



# 2150

Impact  
Framework

January 2024

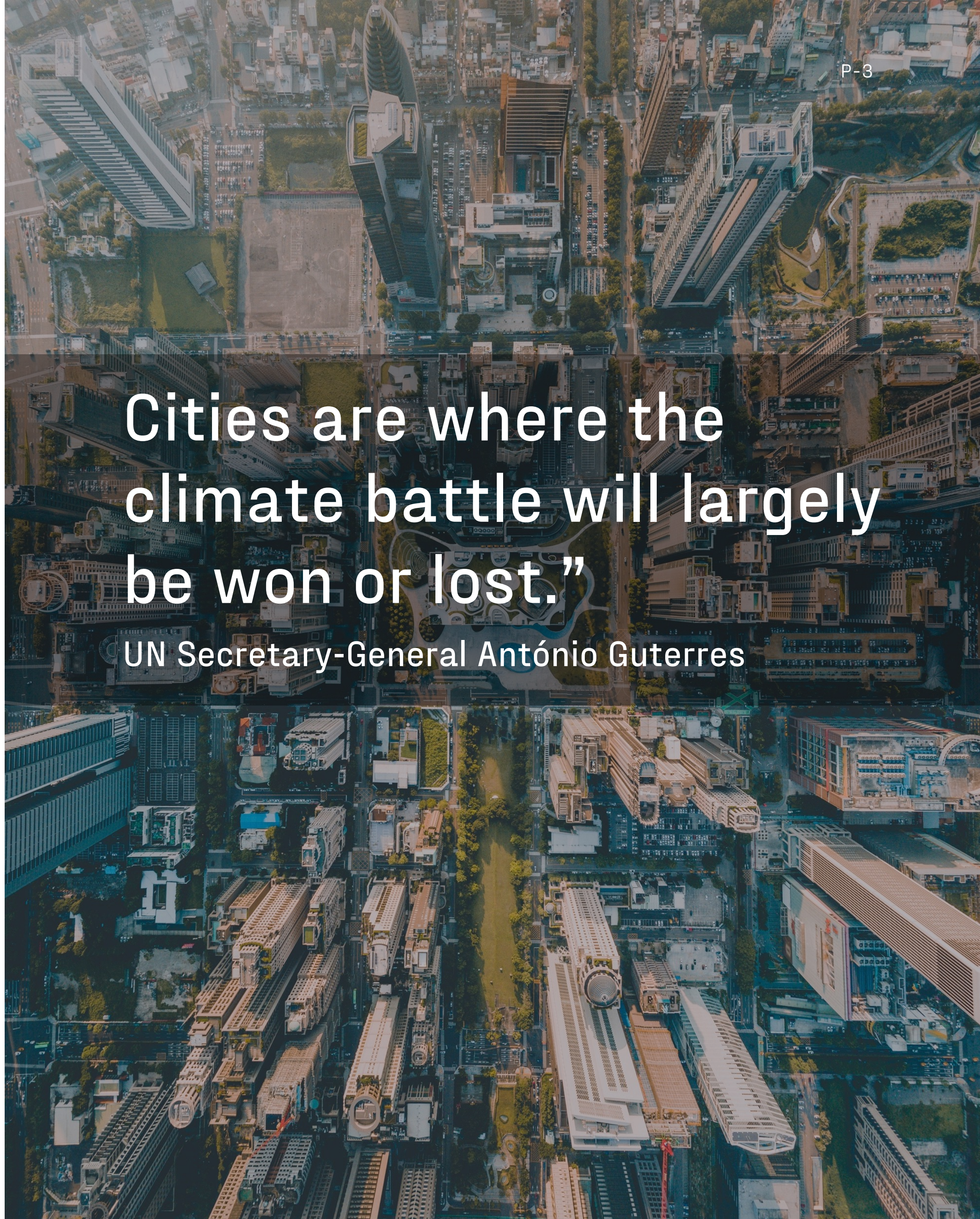
# Contents

- 3 2150 Mission
- 8 Investment Impact Approach
- 17 Planned Impact Method
- 19 Principal Adverse Impacts

# 2150 Mission

At 2150, our objective is to find the game-changers and sustainable investments, the Urban Tech Gigacorns, that will enable a future where technology and innovation in the Urban Stack reverse cities' negative impacts on the planet and promote sustainability and prosperity. That is why we have developed the **2150 Impact Framework** to help us evaluate the impacts and sustainability of our investments, and to inform our decision making. We use this framework to commonly assess, measure and report the impacts and sustainability performance of our investments and portfolio.

The following is an overview of the 2150 Impact Framework, detailing our comprehensive approach to understanding and assessing the impact and sustainability potential and risks of companies in which we invest.



Cities are where the  
climate battle will largely  
be won or lost.”

UN Secretary-General António Guterres

# The 2150 'Ethos'

2150 invests in the companies, solutions and founders accelerating the global transition to sustainable cities. We were formed with the ambition to back a new paradigm of companies that respond to our climate and environmental challenges – Gigacorns, being companies that reduce or remove CO<sub>2</sub>e emissions by 1 Gt per year while being commercially viable. While reaching the goals of the Paris Agreement requires looking beyond just carbon, 2150 applies the scale of ambition of Gigacorns to all our work.

## Purpose 01



To back tech entrepreneurs with Constructive Capital so they can reimagine and reshape the urban environment.

## Mission 02



To set the standard for Constructive Capital and back a portfolio that includes potential 'Gigacorns'.

