Section Overview

Katapult Ocean UNEP FI Sustainable Blue Economy Finance Initiative Annual Report 2021

Organisation Summary and Update from the manager

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  - Katapult Ocean Impact Framework
  - Investment thesis and impact analysis process
  - Going forward

Summary of Activities
  - Investments
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Companies in the Katapult Ocean Portfolio
  - Fund 1 - 2019 Investments
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  - Fund 3 - 2021 Investments
The information in this report is provided and written by Katapult Ocean and should not be interpreted as advice from Katapult Ocean or any of its employees. The information is meant as an update from the company to UNEP and is not intended as an invitation to conduct any investment activity.

Please bear in mind that the information in this document is not supposed to be shared or in any other matter distributed to a third party.

**Reporting Period**
01 January 2021 and 31 December 2021 unless otherwise stated.
Katapult Ocean is an investment vehicle part of Katapult Group, that aims to catalyse capital and tech for good.

Katapult Ocean invests and supports early stage tech startups that make or are aiming at making positive impact on the ocean, and we do that via our 12-week accelerator programme and continuous work with our portfolio companies, both supporting their impact framework and strategy, and assisting them on their fundraising journey - as we believe that the more our impact intentional founders can grow their companies, the more impact we will see in the world.

When we consider companies for investment we look for companies that are scalable and with potential for having a huge positive impact on the ocean. Initial benchmarking towards the SDG’s and our defined impact framework. We look at:

- Intentionality: Is impact integral to the companies’ organisation?
- The company's purpose;
- Consider the five dimensions of impact, IMP metrics;
- Environmental, social, governance (ESG) assessment;
- Mapping of SDG’s;
- Any ethical risks.

On our organisation front, Katapult has since the end of 2020 added a lot of brilliant minds to our system and organisation across Katapult Accelerator, Katapult Ocean and Katapult Group, all working together as one big team: Program Director Marcus Hølland Eikeland, Commercial Manager Ingrid H. Maurstad, Investment Director Jørn Haanæs, Communications Director Linn-Cecilie Linnemann, Investment Analyst Diogo Cristofolini, Investment Manager Carl Walton, Investment Analyst Saurabh Kumar, Program Coordinator Maren Gaarder, and AI, Analytics, and CRM Processes Lead Humberto Trevino. During 2021, Katapult has also launched a new initiative called Katapult Africa, where Country Director Rwanda Philip Gaasatura and Regional Director Katapult Africa Danny Smith were added to our team.

Jonas Svegaarden
CEO of Katapult Ocean
Katapult Ocean Theory of Change, its Investment Thesis and alignment to UNEP FI Sustainable Blue Economy Finance Initiative

Katapult Ocean Impact Framework

<table>
<thead>
<tr>
<th>Vision</th>
<th>A world where a thriving ocean is in harmony with economic development</th>
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</thead>
</table>
| **Mission** | - Invest in startups with a positive impact on our ocean  
- Catalyse capital, companies and startups to accelerate the blue shift in the ocean industries. As part of this inspire corporates, research institutions and investors on the importance of working with startups in the most impactful way  
- Steward ocean tech startups to achieve the UN Sustainable Development Goals with a main focus on SDG 14 - Life below water |
| **Impact Goals** | We will catalyse over NOK 1 000mn (~EUR 101mn) into ocean impact investing within 2025 |

Targeted upside impact strategy.
Katapult Ocean focuses on the fundamental environmental externality drivers.

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### Direct ocean health orientation
1. **Sustainably managed ocean resources**  
   Solutions to limit over-exploitation
2. **A clean ocean**  
   Solutions to avoid pollution
3. **Thriving and restored marine habitats**  
   Solutions to restore physical damage of marine & coastal habitats

### Climate change orientation
4. **Towards a 1.5C world**  
   Solutions to reduce & sequester GHG emissions
5. **Resilient coastal communities**  
   Solutions to reduce vulnerability & enhance adaptive capacity

### Positive socio-economic outcomes
6. **Wellbeing & Equity orientation**  

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* exterality Driver  
* Second Order consequence  
* Outcomes  

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* Transport, Energy, harvesting  
* Health  
* Frontier Technologies  

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* GHG Emissions  
  * Acidification  
  * Dead zones  
* Land-waste Emission  
  * Agri Runoff  
  * Toxins + PCBs  
* Poor Stewardship  
  * Overfishing  
  * Illegal Fishing  
  * Invasive Species  

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* Ecosystem / Reef Degradation  
  * Fall in CO2 absorption + life carrying capacity  

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* Biodiversity orientation  

How Katapult Ocean’s portfolio are distributed across the company’s 3 key ocean areas:

- **Transport, Energy, harvesting**
- **Health**
- **Frontier Technologies**

**Investment thesis and impact analysis process**

We invest in top performing teams that have the future solutions to the climate challenges of our world. But most importantly, we invest in blue tech impact companies that solve climate and biodiversity challenges, provide food and clean water for people globally, with a no animal harm approach.

