2150

Impact Framework

February 2022

Contents

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 measure, track and report on impacts at both the investment and portfolio level.

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.

The 2150 ‘Ethos’

2150 is searching for ‘**Gigacorns**’ – companies who have the potential to benefit billions of people, create billions in commercial value and lower gigatonnes of emissions at scale.

Purpose 01

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

Mission 02

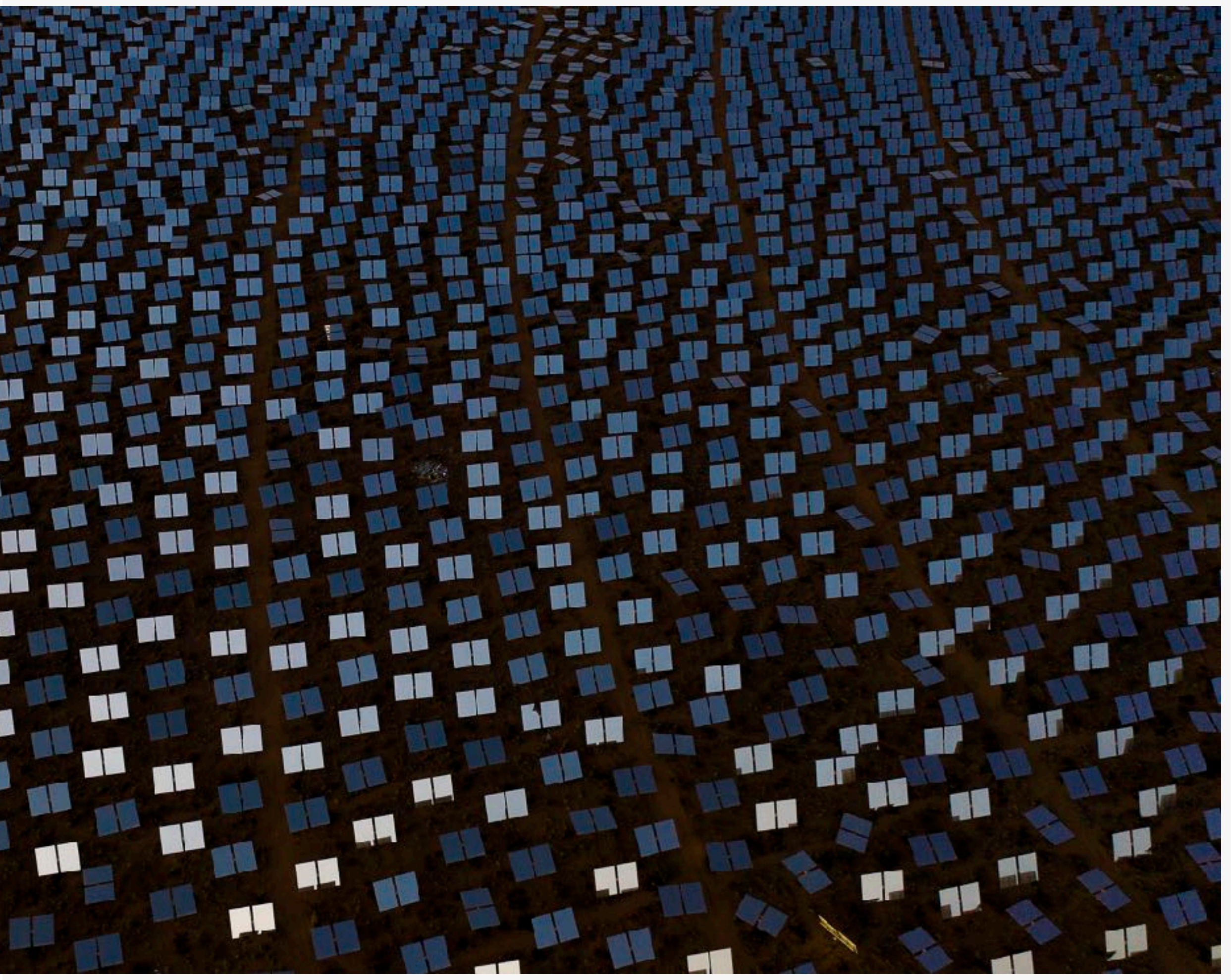
To set the standard for Constructive Capital and back a portfolio that includes potential ‘Gigacorns’.