## Vision 03



A future in which the convergence of technology and sustainability in the Urban Stack has reversed cities' negative impacts on the planet and accelerated a positive impact on prosperity.

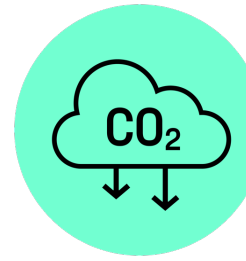
## 2150 Impact Principles

2150 developed five **Impact Principles** to guide our mission and investment decision process.

We seek positive environmental impacts through investment, which can maximise wider socio-economic co-benefits. As an Article 9 fund under the EU’s SFDR, all 2150 investments are environmentally sustainable.

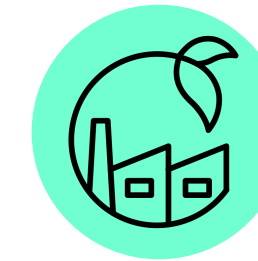
We use the 2150 Impact Principles to ensure all investments contribute to primary environmental outcomes, while unlocking co-benefits to broaden our definition of sustainability.

Primary



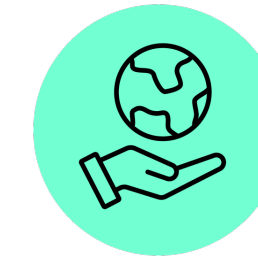
### Climate Action

Materially reduce or remove urban GHG emissions while preventing carbon lock-in, and supporting adaptation of systems to climate change.



### Resource Responsibility

Reduce resource waste, support a circular economy and promote sustainable water use and protection.



### Environmental Protection

Reduce and remove urban pollution, and protect and enhance biodiversity.

Co-Benefits



### Social Resilience & Balance

Enable healthy, safe, liveable cities with healthy socio-economic balance, and increase access to economic opportunities.



### Profit & Purpose

Deliver exponential impact and productivity outcomes as co-benefits beyond immediate impacts of operations.

Fundamentals



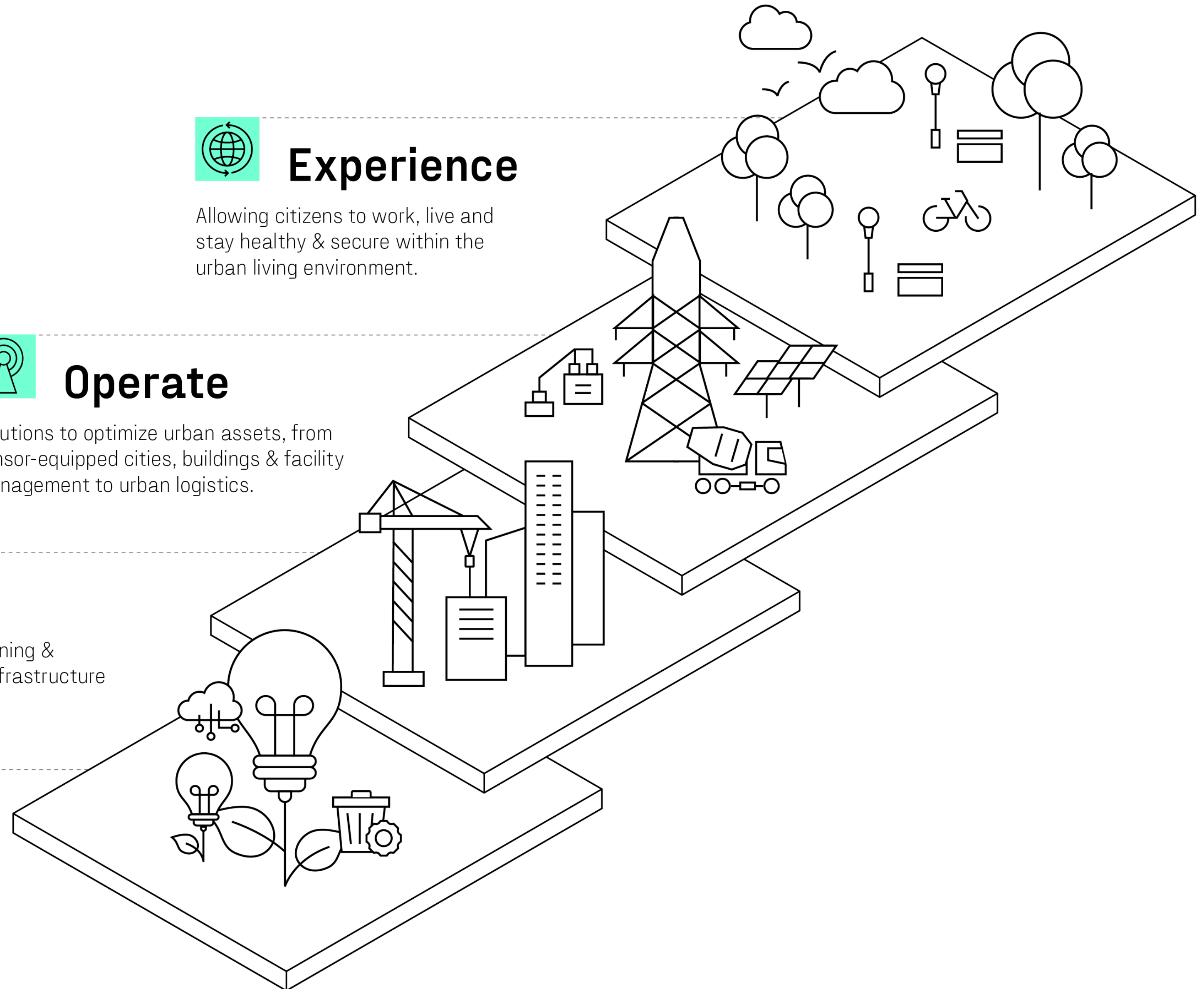
### Good Governance

Companies that follow basic good governance principles, including adherence to minimum safeguards.

