



Impact Framework

High performance impact technology fund

July 2022

Outline

OUR DREAMS & ASPIRATIONS
IMPACT STRATEGY
IMPACT INVESTING APPROACH
IMPACT METHODOLOGY
VALUE CREATION

#ImpactCapitalism

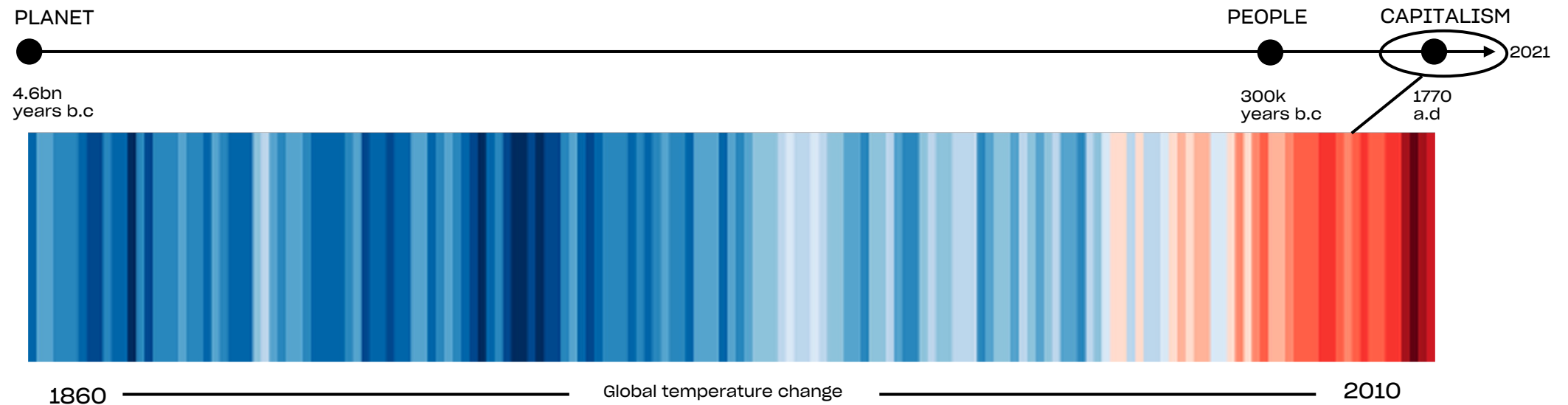
For hundreds of thousands of years, our ancestors were in relative balance with our planet. Socio-economic inequalities were localized and narrower than what we experience today.

Fast forward to the 18th century, financial capitalism fueled the industrial revolution which in turn led to unprecedented progress, innovation and wealth across the world. However, its invisible hand destroyed natural resources and turned it into an existential crisis for life on earth. The climate crisis and biodiversity loss contributed to social disparity and inequality, and vice versa.

We are now at a point of no return. It is almost too late to take action.

Our society needs to actively re-design capitalism. We dream of a world in which profits and impact are not contradicting choices, but overlapping circles, a world in which all external costs are adequately priced.

We need to transform financial capitalism into impact capitalism.



AENU DNA

In order to transform financial capitalism into impact capitalism, we need to redesign the rules of the game. It is not enough to apply a VC framework into a social or environmental challenge. Systemic change requires being bold and at the same time inclusive. It requires dreaming big and at the same time being responsible toward your stakeholders.

AENU is not one more venture capital fund. AENU is a movement, a vision for the future.

We partner with impact entrepreneurs that subscribe to our vision of the future and who are solving pressing global climate and social issues through the power of technology.

VISION

We envisage a world in which a **transformed economic system** inherently drives environmental sustainability and social equality

MISSION

We contribute to a transformed economic system by pioneering a new high performance fund category of **impact technology investment**

Our Fund Thesis

We believe in a world that operates on the basis of sustainable and inclusive growth: maximizing and fairly distributing social and environmental wellbeing, rather than economic growth, while minimizing externalities and resource extraction.

