**Sustainability-related disclosures pursuant to Art. 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (as amended, "SFDR")**

Princeville Capital Climate Tech II SCSp –
Financial product promoting environmental and/or social characteristics under Article 8 SFDR

December 2024

Princeville Capital Climate Tech II SCSp is a special limited partnership (*société en commandite spéciale*) with its registered office at 42-44, avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés, Luxembourg*) (the "**RCS**") under number B290955 (the "**Fund**"), established on 4 November 2024 and represented by its managing general partner (*associé gérant commandité*), Princeville Capital GP S.à r.l., a Luxembourg private limited liability company (*société à responsabilité limitée*), having its registered office at 42-44, avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg and registered with the RCS under number B290831 (the "**General Partner**"). Langham Hall Management S.à r.l. has been appointed as the Fund's alternative investment fund manager (the "**AIFM**") and Princeville Capital GmbH shall be appointed as investment advisor to the AIFM with respect to the Fund (the "**Investment Advisor**").

The disclosures provided below are given in compliance with the obligations of the Fund under Article 10 SFDR, the Fund having been categorized as a financial product promoting environmental and/or social characteristics pursuant to Article 8 SFDR.

**Summary**

The Fund invests in Climate Technology-related growth companies in Europe and North America, such companies being in the "breakout" stage. More specifically, the Fund invests in companies that develop, commercialize or accelerate the deployment of climate solutions aligned with the Paris Agreement across three impact pathways:

- **Climate mitigation impact**: companies that have a direct or indirect impact on GHG avoided emissions or removals;

- **Climate adaptation impact**: companies that accelerate our adaptation to global warming and its effects by either enhancing our knowledge and understanding of these hazards or providing services and/or goods that increase a user's ability to adapt or build resilience to climate change; and

- **Facilitating technologies**: "foundational" or "system-building" companies that participate in establishing a transparent low-carbon economy but whose impact on mitigation or adaptation is not directly quantifiable in terms of carbon emissions avoided, carbon removed or other traditional metrics.

The Fund relies on the proprietary Climate Positive® Impact framework of the Investment Advisor and its affiliates (collectively, "**Princeville**" or "**we**") to promote environmental or social ("**E/S**") characteristics. The Fund has a thematic focus and promotes environmental or social ("**E/S**") characteristics as part of its seven sector themes:

1. *Energy Transition:* The Fund will predominantly target companies that accelerate the deployment of renewable energy and batteries, advance grid decarbonization, increase grid flexibility and demand for electricity, or provide necessary bricks to build a hydrogen economy;

2. *Advanced Mobility:* The Fund will predominantly target companies that will advance the demand electrification movement, including battery development, charging infrastructure deployment, or fleet transition. The Fund will also target companies that optimize global supply chains and logistics for

increased sustainability and resiliency;

3. *Industrial Decarbonization:* The Fund will predominantly target companies that reduce the energy and carbon intensity of industrial processes through either manufacturing and natural resource efficiencies (incl. recycling and circularity) or through the deployment of renewable energy, sustainable heat, and alternative fuels;

4. *Built Environment:* The Fund will predominantly target companies that will either advance the decarbonization of commercial buildings with sustainable innovations in construction and energy efficiency or accelerate the electrification of homes;

5. *Sustainable Food and Agriculture:* The Fund will predominantly target companies that will help digitize agriculture, reduce food waste, and shift production and consumption towards less emission-intensive alternatives;

6. *Climate Reporting and Transparency:* The Fund will predominantly target companies that increase finance, accounting, and supply chain transparency. The Fund will also target the companies that develop the financial innovations needed to deploy climate technologies; and

7. *Carbon and Circular Economy:* The Fund will predominantly target companies that will help avoid or capture GHG emissions from the atmosphere, enable businesses with hard-to-abate emissions to offset their residual emissions, or build new circular value chains that will value waste (incl. carbon).

At least 80% of the investments of the Fund will be sustainable investments demonstrating a significant contribution to an environmental objective. The Fund promotes E/S characteristics, but does not have as its objective sustainable investment.

