Conscious Scaling

Sustainability Review 2024

atomico

Contents

Foreword

When we launched our Conscious Scaling programme, it was rooted in a simple but powerful idea: that building a company with purpose doesn't have to come at the expense of performance. At Atomico, we've found that the most ambitious founders - those with bold missions and the resilience to build enduring businesses - are also the ones who care deeply about their impact on the world.

The past year has only reinforced this belief. The rapid advancement of AI is running parallel to a complex geopolitical environment, forcing founders to navigate new challenges around trust, transparency, and responsibility. And with the rethinking of sustainable initiatives at the top of the news agenda, it would be easy for entrepreneurs to see this as an excuse to abandon inconvenient standards. Yet this hasn't been our experience with the founders in our network. In fact, rather than see purpose as a constraint, we are seeing accelerated engagement and action across the portfolio.

This has never been so important. In the coming decades technology will challenge governments, businesses and individuals to move at unprecedented speed while thinking creatively and thoughtfully about how we build our future. Our ability to leverage frontier innovation to serve society will be integral to economic growth and European leadership. This will span everything from our sovereignty in AI and energy, through to the need for greater manufacturing efficiency, modes of drug discovery and climate change.

Over the past twelve months, we've seen rapid progress in our portfolio at seed and Series A - many of these younger companies have grown up in an environment where sustainability is the norm, rather than an afterthought.

We've also deepened our commitment for Atomico as a firm. We have strengthened our climate strategy, expanded our internal diversity approach to include socio-economic demographics, and sharpened our focus on tech and digital ethics - areas increasingly critical in shaping the future we want to build. We've also expanded our firm-wide sustainability targets, ensuring our ambitions are aligned with the asks we make of the founders we work with.

Of course, it's all too easy to focus on targets. We're mindful that it's the outcome of our sustainability initiatives that matter, and are wary of falling into the trap of giving too much attention to reporting when it's action that matters. That's why we've implemented an internal carbon fee to deliver immediate change, and why we emphasise the importance of impact over compliance.

This review, the second edition of Conscious Scaling, captures the momentum of a movement that is still defining itself and its fundamental purpose. It's clear that one size doesn't fit all, and we continue to be mindful of adapting approaches to suit the needs of companies as they grow.

We continue to work towards building the most sustainable, diverse, inclusive, and mission-driven ecosystem in the world. There remains, of course, much work to do. Thank you for taking the time to read about our progress.

Niklas Zennström
Founder & CEO

Conscious Scaling at Atomico

Our Conscious Scaling programme is designed to support the founders we partner with to harness the power of sustainable growth. As outlined in our first sustainability review - Conscious Scaling 2.0 - we centre our efforts on engagement, education, and experiential learning, as well as practical support, tools and resources.

For some, Environment, Social and Governance (ESG) is seen as a burden - an accounting, reporting and compliance exercise that takes up valuable resources and delivers no real value. But our approach is different. By applying a commercial and material mindset, we strive to help make sustainability practical, actionable and outcome orientated through the utilisation of an ESG lens. Supporting founders to navigate the day-to-day challenges of protecting value, and helping them discover opportunities where sustainability can help them set up their companies for a successful long-term future.

We assess all our investments, both initial and follow-on, using this lens. To date we have worked with 38 of our portfolio companies post investment, covering everything from carbon emissions and environmental impact to employee inclusion and retention, supply chain management, policy implementation, regulatory support and board governance.

This review looks at the progress of Atomico and its portfolio over the past 12 months. We report and reflect on our progress to date, and share our ambitions for what we want to do next, as well as provide a snapshot of action from some of our partnerships. We hope this proves a useful resource to anyone looking to embed sustainability in how they invest or build their businesses in future.

