

PROJECT FRAME

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Organization Overview

Impact Theory of Change and Characteristics of Overall Practice

Investment-Related Decision-Making

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

Impact Assessment: Pre-investment

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

Impact Assessment: Post-Investment/Exit

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

Next Steps

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



Assessment Dashboard



Impact Strategy

- **Investment type/ asset class:** Venture
- **Stage:** Early stage (Seed through Series A)
- **Geography:** Mostly US
- **Sector:** All emitting sectors + carbon removal
- **Organization type(s):** Prime is a nonprofit 501(c)(3) that works with internal and external investment managers. Prime's impact & additionality assessments are gating factors for all associated investments.
- **Impact assessment capacity:** 1 FT & 1 PT dedicated to impact assessment
- **Assets under management/tied to impact assessment:** Prime has mobilized \$250MM+ for climate investment. Prime is not an asset manager.
- **Strategies to steer towards impact:** Investment manager carried interest tied to impact milestones; latest fund supports continuing governance through follow-on stages.

Frameworks/Methodology

- **Does an existing methodology align with yours? If so, which one(s)?** Prime/NYSERDA Emission Reduction Potential (ERP) Framework
- **Time horizon of assessment:** Through 2050
- **Fractionalize shares of impact among interdependent climate technologies:** No
- **Fractionalize your share of impact as an investor among many investors:** No
- **Metrics tracked:** Potential GHG impact (Annual/Cumulative); Progress toward impact milestones; Realized GHG impact; Geographic and demographic diversity of pipeline and portfolio; Investment manager actions toward impact.
- **How realized impact is/will be tracked:** Process under construction!
- **Other assessment or investment decision making characteristics you're proud of:** Systematic approach to additionality (detail coming soon)
- **Resources:** [Prime/NYSERDA ERP Assessment Approach](#); [Prime Coalition 2021 Climate Impact Audit](#)

Theory of Change and Programs



- **Goal:** Prime believes there are transformative technologies that, if de-risked, could provide gigaton-scale emissions reductions and reduce the effects of climate change.
- **Barriers:** Unfortunately, many of these technologies aren't yet attractive to mainstream investors and therefore lack sufficient capital to develop and scale. Investors need access to tools that enable them to fund solutions with high impact potential.
- **Strategy:** Prime partners with philanthropists and other mission-driven investors to catalyze, deepen, or accelerate climate solutions that demonstrate high potential for impact and are unlikely to receive support without us.

Impact Accountability

Creating tools and convening working groups to improve emissions assessment. Visit cranetool.org & projectframe.how.

Investment Vehicles

Since 2015, Prime has mobilized over \$250MM in partnership with 200+ philanthropic investors to back 28 companies.

Learning & Leadership

Developing leaders in climate innovation and catalytic investing, through a residency program, paid internships, and course development.

Impact Accountability



Prime's values are additionality, care, humility, collective abundance, and tenacity. In the spirit of these values, we have worked to improve methods of assessing impact potential and opened these efforts to all climate investors and entrepreneurs. Our impact accountability program helps the whole field direct capital toward the most impactful climate solutions.



CRANE is a free online tool developed by Prime and Rho Impact that makes Prime's impact methodology available to the public. It helps 2,500+ investors and entrepreneurs assess the potential emissions reductions of technologies at the early stage.



Project Frame, co-founded by OGCI and Prime, is a community of investors collaborating to build common principles, standards, and tools around forward-looking emissions assessment of technologies. Frame is working to avoid opaque, unverifiable impact claims.



Overview: Investment Criteria



Prime Coalition and investment funds in the Prime family channel catalytic capital to companies and projects that have gigaton-scale potential to mitigate greenhouse gas emissions and aren't attracting sufficient mainstream investment. Our investments are a catalyst for innovations with high impact potential that are being neglected by finance-first investors. These are formalized through our three investment criteria:

Potential for climate impact

We only invest in companies or projects with potential to reduce cumulative greenhouse gas ("GHG") emissions at the gigaton scale by 2050.

Neglected by finance-first investors (aka "additionality")

We only invest when we can make a strong case that raising sufficient financial support will be challenging "but for" our catalytic presence.