As part of standard investment due diligence, all potential investments undergo robust climate measurement and validation on the basis of certain key enviromental indicators and are screened to ensure they do not cause significant harm to any EU environmental objective and meet the definition of 'do not significant harm' under SFDR. The Fund consistently monitors relevant key performance indicators ("**KPIs**") and sends an annual climate impact questionnaire to ensure that it collects up-to-date, high-quality data. Princeville's commitment to climate impact and engagement with portfolio companies is not limited to the pre-investment due diligence process, as Princeville's internal impact management system also covers the investment holding period.

Princeville's impact framework is informed by global frameworks, associations, and industry bodies providing science-based research and models on climate change, including, but not limited to, the Paris Climate Agreement, the United Nations Intergovernmental Panel on Climate Change, the International Energy Agency, and the Institutional Investors Group on Climate Change, and, accordingly, Princeville uses commonly accepted taxonomies. The Fund collects regular quantitative and qualitative information from portfolio companies on their positive impacts, GHG footprints and other relevant ESG metrics. Data and methodological limitations do not affect how the E/S characteristics promoted by the Fund are met, but can limit the Fund's ability to report in a comprehensive manner.

**No Sustainable Investment Objective**

The Fund promotes E/S characteristics, but does not have as its objective sustainable investment. The Fund will have a minimum proportion of 80% of sustainable investments with an environmental objective However, the undelying investments of the Fund do not take into account the EU criteria for environmentally sustainable activities as defined by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment ("**EU Taxonomy**").

The Fund has put in place robust mechanisms to ensure that all investments meet high standards for both contributions to these sustainability objectives while ensuring they do no significant harm, in accordance with Article

2(17) SFDR. 80% of the investments of the Fund will be sustainable, and demonstrate a significant contribution to one of the environmental objectives. To measure the contribution of each investment to environmental objectives, the General Partner, the Investment Advisor and the AIFM will use Princeville's Climate Positive® impact measurement framework with respect to the Fund. This proprietary framework has been developed to align broadly with industry standards and was designed with the intention (i) to screen potential investment opportunities, (ii) to determine which potential opportunities meet the requisite threshold for the Fund to make an investment and (iii) post-investment by the Fund, to track how these investments deliver and improve their Climate Positive® impact over time (with progress disclosed in the annual "Princeville Climate Impact Report").

**Environmental or Social Characteristics of the Financial Product**

The Fund relies on Princeville's proprietary Climate Positive® impact measurement framework to measure the attainment of the environmental indicators promoted by this fund. Each investee company undergoes robust climate measurement and validation in order to be considered as a potential investment. A selection of the indicators we assess during pre-investment due diligence, monitor throughout the investment holding period, and discuss in our annual report is as follows:

**Key Indicators:**

1. **Avoided Emissions:** Given the focus on climate change mitigation, avoided emissions is a primary metric used to demonstrate the Fund's success. Avoided emissions are an estimation between a real situation and a baseline scenario. They are highly dependent on context and a methodological approach (in particular, the system boundaries and baseline projection). We follow Project Frame's Pre-Investment Considerations guidelines to build our avoided emissions assumptions;

2. **Operational Carbon Footprint:** Separate from our avoided emissions projections, during pre-investment due diligence and annually throughout the investment holding period we request information from companies under review on their operational carbon footprint; and

3. **Other environmental avoided impacts:** We track and report other environmental savings or benefits generated by the investee company. For adaptation pathways, we also include in our analysis custom-designed impact metrics.

**Other Tracked Indicators:** The Fund distributes an ESG Questionnaire to portfolio companies and companies under review consisting of questions related to material ESG factors. It is primarily used as a tool for risk mitigation, and it helps inform our overall investment thesis. Factors analyzed are available on request.

**Investment Strategy**

The Fund is specialized in Climate Technology-related growth companies in Europe and North America. It invests in companies in the "breakout" stage, in which there are proven business models, technologies, positive unit economics, accelerating KPIs and a need for capital to grow. The Fund employs a long-term, thematic based investment approach, identifying unique investment segments and opportunities through market research and analytics.

Princeville's Climate Positive® impact framework is fully integrated into our investment process, from sourcing to the conclusion of our holding period.

We regularly track and monitor key impact KPIs across our portfolio in our ESG data management system. Every year, we synthesize the progress of our portfolio companies along the Net Zero scenario into our Annual Impact Report.

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by the fund are outlined below:

In accordance with the Fund's Responsible Investment Policy and Article 12(1) (a) to (g) of Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks ("**CDR (EU) 2020/1818**"), the Fund will exclude certain economic activities from its investment universe to ensure that the Fund contributes positively to society and to the environment.

