



ENERGY **IMPACT** PARTNERS™

Investor Profile

June 2023

EIP Impact & Sustainability Team

energyimpactpartners.com

PROJECT
FRAME
Convened by Prime Coalition

PROJECT FRAME

Project Frame (Frame) is a nonprofit program, convened by Prime Coalition, built to organize investors around forward-looking emissions impact methodology and reporting best practices.

Our aim is to improve Impact Measurement and Management (IMM) standards for climate-driven investments and to galvanize a network of leadership around transparency and collaboration.

Project Frame is not a regulatory body, nor should its content be considered financial advice. Investor Profiles produced by Project Frame represent the investor's self-reported contributions and should also not be considered financial advice. Our work is intended for readers to review and use their best judgment to accelerate GHG mitigation with transparency and accountability.

[Learn more about Project Frame](#)

PROJECT FRAME

Through Investor Profiles, investors in the Frame community articulate their impact strategies in a consistent structure.

Over time, we expect these Profiles will help us develop methodological guidance that is inclusive and based on collective wisdom. They'll also help us understand why and how methodologies shift according to organizational characteristics, such as fund size. In the spirit of Frame's values of integrity and transparency, we design, review, and manage profiles with these goals:

- **Decisions that drive towards impact are what matter.** The purpose of impact assessment is to help improve the choices investors make to steer capital towards innovations and strategies that reduce global GHG emissions over time. All profiles demonstrate how assessment shapes investment decisions.
- **All profiles must be consistent in structure and content.** Profiles are based on common structure and questions that all investors follow. For example, rather than excluding responses to questions that an investor may not have answers to, they share progress, wherever it is. Profiles will also increasingly apply Frame's terminology and taxonomy, rather than language that any individual investor uses on its own. As we learn by doing, we'll add questions and refine structure.
- **Audiences must understand how the theory of change affects methodological decisions.** Investors clearly articulate the reasoning for assessment processes — what they are looking for in assessment and why.
- **Assessment and decision-making continue after initial investments are made.** Investors share how they continue steering companies toward impact after initial investments are made and how ongoing analysis affects their investment and assessment strategies overall.
- **Evolution is embraced.** No process is perfect! In the spirit of transparency and modeling how we learn by doing, we publish work in progress and welcome investors to define what and when they plan to update over time.

PROJECT FRAME



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Impact Assessment Capacity

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Impact Goals & Process



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Exit Spotlight (Optional)



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Case Study

Dashboard

Investment Type(s) or Asset Class

Venture, Growth and Credit

Asset Sub-Type or Stage(s) Served

Seed, Series A, Series B, Series C

Geography Where We Invest

North America, Europe

Sector

Built Environment, Electricity, Food and Agriculture, Industry, Transport

Description of Investment Firm

We seek to provide market or above market rate returns and specifically invest in climate.

Impact Assessment Capacity

FT: 3, Consultants: 1, Intern: 1

Total Assets Under Management

\$3.2 billion USD

Percent of Assets Assessed

95%

Methodology Alignment

Planned Impact

Time Frame of Assessment

We assess impact over 5 years at time of investment, and 5 years post commercial market entry when measuring planned impact annually.

Alignment with Frame's Values and Principles

Full alignment

Reporting Realized Impact

Yes

Carried Interest Tied to Impact

No



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Case Study

Impact Assessment Capacity

Team Name

Impact & Sustainability Team

Number of Team Members

FT: 3, Consultants: 1, Interns: 1

Scope

The team's key responsibilities.

We conduct impact and ESG diligence, drive impact measurement across the portfolio, and engage to generate impact and ESG value creation opportunities with our portfolio companies and our investors.

Governance

The team's reporting structure, such as to whom they report and who reports to them.

The team reports into our founder and managing partner.

Impact Expertise

The kind(s) or type(s) of impact on which the team focuses.