Beyond....

Toward....

Circular economy

Regenerative economy

Sustainable development

Impact capitalism

Maximizing the reusage and recycling of human-made materials

Designing, producing and recycling without natural material extraction

Preserving finite resources & ensuring social foundations

Regenerative, inclusive & fair distribution of environmental & human resources

Climate

Climate

Climate Social

Climate & Social

The circular economy doesn't account for the increase in resource exploitation that comes with population growth.

The regenerative economy looks at the world through one eye: natural resources, but not social inequalities

The SDGs don't take into account the fair and responsible distribution of resources

Impact capitalism is a transformed system that optimizes for social and environmental wellbeing

AENU's Theory of Change

1

Sustainable & Inclusive Growth

Maximizing & fairly distributing wellbeing, while minimizing natural impacts & resource extraction

2

Real Opportunities

Leveling the playing field by focusing on equality, equity and inclusion

3

Paradigm Shift

Transforming capitalism into a system that optimizes for social & environmental wellbeing

Inputs

- AENU long-term capital
- Dedicated team of impact, entrepreneurship and investment experts
- AENU's industry, impact and scientific networks

Outputs

- 1 Financial and impact returns of impact tech startups
- 2 Diversity & inclusion of AENU's team, deal flow and portfolio companies
- 3 Thought leadership, ecosystem building and policy efforts toward impact capitalism

Outcomes

- 1 Environment (selected): CO₂e avoided/captured, increase in wellbeing (ie learning outcomes)
- 2 Increased diversity & inclusion in venture capital, inc. lowering access barriers
- 3 Increased capacity building and awareness of impact financing and methodologies

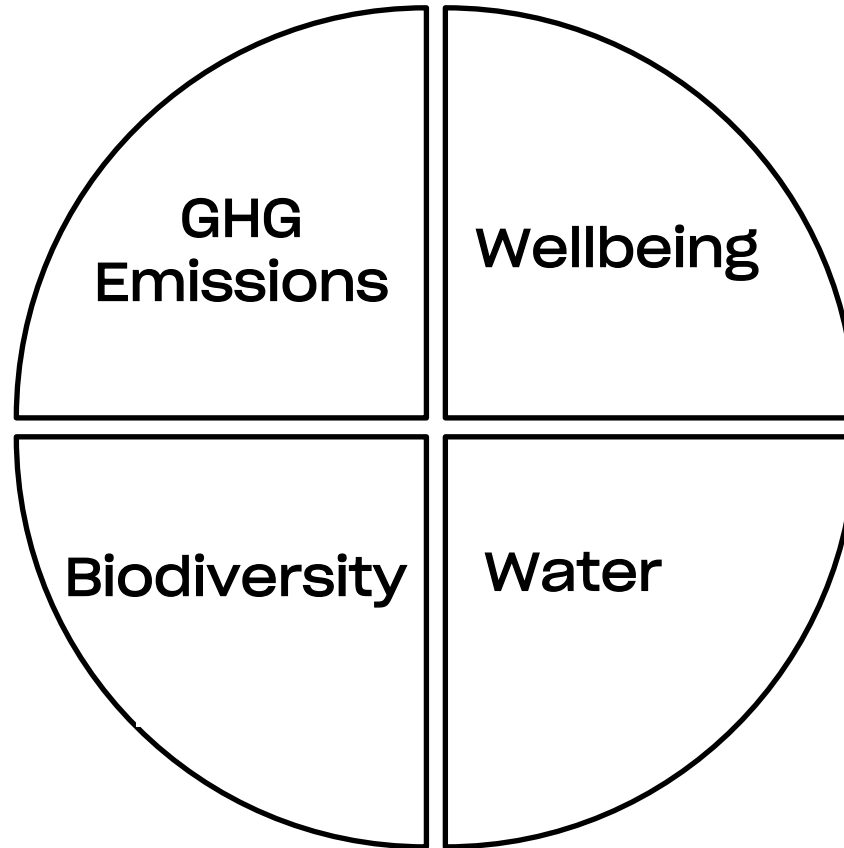
Impacts

- 1 Climate tech and social impact investments become the norm, not the exception
- 2 Equity and equality in our social and economic systems
- 3 Impact capitalism as a key enabler of societal and environmental progress and prosperity