Impact investing for measurable market and climate returns in ocean domains:

- **Ocean Organics:**
  - seaweed, algae, alternative proteins, new organic materials.
- **Energy systems:**
  - wind, solar, wave, tidal, propulsion systems, fuel types, storage.
- **Circular Resources:**
  - ocean regeneration and biodiversity, clean water, waste management.
Our technology impact strategy evolves around 3 main drivers:

<table>
<thead>
<tr>
<th>Impact Characteristics</th>
<th>Portfolio target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Direct impact cases: the “what, who, how, risks” are well-defined. These investments tend to have impact as a primary feature and a top-level priority, and map well to the SDG's without having to make abstract leaps of reasoning.</td>
<td>60-70%</td>
</tr>
<tr>
<td>2 Enabling impact cases: technologies and investment cases where the dimensions of impact effects are strong but where the solution is enabling others to have impact. Example cases may be companies that have the potential to disrupt industries or dramatically reduce costs of various essential goods or services.</td>
<td>20-30%</td>
</tr>
<tr>
<td>3 Deep tech impact cases: Potentially systemically impactful investments. These will sometimes have unclear valence, high execution uncertainty, or represent efforts to mitigate systemic downside risk. Embedding intentionality here is even more critical than in the other categories. Stewardship of the technologies for positive impact will be the most significant contribution that we can have as an investor.</td>
<td>Max 10%</td>
</tr>
</tbody>
</table>

Once Katapult Ocean invests, companies participate in a 12-week programme, in which one main pillar is impact strategy. Our team members and mentors work closely with the companies in different aspects of the business, that will reflect their positive impacts and address mitigation of negative outcomes. To improve the startups’ impact strategy, measurement, communication and operations we host several sessions focusing on the startup’s Theory of Change, followed up with one-to-one sessions.
These tools help the startups to describe the links between:

Problem | Solution | Impact
--- | --- | ---
The need the startup are trying to address | What they will do | The change they want to make

Here we share an example of the work being done with one of the startups with our assistance:

All 2021 Katapult Ocean's investments were made according to the recommendations from the Turning the Tide Criteria, and during our accelerator programme we worked closely with our onboarded companies to avoid potential negative direct and indirect impact, listed by UNEP with a “Challenge” action.


