

CALENDAR YEAR 2023

# ACTIVATE CAPITAL SUSTAINABILITY REPORT

2024

Activate  
capital







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# 1

## FOREWORD

The background of the entire page is a dark blue sky. In the center and to the right, there are two white wind turbines. The larger turbine in the center has its three blades spread out, and several concentric white circles are drawn around its hub, suggesting motion or a circular path. A smaller turbine is visible in the lower right corner. On the left side, there is a large white number '1' and a horizontal light blue bar that contains the word 'FOREWORD' in dark blue capital letters.



## FOREWORD

2023 marked a year of transition for the climate and its role in the public sphere.

It was the warmest year since global records began in 1850.<sup>1</sup> In the US alone, 28 weather and climate disasters incurred losses of over \$1 billion.<sup>2</sup>

Beyond the headline costs, this had devastating implications for communities and families that dealt with disruption and displacement. It represents only a slice of the challenges we face globally.

For the first time since the beginning of the century, we are seeing an increase in the underlying energy demand per capita in the developed world.<sup>3</sup> While fossil fuel prices largely recovered from their 2022 spikes, inflation and other factors kept energy and electricity costs high for end consumers.<sup>4</sup> Data centers brought a surprise climate vector, in the form of strain on the grid, into the public discourse.

## 2023 brought several reflections:

### THE RISE OF ADAPTATION & RESILIENCY

Adaptation and resilience are two sides of the same coin. While we need to continue to commit significant dollars and effort towards mitigation to stave off the worst effects of climate change, we recognize that we are already living in a warming world and need to invest in upgrading our homes and infrastructure to meet its demands.

### THE NEED FOR A CONTINUOUS EMPHASIS ON AFFORDABILITY

Climate solutions, whether targeting consumers or corporations, must drive clear savings over time. Otherwise, they will struggle to compete with the embedded incentives that foster inertia.

### SYSTEMIC CHANGE REQUIRES AN EMBRACE OF INNOVATION

Both energy abundance in the form of increased power generation and innovative technologies like grid-enhancing technologies are needed to transform the grid to support the new 21st-century economy.

We made three new investments in 2023, which collectively work to address some of the challenges we have observed in adaptation, affordability, and innovative technologies that allow for systemic transformation. These companies, Tomorrow.io, Enpal, and Lunar Energy are profiled in greater depth in this report. Our 27 portfolio companies across both Funds I and II collectively strive to transform critical sectors for increased sustainability and resiliency. In 2023, our active portfolio companies, in aggregate, enabled 1.7 million metric tons in emissions reductions and avoidance, the equivalent of taking 370,000 internal combustion engine cars off the road for a year.

As we look forward, we are mindful of the responsibility we hold and the momentous challenges we face. This report serves to lay out our approach and drive transparency for all of our stakeholders as we continue on this journey. We believe we are on the front end of a multi-decade sustainability supercycle—an extended economic growth cycle for sustainable technologies—that will see the transformation of large swaths of the global economy. We look forward to further partnering with entrepreneurs and investors, driving innovation toward a sustainable and resilient future.

Sincerely,  
**THE ACTIVATE TEAM**





# INTRODUCTION





## INTRODUCTION

# Impact at Activate

We view Impact and ESG considerations as complementary but distinct.

In our framework, Impact is **what** a company does; ESG is **how** it does it.

Impact speaks to the heart of a company's business model and the change it drives in the world. Ultimately, partnering with impactful companies is the core of our work at Activate, and we believe that impact in our sector is intrinsically tied to strong financial returns—the companies tackling big, urgent challenges are those that will become market leaders.

ESG is more broadly applicable and focuses on how a company operates, detailing how it manages its

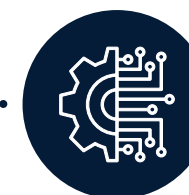
environmental footprint, diversity, and key policies, among other factors. Environmental, social, and governance factors are one of many risk management tools within a management team and board's toolkit, and Activate recognizes the importance of identifying materiality at the individual company level.

We believe both Impact and ESG are important—Impact is a filter for what defines an Activate Investment, and ESG is both a screening and ongoing risk management tool.



## IMPACT

Driving tangible change with  
a focus on sustainability  
and resiliency



## ESG

Managing risk across our  
portfolio and firm



## BY THE NUMBERS

# About Activate

**\$657M**

assets under management  
(FUNDS I AND II)

**27**

companies in our portfolio  
(JUNE 2024)

**61%**

of Activate's initial  
investments were rounds  
we led (of current portfolio)

**100%**

of Activate employees  
share in carry

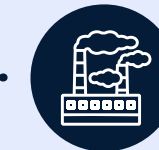
**17**

team members  
(JUNE 2024)

# Our Portfolio's Impact

**1,185**

new jobs created

**1.7M**

metric tons  
CO2e avoided

**7,700+**

employees across our  
portfolio companies

**1,311**

GWh clean electricity  
generated and peaker  
plant usage avoided

**11**

UN Sustainable  
Development Goals (SDGs)  
contributed to



## BY THE NUMBERS

## ESG at Activate



100%

of portfolio company boards  
had Activate representation  
at time of investment  
(inclusive of observer seats)



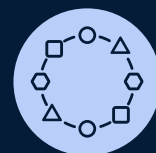
79

metric tons of CO2e emitted as  
a result of our firm's operations  
SCOPE 1, 2, & TRAVEL-RELATED SCOPE 3



30%

of our investment team  
are women



71%

of our team are women and/or  
ethnic minorities

## ESG Across Our Portfolio



89K

metric tons of CO2e emitted as a  
result of our portfolio's operations  
SCOPE 1, 2, & TRAVEL-RELATED SCOPE 3



48%

have at least one  
independent board member  
(or an open search ongoing)



31%

female employees across  
the portfolio



100%

have workforce development  
programs (including training)



100%

have a paid family leave policy  
UP 11% FROM LAST YEAR



4

portfolio companies are B Corps  
or Public Benefit Corporations





**WHO WE ARE**





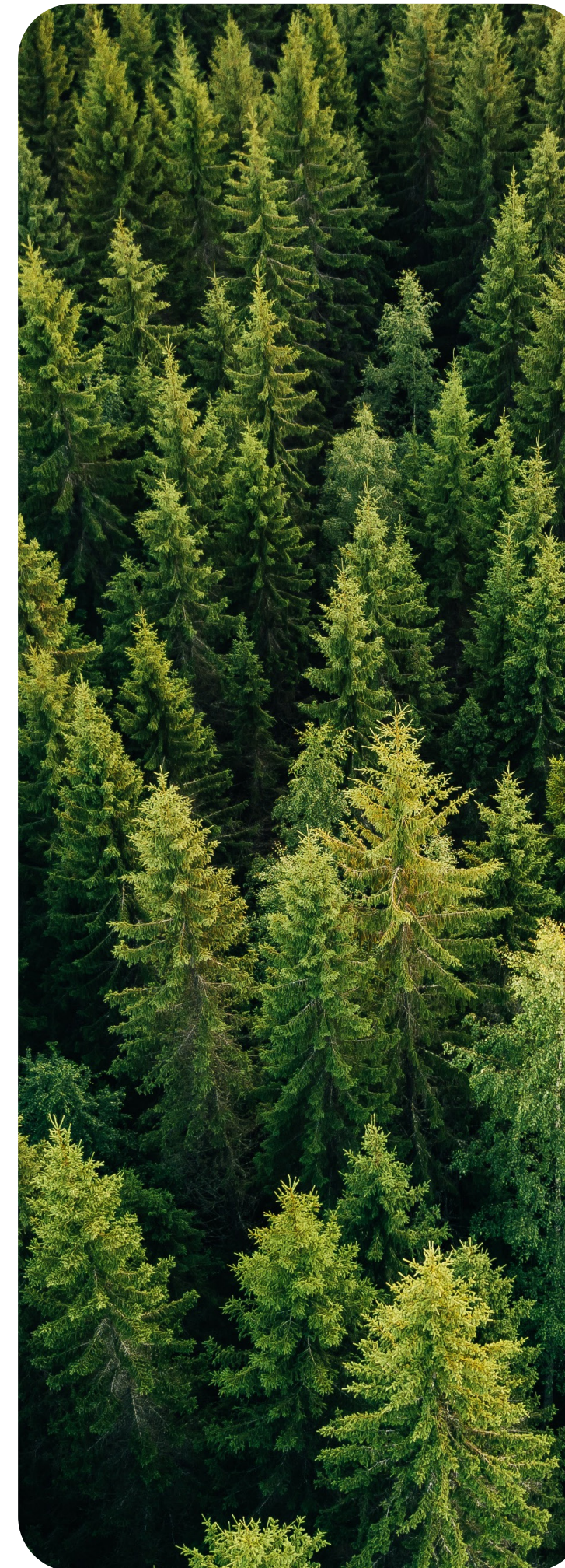
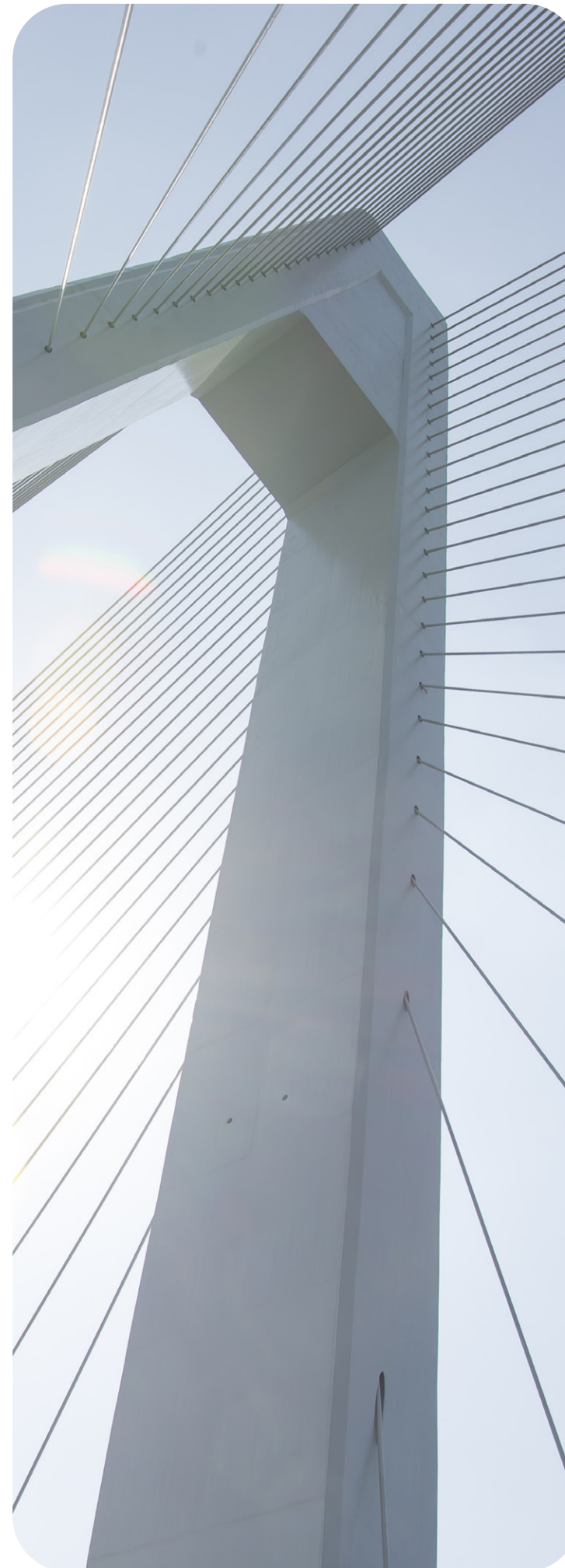
## WHO WE ARE



Activate Capital is a growth-stage venture capital firm investing in the sustainable, resilient transformation of the global economy.

Activate looks to invest \$10–\$30M into companies at the Series B to pre-IPO stages, focusing on investing in technology companies at the inflection point of their growth. We back companies that are ready to scale, led by exceptional entrepreneurs with ambitions to build the category-defining platforms of the future.

Our portfolio companies address important 21st-century challenges—including climate—by accelerating decarbonization and strengthening our shared systems and infrastructure.





## OUR EVOLUTION

2016

Activate's founders came together, sharing lessons learned over 25 years of investing in these sectors

2017

Activate was formally established and completed its first investment

2019

Closed Fund I

2021

Created first ESG policy

2022

Co-founded ESG and Impact working group (alongside Energize Capital) and convened peer funds

Hired full-time Head of Investor Relations & Impact

Published Activate's inaugural impact/sustainability report

Closed Fund II

2023

JOINED

VentureESG/.

Engaged with the majority of our portfolio companies on their 2022 ESG and impact journeys

Updated ESG policy, with participation and review of the full investment team

Published Activate's second annual impact/sustainability report

Added ESG clause to term sheets

JOINED



BECAME SIGNATORY OF RIL AI COMMITMENT



BECAME A SIGNATORY OF



Building on existing efforts to track and publish firm and portfolio-level diversity initiatives

JOINED



ESG Data Convergence Initiative

2024

Submitting data for Funds I & II to contribute to the industry-wide effort



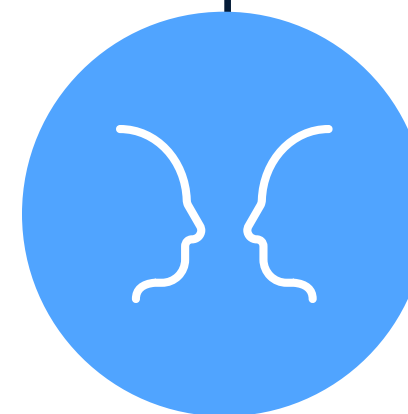
WHO WE ARE

# Our Values



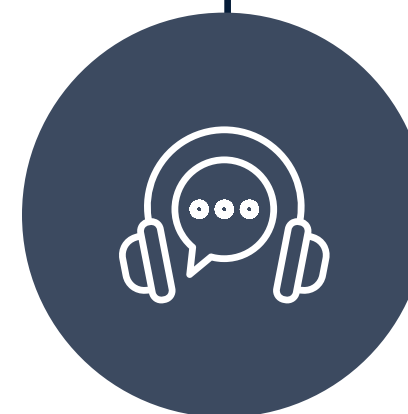
## PERSISTENCE

Building companies is hard.  
Entrepreneurs are all in.  
We are too.



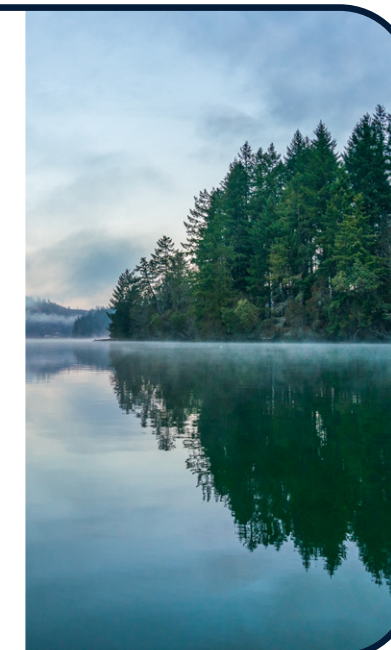
## CANDOR

Direct and transparent  
communication drives trust  
and better decision-making.



## HUMILITY

Self-reflection is essential  
for building balanced  
perspectives and learning  
from our past decisions.





WHO WE ARE

# Our Vision



We are building a premier  
and enduring firm focused on  
*the sustainable transformation*  
of the global economy.



WHO WE ARE

# Strategic Advisory Board

SAB

Activate’s SAB members include select strategic investors actively involved in our sectors of interest and **bring industry insights and access**.

SAB members collaborate with the Activate team to develop themes, discuss strategies, identify co-investment opportunities, provide portfolio company support, actively participate in co-investment opportunities, and conduct investment-specific due diligence.





**IMPACT**





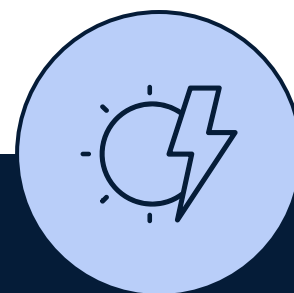
## IMPACT

## Our Framework

## ..... DRIVERS .....

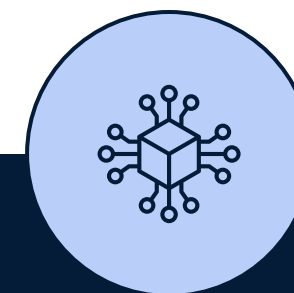
Our thematic investment strategy focuses on three core drivers, which include how we **power** our systems, **produce** our goods, and **move** goods and services.

Activate's investment focus is on real assets, embracing a variety of business models and hardware and software alike to support ambitious companies tackling foundational challenges. Adaptation is a new cross-cutting lens we apply to these fundamental economic sectors.