## The Urban Stack

2150 invests in urban sustainability.

We view cities and urban technologies through the lens of the 'Urban Stack', representing four interconnected and interdependent layers of an urban environment in which we invest. By investing across all four layers of the Urban Stack, 2150 promotes systemic change in cities.



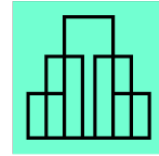
### Experience

Allowing citizens to work, live and stay healthy & secure within the urban living environment.



### Operate

Solutions to optimize urban assets, from sensor-equipped cities, buildings & facility management to urban logistics.



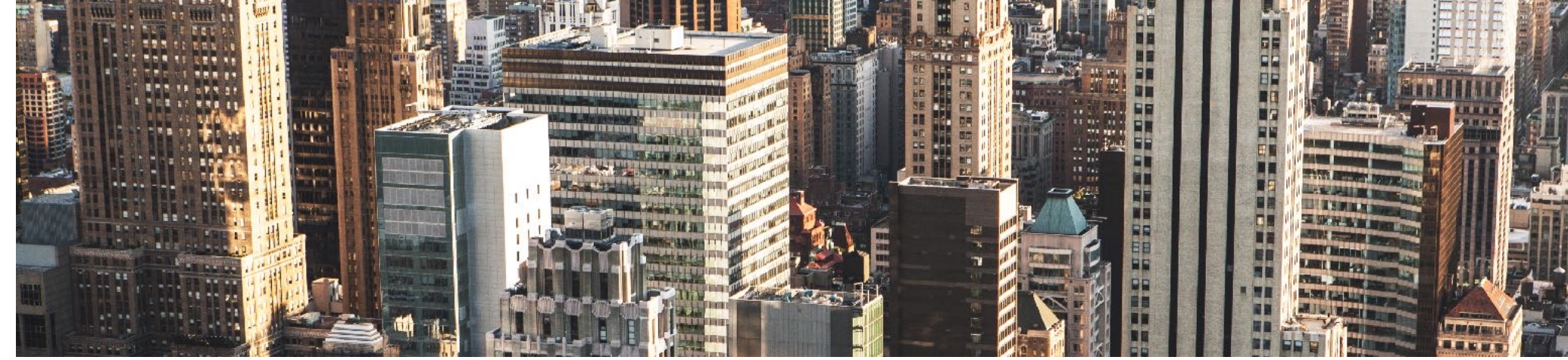
### Build

How we build including planning & construction of buildings, infrastructure and production systems.

