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Introduction

This report has been tracking fundraising and M&A transactions in the ESG software market from 2019 – Q2 2022. In total 431 transactions were identified with a split of 83% and 17% between private placements and M&A deals, respectively.

The rapidly growing importance of ESG is in-part driving the growth of the ESG software market. Despite a few large players in the reporting and impact investing subsectors the ESG market as a whole is heavily fragmented and ripe for consolidation. To limit the scope of the screening process, only companies which serve to promote, collect, record or transact ESG related data were included in this report.

The sector has attracted capital from a wide array of investors:

Generalist Data & Ratings providers like *Moody's*, *S&P*, and *Morningstar* have all acquired companies which will allow them to provide investors more ESG data (*427 | Trucost | Sustainalytics*).

Exchanges like *ICE*, *Euronext* and *Deutsche Borse*, have been investing in and acquiring ESG risk analytics and investment solutions companies like *Urgentem*, *Impact Cubed* and *ISS*, respectively.

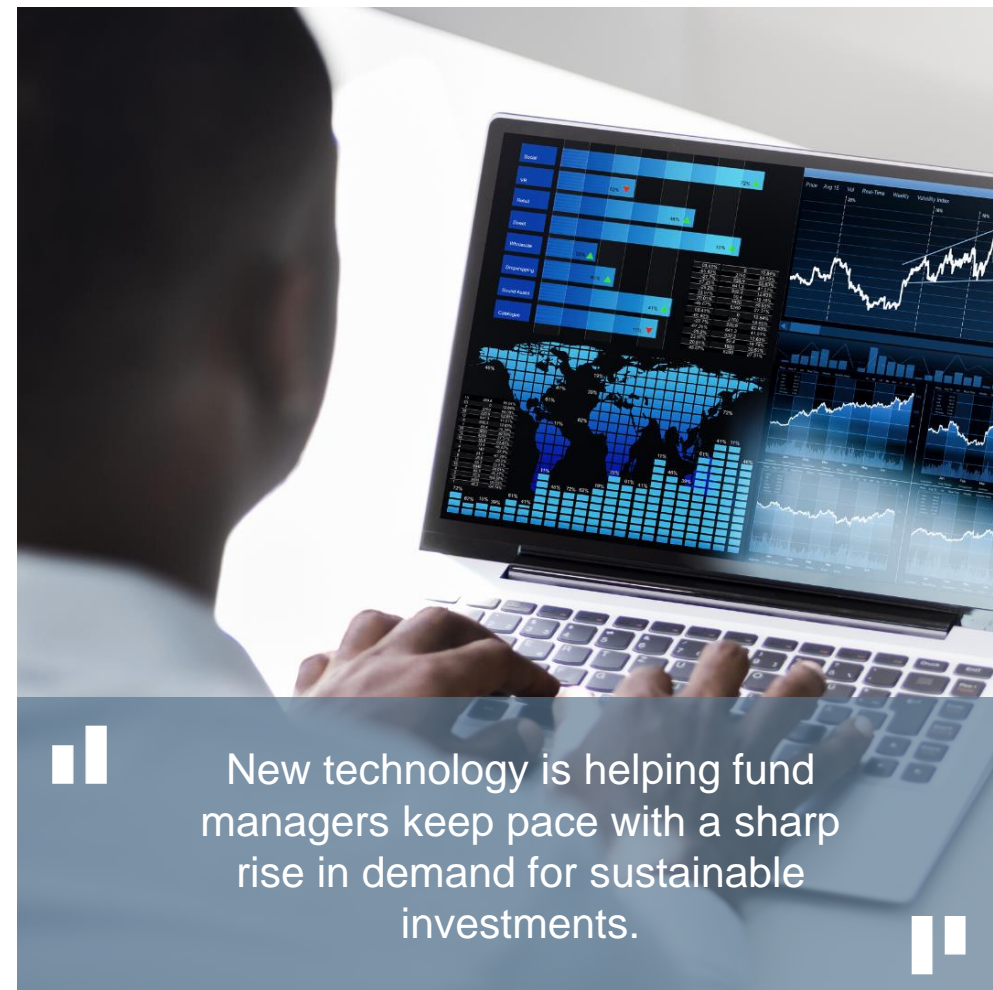
Consultancies like *KPMG*, *McKinsey* and *PWC* have sought to expand their offering into the ESG space through partnerships with physical risk companies (*XDI*, *Jupiter Intelligence*) or through acquisitions of ESG consultancies (*Vivid economics | Accenture*).

Large PE firms such as *Blackstone*, *KKR* and *CVC* have sought out strong SaaS businesses in the ESG sector in which to deploy their capital.

Even **emitters** such as *Shell Australia* and *Dupont* have been making acquisitions to help them better comply with ESG principles.

Start-ups are also turning to **crowdfunding** to secure early-stage capital.

The ESG sector has attracted sizable capital in the last 2.5 years and will continue to be a hot area of deal activity as the demand for ESG products and services continues to grow. As a specialist in the ESG sector, Goldenhill International is tracking and continuously expanding the scope of its reporting to capture all key developments in this space as the market is maturing.



New technology is helping fund managers keep pace with a sharp rise in demand for sustainable investments.

Public Demand

In large part the driving force behind sustainable investment originates from the public demand for change. In the UK alone 'The Environment' is seen as the most important issue facing the country by around 30% of the population. Worldwide, various movements and increasingly concerning reports have increased the profile of climate concerns to historic heights, encouraging multilateral action – most notably Paris 2015 and most recently COP 26.

Similarly, the public is becoming increasingly aware of issues around employee welfare and corporate governance. The public have been dismayed by reports of inequality, corporate negligence and unethical behavior throughout the business world.

Under the spotlight of increased public scrutiny corporations are responding to meet their consumers expectations. The withdrawal of corporations from Russia demonstrates the power of public demand – BP for example took a \$25.5bn hit from their decision to exit.

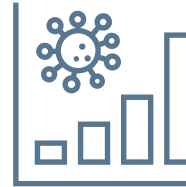
Internal Demand

Historically, employees within a company have also been drivers of change, achieving their demands through applying pressure on management and strike action. As attitudes continue to shift in the public domain so too will the demands of employees.

In the past couple of years several companies like Alphabet, Amazon, and Netflix have seen high profile walkouts, more recently over ESG related issues which have had some success in driving meaningful changes.

The power of employees has been recently amplified by the 'Great Resignation' which has led to the tightest labour market in decades. Companies are struggling to attract and retain top talent and are having to adapt to make themselves attractive to talent. 58% of employees consider a company's ESG priorities when deciding where to work and companies with higher ESG scores show greater retention.

While the labour market remains tight, companies will be incentivized to improve their ESG performance.



In the future, ESG considerations will continue to play an ever-increasing role in the global financial markets and businesses will need to monitor and improve their ESG credentials if they want to attract capital.