Vision 03

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

2150 Impact Principles

2150 seeks to deliver impact by investing along four principles. These **Impact Principles** guide our mission and investment decision process.



Climate Action - Mitigation & Adaptation

Companies which are materially reducing, removing or mitigating urban GHG emissions while preventing carbon lock-in, and increase the resilience of systems to adapt to climate change.

Resource Efficiency & Environmental Protection

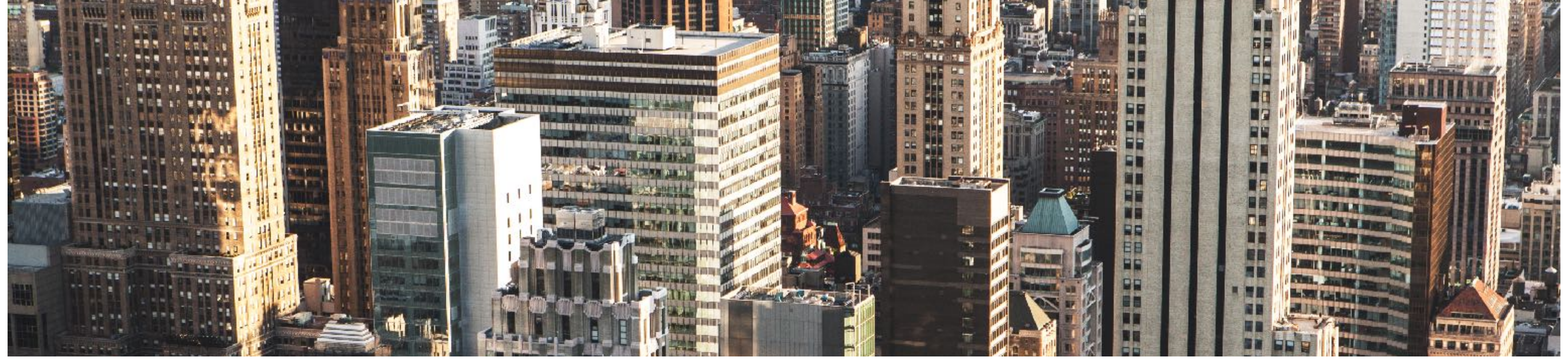
Companies that reduce resource waste and support a circular economy, promote sustainable water use and protection, reduce pollution, and protect and enhance biodiversity.

Social Resilience & Balance

Companies that enable healthy, safe and liveable cities with a healthy social-economic balance, including the creation of and increased access to economic opportunities.

Profit & Purpose

Companies that deliver both exponential impact and productivity outcomes as co-benefits beyond the immediate impacts of their operations.



Theory of Change

Inputs	Activities	Outputs	Outcomes	Impacts
Our resources provided	The actions we take	The change we want to see	Measurable benefits	The long-term goals to achieve
2150 ‘constructive capital’ in transformational companies Expertise to support company growth and sustainability ambitions 2150 networks and connections	Financing companies’ growth Support improved governance Build companies’ efficacy in monitoring and using sustainability insights Connect companies to value chain partners, customers and investors	Uptake of companies’ sustainable technologies and solutions in the Urban Stack Industry and behavioural shifts to sustainable paradigms Increased investment in sustainable activities	Financial & economic growth Environmental betterment Mt CO2e reduced; Mt resources saved or re-used; Litres of water re-used/saved; Mt air pollution reduced; Hectares of land saved, restored or conserved; Individuals benefitting from improved services, cleaner air & water, increased resilience Social betterment Number of people with increased access to affordable services	2150 Impact Principles Climate change mitigation Climate change adaptation More circular economic systems Ecosystem services conservation & growth Improved social resilience & balance Economic betterment & growth Sustainable Development Goals

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.

VentureESG

"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.

Climate50

"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.

TECH FOR OUR PLANET

"Digital solutions for climate challenges"

2150 is a community partner for a challenge programme supporting startups with solutions to help the world reach net zero. Those selected have the opportunity to showcase their businesses at the UNFCCC COP. Through the network, 2150 seeks to help start-ups engage with corporates, clients and policymakers to support their growth.

