

PROJECT FRAME

projectframe.how

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Last edited: 16/08/22



Organization Overview

Impact Theory of
Change and
Characteristics of
Overall Practice

Setting Fund Strategy & Impact Assessment Workflow

What, When, & Why
Impact Goals Drive
Decisions at All Stages

Impact Assessment: Pre-investment

What, When, & How
Impact Assessment is
Conducted To Make
Investments

Impact Assessment: Post-Investment/Exit

What, When, & How
Impact is Managed
After Investments are
Made

Lessons & Plans

Lessons Learned,
Realized Impact
and/or Plans to
Improve Processes



Assessment Dashboard



Impact Strategy

- **Investment type/ asset class:** Venture
- **Stage:** Multi-stage
- **Geography:** Europe & U.S
- **Sectors:** Climate tech and social impact
- **Sub-sectors:** Marine & Coastal Ecosystems, Biodiversity & Terra Ecosystems, Carbon Accounting & Carbon Offset, Carbon Removal, Alternative Fuels, Energy Production, Energy Distribution & Efficiency, Energy Storage, Food, Food Waste, Agriculture & Farming, Materials & Construction, Resource Efficiency, Circularity & Procurement, Water & Sanitation, Infrastructure & Housing, Mobility & Transportation, Sustainability Enablement & Consumer, Sustainable Fintech, Education & Enabling Equality
- **Organization type:** For-profit, evergreen impact fund
- **Impact assessment capacity:** 2 FT + every investor is involved in impact analysis as part of the investment process
- **Assets under management/tied to impact:** €100M
- **Strategies to steer towards impact after investment:** Impact & ESG clause signed with portfolio companies, Impact value-add (workshops, resources, etc.)

Frameworks/Methodology

- **Does an existing methodology align with yours? If so, which one(s)?** [Impact Project Management](#), [Emission Reduction Potential \(ERP\) Framework](#)
- **Time horizon of assessment:** 2030 (at fund and company level)
- **Fractionalize share of impact as an investor among many investors?** Not yet
- **Fractionalize shares of impact among interdependent climate technologies?** No
- **Metrics tracked:** Primary portfolio impact metrics: GHG and wellbeing (annual realized, planned and potential CO₂e avoided or removed, number of people whose wellbeing has improved, wellbeing outcome metrics depend on the sector)
- **How realized impact is/will be tracked:** Quarterly impact KPI reporting
- **Does your practice align with Project Frame's [values and principles](#)?** General alignment
- **How often (if at all) is your reporting audited?** No audits yet
- **Do you tie remuneration to impact?** Not yet
- **Other assessment or investment-decision making characteristics you're proud of:** We use impact investment thresholds, we require LCAs for certain technologies, and we have a rigorous SFDR-compliant ESG assessment

Theory of Change, Mission & Programs



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....

Circular economy*

Maximizing the reuse and recycling of human-made materials

Climate

We need to account for the increase in resource exploitation that comes with population growth.

Regenerative economy*

Designing, producing and recycling without natural material extraction

Climate

We cannot look at the world through one eye only: natural resources and social inequalities

Sustainable development*

Preserving finite resources and ensuring social foundations

Climate

Social

We need to take into account the fair and responsible distribution of resources

Toward....

Impact capitalism

Regenerative, inclusive and fair distribution of environmental and human resources

Climate & Social

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

Theory of Change, Mission & Programs



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

Theory of Change, Mission & Programs



Route to emissions reduction

To move closer to impact capitalism, investors need to support and partner with young climate & social solutions with potential to significantly grow their impact. But it is not enough to apply a VC framework into a social or environmental challenge. Systemic change requires us to redesign the rules of the game — in a bold, inclusive way that is responsible toward our stakeholders.

Barriers:

- Early-stage companies of all kinds are usually expected to exit VC funds by the end of the fund term (10 years).
- Investors are unable to support startups (financially or non-financially) in the long-run due to lack of resources, capital or value-add focus.

