



EC's Sustainability Council Terms of Reference

August 2019

Confidential: for one-on-one purchaser use only.
Not for redistribution.
These materials do not constitute an offer to sell or a solicitation of an offer to buy securities.



DISCLAIMER



"Earth Capital Limited is authorised and regulated by the UK Financial Conduct Authority. This material is for distribution only under such circumstances as may be permitted by applicable law. It does not relate to any specific investment and it has no regard to the investment objectives, financial situation or particular needs of any recipient. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The contents of this document should not be treated as advice relating to legal, tax or investment matters and prospective investors are advised to consult their own professional advisers."



CONTENTS



Subject	Slide
▪ Disclaimer	2
▪ Introduction	4
▪ Terms of Reference	5-7
▪ Sustainability Council Members	8



INTRODUCTION



Earth Capital Limited (EC) is a commercial asset manager with a specialist focus on sustainable finance, comprising investments in projects, companies and financial instruments that deliver a direct or indirect benefit to the environment.

EC's mission is to demonstrate at scale a successful investment model, which prioritises Sustainable Development (SD) alongside financial return, in all parts of the investment cycle.

EC interprets SD to mean meeting the needs of today without jeopardising the ability of future generations to meet their needs – taking full account of environment, social and governance (ESG) impacts, both positive and negative.

We recognise that whilst our investments inherently deliver an environmental benefit, those same investments and our own operations present wider implications for SD. To ensure that negative SD outcomes are minimised and positive benefits maximised EC is committed to best practice ESG standards and assessment, management and monitoring procedures.

We support our investments, actively engaging with them and other stakeholders, to enhance their contribution to SD. In so doing, we believe this will create a competitive advantage for our investments, given their close commercial alignment with SD and the importance to their growth plans of securing community and regulator support.

EC has a SD Policy, underpinned by:

- SD Investment Guidelines, which set out the standards to which ECP investments must operate
- SD Due Diligence Process
- Our proprietary Earth Dividend™ scorecard

The Earth Dividend™ comprises a SD scorecard which encompasses ESG issues. It is a measurable proxy for an asset's contribution to SD.

EC's SD Policy, Investment Guidelines, Due Diligence Process and the 'arth Dividend™ are the responsibility of the EC Sustainability Department.

The Sustainability Department has significant experience of SD and ESG issue evaluation during investment decisions and in the assessment, management, reporting and assurance over SD impact. It is also an integral part of EC deal teams.

The Chief Sustainability Officer is a permanent member of the EC Investment Committee and has a power of veto over all Investment Committee decisions.



TERMS OF REFERENCE



Role and objectives

EC will ask the Sustainability Council to provide feedback on EC's:

- SD Policy
- SD Investment Guidelines
- SD Due Diligence process
- Earth Dividend™ methodology, reporting and assurance processes and annual Earth Dividend™

The Council's efforts will bring outside stakeholder perspectives into EC's approach to SD and the annual review and evaluation of the SD performance of EC investments.

Under no circumstance will the Council be asked to provide a formal public statement regarding their collective or individual views of EC's SD policies, management processes or performance, or the reliability or accuracy of EC's SD data and/or data collection systems.

Council Membership and Chair

The Council will consist of up to six members ("Members"). While organizational affiliation is likely to be recognized as reflective of a participant's relevant expertise, each Council Member will be asked to participate in an individual capacity. He or she will not be asked to represent or speak on behalf of his or her organization.

Council Members will be selected by EC based on the degree to which they are:

- Globally respected, independent, challenging, pragmatic and constructive

- Representative of EC stakeholder groups and/or expert in the main environmental and social issues EC faces
- Capable of adding fresh ideas and suggestions to EC's thinking, management and reporting on sustainability
- No significant personal or organizational contacts with EC so substantial as, in EC or the Member's view, to create dependence and so compromise the Member's ability to express his or her honest opinion. Any financial interest in EC or potential conflict to be disclosed at the start of each council meeting.

Profiles of each Council Member will be published on EC's website (subject to each Council Member's review and approval).

While the final selection will be EC's, suggestions for Member candidates and views on short-listed candidates will be solicited from the Council Chair on an annual basis, on behalf of the Council.

The Council will be chaired by Tom Burke CBE. The Chair will serve as a full Council Member and will lead the discussion during Council meetings.

Council Members are asked to serve three years, reviewed on an annual basis. The three years will be deemed to commence following EC's first fund investment. Members will rotate off the Council in a managed sequence in order to ensure continuity in membership. This is long enough to develop the needed understanding, but not so long as to materially diminish the independence or external perception of independence so critical to the Council's effectiveness.



TERMS OF REFERENCE (CONT.)



Time Commitment and Compensation

The Council will be expected to meet twice a year. Meetings will be timed to follow the external and internal Earth Dividend™ audits in April and November respectively.

The time commitment asked of Council Members will include:

- Up to 2 hours of preparatory reading per meeting.
- Participation in two half day, in-person meetings (or via video conference)

EC is anxious to ensure the Council's total independence and to avoid any conflict of interest among Council Members and member organisations. Therefore, Council Members are not compensated for their time. All meeting-related travel expenses and hosting costs will however be covered by EC.

EC and Council Roles

EC has prepared these Terms of Reference and selected the initial Council Members. EC will lead on all logistics related to Council meeting

The Council itself will function independently of EC within the parameters set by these Terms of Reference. The Council Chairman will have process leadership i.e. control over the process of conducting all meetings.

