



# **SUSTAINABILITY REPORT 2023**

# The Earth Capital Team

At Earth Capital, our strength lies in the collective expertise and diversity of our team. Spanning decades of experience across venture capital, sustainable technology, international banking, and operational management, our professionals bring a wealth of knowledge and a variety of perspectives to the table. This amalgamation of skills encompasses everything from early-stage investing and financial management to strategic leadership and ESG integration. Each team member's unique background contributes to our robust approach to sustainable investment and portfolio management, driving innovation and excellence. Together, they form a formidable force, guiding Earth Capital to be a leader in the sustainable finance sector, committed to positive environmental and social impact.



**Avent Bezuidenhout**  
**CEO**



**Richard Burrett**  
**CSO**



**Elise Hockley**  
**COO & Head of Investor Relations**



**Bradley Jones**  
**Investment Director**



**Kay Nelson**  
**Head of Finance and Compliance**



**Ewan Jarvis**  
**Sustainability Analyst**



**Wealth Briefing EUROPEAN AWARDS 2023**

**WINNER**  
**ESG**

**Earth Capital Limited**



**Sacha Tchen**  
**Investment Associate**



# Who we are



Stephen Lansdown  
**Co-Founder**



Gordon Power  
**Co-Founder**

## Investment Strategy

**Themes:** Investment centred on critical issues of energy, food, and water in the context of a growing population and climate change.

**Integration:** Incorporating ESG factors into due diligence and performance reviews via the annual Earth Dividend™ assessment.

**Influence:** Taking significant stakes and working at Board level to enhance sustainability and drive value creation.

**Outreach:** Promoting sustainable investment practices and mobilising capital for a low-carbon future.

**Focus:** Early-stage growth investment manager in UK and Europe, specialising in clean technology solutions.

**Expertise:** Diverse team of professionals managing high growth assets in energy, food, and water sectors.

**Innovation:** Pioneering work with the Earth Dividend™ tool to ensure continuous ESG improvements.

**Recognition:** Achievements including PRI rating of 99-100% (2021), winner of "ESG Assessment Tool of the Year" (2021), awarded by Environmental Finance, and Top 10 in ESG Transparency Index (2021).

## Mission, Vision & Values

**Our Vision:** To be a leading fund manager in the impact investment space and managing a growing portfolio of clean technology companies that make a lasting contribution to environmental sustainability whilst delivering positive financial returns to investors.

**Our Mission Statement:** To find, fund and develop those companies and technologies that will bring about the positive environmental impact the world needs whilst delivering attractive financial returns to our investors.

# Diversity and Inclusion

**Policy:** Our female-led team have a strong emphasis on diversity, inclusivity, and equal opportunity, not just within the company itself, but looking wider to our investors and investee companies. With our board of 2/3 women at the end of 2023, we are committed to becoming an employer of choice by creating an inclusive and supportive working environment for all. We endeavour to embed this into our day-to-day working practices.

Earth Capital is dedicated to improving the diversity of our workforce, investment team and senior leadership, as well as fostering a working culture where everyone is treated with dignity and respect.

**Initiatives:** Gender balance pledge in financial services through the Women in Finance Charter and are signatories of HM Treasury's Investing in Women Code. We are also members of 100 Women in Finance. Our goal is to ensure the aims and commitments of the D&I initiatives that we are signed up to and involved with are reinforced by our values.



## UN Principles for Responsible Investment

Category	ECL Score 2021*	Industry Peer Median Score 2021	ECL Score 2020	ECL Score 2019
Investment and Stewardship (Strategy and Governance)	99%	62%	A+	A+
Indirect Holdings - Infrastructure	100%	71%	A+	A+
Direct & Active Ownership	99%	66%	A+	A



As 2023 concludes, Earth Capital has successfully navigated a year that has underscored the unwavering importance of Environmental, Social, and Governance (ESG) principles in investment decision-making. In the face of challenges such as greenwashing, the politicisation of sustainability criteria, and economic headwinds marked by high inflation and rising interest rates, ESG and Socially Responsible Investing (SRI) trends have not only persisted but have also deepened their roots within the investment landscape. Our commitment has been clear, with our Earth Dividend™ process at the heart of our operations, ensuring that our investments yield not just financial returns but also generate genuine, sustainable impacts.

