Impact and ESG Report
Cycle Capital

Scaling impactful innovation

2020-2021
Our Mission
At Cycle Capital, our mission is to empower entrepreneurs, investors and companies to find innovative solutions to the major ecological challenges facing humanity.

To support the realization of our mission:
- We have the courage of our ambitions
- We don’t believe in half-measures
- Our word is our bond

Our Values
The Cycle Capital team acts with:
- Integrity
- Diligence
- Total commitment

“Finding solutions to the most fundamental ecological challenges facing humanity requires more than capital. It’s about talented entrepreneurs and committed investors deploying breakthrough innovations.”
This report presents a summary of the contributions of our portfolio companies and Cycle Capital’s race to protect life on this planet. More specifically, it materializes our intention and commitment to analyze, quantify and monitor the impact of our investments, and presents the performance of our Fund IV’s portfolio companies. We are convinced that, as a prominent actor of the cleantech venture capital ecosystem in Canada, we have an important role to play in the development of ESG and impact reporting. Reporting our impact with transparency and rigour, is an integral part of our mission: scaling impactful innovation.

Over the past 12 years, we have invested close to 210 million CA dollars in equity, as a lead investor, in 43 companies in North America and China, leveraging $1.7 B in equity to build a green economy. Growing businesses requires more than capital. It means putting in place the right team to pilot the new or growing ventures. It requires promptly de-risking businesses’ implementation plan and delivering on milestones to create the right conditions for success, both financially and from a sustainable perspective. It also means creating a fostering environment for cleantech companies. Cycle Capital founded Cycle Momentum - a cleantech startup accelerator and innovation engine, and Cycle Central - a cleantech innovation zone, and we’re excited to see those initiatives strive and attract other partners and collaborators in the ecosystem.

We are proud to present Cycle Capital’s inaugural Annual Impact and ESG Report. At Cycle Capital, we invest in mission driven companies led by talented entrepreneurial teams with the potential to scale solutions and solve some of the most pressing and complex ecological challenges. In this report, we are presenting the extra-financial performance of our Fund IV portfolio companies in 2020. Since its inception, Cycle Capital has analyzed its investments with social and environmental criteria in mind, and in 2020 we decided to formalize our approach and use standardized methodologies to assess our deals and portfolio companies on ESG and impact metrics.

We are proud to say we’ve accomplished a lot, but the most remarkable success is the one of our thriving entrepreneurs. Those leaders share the same vision that developing and deploying innovation is key to bringing solutions to climate change. Innovations like energy storage, biofuel production, energy efficiency or AgTech will help humanity solve the most urgent environmental challenges. Collectively, our portfolio companies have raised more than 1.7 billion dollars and created hundreds of jobs.

With the COP 26 that just ended, we know we only have 10 years left to avoid a climate catastrophe. There is a common understanding that innovation is one of the essential aspects to act on The Paris Agreement objectives, and more than ever, we must support entrepreneurs developing those innovative solutions. But they can’t do it alone: private and public investors, regulators and citizens must come together and take action for the climate. The future of humanity and generations to come depends on today’s actions.

We are inspired by the work we’ve accomplished thus far and excited about what is coming up, though enormous challenges are ahead of us. We must come together to deploy revolutionary solutions and support the most brilliant entrepreneurs with the potential to tackle the most important challenges humanity has ever faced.

We acknowledge that indigenous peoples are the traditional guardians of our land. We are grateful to live and work in Canada and we are committed to learn about our shared past while pursuing an inclusive and respectful path towards a better future.
CYCLE CAPITAL, ROOTED IN INNOVATION AND SUSTAINABILITY

Founded in 2009, Cycle Capital is an impact investor and a leading private cleantech venture capital investment platform with over $0.5 billion under management. We partner with ambitious entrepreneurs to build global innovative companies. We have offices in Montreal, Toronto and Qingdao (China), and a presence in New York and Seattle.

What do we do?

We invest in high-yielding, growth-stage companies commercializing clean technologies, that reduce GHG emissions directly or indirectly, optimize resource use, or improve process efficiency.

Since its inception, Cycle Capital has worked with the lifecycle concept. The essence of our strategy is to support the development of technologies that have a transformational impact on our society, while considering their global impact through their lifecycle.

We invest in leading cleantech companies that are developing technologies with a great potential of positive environmental impact.

Cycle Capital’s impact investment approach stems from its vision and rests on four pillars to support impactful technologies:

- **People:** We invest in outstanding teams backed by experienced boards of directors, and strong investors. They all assemble purpose-driven individuals who are united by a bold vision and an entrepreneurial culture focused on execution and looking to generate significant returns.