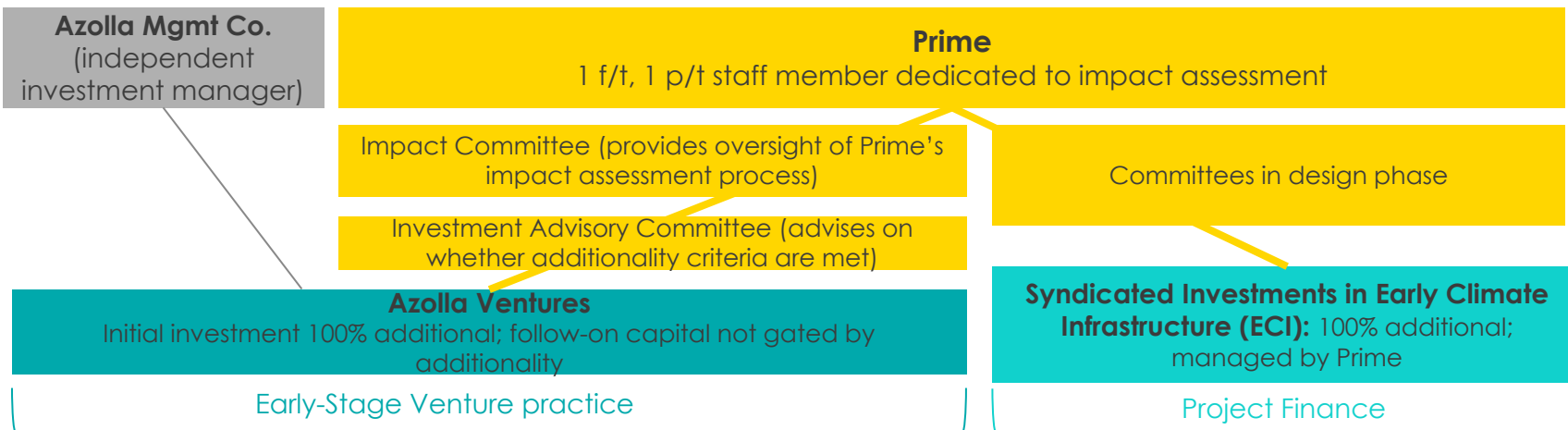
Potential for commercial success

We only invest when we have confidence that the climate solution has potential to succeed and scale after our intervention.

Organizational Structure



Prime is a nonprofit 501 (c)(3) that makes investments, creates funds, and partners with investment management firms to mobilize capital for climate ventures. Prime's assessment of **impact** and **additionality** gates investments. Investment managers — whether internal or independent — gate investments based on their assessment of **commercial potential**. To gather feedback and build community, Prime creates and facilitates committees of independent experts that provide input into our additionality and impact criteria.



Deep Dive: Impact Criteria



Prime supports companies and projects developing climate solutions that can lead to potential emissions reductions or removal of at least **0.5 GT CO₂e cumulatively through 2050**. Under the terms of our participation, our impact assessment determines whether we invest. Our investment managers then steer those companies toward climate impact through their governance role. To-date, Prime has used the following impact assessment criteria as a gating factor in all investments.

Pre-Investment

Prime gates investments by:

- Emissions Reduction Potential (ERP) model assessing whether the solution could result in large-scale emissions reductions or GHG removal.
- Whether technology can raise sufficient financial support “but for” our catalytic presence (additionality).

Post-Investment

- Investment managers use Board seats to keep companies on impact pathway(s) identified through ERP
- Prime is developing processes to assess realized impact to inform future assessment across all stages
- Prime annually reviews whether investment managers are sufficiently steering companies towards impact.

At Exit

Prime is developing ways to tie compensation, including carried interest, to reaching impact assessment goals across investment management teams.

Azolla Ventures: Additional Criteria



Of the 27 companies that Prime has mobilized capital to support so far, 10 received direct syndicated investments. Our first fund, Prime Impact Fund, invested in 16 companies, two of which were also in the syndicated portfolio. Prime’s assessment criteria are evolving as we learn. Azolla Ventures, our most recent venture investment program, is layering additional impact goals into the assessment process.

	Number of Investments	Pre-Investment	Post-Investment	Exit
Azolla Ventures	3 as of Q2 2022	Prime reports to the Azolla Ventures Impact Committee on charitability of social/ environmental co-benefits and potential risk of harm for each investment.	Prime gates follow-on capital based on impact assessment, but not by additionality. Portfolio companies are eligible for follow-on investment from non-charitable capital. This structure is intended to enable Prime’s investment managers to maintain longer-term influence over a company’s impact pathway.	Prime gates carried interest for investment managers by its assessment of their efforts to steer the company toward impact.

Emissions Reduction Potential: Principles



When considering a company for investment, we develop a theory of how the solution being assessed could result in reduction of atmospheric GHGs compared to an incumbent. We consider technologies that may avoid future emissions or remove carbon from the atmosphere.

