



CLIMATE VENTURE
CAPITAL FUND

Impact Report

FINANCIAL YEAR 2023

Impact Report

The Climate Venture Capital Fund (“the Fund”) was established in 2020 to fill a serious gap in climate finance. The mobilisation of private investment into early-stage technologies and innovations focused on mitigation and adaptation has been identified internationally as a critical enabler of transition to low-carbon resilience economies. However, the New Zealand Government said in November 2022 that the “current scale and pace of investment [in New Zealand] is inadequate to achieve climate goals.”¹ Carbon Action Tracker rates the level of climate finance in New Zealand as “highly insufficient”, while saying that for Australia it is worse, being “critically insufficient”.² A significant impact of the Fund is to play a catalytic role in filling this gap. By taking the lead in investing into enterprise capable of both high climate impact and high returns, the Fund will demonstrate to the market that climate investments are smart and sustainable – with the intention of crowding in considerably more private capital to accelerate New Zealand’s climate transition.

As a pioneering private sector climate fund in New Zealand, the Fund intends to demonstrate best practice in: a) selecting positive impact investments; b) understanding and improving our climate impact as well as our broader impacts on Environment, Social and Governance (ESG) measures.

a. Investment selection for positive impact

Whether or not any investment has net positive or net negative impact starts with investment selection. For too long, the global investment community has channelled capital into enterprises, innovations and technologies focused

on very narrow goals, or at solving very narrow problems. The result has been to facilitate considerable unintended external harms elsewhere to people and planet.³ Climate change itself has been labelled the largest externality ever known to humankind. With this in mind, the Fund takes a systems approach to evaluation and selection of all investment. This means, to the best of the Fund’s abilities, a ‘wide boundary analysis’ (i.e. beyond just climate impacts) is undertaken to: a) avoid investing in enterprises with potentially negative impacts⁴ in the short-, medium-, and long-term; and b) identify possible co-benefits against the Sustainable Development Goals (SDGs).

b. Understanding and improving climate and broader ESG impacts

We intend to help develop and improve on the reporting standards in climate impact specifically. In this, our first, impact report we embark on a journey towards that goal. Consistent with the Fund’s investment selection, we encourage all companies we invest in to adopt a systems approach, by constantly ‘sensing, learning, and adapting’⁵ to deliver continuous improvement over the life of the Fund – encompassing emissions reductions, SDG co-benefits and to mitigate or minimise any unintended harms.

The climate impact of venture capital investment is an area where practices are developing rapidly. However, comprehensive and coherent reporting is currently challenging due to fundamental differences in the approach to measurement. Globally, emissions reporting by businesses

¹ MBIE (Nov 2022). [What would it take to mobilise investment to achieve New Zealand’s climate goals?](#)

² [Climate Action Tracker](#).

³ OECD/IIASA (2020). [Systems thinking for policy making](#).

⁴ Encompassing social, environmental, cultural and political impacts.

⁵ Leading thinkers on systems approaches agree that a sense-learn-adapt approach is critical to tackling the climate challenge, without causing undue harm elsewhere. This is because, in the context of complex systems, it is impossible (despite best efforts) to ‘pre-know’ the entire scope of impacts of any climate-related intervention; its only practicable to constantly observe, learn and improve.

focuses on reducing emissions from existing companies, rather than the impact of (new) companies on reducing global emissions. So we have a number of measurement challenges, including:

- The lack of historical emissions baselines for new companies to reduce;
- The need to measure emissions avoided as end users take up new and lower-emissions goods and services and purchase fewer legacy higher-emissions goods and services from other businesses (so-called “Scope 4” emissions). Reducing sales at other businesses with higher emissions-intensity, reduces the relevant industry’s total emissions, and individual firms such as our portfolio companies may even be able to record that benefit;
- The long time, in some cases, between our investment and the emissions impact as companies scale up and come to market;
- The long lifetime of the emissions impacts from projects, goods, or services being developed by some of our portfolio companies, often extending well past our likely investment period; and
- The immaturity of reporting and measurement standards for climate impacts of venture investment.
- A lack of systemic evaluation frameworks to support the Fund and investee enterprises to identify leverage points, synergies and strategies to accelerate system wider positive climate and other impacts and to minimise trade-offs.

Against this context, the Fund’s current focus is to measure emission within two boundaries:

- Those from our **operation** of the fund through its manager 2040 Ventures, which are likely very small; and
- Those from our **investments** in the Fund’s portfolio. As the Fund has been created to drive emissions reduction, there is potential for major reductions from the

Fund’s emerging portfolio once avoided emissions are taken into account.

These emissions in turn break down into categories relating to the Fund Manager’s Emissions and Portfolio Companies’ Emissions, each described below. As above, the fund additionally identifies for SDG co-benefits beyond climate (see detailed analysis of investee companies, from page 12 onwards).

FUND MANAGER EMISSIONS

Overall emissions from the Climate VC Fund and 2040 Ventures are very modest given we are a white collar operation, and consciously avoid business activities which generate excessive emissions, in keeping with our mission and values. Our footprint consists of direct emissions (Scope 1), indirect emissions from electricity (Scope 2) and other indirect emissions (Scope 3).

Scope 1: Direct GHG emissions

The Climate VC Fund does not own or control emissions sources such as vehicles or buildings, nor does 2040 Ventures. Our Scope 1 emissions are close to zero, simply consisting of refrigerant gases from the fridges at the 2040 Ventures offices in Auckland and Te Anau, a portion of which are attributable to the Climate VC Fund.

Scope 2: Electricity indirect GHG emissions

2040 Ventures purchases electricity to run our offices (and charge electric bicycles and an electric motorcycle). A portion of these emissions occurs due to the operations of the Climate VC Fund.

Scope 3: Other indirect GHG emissions (non-Category 15)

Our emissions in Scope 3 include air travel, taxis, and travel for work in personal vehicles. These are tracked through our expense accounting. A level of electricity usage for staff working from home

can also be counted under Scope 3. Emissions from air travel by 2040 Ventures staff are fully offset as standard company practice using reputable offsetting schemes – so net emissions are materially lower than gross emissions. In any case, we keep the number of flights to a minimum.