- **Product:** We invest in breakthrough tech companies with strong IP (intellectual property), market validated technology, a clearly articulated product development roadmap and go-to-market strategy.

- **Performance:** We invest in companies with a sustained competitive advantage that relies on proprietary technology with demonstrable ROI, versus incumbent products or solutions.

- **Planet:** Our vision is that our investments will bring environmental and economic benefits by partnering with the next decade’s leading cleantech companies.

OUR APPROACH

Cycle Capital is an impact investor and a cleantech venture capital fund manager committed to partnering with entrepreneurs to invest in leading cleantech companies producing more with less, using less resources and transforming those efficiencies into significant returns. Here are the 6 subsectors targeted by our investment strategy:

- **Clean Power Storage and Energy efficiency** (advanced materials, power electronics, grid technologies, AI, etc.)

- **Clean Transportation and Smart City Technologies** (eco-mobility, transportation (EVs), sharing economy, Artificial Intelligence etc.)

- **Sustainable agriculture** (biotechnologies, precision agriculture, sustainable farming, etc.)

- **Green IoT, big data, and AI** (green mining, emission monitoring, IoT, AI, etc.)

- **Green Chemistry, Waste, Biogas, Biofuel, and Biomass Transformation**

- **Circular Innovation** (New materials, eco-efficient processes, Waste Innovation, Circular Packaging, Logistics, Recycling, Logistics, Circular by Design)

Cycle Capital is one of the few gender-balanced firms with the most diversified team in the Canadian Venture Capital industry, composed of 18 professionals speaking 14 languages. The team has a combination of venture investing and portfolio management, engineering, finance, entrepreneurial, operational and IP experience; as well as a very broad and deep knowledge of the cleantech industry and subsectors stemming from professional experience in corporate companies. The team developed a wide and deep network of financial and corporate investors, as well as a cleantech entrepreneurial ecosystem. One of our key values is to have to courage of our ambitions. Having a skilled and experienced impact and ESG team enables us to be at the forefront of the integration of impact and ESG measurement in Venture Capital investments in Canada.

Catherine Bérubé
VP Sustainability, Investor relations and Public Affairs at Cycle Capital

Alia Drouin
Director, Impact Investing and Public Relations at Cycle Capital
IMPACT & ESG

Cycle Capital has 5 funds under management:

**GROWTH FUNDS**
(dedicated to North American companies)

**SEED/EARLY STAGE FUND**
(dedicated to Quebec-based companies)

**GROWTH FUND**
(dedicated to Chinese companies developing industrial technologies)

Cycle Capital also co-founded, fundraised and set up the Ecofuel Fund, now managed by Ecofuel Management Inc.

Impact

Every company part of our Cycle Capital Fund IV portfolio will go through a thorough impact assessment covering the 5 impact dimensions developed by the Impact Management Project (IMP). As part of that process, we analyze the contribution of every company to United Nations Sustainable Development Goals (UN SDGs), and we use the Global Impact Investing Network (GIIN) IRIS+ framework to select the metrics that enable the monitoring of the impact of each company.

With Cycle Capital Fund IV, Cycle Capital is committed to measure specific impact metrics, such as the carbon footprint of all its portfolio companies, and the avoidance of GHG emissions due to the technologies developed by our portfolio companies.

In measuring those metrics, Cycle Capital uses recognized norms and frameworks, such as the GHG Protocol, ISO 14064/14069, as well as a methodology inspired by the Life Cycle Analysis.

ESG

Cycle Capital is also committed to developing and executing its ESG strategy.

Our primary focus is on diversity and inclusion, where we implement systematic actions at the portfolio company level as well as at the firm level. Cycle Capital invests in sectors where there’s often a lack of gender diversity, especially in management positions of tech companies. Because we firmly believe that diverse teams better perform, we are doing our best - in particular through our seat at the board - to promote better and more inclusive recruitment practices in our portfolio companies.

IMPACT AT THE PORTFOLIO LEVEL

The role of our Impact Committee is to support and advise Cycle Capital with the implementation of our ESG and impact practice, including methodology and tools.