Climate impact, realized impact, planned impact, ESG, DEI

Decision Rights

How the team gates or influences decisions, engages portfolio companies, and/or monitors impact

In addition to ensuring that our investments are consistent with our investment mandate, we believe that we can and should strive to generate value beyond financial returns by considering impact and ESG factors in our investment decisions that will have positive social and environmental impacts. Accordingly, we are committed to integrating the assessment of ESG factors into our investment decision making process for all direct investments. We have an exclusion list, an ESG policy, conduct diligence on carbon, environmental factors, social factors, and governance pre-investment. Post-investment we engage with portfolio companies and lead impact onboarding meetings, provide companies resources and toolkits, collect annual reporting data, and release annual reports.





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Case Study

Funds

Fund Overview

Fund Name	Flagship Fund I
Date of Fund Close (or Estimated)	September 2018
Assets Under Management	\$513 million USD
Number of Portfolio Companies	33

Design Characteristics

EIP's Flagship Funds I and II focus mainly on proven technologies and business models that are ready to scale, including technologies whose trajectory we can influence with our ecosystem. Investments are typically inflection or growth stage companies.



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Funds

Fund Overview

Fund Name	Flagship Fund II
Date of Fund Close (or Estimated)	November 2021
Assets Under Management	\$1 billion USD
Number of Portfolio Companies	43
Asset Sub-Type or Stage(s) Served	Growth/Inflection

Design Characteristics

EIP's Flagship Funds I and II focus mainly on proven technologies and business models that are ready to scale, including technologies whose trajectory we can influence with our ecosystem. Investments are typically inflection or growth stage companies.



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Funds

Fund Overview

Fund Name	Deep Decarbonization Frontier Fund
Date of Fund Close (or Estimated)	January 2022
Assets Under Management	\$485 million USD
Number of Portfolio Companies	19
Asset Sub-Type or Stage(s) Served	Early

Design Characteristics

Frontier seeks seed and early-stage venture investments in companies at the forefront of deep decarbonization in all energy production and industrial use sectors that can meaningfully contribute to global decarbonization.



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**Theory of
Change**

Impact Goals
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Theory of Change

Our goal in this section is to clarify your overall vision, why you think that vision has not yet been achieved, and how the design of your interventions or programs get you closer.

Goals/Vision

Energy Impact Partners (EIP) is a global investment firm focused on leading the transition to a sustainable future. EIP brings together entrepreneurs and some of the world's most forward-looking energy and industrial companies to advance innovation.

Since our inception in 2015, EIP has maintained an unwavering mission: to accelerate the transition to clean, decarbonized energy by investing in new and emerging climate technologies and solutions while achieving superior returns for our investors.

For this mission, measuring our impacts accurately and transparently is essential to success.

We aim to be at the forefront of impact measurement and value creation — for our partners, portfolio companies, and the broader economy — to ensure that the solutions we need in the future are able to thrive.

Path to Goals

More standards and methodologies need to be developed and aligned for impact. Additionally, impact needs to be developed as a source of value, instead of a compliance/marketing focus.

Barriers or Challenges

The field is early and has not yet aligned on the best methodologies and roadmap.



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Impact Goals (Optional)

This optional section is used to describe classification systems and/or the quantitative or qualitative impact criteria that gate or influence investment decisions.

Classification

We categorize all portfolio companies across impact pathways which explain our impact theory of change for each investment. We further distinguish between portfolio companies that are directly measurable (DM) and those that are foundational (F).

Directly measurable companies have direct carbon impacts that can be concretely modeled using a baseline-vs-investment, two-scenario approach.

Foundational companies are those whose impacts on the carbon transition are not reasonably measured in tons of carbon emissions saved or other traditional energy and environmental metrics.

Impact Pathways

CLEAN ENERGY GENERATION & STORAGE

Clean energy generation and storage companies create technologies that support expanding electrification, developing clean energy sources, storing energy, capturing and sequestering carbon, and enabling decreased reliance on fossil fuels.

CLEAN ENERGY DELIVERY & INFRASTRUCTURE

Once clean energy is generated, infrastructure must bridge the gaps between production and use. End users need access to innovations that enable clean mobility, optimized electric vehicle use, and microgrid infrastructure.