EC will participate in Council meetings as an information provider/ presenter and listener. EC's primary liaison to the Council will be the Chief Sustainability Officer.

Additional EC/ECH personnel will participate as deemed necessary and feasible by EC.

The Council's feedback and comment on EC's policies, management processes and Earth Dividend™ performance will be fully and seriously considered by EC as part of its commitment to remain a leader in sustainable investment.

Final decisions on whether and how to implement the Council's recommendations remain EC's responsibility, and EC is wholly responsible for its policies and management processes.

Participation in the Council is voluntary and independent. Without prejudice to any express obligations under these terms of reference, membership of the Council does not create any legal relationship, contractual or otherwise, between (i) the Council and EC, (ii) individual Council members and EC, or (iii) Council members themselves. In particular, membership of the Council does not denote membership, employment, consultancy, directorship or office-holder status of Earth Capital Limited, its affiliates, or any funds that it advises.

Confidentiality and Process Transparency

Confidentiality is important to ensure both an open, transparent meeting process and control of sensitive documents outside of Council meetings.

In connection with their membership of the Council, Members will receive certain confidential and proprietary information relating to, amongst other matters, possible future investments by EC or funds it advises or may advise, the overall structure of EC and its affiliated entities, and proprietary features of EC's SD Policy including, but not limited to, the Earth Dividend™ concept and scorecard ("Confidential Information").

In accepting their position on the Council, Members will be deemed to have agreed to the following terms relating to confidentiality and the non-disclosure of Confidential Information:

- In consideration of EC supplying its Confidential Information to Members, Members acknowledge that such information is confidential and is furnished by EC and received by Members under a strict duty of confidentiality to EC.
- Members shall not, without the prior written consent of EC, divulge Confidential Information to any third party during their appointment to the Council and for a minimum period of two years thereafter.

- Members shall use the Confidential Information only for the purpose of performing their functions as Members of the Council and for no other purpose.
- Members shall ensure that Confidential Information is protected against theft and unauthorised access and that such information is not provided to others unless authorised by EC.
- The ownership of the rights of EC to its intellectual property shall remain with EC, and nothing shall be taken as granting or implying the grant to Members of a licence to use EC's intellectual property.
- All documents, copies of documents and other material of EC furnished to a Member during their membership of the Council shall be returned to EC or destroyed at the end of that Member's tenure. Members shall not be required to return reports, notes or other material they have prepared which incorporate Confidential Information, provided that such information is kept confidential.



Tom Burke CBE is a Founding Director of E3G, Third Generation Environmentalism and serves on the boards or advisory boards of a number of environmental and other organisations. He is Chairman of the Editorial Board of ENDS magazine. He was formerly an Environmental Policy Adviser to Rio Tinto plc and a Visiting Professor at Imperial and University Colleges, London. He has been a Senior Business Advisor to the Foreign Secretary's Special Representative on Climate Change.



Marga Hoek is the CEO and founder of Business for Good. She is a prominent business leader and thought leader with profound knowledge, experience and vision on both sustainable business and capital. Over the last 20 years, Ms. Hoek has held multiple CEO and board positions for both mid-sized and large corporations. She founded and was the CEO of the Dutch Sustainable Business Association from 2010 to 2016 and holds several international Advisory and Supervisory Board positions in which she has impact on business, science and capital.



Robert Tacon is Managing Director of Boundes Sustainability Limited. He was Chair of the United Nations Environment Program Finance Initiative (UNEP FI), on behalf of Standard Chartered Bank plc, where he worked previously for 27 years. Whilst with Standard Chartered, Robert most recently led their position on environmental risk management policies and processes, including the Bank's adoption of the Equator Principles, in 2003. He represented the Bank on a range of UNEP FI working groups, including human rights, public disclosure and reporting.



Anna Swaites is currently an independent sustainability adviser, an Associate of Earth Security Group and a Principal of Rogers MacJohn. Until November 2016 Anna was Director of Sustainable Development for SABMiller plc, leading SABMiller's SABMiller' Prosper strategy. She had previously led SABMiller's sustainable agriculture strategy. Prior to joining SABMiller in 2012, Anna led the Cadbury Cocoa Partnership for Cadbury and then Kraft Foods. Her early career was in strategy consulting for corporate clients, with a particular focus on the food and beverage sector.



Christof Walter runs a consultancy specializing in sustainable agriculture and agri-investment. He mainly works with clients from the consumer goods, retail and banking industries. An agronomist by training Christof worked for Unilever for 12 years before setting up his consulting business. He is the vice-chair of the governing body for the CGIAR's Climate Change, Agriculture and Food Security Program (CCAFS).



James Stacey is currently a Partner at ERM, the world's leading sustainability consultancy. During the period 2006–2015 James was Global Head of Sustainable Business at Standard Chartered Bank plc and then a Partner at Earth Capital Partners. James previously led KPMG's UK sustainability consulting and Global environment transaction services (M&A) practices. He began his career as an environmental engineer. James is a Fellow of the University of Cambridge Institute for Sustainability Leadership (CISL)



CONTACTS



Richard Burrett

Chief Sustainability Officer

richard.burrett@earthcapital.net

+44 (0) 20 7811 4512

LONDON

34 St James's Street

London

SW1A 1HD

Earth Capital Limited is authorised and regulated by the Financial Conduct Authority.

This material is for distribution only under such circumstances as may be permitted by applicable law. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The contents of this document should not be treated as advice relating to legal, tax or investment matters and prospective investors are advised to consult their own professional advisers.