

Igniting Impact: GD1 Impact Report – 2023



Do good things
with good people.



Our Commitment

GD1’s first ‘Impact report’ closed with these words: “Minute by minute; hour by hour; and day by day – there are ongoing opportunities for venture capital firms to make the world a better place.”

At GD1, we believe that ‘change’ is not only an outcome, but also a verb. 2023 was a year that saw us continue to activate environmental, social and governance (ESG) best practices we can be proud of for ourselves; the incredible portfolio companies we invest in; and the New Zealand Venture Capital (VC) ecosystem as a whole.

In this edition of our annual impact report, you’ll learn about our new B Corporation Certification - something we’re all very proud of. Additionally, this report includes a summary and the results of an effort we led to rightsize ESG for the VC industry in New Zealand; a snapshot of how our portfolio companies support the United Nations Sustainable Development goals; and a mini-showcase of select GD1 portfolio companies making a positive impact.

The consequences of our actions as an industry today reach far beyond numbers on a spreadsheet or an annual report. Through our investments and actions, we have the potential to make a profound positive impact on the very fabric of humanity.

GD1 is committed to ensuring that every one of our actions and decisions today lead us toward a better future.

We look forward to sharing our continued progress towards a future we can all be proud of.



GD1 Team
AUCKLAND, NEW ZEALAND

Our Impact

Founders and Operating Teams have hundreds of factors to consider every single day. They are facing constant demands for their time, high pressure decisions and are often starving for focus. As an industry, it's imperative that we come together to relieve any burden associated with ESG reporting if we want to encourage portfolio companies to better understand ESG related risks and provide the best governance possible. This creates the headspace needed to focus on smart growth.

Walking the talk – GD1 is now a proudly Certified B Corporation

At GD1, we believe in “doing well by doing good”. For us, this means ensuring we provide a strong financial return to our LPs while also lightening our load on the planet and having a positive social impact.

To this end, we recently became a proudly ‘Certified B Corporation’ through B Lab (the B is short for ‘Benefit’). B Corp Certification means that we have been verified as meeting B Lab's high standards for social and environmental impact, and that we are demonstrating accountability and transparency by disclosing this record of performance in a public B Corp profile. Importantly, by becoming certified we are stepping into a continuous improvement framework. In order to maintain certification we must undertake an assessment and verification process every three years, demonstrating that we still meet B Lab's rigorous standards.

Globally, over 240,000 businesses are measuring and managing their impact using the B Impact assessment framework.

An inclusive moment

While GD1 is the first ‘Certified B Corporation’ VC firm in NZ, this is an inclusive movement that recognises the need for all businesses to be a force for good and we welcome a chat with VC peers who would like to learn more about the certification process.

Explaining B Corporation Certification

For us, the certification was about a need to ‘walk the talk’ if we want to fully embrace and lead on ESG. It was an important part of the journey we're on to invest in companies that continue to shape the future.

Every B Corp is scored using the five following impact areas across the B Impact Assessment: Environment, Customers, Community, Governance and Workers.

To achieve certification, a company must score a minimum of 80 points out of 200 on the ‘B Impact Assessment’ and commit to considering the impact of their decisions on all stakeholders – a model known as stakeholder governance. Put simply - stakeholder governance ensures we take into consideration people and the planet, as well as financial return.

The assessment is an in-depth and comprehensive survey, with up to 250 weighted and unweighted questions across different operational Impact Areas and Impact Business Models and requires input from multiple stakeholders within a company. After completing the assessment, companies receive a B Impact Score and a report that identifies areas in which they can improve. It's an invaluable process that helps companies to make informed, educated choices about the kind of positive impact they want to have moving forward.