***"We continue to strive to be a leader, not only in financial stewardship but also in the drive for a sustainable future"***

The past year has also brought to light the need for a more sophisticated approach to ESG, one that goes beyond mere compliance to a strategy that creates value in harmony with broader societal and environmental objectives. Earth Capital has addressed the misconception that ESG investment might conflict with fiduciary duties by showing that it is inherently aligned with the pursuit of long-term value. Amidst evolving regulatory landscapes – CSRD, SFDR, SDR, Earth Capital has stood as a proponent of transparency and genuine ESG initiatives. Our strategic focus has been all-encompassing, affecting every level from management to portfolio companies, ensuring that our investment strategy remains resonant with our investors' values

and the market's increasing demand for responsible investment practices. As we move ahead, Earth Capital is dedicated to continually refining our ESG integration, adapting to market shifts, and embracing the opportunities that a sustainable investment approach offers, despite ongoing global challenges.

Navigating the intricate dynamics of global economic trends and sustainable investment, Earth Capital has been attentive to investor concerns and shifts in governmental policy. Significant moments in 2023, including the UK government's policy revaluations and the broader venture capital and private equity market's adaptation to a stringent financing environment, have shaped our strategic outlook. In this evolving context, Earth Capital has sustained a stable yet forward-thinking investment approach, focusing on sectors poised for resilient growth and governed by the rigorous evaluation standards of our Earth Dividend™ tool. We continue to strive to be a leader, not only in financial stewardship but also in the drive for a sustainable future. Looking towards the horizon, Earth Capital is well-positioned to maintain high ESG standards and to play an active role in the global transition to a more sustainable economy.



**Richard Burrett**  
**CSO**



**Ewan Jarvis**  
**Sustainability Analyst**



# Earth Dividend™:

## Award-Winning ESG Impact Measurement

The Earth Dividend™ portfolio management tool provides an annual assessment of an investment's Sustainable Development impact.

The scorecard assesses the full supply chain using 30 tests over 5 dimensions of Environmental, Social and Governance (ESG) impact to understand the contribution of an investment asset or investee company to sustainable development.

This process is completed prior to any investment and then annually following investment. Earth Capital will only invest in businesses that have an aggregate net positive impact and through our process the ability to improve on a score whilst adding business value and resilience. All investments display net positive impact scores.

Details are sent to investors and published on our website.

Source: Earth Dividend™

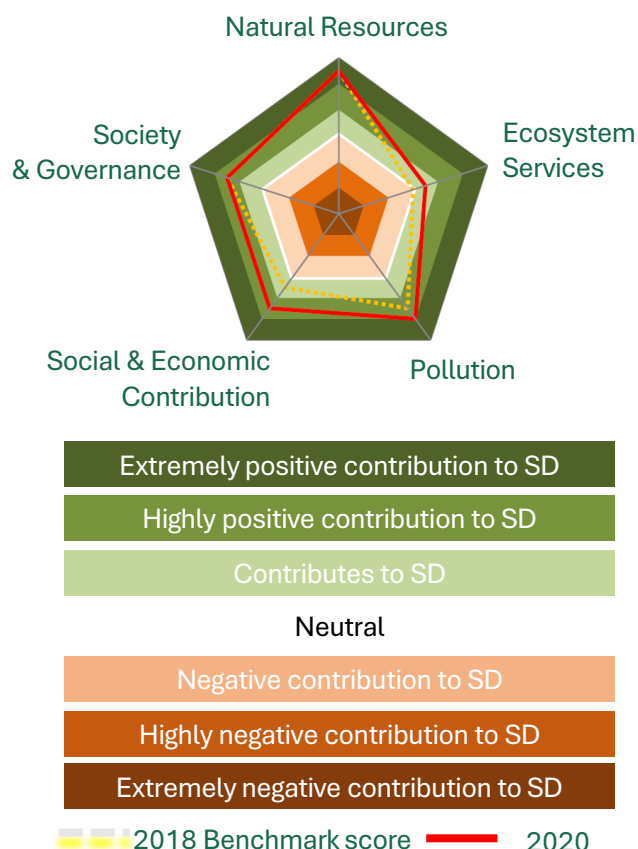


**WINNER**

ESG – SECTOR SPECIALIST

**EARTH CAPITAL**

- Annual measure of sustainable development impact
- Assesses full supply chain using 30 tests over five ESG dimensions
- Aggregate net-positive impact
- Improves on positive impact whilst adding business value and resilience





# What we mean by Sustainable Investment?

**Sustainable investment for Earth Capital Ltd is not only what we invest in but also how we invest.**

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 for each company as part of the due diligence process and then reassessed annually. Our Sustainability team works with every company to identify improvements in each area where they add value and make commercial sense. This results in a strategic plan that 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 (SDGs)</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>Sustainable and resilient 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>Effective company management</li> <li>Risk identification and mitigation</li> <li>Litigation management and protection</li> <li>Reputational and brand management</li> </ul>

# Earth Dividend™

## Commercialisation Efforts

At Earth Capital, our sustainability team is dedicated to innovating within the ESG landscape. Our Earth Dividend™ approach represents this commitment, designed to promote holistic sustainability assessment while fostering long-term, value creation. As global attention pivots to sustainable practices, Earth Capital stands, ready to lead.