Strategy

We unlock technologies that have a different risk/return and time horizon profile than traditional VC assets by using an evergreen structure. This is especially important given that many climate innovations take years or decades to develop and deploy. We fund and support a diversified portfolio of hardware vs software, direct impact vs enabling vs transitional, at different technology readiness points, and with different risk / return profiles.

We also partner with entrepreneurs for the long-term, from pre-seed to post-IPO and support their evolution through value-add initiatives: from strategy and operations to Impact and ESG.

By supporting impact startups with capital, network and resources, we believe we can show that impact generates wealth. This could lead to a sea change in how venture investors approach the asset class and transform financial capitalism into impact capitalism over time.

Impact Goals



Primary

GHG emissions

Breadth: Potential market capture at scale, indicated by price per ton of CO₂ (or equiv.)

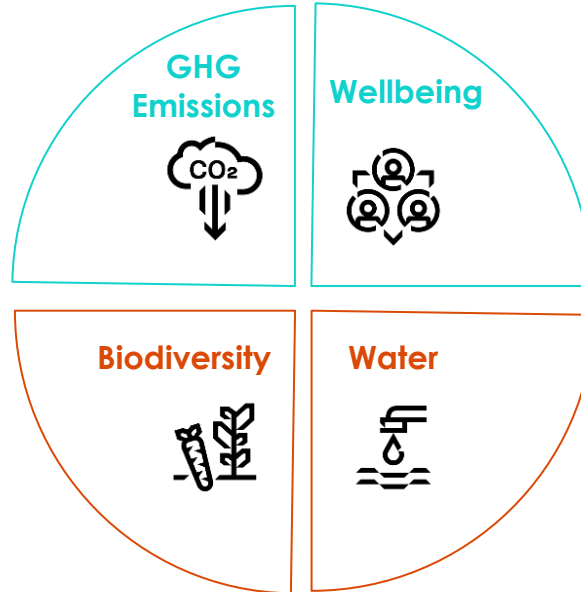
Depth: Annual CO₂e avoided or captured

Secondary

Biodiversity

Sustainable conservation: Increased animal welfare, % land that is sustainably used / managed

Restoration: Proportion of land that is protected / restored over total land area



Wellbeing

Breadth: Total number of people reached

Depth: % change in specific outcome¹

Water

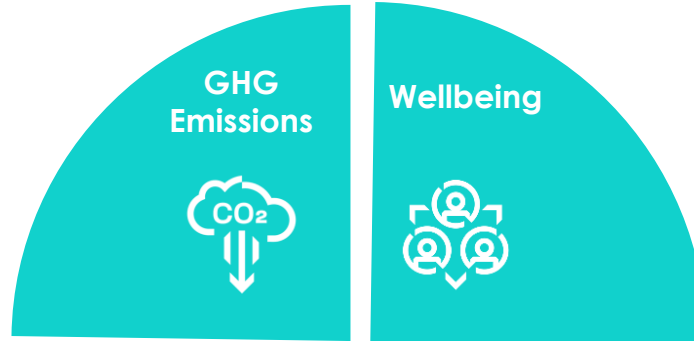
Efficiency

Stress / reduction: Freshwater withdrawal as a proportion of available freshwater resources

Quality: Pollution, acidification, eutrophication, recycling

¹ Wellbeing metric examples: Reduction in STEM dropout rates, increase in the average savings balance of low-income people, reduction of gender pay gap

Impact Investment Thresholds



Fund Level
2030 Goals

**350 Mt CO₂e avoided
or removed**
(cumulative)

Wellbeing of **35 million**
people improved
(cumulative)

Company Level
Impact Thresholds

**100 Mt of CO₂e avoided or
removed, at technology
level and at scale**

Wellbeing of **10
million** people
improved

Investment Strategy



Where

Europe & U.S., across 5 areas (80% climate, 20% social):

Carbon removal

capture and sequestration, including resources & circularity



SFDR Art. 9 Fund

Energy

including production, storage & distribution



Enterprise

impact enabling SaaS, new mobility



Food & Agriculture

alternative proteins, food waste, microbial fertilizers



Education

re-/upskilling, VR/AR education etc.



