



CLIMATE TRANSPARENCY REPORT 2020

Earth Capital Ltd

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-336163D6-21EF-4808-B072-9F14BEE76251/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

| Strategy and Governance - CC | | | TCFD Recommendation | | | |
|------------------------------|----------|------------|---------------------|----------|-----------------|-------------------|
| Indicator | Reported | Disclosure | Governance | Strategy | Risk Management | Metrics & Targets |
| SG 01.6 CC | ✓ | Public | | | | |
| SG 01.7 CC | ✓ | Public | | | | |
| SG 01.8 CC | ✓ | Public | | | | |
| SG 01.9 CC | ✓ | Public | | | | |
| SG 01.10 CC | ✓ | Public | | | | |
| SG 07.5 CC | ✓ | Public | | | | |
| SG 07.6 CC | ✓ | Public | | | | |
| SG 07.7 CC | ✓ | Public | | | | |
| SG 07.8 CC | ✓ | Public | | | | |
| SG 13.1 | ✓ | Public | | | | |
| SG 13.2 | ✓ | Public | | | | |
| SG 13.4 CC | ✓ | Public | | | | |
| SG 13.5 CC | ✓ | Public | | | | |
| SG 13.6 CC | ✓ | Public | | | | |
| SG 13.7 CC | ✓ | Public | | | | |
| SG 13.8 CC | ✓ | Public | | | | |
| SG 14.1 | ✓ | Public | | | | |
| SG 14.2 | ✓ | Public | | | | |
| SG 14.3 | ✓ | Public | | | | |
| SG 14.6 CC | - | Public | | | | |
| SG 14.7 CC | - | Public | | | | |
| SG 14.8 CC | ✓ | Public | | | | |
| SG 14.9 CC | - | Public | | | | |
| SG 15.1 | ✓ | Public | | | | |
| SG 15.2 | ✓ | Public | | | | |
| SG 15.3 | ✓ | Public | | | | |

| Symbol | Status |
|--|---|
| ✓ | The signatory has completed this sub-indicator |
| - | The signatory did not complete this sub-indicator. |
| | This indicator is relevant to the named TCFD recommendation |
| Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete. | |

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

| MAIN CHARACTERISTICS | |
|---|--|
| Name | Earth Capital Ltd |
| Signatory Category | Fund Management - Majority |
| Signatory Type | Investment Manager |
| Size | US\$ 0 - 0.1 billion AUM |
| Main Asset Class | >50% Private Equity Internally Managed |
| Signed PRI Initiative | 2009 |
| Region | Europe |
| Country | United Kingdom |
| Disclosure of Voluntary Indicators | 85% from 38 Voluntary indicators |

Earth Capital Ltd

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

| | | | | |
|-------|-----------|--------|---------------|---------|
| SG 01 | Mandatory | Public | Core Assessed | General |
|-------|-----------|--------|---------------|---------|

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

| | | | | |
|----------|---|--------|-------------|---------|
| SG 01 CC | Mandatory to Report Voluntary to Disclose | Public | Descriptive | General |
|----------|---|--------|-------------|---------|

SG 01.6 CC Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

EC is a thematic investor which invests globally in the development and deployment of clean sustainable technology. Our investment strategy should target businesses that contribute positively to sustainable development. The majority of companies we invest in actively seek to exploit opportunities relating to the transition to a low carbon economy. BEL, Black Dog, SEDL etc are focused on low carbon energy generation. SDCL on energy efficiency. Others (Propelair, Softiron, Pallite) have low carbon product usage.

In terms of transition and physical climate-related risk and regulatory awareness we have analysed our portfolio on an asset by asset basis. This has been reported and reviewed by our Investment Committee and will be reviewed our independent Sustainability Council.

No

SG 01.7 CC Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

These tests are considered over the life of the Fund which is expected to be 10 years. To ensure that value at exit is optimised it means that our perspective on an asset by asset basis has to be longer than that to ensure these companies are set to flourish further after exit.

No

SG 01.8 CC Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

EC only invests in companies that have a positive impact on energy, water, food & material resource usage. Our investment requirement is to have a net positive impact on these issues which we measure using our Earth Dividend™ assessment tool. In addition we subject each investment to a TCFD questionnaire. The questionnaire we have used was produced by PRI in conjunction with the Institutional Investors Group on Climate Change (IIGCC) to satisfy TCFD requirements. We are a member of both these groups.

