



EVENLODE FOUNDATION

EMPOWERING COMMUNITIES



The Evenlode Foundation Annual Report 2023

www.evenlodefoundation.org

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INTRODUCTION

Evenlode Investment has for some years been using part of its profits to donate to local and global charitable organisations and make early-stage investments into businesses that are creating a positive impact on society. As these activities have grown in size and scope alongside our team, we formalised them into the Evenlode Foundation in 2022.

In this second annual report we will describe the Evenlode Foundation's strategy and some of the highlights from its philanthropic and positive impact investment portfolios. Developing these strands of the overall Evenlode business has been a fascinating and, we think, positive journey so far, and we hope to learn much more about how to make an impact on society and business long into the future. Evenlode Investment has an active stewardship and Environmental, Social and Governance (ESG) programme for the portfolios that are invested on behalf of clients. We believe that the publicly listed businesses that make up those portfolios can be a force for positive social and environmental change. However, the business sector cannot address all challenges and so we also wish to support third sector organisations that are attempting to

solve issues in a sustainable, scalable way. Equally, within the world of private enterprise there is scope for developing innovative products, solutions and business models that are not, for whatever reason, addressed by listed companies. We encourage these through our Evenlode Impact Portfolio investments, made for financial return but with a clear, positive 'theory of change' behind the businesses that we back.

We should stress that the Evenlode Foundation's activities described in this report are fully funded by Evenlode Investment Management Limited ('Evenlode Investment') and do not utilise any client funds. The Evenlode Impact investment portfolios are unavailable to external investors. The activities are highly complementary though, and in undertaking them we have learned much that we can apply within Evenlode's client-facing business.

We welcome your thoughts as we develop our Foundation's thinking and actions. Contact details can be found at the end of this report should you wish to share them.



FOUNDATION OVERVIEW

“The Evenlode Foundation aims to empower communities to solve global problems in a sustainable and scalable way, promoting positive outcomes for individuals and the environment.”

Our ongoing vision is for the Evenlode Foundation to develop long-term relationships with organisations that are driving innovation for unmet needs in the market and are having an intentional impact on society. The Foundation will continue to expand its philanthropic activities to create an integrated community of innovative companies and not-for-profit organisations that work towards addressing global problems in areas such as climate change, nature, poverty, inequality, science, education, and sustainability. In 2023 we were pleased to receive our first exit from the Evenlode Impact Portfolio. Profits from the exit have provided more funds for giving and investment in 2024. Should the Evenlode Impact portfolio prove financially successful, this will continue to provide more funds for giving and investment. We have made great progress in building a portfolio of interesting, impactful and ambitious businesses that are developing products and gaining traction in their respective markets. At the end of 2023, we have 23 portfolio companies.

Investments are expected to contribute to positive impact in the world, addressing a clear challenge with a novel product, service or business model. The definition of ‘positive’ will be guided by Evenlode Investment’s understanding of what leads a company to commercial success and the Foundation’s view on what positive impact is needed to guide us toward a more just and sustainable future. The philanthropic activities will look to make a tangible impact for communities in the short-term with a view to helping drive positive systemic change in the long-term. The organisations chosen will be well diversified by themes important to the Evenlode Investment team, and currently there is a particular focus on organisations working towards combating climate change, improving biodiversity, and tackling inequality. The aim is to find blueprints within the organisations that could be replicated or scaled elsewhere, empowering other not-for-profits, communities, and government policymakers to adopt similar methods.

As a donor and investor, we want to provide a level of security and reliability through regular communication and consistent funding, within the bounds of availability and financial flows from the Foundation’s funder, Evenlode Investment. The primary position of the Foundation is to actively work with individuals and organisations with a view to build long-term relationships with those we help fund.



THE FOUNDATION’S STRUCTURE



The Evenlode Foundation is the name given to Evenlode Investment’s positive impact activities across early-stage investments and its philanthropic giving, funded from the business’ own resources.

The funds donated to charitable organisations are provided by Evenlode Investment. For the Evenlode Impact Portfolio, Evenlode Investment has set up a wholly-owned subsidiary, Evenlode Impact Ltd, which is a special purpose vehicle that houses the investments made and is financed by Evenlode Investment.

EVENLODE IMPACT PORTFOLIO

We are building a diversified start-up portfolio for the Evenlode Foundation. To date we have invested £4.2m, with a current¹ value of £6.3m.