How much

- **Early stage:** €2-3M as leads / co-leads
- **Growth stage:** €5-6M as followers
- Up to €10M in **follow-on** rounds

Who

Portfolio diversity*:

- 40% all **female or mixed** teams
- 30% **ethnically** diverse teams

*AENU defines 'diverse' as startups whose founders and / or C-levels are not comprised only of white male professionals

Investment Strategy



What

- 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 meet **EU Taxonomy technical requirements**, including substantial contribution to climate mitigation or adaptation (for climate technologies).

Direct Impact*

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).

TESVOLT

XFUEL

MONTA

PROJECT
FRAME

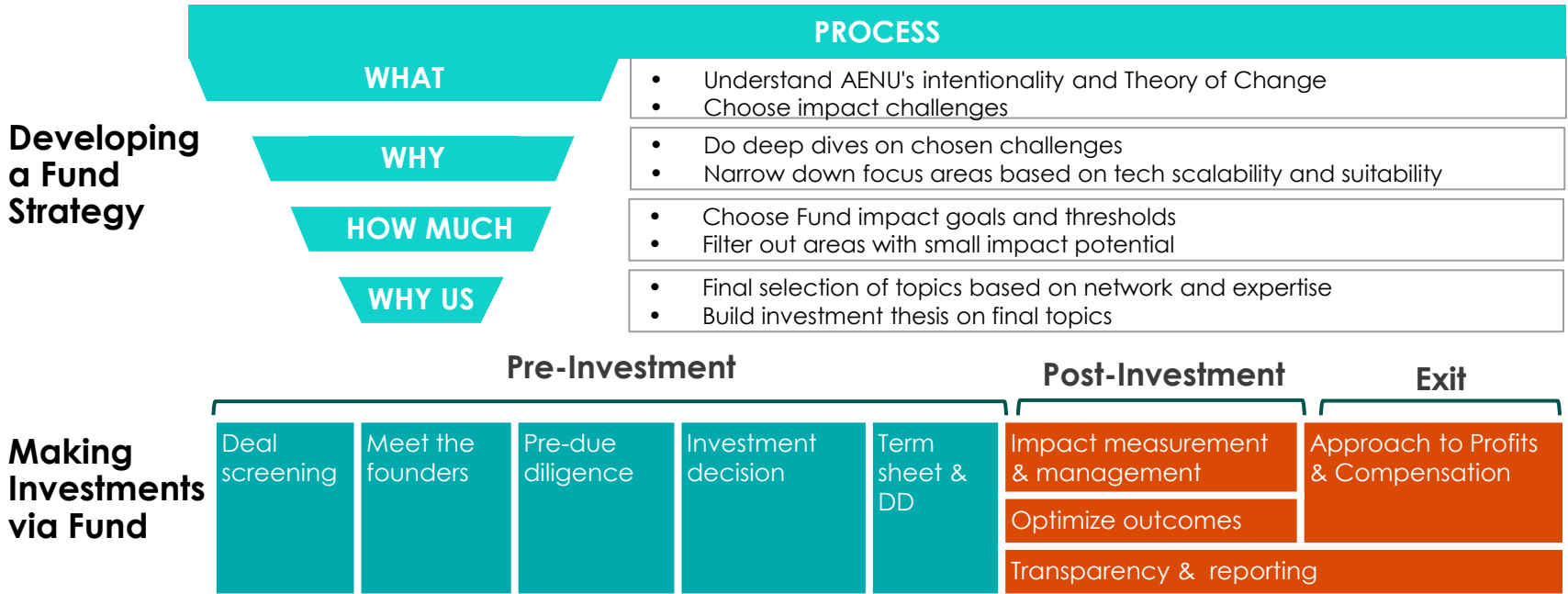
*Also reported as 'own performance'