Aligning Industry to Maximise Impact

With the conviction that together we can do more, GD1 initiated and led an effort to rightsize ESG reporting within the New Zealand VC industry. The purpose of this effort was three fold:

1. To ensure shared portfolio companies receive streamlined, realistic reporting requests that encourage embedding ESG into day-to-day operations
2. To ensure our LPs receive timely, accurate ESG data on funds
3. To ultimately support industry level reporting and benchmarking

Launched in February 2022 with the help of the New Zealand Super Fund and New Zealand Private Capital Association, a working group formed to determine how best to embrace ESG as an industry. This working group spent the year evaluating various ESG frameworks and approaches to determine which would best suit the industry.

As a result of the working group's efforts, the majority of the NZ VC industry agreed to adopt a pre-existing framework, ESG_VC. This decision was made after the firms participating in the working group led a cohort of 12 companies through a process piloting the framework.

ESG_VC has global applicability and has been adopted by over 200 VCs around the world, including funds in Europe and the US. As our companies expand offshore, ESG_VC presents the opportunity to be aligned with a globally recognised framework that can scale with our companies, and with our ecosystem. In addition, ESG_VC has been developed specifically for the venture capital industry and the portfolio companies invested in by that industry.

At its core, it is a framework to help early-stage companies and their investors to understand, measure and improve their ESG performance. This framework is less onerous for early stage companies to embrace than many other alternatives as their first foray into ESG. In addition, it is focused solely on ESG as opposed to ‘impact’**.

You can read more about the effort to rightsize ESG reporting within the New Zealand VC industry in Caffeine, the Daily for NZ Startups.

Caffeine →

**There is an important distinction between “impact measurement” which focuses on monitoring measurable and positive social or environmental outcomes and ‘ESG investing’ which emphasises understanding and incorporating ESG factors into decision-making and risk management.

Our Approach to ESG

In this section you'll find an overview of GD1's ESG Policy. As an investor in companies that will shape the future, GD1 follows responsible investment principles. Our Responsible Investment Policy outlines how we incorporate ESG factors in investment decisions and firm activities.

The policy's key focus areas include:

- Evaluating Sustainable Development Goals alignment
- Exclusionary screening criteria when considering investments
- Term sheet clauses on both ESG and diversity
- PRI Responsible Investment Signatory and RIAA Member



Policy Snapshot:

- GD1 is a signatory to the Principles for Responsible Investments (PRI) and we integrate ESG factors within our investment decisions and business procedures, including the principles that we follow as a firm to ensure we are making responsible investments.

The six PRI principles that Fund 3 uses as a guide include:

PRI PRINCIPLE	ACTIONS
1. We will incorporate ESG issues into investment analysis and decision making processes.	Identify material ESG factors in pre-investment processes that might affect returns. Ensure ESG is deeply rooted in GD1's investment approach.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices	Establish processes to understand and manage material ESG risks and opportunities in partnership with portfolio companies' management.
3. We will seek appropriate disclosure on ESG issues from the entities in which we invest	Implement monitoring processes to assess portfolio companies' management of ESG factors.

PRI PRINCIPLE	ACTIONS
4. We will promote acceptance and implementation of the Principles within the investment industry.	Be an advocate for ESG in VC, especially in NZ. Work with our portfolio companies to build ESG into their operations.
5. We will work together to enhance our effectiveness in implementing the Principles.	Collaborate with key stakeholders (peers, companies and LPs) to build consensus around responsible investment practices in New Zealand venture capital, leveraging PRI resources.
6. We will each report on our activities and progress towards implementing the Principles.	Keep Limited Partners of the Fund up to date with ESG progress/activities.

- GD1 integrates responsible investing and accounts for ESG factors across the various aspects of its investment decisions. This includes screening the companies we invest in; conducting thorough due diligence and approvals; and ongoing engagement and monitoring of our portfolio companies.