Climate-related risks and opportunities are an integral part of this as highlighted above and throughout our PRI submission.

No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Our approach is to publish TCFD findings in our public annual sustainability review and via our website.

- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6
CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Climate Change is a regular agenda topic at the Management Committee, Investment Committee and Sustainability Council.

The Investment Committee addresses climate change in relation to existing and prospective investments. Sustainability is a standing agenda item for this committee. We have completed a TCFD questionnaire process across the portfolio in 2019 (Using PRI/IIGCC developed questionnaire specifically for private equity) which we reviewed.

The Sustainability Council meets at least twice a year and considers climate change and the impact it will have on ECP and its products amongst the wider sustainability drivers.

implemenation is driven by the CSO and through the investment managers.

**SG 07.7
CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

As mentioned before our Earth Dividend assessment contains a number of specific tests which address climate change impacts and risks. Secondly, as part of the TCFD approach we have adopted, we undertook additional due diligence on a number of forward looking climate risk issues including physical and transition and legal risks. We utilised a TCFD questionnaire process across the portfolio in 2019 (Using PRI/IIGCC developed questionnaire specifically for private equity)

The analysis for both is carried out by our Investment Teams (in conjunction with the Investee company management teams as appropriate). The Chief Sustainability Officer (CSO) at EC reviews the analysis undertaken and engages as appropriate with the Investment Teams/Investee Companies. Climate related analysis is included in the investment papers which go to the Investment Committee for both initial deal evaluation but also regular monitoring through until exit.

The CIO and CEO are members of the Investment Committee as is the CSO. The latter has a veto on all investments.

**SG 07.8
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

Describe

Yes we undertake forward looking scenario analysis on a bottom up - asset by asset basis to understand whether the individual investments remain resilient to transition issues. This is reinforced by discussion of trending and future drivers which is a standing item in our Investment Committee and Sustainability Council meetings.

- Yes, in order to assess future climate-related risks and opportunities

Describe

This is a core component of the TCFD questionnaire analysis we have undertaken. We feel that it is more insightful to look at this scenario analysis at an asset by asset level rather than a portfolio basis to ensure that we have a nuanced understanding of the issues facing them.

- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

EC is a private equity investor with a positive impact investment focus on areas which will contribute to sustainable development. Our asset allocation is focused on private equity which we believe to be an area where positive impact can be enhanced.

As such our investment thesis is predicated on analysis of future social, environment and economic trends which shape the context into which we are investing and cause us to see huge potential in the areas on which we focus namely:

- Growth capital for Sustainable Technology companies
- Renewable energy infrastructure development and construction, and energy efficiency
- Sustainable agriculture

Sustainable Development is at the heart of EC's model. EC incorporates environmental, social and governance (ESG) impacts into all investment evaluation, portfolio management and reporting processes. Given the limited number of entities into which we are currently invested (10-15) we undertake scenario thinking and analysis around each investment.

| | | | | |
|-----------------|--|---------------|--------------------|----------------|
| SG 13 CC | Mandatory to Report Voluntary to Disclose | Public | Descriptive | General |
|-----------------|--|---------------|--------------------|----------------|

SG 13.4 CC

Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment

Describe

EC is a global private equity investment manager totally focused on Sustainable Development within the nexus of energy security, food and water security. Climate change is fundamental to those sectors. We invest capital globally in the commercialisation and deployment of proven, sustainable technologies, in various industries including agriculture, clean industry, energy generation, resource and energy efficiency, infrastructure, waste and water. **As such scenario analysis is core to this choice of investment thesis.**

- Incorporation into investment analysis

Describe

EC is a global private equity investment manager totally focused on Sustainable Development within the nexus of energy security, food and water security. Climate change is fundamental to this nexus. We invest capital globally in the commercialisation and deployment of proven, sustainable technologies, in various industries including agriculture, clean industry, energy generation, resource and energy efficiency, infrastructure, waste and water. **As such scenario analysis is core to this choice of investment analysis.**

- Inform active ownership

Describe

The initial analysis and development of our approach has informed our engagement with investee management . This will continue to be developed as we go forward. It is part of our TCFD process.