Investor Demand

PWC reports 75% of asset management firms say investor demand plays a significant or very significant role in the firm's ESG focus. This is unsurprising considering 77% of institutional investors are planning to stop buying into new non-ESG products by as early as 2023. Asset managers are therefore working hard to integrate ESG considerations into new funds. The investor-led demand is expected to drive a 27% CAGR in ESG-based AUM through to 2025, at which stage 1/3 of projected global AUM is expected to be allocated to ESG funds.

ESG-committed funds are very popular across alternative asset classes with infrastructure (64% by total class AUM) and private debt funds (59% by total class AUM) recording the highest ESG commitment rates, and Private Equity recording the lowest commitment rate at 34% by AUM.

Given the strong demand from investors and the significant headroom for ESG-fund growth we expect a very strong growth trajectory for the companies providing ESG related services.

Government Regulation

Worldwide response to climate targets and reporting standards has historically varied, although some convergence is now emerging, for example the voluntary Global Reporting Initiative (GRI) is used by 80% of the world's largest companies.

However, in many of the 130 countries committed to net-zero by 2050, disclosures are expected to become mandatory when guidelines aligned with TCFD (UK) or SASB (US) standards are introduced.

Data Collection

In the early days of the ESG market, data was collected from predominantly public disclosures such as 10-Ks and reports issued by companies or regulatory bodies. Where appropriate estimates and scores were then made by industry benchmark providers. For example, MSCI would collect data to give scores between 0-10 on 350 metrics.

The methods of data collection in the modern ESG reporting market are now very sophisticated and rely on a wide range of data sources:

Satellite-monitoring: In this report we identified several companies using Satellites for the purposes of ESG data collection. For example, *CarbonSpace* raised \$1m seed funding to monitor GHG emissions in real-time to validate emissions disclosures.

Supply-chain Analytics: McKinsey estimates 80% of all consumer goods companies' emissions are from their supply chains where it is more difficult to measure ESG metrics. Several companies identified in this report specialize in tracking emissions through supply chains for example *Foodsteps* who aim to decarbonize the farming industry raised \$4m in seed funding from a round led by *Octopus Ventures*.

Smart Sensors: Companies are starting to use new hardware to more accurately monitor their emissions either through their supply chains or during operations, for example over a construction project. Several platforms exist to help real-estate developers, process, monitor and report emissions data from these smart sensors. In the last quarter *Hatch Data* who provide decarbonization services for 2.5k+ properties was acquired by *Measurabl*.

Technology

Since the birth of the ESG market there have been significant advances in technology, particularly in the areas of Big Data Analytics, Blockchain and Natural Language Processing (NLP). Adopters of these technologies hope to revolutionize the ESG market across a range of subsectors that we cover in this report:

Big Data Analytics: This technology gives companies the ability to analyze very large datasets from a wide variety of sources to provide very accurate data insights. *Clarity AI*, which received just under \$60m in funding from *Blackrock* in 2021, leverages big data AI to measure the ESG impact of portfolios.

Blockchain: Blockchain technology has a very good use case for the transparent trading of carbon credits. A pioneer in this field *Flow Carbon* raised \$32m in a Series A led by *Andreessen Horowitz*.

Convergence

One of the major themes across the ESG market is convergence. Worldwide there is still no standardized set of ESG metrics or reporting guidelines, although there are hopes that most countries will adopt some standard measure such as the recently created ISSB or TCRD.

Within the industry some companies are focusing on becoming vast ESG databases where thousands of companies can be measured like-for-like across the same set of criteria. *ESG book* is a market-leader in this area, covering 450+ metrics across 25k companies. It successfully raised \$35m from a Series B round led by *Energy Impact Partners* in Q2 2022.



ESG data analytics and collection technology is growing in sophistication. As the ESG market grows so too will data quality and scope.

Financial Integration

Early ESG data providers to financial institutions served only to act as an additional source of information during the decision-making process. Now ESG data is increasingly integrated into financial information.

No overarching consensus has been reached regarding whether ESG assets offer better returns in the long run, although many of the study assets may not have been 'stress tested' by coming policy changes or severe climate events. However, the demand for impact investing is incentivizing asset managers to make the best ESG investments.

Therefore, several institutions have taken to using ESG data to price assets and automate trades. At the end of 2021 Blackrock introduced Aladdin Climate which will penalize companies against their climate risk.

The Climate Risk Management subsector of the ESG market aims to quantify the risks related to climate change (environmental), natural disasters (physical), or government policy changes (transition) and make the correct adjustments to the pricing of assets.

There has been significant M&A activity in this market over the last 2.5 years, attracting many large strategics such as *S&P Global* and *Morningstar (Sustainalytics)* but most notably *Moody's* who made the \$2bn acquisition of *Risk Management Solutions* – the market leader in Catastrophe Risk Management Solutions.

Carbon Markets

Carbon Markets are driven by compliance or voluntary action. The former is likely to grow as new policy and regulations are introduced, although for the time-being there is a large market for voluntary carbon offsetting as corporations try to meet their sustainability goals.

The demand for carbon credits is only expected to increase as countries compete with the private sector to meet their Paris emission reduction targets (NDCs). Within the private sector, increasingly ambitious emissions targets combined with transitional unavoidable commissions is expected to fuel a strong demand for carbon credits well beyond 2030.

Currently the supply of carbon credits is not meeting the demand and is reflected in the increase in price of carbon credits which rose 60% from 2020 to 2021.

The carbon offsetting market is made up of several subsectors such as carbon credit creators, validators and traders. this report found 64 deals in this subsector over the last 2.5 years:

The emerging carbon offsetting market has attracted investment from large PE buyers such as *KKR* who acquired *Terra Carbon*, a firm offering carbon farming services to landowners, for \$66m. The world's largest carbon capture and storage project, *Summit Carbon Solutions* raised \$1bn in equity in Q2 2022 including a \$300m commitment from *TPG Rise*.



ESG data is becoming embedded within financial institutions across risk and asset management. Corporates wishing to remain ESG competitive are turning to carbon markets

ESG ECOSYSTEM MARKET MAP

ESG Reporting

Consultancies

Offsets / Carbon Projects

Generalist Data & Ratings

Exchanges

ESG Ratings

Specialist Data

Climate Risk Management

Tools for Business ←

→ Tools for Investors

M&A Overview

This report tracked deals from the start of Q1 2020 through to the end of Q2 2022. Over this period a total of 74 M&A deals representing an aggregate value of \$7.5bn were identified that matched our ESG search criteria. The top 3 largest deals (*KKR | ERM, Deutsche Borse | ISS, Moody's | Risk Management Solutions*), all of which were >\$1bn, represented 97% the aggregate volume of all disclosed deals. These 3 deals all took place during 2021 giving this year disproportionately high deal value. The remaining 7 deals where transaction values were disclosed were under \$100m.

Much like the broader M&A market 2021 saw a flurry of M&A activity in the ESG market. However, unlike the broader M&A market, activity in this space has accelerated through the first half of 2022 with Q1 and Q2 seeing 11 and 18 deals respectively compared to 4 and 13 the year previous. M&A activity in the first half of 2022 has been driven exclusively by strategic buyers apart from the *Bowmark Capital | Cornwall Insight* acquisition.