Measurement and Certification – Fund Manager

Certifying the emissions of 2040 Ventures as manager of the Climate Venture Capital Fund is a task that we intend to deliver in the coming financial year, but we stress that the overall amount is tiny in relation to the emissions impact from our portfolio. Still, we consider it a mark of good practice to measure, report and reduce these.

PORTFOLIO COMPANIES' EMISSIONS

Scope 3 Category 15 – Financed Emissions

This category covers the emissions of our portfolio companies, which are also described in more detail below. The four companies in the Fund's portfolio as at March 2023 are at a range of development stages, from pre-pilot to in market. Their emissions measurement covers the same range, including direct, indirect electricity and other indirect emissions up and down the supply chain.

MGA Thermal is building an industrial-sale demonstration plant manufacturing unit and there will be direct and indirect emissions from this construction and operation. Cleanery are in market and have emissions from their production and distribution. For the Fund, our Scope 3 Category 15 portfolio emissions for the year to March 2023 are simply a proportion of the emissions from these firms, based on our equity share in these firms.⁶

⁶ GHG Protocol "[Technical Guidance for Calculating Scope 3 Emissions - Category 15: Investments](#)"

For companies developing their process from a laboratory stage, their emissions are relatively small and their priority is improving their technology. Thus we record that their emissions are small, and while they are growing, they are not a good guide to their emissions once they reach market scale. The Fund's portfolio companies Liquium and Zincovery are at this stage. We do not expect or require them to measure their emissions at this point but to have a plan for measuring emissions once they reach scale.

Scope 4 – Avoided Emissions

The majority of the emissions impacts from the Fund's portfolio companies will come from the reduction in emissions by other companies. For example, a householder buying a Cleanery product with low emissions is avoiding buying a traditional cleaner with associated high emissions, for a net saving overall to global emissions.

These emissions savings occur outside a product's direct life cycle or value chain, but are because of the use of that product. This impact is poorly captured or even excluded by existing greenhouse gas accounting protocols, which are largely focussed on the current emitters. There is no generally accepted framework for estimating and reporting these emissions.

The best guidance for estimating and disclosing Scope 4 emissions comes from the World Resources Institute 2019 working paper "Estimating and reporting the comparative emissions impacts of products".⁷ This recommends that we should make estimates based on the system-wide impact of our investments, which has been our practice from the start of this Fund.

At the Climate VC Fund, we recognise the role that high-quality, verifiable offsets can play for our portfolio companies. This is particularly the

⁷ Russell, 2019, "[Estimating and reporting the comparative emissions impacts of products](#)"

case for firms such as Cleanery which operate in the consumer market where there are many companies claiming low carbon or zero carbon operations. However, on the whole we prefer to invest in companies with provable reductions in total (gross) emissions inclusive of avoided emissions, rather than those which need to purchase offsets to deliver a net zero emissions outcome. We only invest in companies with high potential to reduce industry-wide or systems-wide gross emissions.

Our four investments show quite different patterns of avoided emissions.

For now **MGA Thermal**'s clients are only using their system in trials. If a trial is stand-alone then there are no avoided emissions, but when these trials are "plugged in" to the electrical grid or industrial processes then the avoided emissions are immense.

Cleanery has a direct line to avoided emissions, firstly when sachets are placed into supermarkets distribution systems, and then when the products are purchased and used by customers. We can measure the impact of these on a per-sachet basis, and making assumptions about usage rates and savings, can easily estimate the climate impact. The company has also chosen to more than fully offset its own emissions, so that it has negative net emissions even before avoided emissions are taken into account.

Liquium and **Zincovery** show great potential, but no avoided emissions at this early stage.

The table below shows the emissions impact for the period to March 31, 2023 for the four investments.

As Cleanery's emissions impact is the most complete in terms of its current measurement, it is worth looking into this in a little more detail. The company's emissions have been fully mapped into terms of Scope 1, 2 and 3. As is often the case, most of the company's own emissions (92%) are Scope 3 indirect emissions. An analysis has been completed to compare the company's footprint with competitors. This shows depending on where a competitor's product is manufactured, Cleanery usage will reduce emissions of cleaning product use in the home by 98% to 99%, as there is no emissions cost from shipping water (because

Cleanery is sold in powdered form), and only a little from shipping bottles (because Cleanery's bottles are reusable and many customers will supply their own). In addition, the company has chosen to fully offset its internal emissions so it can credibly claim to be a carbon positive organisation.

FY23 - year to March 2023 or nearest prior period	Company emissions			Avoided emissions	Total emissions impact
	Gross emissions	Offsets purchased	Net emissions		
Tonnes CO ₂ -e					
MGA Thermal	n/a	0	n/a	n/a*	n/a
Cleanery	57	-60	-3	66	-69
Liquium	n/a	0	n/a	n/a	n/a
Zincovery	n/a	0	n/a	n/a	n/a

Table 1: Total emissions, Climate VC Fund portfolio companies, year to March 2023. **Note:** * See commentary below regarding MGA Thermal.