Here are the members of our Impact Committee:

- **Heather Conradi**
  Director, Impact Investing
  at Vancity

- **Pierre-Laurent Macridis**
  Associate Principal, Private, Alternative & Impact Investments
  at Fondaction

- **Edmund Piro**
  Chief Investment Officer
  at The McConnell Foundation

- **Eric St-Pierre**
  Executive Director
  at The Trottier Family Foundation

- **Susan Rohac**
  VP Cleantech Practice
  at BDC

- **Catherine Bérubé**
  VP Sustainability, Investor relations and Public Affairs
  at Cycle Capital

- **Maha Fakih**
  Advisor, Sustainability and Investment at Concordia University

- **Alia Drouin**
  Director, Impact Investing and Public Relations at Cycle Capital

Environmental impact is at the core of Fund IV’s impact investment strategy:

- 100% of our investees have a strong environmental impact thesis
- 100% of our investees contribute to one or more SDGs
- 80% of our investees contribute to SDG 9: Build resilient infrastructure, promote sustainable industrialization, and foster innovation.
- Our Fund IV portfolio focuses on 3 SDGs so far: 11, 7 and 9
- IRIS+ categories to which our Fund IV contributes: energy efficiency, clean energy, and transportation

GHG assessments results for Fund IV (based on 2020 data):

- Total GHG emissions from Fund IV companies in 2020: **536 tCO2e**
- Total estimated avoided GHG emissions due to Fund IV companies’ technologies in 2020: **7 717 tCO2e**
- Total projected GHG avoided emissions due to Fund IV companies’ technologies in 2023: **36 093 tCO2e**

Fund IV companies’ emissions by scope (% of total emissions):

- Scope 1: 0.1%
- Scope 2: 2.8%
- Scope 3: 91%
**FUND IV PORTFOLIO COMPANIES**

**Bus.com**

**What do they do?**

Founded in 2014, Bus.com is the largest vetted community of bus operators in North America, enabled by marketplace technology to deliver award-winning private bus services. Bus.com’s solution significantly improves utilization for bus operators and ease of use for travelers.

**Impact thesis**

Compared to other travel methods, travel by bus has the lowest emissions per passenger mile. Bus.com will enable more passengers to use charter buses instead of more carbon intensive alternatives such as cars. And as Bus.com increases their utilization rates, their per-passenger emissions will drop even further.

**Contribution to SDGs**

- **GHG emissions avoided in 2020**: 29 tCO2e
- **Potential GHG emissions avoided in 2023**: 371 tCO2e

**Diversity metrics (ESG)**

- Female CEO
- 50% of the top management members are women
- 33% of employees are from a visible minority or aboriginal
- 44% of employees are women

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**Vutility**

**What do they do?**

Vutility, founded in 2015, is a low-cost provider of high-quality real-time utility data, through a unique hardware and cloud offering.

**Impact thesis**

Vutility’s low-cost sensor enables its clients to collect and provide real-time utility data to tracks buildings’ energy consumption at a granular level. This data can then be converted into valuable insights driving key business decisions around energy savings and sustainability targets.

**Contribution to SDGs**

- **GHG emissions avoided in 2020**: 4 tCO2e
- **Potential GHG emissions avoided in 2023**: 233 tCO2e

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**Rhombus**

**What do they do?**

Rhombus, founded in 2012, is a leading EV charger manufacturer for commercial EV fleets (electric buses, delivery vans and trucks).

**Impact thesis**

Rhombus chargers are a key enabler for the widespread deployment of commercial EV fleets. They are also vehicle to grid enabled and given the customers they serve (e.g., transit buses, school buses, etc.), they will be able to enable them to become a storage source for the grid.

**Contribution to SDGs**

Rhombus is developing an enabling technology and we can’t attribute direct avoided emissions to their product. Additional assessments would be needed to measure the amount of indirect avoided emissions due to the technology developed by Rhombus.

- **GHG emissions avoided in 2020**: 7684 tCO2e
- **Potential GHG emissions avoided in 2023**: 34 578 tCO2e

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**Encycle**

**What do they do?**

Encycle, founded in 2005, provides a low-cost energy savings software solution targeted at the commercial and industrial markets.

**Impact thesis**

Encycle sells its customers a Software-As-A-Service based product, and the use of this software reduces their energy consumption by 10 to 20%.

**Contribution to SDGs**

- **GHG emissions avoided in 2020**: 7684 tCO2e
- **Potential GHG emissions avoided in 2023**: 34 578 tCO2e

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*Data as of September 30th, 2021.*
What do they do?
SPARK Microsystems, founded in 2016, is a fabless semiconductor company that is leading the way towards ultra-low energy consumption, ultra-low power and ultra-low latency wireless communications for the Internet of Things (IoT) revolution.

Impact thesis
SPARK’s patented technologies enable the company to offer 10x to 60x better bandwidth, latency and power consumption, compared to legacy wireless protocols (Bluetooth, WiFi). As an example, wireless headphones enabled with a SPARK radio would require only 15% of the number of charges per year compared to wireless Bluetooth headphones.

ESG AT THE PORTFOLIO AND FIRM LEVEL

ESG at the portfolio level
Cycle Capital Fund IV is committed to certain investment exclusions and is tracking specific ESG metrics for each portfolio companies.