Following requests to use our Earth Dividend™ tool, we are now looking to share this with others. A comprehensive market research initiative was the first step in investigating the possibility of market entry by examining >70 comparable offerings and conducting an in-depth analysis of a subset. This strategic analysis revealed a market hungry for an offering with the unique elements of our ED model.

The potential value of the ED model in the market had been apparent through the influx of queries from interested parties, in the past and present. These engagements were not only affirming of the tool's relevance but also instrumental in refining our approach. This dialogue is shaping the evolution of our offering, ensuring it is attuned to the market.

The transition from concept to application saw the Earth Dividend™ take shape through a series of collaborative workshops, culminating in the creation of a Minimum Viable Product (MVP) that embodies our vision of the Earth Dividend™ tool.

Earth Capital is at an exciting juncture. The research we have conducted provides a robust basis for strategic market entry, and we are now at the cusp of commercialisation. As we look to the future, our focus is on leveraging this groundwork to carve out a distinctive presence in the ESG space, ensuring our Earth Dividend™ tool becomes synonymous with innovative and impactful sustainable investment. Our next steps involve a concerted effort to engage with key market players, secure strategic partnerships, and continuously refine our product to meet and exceed market expectations.

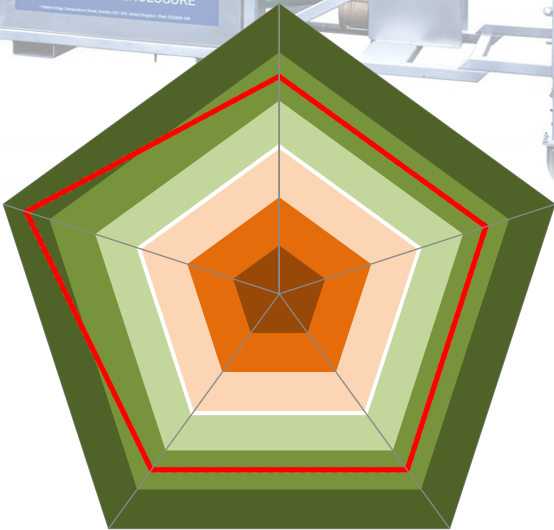
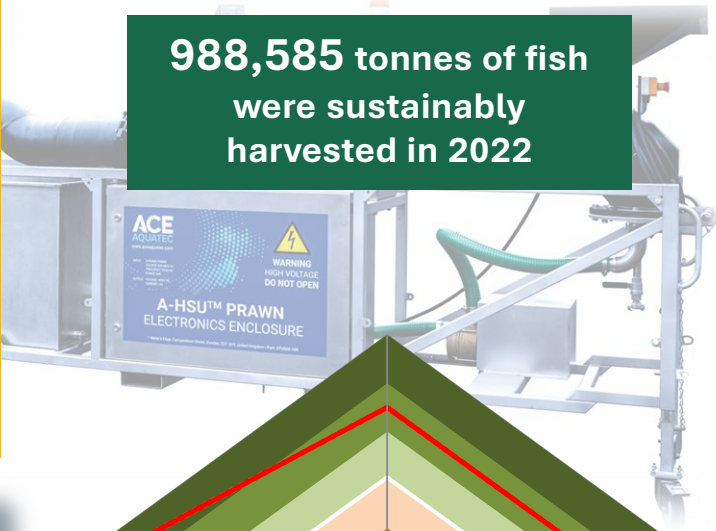




- Ace Aquatec, a leader in sustainable aquaculture technology, specialises in welfare first solution including:
  - In-water electric stunning systems that guarantee humane harvesting.
  - AI biomass cameras which provide farmers with accurate biomass of their fish as they grow, helping improved feeding and harvesting.
  - Ethical acoustic devices that protect marine environment and move seals away from salmon farms.
- Their commitment to environmental responsibility has earned them prestigious awards such as the Aqua Nor award for innovation, Queen’s Award for Enterprise Innovation and UK Aquaculture Award for Animal Welfare
- Aligning with key United Nations Sustainable Development Goals, Ace Aquatec exemplifies dedication to ethical and sustainable aquaculture practices.