It feels like there is a new phase in the maturity of the impact investment portfolio, as many companies have gained traction and recurring revenue from multiple continents with year-on-year growth. At the end of 2023, 82% of the portfolio by value has recurring revenue. Where a year or two ago we had one big revenue generator in the portfolio, we now have a handful. Our first company to revenue, **Oxford Medical Simulation**, who specialise in virtual reality for medical training selling into hospitals across the USA and NHS Trusts across the UK, is joined, amongst others, by:

- **Hello Lamp Post** – Selling place based chatbots across Australia, the USA, and the UK.
- **FSD Active** – Selling vibration control systems into residential and commercial buildings across the US and Europe.
- **Materra** – Selling regenerative farming cotton and systems into European brands and Indian mill and farmer ecosystems.
- **Agricarbon** – Selling soil carbon data at scale to global leaders in food and beverages.
- **Grid Duck** – Selling energy management platforms into major dark kitchens and engineering companies across the UK and Europe.

The portfolio consists of 23 companies at the end of 2023 and covers a wide range of impacts:

- Fundamental physics for secure communications (**KETS**).
- Synthetic data for zero-trust AI training (**Hazy**).
- Trusted partner place-based chatbots (**Hello Lamp Post**).
- Medical devices for diagnosis at scale (**Siloton**).
- New valve and actuator technologies to enable the hydrogen economy (**Actuation Labs**).
- Regenerative agriculture from fundamental measurement (**Agricarbon**).
- Material and processes (**Ponda**, **Radiant Matter**) and recycling technologies (**Dye Recycle**) for the fashion value chain.

We are proud of the portfolio we have assembled. It is a group of quality companies with strong moats, great teams, and structural tailwinds. Moreover, they each have important positive impact. We believe our impact thesis provides for continued impact through exit. And in 2023 we had our first exit. **Messly** returned 2.3x our investment, with potential to come up to 3x. We have recycled that capital into impact investing and charitable giving, such that more than 10% of our impact investing across 2024 will be from our successful impact investing process.

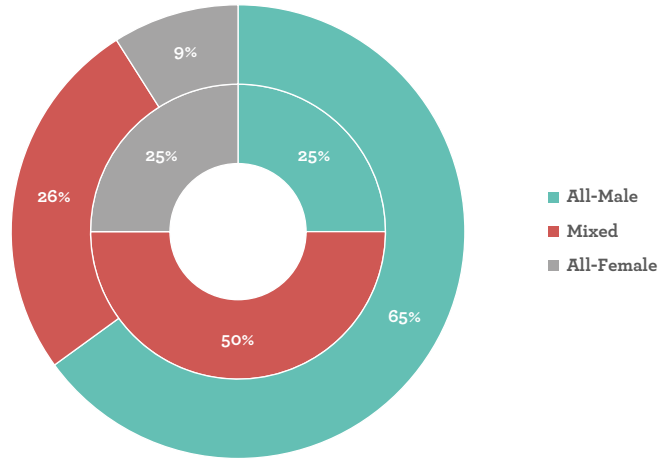


¹ calculated at 31 December 2023.

EVENLODE IMPACT PORTFOLIO

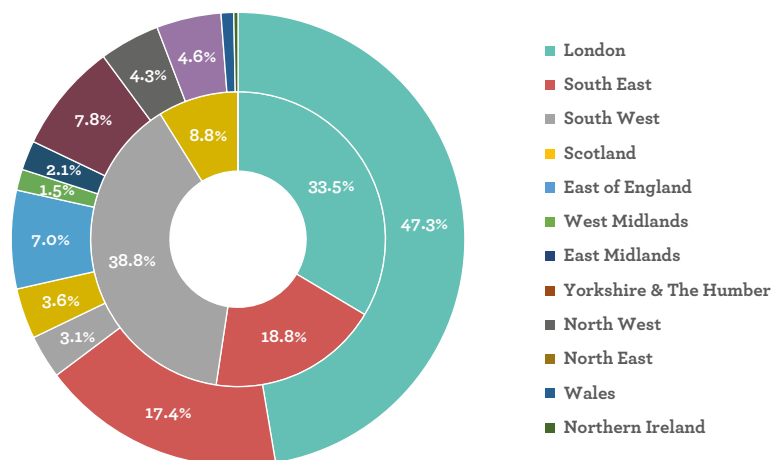
There is a long way to go, but we are pleased with the way we have balanced our pipeline; it has yielded a number of excellent female founded companies. During 2023, 25% of all Evenlode Impact investments made in the year (portfolio follow-on and new deals) were into companies with an all-female founding team in comparison to an average of 9% amongst Investing in Women Code signatories. Additionally, 50% of all Evenlode Impact investments made in the year (portfolio follow-on and new deals) were into companies with a mixed gender founding team in comparison to an average of 26% amongst Investing in Women Code signatories. At the end of 2023, 22% of our portfolio have an all-female founding team and 26% have a mixed gender founding team.