Environmental
- Tracking Carbon Footprint and GHG reduction
  Impact: Cycle Capital is one of the only venture funds in Canada that is committed to tracking the carbon footprint and GHG reduction impact of its investments. Through our partnership with a third party expert, we employ industry leading assessment practices.

Social
- Gender equality: We invest in industries where traditionally male professionals have an occupied presence, and most Venture Capital investments (cross-industries) are dedicated to companies founded by male. PitchBook research found that female-founded companies raised 1% of the venture capital invested in private startups through the first three quarters of 2021. On average, in our portfolio companies, we count: 22% of women in top management including CTO, 25% of women in total employees, and 17% at board level. 40% of our portfolio companies have at least one woman on their management team and 80% have at least one woman on their board*. As a Board Member of our portfolio companies, we can influence practices and promote gender balance in the organizations, and we typically go the extra mile to mentoring women of high potential to the C-level positions.
- Racial/ethnic diversity: On average, 21% of the employees of Fund IV companies are from a visible minority or aboriginal background*. - Job creation: Through our investments, we support the scaling up of our portfolio companies, the subsequent job creation and the retention of the existing ones. As of end of September 2021, our portfolio companies supported 205 jobs, among which 83 in Quebec.

*Data as of September 30th, 2021.

Governance
- Intellectual property: We have a thorough process to assess and act on the IP opportunities in every company we invest in. The 5 companies of our Fund IV have collectively been granted 65 patents.
- Reporting and transparency: We report with rigor and full transparency the financial and ESG information of our investees to our Limited Partners.

We walk the talk: ESG at the firm level
Our ESG commitments at the firm level:
- Diversity and inclusion: Cycle Capital is an advocate of diversity and gender balance, and one of the few Canadian VC fund manager with a female Founder and Managing Partner. We also have gender parity and diversity at all levels of the organization, including on the executive team where 3 out of the 7 partners are women. Our team collectively speaks 14 languages. Cycle Capital’s gender balance strategy provides women and men access to the same opportunities for career development. We are true believers that by tapping into the full potential of women and men, the firm is stronger and more innovative, which leads to superior performance. We are also committed to tracking the progress of women at both the C-Suite and Board levels of our portfolio companies on a quarterly basis. We always ensure that women are at the forefront of the events we host, on panels, annual meetings, at conferences, in media coverage, chairing committees internally and externally. Cycle Capital is also the Canadian Co-Chair of the Beyond the Billion initiative, which aims to bridge the funding gap between male and female entrepreneurs in capital access. We are a member of CVCA’s Diversity and Inclusion Committee, and signatory of the Equal by 30 initiative.
- Corporate policies: We make sure our investees have strong and appropriate corporate policies that they implement and regularly update. 100% of portfolio companies have a code of conduct and corporate policies in place.
- 80% of portfolio companies have at least one independent board member.

Contribution to SDGs

GHG emissions avoided in 2020
SPARK was in an early commercialization phase in 2020.

Potential GHG emissions avoided in 2023
91 tCO2e

Cycle Capital also supports the development of a financial sector that is sustainable, inclusive and diversified.
MAXIMIZING OUR IMPACT THROUGH A STRONG COMMITMENT IN OUR ECOSYSTEM

Actively involved within its ecosystem, Cycle Capital is a founding member and signatory of a wide range of initiatives. We also sponsor or partner with numerous studies, think-tanks, consortia, and conferences on topics related to the ecological transition.

**Cycle Momentum**
Cycle Capital founded and currently chairs Cycle Momentum. The accelerator and open innovation platform offer a specialized and personalized program for cleantech entrepreneurs.

**Cycle Innovation Forum**
Each year, Cycle Capital and its partners present the Cleantech Innovation Forum. We invite all our co-investors, portfolio companies, Limited Partners and stakeholders to attend. We hold panels on various topics which is a good gathering opportunity for the ecosystem.

**Our commitment in the ecosystem**
Over the years, Cycle Capital developed deep relationships in the cleantech and VC ecosystem and worked with numerous organizations across Canada and in the United States.

Cycle Capital has a close relationship with the Cleantech Group (Cycle Capital is a Member of the North American Advisory Board) and Bloomberg.

Shirley Speakman, Senior Partner at Cycle Capital, participated in the Kauffman Fellowship Program.

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**CYCLE CAPITAL’S FAMILY**

**ACTIVELY INVOLVED IN THE ECOSYSTEM**

- Competitifvert
- Ecofuel
- Octia
- Creative
tech
- Beyond the mills
- Beyond the mill
- MARS
- KAUFMAN FELLOWS
- SWITCH
- CRIN
- GreenTOWN.LABS
For more information

cyclecapital.com

Contact
Catherine Bérubé | cberube@cyclecapital.com
Alia Drouin | adrouin@cyclecapital.com