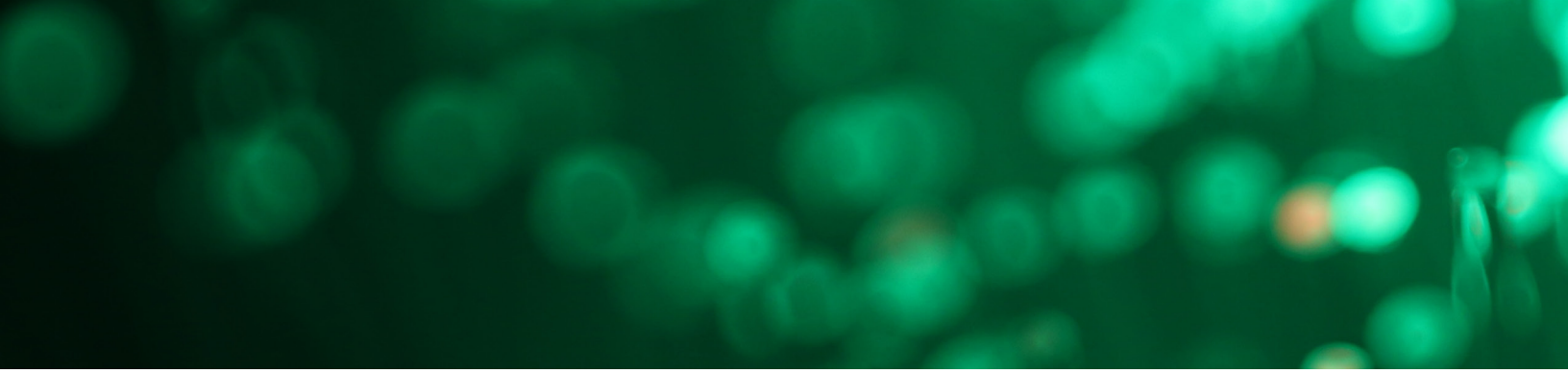

FORWARD-LOOKING ASSESSMENT OF GREENHOUSE GAS ("GHG") EMISSIONS REDUCTION

A Call to Climate Investors to Build a Shared Language, Open-Access Guidelines, and Tools to Better Assess the Greenhouse Gases ("GHG") Reduction Potential of Their Portfolio Companies

The Need: Robust and transparent emissions reduction assessments to support decision-making

Responding to the urgent threat that climate change poses to humanity, climate-tech investments hit a record $17bn in 2020, up from <$2bn in 2010.[1] The effectiveness of those investment dollars in meeting the climate challenge depends fundamentally on investors' ability to identify opportunities with greatest potential for climate impact, including risky and not-yet-fully-proven technologies, services or business models that, if successful, could fundamentally change energy systems, industrial processes, or emissions-intensive goods.

Given the range of available solutions, investors need robust and objective metrics for evaluating the potential greenhouse gas ("GHG") reduction impact of different investment opportunities. Investors have developed such metrics, but these could benefit from greater consistency and transparency for widespread adoption by all investors and their portfolio companies. Innovators and start-ups who are looking for investments are also facing challenges as they need to satisfy a multitude of stakeholders and data requests.

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[1] Source: BloombergNEF (BNEF), March 2021.

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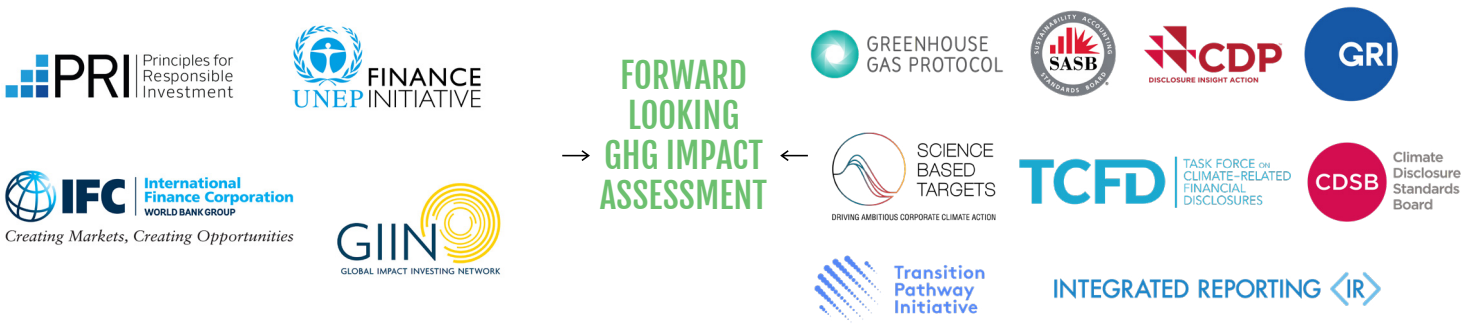
AUTODESK BCG BRIDGES Fund Management ENERGY IMPACT PARTNERS OGCI CLIMATE INVESTMENTS OIL AND GAS CLIMATE INITIATIVE Prime