THE EARTHSHOT PRIZE

"Repairing our planet"

2150 is an official nominator of The Earthshot Prize, centred around five 'Earthshots' – simple but ambitious goals for our planet which if achieved by 2030 will improve life for us and all generations to come. As a nominator, 2150 helps to identifying the most promising solutions to address global environmental challenges.

Investment Impact Approach

We apply a common approach for evaluating the impact potential of companies and alignment with 2150's mission.

Problem Identification	Screening	Initial Review	Deeper Review	Term Sheet	Investment Execution	Monitoring & Value-Add	Liquidity / Exit
Build on 2150's research & intelligence to pinpoint entry points to materially impact sectors' sustainability challenges.	Review companies based on "knock-out" criteria linked to the Paris Agreement & EU Taxonomy.	Articulate companies' sustainable propositions, with estimates of scale of impact and TAM.	Develop quantitative bottom-up impact analyses of companies' solutions, and top-down projections of impact potential at scale. Complete full sustainability due diligence and record recommendations for improvement.	Embed sustainability commitments including monitoring, net-zero targets and strategic planning in term sheets.	Assess co-investor alignment with companies' and 2150's goals Ensure legal agreements include sustainability actions	Enhance companies' sustainability performance and insights including impact KPIs Monitor progress on impact KPIs	Strive to find like-minded acquires to ensure long-lasting impact after exit
	Decision to Proceed		Impact Quantified		Impact Score Complete		

2150 Impact Score

For each investment, 2150 reviews the company on five dimensions to develop an aggregate **Impact Score** to inform our decision making. Each dimension receives a sub-score calculated through a series of quantitative and qualitative questions that analyse a company, its current sustainability performance and its potential to scale meaningful impact. Each dimension is then weighted and combined to determine the final aggregate score.

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 Task Force for Climate-Related Financial Disclosures (TCFD) and the Multilateral Development Banks' approach to alignment with the Paris Agreement.

Impact Dimensions

A Paris Agreement & EU Taxonomy

B Mission Related & Projected Impact

C Company Related

D Policy Due Diligence

E Deal Related

Impact Score

Paris Agreement & EU Taxonomy

Areas of Evaluation

PARIS AGREEMENT EU TAXONOMY

As a first stage of evaluation, 2150 considers how a company will support the objectives of the Paris Agreement and fits within the EU Taxonomy on Sustainable Finance.

Paris Agreement

We consider a company's support for decarbonisation in its relevant sector, ensuring that it does not risk carbon lock-in and supports the long-term objectives of the Paris Agreement. We also evaluate a company's exposure to physical climate risks, and its ability to promote resilience. Last we ensure that it does not meet any exclusion criteria as defined by the EU Paris Aligned benchmark.

EU Taxonomy

We evaluate whether a company supports one of the EU environmental objectives, including if it provides a substantial contribution in line with the taxonomy definitions. We evaluate whether a company does no significant harm (DNSH) to any of the EU environmental objectives. 2150 does not invest in any company that cannot demonstrate alignment with DNSH standards.

2150 will not conduct further due diligence on companies that do not support the Paris Agreement and EU Taxonomy objectives.

Mission Related & Projected Impact

Areas of Evaluation

2150 IMPACT PRINCIPLES

2150 ETHOS

We consider the extent to which a company aligns with 2150's mission and objectives.

2150 Impact Principles

We analyse the extent to which a company promotes the four impact principles of climate action, resource efficiency and environmental protection, social resilience and balance, and profit and purpose. While impact across all four principles is desired, a company can proceed if it does not speak to all of the principles, though will receive a lower score.

Analysis includes quantitative assessment of a company's projected future impact potential, particularly in relation to GHG emissions. Our method for projecting quantitative impact is detailed in the next section.

2150 Ethos

We consider how a company supports our purpose, mission and vision. As part of this, we consider whether a company understands its short and long-term impacts, and the depth of its understanding.

Company Related

Areas of Evaluation

GENERAL PRODUCT & 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 a policy exists and is embedded across the staff and management.