Organizational/Relationship Structures



	Capacity	Scope of work	Governance	Resources	Impact Alignment
Impact Professionals	2 FT professionals dedicated to impact strategy, research, analysis, reporting and value-add	Impact team is in charge of setting up strategy (incl. impact goals and investment thresholds), support investors with impact analysis (and perform screening LCAs as needed), deliver value-add to portfolio post-investment, and track, report on and manage impact	<p>Impact professionals are non-voting members of the Investment Committee.</p> <p>Every company needs to meet our impact guidelines and criteria to be considered for investment.</p>	<ul style="list-style-type: none"> Impact DD (e.g., LCAs) Software for impact data collection & reporting Budget for impact value-add (e.g., memberships) 	Impact is part of the evaluation criteria and framework for all professionals at AENU, which feeds into performance review, compensation and promotions.
Investors	7 FT investors who perform impact screenings and analysis as part of the investment process	Investors are responsible for conducting impact and commercial deep dives, perform impact analyses as part of investment process, and liaise with startups post-investment	All investors are non-voting members of the Investment Committee. Only Partners are voting members.	<ul style="list-style-type: none"> Initial evergreen fund size: €100M €1-5M as a first ticket size 	

Investment Process: Overview



Pre-Investment: Overview



Pre-Investment

	Screening		Due Diligence		
	Deal screening	Meet the founders	Pre-due diligence	Investment decision	Term sheet & DD
Steps	First review of pitch deck and initial analysis of: <ul style="list-style-type: none"> • Impact guidelines alignment • Investment focus • Team setup Business model	First founder call More in-depth analysis of business Impact validation (impact size, ESG approach) Second founder call	Pre-due diligence: <ul style="list-style-type: none"> • Detailed impact analysis • Detailed commercial & market analysis • Reference calls • Calls with experts and potential co-investors 	Founders' pitch to AIFM Investment Committee Internal team discussion Impact and investment approval needed to proceed	Impact & ESG clause, inc. Impact KPIs Confirmatory due diligence: <ul style="list-style-type: none"> • Legal, IP and Technology • Impact / ESG DD • Financials • Reference call
Gate	Screening call	1st deal flow call	2nd deal flow call	Investment committee	DD report clearance
Outcome	Initial interest	Conviction	Deal memo	Term sheet	SHA Long Form

Pre-Investment: Screening Methodology



Pre-Investment



Screening Criteria	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 in with the business model? Is it impossible to create commercial success without creating a positive impact for the world?
	Depth & Breadth	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?

Pre-Investment: DD Methodology



Pre-Investment

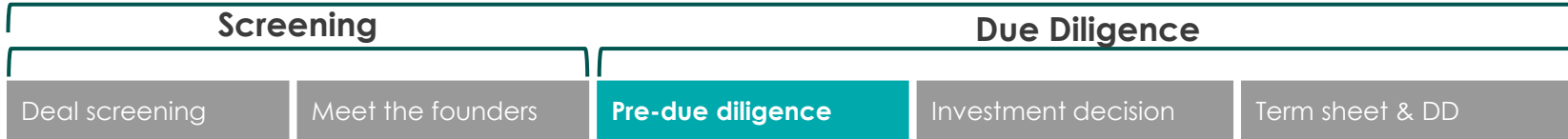


Due Diligence Process	STEP 1 Impact Research	<p>We leverage resources and methodologies that are based on the latest science available, and supplement those with our our in-house research.</p> <p>We evaluate:</p> <ul style="list-style-type: none"> ● Impact logic model, based on academic research ● Paris Agreement alignment (supported by IPCC research) ● EU taxonomy alignment (substantial contribution to climate mitigation & adaptation, do not harm criteria)
	STEP 2 Impact Sizing	<p>We calculate (top-down) the impact potential of a specific technology (<i>not</i> company) if deployed at scale. This impact potential has to be at or above our impact investment thresholds:</p> <ul style="list-style-type: none"> ● Potential to avoid or capture 100 Mt CO₂e 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.
	STEP 3 Impact Units	<p>We welcome companies that have performed brief Lifecycle Assessments of their products, or that have identified other impact economics (inc. operational KPIs).</p>