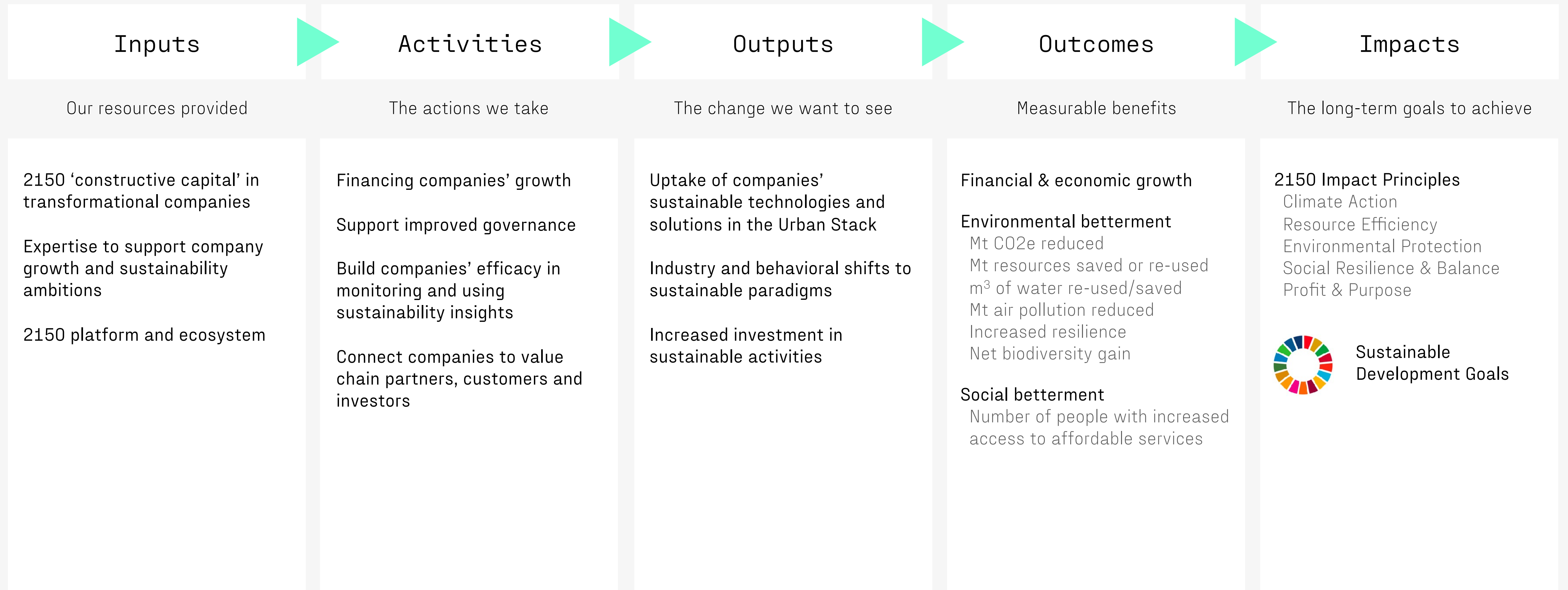


### Enable

Enabling infrastructure technologies and platforms that allow urban areas to scale sustainably and resiliently.



# Theory of Change



## Impact Network

2150 seeks to extend our impact by engaging in venture capital and founders networks that strive to address the most pressing sustainability challenges through collective action and cooperation.



“Driving the adoption of ESG in the Venture Capital industry”

2150 is on the steering committee of this global network of over 250 VC funds and LPs focused on developing ESG and impact measurement best practice, while building capacity and knowledge for our industry.



“Acknowledging leading investors in the sustainable energy transition”

We are co-founders of an initiative to develop an annual list recognising the most impactful VCs around the world investing in companies and their solutions to the climate crisis. Through the network, 2150 looks to incentivise mobilising VC capital for climate at scale.



“Net Zero from Day Zero”

2150 is a founding member of the Venture Climate Alliance, a group of leading VCs committed to developing investment portfolios and supporting tools to achieve a rapid, global transition to net zero or negative greenhouse gas emissions by 2050 or earlier. Members work to achieve net zero operational emissions for our operations by 2030 or sooner, and encourage portfolio companies to set their own net zero targets.



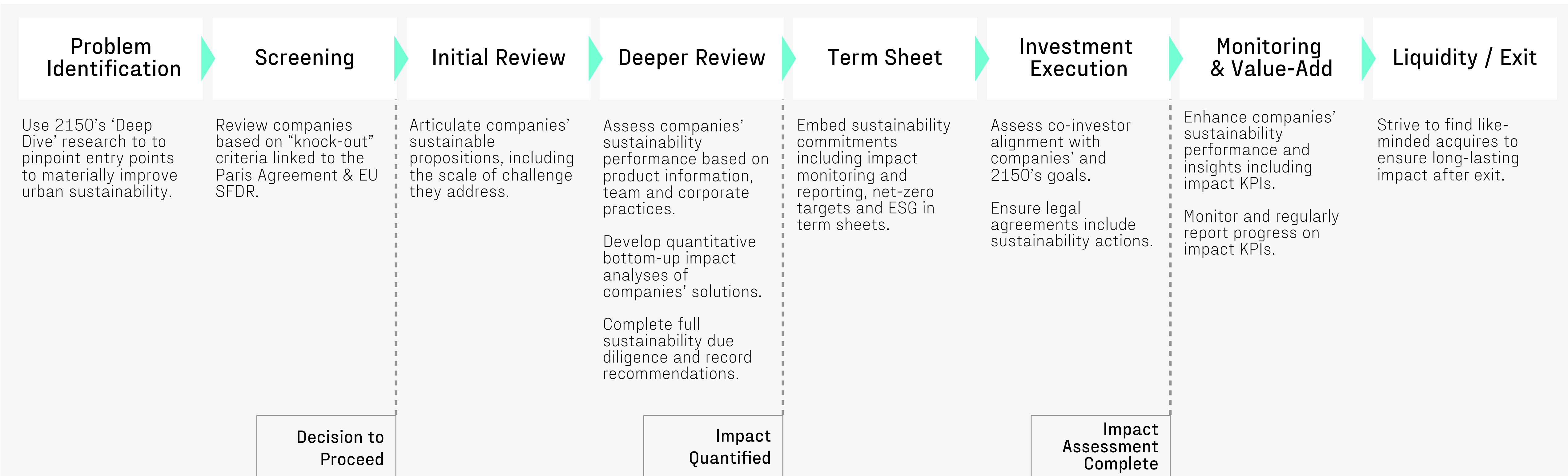
“Bridge the gap between cleantech and policy leaders”

2150 is a member of Cleantech for Europe, Cleantech Scandinavia and Cleantech for UK, all with a common mission to put innovation on climate solutions at the centre of public policy. The groups represent trailblazers developing, deploying and investing in climate technologies across Europe.



# Investment Impact Approach

We apply a common approach for evaluating companies' sustainability performance, impact potential and alignment with 2150's mission.



# 2150 Impact Assessment

For each investment, 2150 reviews the company on five dimensions as part of the common **2150 Impact Assessment**. Each dimension consists of quantitative and qualitative questions that analyse a company, its current sustainability performance and its potential to scale meaningful impact. Final results are aggregated and summarised in memos for our investment committee.

The Impact Framework and its questions build on industry best practice, incorporating considerations from the EU's Sustainable Finance Disclosure Regulation (SFDR), the EU Taxonomy on Sustainable Activities, the International Sustainability Standards Board's (ISSB) IFRS S1 & S2, and the Multilateral Development Banks' approach to alignment with the Paris Agreement.

