

WHY WE NEED SUSTAINABLE FINANCE

EARTH CAPITAL LTD CEO INTERVIEW: AVENT BEZUIDENHOUDT



As we cross over to 2023, we welcome Avent Bezuidenhoudt, CEO of Earth Capital Ltd, to help us open up a new year of M&A Horizons.

Avent is one of the leading water tech investors in the UK and in 2022 was named as one of the Top 10 female early-stage investors in Europe. She has over 25 years' experience in venture capital and private equity investing, portfolio management and corporate finance advisory. Avent is also a BDO Alumni and Horizons Editor, Susana Boo is delighted to catch up with her in her recently appointed role as CEO of Earth Capital Ltd. When asked about her recent appointment Avent describes it as "the moment when your passion and your job collide".

Earth Capital Ltd is an early mover into the sustainable finance area, investing across UK and Europe in clean technology solutions. It is a Top 10 Performer in the ESG Transparency – Private Equity and Venture Capital Index 2021 ([Orbis Advisory | Driving Sustainable Transformation](#)) and winner of 'ESG Assessment Tool of the Year' in the Environmental Finance Sustainable Investment Awards 2021 ([ESG assessment tool of the year: Earth Capital – Environmental Finance \(environmental-finance.com\)](#)).

THE EARTH DIVIDEND™

The three areas where Earth Capital Ltd focuses are energy, food and water and the company has developed an award-winning proprietary tool called the Earth Dividend™, which provides a holistic overview of an investment's contribution to sustainable development and focuses on the connection between positive impact and commercial value. Avent supports the overwhelming scientific research that the impacts of climate change will worsen over the next decades and with this challenge, there is a great need and opportunity for sustainable finance to find and support those companies that can bring about the change that is needed.



Avent Bezuidenhoudt, CEO of Earth Capital Ltd.

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LOOKING AHEAD

Following our Horizons theme and ethos, what are your predictions for clean/sustainable technology investment?

2022 was a year of turmoil, both politically and economically. The agenda of climate change and sustainability has been overshadowed by this turmoil. With the cost-of-living crisis showing further signs of exacerbation as we enter 2023, generating continued growth whilst driving the sustainability agenda in private equity markets will be key.

"The agenda of climate change and sustainability has been overshadowed by the turmoil of 2022."

However, those businesses we backed as private equity investors have begun to show real promise in finding solutions that tackle the impacts of climate change. With innovations that enable businesses to show their continued growth whilst positively impacting the world, we as an industry are in a privileged position to enable and drive the roadmap towards Net Zero and a sustainable economy.

With previous years very much focused on the energy transition this will continue, but I think we'll also see a growing focus on water and food security and efficiency. Food security was heightened during the Covid pandemic and has remained a serious challenge this year and last with the Ukraine invasion and the impacts of extreme weather globally. Clean tech innovation is moving fast to address these issues and we are seeing some strong management teams that are solving issues in the food systems to ensure they are more efficient and sustainable. This is being supported by suppliers, as well as regulation across the UK and EU.

Any darling specifics within your three areas of focus?

Looking at the deal flow we're seeing across our investment themes of energy, food and water, specifics that stand out as being a strong focus for us in 2023 are energy storage, sustainable aquaculture and solutions for improving the desalination process.

What is the Earth Capital Ltd fund size?

With our current portfolio valuation of £25m, our focus now is on growing our co-investment syndicate and managed account strategy working on a deal-by-deal basis, ahead of the launch of our next fund in 2024.

What do M&A advisors like us need to do more of or need to learn more of in the sustainability area?

It is important to remain aware of the changing and growing regulations in the sector, as well as understanding what best practice looks like to ensure there is no question of greenwashing. Helping clients identify how they meet ESG guidelines and what ESG expectations are will certainly add value in this area. A sustainable health-check tick list can be useful to help clients identify easily what they should be looking for.

Where possible it would be helpful to have a dedicated ESG position within the firm to demonstrate commitment and have that knowledge in-house.

Also, being able to share clearly and transparently the firm's view on sustainability and ESG, how this impacts the culture of the firm along with any Net Zero targets and strategy, also help show that this is taken seriously across the company.



The team at Earth Capital Ltd.

Do you find yourselves in a highly competitive environment for assets?

We are fortunate enough that the Earth Capital Ltd brand name is widely known and respected in the sustainable investing space and many companies are keen to work with us. Across the team, we are regularly asked to join judging panels, speak at industry events, and round table sessions and join boards and advisory panels. We are privileged to have this platform as it's a great way of meeting companies early in their journey and building relationships with them before they launch their fundraising round to the wider market.

I firmly believe that companies should get more than just money from their investors, and we are very much focused on the value add that we can bring.

When we engage with new companies that we're interested in investing in, we invite them to speak with our existing portfolio, so they understand what we're like to work with and also demonstrate transparency. We also work with them closely as part of our Earth Dividend™ process to ensure they are looking across the value chain of the company at the connection between positive impact and commercial value, ensuring continuous performance improvement.

How important is it to perform ESG Due Diligence ?

There is an increasing focus on ESG Due Diligence. Our Earth Dividend™ process helps prepare our companies for this. We focus on the areas of ESG that add commercial value as well as risk mitigation and very much see this as a value enhancer.

"Energy storage, sustainable aquaculture and desalination are a strong investment focus for us."



SUSANA BOO
DIRECTOR, GLOBAL CORPORATE FINANCE

susana.boo@bdo.global