a standing item at board meetings, and we support management teams in developing action plans, adopting relevant policies, and building internal accountability.

Our stewardship is collaborative by design. We work closely with founders and executive teams, offering strategic guidance, sharing benchmarking data from across our portfolio, and facilitating introductions to advisors or co-investors with relevant experience. We encourage transparency and open discussion, recognising that many ESG improvements are iterative and require support to implement.

Where issues arise – whether relating to ESG risks, underperformance, or governance failures – we follow a clear escalation process. Concerns are raised directly with the company and, if not adequately addressed, escalated to CGIM's Management Committee for review. Escalation may result in enhanced monitoring, conditions for follow-on funding, or, in exceptional cases, the use of shareholder rights.

To ensure consistency and insight across our stewardship activities, we hold regular internal portfolio review meetings where board directors share updates on company progress, discuss emerging issues, and surface lessons learned. These sessions are a key mechanism for feeding board-level intelligence into firm-level decision making, helping us adjust our investment and support strategies as needed. By embedding stewardship into the core of our investment operations, we aim to be not just capital providers, but trusted partners in sustainable growth.

Conflicts of interest within our stewardship activities are identified, disclosed, and managed in line with our firm-wide Conflict of Interest Policy. Where CGIM team members hold board seats, they act in the best interests of the portfolio company while remaining mindful of their responsibilities to the fund and its investors. Any actual or perceived conflicts – such as matters involving follow-on funding, valuation, or related-party transactions – are escalated to our Compliance Officer and, where appropriate, to our Management Committee for review. We maintain clear documentation of these situations and recuse individuals from decisions where necessary to ensure transparency, integrity, and fair outcomes for all parties.

**Exclusions**

We follow a strict exclusions policy and cannot invest in companies deriving a certain proportion of their revenue from certain sectors. These are:

## APPENDIX TWO: INVESTMENT RESTRICTIONS

| CCLA Rule | Type of restriction |
|---|---|
| No investment in companies: | |
| Involved in the production of cluster munitions, land mines or chemical/biological weapons | Zero Tolerance |
| Tobacco Producers | Zero Tolerance |
| That extract energy coal or tar sands | 5% Revenue Threshold |
| Tobacco | 5% Revenue Threshold |
| Alcohol | 10% Revenue Threshold |
| Oil & Gas (Extraction, Production, Refining) | 10% Revenue Threshold |
| Gambling | 10% Revenue Threshold |
| Cannabis (non-medical) | 10% Revenue Threshold |
| Online Gambling | 10% Revenue Threshold |
| Adult Entertainment (Production) | 10% Revenue Threshold |
| Adult Entertainment (Production and Retail) | 3% Revenue Threshold |
| Involved in the production of nuclear weapons | Zero Tolerance |
| Armaments | 10% Revenue Threshold |
| Civilian (Non-Military) Firearms | 10% Revenue Threshold |
| High Interest Rate Lending | 10% Revenue Threshold |
| Abortifacients | Zero Tolerance |
| Poor Marketing of Breast Milk Substitutes | No companies that do not meet the FTSE4Good criteria |