

Cycle Capital and Demeter announce first close for new Circular Innovation Fund to scale breakthrough circular solutions

Supported by strategic investor L'Oréal, Circular Innovation Fund aims at scaling growth stage circular innovations and business models across various sectors

Montreal and Paris, April 21, 2022 – Cycle Capital and Demeter, leading cleantech-focused capital managers, announced today ahead of Earth Day the successful first close for its new US\$160M - €150M Circular Innovation Fund ("CIF") with participation of anchor investor L'Oréal.

With this fund, the managers join their resources to scale circular, sustainable and profitable growth stage solutions from North America, Europe and Asia that positively contribute to climate change mitigation and circular use of resources across various sectors including new materials, packaging, recycling & waste, logistics, eco-efficient processes & design. The fund will capitalize on the managers' experience of investing in venture, private equity and infrastructure in cleantech to the growing need for market-ready solutions to convene capital towards talented entrepreneurial teams that are deploying those innovations.

CIF is an impact innovation fund classified as Article 9 under the EU's Sustainable Finance Disclosure Regulation. The fund's robust, reliable and innovative impact measurement methodology integrates due diligence and continued monitoring on critical non-financial KPIs including greenhouse gas emissions reductions, resource use and diversity over the investment horizons of portfolio companies. The fund managers' compensation is also aligned on the achievement of a selection of pre-determined impact goals.

Anchor investor L'Oréal is contributing €50M through its L'Oréal for the Future sustainability program. The fund also benefits from a broad range of investors including, strategic investor [Axens](#), family offices including Haltra and Claridge, as well as private investors and the managers.

- “In a context of “it is now or never” as the last IPCC report said, private companies such as L'Oréal, have an increased role to play in supporting solutions which are critical for the future of our planet and humankind. At L'Oréal we believe that Impact investment is a powerful tool to tackle the biggest environmental issues and accelerate the necessary green transition. With the Circular Innovation Fund, we are joining forces with other committed actors to scale circular and profitable solutions for sustainable growth.” - Alexandra Palt, Chief Corporate Responsibility Officer and CEO of the Fondation L'Oréal.
- “Axens is deeply involved in the development of advanced processes and solutions for the circular economy of goods and materials, including plastics - with our [Rewind®](#) family processes - and metals. In order to accelerate the emergence of a circular economy worldwide, innovation is required all along the value chain of those goods and materials. The Circular Innovation Fund, with renowned

partners coming from different horizons, will be a powerful tool to support this innovation growth, and we, at Axens, are glad to be part of it." - Jean Sentenac, Chairman and CEO, Axens.

- "We are enthusiastic about joining Cycle Capital and Demeter, two leading investors in the ecological transition, with a global presence and activity in North America, Europe and Asia. Our investment is a strategic component of our impact investing program flowing from our responsible investment policy. The Fund will allow Claridge to make investments in circular economy solutions and to participate in both return potential and contribution to global environmental health." - Pierre Boivin, President and CEO, Claridge Inc.
- "As a family investment firm focused on managing assets and having a positive impact, we promote the emergence of disruptive and sustainable economic models for future generations. We are delighted to participate to this new fund in the Circular Economy, one of our core investment themes. We have known Demeter for many years and are pleased to partner with Cycle Capital and L'Oréal in this field" - Matthieu Baumgartner, Co-Founder, HALTRA.
- "We are beyond thrilled to announce the first closing of the Circular Innovation Fund, which comes at a pivotal point in the global supply chain crunch and, most importantly, has the potential to drastically re-design how we extract, manufacture, consume and dispose of goods and materials. In light of the new IPCC report, a transition to renewable energy is not enough to solve some of the most pressing challenges humanity faces. We also need to tackle carbon emissions generated by the goods we consume with innovation-driven technologies developed by talented entrepreneurs" - Andrée-Lise Méthot, Founder & Managing Partner, Cycle Capital.
- "The joint-venture formed by Cycle Capital and Demeter platforms represents the perfect match for the Circular Innovation Fund investment strategy. Our dedicated team benefits from our undisputed expertise in ecological transition and circular economy, our international footprint and our track records as well as our best-in-class impact knowhow." - Stéphane Villemot, Co-founder & Managing Partner, Demeter.

Led by Benoit Forcier and Mathieu Goudot, with the support of Adeline Kempf and Maya Hassa as well as the firms' back-office, the team brings decades of combined skill set of entrepreneurial, operating and investing expertise and experience in the cleantech sector.