GRID INTEGRATION & OPTIMIZATION

Decarbonizing the grid involves extensive changes in the resource mix, network size and architecture, and new control systems and markets that extend to the grid edge—



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including integration of large-scale plants, storage, and millions of energy efficiency, demand-response, and distributed generation sources in one reliable grid. Diversified resources and transmission/distribution systems all require awareness, optimization and control elements facilitating grid edge intelligence in a variable and distributed future.

ENERGY EFFICIENCY

A vital part of reaching national and corporate climate targets is increasing resource-use efficiency to enable economic growth without proportional growth in adverse environmental impacts.

EFFICIENT OPERATIONS

Enabling efficient operations is fundamental to utility and grid decarbonization. Helping companies operate more efficiently and provide better overall service promotes the clean energy transition in a variety of ways. Possibilities include reducing the cost of service, which generally translates to lower long-term prices in both restructured and regulated markets. In turn, these lower prices reduce customers' and policymakers' resistance to accelerating the clean energy transformation and expanding the use of clean electric power.

CYBERSECURITY

Cyber solutions are critical to the reliability and safety of both electric power systems and national security, as well as driving momentum towards rapid electrification and decarbonization.

DECARBONIZATION TOOLS

Decarbonization tool companies support utilities and corporations on their decarbonization journeys, ensuring they can measure, analyze, and improve their GHG emissions or other ESG KPIs.

MATERIALS & CIRCULARITY

Materials & Circularity companies aim to reduce the embodied carbon in hard goods and implement business models that allow for easier reuse and recycling of goods, ultimately abating the adverse environmental impacts of new production.

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DECARBONIZATION OF FOOD & AGRICULTURE

Food systems are becoming more vulnerable to climate shocks and increasingly energy intensive. Tackling packaging, transportation, practices, and supply chain concerns will be important to decarbonization.

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Pre-Investment Workflow

Solution Seeking & Screening

Deal teams look for opportunities that align to our investment thesis around energy systems and decarbonization.

Our ESG policy and exclusion list prohibits investments in certain sectors, including fossil fuels, and is part of every assessment.

Our investments tend to follow four main themes within the clean-energy value chain, with important subsegments in each theme:

- **Decarbonized Supply:** Solutions for generating zero-carbon electricity, producing net-zero fuels (e.g., hydrogen), and enabling technology to support this transition (e.g., material production advances).
- **Sustainable Demand:** Solutions for improving end-use energy efficiency, electrifying fossil-fuel driven processes (e.g., vehicles and industry) and supporting consumer decarbonization and circularity goals.

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Solution Seeking & Screening (Continued)

- **Intelligent Infrastructure:** Solutions for more proactive, nimble, cost-effective, and resilient operation of energy generation and networks and related industrial equipment.
- **Foundational Technologies:** Solutions for enabling better use of data, better organizational management, and better cybersecurity - particularly for energy system operations.

Meet Founders

We meet founders where appropriate and bandwidth allows.

Term Sheet & Due Diligence

We conduct our impact & ESG DD, assess our exclusion list, and negotiate deal language around Impact.

There are three components of our Impact & ESG due diligence process:

- **Carbon Impact:** Planned impact assessed bespoke modeling developed over 5 years where direct impact is identified
- **Environmental Factors:** Environmental practices and policies, separate from carbon impact, are assessed for risks and opportunities using our proprietary Impact & ESG DD questionnaire

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Pre-Investment Workflow

Term Sheet & Due Diligence (Continued)

- **Social & Governance:** Social and governance factors, including company DEI at all levels, are assessed for risks and opportunities using our proprietary Impact & ESG DD questionnaire.

Closing

We onboard new portfolio companies, provide them a roadmap of our measurement and engagement expectations and collaborations.



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Methodology

The following section refers to Frame's pre-investment methodology guidance. Visit the Project Frame website and view other related to resources, such as the Frame glossary, to expand your understanding.

Which Frame methodology best aligns with yours?

Frame classifies two basic approaches to assessing impact: planned and potential impact.

Planned Impact

Time Frame of Assessment

We assess impact over 5 years at time of investment, and 5 years post commercial market entry when measuring planned impact annually

Alignment with Frame's Values and Principles

Full alignment

How, if at all, is your process different from Frame's pre-investment methodology guidance? (Optional)

We do not measure potential impact; we use our impact pathways to frame the quantifiable and non-quantifiable impact. Also, we do not assess additionality of investment dollars.