Analyze market(s) with long-term impact

Some early-stage companies plan to develop their solution in a steppingstone market, in order to gain traction on their way to a high-impact market. Many explore multiple long-term impact pathways, which we can model separately.

Potential impact, not planned

As impact-first investors, we do not limit ourselves to thinking about impact of the investee company. Instead, we ask: if this company succeeds in creating a new solution, how impactful can the solution be at scale?

Assume a standardized S-curve

Because projections of growth are highly uncertain for solutions in their earliest stages of formation, we use a standardized S-curve to model deployment through 2050, based on a plausible starting year for initial market entry.

External review of ERP process

A diverse group of climate-knowledgeable professionals serve on our Impact Committee and review Prime's process for estimating ERP before each investment, to affirm that sufficient impact diligence was conducted.

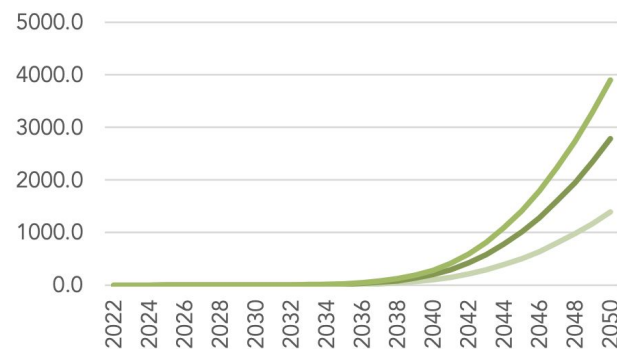
Emissions Reduction Potential: Workflow



We build our ERP model using multiple sources of information: the company's internal data and research, review of primary and secondary literature, and consultation with external experts.

1. Establish the **definition of the targeted climate solution**, including the serviceable market(s), the unit of deployment, and the incumbent being displaced by the solution
2. Estimate the **lifecycle emissions** of the solution and the incumbent, using emissions factor databases when available
3. Establish one or more **baseline scenarios** for how the counterfactual world might evolve through 2050
4. Estimate **potential deployment of the solution** at maximum scale, using standardized S-curve for increasing market share over time
5. Develop a set of **plausible impact scenarios** to reflect key areas of uncertainty, such as technology performance, and estimate annual and cumulative ERP values for each.

Cumulative Emissions Reduction
Potential (MMT CO₂e)



If the cumulative values of one or more scenarios reaches 0.5 GT by 2050, then the solution clears the impact threshold.

Post-Investment/Exit Assessment



	Monitor results	Manage against results	Evolve processes
Questions	<ul style="list-style-type: none"> What are realized emissions & impacts for each company in our portfolio? How does new info affect expectations? Did actions we took over the course of investment result in changes we can assess? 	<ul style="list-style-type: none"> What actions might Prime take to deepen impact? What might incentivize actions to steer companies toward impact goals? 	<ul style="list-style-type: none"> How does analysis change assessment & how we monitor/ manage to results? What are we learning about climate tech markets to inform future investment decisions?
Actions	<ul style="list-style-type: none"> Prime developed rubric to ensure investment managers continue to steer towards impact after initial investment Prime collects self-reported data from each company annually and at exit. As of 2022, 1 portfolio company has realized impact. 	<p>Prime assesses the performance of investment managers to steer towards impact and gates carried interest based on performance.</p>	<ul style="list-style-type: none"> Prime is developing goals/metrics to stay accountable to diversity equity, inclusion, and justice, which we believe are intrinsically connected to mitigating climate change For each new program, Prime substantiates the need for capital to achieve impact and designs/constructs an intervention accordingly.
Reporting	<ul style="list-style-type: none"> Investment managers report annually to Prime on their actions to align portfolio companies with impact goals. Semi-annual reporting to investors and philanthropic partners on progress toward climate impact milestones. 	<p>Prime is committed to publishing 3rd party impact audits at least every 5 years, including review of our impact assessment & mgmt processes.</p>	<p>Our work with Project Frame is intended to collectively improve processes of assessment and model transparency.</p>

Planned Updates



By end of 2022, Prime plans to add detail or provide updates on:

- Our process of assessing additionality
- Our process of assessing realized impact
- How we steer towards impact after initial investments are made, including how we evaluate investment manager performance
- How we are thinking about assessment post-exit
- Organizational structure as it relates to closed funds
- A specific case study of assessment in action
- Specific assessment criteria or methodological practices that are related to emissions assessment but not directly in the current scope of Project Frame, such as diversity, equity, inclusion, and justice
- Takeaways and actions based on previous audits