Princeville's Exclusion Policy defines and formalizes both strict exclusions and investment restrictions with thresholds for companies operating in sectors or engaging in activities with potential negative impacts. Strict exclusions refer to companies whose direct or indirect negative impacts are incompatible with Princeville's Responsible Investment Policy or cannot be overcome by transforming the business through engagement or other means. Princeville's Exclusion Policy is available on request.

The Fund applies Princeville's proprietary Climate Positive® methodology using impact-focused tools to select and monitor investments on an ongoing basis:

1. **Climate Positive® Screen:** Filters climate sector landscape to identify target sectors and sub-sectors that sit within the Fund's strategy (*e.g.*, climate mitigation and adaptation);

2. **Climate Positive® Assessment:** Filters deal flow by applying Climate Positive® methodology and metrics to determine potential allocation to the Fund; and

3. **Climate Positive® Portfolio Engagement and Impact Reporting:** Engages with portfolio companies on stewardship initiatives on ESG and Impact planned at investment and tracks impact of portfolio companies over the life of the Fund, delivered to investors via an annual report and discussed at annual summit.

In order to be considered as a potential investment, a company must be operating in one of the thematic focus sectors, and substantially contribute to a climate solution that is aligned with the mitigation and adaptation goals of the Paris Agreement.

Good governance is critical to companies' ability to continuously increase their contributions to sustainable investment objectives, while monitoring and reporting on outcomes. The Fund assesses the extent to which sustainability considerations are embedded in a company's core targets and information is regularly reported to the management and the board. The Fund gives particular focus to a company's tracking and reporting of sustainability related outcomes and impacts, and climate and sustainability related risks and opportunities.

**Proportion of Investments**

In accordance with the investment strategy, the Fund commits a minimum proportion of 80% of sustainable investments with an environmental objective. However, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable activities as defined by the EU Taxonomy. The Fund invests primarily in equity, or from time to time in convertible notes, or similar investment structures. Derivatives are not used to attain the E/S characteristics.

**Monitoring of Environmental or Social Characteristics**

The Fund obtains the majority of its data related to monitoring through direct engagement with portfolio companies. This reflects the early stage nature of the companies in which the Fund invests. Princeville has robust systems in place to track and measure performance on impact KPIs during pre-investment due diligence and over the course of the investment holding period. Impact-specific due diligence is a requirement for all companies in the pre-investment stage. During the investment holding period, we consistently monitor relevant KPIs and send an annual climate impact questionnaire to ensure we have up-to-date, high-quality data with which to base our analysis and assumptions. Once collected, data is processed and analyzed by members of the investment team, including but not limited to the Head of Impact and at least one team member solely dedicated to climate impact and ESG.

Bi-annual check-ins are scheduled with each portfolio company and the impact team to discuss impact, follow progress across impact and ESG outcomes, and provide cross-portfolio learning. When Princeville obtains a Board seat, it seeks to utilize its expertise and global network to assist the portfolio company in assessing its impact progress and to suggest potential improvements and initiatives.

**Methodologies**

Princeville's Climate Positive® impact framework is informed by global frameworks, associations, and industry bodies providing science-based research and models on climate change, including, but not limited to, the Paris Climate Agreement, the United Nations Intergovernmental Panel on Climate Change, the International Energy Agency, and the Institutional Investors Group on Climate Change.

We rely on qualitative information to assess a company's theory of change and Climate Positive® impact, along with the Impact Management Project's Five Dimensions of Impact. We use commonly accepted taxonomies, such as the EU Taxonomy for Sustainable Activities under the Climate Delegated Act, the IEA Clean Energy Technology guide, the ASAP Adaptation Solution Taxonomy, or the TNA Taxonomy of Climate Change Adaptation Technology. Our quantitative impact methodology, developed in partnership with Columbia University's Center on Sustainable Investment, heavily relies on the Net Zero Initiative (NZI) and the Project Frame methodology. Our baseline scenarios and Net Zero scenarios are sector-specific and are informed by the IEA Net Zero by 2050 model and the sectoral reports of the Science Based Target Initiative (SBTi). For climate adaptation solutions, our risks/benefits assessment is informed by the Global Adaptation Initiative of the University of Notre Dame and its Country Index.