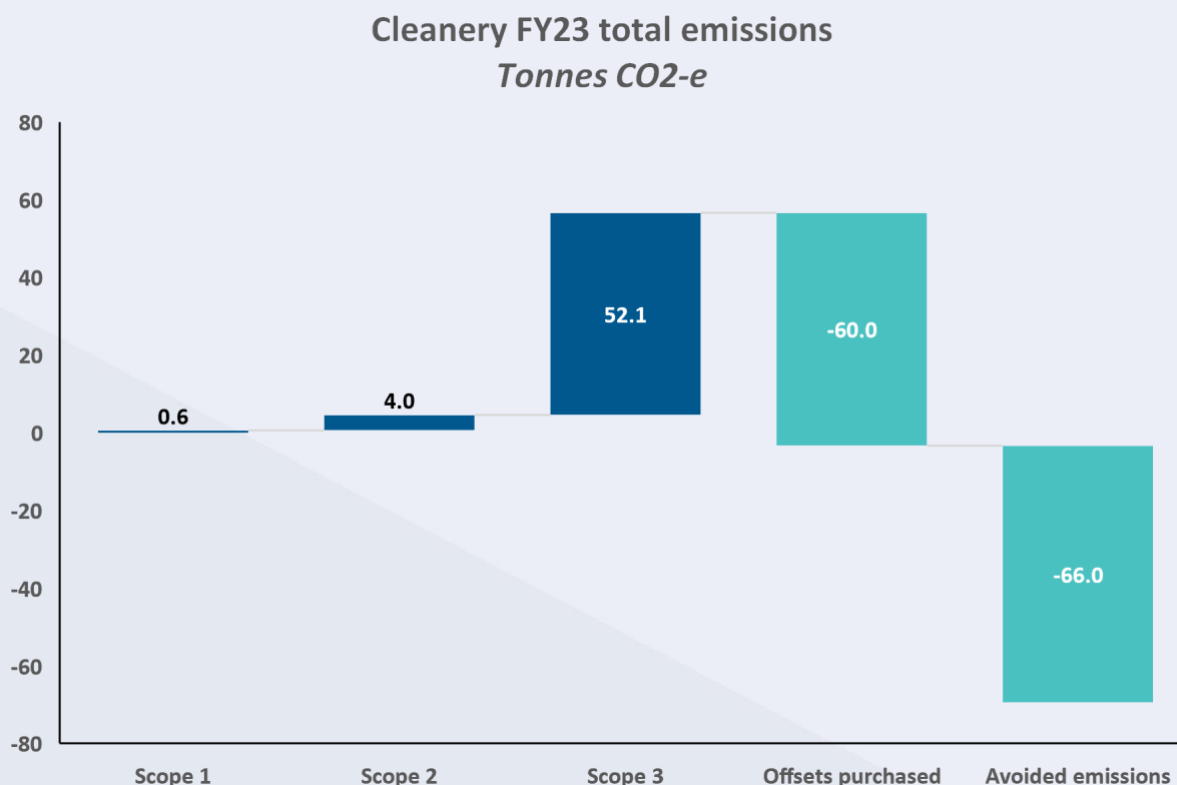


Chart 1: Cleanery emissions, year to March 2023

Chart 1 breaks down Cleanery’s measured emissions in more detail, showing in the total the company (inclusive of avoided emissions) reduced greenhouse gas emissions by 69 tonnes in FY2023.

Cleanery also stands to show an improving emissions profile in FY2024. The carbon cost of capital equipment for the company’s expanded manufacturing facility has been fully accounted for in FY2023, so this means the company will become more emissions-efficient by default in FY2024. Cleanery also has increasing sales volumes, and is prioritising low emissions transport of its products. So we expect to see a

materially lower emissions figure per sachet sold in FY2024.

For MGA Thermal, we have stated the FY2023 avoided emissions as “not applicable” as their early customer trials are not grid-connected and thus there are no real world emissions savings. However, the company estimates the emissions avoidance from these trials if they had been grid connected would be around 380 tonnes in FY2023. Chart 2 below shows the avoided emissions by all the portfolio companies, inclusive of this notional “saving”.

Total FY23 avoided emissions *Tonnes CO2-e*

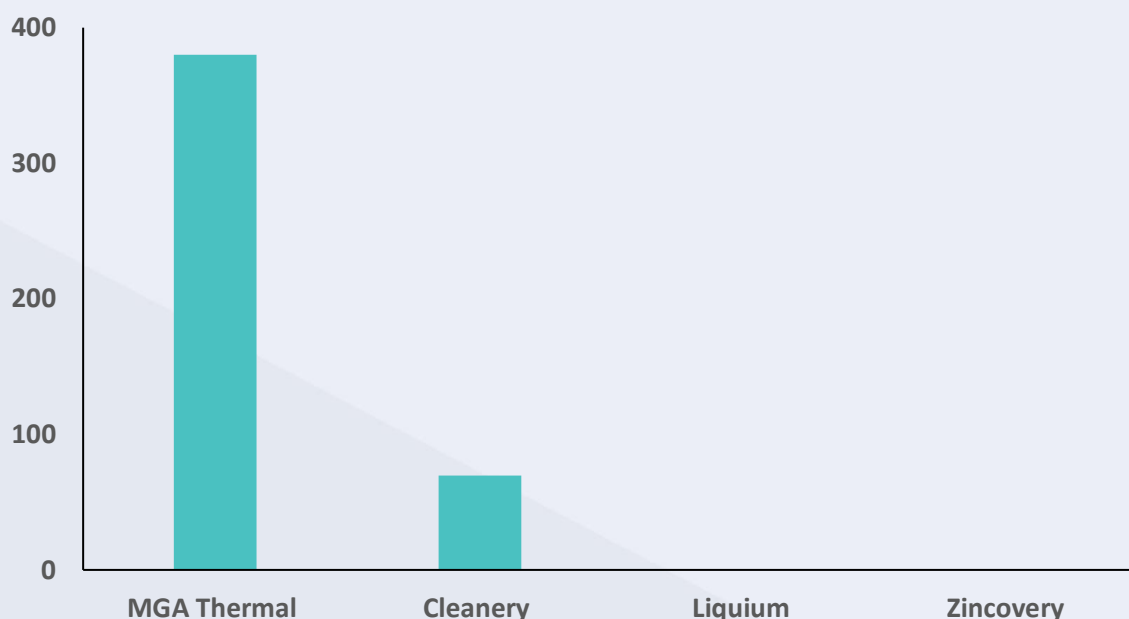


Chart 2: Total avoided emissions, Climate VC Fund portfolio companies, year to March 2023

Looking forward into FY2024, an MGA Thermal client is soon to execute a major trial of the company's long duration energy storage technology. This will be connected to production systems, and thus deliver genuine avoided emissions. The trial will avoid an estimated 25,000 tonnes of annualised emissions, a massive 66-fold increase in the annual emissions saving, and a real-world one at that. We expect MGA Thermal to secure many such customers in the future.