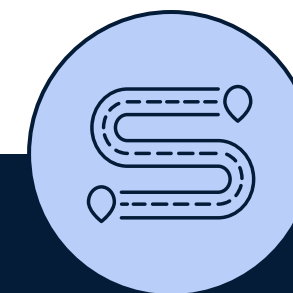
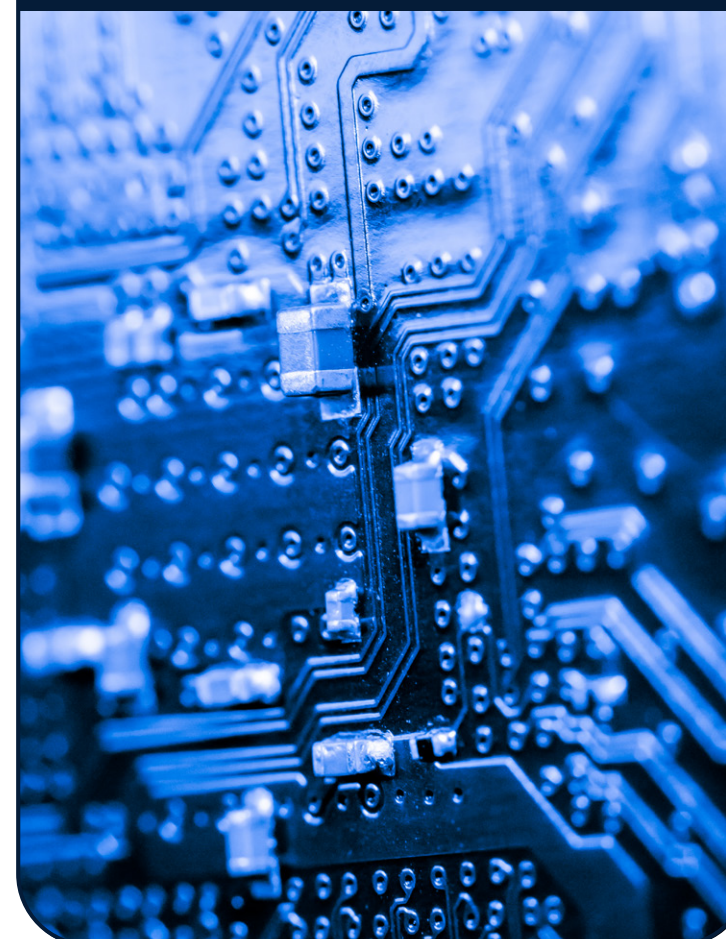
## ..... POWER .....

- Decarbonized generation
- Affordable energy
- Resilient, flexible grids
- Intelligent assets



## ..... PRODUCE .....

- Circular value chains
- Intelligent automation
- Secure operations
- Reshoring manufacturing



## ..... MOVE .....

- Zero carbon transport
- Transparent, resilient supply chains
- Shared, autonomous fleet operations





## OUR FRAMEWORK

We believe that sustainability and resiliency are critical properties that define the future of energy, infrastructure, and our broader systems of production, transportation, and trade which together work to mitigate the effects of climate change.

While sustainability and the energy transition are well understood as the historic core of climate investing, we are seeing an increased focus on resiliency. Resiliency can be understood as the concentric circles of supporting systems such as manufacturing, supply chains, cybersecurity, and more that must work together to enable such a tectonic shift.

In 2023 Activate developed a new thesis focused on climate adaptation. Although we continue to prioritize mitigation efforts to prevent climate change, it is undeniable that negative effects are already occurring due to climate shifts.

While we cannot avoid all the effects of climate change, we can take adaptive steps to minimize the impact. We have spent several cycles developing investment themes and market maps around climate adaptation which led to our two most recent investments in an intelligent weather satellite company, Tommorrow.io, and a climate insurance business, Kin, Inc.

Sound economic investing across our target sectors is key to driving further capital flows. This belief grounds our conviction that working towards sustainability and measurable impact is in full alignment with generating best-in-class economic returns.



## INVESTMENT THEMES

# Bringing Sustainability, Resiliency, and Adaptation Together

Activate believes economic systems must not only be sustainable but also resilient.

Global economic disruption poses one of the greatest existential threats to a successful sustainable transformation. Such disruptions could be exogenous to the transformation or a byproduct of it and may derail the project. For instance, electric vehicle (EV) adoption leading to global conflict for scarce resources could delay timely deployment or render the transition infeasible.

Low- and zero-carbon energy solutions must be coupled with reliability and affordability, or countries may revert to traditional forms of energy and abandon commitments to carbon reduction. Declines in population and productivity threaten to bring about long-term inflation and stagnation that will inhibit governments' ability to make critical capital investments if they are not countered with breakthroughs in production efficiencies. Success is not inevitable.

SUSTAINABILITY

RESILIENCY

ADAPTATION



# Sustainability



A sustainable economic future requires a predominantly decarbonized economy.

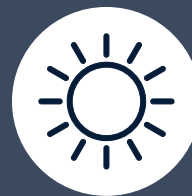
Sustainability through carbon reduction is the primary lens through which we measure the impact of our investments. While the acceleration and integration of renewables and the adoption of electric vehicles are among the most significant vectors for driving direct carbon reduction—and thus central investable themes in our strategy—Activate also pursues opportunities that reduce carbon emissions indirectly by increasing efficiency across enabling sectors such as production or logistics.

Activate considers material inputs, resources, and systems, including material production processes, waste disposal and circularity, food requirements, and water usage. **Sustainability is the centerpiece of our impact strategy and is reflected across our portfolio.**





# Resiliency

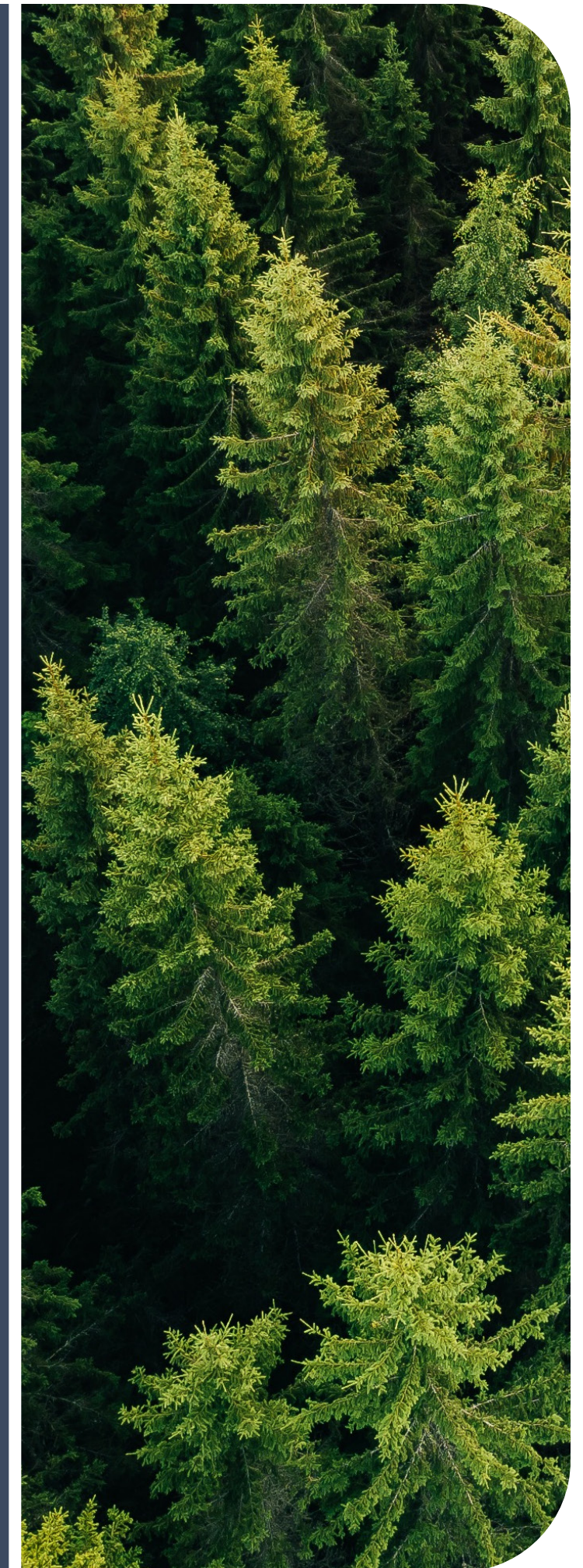


Activate believes that increasingly correlated forces such as climate acceleration, resource depletion, technological disruption, mass migration, demographic decline, challenges to financial institutions and public trust, global health crises, and a turbulent geopolitical landscape are converging to accelerate global instability.

This acceleration is likely to continue over the coming decades. Furthermore, the sustainable transformation underway across our energy, transportation, and production systems—the transformation we invest in—may contribute to increased disruption and uncertainty across the global economy.

As such, enabling structural resiliency across all vital economic systems, including energy grids, the manufacturing and labor stock, supply chains, trade networks, food sources, and transportation systems, is essential to promoting security and prosperity across the economy and ensuring that sustainable shifts are not derailed. Resiliency metrics tend to be company-specific, given that what resiliency looks like for a given industry can differ significantly, e.g., from cybersecurity for distributed energy resources to home hardening in the face of potential flooding.

**As we work towards a greener economy, we must also strengthen its core systems in a way that promotes broad prosperity, growth, and stability.**



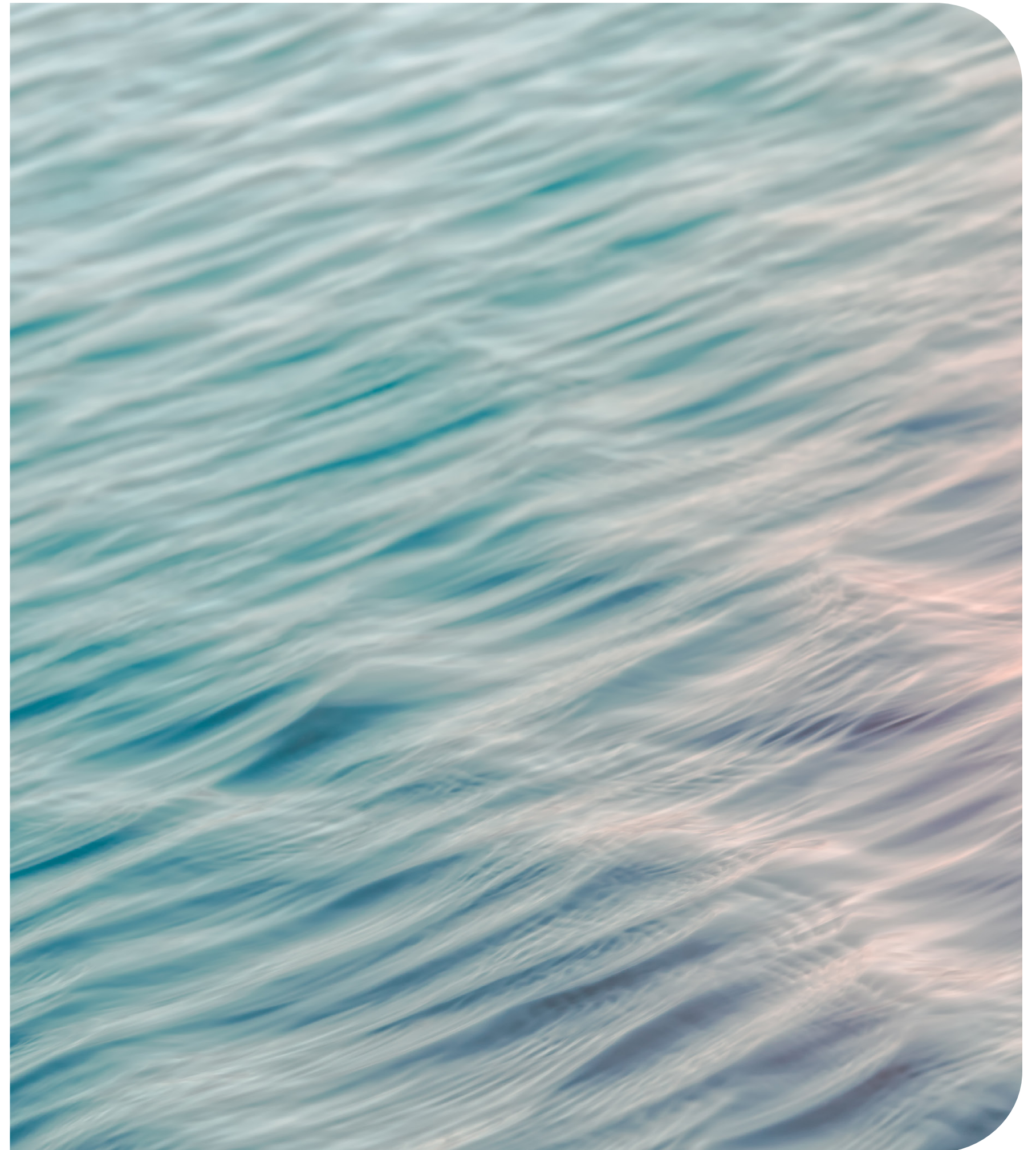


# Adaptation



While we recognize that a sustainable transformation is underway, we are also aware that climate change already impacts the world's largest industries, including energy, agriculture, manufacturing, healthcare, real estate, and transportation.<sup>5</sup>

Against the backdrop of expanding climate impacts, adaptation will be a fast-growing area for investment. **If decarbonization is the new industrialization, adaptation is the new modernization.** It is essential to take measures to adapt existing infrastructure to function effectively in a changing climate. While our adaptation strategy is nascent and evolving, example metrics to measure impact within it include the number of homes adapted to withstand the effects of climate change, and the dollar value of assets protected.



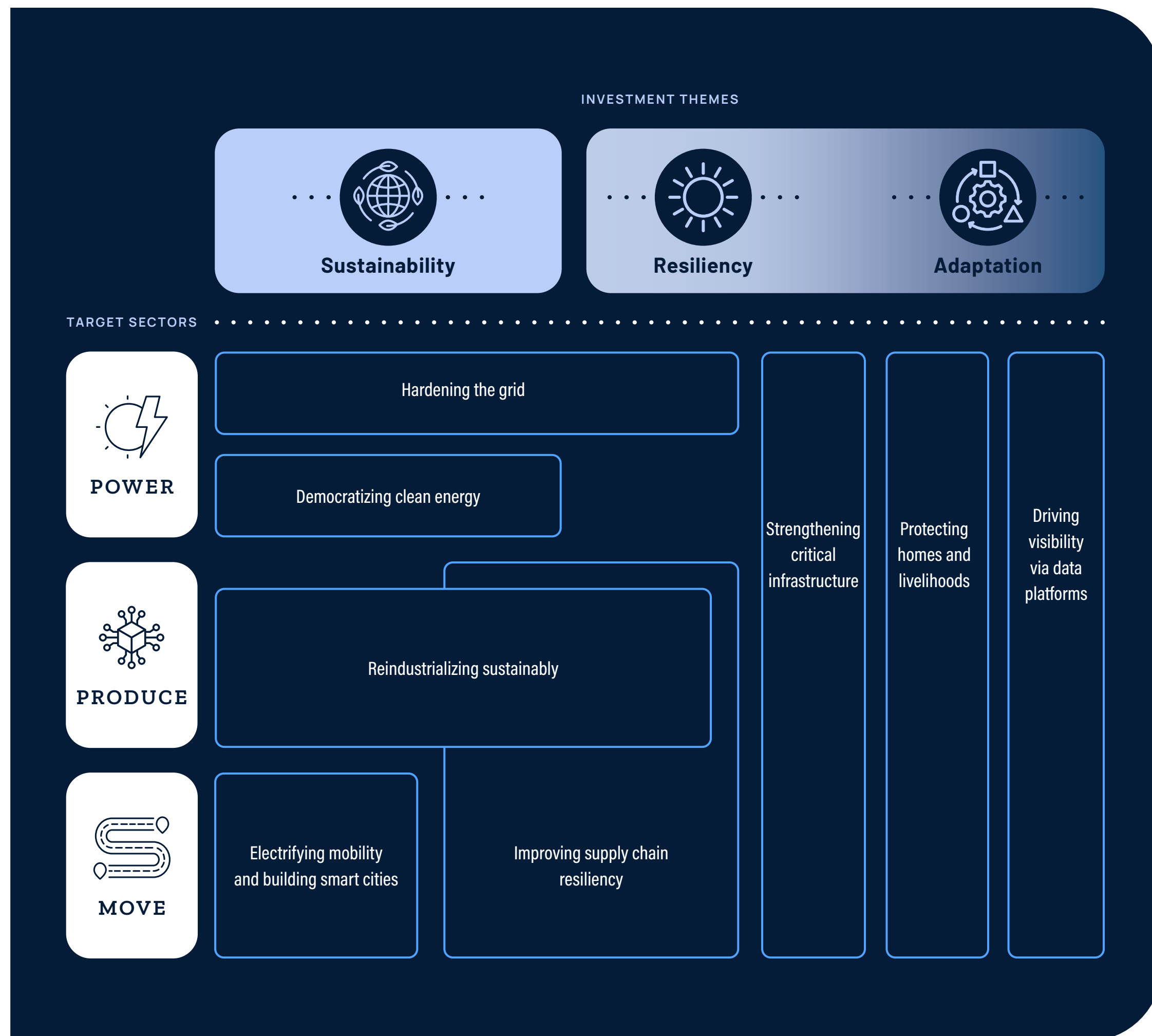


## INVESTMENT THEMES

# Our Framework

We take a broad lens on impact but are focused on three investment themes: **sustainability**, **resiliency**, and **adaptation**.