The ESG Consulting subsector saw both the greatest amount of consolidation over the study period. The top acquirers were *KKR-backed ERM* with 2 add-on acquisitions as well as *Dupont* and *Accenture* each also with 2 acquisitions. The ESG reporting subsector saw a lot of activity as more mature players like *Deepki, ISS* and *Measurabl* look to consolidate the market.

Fundraising Overview

Over the study period 357 fundraising deals were identified with an aggregate volume of \$3.6bn. Of the deals that were disclosed the average placement size was \$15m. The largest fundraise was a \$500m placement for *Ecovadis* led by *CVC*.

The growth in ESG related fundraising over the past 2 years has been staggering. The number of placements has been roughly doubling every year and deal value has been growing exponentially with H1 2022 volume(\$1.9bn) already over 1.5x 2021 volume (\$1.2bn).

The Carbon Accounting, Carbon Offsetting and ESG reporting subsectors saw the highest deal volumes, while the ESG Reporting, ESG Consulting and Carbon Credit Trading attracted the most funding. Over the past decade ESG has become increasingly adopted around the world – a trend which investors expect is likely to continue. This relatively new market has attracted a significant amount of investment from financial institutions & PE firms seeking strong ROIs, as well as impact investors and individuals (angels and crowdfunds).

ESG Subsectors



Carbon Accounting

Platforms which calculate, estimate or track carbon emissions



Carbon Offsetting

Companies that create, validate or manage carbon credits



Impact Investing

Companies that advise on or is involved in the practice of sustainable investment



ESG Reporting

Companies that provide ESG reporting platforms or collect/ collate ESG data



Climate Risk Management

Companies researching the long-term risks to businesses posed by climate risks and related policy.



Diversity & Inclusion

Companies that promote or track employee inclusion



Consumer Platforms

Companies that offer ESG related services direct to consumers



Blockchain

Companies leveraging blockchain technology for ESG related data services



Governance & EHS&S

Companies which promote or track responsible governance metrics



Carbon Credit Trading

Marketplaces for the sale and swapping of carbon credits



ESG Consulting

Companies that advise exclusively on ESG related matters



Other

Includes platforms promoting sustainable development, smart cities or other ESG related causes

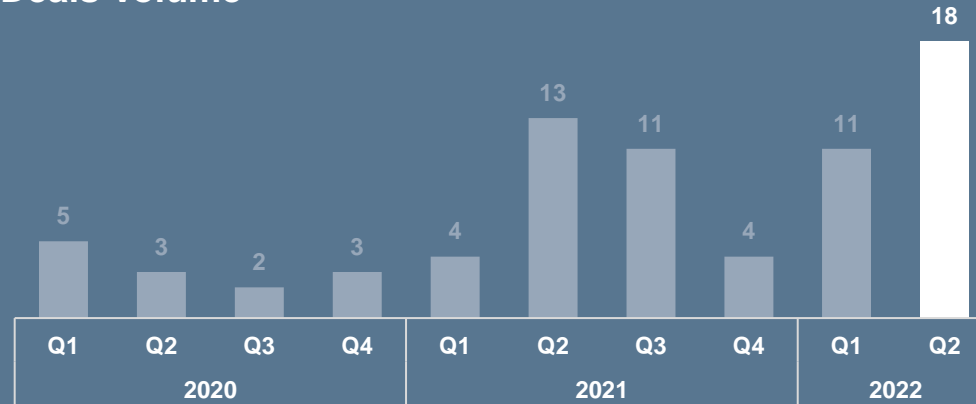
M&A REVIEW Q1 2020 – Q2 2022

\$7.5bn
Aggregate Deal Value

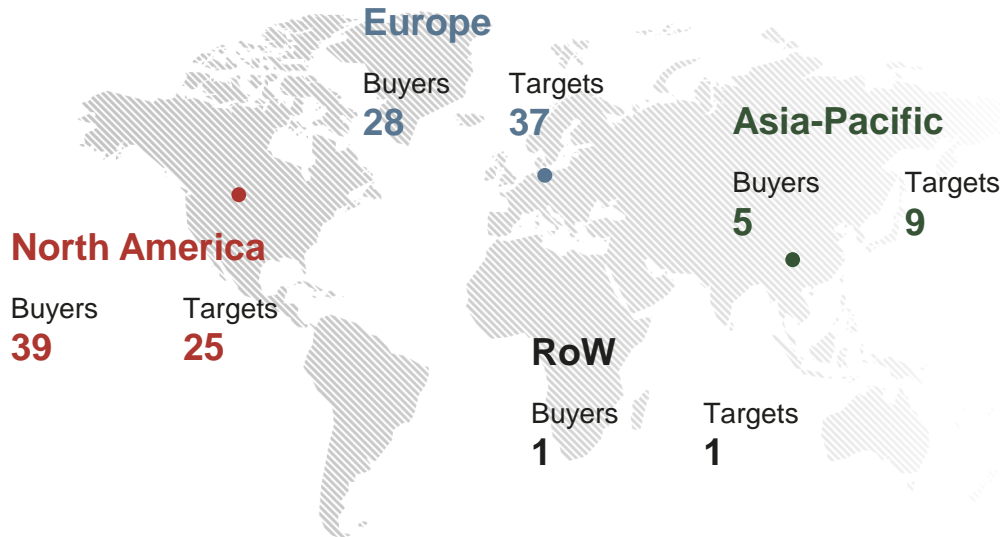
\$576m
Average Deal Size¹

34%
Cross-Boarder Transactions

Deals Volume

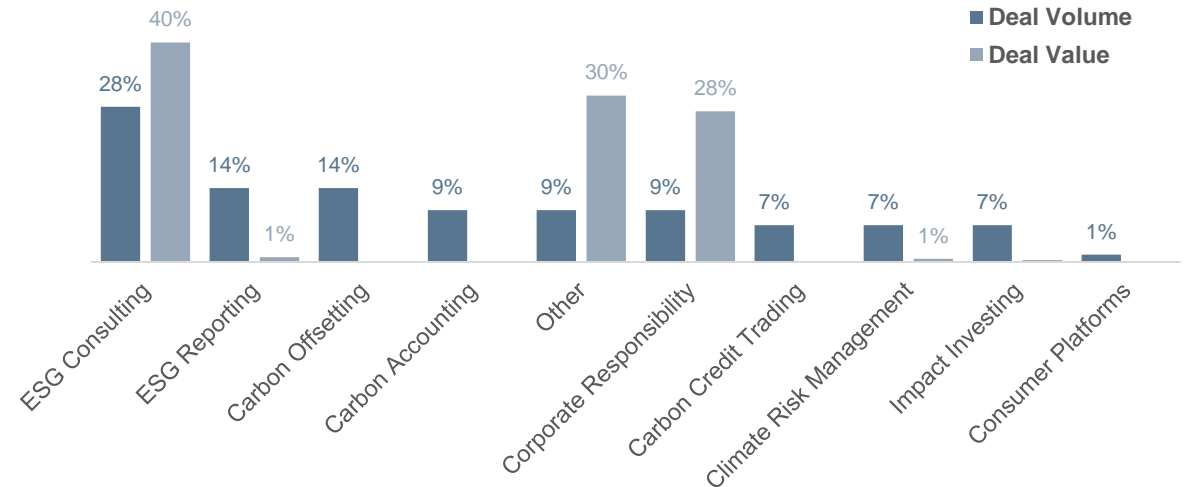


Deals by Buyer Type



1. Average where deals are disclosed

Deal Volumes and Values By Category



Strategic Buyers



PE Buyers



Strategically backed companies are seeking out compatible bolt-on acquisitions.