### Seafood

<table>
<thead>
<tr>
<th>2021 Invested companies related to the indicator</th>
<th>SEEK OUT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aquaculture</strong></td>
<td>Products or services that are supporting the aquaculture sector to reduce the need for harmful chemicals, antimicrobials or pesticides in pursuit of more responsible production and reducing antimicrobial resistance.</td>
</tr>
<tr>
<td>Seek out products and services that support companies to achieve recognised targets and limits on responsible usage through professional advice and guidance, within global best practice standards.</td>
<td></td>
</tr>
<tr>
<td>Biofeyn</td>
<td>SEEK OUT</td>
</tr>
<tr>
<td><strong>Aquaculture</strong></td>
<td>Use or development of products or services that support aquaculture sector to minimise or prevent escapes and meet global standards.</td>
</tr>
<tr>
<td>Seek out companies whose new products or services follow industry best practice guidelines and global standards for husbandry and infrastructure facility usage.</td>
<td></td>
</tr>
<tr>
<td>Softseaweed</td>
<td></td>
</tr>
<tr>
<td>Aquaculture</td>
<td>Producing, sourcing or selling marine or terrestrial ingredients for aquaculture feed that meet leading – and where possible – globally benchmarked standard.</td>
</tr>
<tr>
<td>Aquaculture</td>
<td>Producing, sourcing or selling alternatives to marine ingredients that allow companies to lower their overall footprint.</td>
</tr>
<tr>
<td>Wild capture fisheries</td>
<td>Evidence of direct use (or within traceable supply chains) of selective, low-impact gear types or fishing activities that are certified as minimising impact on the environment.</td>
</tr>
<tr>
<td>Cross-cutting issues</td>
<td>Companies, products or services that support and promote inclusivity and equal opportunities as defined by SDG 5 and SDG 10.</td>
</tr>
<tr>
<td><strong>Maritime Transportation</strong></td>
<td>Ship noise exceeds globally recognised thresholds for noise pollution, disturbing marine life.</td>
</tr>
<tr>
<td>Ship construction and destruction</td>
<td>Designing and building ships with a view to reducing waste and pollution, and prolonging asset life.</td>
</tr>
<tr>
<td><strong>Marine renewable energy</strong></td>
<td>Development of a wind farm in the context of a marine spatial planning process that does not meet best practice in stakeholder engagement or due consideration of the potential impacts and conditions of wind farm development specifically (for example on fishing grounds or recreational areas through ancillary structures including coastal substations).</td>
</tr>
<tr>
<td>Wave</td>
<td>Development of pilot wave energy installations that seek to quantify and mitigate the environmental impacts of wave energy, for example on coastal ecosystem services, animal entanglement, seabed disturbance and noise/EM pollution.</td>
</tr>
<tr>
<td>Common</td>
<td>Project developing in the context of a robust marine spatial planning process that is inclusive of all relevant stakeholder groups and consultative to determine best use cases for the marine environment that support and legitimise wind farm siting and avoid negative cumulative effects of wind farm designations, as well as</td>
</tr>
<tr>
<td>Sectors</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>Common</td>
<td>Lack of measurable steps taken to minimise emissions from service vessels and construction or decommissioning activities into the atmosphere and water surrounding wind farms.</td>
</tr>
<tr>
<td>Floating offshore wind</td>
<td>Development and operation of floating offshore wind facilities that do not seek to minimise pollution – particularly noise pollution – associated with floating structures.</td>
</tr>
<tr>
<td>Tidal</td>
<td>Development of tidal energy installations that seek to quantify and mitigate the environmental impacts of tidal energy (for example seabed disturbance and noise/EM pollution).</td>
</tr>
<tr>
<td>Floating offshore wind</td>
<td>Development and operation of floating offshore wind facilities that do not seek to minimise disruption to wildlife in the form of entanglement with anchorage or mooring structures.</td>
</tr>
<tr>
<td>Common</td>
<td>Development and operation of offshore wind facilities that do not have clear mitigation plans in place for collisions with birds and bats.</td>
</tr>
<tr>
<td>Floating offshore wind</td>
<td>Development and operation of offshore wind facilities that seek to minimise harmful impacts on wildlife from anchorage and mooring as well as attraction effects from floating platforms, and build understanding of impacts.</td>
</tr>
<tr>
<td>Floating offshore wind</td>
<td>Planning and development of mooring and anchorage for floating offshore wind platforms, and construction of platforms and ancillary structures (cabling, service platforms and substations) that strives for best practice and shares learning with other developers.</td>
</tr>
<tr>
<td>Common</td>
<td>Non-sensitive developer data collection for baselining and monitoring of impact is freely shared and included in company reporting.</td>
</tr>
</tbody>
</table>

In addition to the 3 Key Ocean Sectors described, Katapult Ocean is dedicated to investing in startups and technologies that impact the oceans in other ways, by reducing GHG emissions, reducing land-waste and effectively stewardship of frontier technologies.
**Going forward**

Moreover, throughout the year, Katapult Ocean has prepared for the next batch of investments to be done in 2022 by fine tuning our Investment Thesis, also considering that in 2022 Katapult Ocean's investments will be done together with Katapult Climate under the same fund, and our investment areas reflect this:

<table>
<thead>
<tr>
<th>Food</th>
<th>Natural Assets</th>
<th>Transport</th>
<th>Energy</th>
<th>Cities &amp; Infrastructure</th>
<th>New Frontiers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Harvesting</td>
<td>• Biodiversity</td>
<td>• Supply chain</td>
<td>• Production</td>
<td>• Optimisation</td>
<td>• Exploration</td>
</tr>
<tr>
<td>• Agriculture</td>
<td>• Ocean habitats</td>
<td>• Digitalisation</td>
<td>• Distribution</td>
<td>• Circular economy</td>
<td>• Data analytics</td>
</tr>
<tr>
<td>• Aquaculture</td>
<td>• Soil health</td>
<td>• New materials</td>
<td>• Offshore/onshore</td>
<td>• Carbon capture</td>
<td>• Robotics</td>
</tr>
<tr>
<td>• Food systems</td>
<td>• Ecosystem protection</td>
<td>• Vehicle design</td>
<td>• Storage/battery</td>
<td>• Waste management</td>
<td></td>
</tr>
<tr>
<td>• Alternative proteins</td>
<td></td>
<td>• Alternative propulsion</td>
<td>• Hydrogen</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Increasing demand for sustainable food sources and protein alternatives and depleting land resources is mounting pressure for innovation in sustainable seafood, aquaculture and agriculture. Technology enables more efficient and sustainable utilisation and unlocks new sources.