Our impact areas are defined by the intersection of our target sectors and investment themes. These encompass our investments and evolve over time as we see new opportunities, trends, and secondary industries emerge.





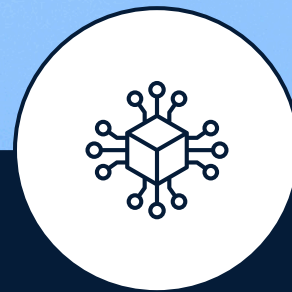
## OUR FRAMEWORK

## Target Sectors



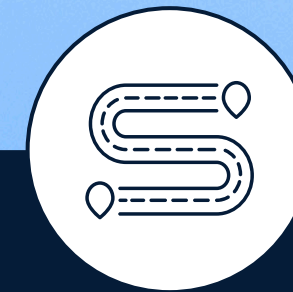
## ..... POWER .....

Global power consumption is projected to triple by 2050 as living standards increase and key industries, including transportation and manufacturing, rapidly electrify. Future energy investments will be driven by renewables and other decarbonization technologies, which are expected to become the largest source of electricity by 2025.<sup>6</sup> Beyond expanding clean energy availability, solutions are emerging around managing intermittency as well as driving energy efficiency opportunities to reduce overall demand.



## ..... PRODUCE .....

Manufacturers are reassessing supply-chain resiliency and speed to market, automation, and digitization, while the drive for greater sustainability is changing how goods are produced. In the face of increased connectivity and data volume, robotics and AI are emerging to drive step-changes in productivity and, in turn, resource efficiency.<sup>7</sup>



## ..... MOVE .....

The movement of people is undergoing fundamental transformations as vehicle electrification emerges as a defining megatrend. Data and intelligence are becoming more critical to managing congestion and emissions.<sup>8</sup> The movement of goods is also transitioning towards supply chain resilience, transparency, compliance, and sustainability.



## OUR FRAMEWORK

# Integration Into Our Investment Process

We believe that sustainability, resiliency, and adaptation are the critical themes that will define the future of energy and infrastructure.

The integration of these themes provides the foundation for Activate's differentiated investment strategy and forms the lens through which we view and measure impact creation across our portfolio.





## DRIVING IMPACT WITH OUR PORTFOLIO COMPANIES

# Portfolio-Wide



Held an ESG and impact-focused portfolio review with the full Activate investment team as a supplement to quarterly financial and operational portfolio reviews and shared back outputs with company management teams



Provided carbon accounting support to all portfolio companies without existing calculations (via Metric ESG) and shared outputs to support their emissions management. Additionally, provided benchmarks to companies via Metric ESG



Engaged with multiple companies as a result of 2022 and 2023 ESG/impact data submissions

## Company examples



- Contributed DEI-specific board deck pages and metrics for a portfolio company
- Developed an impact metric model for a portfolio company
- Provided input on a portfolio company's ESG strategy and report
- Partnered with multiple portfolio companies to think through benefit and process of establishing a Net Zero objective





## THE IMPACT OF OUR COMPANIES

Our portfolio companies drive sustainability, resiliency, and adaptation through their core business models.

Some company impacts can be directly quantified using the key metrics of emissions abated or avoided and renewable energy generated/ supported. In aggregate, eight of our active portfolio companies drive impact that can be quantified through one or both key metrics.

Other business models drive broader, non-quantifiable impacts that support the broader systems and changes at play. For example, Nozomi Networks provides cybersecurity to critical infrastructure assets, while Altana drives visibility into multiple layers of supply chains through their proprietary 'Atlas'.

### Portfolio metrics

We continue to work with portfolio companies to find the right metrics to suit their business models.



# 1,185

new jobs created at portfolio companies, and 7,750 existing jobs supported



# 11

UN Sustainable Development Goals (SDGs) contributed to



# 1.7M

metric tons of CO<sub>2</sub>e avoided due to portfolio company operations

THIS IS EQUIVALENT TO TAKING 370K INTERNAL COMBUSTION ENGINE CARS OFF THE ROAD FOR A YEAR.



= 20,000 CARS OFF THE ROAD



# 1,311

GWh of clean electricity generated/ peaker plant usage avoided

THIS IS ENOUGH TO POWER 121K US HOMES FOR A YEAR.



= 11,000 US HOUSES WORTH OF USAGE AVOIDED





ESG





ESG AT ACTIVATE

# Our Priorities

Activate's commitment to ESG factors reflects our values, aspirations, and responsibility to our *investors, companies, industry, and community.*



# Activate's ESG Priorities

## OUR FIRM



### Environment

Scope 1, 2, & travel-related Scope 3 emissions

TOTAL & PER EMPLOYEE

Beyond-value chain climate action



### Social

Full team diversity

Investment team diversity



### Governmental

ESG governance process/owners

Policies in place

## ACROSS OUR PORTFOLIO

Scope 1-3 emissions

TOTAL & FINANCED

Climate strategy

Employee, C-suite & board diversity

Job creation, voluntary attrition,  
& employee engagement

Board composition

Key policy adoption

#### Beyond the Metrics Published

We collect additional metrics in line with the ESG Data Convergence Initiative that apply to a smaller portion of our portfolio, e.g., renewable energy usage, work-related accidents, and turnover.





## ENVIRONMENTAL

## FIRM-LEVEL ESG PERFORMANCE

## Environmental

We track Scope 1, 2, and 3 emissions.\*

0

## SCOPE 1

Activate does not directly own or lease equipment that uses fuel.

3.1

## SCOPE 2

This includes the electricity and gas we purchased for our office and estimated attributable emissions from remote employees. These emissions represent a market-based approach; Activate purchased 22 MWh of Renewable Energy Credits (RECs) from Terrapass, a Green-e certified provider, to ensure that our office electricity emissions are offset by RECs that promote renewable energy. The remaining reported emissions represent remote employees and office gas consumption.

76.1

## SCOPE 3 (Travel-related only)

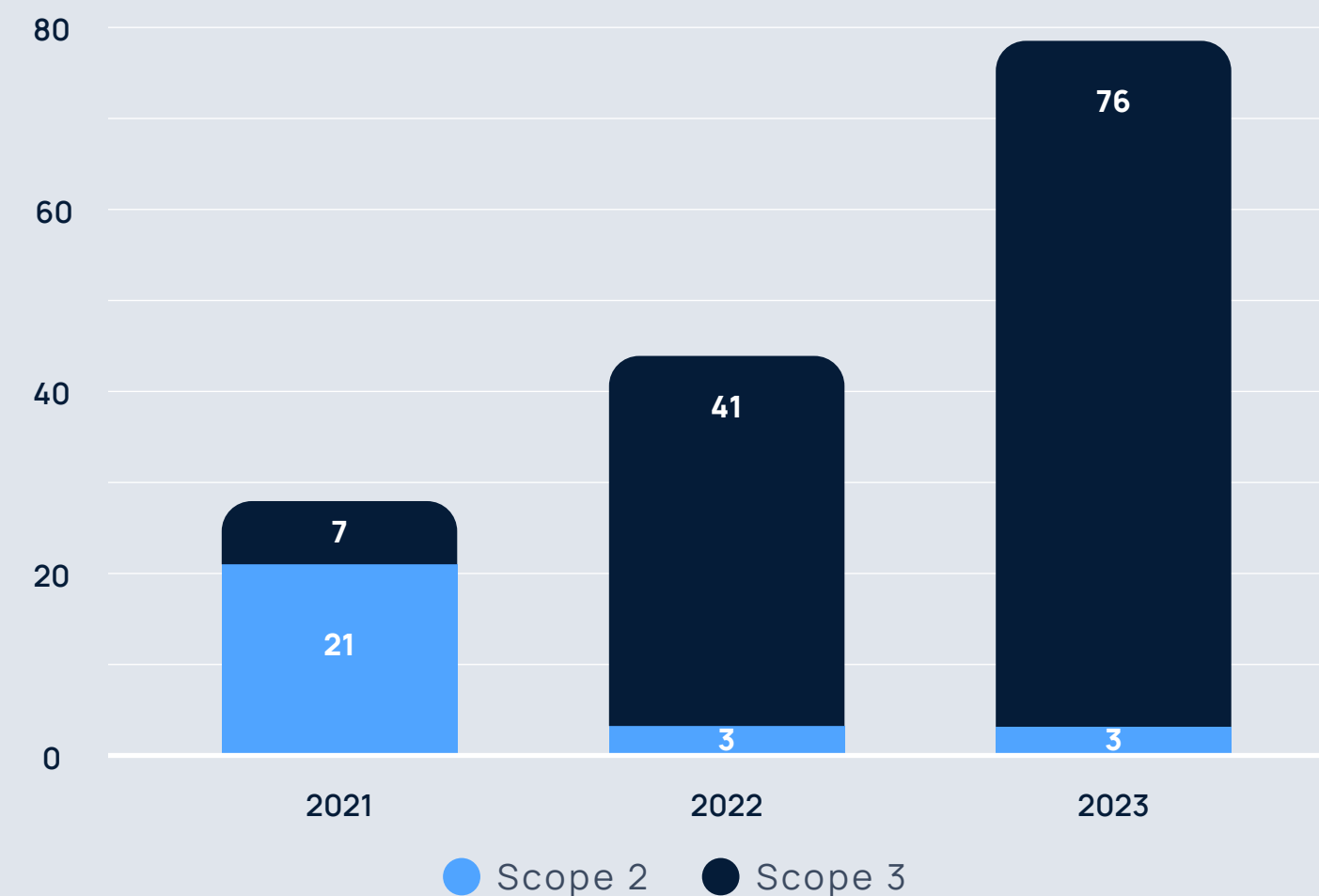
From business travel flights and hotels. As travel has fully normalized post-COVID, this number has increased.

## TOTAL

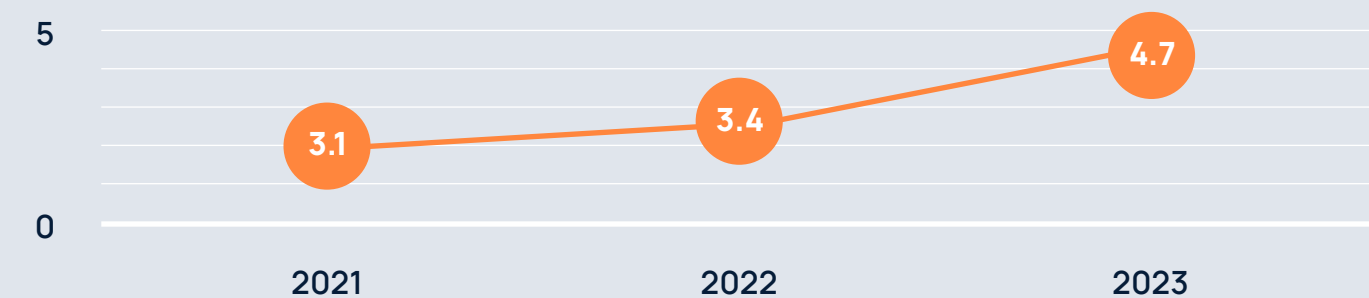
79.2

\*all in metric tons CO2E

## Firm Emissions (Metric Tons CO2e)



## Emissions Per Employee

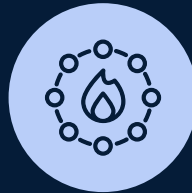






## ENVIRONMENTAL

## OUR APPROACH &amp; EXTERNAL CLIMATE IMPACT

**We are committed to managing our emissions.**

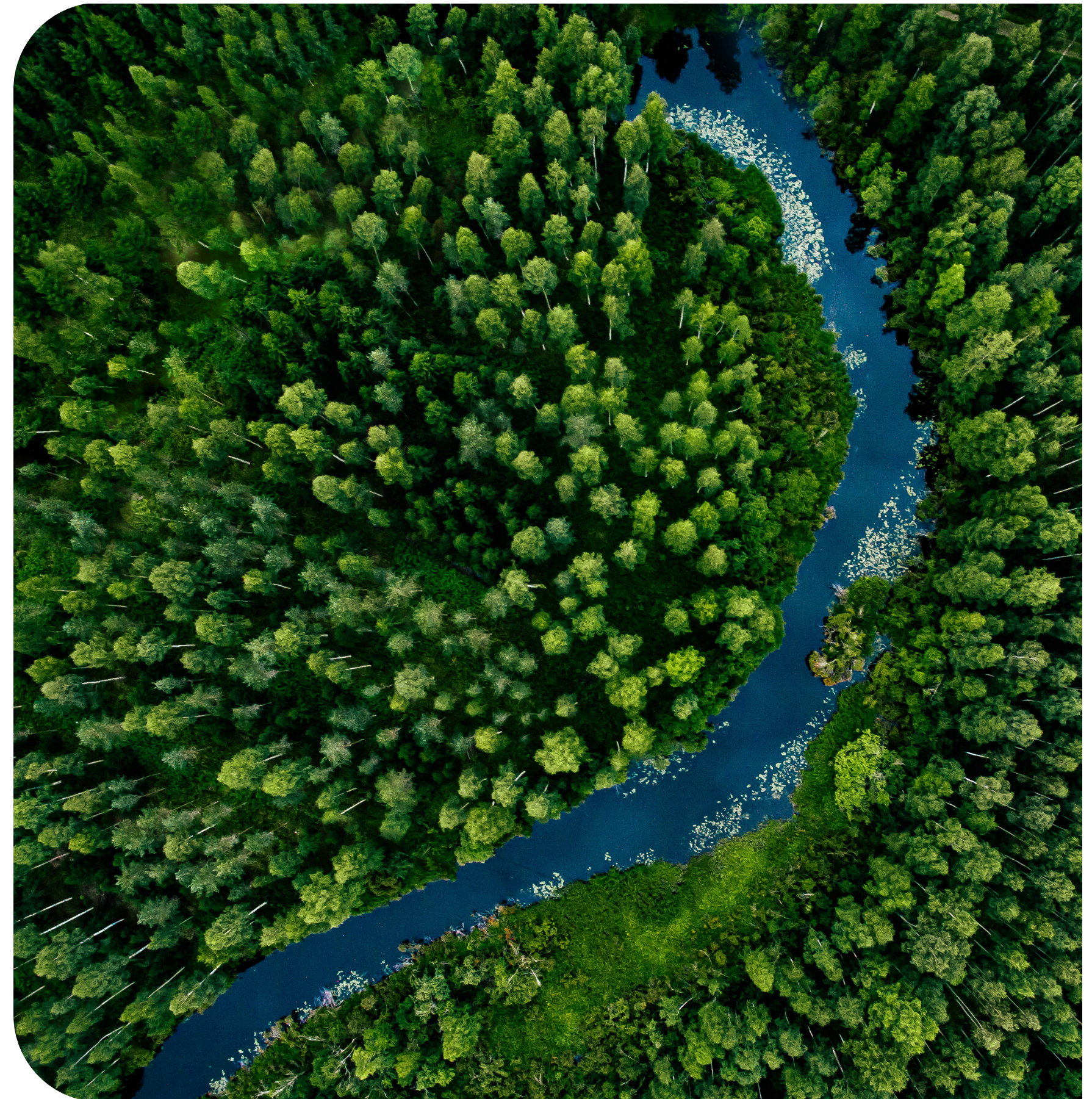
We have assessed our carbon footprint and opted to purchase RECs to ensure that our office runs on the equivalent of **100% renewable power**. This is already reflected in our Scope 2 calculation (market-based).

**Our overall emissions increased in 2023 due to travel-related Scope 3 (hotels and flights).**

2021 saw artificially deflated business travel due to COVID-19, and 2022 saw modest increases but was not reflective of a typical year of travel. Given this, we continue to assess best practices in terms of managing our travel-related footprint.

**Activate respects the Voluntary Carbon Markets Integrity Initiative (VCMI)'s work to standardize and clarify climate claims.**

In keeping with the VCMI's Provisional Claims Code of Practice, we have purchased high-quality carbon credits to contribute beyond value-chain mitigation.

**We have purchased 80 metric tons worth of carbon credits, equivalent to our 2023 Scope 1, 2, and travel-related scope 3 emissions.**





In keeping with our focus on impact, we took a first principles approach to our selection of credits.

Like all other market participants in the space, we have seen the challenges faced by the voluntary carbon markets in 2023, especially in regard to credit integrity. We are heartened to see more cross-industry coalitions tackling these challenges and looking to standardize claims frameworks and internally continue to place special focus on where we source credits from.

### MIX OF CREDITS

In keeping with the Oxford Offsetting Principles, we believe that both avoidance and removals credits are needed in the near term, while a shift to removal-only credits is necessary in the long term.