– e.g. Measurable | Hatch Data (Q2 2022) and Sustainalytics | Aquantix (Q2 2022)

Large Consultancy firms are strategically acquiring ESG specialists to meet increasing client demand.

– e.g. Accenture | Greenfish & Avieco (both Q2 2022) and McKinsey | Vivid Economics (Q2 2022)

Some of the biggest emitters are also buying in the ESG space to bolster their ESG efforts.

– e.g. Dupont | KKR Advisors (Q3 2021) and Shell | Select Carbon (Q3 2020)

97% of M&A targets had exclusively B2B business models, 80% served businesses, 16% served the public sector, and 12% served financial institutions

Software companies are looking to expand their offering to their large pool of customers seeking ESG solutions.

– e.g. FactSet | TrueValue Labs (Q4 2020) and IBM | Envizi (Q1 2022)

M&A DEALS SNAPSHOT

Q3 2022		Undisclosed	TRANSACTION VALUE
URGENTEM	+	Undisclosed	TARGET'S REVENUE
	ICE	Undisclosed	REVENUE MULTIPLE

Goldenhill






Q4 2020		\$43m	TRANSACTION VALUE
FACTSET	+	\$2.6m¹	TARGET'S REVENUE
	TRUVALUE LABS	16.5x	REVENUE MULTIPLE

- The acquisition of Urgentum will extend ICE's Climate Risk Management offering. The deal will add Urgentum's transition risk service to ICE's risk operations, the transaction will also bring 30,000 Private & public accounts to its customer book.
- Urgentum's data and analytics capabilities will also enable ICE to enhance its climate risk offering, particularly in the areas of scenario risk analysis and stress testing for fund managers and banks.
- Urgentum's wide reach will allow ICE to make a greater footprint across new geographies.
- The acquisition marks part of ICE's long term strategy to expand further into the ESG market. ICE is already embedded in the ESG market and has a broad sustainable finance offering which includes a corporate database of over 10,000 companies, US municipal bond and MBS risk services and a suite of global climate indices.
- ICE is also a world leader in environmental marketplaces, trading over \$1Tr of carbon allowances in 2021, equivalent to 1/2 of the world's total carbon footprint.
- The acquisition comes at a time where the demand for ESG services are expected to continue to grow as the world enters the climate transition period. Anticipating greater regulatory scrutiny both ICE's and Urgentum's data solutions facilitate full TCFD disclosure requirements.

1. Revenue estimate

- Factset says this acquisition will expand investors' access to "meaningful ESG insights".
- Factset plans to tuck-in Truvalue Labs' advanced technology into its business. This will include Truvalue Labs' AI driven technology which processes over 100,000 unstructured text sources including news, trade journals, and Industry NGO reports to provide daily signals of ESG behavior across 19,000 private and public companies.
- Factset already provides financial data to many financial institutions including Morgan Stanley and Bank of America. The acquisition of Truvalue Labs will help Factset meet the increasing demands of its clients as ESG funds continue to see record inflows.
- Factset expects the new offerings brought by Truvalue Labs will add considerable value to its value proposition and will yield "compelling results" across both firms.
- This deal demonstrates two trends discussed earlier in this report:
 - Firstly, that ESG data is becoming more integrated into financial data. Just as with the evolution of trading algorithms with respect to financial data, companies like Truvalue Labs, Clarity AI and Orenda are pioneers in high frequency ESG data and reporting.
 - Secondly, that ESG is experiencing a tech revolution as more advanced methods are employed. These new high frequency ESG reporting companies use advanced natural language processing (NLP) and big data analytics.






SELECTED M&A TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Jun-22	Bowmark Capital	Cornwall Insight	A provider of energy market intelligence and analysis through publications and consulting services	 ESG Consulting	n/a	Bowmark Capital's buy-out and partnership will support Cornwall Insight in continuing its strong growth and development as they aim to use the backing to expand internationally.
Jun-22	EcoOnline	Biome Environmental	SaaS company providing environmental data monitoring and analysis	 Other	n/a	Incorporating Biome Environmental's environmental data gathering software will strengthen EcoOnline's provision of management and its services in reporting of ESG data.
Jun-22	Deepki	Fabriq	Energy and building performance data provider	 ESG Reporting	n/a	Deepki's acquisition of Fabriq will further their international growth target as they advance into the UK market and expand the customer base.
Jun-22	Morningstar (Sustainalytics)	Aquantix	Climate risk data provider for the real estate industry	 Climate Risk Management	n/a	Morningstar Sustainalytics is a provider of ESG research and data, so the acquisition of Aquantix's AI-powered models advances Morningstar's repertoire to meet clients' demands for data on climate-related risks, particularly in the real estate space.
Apr-22	finncap Group	Energise	Net-zero and sustainability consultancy	 ESG Consulting	2.5	finncap acquired a 50% stake in Energise to further their product diversification strategy and particularly strengthen their provision of sustainability solutions that clients are increasingly demanding.






SELECTED M&A TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Apr-22	Measurabl	Hatch Data	US-based decarbonisation platform for the real estate industry	 ESG Reporting	n/a	The acquisition allows Measurabl to integrate Hatch Data's real-time project recommendations and tools that decarbonise real estate portfolios into their ESG data management solutions, so that customers can improve ESG performance.
Apr-22	Accenture	Avieco	UK-based sustainability consultancy	 ESG Reporting	n/a	Accenture's Sustainability Services in providing net-zero solutions will adopt Avieco's expertise in sustainability consulting across a range of industries to improve the quality of an increasingly demanded service.
Mar-22	Xpansiv Data Systems	APX	Provider of solutions for environmental commodity and power markets	 Carbon Credit Trading	n/a	Xpansiv's acquisition combines a shared goal of the two companies to build high-quality technology infrastructure to drive energy transition. The deal will strengthen the market standing and allows them to serve a wider customer base in improving ESG infrastructure.
Feb-22	The ERM Group	Point Advisory	Climate change and sustainability consultancy	 ESG Consulting	n/a	This acquisition allows ERM to support their clients with increased capabilities as they deliver their sustainability agenda.
Feb-22	Qivalio	Axesior Rating	Rating agency	 Impact Investing	n/a	The acquisition of Axesior Rating achieves Qivalio's aim to develop its range of services and its operations in Europe. Together, they form EthiFinance and will use Axesior Rating's expertise to develop the ESG ratings and analysis provided, thus hoping to strengthen the company's standing in Europe.