OVERALL IMPACT

When we put it all together, the table and chart below show how the impact from avoided emissions from our investments dwarfs the emission from both the fund and manager and the companies themselves. We expect this trend to accelerate dramatically as MGA Thermal, in particular, continues to trial and then shift systems into production.

Chart 3, on the next page, shows the avoided emissions by company when weighted by our investment holding.

We own 2.6% of MGA Thermal, as well as \$2.4m in convertible notes (across the Climate VC Fund and a sidecar vehicle). We have assumed that inclusive of the notes we hold the equivalent of around 5.5% of equity, and thus our equity-weighted impact is as shown in Chart 3.

For clarity, we are not seeking to attribute the emissions outcomes achieved by portfolio companies to our equity investment. Our investments may be catalytic in helping climate tech companies grow and prosper, but there are many causal factors driving climate tech firms such as those in our portfolio forward. However, we believe it is good practice for a climate investment fund to show an equity-weighted view of emissions savings.

Going forward into FY2024, we expect to see emissions calculations falling into place for the earlier stage companies in our portfolio, and increasing emissions savings for all portfolio companies as they scale up.

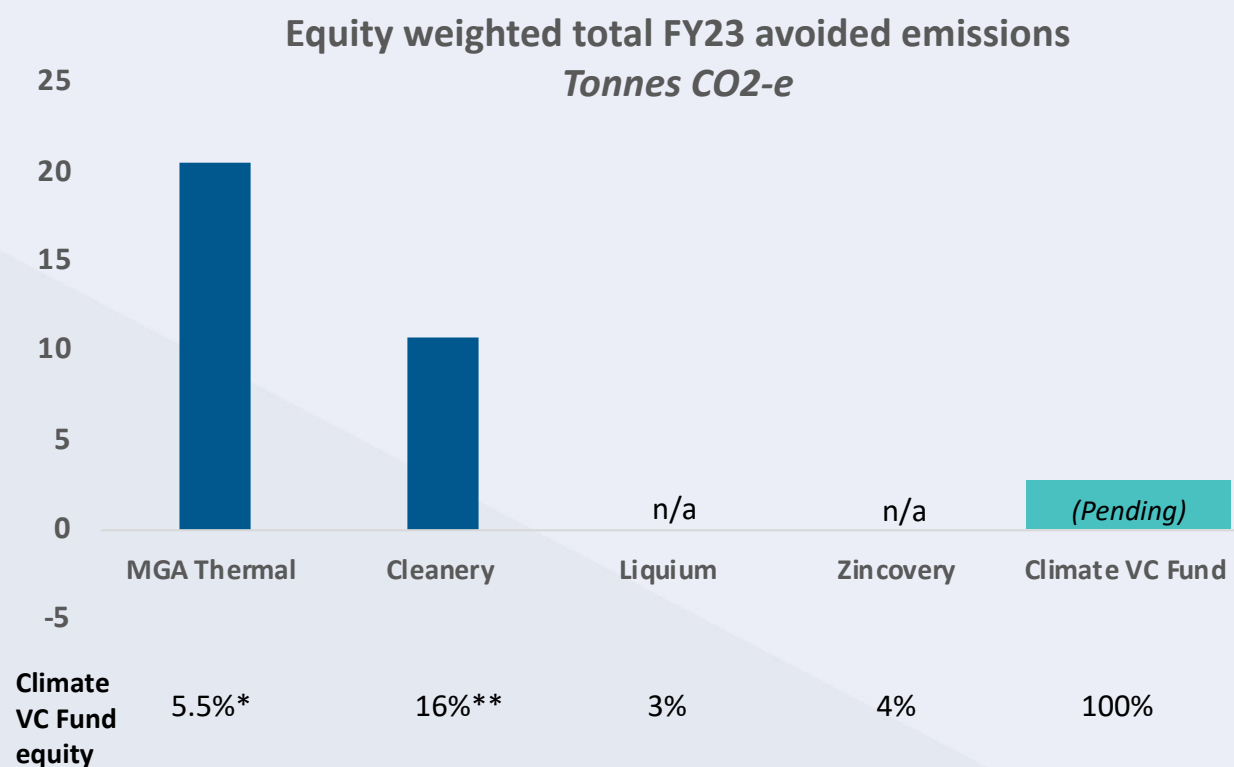


Chart 3: Equity-weighted total emissions, Climate VC Fund portfolio companies, year to March 2023.

Notes: * CVCF shareholding in MGA Thermal dependent on terms of the convertible “SAFE” note and includes further investment approved after the end of FY2023; ** CVCF shareholding in Cleanery shown includes further investment approved after the end of FY2023.

ABOUT OUR PROCESS

Measurement and Certification – Portfolio

We continue to review responsible investment best practice and emissions accounting frameworks to improve our measurement, certification, and target-setting. However, current frameworks are inadequate.

The **UN Principles on Responsible Investing** in 2022 provided VC-specific guidance with their paper “Responsible Investment In Venture Capital”.⁸ They provided six high-level ESG principles, which we have followed in the design of our Fund.

The six principles which Funds should follow are:

1. To incorporate ESG issues into investment analysis and decision-making processes.
2. To be active owners and incorporate ESG issues into [the Fund’s] ownership policies and practices.
3. To seek appropriate disclosure on ESG issues by the entities in which [the Fund invests].
4. To promote acceptance and implementation of the Principles within the investment industry.
5. To work together to enhance [the Fund’s] effectiveness in implementing the Principles; and
6. To report on [the Fund’s] activities and progress towards implementing the Principles.

⁸ UN Principles for Responsible Investment, “[Responsible Investment In Venture Capital](#)”, 2022.

However, while the guidance from the UN PRI notes Scope 1, 2 & 3 emissions as an ESG factor, it does not consider Scope 4 avoided emissions at all, which we consider a material flaw as this is where we expect to see most of the impact from the Fund's investments.