Policy Due Diligence

Areas of Evaluation

SFDR & CSRD SUSTAINABILITY RISK & TCFD

We draw on best practice and industry standards to ensure our companies champion sustainability from the earliest stages of their growth.

SFDR & CSDR

We apply considerations from the EU Sustainable Finance Disclosure Regulation into our impact score. We seek companies that assess the full scope of their GHG impacts, and have a target and plan for carbon neutral operations. Building on the upcoming Corporate Sustainability Reporting Directive, we ask companies to identify, monitor and report their sustainability impacts with market standards in mind.

Sustainability Risk & TCFD

We integrate sustainability risk into our investment decision-making process, with best practices from the Taskforce for Climate-Related Financial Disclosures. We evaluate the impact of climate, transition, physical and ESG risks on the potential success of investments, seeking companies with measures to mitigate negative outcomes. We promote companies that provide regular non-financial risk reporting. Last, we analyse climate opportunities a company creates and their potential related financial impacts.

Deal Related

Areas of Evaluation

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 a sustainability clause and considerations in financial agreements with companies. This includes requirements to adopt sustainability policies, targets, monitoring and disclosure procedures. All companies commit to net-zero operations by 2050, as well as to develop Sustainability Impact Plans to chart a path to achieving their impact objectives.

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, 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.

Adopt Climate Policy

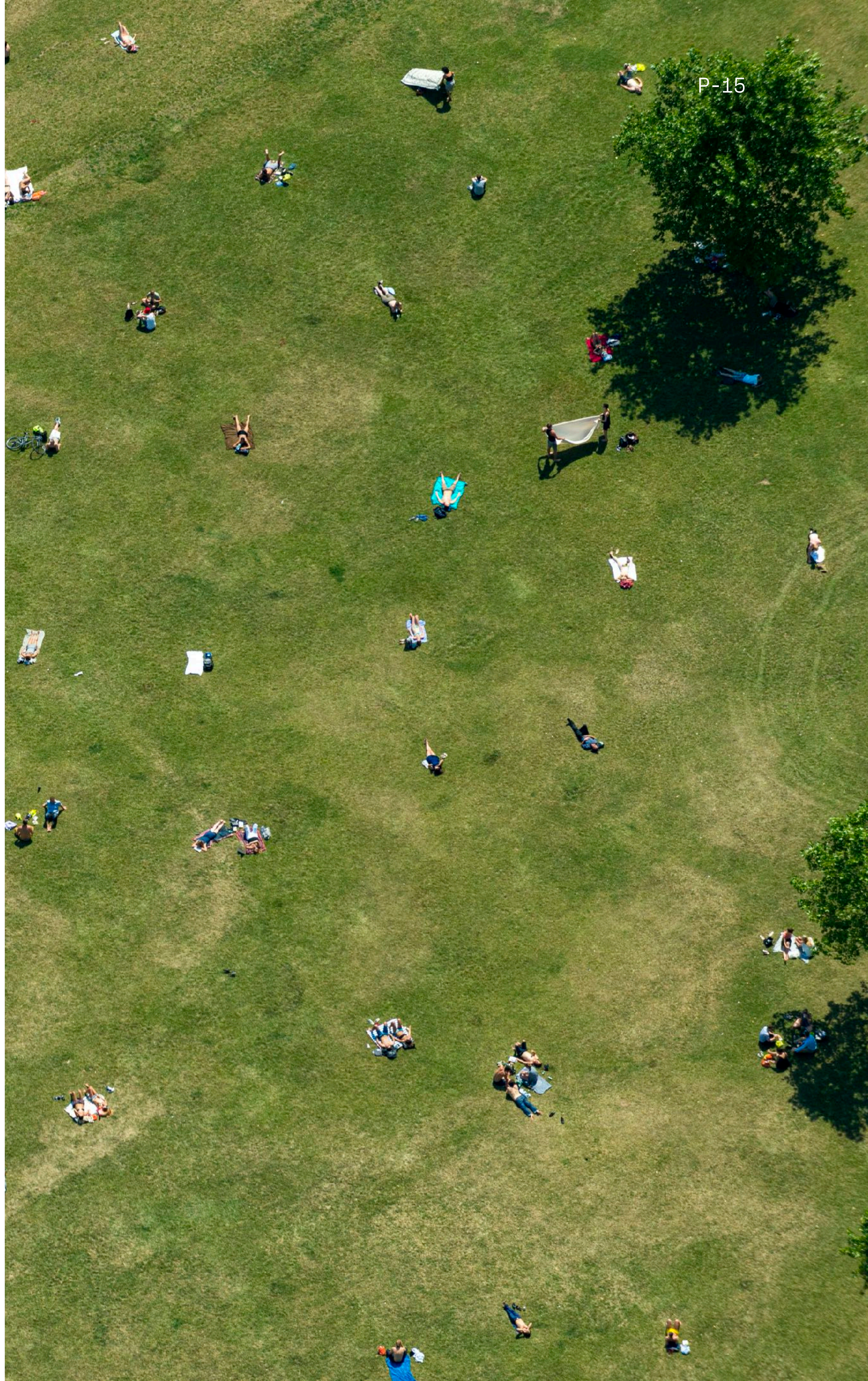
Companies commit to measure their operational impacts (incl. GHG scope 1 - 3), and set clear actions for achieving climate neutral operations by 2050 at the latest