Gender composition of founder teams on all 2023 Investing in Women Code deals (outer ring) and Evenlode Impact deals (inner ring)



Within the UK we have continued to seek out regional opportunities. We are particularly pleased with our portfolio weightings in the South West of England and in Scotland. We have allocated 38.8% of our capital to the South West vs a 3.1% average of all private equity (PE) and venture capital (VC) money in the UK. We have allocated 8.8% of our portfolio to Scotland vs a 3.6% average of all PE and VC money in the UK. We seek to increase capital deployment in other regions of the UK in 2024.

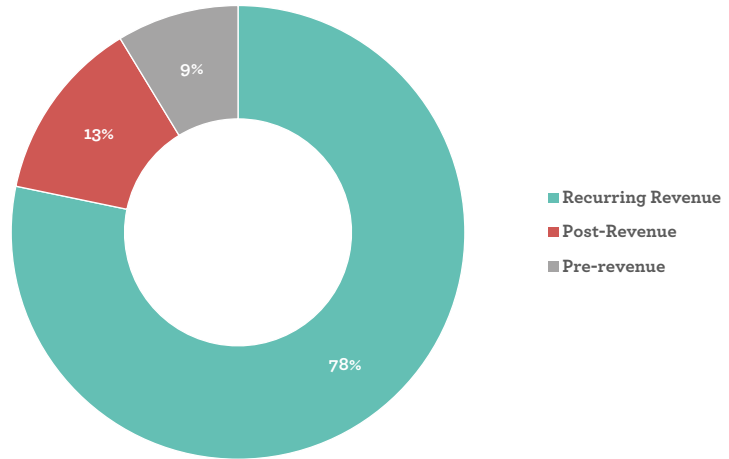
Capital allocation by region BVCA 2023 data on all PE and VC (outer ring) and Evenlode Impact (inner ring)



EVENLODE IMPACT PORTFOLIO

In 2023 69% of our transactions related to follow-on investments and 31% to new additions to the portfolio. Looking to the future, we now have an exciting portfolio of businesses well diversified across the maturity scale that we hope to support as they go from concept to generating their first revenues, and on to scaling up their operations. We anticipate that 2024 will have a slightly higher weighting towards new additions, whilst remaining supportive to our existing portfolio companies where the investment case remains aligned with our thesis. We are open to helping companies by connecting them with each other to share common problems and solutions. We also give an outside perspective as board observers or, in selected cases, as non-executive board members.

Portfolio Diversification by Stage (no. of companies)



Materra continues to be our star performer on 7x multiple on invested capital (MOIC), and they proudly announced in November 2023 that Mango have produced a collection using Materra branded cotton; press releases by Mango featured in three trade publications as well as on their website and LinkedIn. They have expanded from a few lines of cotton in a greenhouse in the Leigh Valley when we first met them, to vast crops at multiple sites in India. They recently hosted their fifth birthday party in London.

As companies like Materra have matured, we have seen more of the scale-up part of the life cycle and actively participated in the case of FSD Active. This has given us a different skill set to call on. We can now, when a company presents an opportunity, respond to pre-seed, seed, and Series A funding needs, should the impact and investment thesis be compelling. We continue to look for whole value chain business models and innovations. This frequently includes hardware that unlocks software access to the

value chain. It also frequently includes technology that shortens feedback cycles, or drives from estimation to measurement.

For more information about the companies and their teams go to www.evenlodefoundation.org/impact-investing

Congratulations to Materra, and all our companies for their listening, hustling, building, and experimenting!

PHILANTHROPIC GIVING

“The Evenlode Foundation builds partnerships with charities that make a tangible impact to communities in the short term, with a view to help drive positive systemic change in the long term.”