Our Impact Topics

PRIMARY

- **Breadth:** Potential market capture *at scale*, indicated by price per ton of CO₂ (or equiv.)
- **Depth:** Annual CO₂e avoided or captured
- **Sustainable conservation:** Increased animal welfare, % land that is sustainably used / managed
- **Restoration:** Proportion of land that is protected / restored over total land area

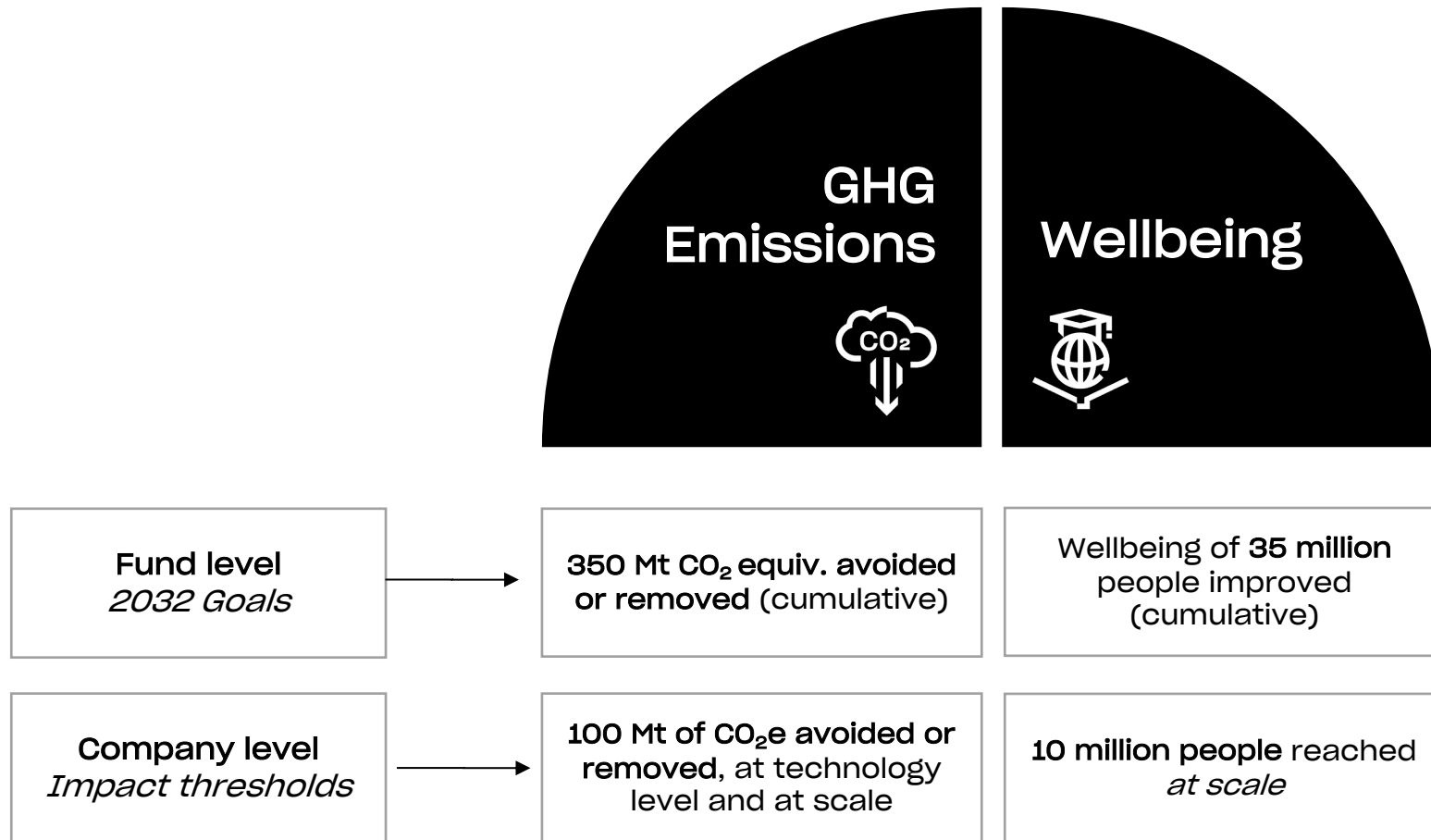


- **Breadth:** Total number of people reached
- **Depth:** % change in specific outcome¹

SECONDARY

- **Efficiency**
- **Stress / reduction:** Freshwater withdrawal as a proportion of available freshwater resources
- **Quality:** Pollution, acidification, eutrophication, recycling

Our Impact Goals & Thresholds



Company Profile



Traditional companies

Companies that don't take their impact on stakeholders into account

Business as usual

Does or may cause harm

Responsible (ESG companies)

Companies that prevent or reduce negative effects on people and the planet

Acting to avoid harm

"We meet regulatory requirements"

Sustainable companies

Companies that generate positive effects on people and the planet in the pursuit of long-term financial outperformance.

Benefitting stakeholders

"Every company should have a positive effect on society"

Impact companies

Companies that address pressing social or environmental problems by generating positive outcomes for people and the planet.

Contributing to solutions

"We want to contribute to a net zero economy"

Our Technology Types

We invest in three types of technologies, across climate and social impact. Because of the scope of our clusters and themes, not all our technologies are aligned with EU taxonomy standards. This applies for sectors that fall outside of the EU Taxonomy coverage such as fintech or aviation. However, all other technologies need to the technical requirements, including substantial contribution to climate mitigation or adaptation (for climate technologies).

Direct Impact

(including breakthroughs)

New low- or zero- carbon technologies that either introduce new process or product innovations with high market potential, or that make existing established technologies rapidly obsolete.



Transitional

Economic activity for which there is no technologically and economically feasible low-carbon alternative (EU Taxonomy).



Enabling

Economic activity that directly enables other activities to make a substantial contribution to one or more environmental objectives (EU Taxonomy).