Influenced by:



## Impact Dimensions

- A Paris Agreement & EU SFDR
- B Mission Related & Planned Impact
- C Company Related
- D Policy Due Diligence
- E Deal Related

# Paris Agreement & EU SFDR

PARIS AGREEMENT

EU SFDR

FOSSIL FUEL EXCLUSION



2150 applies three impact thresholds to all companies to determine eligibility for investment:

## 01 Align with the Paris Agreement

All companies and their activities must align with the goals of the Paris Agreement. We use a standard set of questions to make this determination.

- A | Does the company support a low-carbon pathway for the relevant sector?
- B | Does the company and its product risk carbon lock-in?
- C | Is the company, including its assets, exposed to significant physical climate risk?
- D | Does the company or its activities undermine climate resilience in the context in which it operates?

## 02 Contribute to an EU Environmental Objective

As an Article 9 fund under the EU's SFDR, we ensure all companies contribute to one of the six EU Environmental Objectives and meet regulatory standards. This includes:

- Confirmation of contribution (direct contribution or enabling)
- Do no significant harm assessment
- Evaluation to ensure alignment with minimum safeguards

## 03 Free of revenues from fossil fuels

Companies cannot derive any revenues from the extraction, refinement, transport, sale or trade of fossil fuels or high emission electricity.

# Mission Related & Planned Impact

IMPACT PRINCIPLES

URBAN SUSTAINABILITY

IMPACT MODEL

ADDITIONALITY



We assess a company's contributions to 2150's mission through our Impact Principles, developing planned impact models (p. 17) and reflecting on our own additionality to the company and deal.

## 2150 Impact Principles

We analyse the extent to which a company promotes the five Impact Principles. Companies that generate impact across multiple principles receive more favourable evaluations than those with more singular outcomes.

For companies with direct contributions to impact - as opposed to enabling - the results of 2150's planned impact model feed into this evaluation.

## Urban Sustainability

2150 affirms that a company is solving an identified urban sustainability challenge. We also consider whether our consideration of a company is linked to 'Deep Dive' research.

## Impact Model

We consider whether a company has estimated its impacts, ideally for at least 10 years. Particular attention is given to the quality of information provided or developed on the unit level impacts of a company's product or business model.

## Additionality

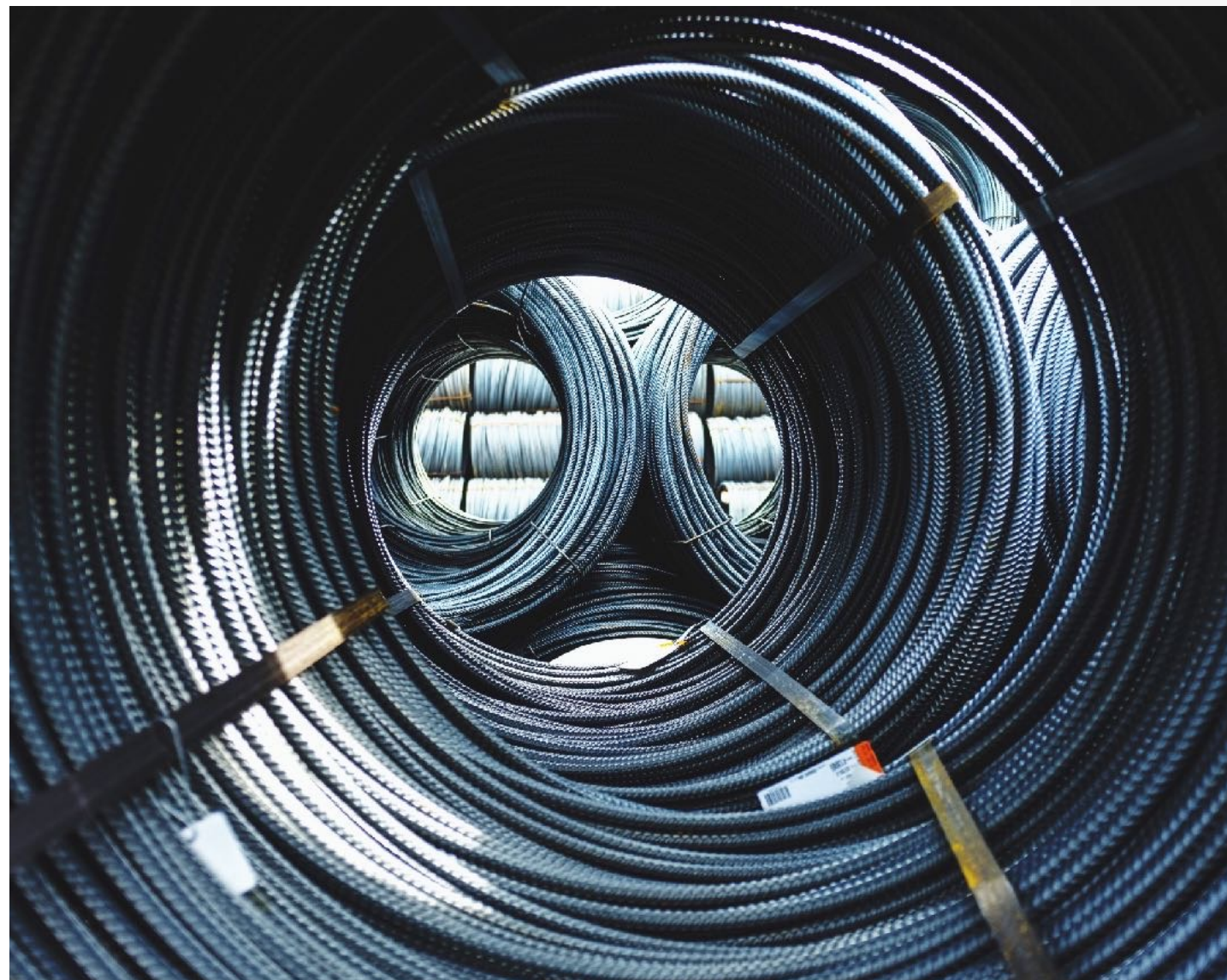
2150 considers whether we hold a unique position to scale a company's impact, where our capital and wider contributions to a company would advance their impact outcomes.