We are building a network of charitable organisations that we have supported and continue to support, donating £274k in 2023. Since we commenced our giving strategy in January 2019 our donations have totalled £1.3m.

With the Evenlode Foundation’s philanthropic giving we look to address a range of themes, driven by the preferences expressed by the Evenlode Investment team. We are open to evolving these through time as global needs and challenges change. Currently there is a focus on organisations working towards combating climate change, improving biodiversity, and tackling inequality. These themes are clearly topical, and very much on the political and corporate agenda. They are also highly complex, and progress globally will require action from a multitude of organisations.

Our themes are global in nature but we also locally support endeavours in the UK especially around our office location in West Oxfordshire. The support is not just financial; many of the Evenlode Investment team give their time to organisations to support them where they can.

For our larger, international donations we use the services of Greenwood Place, a ‘philanthropy accelerator’. They have helped us to refine the characteristics of the organisations we are looking to support, search for appropriate charities, and conduct due diligence prior to and following donations. Using their expertise has meant that we have been able to efficiently use our time and resources to put our charitable budget to work.

GLOBAL GIVING – CASE STUDY

Canopy Planet

“Collaboration across supply chains, at scales beyond what has been considered before is needed in order to address the climate and biodiversity challenges we face”

Madelene Ericsson, Environmental Sustainability Business Expert at H&M, member of CanopyStyle

Forests are pivotal in maintaining our planet’s liveability and are essential allies in our quest to stabilize the climate. Alarmingly, each year, over 3.4 billion trees are logged to produce fabrics such as viscose and rayon, along with paper packaging. A significant portion of these trees are sourced from the world’s most Ancient and Endangered Forests, which are vital for Earth’s biodiversity.

These forests, along with their soils, are responsible for storing 45% of terrestrial carbon. Ancient and Endangered Forests are up to 40 times

more efficient at carbon sequestration than plantation forests. Once disrupted, these ecosystems’ water and nutrient cycles – and thus their carbon storage capacity – are compromised, leading to irreversible changes in tree and wildlife populations. Furthermore, they shelter 80% of our planet’s terrestrial biodiversity, meaning all plant and animal life on land.

Canopy actively partners with more than 850 companies in the fashion and packaging sectors, worth over \$1 trillion in combined annual revenue, to phase out the use of irreplaceable forest resources in their supply chains, steering them towards circular low-carbon Next Generation alternatives, such as agricultural and textile waste, that bolster conservation efforts.

Over the last six years, Canopy has significantly influenced the viscose supply chain, ensuring 54% of it is now classified as ‘green shirts’ or at a low risk of sourcing from Ancient

and Endangered Forests. Remarkably, viscose producers accounting for 92% of global production have joined forces with Canopy, committing to a sourcing policy that excludes the use of Ancient and Endangered Forest fibres. Additionally, Canopy has facilitated the launch of three pioneering Next Generation pulp mills, including the first-ever textile-to-textile pulp mill in Sweden, and mills utilising agricultural residues for paper packaging in China and North America.



Canopy’s ambitious goal is to safeguard 50% of the world’s forests, including all Ancient and Endangered forests, by 2030.

PHILANTHROPIC GIVING

Local support

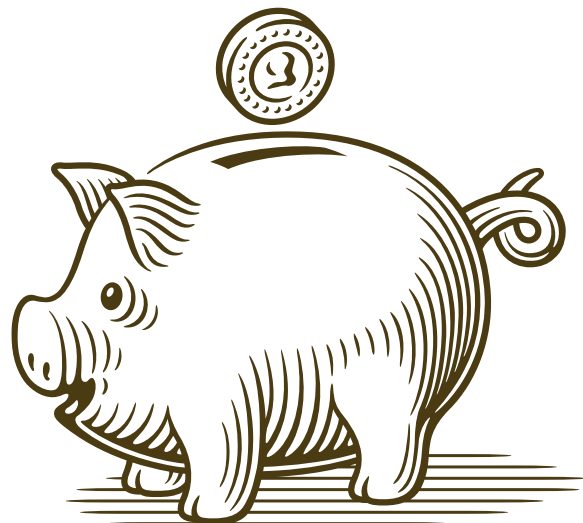
The Evenlode Foundation is also keen to support local charities and community organisations as an active member of the community. These include Wild Oxfordshire, Chipping Norton School, The Chippy Larder and Lawrence Home Nursing Team.