SELECTED M&A TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Jan-22	S&P Global	The Climate Service	Provider of climate risk analytics	 Climate Risk Management	n/a	This acquisition will allow S&P Global to provide more transparent, robust and comprehensive climate data and analytics to its customers.
Nov-21	ERM	Stratos	Sustainability and ESG consultancy	 ESG Consulting	n/a	This acquisition will strengthen ERM's ability to provide sustainability and climate change advisory services.
Nov-21	Planet Labs	VanderSat	Provider of satellite-observed data and services	 Other	28.0	This acquisition allows Planet labs to bridge the gap from complex remote-sensing science to products that offer improved data to the ecosystem and their customers.
Aug-21	Moody's Corporation	Risk Management Solutions	Provider of catastrophe risk modelling solutions	 Climate Risk Management	1,985.4	This acquisition allows Moody's to accelerate their integrated risk assessment strategy for their customers in the insurance industry.
Aug-21	Diligent Corp	Accuvio	Sustainability data software solutions	 Carbon Accounting	n/a	Diligent Corporation acquired Accuvio to expand their ESG data reporting services. Accuvio's sustainability reporting solutions for public and private sector corporations will allow Diligent to enable these corporations to report key metrics that align with regulatory frameworks.




SELECTED M&A TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Jul-21	AXA Investment Managers Alternatives	ClimateSeed	Voluntary carbon off-setting platform with carbon reduction projects	 Carbon Offsetting	n/a	AXA IM made the investment through its Impact Investing Strategy, adding to its climate focused solutions. The investment will be used by ClimateSeed to expand geographically and develop its portfolio with additional investments.
Jul-21	KKS Advisors	DuPont Sustainable Solutions	Provider of operations management consulting services	 ESG Consulting	n/a	This partnership will incorporating DDS' management consulting services with KKS' ESG advisory expertise to achieve the aim of having a larger contribution to a sustainable future and develop the impact its services have globally.
Jun-21	JP Morgan	OpenInvest	FinTech company providing advisory consultations on investment reporting	 Impact Investing	n/a	This acquisition allows J.P. Morgan to advance their strategic focus on sustainable investing and combines leading ESG technologies to grow the reach to nearly half of American households.
Jun-21	Nasdaq	Puro.earth	Carbon removal marketplace and services	 Carbon Credit Trading	n/a	This acquisition of Puro.earth will increase Nasdaq's marketplace capabilities in ESG focused technologies and workflow solutions. This gives Nasdaq's clients more resources to achieve their ESG objectives.
May-21	KKR	ERM	Provider of environmental, health, risk, safety and social consulting services	 ESG Consulting	3,000.0	KKR acquired a majority position in ERM to achieve their sustainability goals and to aid ERM in accelerating their impact in bringing new technologies to deliver sustainability solutions.

SELECTED M&A TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Apr-21	Cority Software	WeSustain	Provider of software for enterprise sustainability management	 Governance & EHS&S	n/a	This acquisition advances WeSustain's position across Europe and allows Cority to combine their sustainability solutions to provide more services to clients.
Apr-21	ERM	Sustainalize	Provider of sustainability consulting services.	 ESG Consulting	n/a	This acquisition allows ERM to expand their ability to provide sustainability consulting in continental Europe and reinforces their position as a global market Leader in sustainability consulting.
Mar-21	McKinsey	Vivid Economics	Provider of strategic economics consultancy services	 ESG Consulting	n/a	This acquisition will allow McKinsey & Company to help their customers navigate the urgent implications of climate change and move towards net-zero carbon emissions.
Feb-21	Deutsche Borse	ISS	A research firm that provides data and analytics on corporate governance and responsible investment solutions	 Governance & EHS&S	2,275.0	Deutsche Börse will incorporate ISS' data and research on ESG into their services to push towards their ESG growth strategy and meet the growing demand for ESG analytics in the finance sector.
Feb-21	ISS	ACRE Data	Provider of ESG scoring and rankings	 ESG Reporting	n/a	The acquisition will develop ISS' provision of data and analytics to now include ESG rankings and measurements for ESG risks that clients in many industries can use.

SELECTED M&A TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Oct-20	FactSet Research Systems	TruValue Labs	Provider of AI-driven ESG data and analytics	 Impact Investing	43.0	By acquiring Truvalue Labs FactSet will be able to add value to their business through Truvalue's technology suites.
Aug-20	Shell Australia	Select Carbon	Manages carbon reduction and farming projects across Australia	 Carbon Offsetting	n/a	The acquisition adds to Shell's Nature-Based Solutions business to achieve its net-zero goal. It will support Select Carbon in accelerating its growth of carbon farming in Australia.
May-20	KKR	Terra Carbon	Environmental project developer and investor in environmental markets	 Carbon Offsetting	66.4	Terra Carbon will use the investment to expand their offerings to new markets internationally and to grow their customer base.