- Other

**SG 13.5
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6
CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

EC's investment thesis is based on facilitating the growth of businesses which contribute directly to the transition to a low carbon, sustainable economy. As a PE investor in a 10 year plus fund structure a long term view is fundamental to our investment strategy. We are building businesses for the long term.

- No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios your organisation uses.

| Provider | Scenario used | |
|---------------------------------------|--|---|
| IEA | <input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS) | |
| IEA | <input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario | |
| IEA | <input type="checkbox"/> Sustainable Development Scenario (SDS) | |
| IEA | <input type="checkbox"/> New Policy Scenario (NPS) | |
| IEA | <input type="checkbox"/> Current Policy Scenario (CPS) | |
| IRENA | <input type="checkbox"/> RE Map | |
| Greenpeace | <input type="checkbox"/> Advanced Energy [R]evolution | |
| Institute for Sustainable Development | <input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP) | |
| Bloomberg | <input type="checkbox"/> BNEF reference scenario | |
| IPCC | <input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5 | |
| IPCC | <input type="checkbox"/> RPC 6 | |
| IPCC | <input type="checkbox"/> RPC 4.5 | |
| IPCC | <input type="checkbox"/> RPC 2.6 | |
| Other | <input checked="" type="checkbox"/> Other (1) | <div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> internally developed using international benchmarks |
| Other | <input type="checkbox"/> Other (2) | |
| Other | <input type="checkbox"/> Other (3) | |

| | | | | |
|-------|---|--------|---------------------|-------|
| SG 14 | Mandatory to Report Voluntary to Disclose | Public | Additional Assessed | PRI 1 |
|-------|---|--------|---------------------|-------|

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

| | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM | | | 47 | 500 | 000 |
| Currency | USD | | | | |
| Assets in USD | | | 47 | 500 | 000 |

Specify the framework or taxonomy used.

Assessment of climate risk and opportunity across the investment's value chain is a key part of our investment analysis and a core element in our Earth Dividend scorecard analysis and our TCFD process.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Emissions assessment is a part of our Earth Dividend and TCFD process across the value chain (from supplier through own operations to end of life)

- None of the above

SG 14.5

Additional information [Optional]

The Earth Dividend process looks at ESG issues holistically. This includes a range of critical dependencies and impacts and has climate change issues embedded in it:

- Natural Resource Consumption :Water use and efficiency; energy inputs and efficiency; efficient use of raw materials; sourcing of materials from sustainable practices ; land resource value
- Ecosystem Services: Biodiversity and natural habitat; water system; climate system& greenhouse gas emissions; soil systems
- Pollution Control: Atmospheric emissions; effluent discharge; waste disposal; supply chain polluting impact, product end of life impact
- Social& Economic Contribution: Employee welfare and human rights; local economic contribution; supply chain employment standards; contribution to Sustainable Development Goals (SDGs)
- Society& Governance: Corporate governance; bribery & corruption; responsible marketing and market behaviour, indigenous peoples and cultural heritage

SG 14 CC

Voluntary

Public

General

SG 14.8 CC

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

The investment themes that EC follow already consider climate risks (and opportunities)

Climate related risks are a standing item in investment due diligence and are embedded in our Earth Dividend/TCFD scorecard assessment process.

The output of our due diligence and Earth Dividend/TCFD processes are presented to the Investment Committee which considers climate risk as being equal to any other risk the potential investment may run.

Processes for climate-related risks are not integrated into overall risk management

| | | | | |
|-------|---|--------|-------------|-------|
| SG 15 | Mandatory to Report Voluntary to Disclose | Public | Descriptive | PRI 1 |
|-------|---|--------|-------------|-------|

SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2 Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

100

SG 15.3 Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

40

Brief description and measures of investment

We have invested in a range of sustainable technology businesses (targetting energy and resource efficiency including water use and remediation) and energy efficiency projects.

Renewable energy

Asset class invested

Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

35

Brief description and measures of investment

We have invested in renewable energy projects

- Green buildings
- Sustainable forestry
- Sustainable agriculture

Asset class invested

- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

25

Brief description and measures of investment

We have invested in AEV1 (now EC Botswana) in Botswana - a sustainable agriculture business suppling 15% of the countries vegetables.

- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No