Clusters & Themes

Carbon removal
capture and
sequestration, including
circularity



Energy
including production,
storage & distribtuon



Food & Agriculture
alternative proteins with
plant/fermentation/lab-
based tech



Enterprise
impact enabling SaaS,
new mobility



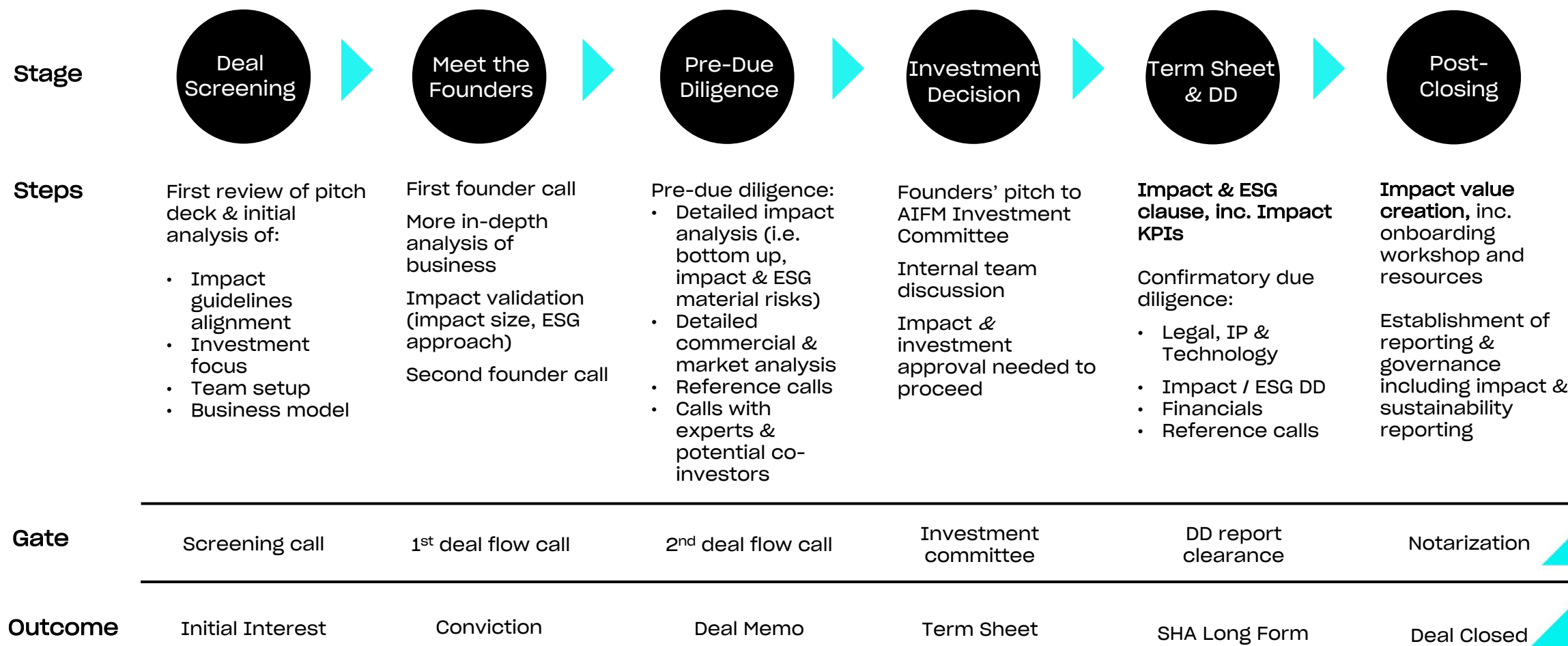
Education
re-/upskilling, VR/AR
education etc.



What we don't invest in:

- Activities that lead to an increase in animal-derived meat production or consumption
- Activities that increase demand for fossil fuel-based direct-emission mobility (regardless of transport mode), unless there are no viable alternatives, and it is the best amongst all available solutions to mitigate emissions from mobility
- Activities incentivizing fossil fuel extraction or usage (inc. gas)
- Activities incentivizing production or consumption of new unrecyclable plastic made from fossil fuels

Integrated Investment Process



Impact & ESG Clause

The Impact & ESG clause is our way of aligning our profit + impact interests with that of the entrepreneurs and companies we decide to partner with. Mindful that each company and technology will be at a different stage of a long-term journey, we strive to agree and mutually commit on principles rather than actions. Our ESG & Impact term sheet combines best practices from LFCA, VentureESG and other market players, both in the U.S. and Europe.

Impact

- Defining core impact KPIs
- Commitment to continuously iterate on impact (management)
- Personal proceeds pledge

ESG

- Material ESG issues, risks & opportunities identification
- ESG strategy & action plan
- Diversity commitment

Climate

- Performing internal carbon footprint
- Best efforts to decarbonize first
- Carbon compensation plan

Governance

- Impact / ESG team accountability
- Impact / ESG reporting

Our Impact Guidelines

We first evaluate every new impact startup based on six impact guidelines. This first screening helps us understand whether a technology is tackling the root cause of a problem, whether the business model is delivering impact at the core, and whether the potential impact meets our investment thresholds.

Intentionality

Did the founder(s) create the company with the clear intention to solve a pressing environmental or social challenge?

Impact Logic

Is there research evidence indicating that the product has a direct effect on the impact challenge? Is the product tackling the root cause of the problem?

Interlock

Is the impact locked with the business model? Is it impossible to create commercial success without creating a positive impact for the world?

Impact Scale

Is the company aiming to maximize both reach (ie number of people) and degree of change (ie learning outcomes)?

