



earth capital partners

A SET3 COMPANY

# ECP Sustainability Council Terms of Reference

June 2018

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## INTRODUCTION

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

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

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

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

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

ECP has a SD Policy, underpinned by:

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

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

ECP's SD Policy, Investment Guidelines, Due Diligence Process and the 'Earth Dividend' are the responsibility of the ECP Sustainability Department.

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

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

## TERMS OF REFERENCE

### Role and objectives

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

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

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

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

### Council Membership and Chair

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

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

- Globally respected, independent, challenging, pragmatic and constructive

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

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

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

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

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

## TERMS OF REFERENCE (CONT.)

### **Time Commitment and Compensation**

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

The time commitment asked of Council Members will include:

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

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

ECP does however recognise the need for private sector 'support' for civil society, particularly where its views and opinions are sought. To this end ECP is establishing the ECP Foundation through which a proportion of profits will be channelled to support social and environmental action - some of which will be through not-for-profit organisations.

### **ECP and Council Roles**

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

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

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

Additional ECP/SET3 personnel will participate as deemed necessary and feasible by ECP.

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

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

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

## TERMS OF REFERENCE (CONT.)

### **Confidentiality and Process Transparency**

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

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

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

- In consideration of ECP supplying its Confidential Information to Members, Members acknowledge that such information is confidential and is furnished by ECP and received by Members under a strict duty of confidentiality to ECP.
  - Members shall not, without the prior written consent of ECP, divulge Confidential Information to any third party during their appointment to the Council and for a minimum period of two years thereafter.
- Members shall use the Confidential Information only for the purpose of performing their functions as Members of the Council and for no other purpose.
  - Members shall ensure that Confidential Information is protected against theft and unauthorised access and that such information is not provided to others unless authorised by ECP.
  - The ownership of the rights of ECP to its intellectual property shall remain with ECP, and nothing shall be taken as granting or implying the grant to Members of a licence to use ECP's intellectual property.
  - All documents, copies of documents and other material of ECP furnished to a Member during their membership of the Council shall be returned to ECP or destroyed at the end of that Member's tenure. Members shall not be required to return reports, notes or other material they have prepared which incorporate Confidential Information, provided that such information is kept confidential.

## SUSTAINABILITY COUNCIL MEMBERS



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



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



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



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



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



**James Stacey** is currently a Partner at ERM, the world's leading sustainability consultancy. During the period 2006–2015 James was Global Head of Sustainable Business at Standard Chartered Bank plc, the FTSE20 international bank, and then a Partner at Earth Capital Partners. James previously led KPMG's UK sustainability consulting and Global environment transaction services (M&A) practices. He began his career as an environmental engineer. James is a Fellow of the University of Cambridge Institute for Sustainability Leadership (CISL)

## FORMER SUSTAINABILITY COUNCIL MEMBERS



- **Jen Morgan** is a Sustainable Business Advisor at WWF-UK. Jen leads WWF's Sustainable Consumption work which focuses on finance as a lever for change, such as the One Planet Finance programme which will create a multi-stakeholder innovation laboratory to enable finance to better serve long term interests. Before joining WWF five years ago, Jen worked in commercial roles for British Airways and The Body Shop, both in the US and the UK. Jen is a Board Member of FairPensions and Steering Committee member of BankTrack.



- **Catherine Cameron** is a Director of Agulhas: Applied Knowledge, a consultancy company specializing in sustainable development. Catherine was previously a member of the core team producing the Stern Review of the Economics of Climate Change. Catherine has led teams delivering change across the board in policy, programmes and fundraising in response to climate change. She is Chair of Twin, a charity, and Twin Trading, its sister company, whose mission statement is 'to increase fair and sustainable access to international markets for smallholder producers'.



- **Tony Juniper** is a well known environmental campaigner and commentator. From 1990 he worked at Friends of the Earth acting as executive director from 2003-2008 and Vice Chair of Friends of the Earth International from 2000-2008. Tony now works as a Special Adviser to the Prince of Wales' Rainforest Project and Senior Associate with the Cambridge University Programme for Sustainability Leadership (CPSL). He speaks and writes on environmental issues and contributes to several organisations through advisory panels.



- **Shane Bush** is Director, Development & Corporate Finance at Renewable Energy Holdings (REH), where he is responsible for business development. Before joining REH, Shane established the first specialist renewable energy project finance team in the market with ANZ. Shane and his team later joined Standard Chartered Bank in 2005, where he created a global renewable energy corporate finance business specializing in wind, solar, hydro, bio-mass, bio-fuels and carbon. His award winning team won "deal of the year" in 2007 for Asia – Pacific and Africa.

## CONTACTS



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