Pre-Investment: DD Methodology



Pre-Investment



Due Diligence Process	STEP 4 Impact Projections	<p>We perform impact models that help us understand (bottom-up) the impact potential of a specific company. We apply the Emissions Reduction Potential (ERP) methodology developed by Prime Coalition.</p> <ul style="list-style-type: none"> • TAM: Total size of the problem • SAM: Size of the problem in the specific sector and geography of the technology being evaluated • ERP: (At company level) when operating at scale - usually 5-10 years from inception.
	STEP 5 Impact Risks	<p>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.</p>
	STEP 6 ESG	<p>Environmental, social, and governance factors (internal impact) is as important as product (external) impact to ensure long-term value creation for stakeholders. 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 Impacts from the SFDR framework. We strive to: (1) Identify strengths and weaknesses, (2) benchmark with portfolio companies, and industry standards, and (3) identify opportunities to support portfolio companies (i.e. policy templates, consultants, best practices).</p>

Pre-Investment: DD Methodology



EXCEPTION: Enabling Technologies

	Type	Decision Gate	Example
Due Diligence Process	Linked to an economic activity	<ul style="list-style-type: none"> Use impact investment thresholds, screening criteria and DD methodology 	Software company that optimizes wind power generation
	Part of climate infrastructure	<p><i>If it accelerates adoption of climate tech, or is linked to climate systemic change:</i></p> <ul style="list-style-type: none"> Do NOT use impact investment thresholds Use screening criteria and DD methodology 	Carbon accounting software, carbon credits trading platform

Pre-Investment: Impact & ESG Clause



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

Pre-Investment: Case Study



Screening	Intentionality	Founder turned around family business from meat products to plant-based products, and built and exited a prior alternative proteins company
	Impact Logic	Moving toward a plant-based diet has a 8 Gt CO ₂ e emissions reduction potential. Key challenges to the adoption of alternative proteins – among non-vegetarians / vegans – are price, taste and texture. Next Gen Food's products upgrade recipes and improves product texture to drive faster adoption in the mass market.
	Interlock	The company's core business objective is to sell plant-based products, which are directly linked to emissions reduction. If they were only to cater a vegetarian audience, their commercial opportunity would be smaller.
	Depth & Breadth	Key metrics: by 2025, Next Gen Foods wants to sell triple-digit millions of product (breadth) while continuing to decrease the carbon footprint per plant-based product through localization (depth).
	Additionality	Traditional plant-based products have failed at delivering repeat purchases and substitution effect, usually catering to an already converted (vegetarian) consumer base. Through the improved recipe / texture, and blitzscaling GTM strategy, Next Gen Foods is poised to create a larger impact in a more efficient way.
	Impact Measurement	The company is committed to performing a Lifecycle assessment of their products, and reporting on KPIs on a quarterly basis.

Pre-Investment: Case Study



Due Diligence	STEP 1 Impact Research	<ul style="list-style-type: none"> The food sector accounts for 26% of GHG emissions worldwide. Out of that, around half is due to livestock / fisheries and corresponding land usage More than 70% of all extracted freshwater is used in the food production and processing industries The conversion of natural ecosystems for crop production or pasture has been the principal cause of habitat loss
	STEP 2 Impact Sizing	<ul style="list-style-type: none"> According to the IPCC, there is an 8 Gt CO₂e annual emissions reduction potential if everyone in the world would become vegan If we look at the first product (chicken) and adjust by projected penetration rate of alternative proteins by 2030 (~10%), we estimate a global market size of 65 Mt CO₂e annually. Given the company plans to expand to other plant-based categories (substituting other animal-derived products), our impact investment thresholds are met
	STEP 3 Impact Units	<ul style="list-style-type: none"> Although the company has not conducted an internal LCA given internal operations / processes are still in flux, we have used proxy LCAs as a starting point (Blue Horizon benchmark LCA for chicken: 88% less GHG emissions)
	STEP 4 Impact Projections	<ul style="list-style-type: none"> TAM: Total of 8 Gt CO₂e annual emissions reduction potential; 800 Mt CO₂e emissions reduction potential in 2030 SAM: 65 Mt CO₂e annual emissions ERP: Cumulative 21.4 Mt CO₂e projected emissions reduced from 2021 to 2030 from chicken alone; 2021 realized impact: 471.43 Kg CO₂e emissions reduced*