Based on our collective experience in climate-focused investing, we have identified several common challenges in evaluating future emissions reduction when making investment decisions:

1. Assessing GHG impact years or even decades into the future involves conceptually challenging modeling decisions, with tremendous uncertainty. To develop forward-looking GHG impact assessments, investors must determine reasonable sector and region-specific baselines for future emissions. They also need to estimate the rate at which the new solution may penetrate the market, with all the uncertainty and risk surrounding market adoption. Many investors are conducting these assessments with considerable thoughtfulness, and the industry would benefit from sharing methodological best practices.
2. It can be prohibitively resource and time intensive to conduct a detailed GHG impact assessment. For early-stage companies, this type of assessment may require expertise that is not readily available in-house, making it difficult for the impact assessments to be actionable at investment and throughout the investment cycle. In addition, robust assessments are sometimes challenged by the lack of relevant and high-quality data repositories.
3. Finally, investors often find it difficult to communicate with credibility their efforts at GHG impact assessment more broadly, given the uncertainty inherent in the exercise and the need to reconcile large-scale future impact with more limited impact in the near term.

Many initiatives, coalitions, and standard-setting organizations already exist in impact investing and GHG reporting, offering valuable guidance for climate investors. However, none of them directly address the question of forward-looking assessment of GHG reduction potential of new technologies, services, and business models:

- Principles from the impact investing community (e.g., PRI, GIIN, IFC's operating principles, etc.) provide useful overall guidance for climate investors on how to include impact in their operating model and investment strategy, but they do not provide quantification methodologies for GHG reduction potential metrics.
- GHG reporting guidelines (e.g., GHG Protocol, TCFD, CDSB, SASB), investor target setting coalitions (e.g., SBTi, IIGCC, XDC, etc.) and disclosure and scoring standards and platforms (e.g., CDP, TPI, etc.) provide very specific frameworks, methodologies, tools, and platforms. But they offer an accounting lens on businesses' own GHG emissions, not a forward-looking view of GHG emissions reduction potential of new technologies or solutions in comparison to emissions trajectories absent of investments in such new technologies or solutions.



Our Ambition: Develop common language and open-source methodologies, tools, and platform to estimate future GHG impact from investments in new technologies, services, and business models

To address these challenges, excellent tools and frameworks are already in development and/or publicly available, such as: Prime and Rho AI's CRANE tool, Breakthrough Energy and CDP's Catalyzed Emissions Reduction Framework, Clean Energy Ventures' Simple Emissions Reduction Calculator. Such tools and frameworks are extremely useful for investors and innovators seeking to assess their impact, but they are not yet based on common language and methodologies.

Our firms came together hoping to tackle these challenges head on. To date, we have created a small working group comprised of asset managers willing to share our own practices and ongoing challenges with our peers. We intend to expand this working group into a larger community dedicated to creating shared principles and solutions for common challenges. Our initial activities in the second half of this year will be focused on developing a structure to enable collaboration with stakeholders involved in forward-looking assessment, including investors, entrepreneurs, project developers and assessment experts. We hope to work together to:

1. Define a common language or taxonomy
2. Draft practical methodological guidelines
3. Expand access to software tools and data platforms to support investors and other stakeholders in assessing their GHG reduction impact potential
4. Provide a platform to share best practices and problem-solve together

Our Ask: Join the effort and contribute to the industry dialogue

We would like to invite other climate investors and interested parties to join us to establish these common best practices. Our efforts are grounded in the belief that greater industry dialogue, transparency, and access to data will improve the rigor and accessibility of forward-looking GHG emissions reduction impact assessments, leading to investment decisions that are better optimized for climate impact.

Please visit our website and contact us if you would like to either contribute or be informed of our work: **forwardimpact.how**