The **Partnership for Carbon Accounting Financials** (PCAF) is increasingly used by investment businesses, is built upon the GHG Protocol, and complements other climate finance initiatives. This helps financial institutions to disclose emissions from their investments (that is, those covered by "Scope 3 Category 15"). PCAF covers a wide range of asset classes, with VC being a small component of unlisted equities. PCAF separates avoided emissions from reporting of Scope 1, 2 & 3 emissions and says that avoided emissions may be measured "if applicable methodologies are available". For the VC asset class, such methodologies are not currently available.

The **Science-Based Targets Initiative** ("SBTi") is considered one of the most credible frameworks for emissions targets. SBTi explicitly excludes Scope 4 emission yet as noted above this is where the majority of the Fund's emissions impact will be found. SBTi targets require companies to set targets for decreasing their Scope 1, 2 & 3 emissions against their historical levels. Our companies do not have such baselines. And their objective is to rapidly grow their activities, and thus their Scope 1, 2 & 3 emissions. These two factors make SBTi unsuitable for holistically measuring the impact of our investments.

CLIMATE VENTURE CAPITAL FUND APPROACH TO IMPACT MEASUREMENT AND REPORTING

As above, the Fund is designed in accordance with the principles for "Responsible Investment In Venture Capital" released by the UN PRI in 2022.

⁹ See the [Global Impact Investing Network](#) or the [IRIS+ framework](#) specifically.

¹⁰ For examples of current best practice in growth capital, we note New Zealand Green Investment

We embed our climate and ESG analysis into our investment analysis and decision-making progress. This decision-making makes use of industry standards where these exist, for example the IRIS+ metrics from the Global Impact Investing Network (GIIN).⁹ We will continue to engage with other thought leaders as the venture community develops best practice for early-stage investment.¹⁰

The GIIN released its "Navigating Impact Framework" in late 2020, and recommended four steps for investors to take in order to consider potential impacts of their investment activities and to integrate impact considerations into investment management. The Fund is well-progressed on these four steps, as noted below.

Step One: Identify Goals and Expectations

Fund progress to date: This step has been completed.

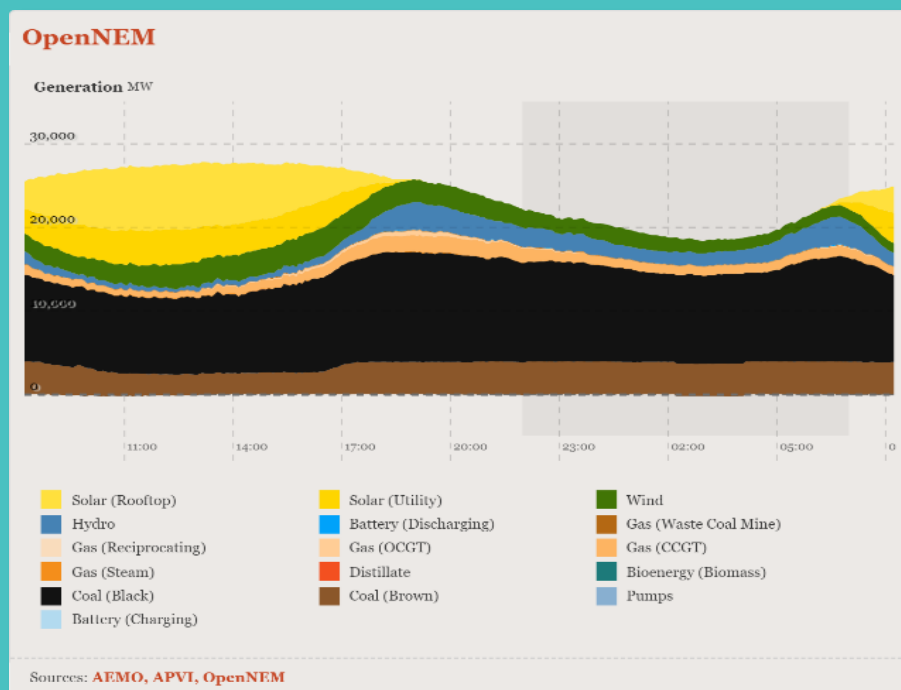
Description of progress: The Fund aims to invest in companies that will collectively reduce emissions by at least one million tonnes (CO2 equivalent) for every \$50 million of investment (over the life of the Fund). As a result we consider the Fund well aligned with this step.

Step Two: Set Strategy

Fund progress to date: This step has been completed. We expect to see continuous refinement as we understand emissions reduction opportunity sets better over time.

Description of progress: The Fund's pathway to delivering impact is our investment thesis: that there are capital- constrained and commercially viable investment opportunities to deliver both emissions reductions and financial returns, and advantages in doing those together.

Finance's "[Emissions Benefit Report 2021-22](#)" and the Kilara Group "[Kilara Impact Report 2022](#)"



Impact example: MGA Thermal

Electricity generation in Australia's eastern and south-eastern states on 10 March 2023: the mid-day solar peak and the evening coal and gas bump. This gap between generation and consumption is the energy storage challenge to which MGA Thermal is responding.

Step Three: Define Metrics and Set Targets

Fund progress to date: This step has been completed, but will be revisited as tools and standards improve.

Description of progress: IRIS+ is emerging as the generally accepted impact accounting system

used to measure, manage, and optimize impact. The Fund's high-level goals map to the IRIS+ core metric of "Greenhouse Gas Emissions Mitigated" (OI5951) which includes direct and indirect mitigations. This metric sums mitigations from emissions sequestered, avoided, and reduced.

As a result we consider the Fund well aligned with this step.

Step Four: Measure, Track, Use the Data, and Report

Fund progress to date: Now underway (see below).

Description of progress: This report provides a summary of progress to date.

We expect to develop suitable emissions-specific metrics for each investment that we make. Over time, we expect all portfolio companies to measure their emissions, inclusive of Scope 4 avoided emissions, noting that for very early stage companies this is not a good use of their limited resources. We will work with portfolio companies to make sure their wider impacts are understood and can be improved, using a best practice ESG methodology.