### TYPES OF CREDITS

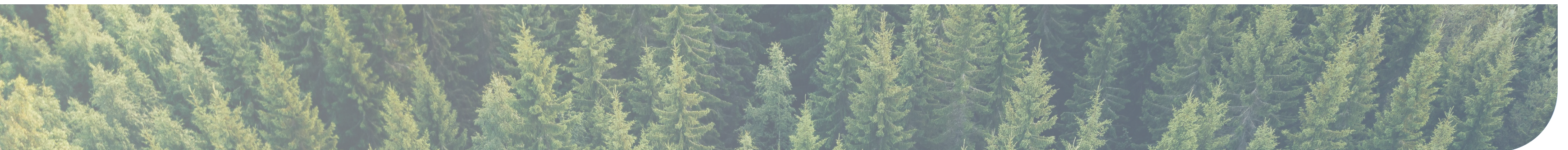
We support both nature-based solutions and emerging technologies. As such, we purchased a mix of REDD+ (forest-based avoidance), reforestation (removals), and engineered removals credits.

### PROVIDERS

We selected Patch (a removals-focused marketplace) and Pachama (a forest carbon marketplace) for our purchases. Both offer independent quality assessments of credits above and beyond traditional registries.

### CREDIT QUALITY

We care about basic principles of additionality, permanence, and leakage, as well as co-benefits. We selected Pachama because they address the challenges with additionality and land tenure present in some forest-based projects by layering on additional scientific and technological assessments.







## FIRM-LEVEL ESG PERFORMANCE

## Social

Activate is proud to be a minority-owned firm.

Two of our three managing partners are underrepresented minorities, and 71% of our team is comprised of women and individuals from underrepresented backgrounds. We have adapted the way we recruit to ensure diverse candidates are represented in our pipeline and, ultimately, in our firm. We believe active mentorship and apprenticeship are some of the ways we can build our culture of inclusion.

As a result of our 2023 strategic offsite, we established a culture and development committee and formalized investment team career trajectories and role expectations. This will help provide clarity and consistency across the team.

In 2023, we became members of ILPA's Diversity in Action Initiative, which includes a focus on both portfolio company and internal diversity and inclusion. In addition, some of our team members volunteer as mentors for VC University, a joint initiative of Venture Forward and the NVCA, where they mentor aspiring VCs from historically underrepresented backgrounds.

While we're proud of our progress in attracting female employees, we recognize that we have work to do on overall team diversity. We are actively engaged with several external executive networks focused on fostering diverse talent.

SEE PARTNERSHIPS SECTION FOR FURTHER DETAILS.

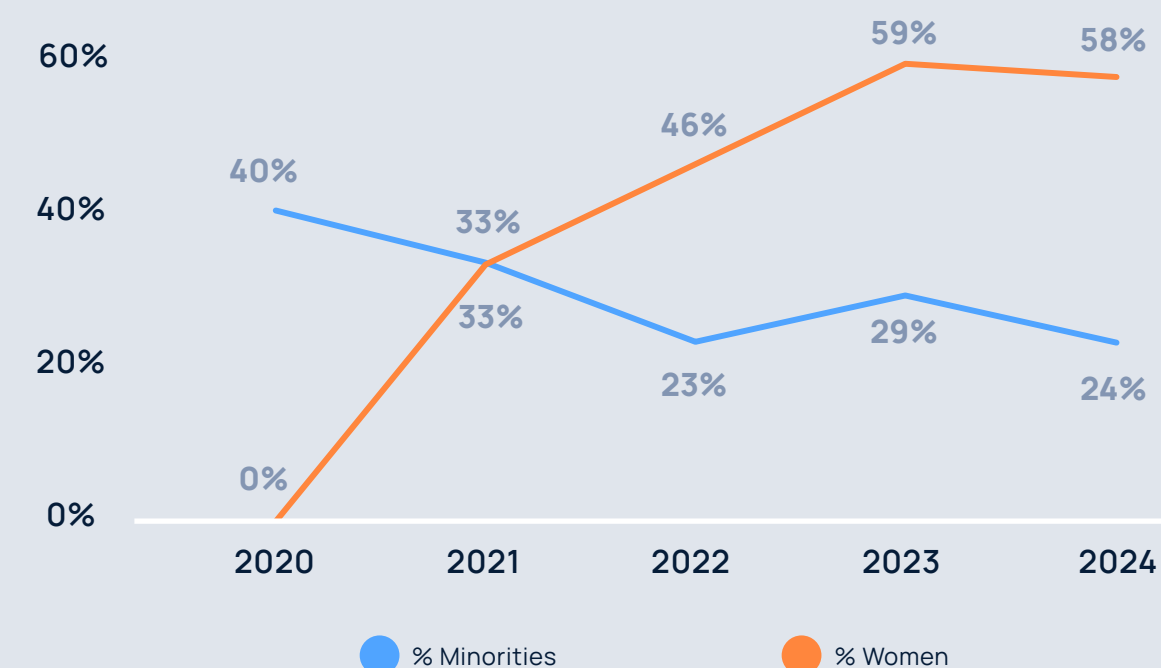
### Note about data

Team statistics depict full-time team members only; some team members joined earlier on a part-time basis.

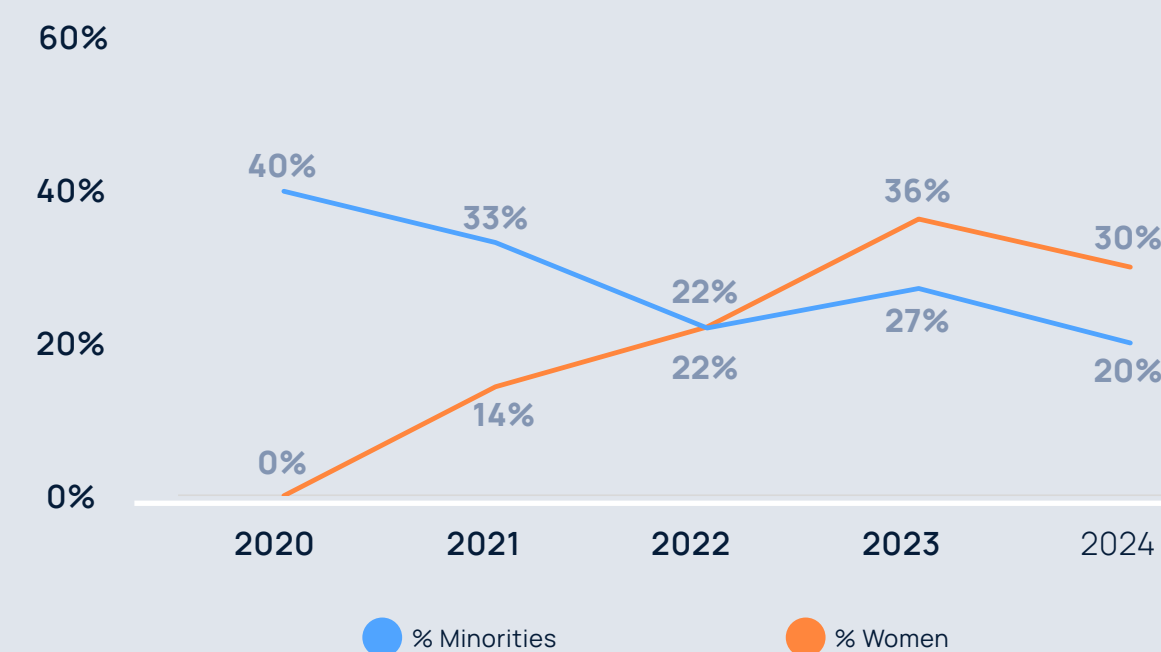
### Activate's Team



### Full Team Diversity



### Investment Team Diversity







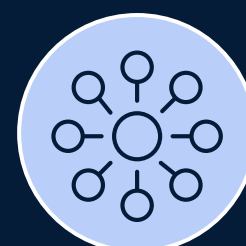
## FIRM-LEVEL ESG PERFORMANCE

## Governance

## Recent Updates

## HIRED A COO IN 2023

Responsibilities focus on bolstering our operational and governance processes as we continue to scale.



nvca

## CONTINUED ENGAGEMENT WITH THE NVCA

We remain actively engaged with the NVCA's Climate and Sustainability Working Group, which convenes the venture ecosystem on best practice governance matters.

## SIGNED RESPONSIBLE INNOVATION LABS (RIL) AI COMMITMENT

We became signatories of the RIL Labs AI Commitment and, via our COO's affiliations, the Venture Capital Business Community (VCBC). We benefit from the guidelines and resources provided by both groups.



## Broader Firm Governance



Our firm's primary governing bodies include our four partners, who meet at weekly investment committee meetings, and the Limited Partner Advisory Committee (LPAC), which meets on an as-needed basis. In addition, our Chief Operating Officer oversees and manages all compliance issues within our organization.



As is standard practice, we report quarterly to our investor base and engage them throughout the year via tailored communications, meetings, and at our in-person annual general meeting.



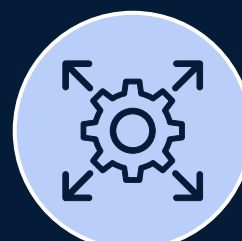


# How We Govern

Within Activate, responsibility for ESG and impact sits at multiple levels:

## HEAD OF IMPACT

The Head of Impact, in partnership with the Investment Team, is charged with updating the ESG and DE&I policy annually, developing the strategic roadmap, spearheading initiatives, leading external reporting, and reporting to investors.



## MANAGING PARTNERS

Managing Partners are ultimately responsible for defining Activate's investment areas and, in turn, our approach to ESG and impact. They hold ultimate responsibility for ensuring the firm abides by the ESG and DE&I policy and all other policies.



## ALL INVESTMENT TEAM MEMBERS

All team members are charged with ensuring that analysis of the impact and ESG factors of each investment is complete and incorporated within the discussion in Investment Committee.



## Our Policies & Frameworks

As a firm, we recognize the importance of managing business and governance risks through policies and consistent procedures. Firm-level ESG risks are covered within our policies:

- Privacy
- ESG and DE&I
- Family leave
- Code of conduct including harassment and discrimination
- Cybersecurity
- Compliance and business ethics (including trading, donations, and material non-public information policies, among others)
- Electronic Communications/ Social Media
- Foreign Corrupt Practices Act

We embed policies into our regular operations via annual training, including:

- Compliance that includes our Code of Ethics, fiduciary duties, privacy, and conflicts of interest
- Diversity and Inclusion
- Cybersecurity, penetration testing, and ongoing phishing campaigns
- Sexual harassment



## ESG AT ACTIVATE

# Incorporation Into Our Investment Process

## Investment Sourcing



We actively seek out opportunities that promote a more sustainable and resilient world. This affects investment thesis work, our external outreach (outbound), and how potential portfolio companies and advisors perceive us when scanning the landscape (inbound).

This also entails memberships in organizations that provide ample networking and access to companies that are aligned with our investment strategy (See Partnerships section).



We recognize that female and non-white founders receive a disproportionately small portion of VC and growth investment and believe that it is important that we increase their access to capital. As a first step, we track the CEO diversity of the companies in our pipeline to develop a clear picture of the diversity in our current sourcing channels.





## ESG AT ACTIVATE

# Diligence and Investment Decisions





SASB MATERIALITY MATRIX

We use the SASB Materiality Matrix below when performing ESG diligence on companies.

| GROUP | ISSUE CATEGORY              | DESCRIPTION  |
|-------|-----------------------------|--|
| E     | Environment                 | <div><div><div>GHG Emissions</div><div>Air Quality Energy Management</div><div>Water &amp; wastewater management</div><div>Waste &amp; Hazardous Materials Management</div><div>Ecological Impacts</div></div><div><ul style="list-style-type: none"><li>• Scope 1 emissions from company operations</li><li>• Air quality impact from stationary sources (e.g., factories), mobile sources (e.g., vehicles), and industrial emissions</li><li>• Environmental impact from energy consumption (e.g., energy efficiency, energy mix, and grid reliance)</li><li>• Extent of water use, wastewater generation, and impact of operations on water resources</li><li>• Hazardous and nonhazardous solid waste management (treatment, handling, disposal, and regulatory compliance)</li><li>• Impact on ecosystems and biodiversity through land use, resource extraction, cultivation, construction, etc.</li></ul></div></div>   |
|       | Social Capital              | <div><div><div>Human Rights &amp; Community Relations</div><div>Customer Privacy</div><div>Data Security</div><div>Access &amp; Affordability</div><div>Product Quality &amp; Safety</div><div>Customer Welfare</div><div>Selling Practices &amp; Product Labeling</div></div><div><ul style="list-style-type: none"><li>• Risks related to collection, retention, use, and potential breach of sensitive/confidential user information</li><li>• Ability to ensure access and affordability to products and services with universal need (healthcare, utilities, financial services)</li><li>• Potential for unintended health or safety risks to end users from using products or services</li><li>• Concern for the effect of product on customer and society welfare (e.g., nutrition of food, controlled substances)</li><li>• Transparency, accuracy, and comprehensibility of marketing statements, advertising, and labelling</li></ul></div></div>  |
| S     | Human Capital               | <div><div><div>Labor Practices</div><div>Employee Health &amp; Safety</div><div>Employee Engagement, Diversity &amp; Inclusion</div></div><div><ul style="list-style-type: none"><li>• Ability to uphold labor standards in compliance with labor laws and global norms (e.g., fair wages, no child labor)</li><li>• Ability to create and maintain a safe and healthy workplace free of injuries, fatalities, and illness</li><li>• Ability to ensure that culture, hiring, and promotion practices embrace a diverse and inclusive workforce</li></ul></div></div>   |
|       | Business Model & Innovation | <div><div><div>Product Design &amp; Lifecycle Management</div><div>Business Model Resilience</div><div>Supply Chain Management</div><div>Materials Sourcing &amp; Efficiency</div><div>Physical Impacts of Climate Change</div></div><div><ul style="list-style-type: none"><li>• Management of lifecycle impact of products and services (e.g., packaging, distribution method, disposal) Industry's capacity to manage risks and opportunities from social, political, and environmental transitions in status quo</li><li>• Impact from environmental and social externalities created by suppliers (e.g., emissions, human rights, labor practices, corruption)</li><li>• Issues of resilience of materials supply chains to impacts of climate change and social factors</li><li>• Ability to manage risks and opportunities from assets and operations exposed to physical impact of climate change (e.g., sea level rise)</li></ul></div></div>   |
|       | Leadership & Governance     | <div><div><div>Business Ethics</div><div>Competitive Behavior</div><div>Management of Legal &amp; Regulatory Environment</div><div>Critical Incident Risk Management</div><div>Systemic Risk Management</div></div><div><ul style="list-style-type: none"><li>• Upholding ethical conduct of business (e.g., avoidance of fraud, corruption, bribery, fiduciary responsibilities)</li><li>• Management of legal and social expectation around anti-competitive practices (e.g., collusion, price fixing, manipulation, IP)</li><li>• Engagement with regulators where there are conflicting corporate and public interests (e.g., lobbying for favorable policies or incentives)</li><li>• Systems and scenario planning to identify, understand, and mitigate accidents with significant environmental or social externalities</li><li>• Mechanisms to reduce contribution to (or erect safeguards against) systemic risks including financial crises, supply/demand shocks</li></ul></div></div> |
| G     |                             |  |
|       |                             |  |

Credit: SASB

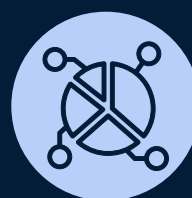


## ESG AT ACTIVATE

## Post-Investment

BOARD  
OVERSIGHT

Strong governance is key to our strategy. We sit on 95% (20/21) of our active portfolio company boards (including Observer seats, as of June 2024) and sat on 100% at investment inception. Via our board engagement, we lean in on company strategy and operations, including ESG and impact measurement/management. We believe clear, quantified impact and managed ESG risks can be differentiators in exit valuations, and we discuss this with our CEOs.

COMMITTEE  
REPRESENTATION

We view subcommittee board representation as a pivotal tool for exerting influence and raising awareness. For example, through the compensation committee, we work with management to establish the right financial and operational targets, incorporating ESG metrics appropriate for that business and its stage of development.

ACTIVE  
ENGAGEMENT

Post-investment is where the collaboration on ESG truly begins. For some of our earlier-stage companies, this can mean having a conversation about why certain ESG factors are material for their business. For others, it can involve helping them shape their ESG policy, create a set of metrics, or bring best practices to life, e.g., recruiting Board members or executives from diverse backgrounds.



## REPORTING

We ask companies to prepare customized metrics for their business that measure their progress on ESG goals and complete an annual ESG and impact survey. This practice drives visibility into ESG metrics beyond what is included within board decks and often sparks ad-hoc conversations.

CONTINUOUS  
IMPROVEMENT

We always strive to improve our ESG practices and serve as leaders in the community. We actively collaborate with other investors to establish best practices. Despite the competitive nature of the venture industry, we co-founded (along with Energize Capital) the Climate Tech Impact & ESG Working Group, which includes our climate tech peers and focuses on sharing best practices.





## ESG ACROSS OUR PORTFOLIO

# Environmental

## Climate Strategy

Activate's focus is on the positive impact that our portfolio companies enable around producing clean energy and/or reducing emissions. However, given the importance of building business models that can scale sustainably, we continue to track and engage with our portfolio on their direct emissions as well. Both Generate Capital and Sympower have long-term decarbonization strategies in place with board oversight, and an additional five companies plan to establish climate strategies in the next two years.







ENVIRONMENTAL

## Portfolio Emissions

Since 2021, we have reported on Scope 1, 2, and travel-related Scope 3.