Impact Measurement & Reporting

Develop tools and a plan to define, measure and report on the sustainability impacts of companies' solutions, and incorporate these insights into regular reporting as well as companies' KPIs

ESG & Risk Best Practices

Companies onboard ESG best practices including reviewing the external impact of their product and operations, and develop and report on sustainability and climate risk insights. At a portfolio level, 2150 uses these company developed insights to articulate our exposure to climate risks and opportunities, and develop management responses



Projected Impact Method

2150 measures the sustainability impact of its investments and portfolio. This analysis considers the current and potential 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 Score, 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 to have a common framework for assessing benefits. These KPIs cover both common metrics such as climate mitigation, as well as more company specific outcomes such a resilience and pollution benefits. Working with companies and industry experts, we model the scale of impact to at least 2040 for each investment.

2150 Key Performance Indicators

GHG emissions savings.
Tonnes CO2 eq. / yr

Energy savings.
GJ / yr

Renewable energy generated.
MWh / yr

Water savings.
m^3 / yr

Resource savings.
Tonnes / yr

Increased human health.
QALY

Reduced weather disruption.
Days / yr

Reduced weather damage.
%

PM air pollution reduction.
Tonnes PM / yr

NOx air pollution reduction.
Tonnes NOx / yr

SOx air pollution reduction.
Tonnes SOx / yr

Individuals benefiting.
Individuals

Bottom Up & Top Down Approach

2150 is looking for companies and solutions that can have a transformational impact on our urban sustainability challenges. Our approach to quantifying impact combines bottom up and top down analyses. We assess what a company can deliver at the product level, consider the potential for widespread industry adoption, and then determine the aggregate positive impacts from that uptake. For GHG reductions, 2150 considers scope 1, 2 and 3 emissions.

Unit Impact (Bottom Up)

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 lifecycle assessments, and expert research and consultations to corroborate our analysis.

Sector Impact (Top Down)