Pre-Investment: Case Study



Due Diligence	STEP 5 Impact Risks	<ul style="list-style-type: none"> ● Stakeholder Participation Risk: Consumers might not like the taste of Next Gen Food products, might like other competitors better, or there expectations of alt protein market adoption are not met ● Drop-off Risk: Alternative proteins usually contain sodium in high quantities, with corresponding health concerns ● Efficiency Risk: Alt proteins are not yet at price parity with traditional meat, but are expected to reach parity in 2023. This price parity is a function of the production costs.
	STEP 6 ESG	<p><i>(Selected)</i></p> <ul style="list-style-type: none"> ● Diversity: C-level is gender and ethnically diverse. Overall 50% female employees, with a highly multi-national and multi-cultural team.

Post-Investment: IMM



Post-Investment

At Exit

Impact measurement & management

Optimize outcomes

Transparency & reporting

Approach to Profits & Compensation

Collect Data & Monitor Progress

How do you track realized impacts for each company in the portfolio?

- Impact professionals deliver impact value-add on a company-basis (impact & ESG strategy workshops, etc.)
- Portfolio managers work closely with impact professionals to track impact data on a quarterly basis

Evolve processes

How is your process of assessment improving? What are you learning?

- We are creating impact & ESG resources (one-to-all) for our portfolio companies in Notion
- We provide 1 on1 tailored sessions on topics such as SFDR compliance, BCorp certification, etc.
- We are building a network of service providers and consultants for specific impact workflows

Powered by



Impact & ESG Resource Hub *(internal resource)*

Welcome to the Impact & ESG Resource Hub at AENU. All AENU teams have access to this Notion page as part of our value-add efforts. Here you will find resources by topic and company stage. You can leverage this Notion page to build internal capacity, create impact & ESG strategies, incorporate best practices, and find additional support.

Post-Investment: Optimizing Outcomes



Post-Investment

At Exit

Impact measurement & management

Approach to Profits & Compensation

Optimize outcomes

Transparency & reporting

Optimize Outcomes

What investor actions or strategies deepen or incentivize impact after investments are made?

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

ESG MATERIALITY

B CORP

Referrals

MEMBERSHIPS

CONSULTANTS

CARBON SOFTWARE

CARBON REMOVAL

Network

PEER LEARNING

BROWN BAGS

IMPACT COMMUNITY

SCIENTIFIC NETWORK

Post-Investment: Reporting



Post-Investment

At Exit

Impact measurement & management

Optimize outcomes

Approach to Profits & Compensation

Transparency & reporting

Report & Disclose – How are you proactively fostering transparency — in your methodology, your portfolio's impact outcomes, the impact outcomes among individual companies, and how you are improving processes?

TRANSPARENCY

FREQUENCY

METHODOLOGY

- We are part of climate, impact & ESG communities and actively contribute to framework development
- We publish white-label impact resources for founders and VCs

Website & Public Resources

Continuous

FUND

- Progress on Fund goals + impact & ESG KPI progress

Public Impact Reports*

Annually

PORTFOLIO

- Impact & commercial KPIs at company and portfolio level
- Other impact dimensions (e.g., investor additionality)

Investor reporting & webinars

Quarterly

COMPANY

- Sustainability objectives & PAIs at company level
- Case studies and founders' views