Term Sheet Inclusion Snapshot:

DIVERSITY AND INCLUSION

GD1 is an inclusive fund that comprises individuals from various diverse backgrounds. Similarly, GD1 endeavours to invest in companies that also consciously cultivate a diverse team – inclusive across gender, ethnicity, age, sexual orientation, disabilities and national origins. We do not impose hiring criteria on our companies, but we will assess the diversity and inclusion strength of a team upon investment (new and/ or follow-on). We therefore ask that each portfolio company include an 'inclusion rule' in its HR policies so that at least one member of a population currently underrepresented within the company shall be formally interviewed for any open executive position.

ESG

GD1 is steadfastly committed to espousing high ESG standards in our own firm and portfolio companies. Any material ESG risks should be reported to GD1 as and when they arise. We may ask a company to provide ESG reporting to ensure continued adherence and compliance to its initial ESG commitment.

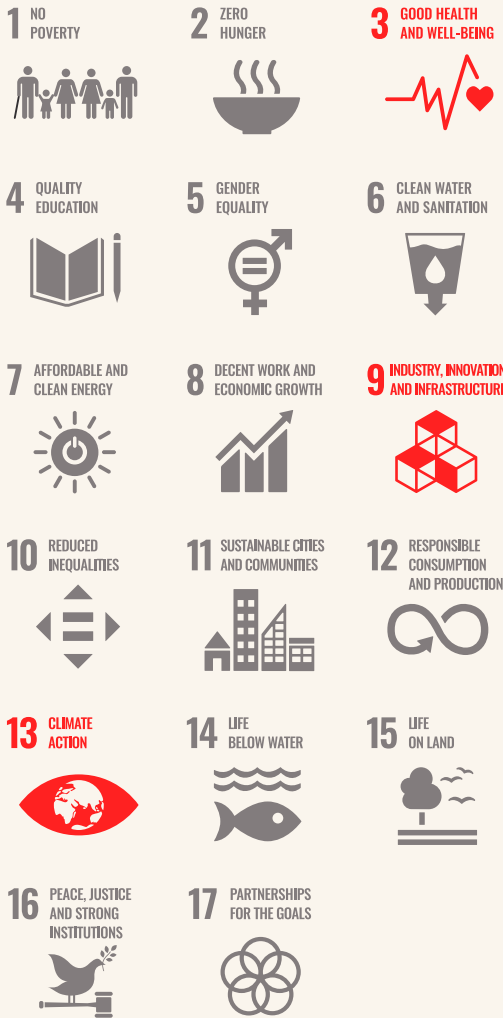
Explore this policy →

Sustainable development is a fundamental break that is going to reshuffle the entire deck.

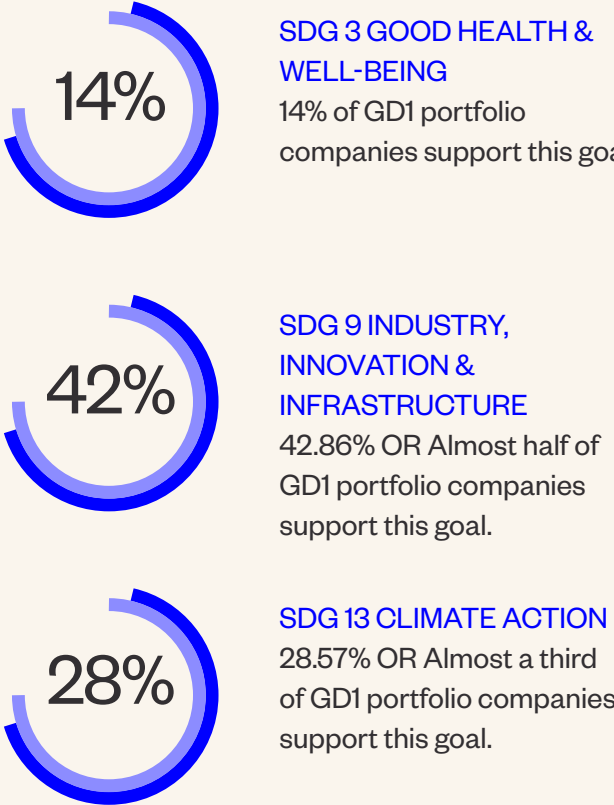
Our Portfolio

Supporting the United Nations Sustainable Development Goals

As part of our efforts to understand how our portfolio contributes to our ESG policy, we track how many of our portfolio companies directly align with the United Nations Sustainable Development Goals (UN SDGs) either through company operations, product, or the outcomes they deliver for customers.