Key developments

- Included greenhouse gas (GHG) emissions measurement within our investment term sheet clauses (pg. 26)
- Disclosed environmental risk within our latest funds for the Taskforce for Climate related Financial Disclosures (TCFD) (pg. 25)
- Formally measured gender pay gap for Atomico employees (pg. 18)
- Published open sourced essential policy templates on our website (pg. 34)
- Developed guidance for portfolio companies on how to approach the Corporate Sustainability Reporting Directive (CSRD)
- Increased our internal carbon fee in line with inflation (pg.8)
- Collaborated with VentureESG to produce two white papers on environmental approaches for venture capital (VC) firms (pg. 10)
- Became a founding partner of the Tech Future Taskforce on Social Mobility (pg. 23)
- Incorporated socio-economic background within our internal diversity efforts (pg. 17)
- Expanded our firm-wide sustainability targets (pg. 5)

Our sustainability targets

At Atomico, we strive to lead by example, which is why we have set firm-wide sustainability targets. We have adopted an engagement based approach in an effort to encourage all Atomico portfolio companies to implement similar practices where applicable.

Climate

- Maintain Atomico scope 1 and 2 emissions at **0 tC02**
- At least **70%** of Atomico total supplier spend to be with suppliers who have a near term decarbonisation **target by 2030**
- Commitment to increase internal carbon fee annually in line with inflation
- **100%** of all Atomico portfolio companies with **>30 FTE** to measure their own emissions annually (+1yr Atomico holding period) **by 2030**
- **100%** of all Atomico portfolio companies who have reached the **'climate maturity threshold'**, to adopt a near term decarbonisation target & a climate strategy **by 2030**
  'Climate maturity threshold' means
  - $50m revenue
  - $250m capital raised
  - 500 FTEs
  - +1yr Atomico holding period
  - Atomico have board seat/observer rights

Social

- Hire **50% female** and at least **30% minority ethnic backgrounds** for all open roles
- **40%** of investments by number in companies with at least one underrepresented (female &/or diverse ethnicity) founders over the life of the fund
- **100%** portfolio companies have a DEI policy (+1yr Atomico holding period) **by 2030**

Governance

- **Commitment not to invest** in follow-on rounds in any portfolio company which is non compliant with its ESG term sheet clauses
- **100%** portfolio companies have a ESG policy (+1yr Atomico holding period) **by 2030**
- **100%** portfolio companies have a board member assigned responsibility for ESG (+1yr Atomico holding period, Series A+) **by 2030**

Action on climate change

Atomico activity

Atomico's approach to climate is founded on the framework of measurement, reduction and removal. We are committed to demonstrating best practice for the management and mitigation of our climate impact and that of our portfolio companies.

Over the years we have sought ways to reduce emissions from our operational practices. Our London office was the first office fit out in the UK to achieve Net Zero carbon construction in line with the UK Green Building Council's (UKGBC) framework. We use 100% renewable energy and have energy monitoring schemes in place, as well as multiple initiatives for waste management and sustainable product procurement.

In 2024 we focused on reducing emissions stemming from our service providers, such as accountants, lawyers and consultancies. Currently 30% of our annual supplier spend is with suppliers who have a decarbonisation target and we have identified a further 20% we could potentially influence to adopt one in the near future. We are now working towards achieving this and have implemented a target of at least 70% of Atomico's total supplier spend to be with suppliers who have at least a near-term decarbonisation target by 2030. Additionally we commit to maintaining our scopes 1 & 2 emissions at zero tonnes. Reducing our operational emissions as a firm remains a key priority.

When it comes to removal, we have implemented an internal carbon fee effectively taxing ourselves on our emissions. The fees we set are based on guidance from an industry leading **white paper**, differentiating between emissions that our company can control through its actions and for emissions where the responsibility is shared among many actors. In 2024 we increased our carbon fees to account for annual inflation and we have committed to do this every year.

The sum of our fee for 2024 was lower compared to 2023 although our overall emissions footprint was similar. This is due to a reduction in emissions from business travel, which are more costly from a carbon fee perspective, whilst emissions from our goods and services increased. Over the past 12 months our operational emissions continued to reduce, due to a combination of changes in headcount and operational spend, and our optimisation for renewable energy in our cloud infrastructure.