As with the Foundation's international giving, the purpose is to promote positive outcomes for individuals and the environment. These charities provide essential short-term solutions, while simultaneously driving for positive systemic change over the long term.

One of the very local charities is The Chippy Larder which was set up to address imbalances in the Chipping Norton community. The founder, Rizvana Poole, observed families in food, fuel and educational deprivation, putting them at high risk of poor physical and mental health.

Local produce can be financially inaccessible, so Rizvana set up a space which allows these families to access similar produce while not stigmatising those in need. She states that *'the key was to be inclusive and ensure the whole community could benefit. The Community Larder model was a perfect fit as we are all aware of the environmental impact of food waste.'* The Chippy Larder is a hub in the community which is accessible for everyone and reflects the diversity of Chipping Norton. People come together to improve and understand the environmental impact of food waste and help those in need.

A charity working more broadly in the county is Wild Oxfordshire. Wild Oxfordshire brings together community and the environment with the aim to create a more natural, resilient and biodiverse Oxfordshire for the benefit of all by building nature-based solutions. Wild Oxfordshire host the Evenlode Catchment Partnership which has the ambition to achieve good ecological status across the River Evenlode catchment by reversing degradation and fragmentation of the habitats and species, historic landscapes and freshwater bodies. Across the themes of water quality, biodiversity, habitat and flood management they engage with local communities, landowners and stakeholders to improve connectivity throughout the catchment and share experience, solutions, expertise and culture. [Watch more on the story here.](#)



RISK REPORT

The Evenlode Foundation operates as a sub-group of Evenlode Investment. It has established an appropriate Risk Management Framework to ensure that the risks associated to it are appropriately identified, measured and controlled.

What is Risk?

Risks are defined as the possibility of loss or a negative outcome to be experienced as a result of a weakness. Risks are defined in many ways and can result in both short- and long-term consequences.

What is Risk Management?

Risk management is a process for identifying, assessing, and managing risks of different kinds. Once the risks are identified, several actions may be implemented to reduce the likelihood or impact of a risk being realised. Individual risks may result in different mitigating actions. The Foundation has identified a number of specific risks requiring appropriate controls to be implemented.

These include monitoring of the Evenlode Impact Portfolio investment and charitable donation processes, outsourced consultants and consideration of reputational impact.

Risk Appetite

While the risk appetite of Evenlode as a whole is considered 'low', the Foundation is able to operate with a higher tolerance to risk. This is partly because the nature of the Foundation's activity inherently carries more risk (for example, impact investments in early-stage companies or charities are at a higher risk of failing), but also because the Foundation's activities are funded from Evenlode Investment's annual profit after tax meaning financially, investment or charity failure can be tolerated by the wider Evenlode business. Evenlode Investment is under no obligation to continue to fund investments or charitable organisations.

The Foundation's risk appetite in respect of its funding activities is considered 'medium to high'. The Foundation wishes to support innovative companies or charities in the knowledge that while they promote societal positive impact, their nature means that there is a risk of failure.



RISK REPORT

Our Approach to Risk in Funding

The Evenlode Foundation aims to empower communities to solve local and global challenges in a sustainable and scalable way, promoting positive outcomes for individuals and the environment.

The organisations we fund face a multitude of risks, at many times exacerbated by the complexity of the social, political and environmental issues they are dealing with. The intention is to develop long-term relationships with organisations that are driving innovation for unmet needs in the market and are having an intentional impact on society.

For us, our approach to risk means:

1. We aim to be engaged, consistent and a long-term partner to organisations we support, backing them to execute the model of change they wish to achieve. The aim is to make a tangible impact for communities in the short term with a view to help drive positive systemic change in the long term.
2. We provide unrestricted funding (when possible) and seek to work with charitable organisations that have ambitions to create change at scale. Empowerment is a key trait we look for.
3. We approach our grant-making/ investment decisions from a strengths and values-based perspective. Rather than focusing on deficits and challenges, we look for organisations with the potential to deliver positive outcomes whilst also managing risk and uncertainty.
4. We strive for proportionality in our enquiries - balancing robust due diligence against what is appropriate for the size of our grants or investment, the nature of funded work and the capacity of the organisations we support.
5. We accept the inherent risks that all our partners face, and work with organisations to understand their risk and mitigation strategies, policies and practice around safeguarding and whistleblowing, as well as any reputational risk they have had to deal with.
6. We build trusting relationships in the belief that organisations will be more open and transparent with us about the challenges and incidents they may face. However, we understand that some incidents are impossible to predict. This is why we adopt a supportive but objective attitude where incidents do occur. We work with organisations to understand the incidents, why they have occurred and how the organisation needs to evolve against such risk in the future. If we have continuing concerns, we may pause or stop funding an organisation until these concerns have been resolved or until further notice.