Top 3 Sustainable Development Goals supported by our portfolio companies are:



Impact Stories

A showcase of GD1 portfolio companies making a positive impact.



Foundry Lab

Reducing the environmental impact of manufacturing globally.

WHAT THEY DO

Foundry Lab has launched category-defining Digital Metal Casting technology that leapfrogs 3D metal printing to rapidly produce metal parts with the same physical properties as traditional cast metal. Slashing typical 1-6 week lead times for metal parts to just hours, the technology is set to completely revolutionise how the world's largest manufacturers prototype production identical parts needed for innovation cycles, then quickly ramp up production.

Today, companies typically spend quite a bit of money per casting per prototype, involving huge, expensive metal moulds. What's more, these usually take anything from three months to a year to cast. With Foundry Lab, none of this is necessary. Digital Metal Casting enables these companies to go from 'design' to same-day production using safe, compact microwave technology.

Combining the speed and freedom of 3D printing with the economy and strength of metal casting, Digital Metal Casting produces 'production identical' metal parts.

WHY IT MATTERS

Digital Metal Casting technology will transform the world's current manufacturing processes by enabling companies to produce metal parts on-demand at a fraction of the cost, time and climate impact of a traditional foundry.



[Learn more here](#) →



Auror

Reducing retail crime and making the world a safer place.

WHAT THEY DO

Auror's retail crime intelligence platform helps champion a safer society through cloud-based software that enables police and retail businesses to collaborate to fight repeat / organised crime. It transforms the intel reported by frontline teams with a user-friendly, web-based software into a full picture of retail crime that provides retail staff with real-time alerts, actionable intelligence and business reporting.

This helps retailers and the police with both crime detection and prevention, including helping to identify repeat offenders; and the ability to place a store on 'high alert' due to recent theft patterns.

WHY IT MATTERS

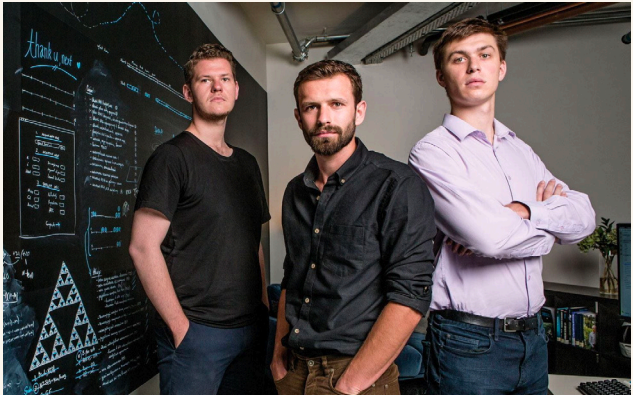
Auror focuses on repeat offenders – law enforcement statistics confirm that 10% of people cause c.70% of the loss. Therefore offenders are more likely to repeat-offend across multiple retail stores within the same area. The Auror platform helps retailers and police catch and act as a



preventative measure of crime by utilising data records to alert retail stores to watch out for a likely offender.

Retail crime is a global problem costing customers trillions of dollars each year and, because the police are overwhelmed, most shoplifting crimes end up being unreported and unresolved. Auror's solution is simple: an intelligent platform that enables a broad network to collectively share information effectively, not only helping to reduce crime but also keeping customer employees and their shoppers safe.

[Learn more here](#) →



Zenno

Enabling spacecrafts to go fuel-free.