FUNDRAISE REVIEW Q1 2020 – Q2 2022

\$3.4bn
Aggregate Deal Value

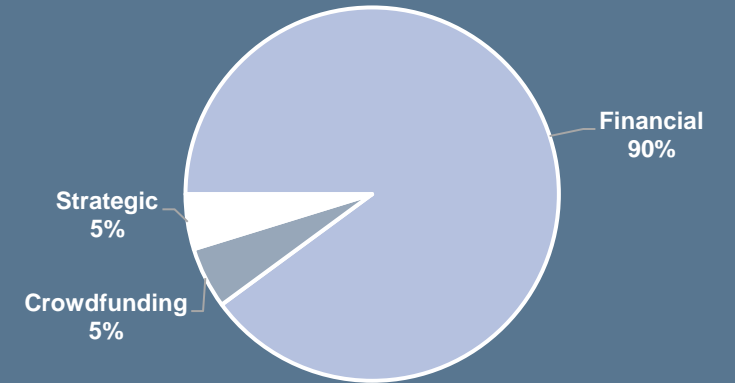
\$14.7m
Average Deal Size¹

26%
Cross-Boarder Transactions

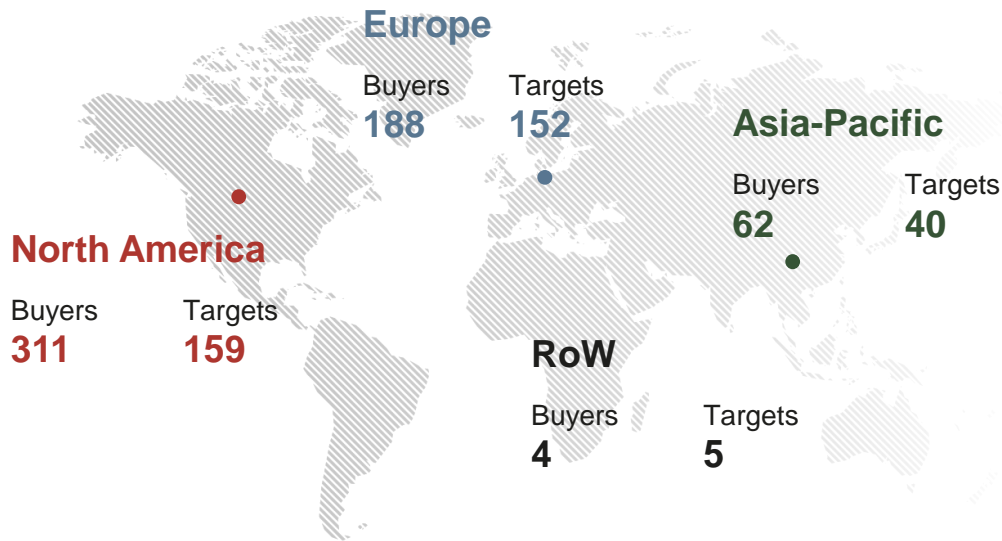
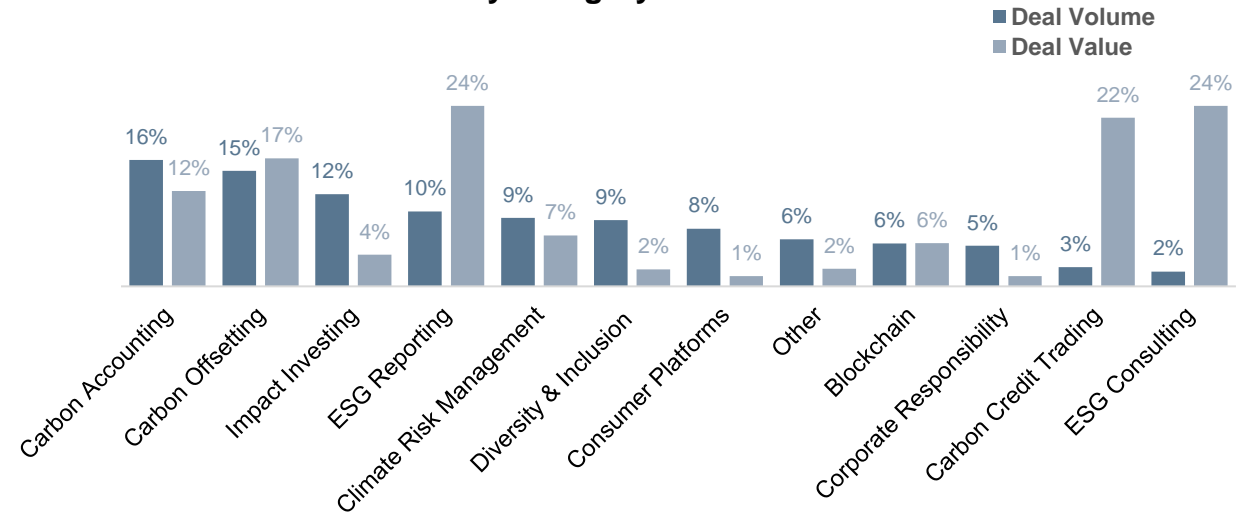
Deal Volumes and Values



Deals by Buyer Type



Deal Volumes and Values By Category



1. Average where deals are disclosed

FUNDRAISES: TOP EARLY-STAGE INVESTORS

Pre-Seed (<\$1m)

Y Combinator	techstars
Akimate \$125k	Aleria Public Benefit \$120k
CarbonChain.io \$125k	Ecocumb \$120k
Climateplan \$125k	Marli Technology \$120k
Froglabs \$150k	Pledger Giving \$120k
InstaKin \$125k	ANTLER
Minimum \$125k	PathZero \$100k
Noya \$125k	Carb0n.fi \$600k
Pina Technologies \$125k	Climate Technology Solutions \$100k
Purpose \$125k	Propel Capital
SINAI Technologies \$150k	Earthbanc \$58k
Unravel Carbon \$500k	Planboo \$61k
Verdn \$500k	
Zero Imprint \$125k	

Seed (\$1-3m)¹

1. Ordered from top left to bottom right by aggregate invested capital

Crowdfunding

Eco Allies	\$5.0m
Ecologi Action	\$3.7m
We Are Pawprint	\$2.0m
Green Arms	\$1.3m
Tred Earth	\$1.3m
Land Betterment	\$1.1m
Sparo.IO	\$1.1m
Climate Action Now	\$1.1m
Almond Impact	\$638k
Bazar Ethical Marketplace	\$280k
Ucapture	\$111k

In the past 2.5 years **\$3.4bn** was invested into ESG software companies, the majority of it going towards funding early-stage rounds. The diagram above shows the most prolific early-stage investors.



FUNDRAISE DEALS SNAPSHOT

Q1 2022

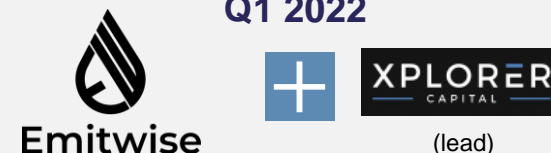


\$14.6m TOTAL FUNDING

1st FUNDING ROUND

OTHER INVESTORS:
B-to-V Partners, Segenia Capital (PWC),
Vukota Capital

Q1 2022



\$10m TOTAL FUNDING





2nd FUNDING ROUND

OTHER INVESTORS:
ArcTern Ventures, Outsized Ventures,
True Venture Management






- Ecolytiq analyses payment data to provide its customers with an emissions reports, environmental engagement, carbon offsetting, and advisory services.
- The funding round comes just 6 months since Ecolytic partnered with Visa on the launch of its Eco Benefits Bundle – an embedded carbon footprint tracker serving Visa cardholders and encouraging sustainable consumption.
- The investment shows how large organisations like Visa and PWC are committing to sustainable finance. Spokesmen for both companies cite commitment to the net-zero 2050 and UN Sustainable Development Goals as drivers for supporting Ecolytiq's growth.
- Investors also cite consumer trust in Ecolytiq as a key indicator of both its success and future potential.
- Ecolytiq has 'gone from strength to strength' (Visa, EUR CEO) in the past 2 years and have managed to attract some big players in the Retail Banking sector like Rabobank, Tatra Bank, Tomorrow, and Novas. They also have additional partnerships with Worldline and Tink.
- Ecolytiq will use the fresh capital to further develop their carbon tracking solution and expand into new markets.

- Emitwise offers a Carbon Management System to companies in the manufacturing sector, they specialise in supply chain analytics.
- This funding round comes after a \$6.6m seed round in Q4 2020 which was led by True Venture Management.
- The funding is being used to further develop their AI-driven carbon accounting software and to form deeper partnerships within the manufacturing sector. Emitwise will also be making a key hire and have announced former Unilever Executive, Steve Bianchi, is joining as COO. With a new COO, Emitwise hopes to scale the company more rapidly and attract top talent.
- Xplorer Capital predicts that "every company needs [sic] to decarbonise to remain competitive", and that Emitwise has the technology and team to emerge as a "best-in-class" standard for carbon management.
- In the longer-term Emitwise hopes to expand outside of the manufacturing industry.