Developed in partnership with Columbia University's Center on Sustainable Investment, our Climate Positive® Impact Framework is built on two foundations:

i. Princeville recommends investments in climate solutions aligned with the 2015 Paris Agreement objectives

ii. Princeville recommends investments in companies which have a substantial enough contribution to Paris-aligned climate solutions

We put this in practice for each investment target we consider by mapping the impact mechanism, articulating a theory of change, and categorizing its contribution to a climate solution.

**Data Sources and Processing**

The Fund collects regular information from all portfolio companies on their positive impacts, GHG footprints and other relevant ESG metrics, both quantitative and qualitative. Data is collected and stored primarily on Apiday, our ESG data management provider. The Fund will prioritise publicly reported data when available. Where possible, the Fund supports portfolio companies to report such information in line with international best practice such as the GHG Protocol.

All companies must be environmentally transparent.  A qualitative review is conducted of company disclosures on environmental and sustainability reporting based on industry standards for reporting and transparency.  Disclosures assessed include tracking of emissions and resource efficiency data as it relates to climate risks and disclosures.  This includes a review of relevant strategies for water, resilience, efficiency, emissions and land conservation, among others.

**Limitations to Methodologies and Data**

Data and methodological limitations relevant to the Fund's operations and impact oversight are not unique to the Fund, but represent common challenges for measuring, interpreting and reporting ESG relevant information.  These limitations do not affect how the E/S characteristics promoted by the Fund are met, but can limit the Fund's ability to report in a comprehensive manner.

**Due Diligence**

As part of standard investment due diligence, as outlined in the Climate Positive® Impact Framework, all potential investments are screened to ensure they do not cause significant harm to any EU environmental objective and meet the definition of 'do not significant harm' under SFDR.  Where possible, this screening refers to the relevant activity in the EU Taxonomy.  The Fund relies on our comprehensive pre-investment due diligence process, including evaluating compliance with our Exclusion Policy, in order to ensure sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.  Our process is standard and applied consistently during pre-investment due diligence for every company under review.

During pre-investment due diligence, the Fund conducts a materiality assessment of each company under review. Based on the results of the materiality assessment, we send, via our ESG data management provider, a questionnaire specific to the company under review that includes quantitative questions related to the PAIs most material to their industry.  The Fund then analyses company responses to the questionnaire to ensure no adverse effects on any environmental or social sustainable investment objectives are present and documents this process in our Climate Positive® Assessment for each company under review.

Additionally, our proprietary Climate Positive® impact measurement framework includes a qualitative analysis of the company under review thus ensuring that we have a comprehensive understanding of potential positive and negative impacts. Our proprietary Climate Positive® impact measurement framework is applied across all stages of the investment process.

**Engagement Policies**

Princeville's commitment to climate impact is not limited to the pre-investment due diligence process.  Our internal impact management system also covers the investment holding period.

During our confirmatory due diligence process, we ensure future alignment with our management teams by requiring an impact and ESG clause in our deal documentation, underscoring our prioritization and pursuit of impact outcomes alongside risk-adjusted financial return.  We work closely with our company management teams to co-create a plan for the holding period to maximize impact.  Additionally, we ensure that the company is committed to implementing a decarbonization plan we mutually agree on.

Upon investment, we schedule semi-annual check-ins with our companies and their impact teams to discuss impact, follow progress across impact and ESG outcomes, and provide learnings and insights from our other portfolio companies.  In situations in which Princeville has a seat on the Board of the given company, our representative Board member ensures that impact progress is discussed at the Board level.

We also request climate impact data from our portfolio management teams on an annual basis to ensure that a given company's outcomes continue to be aligned with our impact thesis and engagement plan, while having mechanisms in place should a company's outcomes begin to diverge.  We regularly track and monitor key impact KPIs across our portfolio in Apiday.  The progress our portfolio companies make as well as our stewardship initiatives are reported each year to our stakeholders (including our investors) in an Impact and ESG report.  We report, at the portfolio level, the realized impact, the 5-year planned impact and the Scope 1-3 emissions in absolute numbers and weight-adjusted numbers (vertical attribution).

**Designated Reference Benchmark**

Not applicable.  The Fund does not use a reference benchmark for attaining E/S characteristics.