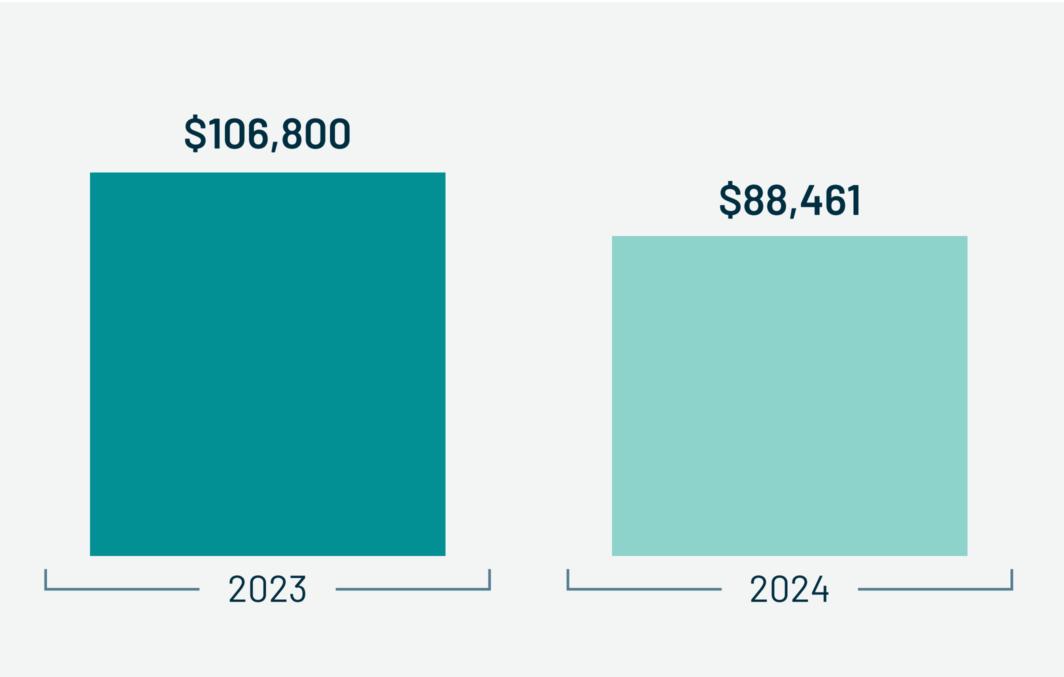
In 2024 we donated our fee to **Milkywire's Climate Transformation Fund** (CTF), a science-based initiative investing in groundbreaking solutions for durable carbon removal, nature restoration and protection, and decarbonisation. You can read more about Milkywire on pg. 15

Our 2024 internal carbon fee[1]

$103 **USD/$tCO_2$**
for scopes 1,2 & 3 exc 3.1 and 3.15

$10.30 **USD/$tCO_2$**
for scopes 3.1 & 3.15

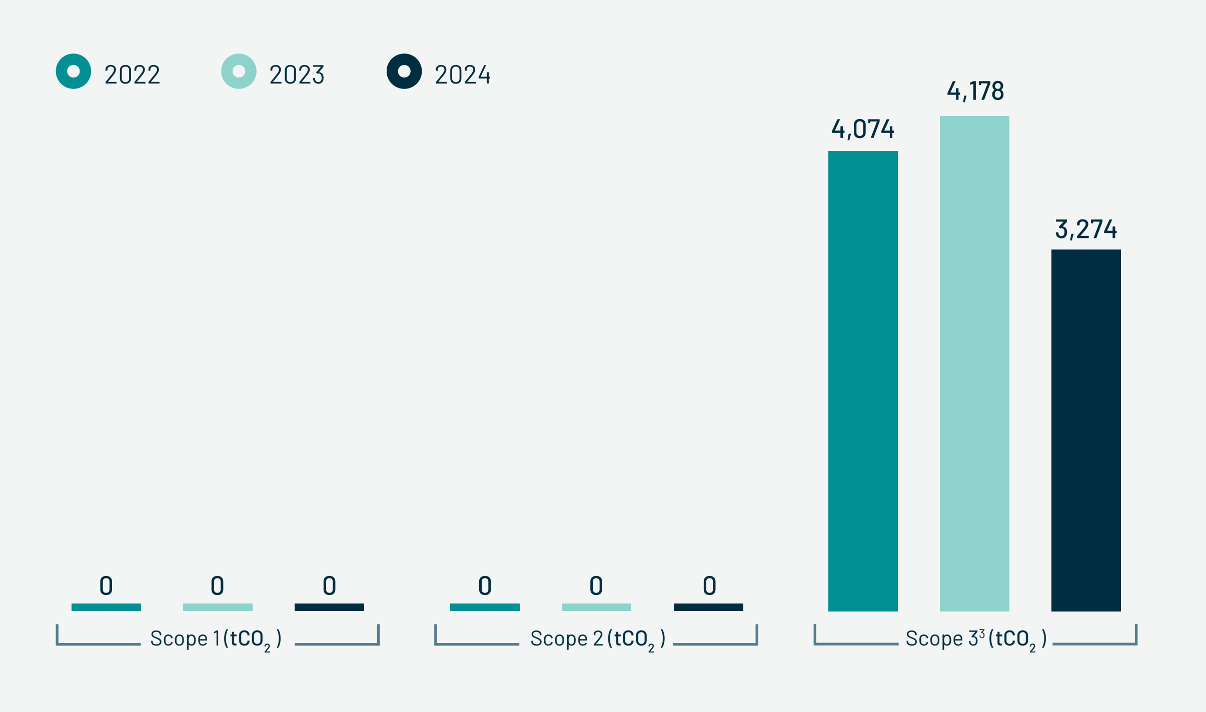
Total carbon fee[1]