WHAT THEY DO

Based on the patented use of high temperature superconductors with magnets for space applications, Zenno's satellite control and propulsion system is set to revolutionise the way spacecraft navigate space and the

impact they have on our planet. The tech enables completely fuel-free satellite positioning; as well as fully autonomous, precision interaction between satellites (critical for debris removal, servicing and construction in orbit), leading to world-first electromagnetic shielding of spacecraft and eventually the humans inside them from radiation damage

WHY IT MATTERS

Their groundbreaking innovation is set to enable an entire industry to shift from the short-term, profit driven exploration of space; to long-term, sustainable exploration. It's set to open up doors for both hardware and humans to challenge the boundaries of what's been achieved in previous decades.



[Learn more here](#) →



Dawn Aerospace

Building scalable, sustainable space transportation solutions for humanity.

WHAT THEY DO

Dawn Aerospace plans to reshape the future of space transportation and infrastructure to be a lot like what ideal transportation solutions look like on earth - easily available, cost-effective and sustainable.

With full-blown space transportation still requiring intensive product development and several years away, the company's near-term business goal is to scale its in-space propulsion products so that it can then focus further on the R&D of it's Mk-II and Mk-III space planes - which utilise rocket engines - to become a fully-fledged, highly reusable suborbital and orbital flight service.

Building scalable, sustainable space transportation solutions for commercial satellite operators is a difficult problem to solve. Waste products from this type of activity landing in the world's oceans isn't such a serious problem (yet) because only a hundred or so rockets are launched annually. It will become a much bigger problem as space activity scales, which it is busy doing.

In addition, the cost of high-quality systems can be prohibitive. For small satellites, Dawn Aerospace provides high-performance, reliable, cost effective systems for teams with much smaller budgets. These provide the same capabilities that traditionally only very large or institutional entities can afford for their \$1B satellites.



WHY IT MATTERS

Dawn Aerospace is on track to become the most popular green chemical satellite propulsion system in space. The startup's propulsion units have launched on SpaceX, Soyuz and Vega rockets and their propulsion products offer higher performance than other alternatives. They are an agile company, able to supply customers quickly with lead times most others can't comprehend let alone aspire to, setting the scene for the future of space transportation.

[Learn more here](#) —>



Basis

A new era of residential energy management.

WHAT THEY DO

Digital energy infrastructure innovator, Basis, is on a mission to empower everyday homeowners with an affordable, achievable way to control their electricity consumption through the world's first IEC-compliant next generation switchboard, Basis One. Basis One provides advanced monitoring and controls for domestic energy management, advanced electrical safety capabilities and seamless installation experiences for installers. Delivering complete control of a home's appliances, safety and analytical data in one package, the Basis One smart panel connects to a consumer app that allows users to easily understand how, where and when they use energy to help reduce energy consumption and Co2 emissions.

WHY IT MATTERS

Basis One will unlock the digital era of energy at scale and create an equitable clean energy future by helping everyone, everywhere take control of their energy and ensure access to an affordable, resilient, distributed energy future.



[Learn more here](#) —>

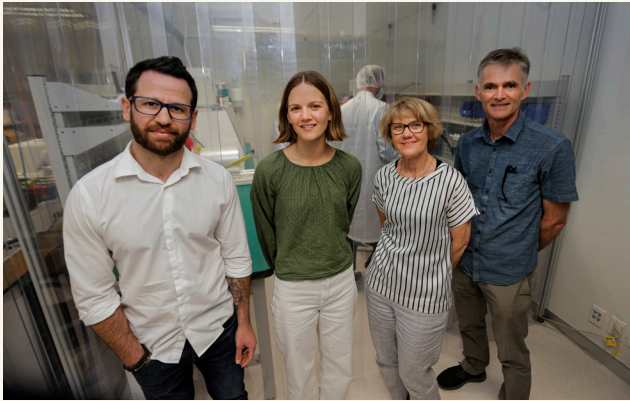


JUNOFEM

Empowering women globally to improve their pelvic floor health.

