

## Independent Limited Assurance Report to Earth Capital Limited

Grant Thornton UK LLP ('Grant Thornton' or 'we') were engaged by Earth Capital Limited ('Earth Capital') to provide limited assurance over the Subject Matter Information described below for the year ended 31 December 2019.

### Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of this report.

### Subject Matter Information

The scope of our work was limited to assurance over the information included within Earth Capital's Earth Dividend Report ('the Report') for the year ended 31 December 2019 as set out in Appendix 1 to our report ('the Subject Matter Information').

Our assurance does not extend to any other information that may be included in the Report or displayed elsewhere on Earth Capital's website for the current year or for previous periods unless otherwise indicated.

### Reporting Criteria

The Reporting Criteria used for the measurement or evaluation of the Subject Matter Information and to form our judgements are the GRI Reporting Principles for defining report quality as set out in GRI 101 at <https://www.globalreporting.org> ('the Reporting Criteria'). The Subject Matter Information needs to be read and understood together with the Reporting Criteria.

### Inherent limitations

The absence of a significant body of established practice on which to draw to measure or evaluate the Subject Matter Information allows for different, but acceptable, measurement or evaluation techniques and can affect comparability between entities and over time.

### Directors' responsibilities

The Directors of Earth Capital are responsible for:

- the design, implementation and maintenance of internal control relevant to the preparation and presentation of Subject Matter Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or establishing suitable Reporting Criteria;
- measuring or evaluating and presenting the Subject Matter Information in accordance with the Reporting Criteria; and
- the preparation of the Report and the Reporting Criteria and their contents.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information has been prepared in accordance with the Reporting Criteria;
- forming an independent limited assurance conclusion, based on the work we have performed and the evidence we have obtained; and
- reporting our limited assurance conclusion to Earth Capital.

### Our independence, professional standards and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK) 1, 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements' and accordingly we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Assurance standards and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' ('ISAE 3000'), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risk which vary in nature from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not report a reasonable assurance conclusion.

### Work performed

Given the circumstances of the engagement our work included, but was not restricted to:

- assessing the suitability of the Reporting Criteria as the basis of preparation for the Subject Matter Information;
- assessing the risk of material misstatement of the Subject Matter Information, whether due to fraud or error, and responding to the assessed risk as necessary in the circumstances;
- conducting interviews with relevant Earth Capital management and examining selected documents to obtain an understanding of the Earth Dividend processes;
- performing selected limited substantive testing including agreeing a selection of the Subject Matter Information to corresponding supporting information;
- evaluating the overall presentation of the Subject Matter Information; and
- reading the Report and narrative accompanying the Subject Matter Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

### Intended use of this report

This limited assurance report, including our conclusion, is made solely to Earth Capital in accordance with the terms of our engagement letter dated 5 March 2020. That agreement permits disclosure to other parties, solely for the purpose of Earth Capital showing that it has obtained an independent limited assurance report in connection with the Subject Matter Information. Our work has been undertaken so that we might state to Earth Capital those matters we are required to state to them in an independent limited assurance report and for no other purpose. We have not considered the interest of any other party in the Subject Matter Information.

To the fullest extent permitted by law, we do not accept or assume responsibility and deny any liability to any party other than Earth Capital for our work or this limited assurance report, including our conclusion.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Chartered Accountants  
Reading  
21 April 2020

The maintenance and integrity of Earth Capital's website is the responsibility of the Directors of Earth Capital; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information, the Report or the Reporting Criteria presented on Earth Capital's website since the date of our limited assurance report.

## Appendix 1

### Subject Matter Information

Both process descriptions as documented below, presented in The Earth Capital Earth Dividend Report for the year ended 31 December 2019.

### Investment Memorandum

#### Executive Summary

##### Earth Dividend™ Sustainable Development management system

The Earth Dividend™ system provides an annual measure of the impacts (negative) and benefits (positive), which the Fund's operating assets<sup>1</sup> have on five categories of ESG issues. To be valid to a range of stakeholder priorities, the dividend focuses on significant sustainability issues from a planetary perspective.

The Earth Dividend™ comprises a scorecard, based upon net ESG impacts and benefits. It has been developed by EC's in-house Sustainable Development specialists following review of global standards and published approaches to the assessment, reporting and assurance of ESG issues and ESG performance. The relevant investment manager or advisor completes the first Earth Dividend™ assessment during the due diligence process. Thereafter, the relevant Portfolio Companies or Portfolio Investments<sup>1</sup> complete a self-assessment Earth Dividend™ report on an annual basis.

#### PART X – SUSTAINABLE DEVELOPMENT AND EARTH DIVIDEND™

##### Earth Dividend™ Sustainable Development management system

The Earth Dividend™ system provides an annual measure of the impacts (negative) and benefits (positive), which the Fund's operating assets<sup>1</sup> have on five categories of ESG issues. To be valid to a range of stakeholder priorities, the dividend focuses on significant sustainability issues from a planetary perspective.

The Earth Dividend™ comprises a scorecard, based upon net ESG impacts and benefits. It has been developed by EC's in-house Sustainable Development specialists following review of global standards and published approaches to the assessment, reporting and assurance of ESG issues and ESG performance. The relevant investment manager or advisor completes the first Earth Dividend™ assessment during the due diligence process. Thereafter, the Investee Companies<sup>1</sup> complete a self-assessment Earth Dividend™ report on an annual basis.