THEORY OF CHANGE

The Fund's theory of change is as follows:

- That the Fund can identify capital-constrained and commercially viable early stage companies which provide opportunities to deliver both emissions reductions and financial returns to the Fund's investors;
- That the Fund can mobilise, direct, and support investment into these firms;
- That investment by the Fund into these firms will increase their chance of success and accelerate their growth;

- That this will in turn help to meet demand for emissions reductions from emitters of greenhouse gases; and
- That this will over time create above-market returns to investors.

Each of the Fund's investments must have a tangible linkage to emissions reduction at a material scale.

It is notable that any proposed investment by the Fund which carries with it a material negative externality (whether of environmental, social or governance nature) may be vetoed by the Fund's independent Climate Impact Committee. To our knowledge the Fund is the only investment fund in Australasia which has this prescriptive level of decision making embedded within its commercial terms and processes.

This means that negative externalities are by nature being avoided; positive externalities, by contrast, are potentially present in many investment propositions which the Fund has examined. Clean tech firms, as well as reducing emissions, have lower waste than legacy competitors, often offer cheaper products and services than existing alternatives, and frequently have environmentally friendly principles embedded by design. We expect to see more co-benefits emerging over time.

FIT WITH EMERGING ESG INDUSTRY STANDARDS

The Climate VC Fund is one of a number of venture capital firms/ funds which are planning to

adopt new industry standards for ESG reporting which are under development in the New Zealand private capital sector. We support the concept of industry standards and are participating in the industry working group which has been examining these issues. The proposed standards are to be trialled with some of each participating fund's portfolio companies later in 2023, and the Climate VC Fund will be part of this. The intention is for these standards to be more fully rolled out in calendar 2024.

At the moment, we believe our impact measurements, specifically in relation to climate, are more advanced than the proposed industry standards.

CONCLUSION

The Fund will continue our work to develop a robust, transparent, and balanced approach to the climate impact of our portfolio, alongside the broader ESG impacts of our work. While we continue to work with our portfolio companies to ensure that they are taking a best practice approach to their own emissions measurement, in the meantime, we will measure and disclose the emissions from the Fund's manager 2040 Ventures.

The next section of this report looks in more detail at the early-stage impact of the Climate Venture Capital Fund's portfolio companies as at March 2023.



Avoidance example: Cleanery

Tracking reuse from Cleanery products: Every mark is an avoided plastic bottle. Six reuses so far for this bottle, under test by one of the CVCF Partners.



CLIMATE VENTURE
CAPITAL FUND

Portfolio Companies

Portfolio Company:**Progress to date:**

Cleanery have carried out a comprehensive life cycle analysis of the emissions from their production and distribution, including upstream and downstream Scope 3 emissions. Their products look to be substantially lower emissions than traditional cleaners (around 99%).

Key sources of emissions in FY2023 were not from production but from occasional airfreight and work travel. This informs their strategy to further reduce emissions with longer lead times and consolidated shipments to avoid air freight.

Key uncertainties are the distances that competing products are shipped and the numbers of reuses of bottles. CVCF will continue to work with Cleanery as they continue their work on comparative emissions.

Cleanery are rightly taking a broader view of ESG than just climate. The company has solid data around reduction in plastic waste from using its products (through avoiding the purchase of single-use bottles). The firm is a registered B-Corp.

Emissions mitigation driver:

Sachets sold

FY2023 impact:

~400,000 units to date¹¹

FY2023 emissions mitigated:

70 tonnes⁶

Form of impact:

- ✓ Avoids Harm
- ✓ Benefits Stakeholders
- ✓ Contributes to Solutions

Emissions impact measurement stage:

- Footprint mapped
- Emissions avoidance estimated
- High quality credits purchased and retired, making Cleanery a carbon positive business

SDGs:*Key Goals:*

13 CLIMATE ACTION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

*Supporting Goals:*

8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



14 LIFE BELOW WATER



¹¹ In future reports this data will be provided for the financial year just completed as well as a lifetime view.

Portfolio Company:**Progress to date:**

MGA Thermal's emission impact is a classic case of avoided emissions. Australian generation has increasing and excess solar at mid-day. Storing that until the evening peak avoids the use of higher-emissions generation.

Once their technology is installed and contributing to the grid, MGA Thermal will be able to make use of the PCAF guidance on avoided emissions for renewable power plants. Their emissions savings depends upon the emissions intensity of the generation avoided. MGA Thermal can fairly claim to be replacing "the generation from the power plants with the highest variable operating costs in the economic merit order dispatch of the electricity system". These are coal and gas plants with known emissions factors, hence the avoided emissions due to the use of MGA Thermal's products can be credibly estimated.

Similar calculations can be made in future for other "use cases" of the MGA Thermal's technology, for example avoiding emissions from use of fossil fuel gas in manufacturing.

Emissions mitigation driver:

- Blocks shipped
- Blocks in use

FY2023 impact:

- 1,100 to date
- Potential to increase over 50x through a single trial customer later in 2023

FY2023 emissions mitigated:

- Not material
- Potential to deliver reduction of >20,000 tonnes p.a. through a single trial customer later in 2023

Form of impact:

- ✓ Avoids Harm
- ✓ Benefits Stakeholders
- ✓ Contributes to Solutions

Emissions impact measurement stage:

- Initial emissions analysis well advanced
- Discussion underway with key potential customers about the calculation of Scope 4 avoided emissions.

SDGs:**Key Goals:****13** CLIMATE ACTION**7** AFFORDABLE AND CLEAN ENERGY**Supporting Goals:****9** INDUSTRY, INNOVATION AND INFRASTRUCTURE**11** SUSTAINABLE CITIES AND COMMUNITIES**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

Portfolio Company:



Progress to date:

Liquium is testing new catalysts which can allow manufacturing of ammonia to take place at much lower temperature and pressure than the traditional method.

We expect emissions to be avoided when this process is adopted to replace ammonia production for the fertiliser sector.