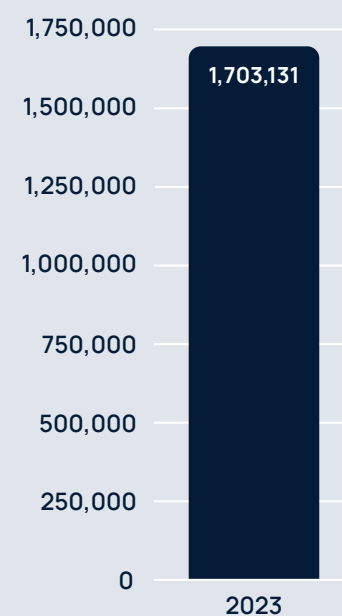
Emissions from our portfolio increased substantially in 2023 primarily due to growth in the portfolio's underlying assets, and particularly in companies that have direct operating assets considered within their Scope 1-2.

We have been happy to see a trend of increasingly more portfolio companies reporting on Scope 3 categories beyond business travel—with five doing so for 2023, up from just one in 2022.

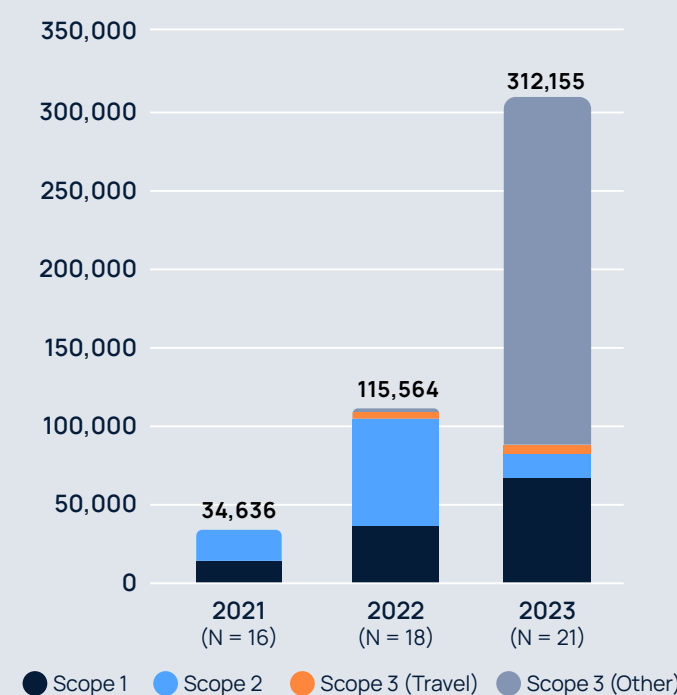
For simplicity, below we continue to split out business travel-related Scope 3 for ease of comparability.

Going forward, we will consider expanding beyond collecting travel-related Scope 3 data and encourage more portfolio companies to measure their other material Scope 3 categories. While we work with our portfolio companies to reduce their direct emissions where possible, we are proud that their avoided emissions, i.e., the reductions/avoidance they enable, amount to >5x their direct footprints.

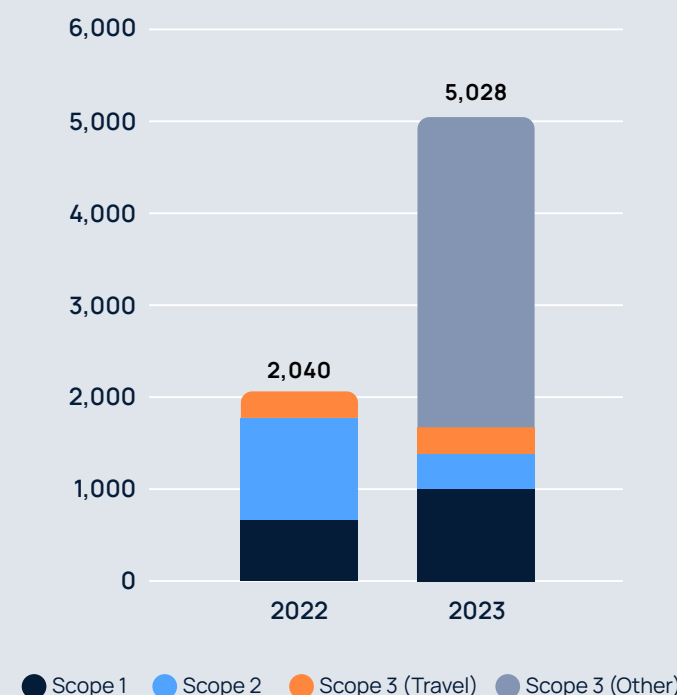
### Emissions Avoided (tons CO2e)



### Portfolio Emissions (tons CO2e)



### Financed Emissions (tons CO2e)



## MEASUREMENT APPROACHES

We work with Metric ESG, a sustainability and ESG provider, to leverage portfolio company utility bills, travel information, and other data sources to estimate Scope 1-3 emissions. Several portfolio companies have existing preferred providers for emissions estimates; therefore, some data may not be fully comparable, especially with regard to Scope 3 categories.

## PORTFOLIO HIGHLIGHTS



Has decarbonization ambitions for their Scope 1 and 2 emissions. Key 2023 accomplishments included advising internal and portfolio company teams on commercial matters related to environmental attributes by supporting development of new revenue streams via the sale of carbon offsets and other credit-based mechanisms.



Purchases removal credits with tonnage equivalent to their Scope 1, 2, and 3 operational emissions.



Purchased carbon credits for beyond value chain contributions as related to the impact of shipping products.



## ESG ACROSS OUR PORTFOLIO

## Social

We were happy to contribute to DiversityVC's diversity term sheet clause in 2023, and recently joined ILPA's Diversity in Action initiative to further transparency and emphasis on diversity within startups.

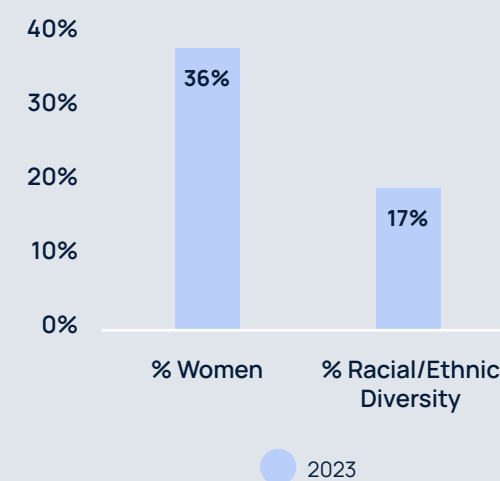
## DATA HIGHLIGHTS

We use industry-level benchmarks from Metric ESG based on company stage to benchmark the diversity in our portfolio companies. This year, we used the Series A-E startup benchmark, with a sample size of ~800. We use this information for transparency and as a guide in helping our portfolio companies improve their approaches.

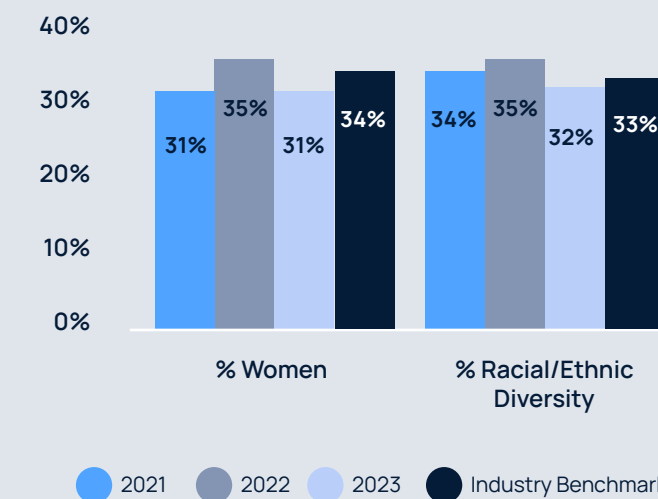
SEE APPENDIX FOR MORE DETAILS ON METRIC ESG.

In line with the ILPA Diversity in Action initiative, Activate is beginning to track diversity within managerial roles one level deeper in the organization than the C-suite. We believe this metric can be particularly helpful given varying definitions of the C-suite (often just co-founders) and the higher responsiveness of this metric to hiring and internal promotions. All of our companies have female representation at this managerial level.

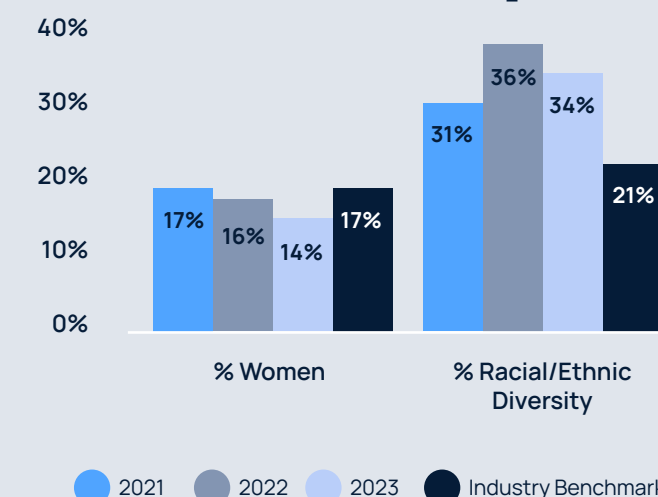
## C-Suite Minus 1 Diversity



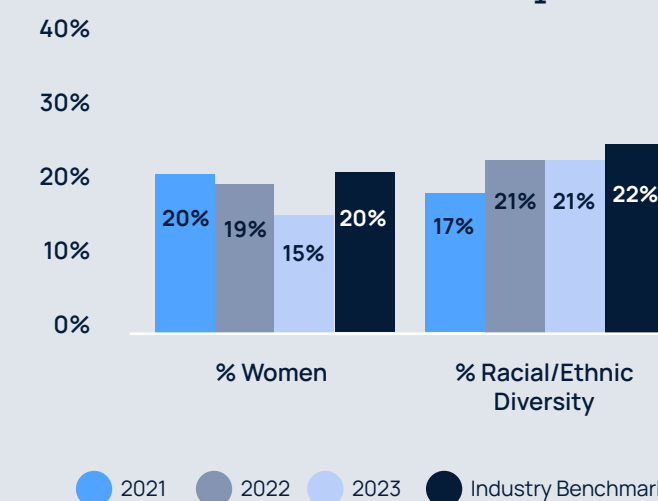
## Team Diversity



## Board Diversity



## C-Suite Diversity



## SOCIAL

The team diversity across our portfolio companies has remained fairly stable and near benchmarks over time, accounting for minor annual changes and new companies added.

The boards we sit on are well above the benchmark for ethnic/racial diversity at this company stage. However, 2023 saw a drop in the percent of female board members across our portfolio, driven by a combination of board seat changes and new investments.

Our companies' ethnic diversity continues to be close to the broader industry benchmark, though we have more work to do in terms of female leadership. 62% of companies have at least one woman in their C-suite.





# Impact Certifications

## THREE PORTFOLIO COMPANIES ARE B CORPS

B Corp Certification is done by B Lab (a nonprofit) for companies that demonstrate high social and environmental performance and make a legal commitment to be accountable to all stakeholders.



SINCE 2021



SINCE 2022



SINCE 2023



## GENERATE CAPITAL HAS BEEN A PUBLIC BENEFIT CORPORATION (PBC) SINCE 2021

Public Benefit Corporation is a legal entity that includes a "public benefit" in its Certificate of Incorporation, beyond consideration for direct shareholders alone.

SINCE 2021



## PORTFOLIO HIGHLIGHTS

### RIDECCELL

Ridecell has a team recruitment process in place that includes diversity goals, interview training to eliminate unconscious biases, varied recruitment channels, and ongoing tracking to analyze diversity metrics and program effectiveness.

### Flexe

For senior-level positions, Flexe strives to interview at least two candidates from underrepresented groups.

Flexe also has unconscious bias and inclusive hiring training, and employee-led diversity groups for underrepresented groups.

### Enpal.

Hired a Senior Manager of ESG to their Corporate & Regulatory Affairs team, who will foster a holistic approach to sustainability.

## COMMUNITY HIGHLIGHTS



Tomorrow.io and their associated 501©(3) non-profit TomorrowNow offer a platform that is being used to modernize weather forecasting infrastructure across the developing world, helping vulnerable populations to better anticipate and respond to the effects of climate change.



## EMPLOYEE ENGAGEMENT



85%

average response rate  
of employees to  
engagement surveys



81%

of responding companies  
survey employees at least annually  
(UP FROM 78% LAST YEAR)



80%

average employee  
satisfaction score across  
reporting companies



15%

annual voluntary employee turnover,\*  
in line with industry benchmarks.

\*Turnover is calculated as departing  
employees in 2023 divided by  
EOY 2022 employees and excludes  
terminations and reductions in force.



SOCIAL

## JOB CREATION



7,750

employees at our  
portfolio companies  
(YEAR-END 2023)



1,185

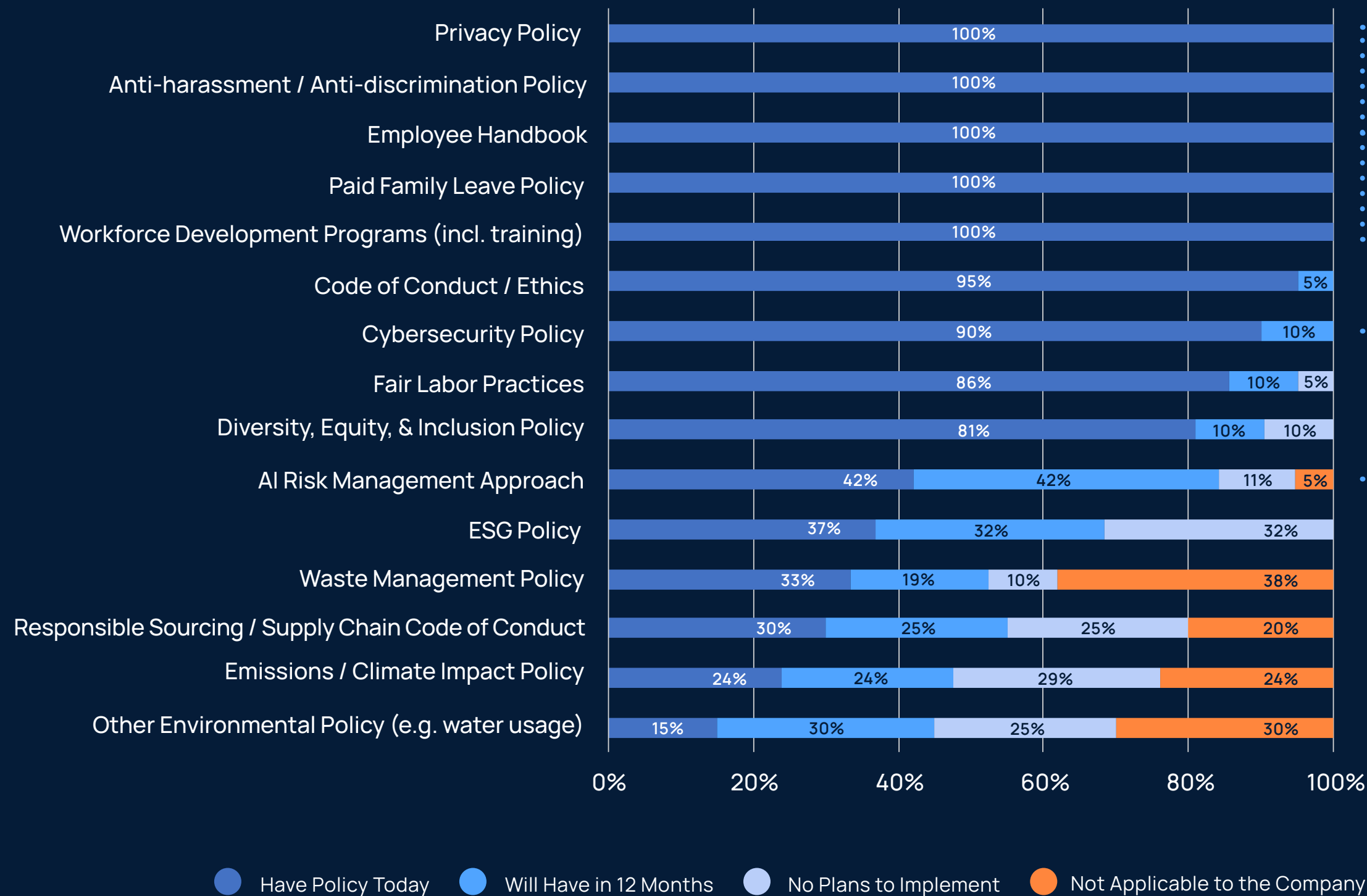
net new jobs created across  
our portfolio in 2023





## ESG AT ACTIVATE

### Key Policy Adoption



• • • • • All of our responding companies have five key policies in place.

• • • • • Beyond cybersecurity policies in place, 11 of our portfolio companies have SOC2 compliance (mix of Type 1 and 2).

• • • • • New this year was a question on AI risk management approach. Activate is mindful of the new risks and opportunities brought by improved compute and the rise of AI, as also reflected in our decision to become a signatory of the Responsible AI Commitment (see Partnerships section).