# Company Related

GENERAL

PRODUCT &amp; BUSINESS MODEL

TEAM



2150 seeks to invest in companies driving for impact at the core of their mission. We evaluate the extent to which a company incorporates sustainability across its team and operations.

## General

We consider if a company is solving a problem, and whether this focus on impact is reflected in the pitch to investors and founders' motivations.

## Product & Business Model

We analyse the extent to which a company's product and business model have positive impacts, or negative externalities.

This includes the extent to which a company understands its own impacts through evaluations of its products and operations (e.g. lifecycle assessments) and screening its supply chains for sustainability.

## Team

We evaluate whether a company has dedicated sustainability expertise, receives training and/or has incentives to drive for impact. We also prioritise diversity, ensuring appropriate management and policy measures are in place to drive diverse and equal opportunity companies. This includes considerations of diversity on a company's board and senior leadership team.

# Policy Due Diligence

NET ZERO & SUSTAINABILITY MONITORING

SUSTAINABILITY RISKS & OPPORTUNITIES

ESG



We draw on best practice and industry standards to ensure our companies champion sustainability from the earliest stages of their growth. We use frameworks like the ISSB and TCFD standards, relevant EU regulations including the SFDR's principal adverse impacts, and recognised ESG practices to form this evaluation.

## Net Zero & Sustainability Monitoring

2150 considers whether a company tracks its Scope 1 – 3 emissions, and has a transition plan and targets in place to achieve net zero. We evaluate a company's ability to monitor adverse sustainability impacts beyond GHG emissions. We promote companies that provide regular non-financial reporting.

## Sustainability Risks & Opportunities

Assess the maturity of a company's governance, management and reporting of climate and sustainability risks, including an evaluation of exposure to such risks. Further, we assess climate and sustainability opportunities stemming from a company's activities.

## ESG

We consider the strength of a company's ESG practices by analysing whether the policies and governance mechanisms in place support stated goals and manage risks. This includes an evaluation of a company's exposure to ESG risks stemming from their operations.

# Deal Related

TERM SHEET & EXIT

CO-INVESTORS



We consider the investment ecosystem in which 2150 and the companies we support exist, seeking to promote a sector that prioritises sustainable impacts with financial returns.

## Term Sheet & Exit

We include ESG, sustainability and sustainability reporting clauses and considerations in legal agreements with companies (p.16). This includes requirements to adopt relevant policies and best practices related to ESG matters. All companies commit to net zero operations by 2050 at the latest, as well as to developing a net zero plan that builds on regular GHG reporting. Further, companies commit to regular non-financial reporting and transparency in the case of non-compliance.

Looking towards exits, we promote companies that will seek future investors also prioritising sustainability.

## Co-Investors

2150 considers its place alongside co-investors in a company. We promote deals with investors aligned with 2150's Impact Principles, that do not pose a risk to the reputation of the company or 2150. Further, we affirm one of our primary motivations for investing in the company is driven by its potential impact.

# Term Sheet Clauses

2150 embeds sustainability best practices into all term sheets through dedicated clauses, working with companies to bring impact into the heart of their operations. Our approach draws from VentureESG's and Leaders for Climate Action's standards. Companies commit to the following under each clause.