WHAT THEY DO

JUNOFEM is a proud spin-out of the world-renowned Auckland Bioengineering Institute, University of Auckland, New Zealand. The company's tech-enabled medical device, femfit®, is designed to help women improve their pelvic floor health to alleviate symptoms such as urinary incontinence - a debilitating issue that negatively impacts on the quality of life of so many. The company's tech-enabled femfit® product is firmly grounded in science, has been developed by a skilled team of bioengineers and clinicians and is guided by clinical need. The device has won the support of scores of healthcare professionals globally and recently achieved medical device quality certification across both Australia and New Zealand.



Embedded with eight hi-tech pressure sensors, femfit® measures internal pressures along the length of the vagina and sends real-time feedback to a mobile app. The feedback from these sensors helps the user, and the healthcare provider to understand whether they're contracting the right muscles when doing pelvic floor muscle training, or when doing other types of exercises.

WHY IT MATTERS

Femfit® is unmatched in its ability to distinguish pelvic floor and abdominal pressure data, enabling women to use femfit® during functional activities to monitor both pelvic floor and abdominal pressure changes. This is not possible with most other devices. The device takes the guesswork out of pelvic floor muscle activation, and makes the invisible - visible to guide both healthcare provider and end user on the most effective training programme.

[Learn more here](#) —>

NextWork

Helping everyone to be in a job they love.

WHAT THEY DO

NextWork is an end-to-end education software platform that exists to help people at any stage of life to transition into a more fulfilling and rewarding career.

NextWork was built on the unique requirements of each individual user by factoring in personal circumstances, such as availability of time and style of learning, to optimise their coursework and pathway with like-minded cohort support. Individual development time and learning style will be options that can be dynamically changed by students at any point during the course depending on preferences/lifestyle changes.

NextWork's very first offerings will focus on cloud certifications (such as AWS) with new certifications and in-demand skills on the horizon.

WHY IT MATTERS

Current education is often one-size-fits-all, expensive and time-consuming, requiring the person to study full-time, or be low-touch and self-directed. In addition, while there are online resources, being able to sift through these to find high-quality, up-to-date / relevant information is often challenging and results tend to disappoint.



Amber’s ambitious vision is that everyone should be in a job that they love. 80% of the world will be educated on NextWork, and NextWork will eventually become a platform that other education content creators are able to use to provide a more personalised educational experience for students.

[Learn more here](#) —>

Buddy

Reducing the world’s emissions from primary metal production.

WHAT THEY DO

Buddy is a B2B recyclables online marketplace that removes the friction for movement of scrap metal across the world, providing traceability and provenance for the recycled metal supply chain. Around 8% of global carbon emissions come from primary metal production which both produces emissions from the mining process (depleting forever resources, too) and takes a significant amount of energy to process. Using recycled metal results in up to 80% less emissions than primary production because recycled metal takes less energy to melt - it can be processed using an electric arc furnace (EAF) which is more energy efficient. Increasing the share of EAF-based steel production will play a key role in decarbonising the steel industry globally.

WHY IT MATTERS

Through achieving a more reliable and sustainable supply of recycled metal, Buddy is set to rewrite the earth’s emissions reduction story for the benefit of this generation; and generations to come.



[Learn more here](#) —>

What’s next?

Venture capital has the potential to be a pivotal catalyst for driving positive systemic change in addition to providing financial returns, and GD1 is resolute in its dedication to ensuring that as a firm and as an industry, we pave the way for a more promising future for all.

We’re not ‘done’. And we probably won’t ever be ‘done’ because there’s always more we can do, together, to create change.

We believe that the key to effective management lies in both inspiring others to tackle world changing challenges together and we look forward to sharing our ongoing journey towards a future that we can collectively take pride in.

Thank you for your continued support.



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