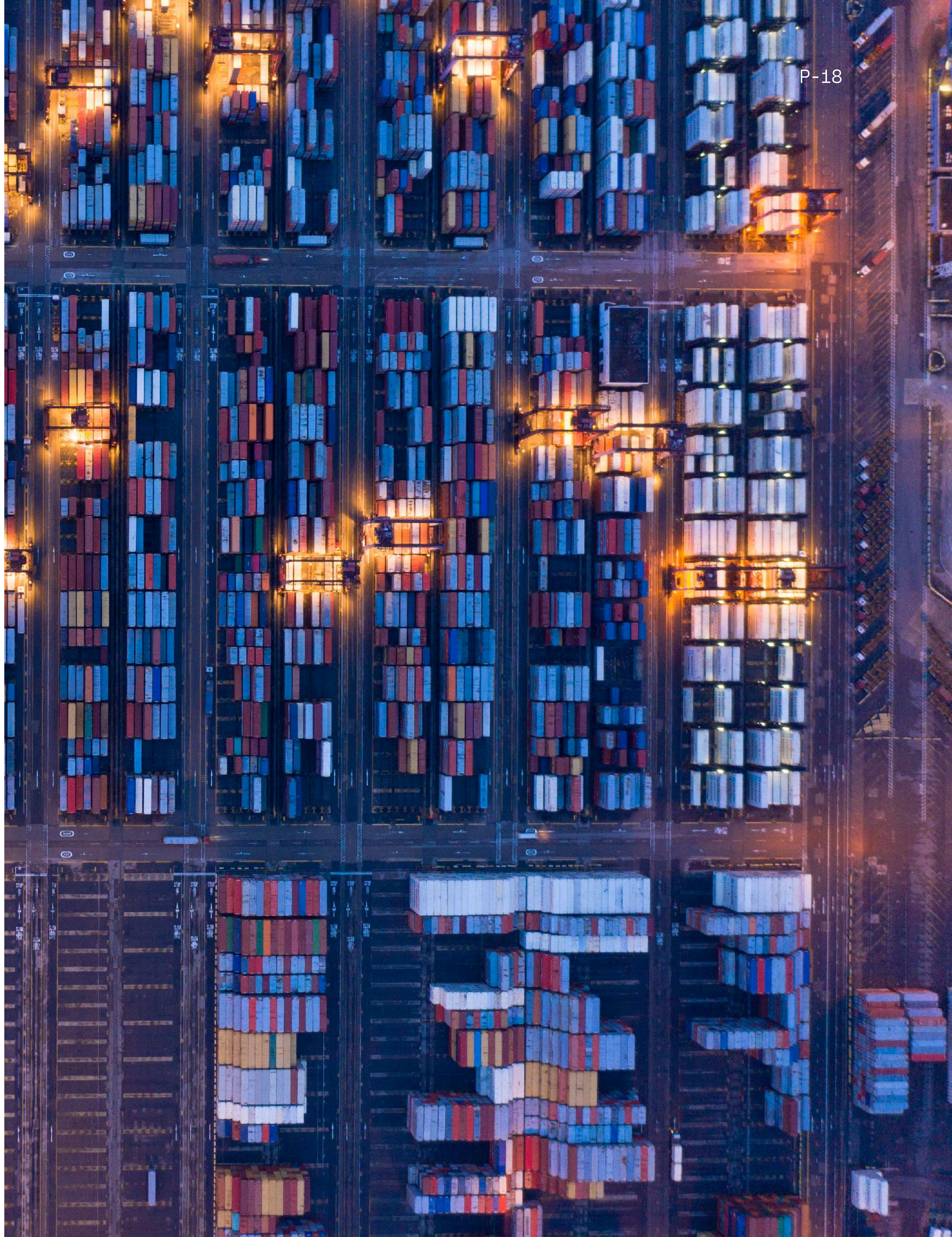
Next, we assess the sector in which the solution would be adopted to project the scale of uptake. We plot the growth linked to the number of units introduced and operating annually, considering a solution's competition with other technologies. 2150 looks at both a company's potential growth to 2030, and the prospect for significant industry uptake to 2040. We employ technology roadmaps developed by industry experts to assess adoption pathways and BAU scenarios.

Total Impact

Last, we combine the two analyses to yield estimates for annual impacts to 2030 & 40. To do so, we multiply the unit level impacts by the scale of adoption determined through the top down analysis. Our projection takes geographical differences and improvements in energy and industrial systems to 2040 into consideration, referencing expert developed research and emissions pathways.

Principal Adverse Sustainability Impacts

Building on the SFDR framework, 2150 develops a description of Principal Adverse Sustainability Impacts (PASI) for each company to build our wider portfolio evaluation of our funds' adverse impacts. 2150 seeks, as its mission, to promote companies that foster positive sustainability outcomes. Understanding the current negative impacts of companies and their operations today helps to identify opportunities to transition to a low-carbon and climate resilient future. The PASI considers a company's valuation and revenue, along with impacts in relation to GHG emissions, energy, biodiversity, water and waste. It also considers social and employee dimensions including gender based representation and pay. Last, we consider environmental impacts relating to pollution, water or waste.



Contact

For further information about 2150 and its Impact Framework, please reach out to 2150 directly.