SELECTED FUNDRAISES

DATE	INVESTOR	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Jul-22	Blackstone	Xpansiv	Market-infrastructure platform for carbon and environmental commodities	 Carbon Credit Trading	400.0	The \$400m investment was made to support the exponential growth of environmental commodities as companies aim to meet climate mitigation targets.
Jun-22	Energy Impact Partners (Lead)	ESG Book	Provider of sustainability and ESG data solutions	 ESG Reporting	35.0	This \$35m Series B funding will be employed to advance the technology capabilities in helping clients meet sustainability requirements. Investment will also be made to accelerate expansion to meet the growing international demand for ESG data solutions.
May-22	Greycroft (Lead)	Solid World Foundation	Developer of decentralised carbon derivatives marketplace that provides financing for projects	 Carbon Credit Trading	2.5	This investment means that Solid World can realign their economic incentives, bring capital efficiency to the institutions and make sure there is a liquid forward market for carbon credits.
May-22	Visa (Lead)	Ecolytiq	Developer of digital infrastructure for green banking	 Impact Investing	14.1	The funding will support ecolytiq in expanding the Sustainability-as-a-Service solution globally and aid the next stage of their growth.






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May-22	Octopus Ventures (Lead)	Foodsteps	Provides services to help companies calculate and reduce their environmental impact	 Other	4.0	This investment will allow Foodsteps to hire so that the company can double in size over the next 12 months and accelerate its global expansion.
May-22	Nomura	Allinfra	Provider of sustainability data management software	 ESG Reporting	6.0	The Series A funding round will be used to develop two of Allinfra's services - Allinfra Climate and Allinfra Digital- to increase the benefit to clients of the services having a wider range of features that can be used across many industries.
May-22	FNZ	GIST	Provider of data and analytics on corporate impact	 Impact Investing	n/a	FNZ, a leading provider of wealth management software strategically acquired GIST to meet their client's increasing demand for ESG integrated data.
May-22	Symvan Capital (Lead)	Nossa Data	Developer of ESG data management and analytics software	 ESG Reporting	1.5	This funding will allow Nossa Data to develop their ESG reporting software and to improve the experience and the efficiency for their customers.
Apr-22	Coatue Management (Lead)	Sweep	Carbon emissions management platform	 Carbon Accounting	72.7	This Series B funding round will be used to scale Sweep's platform capacity and expand the customer base, so that more customers can create climate-resilient strategies and reach their sustainability goals.






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DATE	INVESTOR	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Apr-22	Warburg Pincus (Lead)	ClimeCo	Environmental consulting services	 ESG Consulting	50.0	The investment will be employed in funding growth initiatives and in the equity financing of various projects, so that ClimeCo can provide more decarbonisation solutions for clients globally. Capital will be used in strategic organic growth and M&A transactions.
Mar-22	Crane	Lune	SaaS for emissions and carbon removal calculations	 Carbon Accounting	4.0	The \$4m investment will be used primarily to hire and grow the workforce at Lune, to increase its ability to construct more products and services for its customers.
Mar-22	Invesco Management Group (Lead)	Flow Carbon	Market-infrastructure in the voluntary carbon market	 Blockchain	32.0	Flowcarbon will use the investment to develop its technologies and fund projects that reduce or remove carbon from the atmosphere.
Mar-22	Bpifrance Investissement (Lead)	Deepki	ESG data intelligence SaaS platform for the real estate industry	 ESG Reporting	167.4	The series C funding will solidify Deepki's position in Europe by expanding its workforce with over 200 new hires. The investment will also be used to expand the business in the US and strategically acquire other firms in the sector.
Mar-22	Working Capital Fund	Diginex Solutions	SaaS ESG reporting tool	 Blockchain	n/a	Working Capital Fund invested in Diginex due to their ability to aid corporations in improving their sustainability footprint. DiginexLUMEN - a SaaS product for supply chain due diligence - in particular expresses high growth potential to provide innovative, flexible services, so WCF aim to support this growth in treating labour issues in supply chains.






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Jan-22	Hg Capital	ProcessMAP	Environmental, health and safety software platform provider	 Governance & EHS&S	7.1	This investment will allow ProcessMAP to grow into the market of worker health and safety management in the EHS Risk and Compliance software sector.
Jan-22	Sequoia Capital Operations (Lead)	Watershed Technology	Software platform helping companies become net-zero	 Carbon Accounting	70.0	The \$70m capital will be used to expand Watershed's workforce globally, as well as, developing further technologies and tools for their clients to build climate programs.
Jan-22	Euroclear	Greenomy	SaaS platform that allows investors to comply with EU sustainable finance regulations	 Governance & EHS&S	n/a	Greenomy will use this investment to become a global user-owned ESG market infrastructure adopting a neutral and scalable utility across multiple jurisdictions.
Oct-21	IQ Capital Partners (Lead)	Risilience	Risk management software solutions	 Climate Risk Management	8.3	With this Investment Risilience will be able to world-class solutions for businesses to decrease their exposure to climate change with the assistance and guidance from the investors.
Oct-21	NGP Energy Capital Management (Lead)	Persefoni AI	AI-based SaaS for carbon footprint accounting	 Carbon Accounting	101.0	The Series B funding will accelerate the company's expansion geographically and allow Persefoni to scale their technologies and platforms to serve more clients.






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DATE	INVESTOR	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Oct-21	Powerhouse Ventures (Lead)	Sust Global	SaaS platform that provides geospatial data	 Climate Risk Management	3.2	With this investment Sust Global will be able to grow the size of its commercial and technical teams, which will allow them to expand their climate product offering.
Oct-21	Sompo Holdings (Lead)	pulsESG	SaaS solution for ESG analysis	 ESG Reporting	8.5	This investment allowed pulsESG to build their platform and provide comprehensive, auditable, and accurate deep analytics that can be integrated with both the source and destination ESG systems of customers.
Sep-21	AXA Investment Managers (Lead)	Iceberg Data Lab	Provider of environmental data solutions	 Climate Risk Management	n/a	Through this minority investment and joining its board AXA will support Iceberg in the development of a measurement tool for an investment portfolio's impact on biodiversity.
Sep-21	CommerzVentures (Lead)	ClimateView	Software that provides country's climate data	 Other	11.4	The investment will be used in product development to support the growth in the number of cities with net-zero commitments. It will support finding low-cost solutions for cities to decarbonise.
Aug-21	Obvious Ventures (Lead)	SINAI Technologies	Software solutions to plan carbon emissions strategies	 Carbon Accounting	10.0	The \$10m investment will be employed to scale SINAI's decarbonisation platform and to develop new tools that allow its clients to improve sustainability measures and reach net-zero targets.