Green ammonia may also reduce emissions if it is adopted at scale as a marine fuel, replacing heavy fuel oil.

The company also has potential to release a range of co-benefits/ positive externalities in addition to emissions reduction. These include benefits to waterways from lower pollution from fossil fuels used in shipping.

The company's initial milestones agreed when the Fund first invested in 2022 have been completed, and the company is on track with its business plan.

Emissions mitigation driver:

Tonnes of low emissions ammonia produced

FY2023 impact:

Negligible

FY2023 emissions mitigated:

Negligible

Form of impact:

- ✓ Avoids Harm
- ✓ Benefits Stakeholders
- ✓ Contributes to Solutions

Emissions impact measurement stage:

- Currently in planning stage

SDGs:

Key Goals:

13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



Supporting Goals:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



14 LIFE BELOW WATER



Portfolio Company:**Progress to date:**

Like several other Climate VC Fund portfolio companies, Zincovery's future impact on greenhouse gas emissions will depend on substitution. As its technology scales, we expect recycled zinc (using the Zincovery process) to become cost competitive at smaller scale, and therefore that the share of commodity zinc sales which are recycled to increase.

Uptake of the Zincovery process reduces the need for international transport of hazardous zinc waste to legacy coal-fired kilns, and also provides a clean alternative to the other main method of disposal of toxic zinc furnace dusts – disposal into landfill.

Their progress to date is substantive, with the pilot plant now operating, producing zinc at 100 times the scale of their earlier lab work.

Emissions mitigation driver:

Tonnes of zinc recovered with cleaner process

FY2023 impact:

Negligible

FY2023 emissions mitigated:

Negligible

Form of impact:

- ✓ Avoids Harm
- ✓ Benefits Stakeholders
- ✓ Contributes to Solutions

Emissions impact measurement stage:

- Currently in planning stage

SDGs:*Key Goals:*

13 CLIMATE ACTION



3 GOOD HEALTH AND WELL-BEING



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

*Supporting Goals:*

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



15 LIFE ON LAND



Diversity at the Climate Venture Capital Fund

Here is a diversity snapshot at the financial year-end being the year to March 2023.

Within Climate Venture Capital Fund's portfolio companies:

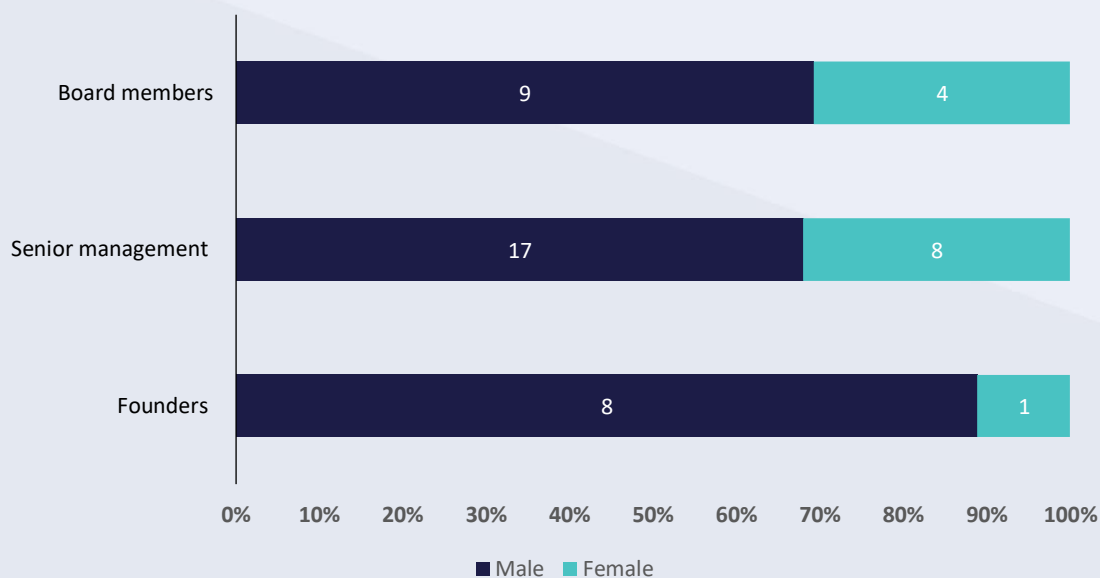


Chart 4: Gender profile of Climate VC Fund portfolio companies, year to March 2023.

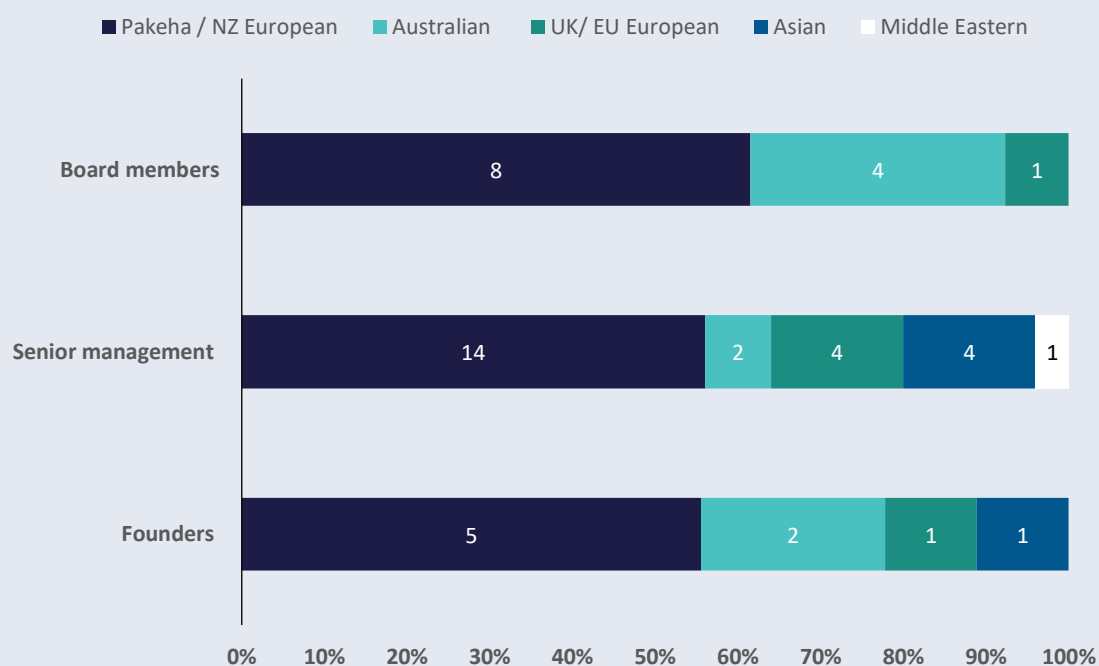


Chart 5: Ethnicity profile of Climate VC Fund portfolio companies, year to March 2023.