ESG impacts and benefits are assessed according to the following issue categories:

- Natural Resource Consumption
- Ecosystem Services
- Pollution Control
- Social and Economic Contribution
- Society and Governance

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<sup>1</sup> Each operating asset in which we invest other than development projects or third party funds

The Earth Dividend™ spans the UN Sustainable Development Goals (SDGs).

Whilst the development of the Earth Dividend™ predates the launch of the SDGs, it has a natural fit with the latter in impact terms. The figure shown maps the five dimensions of the Earth Dividend™ scorecard to their potential impact on the individual SDGs. Some SDGs potentially span more than one Earth Dividend™ dimension.



The Earth Dividend™ scorecard shows both positive and negative impacts of the businesses we invest in and provides a holistic overview of the “footprint” of those investments.

The Earth Dividend™ system provides an annual measure of an investment’s Sustainable Development impact. It comprises a scorecard, based upon net Environmental, Social and Governance impacts and benefits. The Earth Dividend™ is established as part of the due diligence process and reported annually. Our Sustainability team works with every company<sup>2</sup> to identify improvements in each area where they add value and make commercial sense. This results in a plan which targets annual improvements in the investment's contribution to sustainable development that enhance the underlying commercial performance of the asset and help to maximise value on exit.

Natural Resources	Ecosystem Services	Pollution	Social and Economic Contribution	Society and Governance
<ul style="list-style-type: none"> <li>Water use and efficiency;</li> <li>energy inputs and efficiency;</li> <li>efficient use of raw materials;</li> <li>sourcing of materials from sustainable practices;</li> <li>land resource value</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity and natural habitat;</li> <li>water system;</li> <li>climate system &amp; greenhouse gas emissions;</li> <li>soil systems</li> </ul>	<ul style="list-style-type: none"> <li>Atmospheric emissions;</li> <li>effluent discharge;</li> <li>waste disposal;</li> <li>supply chain polluting impact,</li> <li>product end of life impact</li> </ul>	<ul style="list-style-type: none"> <li>Employee welfare and human rights;</li> <li>local economic contribution;</li> <li>supply chain employment standards;</li> <li>contribution to Sustainable Development Goals</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance;</li> <li>bribery &amp; corruption;</li> <li>responsible marketing and market behaviour,</li> <li>indigenous peoples and cultural heritage</li> </ul>
Commercial Value drivers	Commercial Value Drivers	Commercial Value Drivers	Commercial Value Drivers	Commercial Value Drivers
<ul style="list-style-type: none"> <li>Efficient use of energy and resources in own operations</li> <li>Reducing cost / Increasing productivity</li> <li>Sustainable and resilient supply chains</li> <li>Increasing land values</li> </ul>	<ul style="list-style-type: none"> <li>Efficient use of natural capital in own operations</li> <li>Low carbon performance in own operations and supply chain</li> <li>Maintaining resilience and sustainable business models</li> </ul>	<ul style="list-style-type: none"> <li>Effective management of the company's polluting impact across its value chain</li> <li>Mitigation of litigation and remediation cost risk</li> </ul>	<ul style="list-style-type: none"> <li>Increased employee engagement and staff retention</li> <li>Social licence to operate</li> <li>Creation of prosperous value chains</li> <li>Creation of shared value</li> </ul>	<ul style="list-style-type: none"> <li>Reputational and brand management</li> <li>Effective company management</li> <li>Risk identification and mitigation</li> <li>Litigation management and protection</li> </ul>

To provide the General Partner, Sustainability Council, Fund investors and the LP Advisory Committee with assurance that the Earth Dividend™ scorecard is representative, complete and accurate, the Earth Dividend™ is subject to a series of internal controls as set out in the EC Sustainable Development Internal Controls and Assurance Manual.

<sup>2</sup> Definition of company: Each operating company in which we invest other than developments projects or third party funds.

## Earth Dividend™

The Earth Dividend™ system provides an annual measure of an investment’s Sustainable Development impact.

The Earth Dividend™ comprises a scorecard, based upon net Environmental, Social and Governance (ESG) impacts and benefits. It has been developed by Earth Capital’s (EC) in-house Sustainable Development specialists following review of international global standards and published approaches to the assessment, reporting and assurance of ESG issues and performance.

The Earth Dividend™ is established for each company<sup>2</sup> as part of the due diligence process and reported annually. Our Sustainability team works with every company<sup>2</sup> to identify improvements in each area where they add value and make commercial sense. The plan targets annual improvements in the investment’s contribution to sustainable development to enhance the underlying commercial performance of the asset and help to maximise value on exit. The Earth Dividend™ uniquely enables a holistic understanding of the risk and impact of Sustainable Development; an understanding of where investments make a positive or negative impact; and, identifies those areas where a business may be made more resilient and from where more value can be extracted.

The 5 categories of ESG themes that the Earth Dividend™ is centred around feed into 30 wider indicators which can be mapped to the UN Sustainable Development Goals.



<sup>2</sup> Definition of company: Each operating company in which we invest other than developments projects or third party funds.