RISK REPORT

Governance

A key control of an effective Risk Management Framework is robust governance structure and appropriate oversight of the activities completed on behalf of the Foundation. Detailed within this section are a number of arrangements implemented as part of this principle of the framework.

Foundation Committee

There is a Foundation Committee made up of Evenlode's Head of Stewardship, its Operations Manager and chaired by Evenlode's ESG Director. The Foundation Committee reports to the Evenlode Board. This ensures risks are identified and managed to an acceptable level. The Foundation Committee meets on a quarterly basis, and ad-hoc as required, to discuss Foundation activity. Any risks arising from these meetings will be escalated to the Board.

The Evenlode Board

Governance by the Foundation Committee is underpinned by oversight from the Evenlode Investment Management Board. The Board meets quarterly and is responsible for the overall strategic, regulatory and operational adherence of the business, setting the firm's Risk Appetite and putting in place an effective framework for the management of the various risks Evenlode is exposed to as a whole.

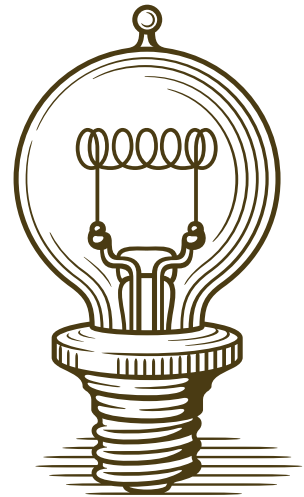
Risk Overview

Key responsibilities:

- Raise, review and update Foundation risk issues.
- Raise risk issues for escalation to the Foundation Committee.
- Identify potential changes which may affect documented risks.
- Ensure due diligence of key consultants.

Once risk and controls have been identified, they must be assessed in terms of potential impact and likelihood.

This will involve looking at potential causes that could feed to the risk materialising, the strength of the controls in place and whether they are appropriate for the risk involved.



THREE LINES OF DEFENCE

First line of defence – The Business

The first line of defence is the front-line employees within Evenlode's Stewardship and Innovation teams who must understand their roles and responsibilities and apply internal controls and other risk responses to treat the risks associated with their business area. Line management has the responsibility to identify and assess risks and to ensure that the control activities and other responses that treat risk are enforced and monitored for compliance.

Second line of defence – The Foundation Committee

The second line of defence is the Foundation Committee that provides oversight of the risk management activities of the first line of defence.

The responsibilities of these second-line functions include reviewing risk assessments and validating compliance to the risk management framework requirements with the objective of ensuring that risks are actively and appropriately managed.

Third line of defence – Internal Oversight

The third line of defence is that of internal oversight from the Evenlode Board who monitor the performance of the Foundation and its processes.



EVENLODE FOUNDATION

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Important Information

Please note, these views represent the opinions of the Evenlode Team as of June 2024 and do not constitute investment advice. This document is not intended as a recommendation to invest in any particular asset class, security or strategy. The information provided is for illustrative purposes only and should not be relied upon as a recommendation to buy or sell securities. Every effort is taken to ensure the accuracy of the data in this document, but no warranties are given.

The Evenlode Foundation is the philanthropic arm of Evenlode Investment Management which aims to promote positive outcomes for individuals and the environment. The

Foundation, which was established in 2021, organises and oversees the philanthropic activities that express the values of Evenlode and its employees. It engages with charities and companies that work towards addressing global challenges within areas such as climate change, nature, poverty, inequality, science, education and sustainability.

The Foundation's philanthropic and investment activities are fully funded by Evenlode Investment Management Limited and do not utilise any client funds. The Evenlode Impact investment portfolios are unavailable to external investors. Issued by Evenlode Investment Management Limited, authorised and regulated by the Financial Conduct Authority, No 767844.