Do you assess for additionality? If so, how do you define it and how do you approach assessment? (Optional)

We do not assess additionality for investment dollars.

Does your methodology incorporate attribution? (Optional)

We do vertical attribution, also known as ownership weighing.



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Monitoring

Summary

How and what is collected from portfolio companies to understand whether they are meeting impact-related expectations.

EIP measures its impact on the environment and society in terms of quantitative and qualitative metrics that are indicative of progress towards accelerating the clean energy transformation. EIP reports on the impacts enabled by its portfolio companies using a variety of metrics such as reductions in carbon emissions, fuel savings, water savings, and other metrics tied to the expansion of clean technologies and markets.

The entire scope of EIP's ESG reporting incorporates impact metrics as well as a broader set of data on the environmental, social, and governance attributes of reporting portfolio companies. We believe these ESG factors may impact the current and future financial, economic, reputational, and legal prospects of EIP's investments. For example, EIP's ESG reporting includes extensive data on the composition of the workforce in portfolio companies, a review of policies affecting DE&I, and a number of governance metrics. EIP believes that reporting on this broad set of ESG indicators enhances our role as a responsible investor and will ultimately lead to improvements in portfolio financial performance as well as more sustainable outcomes.

Impact and Risk Monitoring & Realized Impact

How are GHG and, if-applicable, non-GHG risks or baseline scenarios incorporated? What questions are asked and how often? How are new projections created?

New projections are created annually for realized impact and planned impact. We collect data from portfolio companies for bespoke models we develop in house.



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Evolving Process

How does the methodology change over time? How might it still change?

We have shifted from a 10-year window of impact measurement for planned, to five years post commercial market entry. We have also started measuring vertical attribution and collecting data for portfolio company footprinting. We plan to continue to shift our methodology to be as conservative, consistent, and thoughtful as possible.



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Reporting

Summary

How is impact-related information shared with external and internal audiences, and how often?

We have released annual impact & ESG reports for the last 5 years. We also release white papers explaining our methodology and thought leadership in the space regularly.

How often, if at all, is reporting audited by an independent party?

We employ an external consultant to develop and verify our realized impact data and models.



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Engaging

How do you help portfolio companies reach, sustain, or exceed impact expectations?

Upon investment, Impact & ESG topics are incorporated into portfolio onboarding conversations to answer any questions and set expectations for impact.

During onboarding, the Impact team reviews our annual data collection, and if relevant, begins reviewing carbon savings calculations

Based on the results of these conversations, we can better tailor our go-forward engagement with each company

- May require collaboration with other investors who are focused on ESG and impact topics
- Ensure the company only has one set of expectations and reporting requirements, instead of duplicating work for different investors

To provide additional value to companies, EIP is making resources available on DE&I and other key ESG topics to all portfolio companies and investment teams

We are currently developing an annual check-in process to meet with every portfolio company and review process, opportunities, and provide support.

Do you tie portfolio manager compensation to impact actions or performance, or to specific activities they take to engage companies on impact? If so, how?

We do not.



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**Exit Spotlight
(Optional)**



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Exit Spotlight

Summarize how you consider impact in exit strategies.

We are currently working to develop exit considerations and strategies.

Is carried interest tied to impact? If so, please describe.

No.



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**Lessons
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Lessons Learned & What's Next

- Standardization is key as impact & ESG measurement proliferate and expand
- Transparency is imperative
- As companies shift from theoretical to reality, impact measurement also needs to shift and capture realized impact
- Impact will be an area of value creation, and needs to be supported and resourced as such



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Exit Spotlight (Optional)



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Does your firm report realized impact? If so, please share a summary of realized impact to date.