## Sustainability

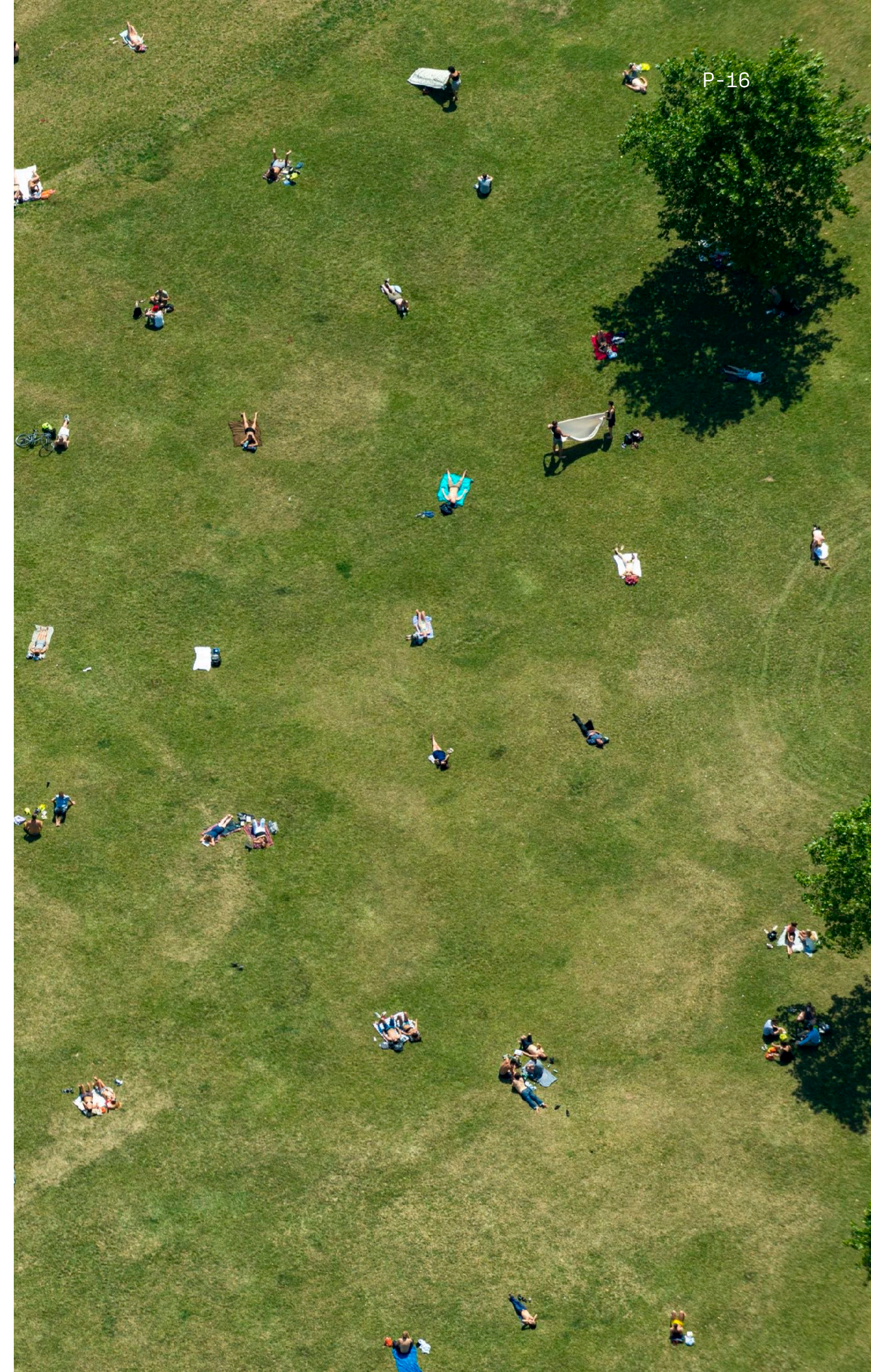
- 1 | Develop tools and a plan to define, measure and report on the sustainability impacts of a company's solutions, and incorporate these insights into regular reporting as well as company KPIs
- 2 | Measure company operational impacts (incl. GHG Scope 1 - 3)
- 3 | Set targets and develop a plan of clear actions for achieving net zero operations by 2050 at the latest

## ESG

- 1 | Adopt an ESG policy formalising environmental and sustainability commitments, as well as affirming alignment with minimum safeguards
- 2 | Adopt a diversity and inclusion policy
- 3 | Proactively continue to adopt best practices to adhere to regulations relevant to a company's non-financial disclosures

## Sustainability Reporting

- 1 | Provide regular impact and non-financial reporting information
- 2 | Inform 2150 of any instances of non-compliance with the term sheet





# Planned Impact Method

2150 measures the sustainability impact of its investments and portfolio. Our analysis considers the current and future impacts from a company's and/or its products' ability to have quantifiable benefits on the climate and environment. These calculations speak to the 2150 Impact Principles embedded in our Impact Assessment, as well as enable us to articulate and report the impact of our companies and portfolio.

We frame our impact calculations within a selection of Key Performance Indicators (KPI) and the Sustainable Development Goals specific to each company to have a regular means of assessing benefits. These KPIs cover both common metrics such as climate mitigation, as well as more company specific outcomes such as resilience and pollution benefits.

We seek to work closely with companies to develop these models, along with industry experts to verify assumptions.

## Selection of 2150 Key Performance Indicators

**GHG emissions savings.**  
Tonnes CO<sub>2</sub> eq. / yr

**Reduced weather damage.**  
%

**Energy savings.**  
GJ / yr

**PM air pollution reduction.**  
Tonnes PM / yr

**Renewable energy generated.**  
MWh / yr

**NO<sub>x</sub> air pollution reduction.**  
Tonnes NO<sub>x</sub> / yr

**Water savings.**  
m<sup>3</sup> / yr

**SO<sub>x</sub> air pollution reduction.**  
Tonnes SO<sub>x</sub> / yr

**Resource savings.**  
Tonnes / yr

**Net biodiversity gain.**  
Improved species richness

**Increased human health.**  
QALY

**Individuals benefiting.**  
Individuals

**Reduced weather disruption.**  
Days / yr

# Company-specific Impact Modelling



2150 builds impact models during investment due diligence to understand both the impact and scaling potential of a company. We see a direct link between traditional company financial modelling and impact modelling. We, therefore, design impact models that layer product specific information onto growth projections in companies' financial models. Our approach is in line with the Planned Impact method from Project Frame. For identified KPIs, we work with companies to develop models covering ideally at least 10 years. Post-investment, companies can integrate these models into impact targets and reporting.

## Unit Impact

x

## Company Growth

=

## Total Impact



First, we examine what kind of savings a company achieves at the product or unit level. This detailed analysis compares the impacts from a company's solutions against a business-as-usual (BAU) baseline. We employ tools such as lifecycle assessments, and expert research and consultations to corroborate our analysis. We put a strong emphasis on unit level impacts, as this is often the highest quality, verifiable data available for early-stage companies.