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DATE	INVESTOR	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Aug-21	Ignition Partners (Lead)	Jupiter Intelligence	Climate data and analytics platform	 Climate Risk Management	54.0	The \$54m Series C funding will be used to expand Jupiter's customer base to meet the growing client demand for climate analytics and data. Investment will also be made into R&D to develop Jupiter's technologies and services provided to customers.
Aug-21	BlackRock (Lead)	Clarity AI	SaaS that measures social impact of investment portfolios	 Impact Investing	57.2	The capital will be employed in developing Clarity AI's technologies and in funding geographical expansion with an increase in its hiring and workforce.
Jul-21	EQT Ventures	Single.Earth	Tokenisation platform for carbon reduction projects	 Blockchain	7.9	The investment will allow Single.Earth to accelerate their growth by expanding globally and developing their technologies to improve services offered to clients.
Jul-21	HSBC Asset Management	RadiantESG	Asset management firm providing ESG investment solutions	 Impact Investing	n/a	This investment from HSBC will support Radiant ESG in becoming global investors that focus on next generation ESG investment opportunities.
Jun-21	Trousdale Ventures	Preamble	Software for ethical AI that integrates ESG	 Other	n/a	This investment will allow Preamble to develop their their platform and to start working with more non-profit organisations.




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DATE	INVESTOR	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
May-21	Molten Ventures (Lead)	Cervest	AI-driven platform that forecasts risk and sustainable opportunities	 Climate Risk Management	31.7	The \$30m funding will be used to expand Cervest's operations in the US and European markets.
Apr-21	General Catalyst Group Management (Lead)	Ecologi Action	Platform and marketplace for carbon reduction projects and services	 Carbon Offsetting	5.6	The investment will allow Ecologi to improve the efficiency in their operations and provide more cost-efficient solutions.
Apr-21	Lightrock	South Pole Carbon Asset Management	Provides projects and services to help companies reduce their environmental footprint	 Impact Investing	n/a	With this investment South Pole can scale up their impact and achieve a sustainable, more equitable and climate neutral economy.
Mar-21	Accenture	Arabesque S-Ray	Provider of sustainability and ESG data solutions	 Impact Investing	n/a	Accenture's investment in Arabesque S-Ray aims to meet the demand for ESG data by expanding Accenture's capabilities to provide analysis and data of sustainability performance metrics.
Feb-21	SIX	Orenda	AI-driven platform specialising in ESG and alternative data	 Impact Investing	n/a	This investment will strengthen SIX's ESG and alternative data offering. This will allow SIX to provide customers with real-time data and analytics, which will create faster and more informed decisions.

SELECTED FUNDRAISES

DATE	INVESTOR	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Jan-21	HSBC Asset Management	MioTech	AI-driven data solutions that focus on sustainability and ESG data	 ESG Reporting	n/a	HSBC Asset Management's investment in AI-based sustainability data provider MioTech will further the banking group's aim to strengthen its sustainability focus. MioTech will use the funding to develop more software and provide larger datasets covering a wider range of solutions for clients.
Dec-20	Nasdaq Ventures	Matter DK	Provider of ESG insights and metrics about financial portfolios	 Impact Investing	n/a	The investment will allow Matter to continue the expansion of our sustainability analysis and reporting solutions for financial institutions.
Dec-20	Sequoia Capital Operations (Lead)	Joro Tech	Application developer that tracks user's carbon footprints	 Consumer Platforms	2.5	Joro will use the investment to focus on its recent launch of a subscription product for users to cancel out their carbon emissions.
Dec-20	Morgan Stanley (Lead)	Kanarys	Online platform that fosters collaboration between companies and employees on improving diversity and inclusion in the workplace	 Diversity & Inclusion	3.0	This investment will allow of Kanarys hope to grow their team and to hire individuals in business development, customer success and technology.
Nov-20	Barclays Accelerator (Lead)	Spark Change Group	Technology platform for investing in carbon instruments	 Impact Investing	4.5	This investment will allow SparkChange to keep up with the growing demand and expand their customer base geographically whilst providing more services.

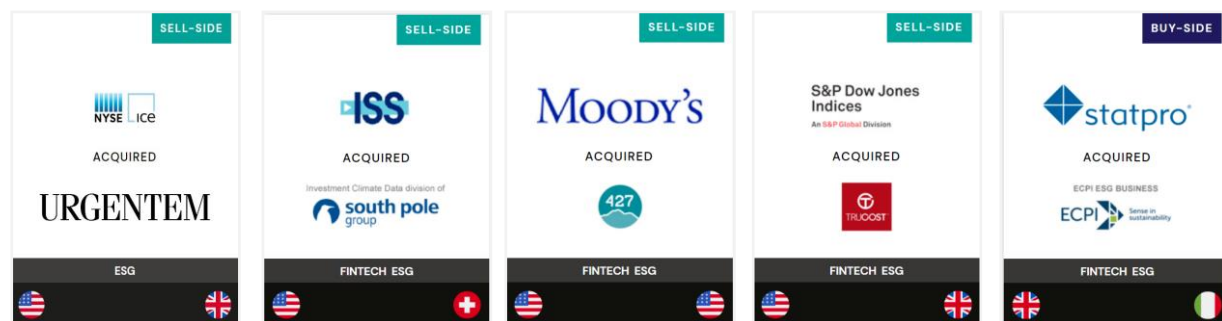
SELECTED FUNDRAISES

DATE	INVESTOR	TARGET	DESCRIPTION	CATEGORY	DEAL SIZE (\$'m)	TRANSACTION RATIONALE
Oct-20	Averna Capital	Climate Care Trust	Developer of carbon offsetting and reduction projects	 Carbon Offsetting	n/a	The investment commences the next phase of ClimateCare's development and will be used in organic and acquisitive growth of the business.
Oct-20	True Venture Management (Lead)	Emitwise	Software solutions for measuring carbon footprints in the manufacturing sector	 Carbon Accounting	6.6	The \$30m investment will accelerate global adoption of Emitwise's Corporate Social Responsibility ratings, and be used to invest further in the technology of its platforms through organic development and partnerships with technology companies.
Jan-20	CVC Capital Partners	EcoVadis	Offers a collaborative platform that allows companies to assess the environmental and social performance of their suppliers	 ESG Reporting	500.0	This round of funding is to expand international operations of EcoVadis and customer base. Investment in its technology platform and sustainability intelligence solutions will also be made.

Quick Facts

- Partner-centric firm focused on providing advisory services to sellers and buyers in M&A projects across the globe
- Deep domain expertise across software, services and data intensive sectors, with a focus on FinTech, ESG, HRTech and Human Capital
- Our Partners have advised on 100+ transactions with values up to £130m; the majority (70%) of our engagements result in cross-border transactions
- International presence with offices in London, San Diego, Milan, Luxembourg and Buenos Aires
- Proven track record of successful long-term advisory relationships positioning clients for premium transactions using current insights into the relevant strategic and financial acquirers and investors

Selected Transactions



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