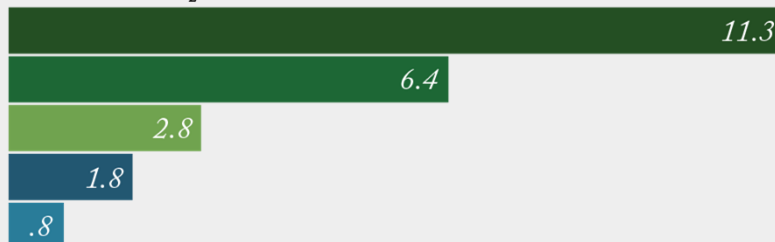
Yes.

Realized impact to date:

- 2022 Annual Impact 11.3M MTCO₂e
- 2022 Lifetime Impact 103M MTCO₂e
- 2022 Planned Impact 152M MTCO₂e

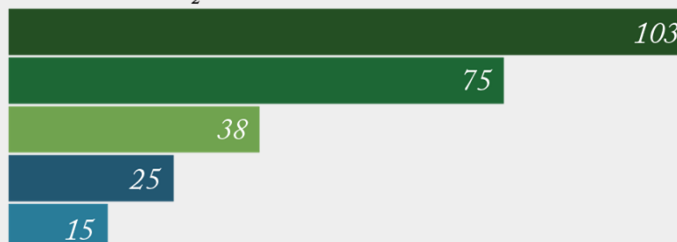
Annual Enabled Savings

million MTCO₂e



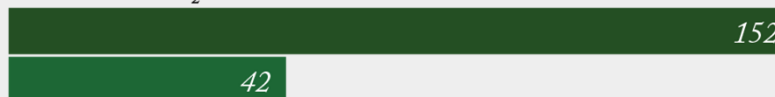
Lifetime Enabled Savings

million MTCO₂e



Projected Five-Year Enabled Savings*

million MTCO₂e



*In last year's EIP Impact report a 10-year projection period was used. The 2021 results in this figure have been restated to reflect a five-year period.

2018 2019 2020 2021 2022





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Realized Impact (Continued)

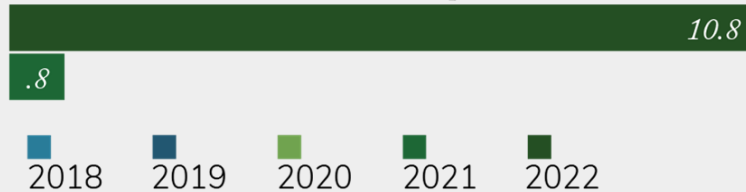
Ownership-Weighted Annual Enabled Savings *MTCO_{2e}*



Ownership-Weighted Lifetime Enabled Savings *million MTCO_{2e}*



Ownership-Weighted Projected Five-Year Enabled Savings · *million MTCO_{2e}*



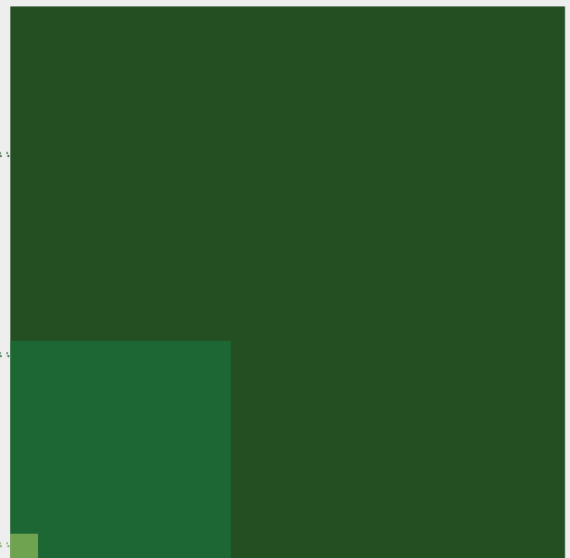
EIP'S ENABLED CARBON SAVINGS FAR EXCEED ITS FOOTPRINT

COMPARING TO FULL PORTFOLIO CARBON FOOTPRINT TO ENABLED CARBON SAVINGS

879,000 *MTCO_{2e}*
Annual Enabled Savings

143,000 *MTCO_{2e}*
Total Footprint

2,320 *MTCO_{2e}*
Internal Footprint



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Learn more at projectframe.how