Founded	2007
Global employees	38
Fish humanely harvested	314m+
Countries	26
Award wins	14
Stun efficacy with the A-HSU™	100%

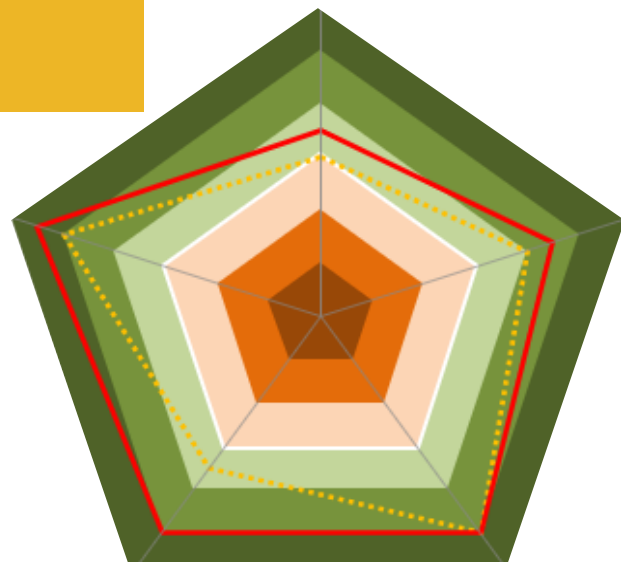


# Portfolio Case Study: Propelair

- Propelair, a London-based cleantech company, is making a significant contribution to sustainability with its revolutionary toilet design. This system marks a substantial advancement in water and energy conservation in commercial washrooms.
- Traditional commercial toilets typically use around 9 litres of water per flush, but Propelair's design drastically reduces this amount by using air to propel just 1.5 litres of water per flush into existing drains.

- Propelair's patented technology is making waves in the UK, South Africa, and the Middle East, serving a wide range of clients in sectors such as healthcare, manufacturing, retail, education, transport, commercial and industrial markets.
- This positions Propelair as a key player in the global effort to reduce water wastage and enhance sustainability.

Annual Water Savings	Annual Reduction in Carbon
75% - 81%	73.1% - 79.8%



Propelair toilets installed across the UK, UAE and South Africa until the end of 2022 have collectively saved a whopping **781,668,900 litres** of clean, drinking water – that is the equivalent of **312 Olympic sized swimming pools!**



# Portfolio Case Study: SEHL

Sustainable Energy Holdings Ltd (SEHL) was formed in 2022 through the merger of four of Earth Capital's low-carbon bioenergy generation portfolio companies, Black Dog Biogas, Bright Light Energy, Limelight Energy and Sustainable Energy Developments Ltd.

Black Dog Biogas uses local farm crops as fuel, and the nutrient-rich digestate it produces is used by these farmers as an eco-friendly fertiliser to grow more crops. It provides clean electricity to more than 1,200 local homes and the Vestas wind turbine manufacturing plant

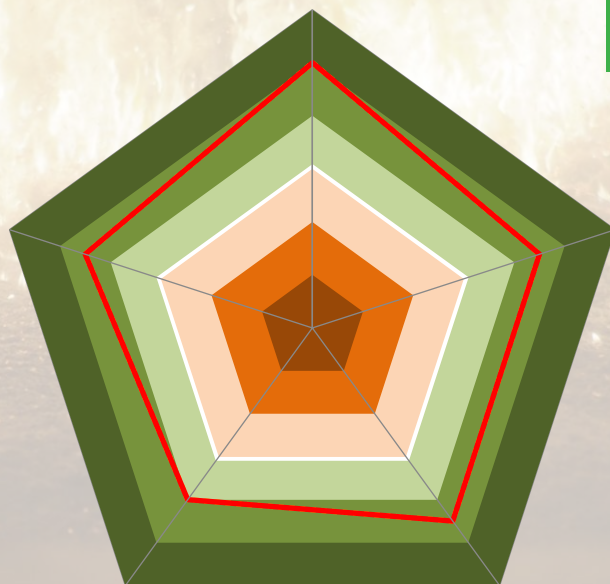
Sustainable Energy Development Ltd (SEDL) generates clean energy to power more than 3,500 homes in Staffordshire and provides more than 15,000 MWh to the local grid annually.