### POLICY ADOPTION

New to this year's survey, cybersecurity has been separated from data privacy, and additional questions have been added: the presence of an employee handbook, ESG policy, anti-harassment policy, and AI risk management approach. We firmly believe that clear communication and enforcement of workplace policies support the longevity and sustainability of organizations and drive long-term value.





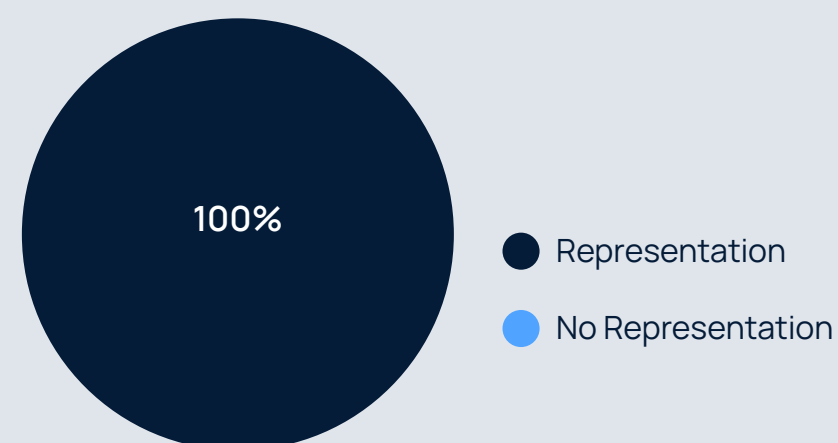
## GOVERNANCE

## Actively Governing Our Portfolio

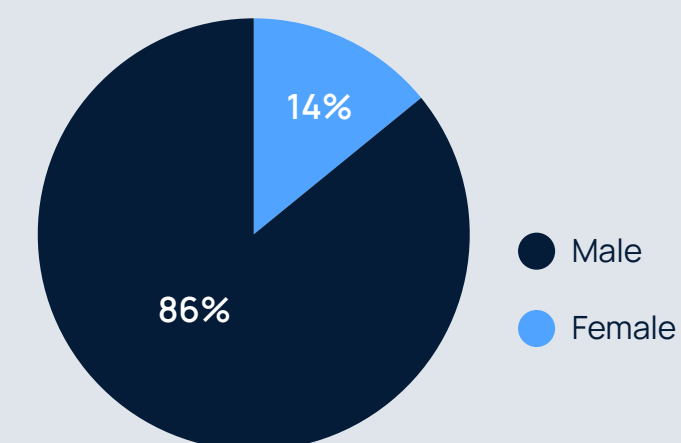
Strong board governance is one of the most powerful levers to support companies as they grow, and to drive attention to their impact and ESG performance. To this end, we seek out board and/or board observer seats for all our investments, regardless of whether we lead the round or follow.

Since 2022, all our lead term sheets have included a clause on ESG, and, at minimum, required annual ESG reporting to the board and the development of appropriate ESG reporting management policies.

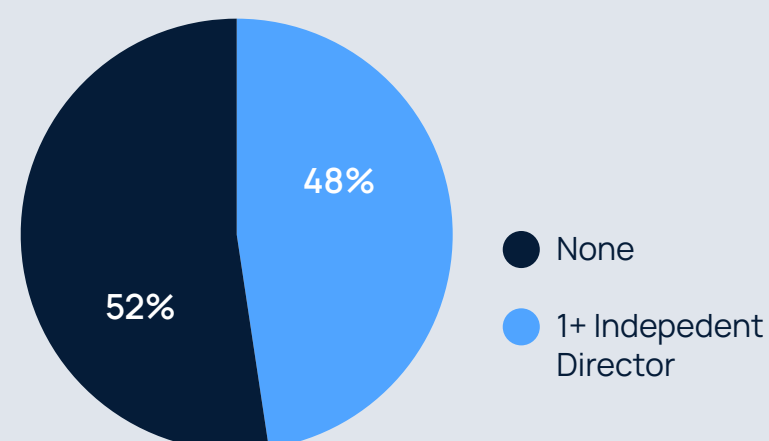
### Activate Board Representation at Initial Investment



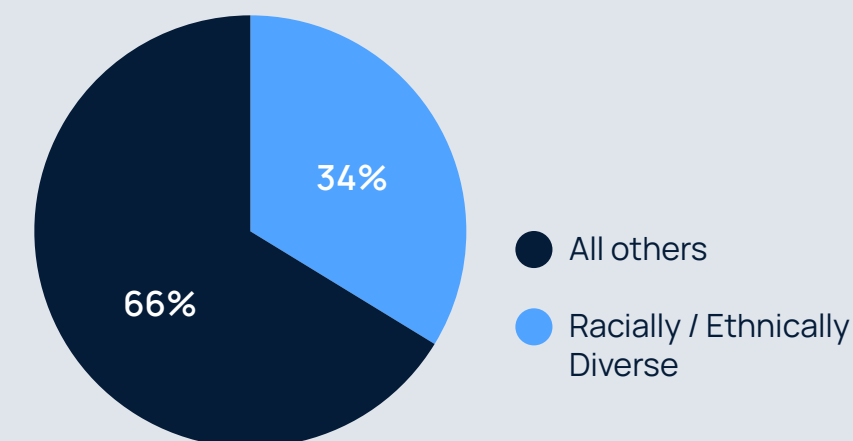
### Board Diversity: Gender



### Companies with at Least One Independent on the Board



### Board Diversity: Racial / Ethnic



In alignment with the corporate finance institute and major stock exchanges, we define Independent Directors as non-management, non-investor parties with no material relationship (financial interest) with the company.





# PORTFOLIO IMPACT HIGHLIGHTS



INVESTMENT THEME

IMPACT AREA

RATIONALE

EXISTING PORTFOLIO

NEW IN 2023

Sustainability



Hardening the Grid

The shift to renewables is core to climate progress but brings intermittency challenges and strains to transmission/distribution infrastructure.

QMNIDIAN

WeaveGrid

stem

voltus

sympower

lunar energy



Democratizing Clean Energy Access

Accessing clean energy infrastructure, e.g., solar, can be complex for individuals and corporations alike, slowing adoption.

PosiGen

GENERATE

Enpal.



Electrifying Mobility and Building Smart Cities

Reducing emissions from transportation and daily life relies on achieving fewer and cleaner trips for passengers and goods and adding intelligence layers to cities and buildings.



STREETLIGHT DATA

VOLTA

scoop

Passport

RIDECELL



Improving Supply Chain Resiliency

Modern supply chains can be inefficient (long cycle times, inefficient networks) and subject to disruption by macro economic events.



Optimal Dynamics

Flexe

KLEARNOW



Reindustrializing Sustainably

The way that goods are produced must evolve as a result of both sustainability and global competition, driving a need for smart solutions that improve output, reduce downtime, and shift to cost-effective clean energy sources.



PARSABLE

fictiv



Strengthening Critical Infrastructure

Infrastructure that drives energy, movement, and production needs to meet the moment of the energy transition and other modernization efforts, which bring a shift towards increased connectivity, distributed resources, and more.

SWIMLANE



NOZOMI NETWORKS



Protecting Homes and Livelihoods

The undeniable effects of climate change are already upon us, negatively impacting those living in disaster-prone areas.

HOME

kin.

(2024 INVESTMENT)



Driving Visibility via Data Platforms

Adaptation can only be effective with predictability; data platforms bring an intelligence layer that supports decision-making.

Altana

tomorrow.io

**Note**  
Graphic includes majority of investments since firm inception, inclusive of some exited investments



PORTFOLIO COMPANY SDG MAPPING

Activate is dedicated to ensuring that our investments align with the United Nations Sustainable Development Goals (SDGs).

To drive specificity in our mapping, we matched our portfolio companies' business models with SDGs based on the 230 indicators (metrics) attached to the 17 headline SDGs.

| PORTFOLIO        | TOTAL | CLIMATE-RELATED SDGS |    |    |    |    | OTHER SDGS |   |   |   |   |    |
|------------------|-------|----------------------|----|----|----|----|------------|---|---|---|---|----|
|                  |       | 7                    | 9  | 11 | 12 | 13 | 1          | 2 | 3 | 6 | 8 | 16 |
| Generate Capital | 7     | •                    | •  |    | •  | •  |            | • | • | • |   |    |
| Tomorrow.io      | 6     | •                    | •  | •  |    | •  |            |   | • |   | • |    |
| PosiGen          | 5     | •                    | •  |    |    | •  | •          |   | • |   |   |    |
| Voltus           | 4     | •                    | •  |    |    | •  |            |   | • |   |   |    |
| Omnidian         | 4     | •                    | •  |    |    | •  |            |   | • |   |   |    |
| Sympower         | 4     | •                    | •  |    |    | •  |            |   | • |   |   |    |
| WeaveGrid        | 4     | •                    | •  | •  |    | •  |            |   |   |   |   |    |
| Enpal            | 4     | •                    | •  |    |    | •  |            |   | • |   |   |    |
| Lunar            | 4     | •                    | •  |    |    | •  |            |   | • |   |   |    |
| Parsable         | 3     |                      | •  |    | •  |    |            |   |   |   | • |    |
| Fictiv           | 3     |                      | •  |    | •  |    |            |   |   |   | • |    |
| Optimal Dynamics | 3     |                      | •  | •  |    |    |            |   |   |   | • |    |
| Ridecell         | 2     |                      |    | •  |    |    |            |   |   |   | • |    |
| Nozomi Networks  | 2     | •                    | •  |    |    |    |            |   |   |   |   |    |
| Flexe            | 2     |                      | •  |    |    |    |            |   |   |   | • |    |
| KlearNow         | 2     |                      | •  |    |    |    |            |   |   |   | • |    |
| Altana           | 2     |                      | •  |    |    |    |            |   |   |   |   | •  |
| Scoop            | 1     |                      |    | •  |    |    |            |   |   |   |   |    |
| Homee            | 1     |                      |    |    |    |    |            |   |   |   | • |    |
| Passport         | 1     |                      |    | •  |    |    |            |   |   |   |   |    |
| Swimlane         | 1     |                      | •  |    |    |    |            |   |   |   |   |    |
| TOTAL            |       | 10                   | 17 | 6  | 3  | 9  | 1          | 1 | 8 | 1 | 8 | 1  |

**SDGs**  
7: Affordable & Clean Energy; 9: Industry, Innovation & Infrastructure; 11: Sustainable Cities & Communities; 12: Responsible Consumption & Production; 13: Climate Action;  
1: No Poverty; 2: Zero Hunger; 3: Good Health & Well-Being; 6: Clean Water & Sanitation; 8: Decent Work & Economic Growth; 16: Peace, Justice & Strong Institutions



# Hardening the Grid



The shift to renewables is core to our climate ambitions but brings the challenges of intermittency and strains to transmission/distribution infrastructure.

Distributed energy resources, battery storage, and grid alternatives are key to the energy transition. \$21.4 trillion in investment would be needed in the electricity grid globally by 2050 to support a net-zero trajectory, including \$4.1 trillion just to maintain the existing grid.<sup>9</sup> Innovative solutions can help lower and avoid some of these costs. Our portfolio companies support the grid in multiple ways – ranging from residential to commercial/industrial battery storage, to demand response, to renewable asset optimization. Given the massive growth in demand, in part driven by data centers which could consume 9% of the US's electricity generation by 2030, we have all the more conviction that these solutions are needed.<sup>10</sup>



Stem is intelligent energy storage for utility-scale developers and commercial facilities. Used by some of the world's leading Fortune 500 companies, project developers, asset owners, and utilities such as Southern California Edison, Adobe, UPS, and Meta.

STEM IS CURRENTLY A PUBLIC COMPANY NYSE: STEM.



Voltus is a leading virtual power plant operator of distributed energy resources, paying energy users across the US and Canada to reduce or shift electricity use in response to grid stress, high prices, and emissions. Partners include Walmart, Chesapeake Energy, and California Resources Corporation.



Omnicidian optimizes and guarantees solar and storage performance for residential and commercial users. Trusted by over 250 of the nation's leading C&I solar developers, installers, asset owners, and operators.



WeaveGrid uses software to enable electric vehicles to strengthen the grid rather than overwhelm it. WeaveGrid has partnered with Toyota, Wallbox, DTE, and more and is available to customers of PG&E and Xcel Energy among others.



Sympower's software connects distributed energy resources owned by commercial and industrial businesses to electricity markets, optimizing energy use during times of grid stress. Active in 10 countries, working with over 180 businesses and harnessing 1.3 GW of capacity.



Lunar designs and engineers residential whole-home backup systems that can be paired with solar, driving greater contributions to the grid and to home resiliency.

DEEP DIVE FOLLOWS

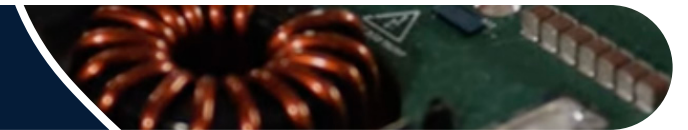
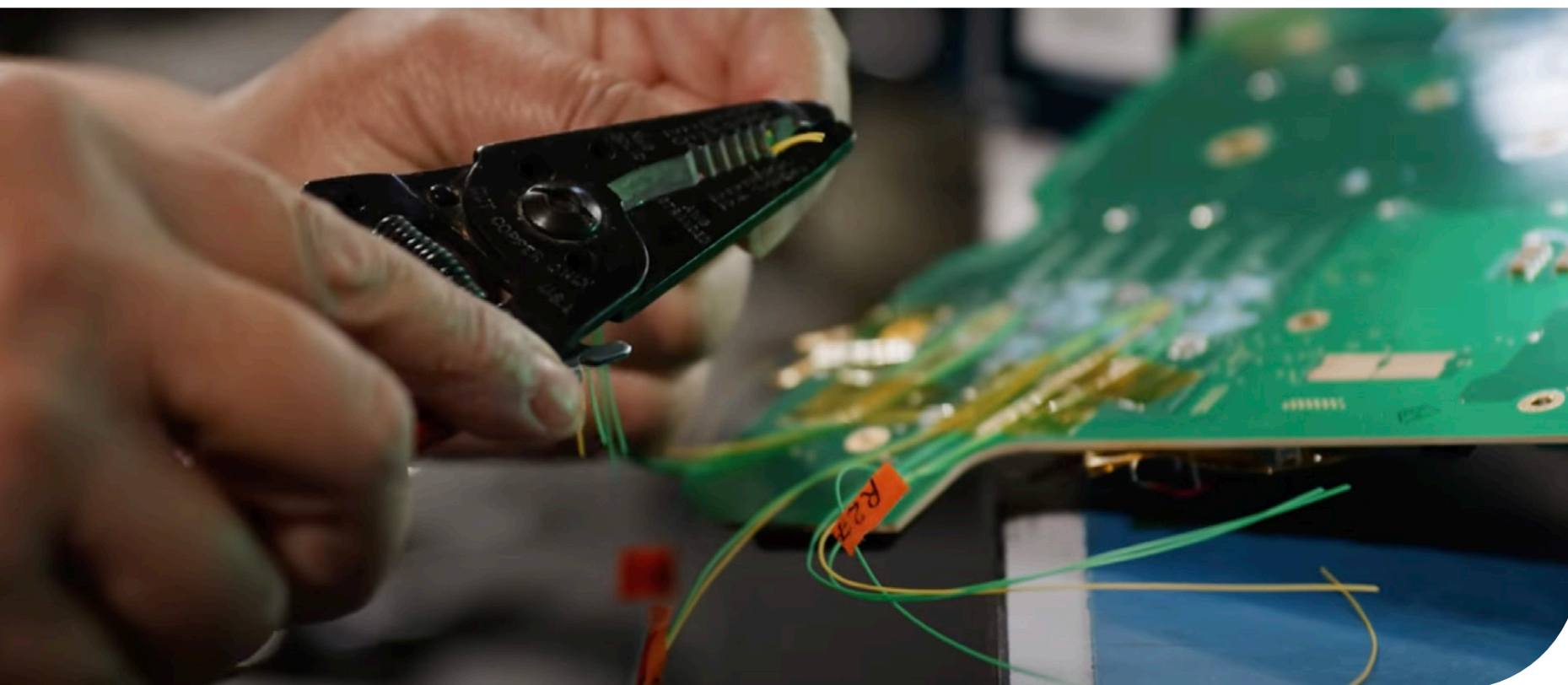


## WHAT THEY DO

# Lunar Energy

Silicon Valley-based Lunar Energy designs and engineers clean energy products with a mission to electrify and decarbonize the home.

The company took a “ground-up and design-centric” approach to developing its residential whole-home backup battery energy storage system, resulting in an improved consumer and installer experience vs. existing solutions.



## WHY IT MATTERS

Lunar supports the transition to a more resilient net-zero home.

The company's products allow homeowners to self-generate and consume zero-carbon solar generation while also providing the infrastructure to enable home electrification. In addition, Lunar's intelligent Gridshare platform helps stabilize the grid via virtual power plant optimization.