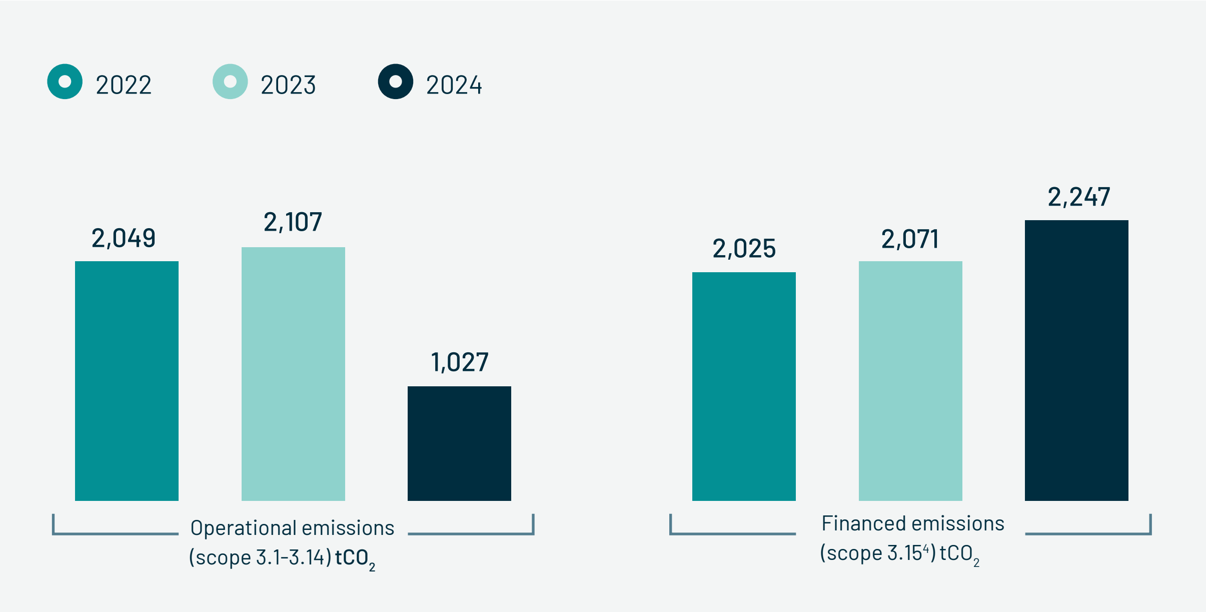
1 See appendix for more detail on how we calculated these figure

ACTION ON CLIMATE CHANGE

GHG emissions by scope[2]



Scope 3 breakdown



2 Calculated by Apiday, for details on methodology see appendix
3 Includes scope 3.15 financed emissions
4 Portfolio scopes 1 & 2 x Atomico % ownership

Collective climate approach

Over the past 12 months, Atomico has collaborated with VentureESG to produce two white papers looking at how investors should approach their climate impact. The first one (published in Q4 2024) sets the minimal standard for the "E of ESG", helping VCs identify what is more likely to be environmentally material, and how to prioritise their actions with practical case studies and advice. The second (published in Q2 2025) focuses on financed emission reduction and target setting.