Regulatory initiatives to combat resource depletion, increasing public awareness and changing consumer preferences support investments in technology, infrastructure, products and services that are underpinned by circular economy models for a reduced environmental footprint.

Regulatory tailwinds, high cost pressure and demand for low-emission solutions is creating exciting investment opportunities within propulsion systems, EV infrastructure, digital technology, materials and supply chains.

Enabling technologies that increase access or lower cost/complexity of renewable energy infrastructure are vital areas for innovation and investment. The ocean is a particularly large untapped potential energy resource - though solutions will be needed across the spectrum of current and new fields.

Regulatory pressures, raising public awareness and technological advancements create vast opportunities for innovation and disruption in urban infrastructure. From energy management optimisation to carbon sequestration technologies - there is a major need for retrofit, renewal and further driven by population growth.
Summary of Activities

Investments
A summary of investments made during 2021 can be found below:

1. **12 Tides (USA)**
   1.1. 12 Tides develops and produces ocean-friendly foods with kelp from regenerative ocean farms.

2. **ACUA Ocean (UK)**
   2.1. ACUA Ocean develops long endurance, hydrogen-powered drone vessels for monitoring and protecting marine assets and offshore infrastructure.

3. **Biofeyn (USA)**
   3.1. BioFeyn's goal is to produce the most sustainable and nutrient-packed farmed fish on the market. By optimising existing ingredients that are already proven to be safe and sustainable, they can add value for farmers, feed suppliers, and the environment.

4. **Brayfoil (South Africa)**
   4.1. Brayfoil is developing the next generation of wind turbine blades – that change shape to tailor loadings and respond better to incoming winds, enabling lighter blades, longer blade spans, and reducing the overall cost.

5. **Freepower Solar Boat (Norway)**
   5.1. Freepower is developing self-sufficient and 100% solar energy-driven electric boats, which are easy to use, silent, emission free, and have a low carbon footprint.

6. **Gazelle Wind Power (Ireland)**
   6.1. Gazelle Wind Power owns and commercialises their IP of a unique and innovative Hybrid Floating Platform with High Stability and Attenuated Pitch, with the goal of providing the best in class sustainable offshore wind platform.

7. **GKinetic (Ireland)**
   7.1. GKinetic develops and produces tidal energy generation to offer clean, predictable energy from free flowing water, with minimal impact on the natural environment.

8. **Oregon Seaweed (USA)**
   8.1. Oregon Seaweed produces pure vegan complete-protein powder extracted from seaweed to be used as a sustainable and carbon negative supplement.

9. **Softseaweed (Norway)**
   9.1. SoftSeaweed offers a software solution developed and designed to make seaweed farming businesses more sustainable and profitable.

10. **Umami Meats (Singapore)**
    10.1. Umami Meats is developing cultured seafood based on a proprietary, low-cost, and sustainable formulation of growth factors.

Divestments
There were no divestments in the 12 months to 31 December 2021 from Katapult Ocean Funds 1, 2 or 3.
Companies in the Katapult Ocean Portfolio

**Fund 1 - 2019 Investments**
1. Fishency Innovation
2. Ichthion
3. Evoy
4. Brim Holding
5. RemoraXYZ
6. Ship Reality
7. The Ocean Bottle
8. UNDERSEE
9. SubseaX
10. Recyglo
11. Atlan Space
12. Innomar
13. ARC Marine
14. Sanoor Technologies
15. Tracio
16. Pinovo
17. Oceanium
18. Nautix Technologies
19. Raino Tech4Impact
20. Marimetrics
21. Algeaing (formerly Alga-life)
22. Saathi

**Fund 2 - 2020 Investments**
23. Ecospears
24. Matter
25. Ocean Rainforest
26. Hydrosurv
27. Paralenz
28. Aquammodate
29. Hooked
30. Desolenator
31. SolarDuck
32. Fortuna Cools

**Fund 3 - 2021 Investments**
33. 12 Tides
34. ACUA Ocean
35. Biofeyn
36. Brayfoil
37. Freepower Solar Boat
38. Gazelle Wind Power
39. GKinetic
40. Oregon Seaweed
41. Softseaweed
42. Umami Meats

Katapult Ocean continues to work with the companies to define their core impact and metrics - which will evolve and solidify as companies begin to deliver and scale their solutions. On top of the impact to the ocean, at the end of December 2021, the portfolio companies from all 3 of Katapult Ocean’s funds employ 462 people.