Next, we assess a company's growth trajectory based on its financial and activity projections assessed through more traditional due diligence. This gives a picture of how large a company could be, the number of facilities it could have in operations, and/or the extent to which its product could be disseminated. 2150 encourages development of a 10-year growth model, particularly to assess a company in 2030 against the goals of the Paris Agreement.



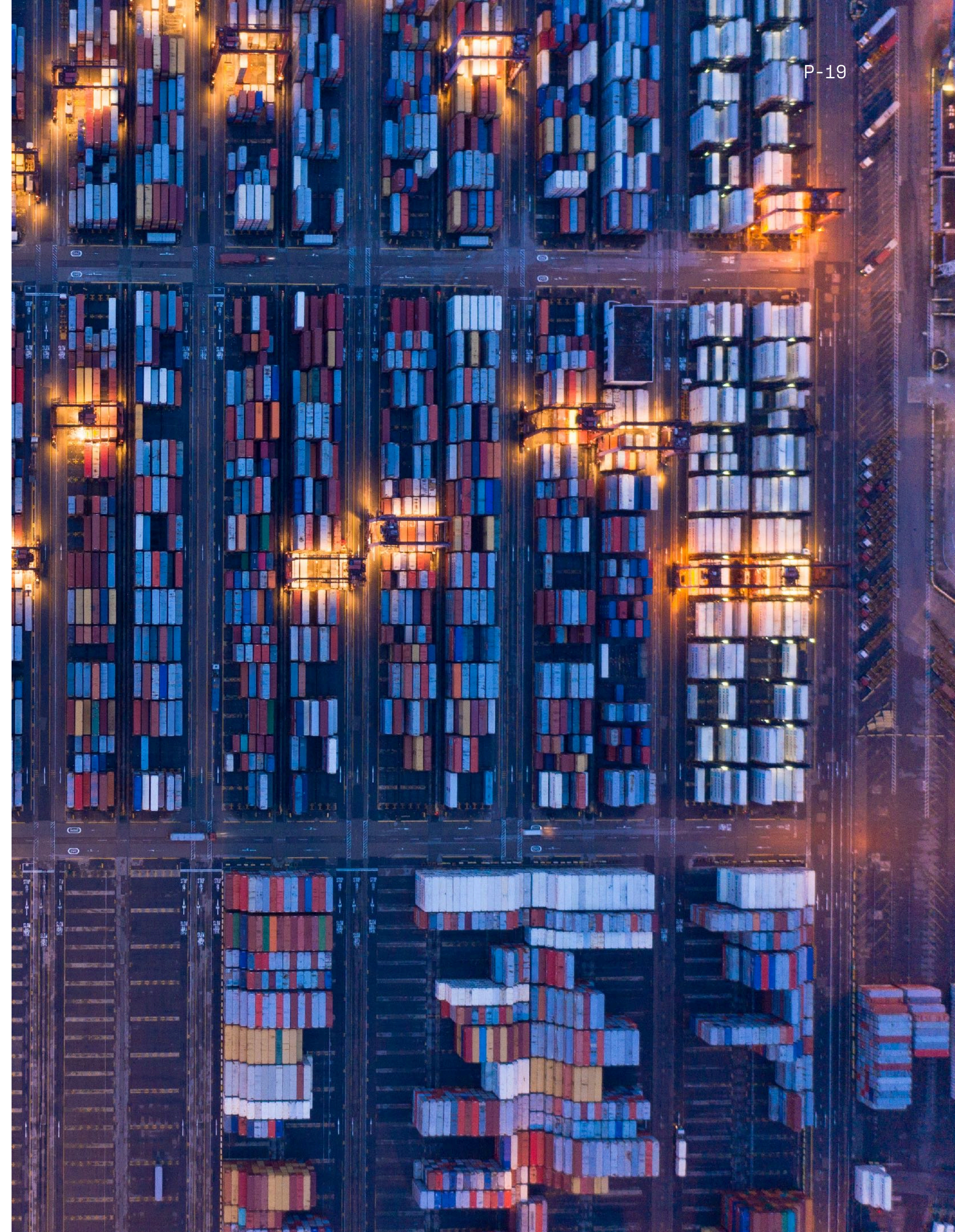
Last, we combine the two analyses by layering unit level impact data onto projections of growth in the number of units deployed or in operation. Our projection takes geographical differences and improvements in energy and industrial systems into consideration, referencing expert developed research and emissions pathways.

# Principal Adverse Impacts

Building on the EU's SFDR framework, 2150 strives to integrate the Principal Adverse Impact (PAI) indicators developed into our investment due diligence and regular reporting on our portfolio.

Understanding the current adverse impacts of companies and their operations today helps to identify opportunities to transition to a low-carbon and climate resilient future. The PAI indicators consider a company's valuation and revenue, along with impacts in relation to GHG emissions, energy, biodiversity, water and waste. They also consider social and employee dimensions including gender-based representation and pay. Last, we consider environmental impacts relating to pollution, water or waste.

We report annually on the PAIs on a portfolio level as part of our annual impact reports. See our [website](#) for more information on how 2150 integrates the PAIs into our operations.



Contact

For further information  
about 2150 and its Impact  
Framework, please reach  
out to [hello@2150.vc](mailto:hello@2150.vc).

2150