And within Climate Venture Capital Fund and the manager 2040 Ventures:

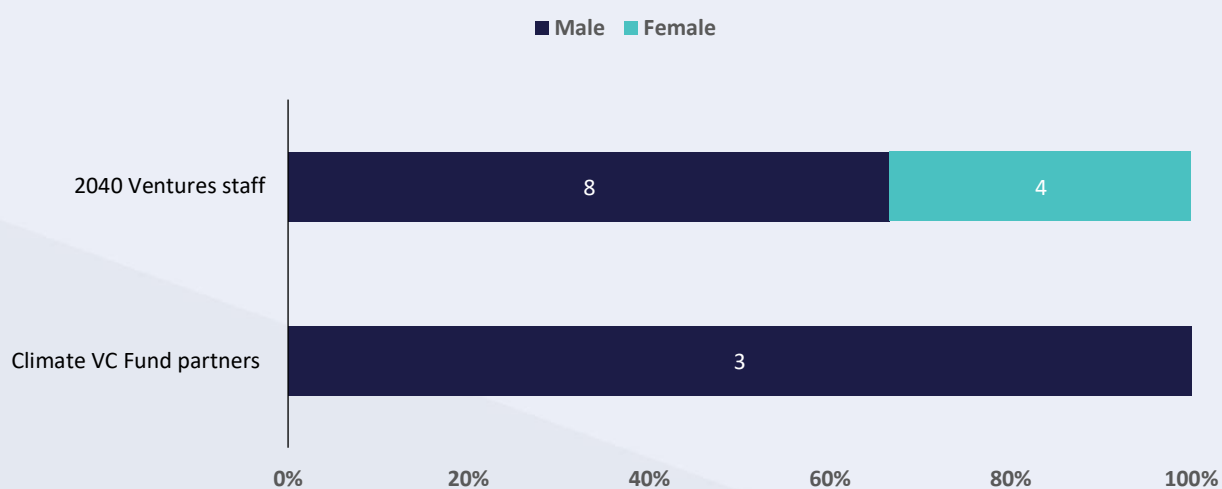


Chart 6: Gender profile of Climate VC Fund and 2040 Ventures, year to March 2023.

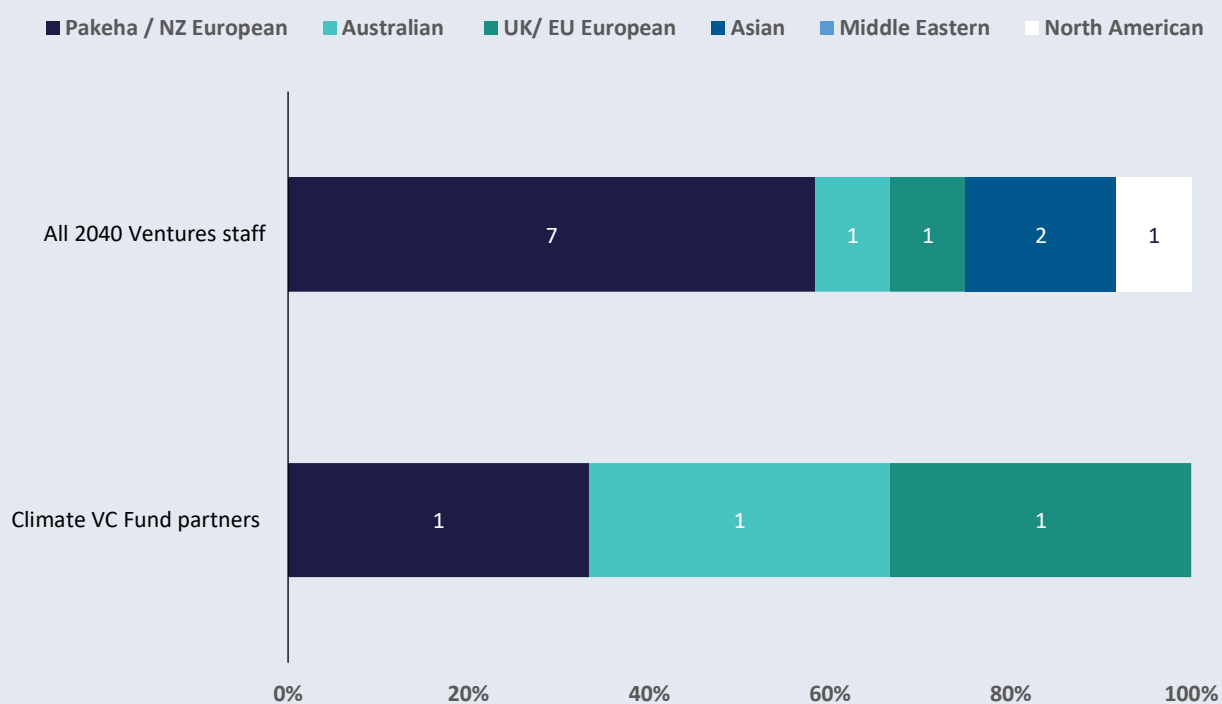


Chart 7: Ethnicity profile of Climate VC Fund and 2040 Ventures, year to March 2023.

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