SFDR Reporting

Quarterly

Exit: Approach to Profits & Compensation



Post-Investment

At Exit

Impact measurement & management

Optimize outcomes

Transparency & reporting

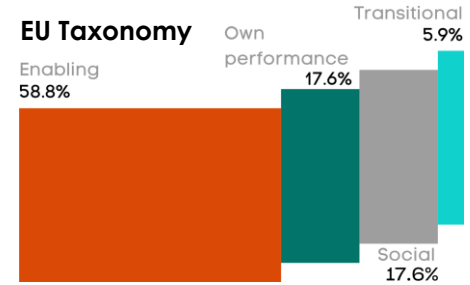
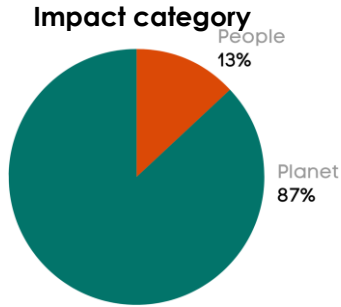
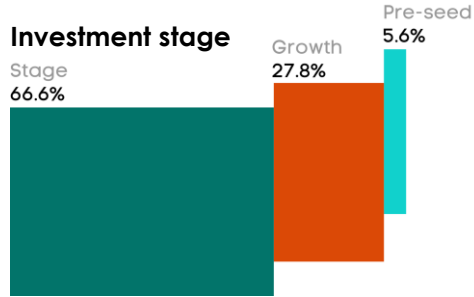
Approach to Profits & Compensation

Approach to Profits & Compensation

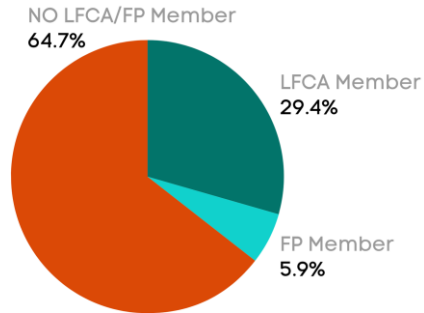
How are you incentivizing team commitments and performance around impact goals?

- Carry is offered to every person in the organization (not just investors)
- Carry is calculated at the organization - not deal - level. Every investor / professional has incentives to meet fund and company impact KPIs
- We are in the process of evaluating different impact carry options

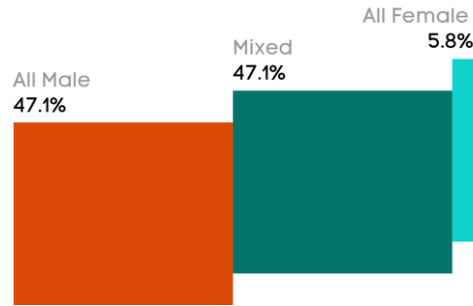
Portfolio KPIs



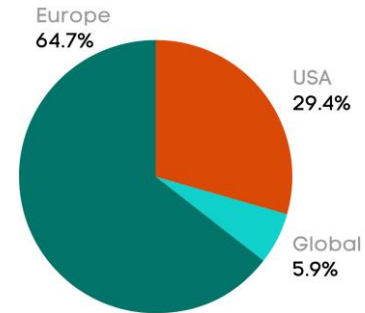
Founders Pledge & LFCA members



Gender diversity



Geography



Ecosystem Action



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 (BCorp).

Impact / ESG

Climate

Diversity

Frameworks

Impact Thought-Leadership



Impact Methodology

Read [Our Impact Process: Part II](#)

Read [Our Impact Process: Part I](#)

Deep Dive Research

Read [Alternative proteins: the unsung hero](#)

Education

Read AENU's "[The evolution of impact investing](#)"

Read AENU's "[IPCC's report confirms it's almost too late](#)"

AENU thesis

Read AENU's "[Impact capitalism in a nutshell](#)"

Planned Updates



- Impact methodology publications and case studies (continuous)
- Impact research and deep dive iterations (continuous)
- Assessment of value-add / portfolio NPS (2023)
- Impact & ESG maturity framework (2023)
- Adjustment of investor attribution in impact metrics (2023)
- First impact portfolio aggregation & public impact report(2023)
- Impact advisory board configuration (2023)
- Impact-aligned exit strategy development (2023)
- Impact carry methodology selection (2023)
- Stakeholder engagement strategy (2023)
- Third party audit and verification (2024)

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