## SEHL Earth Dividend™

Positive Impact	Negative	Progress on Benchmark Score
<ul style="list-style-type: none"> <li>Good management of natural resources, ecosystem services and pollution</li> <li>Good management and governance</li> </ul>	No material areas of concern	Rebased due to corporate reorganisation



- Total Renewable Energy Generation in 2022: 21,281 MWh
- Total displaced emissions in 2022: 9,203 T CO<sub>2</sub>
- Energy Equivalence for 2022: 7,881 Homes

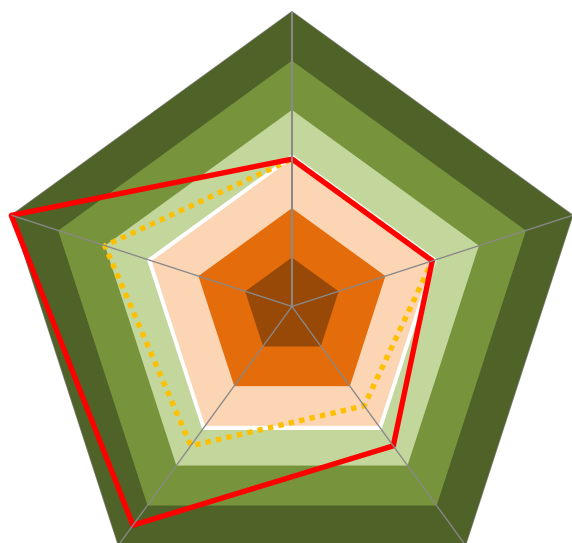


# Portfolio Case Study: SoftIron

SoftIron designs and manufactures IT infrastructure platforms that strip away the complexities of building and managing cloud infrastructure, including its HyperCloud platform that provides every component necessary to efficiently build a cloud.

Its in-house manufacturing process minimises waste and maximises reuse of components and the efficiency of its operations.

Its technology is designed to be cloud-native, in comparison to legacy technologies it is much more energy efficient. For every 34TB of storage run in HyperCloud, an estimated 1 tonne of Co2 emissions are saved through reduced energy consumption over its lifespan



## SoftIron's task-specific data centre appliances:

- Generate up to 80% less heat than the industry standard, radically reducing cooling requirements and costs
- Are up to 5x more energy efficient
- Read and write up to 44% faster than industry standard
- Have a completely transparent supply chain

- Every 10 petabytes (PB) of data storage shipped, SoftIron helps save approximately 292 tonnes of CO<sub>2</sub>e through reduced energy consumption.
- This level of reduction in carbon emissions is akin to the emissions saved from 722,322 miles driven by an average gasoline-powered passenger vehicle.





As Earth Capital looks toward 2024, we are preparing for a dynamic intersection of evolving sustainability regulations and ongoing geopolitical challenges. The full implementation of the EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR) will set widely accepted standards for transparency and sustainability reporting, affecting the broader investment landscape. While the Earth Dividend™ is not a reporting tool per se, it targets value creation by looking at material aspects of a portfolio company's value chain, providing a comprehensive view of our investments' sustainability impacts, which will complement the enhanced reporting requirements.

***“Our investment decisions will remain guided by the principles of sustainability, resilience, and long-term value creation”***

In the UK, with further developments in the Sustainability Disclosure Requirements (SDRs) post-Brexit, businesses will face increased pressure to disclose their environmental impact. Earth Capital's approach, focused on thorough ESG integration, positions us to navigate these changes confidently, aligning our practices with the UK's ambition to foster a green finance ecosystem and its net-zero objectives.

Globally, as the deadlines for the UN's 2030 Sustainable Development Goals near, there will be a renewed push for achieving these targets. The shift in the G20 presidency to India is likely to

accentuate the role of sustainable financing, potentially reshaping ESG investing practices across emerging and developed markets alike.

However, the year will also demand a nuanced understanding of the geopolitical climate. The ongoing conflicts in Israel, Palestine and Ukraine continue to pose risks to global stability and economic prospects. Such uncertainties reinforce the importance of Earth Capital's commitment to energy, food and water investments, which contribute to global sustainability and security.

Earth Capital's strategy for 2024 is characterised by agility and foresight. Our investment decisions will remain guided by the principles of sustainability, resilience, and long-term value creation. The Earth Dividend™ stands as a testament to our dedication to measurable, positive impact, ensuring that our investments continue to deliver on both financial and environmental fronts. Thus, we stride into 2024 with a robust commitment to advancing sustainable finance amidst a world of complexities.



**Richard Burrett**  
**CSO**



**Ewan Jarvis**  
**Sustainability Analyst**

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