Investments in early-stage VC funds

Consecutive to the first close, CIF announces indirect investment in two early-stage

funds focused on circular innovation – U.S.-based Closed Loop Venture Fund II and European Circular Bioeconomy Fund (“ECBF”).

- Founded in 2014, Closed Loop Partners is a New York-based investment firm, comprised of venture capital, growth equity, private equity and catalytic capital, as well as an innovation center focused on building the circular economy. The firm's venture capital arm, Closed Loop Ventures Group, launched in 2017 with one of the first venture funds dedicated to investing in disruptive, early-stage companies developing breakthrough solutions to accelerate the transition to the circular economy. In 2021, the Group launched its second venture fund to build on this strategy. To date, the team has made 30+ investments across both funds, targeting strong, early-stage venture returns.
- ECBF is the first venture fund exclusively dedicated to investing in growth-stage companies in the European bioeconomy, including the circular bioeconomy. The fund aims to make sustainable investments in our future and speed up the shift from a fossil-based to a bio-based economy. Thus, ECBF backs up businesses with high potential for innovation, favorable returns, and sustainable impact.

The CIF will also sponsor global acceleration program through a partnership with Cycle Momentum. The program will offer support for startups at the Seed/Series A stage with cohorts across Europe, North America and Asia over 3 years.

CIF's investment team is actively evaluating a rich pipeline of investment opportunities and welcomes inquiries and collaboration with entrepreneurs and co-investors.

Circular Innovation Fund

The Circular Innovation Fund (“CIF”) is a global growth stage venture capital fund focused solely on circular innovation. It is a joint venture between leading cleantech capital managers - Montreal-based Cycle Capital and Paris-based Demeter. The fund invests in growth-stage companies from North America, Europe and Asia developing breakthrough new materials, circular packaging, recycling and waste innovations, logistics, as well as eco-efficient processes & design, and circular business models. For more information on the Circular Innovation Fund, visit: circularinnovationfund.com.

Cycle Capital

Cycle Capital is an impact investor and leading private cleantech venture capital investment platform with \$600 million under management. With offices in Montreal, Toronto and Qingdao, mainland China, and a presence in New York and Seattle, Cycle Capital invests across North America and China in growing and commercializing companies that have developed technologies aimed at reducing greenhouse gas emissions and optimizing resources and processes. Cycle Capital is the founder of Cycle Momentum Accelerator and Canadian co-chair of the Beyond the Billion initiative – an international campaign to mobilize a consortium of investors who support female founders. For more information on Cycle Capital, visit: cyclecapital.com.

Demeter

Demeter is a major European investment platform dedicated to ecological transition. Demeter has over €1 billion under management and carried out 200 investments since 2005. It invests €1m to €30m to support companies at all stages of development: innovative startups, high growth SMEs and infrastructure projects. Its team of 38 is based in Paris, Lyon, Bordeaux, Grenoble, Metz, Madrid and Düsseldorf. Demeter is a responsible and committed investor, signatory of numerous initiatives such as PRI (Principle for Responsible Investment), CDP (Carbon Disclosure Project), iC20, The Shift Project, and initiatives for gender diversity. All new Demeter funds are classified "Article 9" under the framework of the new European Sustainable Finance Disclosure Regulation (SFDR). For more information on Demeter, visit: www.demeter-im.com.

L'Oréal

For over 110 years, L'Oréal, the world's leading beauty player, has devoted itself to one thing only: fulfilling the beauty aspirations of consumers around the world. Our purpose, to create the beauty that moves the world, defines our approach to beauty as inclusive, ethical, generous and committed to social and environmental sustainability. With our broad portfolio of 35 international brands and ambitious sustainability commitments in our L'Oréal for the Future program, we offer each and every person around the world the best in terms of quality, efficacy, safety, sincerity and responsibility, while celebrating beauty in its infinite plurality.

With 85,400 committed employees, a balanced geographical footprint and sales across all distribution networks (e-commerce, mass market, department stores, pharmacies, hair salons, branded and travel retail), in 2021 the Group generated sales amounting to 32.28 billion euros. With 20 research centers across 11 countries around the world and a dedicated Research and Innovation team of 4,000 scientists and over 3,000 tech professionals, L'Oréal is focused on inventing the future of beauty and becoming a Beauty Tech powerhouse. More information on L'Oréal, visit: loreal.com/en/mediaroom

CONTACT

Catherine Bérubé

cberube@cyclecapital.com

+1-514-629-1022