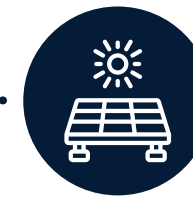
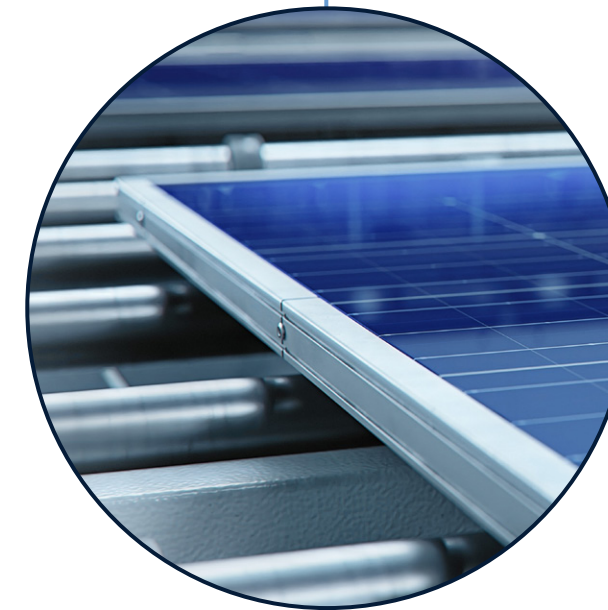
*We want to power homes all around the world with endless clean energy.*

We're building what we think is the future of hardware and software products, making it really easy for consumers to have energy in their homes, powered by solar storage, have easy control of loads from EV charging to having all electric appliances.

**KUNAL GIROTRA**  
CEO of Lunar Energy

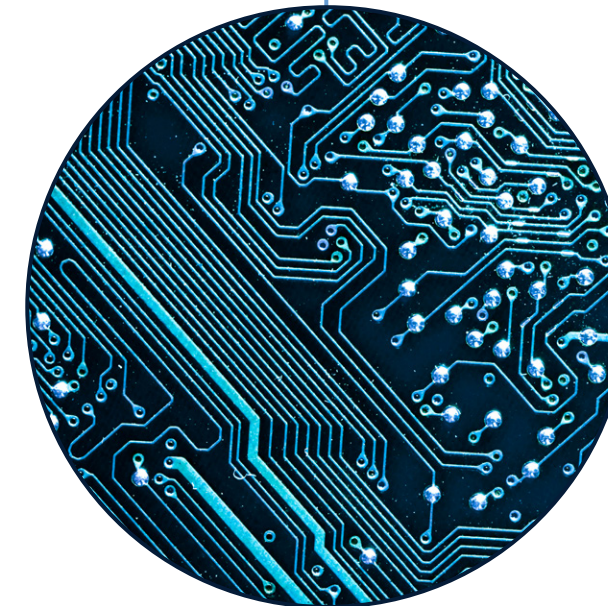


#### BY THE NUMBERS



80%

potential reduction in CO2 emissions for households with solar plus storage<sup>11</sup>



20%

of US energy-related emissions come from households<sup>12</sup>



# Democratizing Clean Energy



Accessing clean energy infrastructure (e.g., solar) can be challenging for individuals and corporations alike.

Financing-focused companies can simplify the process and make it affordable. Part of the solution stems from turning a capex decision into an opex decision. Providing end-to-end services for corporations and individual households without requiring them to take on upfront risks eases the path to adoption. The intersection of falling technology costs paired with a large unaddressed market (e.g. residential solar penetration in the US is only 4%) make for an exciting outlook for distributed energy resources.<sup>13</sup>

## GENERATE

Generate brings an "Infrastructure-as-a-Service" approach to finance smaller-scale renewable energy and energy efficiency assets that are not supported by traditional finance players. Since its inception, Generate has helped to produce over 320GWh of sustainable power and process more than 715Kt of organic waste.

## PosiGen

PosiGen provides solar and energy efficiency leasing to low- and middle-income homeowners, simplifying and improving access to the shift to clean energy. PosiGen has worked with over 25,000 families across seven states since inception, saving over 750 million kWh.

## Enpal.

Enpal is a leading European installer and lease provider for solar and other home electrification (e.g., electric vehicle chargers, heat pumps, batteries). Over 60,000 homeowners have switched to solar with Enpal.

DEEP DIVE FOLLOWS





## WHAT THEY DO

# Enpal

Enpal is a leading German provider of end-to-end home energy solutions, including solar, storage, heat pumps, EV charging, and smart energy management.

The company empowers consumers to become independent from fossil fuels and control their home's energy by offering a simple and affordable solution: Enpal installs, finances, and maintains distributed energy systems in exchange for a single monthly payment.



## Enpal.

## WHY IT MATTERS

Following the European energy crisis, governments, businesses, and households are eager to transition away from fossil fuel-based generation and adopt clean energy solutions.

Enpal makes this adoption simple by providing a flexible solution for its customers—saving them money and helping them gain energy independence. Through its installed base of 65,000+ systems, Enpal is helping to decarbonize and create a more resilient grid.







## *Fighting climate change is the greatest challenge of the 21st century.*

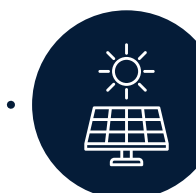
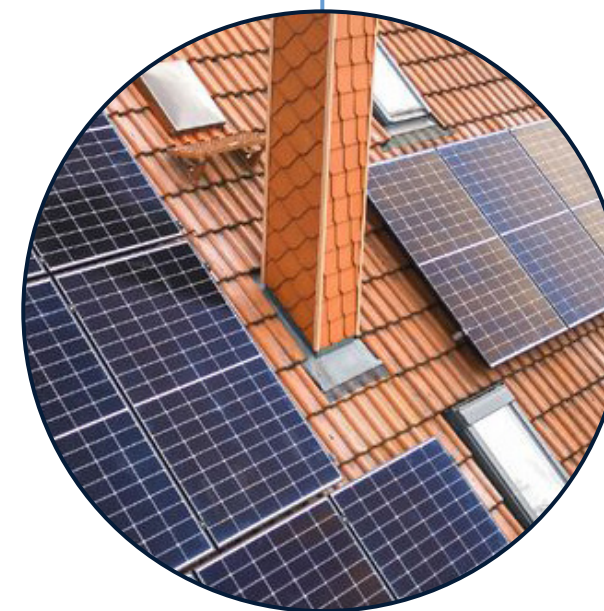
We want to help tackle this global problem by putting solar panels on every roof, a battery in every home, and a wall box electric vehicle in front of every door. We're thrilled to have on board the world's leading cleantech investors who support our mission to make green energy easy, affordable, and accessible to every household. By joining forces, we can multiply our efforts to reduce carbon emissions, thereby paving the way towards a more sustainable society.

**MARIO KOHLE**  
CEO of Enpal



# Enpal.

## BY THE NUMBERS



### 65K+

installed systems



### 553 GWh

of clean energy generated



### 346K

metric tons of CO2e avoided



# Electrifying Mobility and Building Smart Cities



As economies evolve, the way we move around and interact with our urban environments will simultaneously change. The rise of connectivity and IoT devices is opening up new possibilities to improve infrastructure, travel patterns, and the way we interact with our environments. At the same time, we are observing a rise in electric vehicles, which can simultaneously provide improved driving experiences, bring down total cost of ownership, and reduce emissions from passenger vehicles, which currently make up 16% of total US emissions.<sup>14</sup> Activate's portfolio companies help to create more efficient, connected urban environments and mobility systems.

## VOLTA

Volta Charging is a nationwide network of free electric vehicle charging stations that are supported by sponsor brands. Volta has installed over 3.6K chargers across the country.

VOLTA WENT PUBLIC IN 2021 AND WAS LATER ACQUIRED BY SHELL.



StreetLight Data is a transportation data platform that enables smart city planning, including via reducing congestion and efficiently integrating EVs. Customers include the Department of Transportation, BCG, Stantec, the City of Toronto, and more.

STREETLIGHT WAS ACQUIRED BY JACOBS ENGINEERING IN 2022.

## RIDECCELL

Ridecell helps fleets ranging from shared mobility services to delivery vehicles digitize their operations and run more efficiently. Today Ridecell powers some of the most successful fleet businesses in cities across North America and Europe, including Arvol, GIG Car Share, Thrifty, and KINTO.

## Passport

Passport is a mobility management platform to power and operate mobile pay parking, parking enforcement, digital permitting, payments and more. Used by over 800 cities, including Chicago, Kansas City, and Toronto.

## scoop

Scoop offers planning tools to manage the complexities of hybrid work. Scoop works with customers including Starbucks, Forbes, Albertons, Mercedes-Benz, Liberty Mutual and more to help optimize their teams' productivity.





# Improving Supply Chain Resiliency



Modern supply chains can be inefficient with long cycle times and complex networks, and are subject to disruption by macroeconomic events and bad actors.

These disruptions have real consequences for consumer affordability, predictability, and the ability to simultaneously pursue geopolitical/human rights interests and sustainability. Consumers are also increasingly interested in where and how their goods are made, making transparency valuable.

To meet this moment, supply chains need to become transparent, reliable, and flexible. This represents a massive addressable market, sitting within the broader \$1.6 trillion dollar US logistics industry.<sup>15</sup> Our companies span across supply chains, addressing challenges from long-haul transport to warehousing to ground transport and last-mile delivery.

## Flexe

Flexe delivers technology-powered, omnichannel logistics programs to large brands and retailers.



## Optimal Dynamics

Optimal Dynamics provides AI-powered solutions to optimize trucking operations. Optimal Dynamics has partnered with dozens of the industry's largest truckload carriers and has more than 16,000 trucks under contract.

## KLEARNOW

KlearNow provides a solution for logistics and supply chain management, with an AI platform for shipping and customs companies. 1,350+ companies trust KlearNow with their supply chain management.



# Reindustrializing Sustainably



Optimizing manufacturing represents a massive opportunity: improvements to downtime, product waste, and labor productivity are critical in a globally-competitive world. Technology advances have unlocked the potential of distributed production, more local supply chains, and many other efficiency gains which can bring both resiliency and sustainability benefits. As a result of recent supply chain and geopolitical disruption, these advancements are being met with a resurgence in manufacturing in the United States and other industrialized economies. 2023 saw nearly 3x the construction spend on manufacturing than the average across the prior decade in the US.<sup>16</sup> Activate's investments in reindustrialization help manufacturers meet evolving market needs by optimizing productivity. Efficient systems of production are fundamentally more sustainable.

## fictiv

Fictiv provides custom, on-demand manufacturing that increases flexibility and reduces iterations and waste in creating new products. Supplying industry leaders including Medtronic, Ford, Google, and Honeywell.

## PARSABLE

Parsable serves end markets such as manufacturing, energy, packaged goods, materials, and aerospace, Parsable's 'Connected Worker' cloud platform helps customers move away from static, paper-based procedures and towards a mobile-first paradigm of industrial operations— increasing productivity and safety. Trusted by customers including Coca Cola, Cemex, Suntory, and Heineken.





# Strengthening Critical Infrastructure



The success of the energy transition is dependent on reliable critical infrastructure, including our energy and production systems. But the resiliency of these systems cannot be taken for granted: as an example, the electric grid is growing more vulnerable to cyberattacks (with the number of susceptible points increasing by about 60 per day) just as the number of cyber threats rise.<sup>17</sup> In addition to threats to legacy systems, the integration of new, distributed technologies can bring different areas of vulnerability. Activate's portfolio companies work to protect critical infrastructure through cybersecurity solutions, asset monitoring, and more.



Nozomi provides cybersecurity for connected, industrial assets—including operational technology (OT)—by connecting to critical equipment and using AI to identify and manage cyber risks. They provide real-time threat visibility and resiliency for critical infrastructure such as power plants and transmission.



Swimlane is a leader in security orchestration, automation, and response (SOAR) providing a purpose-built platform for security organizations to proactively respond to security threats. Customers include Bloomberg, Homeland Security, Toshiba, Chubb, and more.





# Protecting Homes & Livelihoods



The world is already locked in to at least 1.1 degrees Celsius of warming, which has implications on extreme weather, sea level rise, drought, and more.<sup>18</sup> With every additional amount of temperature rise, more people will be exposed to heatwaves, weather events, and other disasters of increasing frequency and severity. Our communities were not originally built with these events in mind, and while an ongoing focus on climate mitigation is important a focus on adaptation is also needed in acknowledgement of the already-observable impacts of climate change. Activate's portfolio companies help financially and physically protect assets from the impacts of climate change, while helping to align incentives to implement resiliency-focused upgrades.



Homee combines an automated claims processing workflow with a network of 20,000+ registered contractors to deliver a better experience for insurance policyholders. As homes adopt more complex electrical appliances, e.g., solar, storage, heat pumps, EVs, and extreme weather events continue to become more severe, HOMEe is positioned to help the insurance industry serve customers effectively.



(NEW INVESTMENT IN 2024)

Kin is a direct-to-consumer, tech-enabled insurer with an initial focus on areas prone to climate disruption. Kin operates in eight states and serves 115,000+ policyholders. Kin's competitive edge lies in its advanced and nimble underlying data infrastructure—by analyzing thousands of data points about each property, Kin can accurately assess risks and identify homes that are most resilient to extreme weather, as well as suggest upgrades to homes.





# Driving Visibility Via Data Platforms



Building resiliency in the face of increased volatility cannot take place without a foundation in accurate data. Climate and global disruption will have wide-reaching consequences across supply chains, business operations, and financial systems, requiring new data platforms to aggregate and make sense of emerging variables. Activate's portfolio companies leverage proprietary data sources to bring unique insights to their customers, allowing them to stay ahead in a quickly changing environment.

## Altana

Altana provides a dynamic, intelligent map of the global supply chain. Customers include Prologis, Maersk, the US Department of Defense, and the Department of Homeland Security.



Tomorrow.io is a weather intelligence company that captures proprietary data from space and feeds models with original observations and measurements. Customers include Ford, National Grid, Uber, and Delta.

DEEP DIVE FOLLOWS





## WHAT THEY DO

# Tomorrow.io

Boston-based Tomorrow.io is a pioneering weather intelligence company that provides climate resilience services to businesses and countries around the world.

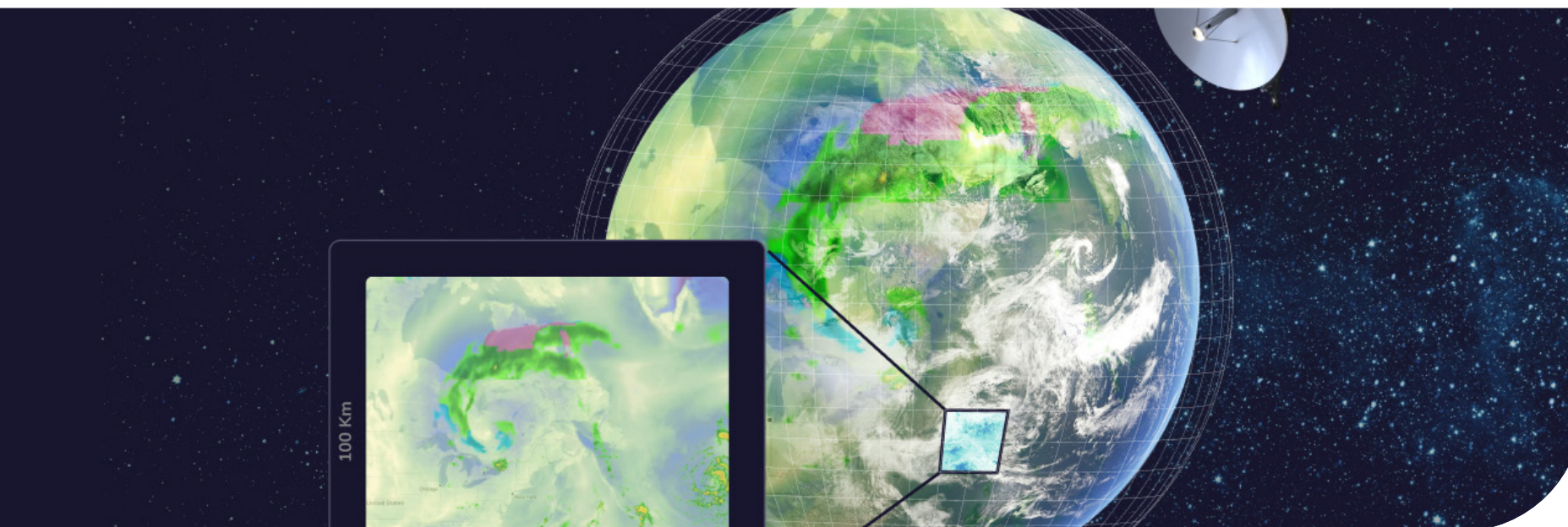
From flight scheduling to disaster preparedness, Tomorrow.io can integrate seamlessly with enterprise operating systems, empowering customers to proactively anticipate, communicate, and respond to weather-related challenges impacting their assets, operations, and safety.



## WHY IT MATTERS

As weather becomes increasingly dynamic and intense, governments and businesses face growing threats to the safety of their communities and the resiliency of their operations.

For example, Tomorrow.io can help farmers optimize irrigation and crop yield, airlines minimize fuel consumption and emissions, and governments distribute lifesaving early warning information.