Additionality

What other solutions are tackling the same impact challenge, and are they more or less efficient / effective? How is the investor adding value to the company?

Impact Measurement

Is the team committed to quantifying, tracking and improving their impact on a regular basis?

Impact Framework

We use the Impact Management Project's 5 Dimensions of Impact to understand the scope, size and degree of change of a given technology. This framework is essential to be able to measure and manage the impact of a technology over time.



What

- What outcome is occurring in the period?
- Is the outcome positive or negative?
- How important is the outcome to the people (or planet) experiencing them?



Who

- Who experiences the outcome?
- How underserved are the affected stakeholders in relation to the outcome?



How Much

- How much of the outcome is occurring – across scale, depth and duration?



Contribution

- Would this change likely have happened anyway?



Risk

- What is the risk to people and planet that impact does not occur as expected?

Impact Analysis (1/2)

Our impact framework is used to conduct impact analysis along the investment process. Our impact analysis consists of 6 areas. Most of the information and data needed to conduct our analysis is either publicly available or part of the operational documentation of a company. We strive to minimize the time spent by startups in our diligence process.

Impact Research

We leverage resources and methodologies that are based on the latest science available, and supplement those with our in-house research.

We evaluate:

- **Impact logic model**, based on academic research
- **Paris Agreement alignment** (supported by IPCC research)
- **EU taxonomy alignment** (substantial contribution to climate mitigation & adaptation, do not harm criteria)

Impact Sizing

We calculate (top-down) the impact potential of a specific technology (*not* company) if deployed at scale.

This impact potential has to be at or above our impact investment thresholds:

- Potential to avoid or capture **100 Mt CO₂ at scale** (technology level)
- Potential to reach at least **10 million people at scale** OR significant **change in outcomes** for primary stakeholders

Enabling technologies have to play a crucial role in unlocking the above impact potential.

Impact Units

We welcome companies that have performed brief Lifecycle Assessments of their products, or that have identified other impact economics (inc. operational KPIs).



Impact Analysis (2/2)

Our impact framework is used to conduct impact analysis along the investment process. Our impact analysis consists of 6 areas. Most of the information and data needed to conduct our analysis is either publicly available or part of the operational documentation of a company. We strive to minimize the time spent by startups in our diligence process.

Impact Projections

We perform MVP impact models that help us understand (bottom-up) the impact potential of a specific company. We apply the Emissions Reduction Potential methodology developed by the Prime Coalition when appropriate.

- **TAM:** Total size of the problem (i.e. number of students who don't finish secondary education).
- **SAM:** Size of the problem in the specific sector and geography of the technology being evaluated (i.e., CO2e from meat consumption)
- **ERP:** Emissions Reduction Potential when operating at scale - usually, 5-10 years since inception. We leverage CRANE for ERP calculations when applicable.

Risks

We identify and evaluate top impact risks and externalities for each technology and company.

We use the 9 impact risks from the Impact Management Project: evidence risk, external risk, stakeholder participation risk, drop-off risk, efficiency risk, execution risk, alignment risk, endurance risk, unexpected impact risk. the above impact potential.



ESG

Environmental, social, and governance factors (internal impact) is as important as product (external) impact to ensure long-term value creation. Depending on the size of the company, we evaluate the strategy, processes and practices, with a special focus on material ESG factors. We combine this with Principle Adverse Impact from the SFDR framework. We use our analysis to:

- Identify strengths and weaknesses
- Benchmark with portfolio companies, and industry standards
- Identify opportunities to support portfolio companies (i.e. policy templates, consultants, best practices).

Impact Value Creation

Through robust and actionable assessments, we help startups identify and improve on their Impact & ESG strengths and weaknesses. Through our myriad of internal and external resources, we accompany startups in their growth journey to deliver impact and financial value.