*About five billion people live outside of reliable weather radar coverage today, leading to a huge gap in the quality and availability of life-saving weather information.*

Those most impacted by climate change are the least equipped to deal with it today, and we are taking a major step to fix this. As the planet moves into an era of climate-induced weather catastrophes, food insecurity, and new levels of volatility and risk, Tomorrow.io's constellation will power climate adaptation for generations to come.

**REI GOFFER**

Chief Strategy Officer and Co-Founder of Tomorrow.io



## BY THE NUMBERS



150+

businesses and governments empowered to drive climate adaptation at scale with Tomorrow.io's weather and climate security platform



40M

airline passengers kept safe from weather impacts annually via Tomorrow.io's platform



15M+

severe, hyperlocal weather alerts sent to individuals via Tomorrow.io's consumer platform



# PARTNERSHIPS







PARTNERSHIPS

We engage with relevant groups in the venture capital community to ensure that we continue to identify and mitigate ESG risks most material to the companies we invest in and industries that we operate in within a shifting landscape.

We see our partnerships as both an opportunity to learn and, in many cases, an opportunity to contribute our learnings and best practices to the venture ESG/impact community. While our memberships and affiliations are subject to change, we are currently affiliated with the following organizations.

Climate Impact

| ORGANIZATION   | ACTIVATE JOINED | DESCRIPTION   | INVOLVEMENT  |
|--|-----------------|---|--|
| <br>Private equity action on climate change | 2023            | A global, practitioner-led community of over 200 private markets firms and investors that seek to better understand and manage the risks associated with climate change.  | Activate regularly participates in meetings where best practices are shared. |
| <br>CLEANTECH LEADERS<br>CLIMATE FORUM      | 2022            | A diverse group of investors and entrepreneurs for the purpose of idea sharing and building a supportive and collegial fellowship to accelerate decarbonization, the energy transition, and climate adaptation solutions. | Activate has co-hosted and sponsored multiple climate tech events with CTLR. |



Social (Diversity)

| ORGANIZATION  | ACTIVATE JOINED | DESCRIPTION  | INVOLVEMENT   |
|---|-----------------|--|---|
|    | 2024            | The ILPA Diversity in Action (DIA) initiative brings together limited partners and general partners who share a commitment to advancing diversity, equity, and inclusion in the private equity industry.         | Activate is a signatory of the ILPA DIA, intending to participate in meetings and committees, and will share diversity information with LPs as requested via the ILPA format. |
|    | 2023            | A national nonprofit working across the renewable energy economy whose mission is to accelerate the transition to a sustainable and equitable energy future by igniting the collective power of community.       | Activate participates in events.  |
|  | 2022            | Promotes a spirit of cooperation and understanding among its members to create professional opportunities for them by providing a strong network of contacts in the private equity and venture capital industry. | Activate attends in-person and virtual events.  |
|  | 2021            | Aims to strengthen women's presence in the finance field by supporting women at each career stage to achieve their career goals.   | Activate attends in-person and virtual events.  |
|  | 2020            | The pre-eminent organization for senior women leaders in private equity, they provide opportunities to network, share ideas, make deep connections with peers, and empower each other to succeed.                | Activate participates in both national and city-specific activities and events.   |



## Governance

### ORGANIZATION

### ACTIVATE JOINED

### DESCRIPTION

### INVOLVEMENT

vcbc

2023

VCBC is an association of finance professionals in the venture capital industry that provide a forum for education and networking, helping members establish best practices for their firms by leveraging the accumulated knowledge and experience of their colleagues.

Activate's COO is a board member and attends in-person and virtual events.



2023

Voluntary industry commitment focused on sharing best practices for safe AI development.

Activate signed the voluntary statement of best practices.



2019

LTO leverages collective mindshare of intel, resources, contacts, and on-the-job experience to help each other more effectively nurture the funds they support.

Activate's COO is the association's Treasurer and attends in-person and virtual events.

nvca



2017

NVCA convenes VCs and climate-focused entrepreneurs from across the country to discuss a policy agenda that focuses the tremendous power of the US startup ecosystem on climate technologies.

Activate is an active member of the NVCA's Climate and Sustainability Working Group, regularly meeting with leaders at the NVCA as well as helping organize and participating in various events and activities.



Broader ESG

| ORGANIZATION   | ACTIVATE JOINED | DESCRIPTION  | INVOLVEMENT  |
|--|-----------------|--|--|
|  <b>ESG Data Convergence Initiative</b> | 2024            | As of 2024, Activate submits portfolio-level ESG metrics to the EDCI to support its benchmarking efforts (2023 calendar year data).                                  | Activate submits portfolio company-level anonymized data in support of industry benchmarks, and engages in feedback processes to further industry alignment. |
|   | 2023            | A non-profit, global community-based organization that provides guidance on concrete ESG practices (e.g., ESG framework, ESG policy) for VC firms.                   | Activate participates in in-person events and frequently contributes to committees and working groups.   |
| <b>Climate Tech Impact &amp; ESG Working Group</b>   | 2022            | In collaboration with Energize Capital, Activate established a working group in Q3 2022 for our climate tech peers in VC to share best practices for impact and ESG. | Activate co-founded the group. With 10+ GPs and growing, the group meets quarterly to align on best practices to move the industry forward.                  |



# REFLECTIONS





## OUR PROGRESS

# Learnings from 2023

Since our inaugural 2022 report, we have continued to take steps to strengthen our ESG and impact efforts.

We believe it's important to share ideas with the broader venture ecosystem and reflect on our progress. In the spirit of accountability, we've graded ourselves with three scores: achieved/almost there, major progress, and more work to do. We recognize that some goals take longer to achieve than a year, and we continue to prioritize and progress toward them.





## OUR PROGRESS

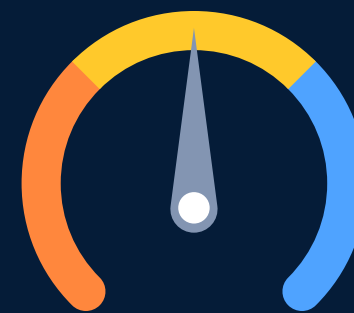
## At Activate



ACHIEVED

IMPLEMENT AN ESG-FOCUSED  
PORTFOLIO REVIEW

- Held at the end of 2023, with the first stage focused on sharing results with the full investment team, and then cascading to sharing back with management teams alongside rationale around Activate's thinking on next steps for impact and ESG.
- All term sheets issued by Activate now have an ESG clause which states that we will work closely with the management teams post our ESG diligence review to establish policies and reporting metrics post investment.



MAJOR PROGRESS

## EVOLVE REPORTING

- Requested metrics are fully aligned with the EDCI and ILPA's Diversity in Action (DIA) Initiative.
- In 2023, we added disclosures around governance as an initial step toward TCFD alignment, given our support of the initiative. However, we are not yet at the stage of running climate scenarios.



MORE WORK TO DO

## FIRM FOOTPRINT REDUCTION

- With increasing travel, we are making more conscious decisions to fly on airlines with SAF initiatives, stay in sustainable hotels, and offset our carbon footprint through carbon offsets.



## OUR PROGRESS

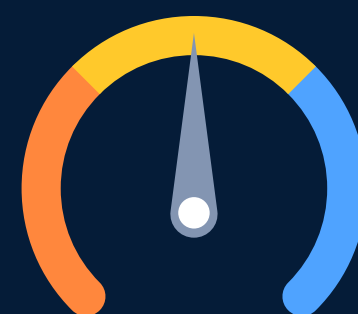
## Across Our Portfolio



ACHIEVED

INCREASE PORTFOLIO COMPANY  
RESPONSE RATE TO 100%

- Data received from 100% of active portfolio companies, up from 95% in 2022 and 89% in 2021
- Given the ongoing collaboration with our portfolio companies and their increasing awareness of material ESG factors, we are pleased that information completeness and quality have also improved



MAJOR PROGRESS

FORMALIZE ESG/IMPACT  
SUPPORT TOOLKIT

- Formalized role of ESG/impact within Activate's broader value creation toolkit
- Supported multiple companies with ESG policy creation, KPI selection, and impact measurement
- Further work to do in adding detail to expectations of companies across their maturity journey



MORE WORK TO DO

IMPROVE DIVERSITY  
IN PORTFOLIO

- Although we began tracking the CEO diversity in our pipeline prior to our last report, we have more work to do to connect with diverse founders and offer resources to our portfolio companies to manage their own diversity.



## LOOKING AHEAD

# Our Goals for 2024 and Beyond

We are proud of our progress in 2023 and look forward to continuing to improve and learn as we strive towards greater ESG and impact management maturity.

In addition to continuing to act on existing priorities from 2023, e.g., metrics and collaboration with other investors, we plan to focus on the following areas for the upcoming year:

## ACROSS OUR FIRM

1

Continue to upskill and involve the full investment team in ESG and impact value-creation opportunities

⋮

2

Assess opportunities to reduce firm emissions and centralize learnings to share back with portfolio companies as applicable

⋮

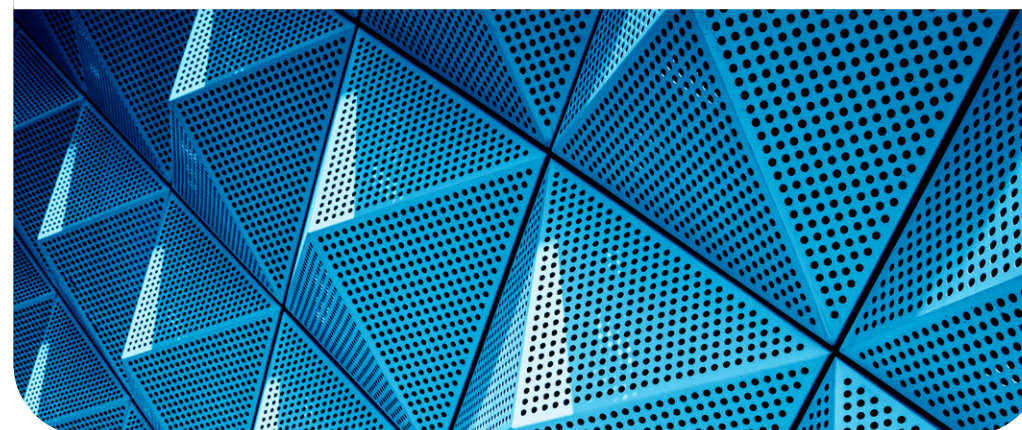
3

Work with additional venture and growth funds, co-investors to continue to standardize ESG and impact measurement and management

⋮

4

Report to EDCI (ESG Data Convergence Initiative) for both Funds I and II to contribute to industry-level benchmarking and best practice-sharing efforts



## ACROSS OUR PORTFOLIO

1

Build out an initial materials library to support portfolio companies with first steps in ESG / impact measurement

⋮

2

Work with portfolio companies to identify materiality and relevant KPIs above and beyond standardized frameworks and further integrate into board reporting.







# APPENDIX



## APPENDIX

# Data & Calculation Notes

## SCOPE OF DATA

- Given the breadth of our ESG and impact reporting, this section serves to clarify the applicability of the figures provided.
- Unless otherwise noted, all information represents the calendar year 2023.
- As of December 2023, Activate had invested in 26 companies across our two funds, of which 21 are considered active (vs. exited). We invested in an additional company (Kin Insurance) in Q1 2024; their metrics are not included in this year's report.
- All 21 active companies submitted at least some components of ESG and impact data.
- The portfolio companies that shared ESG and impact information: Altana, Enpal, Fictiv, Flexe, Generate Capital, Homee, KlearNow, Lunar Energy, Nozomi Networks, Omnidian, Optimal Dynamics, Parsable, Passport, PosiGen, Ridecell, Scoop, Swimlane, Sympower, Tomorrow.io, Voltus, and WeaveGrid.
- Unless otherwise noted below, data from these 21 companies drives metrics reported.

## DATA AVAILABILITY OVERVIEW

### Metric tons CO2e avoided:

Eight companies provided data; this information represents their impact within 2023 (vs. their lifetime enabled impact).

### GWh clean electricity generated/supported:

Six companies provided data, noting that others report in GW as, in some cases, capacity metrics are more relevant.

### Policies in place:

Between 19 and 21 companies provided data, with differences by question.

### Process/policy for diverse team recruitment:

17 companies provided data.

### Any categories within Scope 3:

15 companies provided data.

### Travel-driven Scope 3:

14 companies provided data.

We look forward to working with our portfolio companies as they continue to create and refine their impact metrics.



## CO2E EMISSIONS

- Metric ESG (see Acknowledgments section) calculated the Scope 1 and 2 for 16/21 companies (as well as for Activate). The remaining five portfolio companies worked with other external providers or in-house tools.
- The basis for all calculations is the GHG Protocol.
  - The basis for Scope 1 calculations were inputs including fuel for stationary equipment, fuel for vehicles/transport, and refrigeration/air conditioning use.
  - For Scope 2, inputs included square footage or heat/steam/electricity usage and remote work patterns.
  - ZIP-code-specific emissions factors are taken from the EPA GHG Emissions Factors Hub.
  - Location affects both average energy consumption and the emissions factor for the local grid.
  - For office electricity consumption, energy intensity per square foot and location is assessed.
- For remote employees, average in-home energy consumption attributable to working hours was evaluated based on location.
- Scope 3 calculations include both estimated emissions from flights and hotels; four portfolio company had also measured other Scope 3 categories.

## BENCHMARKING PORTFOLIO COMPANY DIVERSITY AGAINST VC PEER SET

Metric ESG has a proprietary database of diversity data across VC-backed companies. In benchmarking the diversity of our portfolio's boards, executive teams, and employees, we leveraged benchmarks that were specific to Series A to E companies. For 2023, Metric has data from a peer set of ~800 companies. In assessing our portfolio against the benchmarks, we took the straight average of diversity percentages across our portfolio companies (i.e., they were not weighted by size).





## APPENDIX

# Acknowledgements

## Portfolio Companies



We would like to thank all of the individuals who worked to assemble the data contained in this report: Altana (Kathleen Ragelis and Raphael Tehranian), Enpal (Paul Frorath and Julian Meine), Fictiv (Eddie Chen), Flexe (John Peterson), Generate Capital (Anna Mori, Andrew Hughes, and Jordan Kolpas), Homee (Tony Hayden), KlearNow (Rick Tellez), Lunar Energy (Pierre Castel and Grace Hsu), Nozomi Networks (Alexander Olson), Omnidian (Mallory Culbertson and Mark Liffmann), Optimal Dynamics (Marilia Ragazzo), Parsable (Yasmin Zarabi), Passport Labs (Brian Pope), PosiGen (Ben Healey and Omar Sakan), Ridecell (Jacqueline Cammie, Samyak Pandya, and Bhumi Shah), Scoop (Rob Sadow), Swimlane (Charles Constanti and Lindsie Upton), Sympower (Olivier Vanderfeltz), Tomorrow.io (Leigha Kemmett), Voltus (Michael Groening), and WeaveGrid (Sanjna Malpani and Nandi Chhabra).

## Metric ESG



Metric supports ESG data collection for portfolio companies and provides visibility for reporting and portfolio management, including benchmarking data and baseline measurements. We would like to thank Megan Murday, Founder and CEO and Elle Lambropoulos, Product Manager of Metric ESG, for their support.

## Miel Creative Studio



Miel Creative Studio was our design partner for this report. Miel is a full-service marketing and design studio. They are a woman-owned B Corp, HUB certified, and a member of 1% for the Planet.

## The Activate Team



We want to thank our full team for their input and partnership on this year's report, and particularly Susan Stella and Leila Martin for their leadership.

## Photography Credits



Duy Ho Photography (team photo). NASA/JPL/USGS (photo of Earth).



## CONTACT INFORMATION

Please contact Susan Stella, Head of Investor Relations & Impact, with any comments or questions at [susan@activatecap.com](mailto:susan@activatecap.com).



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Certain companies within Activate’s portfolio may have provided a limited information set as part of Activate’s measurement process, which requires Activate to make estimates related to certain metrics to determine the impact outcomes of such companies. The information contained in this report is based on the current beliefs of Activate, as well as data obtained from third parties and applicable portfolio companies. However, it is not necessarily reported according to established standards or protocols, is not guaranteed as to accuracy, is subject to change, does not purport to be complete, and should not be relied upon. Activate makes no representation or warranty, express or implied, with respect to the accuracy, reasonableness, or completeness of the information contained herein. Activate undertakes no duty or obligation to update or revise the information contained herein as a result of new information. The portfolio highlights included in this report represent a subset of investments made by Activate and have been selected as a representative example of certain ESG or impact-related themes, projects, activities and/or ventures. Such examples may be ongoing investments, and are not intended to be, and should not be construed as, investment advice or a recommendation to purchase or sell any particular security. It should not be assumed that the investments described herein will achieve their objectives. While the investments referenced in the highlight examples were selected based on nonperformance-related criteria, they may ultimately generate positive or negative returns and other similar investments not referenced in any case study examples may also generate positive or negative returns.

Certain portfolio companies identified in this report may have been partially or fully exited by Activate. It should not be assumed that any portfolio companies discussed in this report were or will be profitable. A full list of Activate’s investments can be viewed at <https://activatecap.com/portfolio>.

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## APPENDIX

## Endnotes

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