Resources

POLICY TEMPLATES

BEST PRACTICES

ESG SOFTWARE

EU TAXONOMY

Support

IMPACT ONBOARDING

THEORY OF CHANGE

IMPACT STRATEGY / KPI
SETTING

ESG MATERIALITY /
B CORP

Referrals

MEMBERSHIPS

CONSULTANTS

CARBON SOFTWARE

CARBON REMOVAL

Network

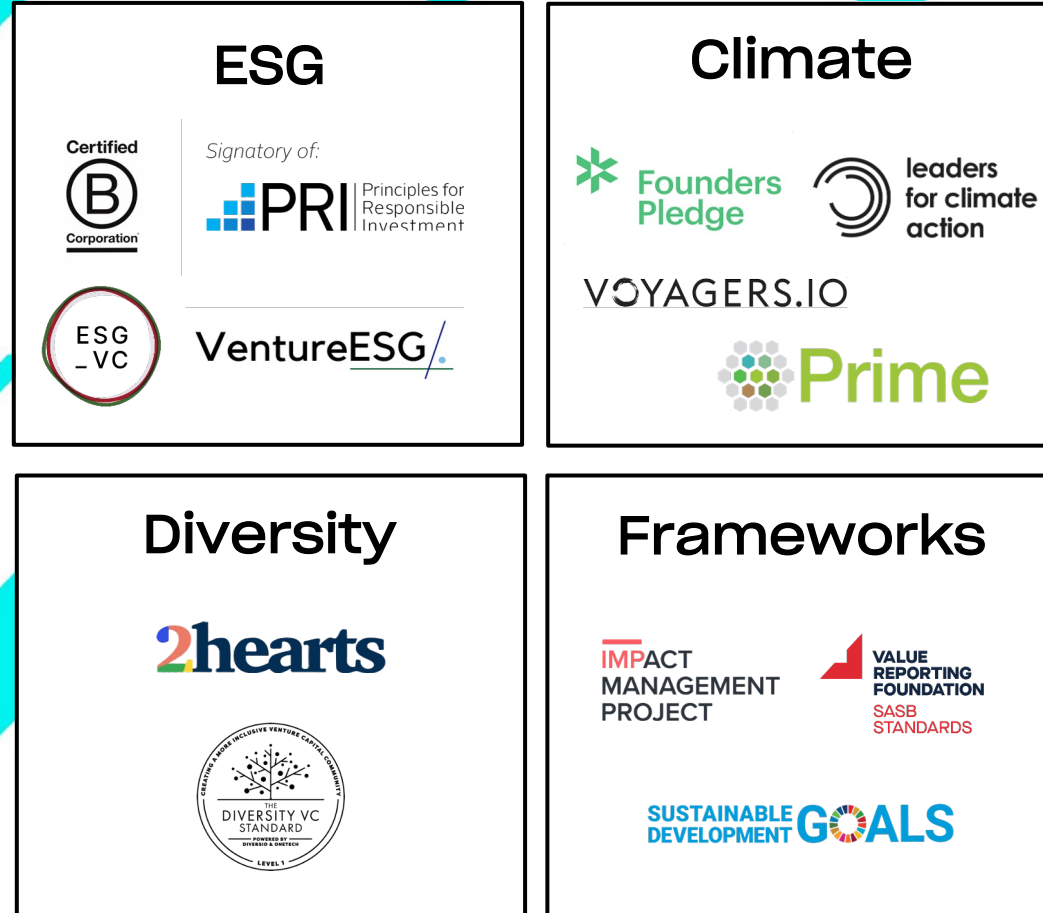
PEER LEARNING

BROWN BAGS

IMPACT COMMUNITY

SCIENTIFIC NETWORK

Highest Impact Standards



Through aligning, endorsing and undergoing the certification process for various standards, we provide transparency and accountability on all ESG and impact matters, including **responsible investing** (UN PRI signatory) as well as **diversity within our team and portfolio** (Diversity VC). Further, we actively support communities driving bigger change around climate change and environmental issues with **Leaders for Climate Action** membership and our commitment to Founders Pledge.

Our entrepreneurs and startups have access to the various communities we are part of, and receive support when going through certification processes.