Our objective is to help VCs understand and navigate the complexities of measuring, reducing and removing their emissions, whilst factoring in that the bulk of their emissions are typically the sum of their portfolio investments - startup technology companies with limited footprints that are difficult to forecast given their anticipated growth and uncertainty of trajectory whilst still in infancy.

Based on over 50 interviews with a large variety of climate and generalist funds as well as climate experts (including from Venture Climate Alliance and Milkywire) the white papers recommend a best practice approach that VC's can collectively adopt. We believe there is enormous value in cross industry alignment as well as standardised expectations of portfolio companies.

Atomico has implemented these recommendations and has set climate targets as set out in the whitepapers.

"

It is fantastic to work with Atomico on projects like our two E of ESG guidance papers. If a generalist and leading VC like Atomico is involved, it helps set an ecosystem standard. This is the kind of system change we are trying to pursue at VentureESG and Atomico have been a steadfast partner for us over the last four years.

Dr Johannes Lenhard

CEO

Venture ESG

ACTION ON CLIMATE CHANGE

"E of ESG" recommendations

Material E for VC funds: For VC firms, internal environmental practices are generally less material than their financed emissions, i.e. their portfolio. However, VCs should do their own materiality assessment and carbon accounting and address the most material issues (likely their business travel).

Material E for Startups: For VC portfolio companies, material environmental practices highly depend on their specific operations. Action needs to start with measuring emissions; most material leverage points are likely to be found in energy and supply chain operations.

Portfolio Company Climate Engagement: VCs should prioritise light-weight engagement initiatives until the portfolio company reaches early stage, with a measured increase thereafter. This includes setting expectations early through ESG clauses, providing founders with tools for emissions measurement, embedding impact objectives into company strategy, and fostering peer learning.

Setting Emission Reduction Targets: VCs should seek to use existing frameworks but in a way that is relevant to their portfolio company's maturity. Avoid setting portfolio decarbonisation targets until portfolio companies reach a certain stage (specifically recommending decarbonisation targets at Growth and Science-Based Targets for Late-Stage).

Compensation for Emissions: VCs should focus on compensating their operational emissions, with mixed approaches for their financed emissions by either adopting an internal carbon price or allocating a set budget for carbon removals or avoidance.

Progress in our portfolio

One of the most meaningful climate actions we can take as an investor in early stage technology companies is to support society's transition to a low carbon economy. We focus on enhancing the climate literacy of our portfolio and helping them embed climate action within their operations as early as possible.

We encourage all companies we invest in to measure their emissions and our term sheets include a specific climate clause requiring all new investments we lead to do so. We appreciate this is often not a core priority for very early stage companies so we are pleased to see the number of companies within our portfolio measuring their emissions continues to increase, having more than doubled in two years. This is in alignment with industry trends according to 2024 research from ESG_VC and the BVCA. By 2030 we are targeting 100% of our portfolio companies with >30 FTE to measure their emissions annually.

We continue to educate and upskill portfolio companies on how to keep their emissions low as they grow. Proactive management from inception builds in focus on emissions as a company scales and leads to a lower environmental impact. We support companies in implementing emissions reduction strategies and provide guidance on appropriate steps they can take to help reduce their emissions.

For later stage companies, we frame the importance of climate engagement around the reality that emission reduction targets can help with attracting new investors, customers and meeting ever evolving regulatory requirements. For those companies that are nearing an initial public offering (IPO), environmental compliance becomes increasingly important and we help and encourage the founders of these companies to build the necessary muscle memory at an early stage rather than in the turmoil of IPO prep. We have identified a stage at which we consider a company to have reached the point when they should start considering adopting climate targets (climate maturity threshold) and we have set ourselves the target of 100% of our portfolio companies who have reached this threshold to adopt a near term decarbonisation target by 2030.

Examples of measures a company can implement to reduce their operational emissions;

Renewable energy

- Seek buildings and offices that have adopted renewable energy or can support it
- Optimise data infrastructure for efficiency in resources used and migrate workloads to regions with more environmentally-friendly data centres

Sustainable business travel

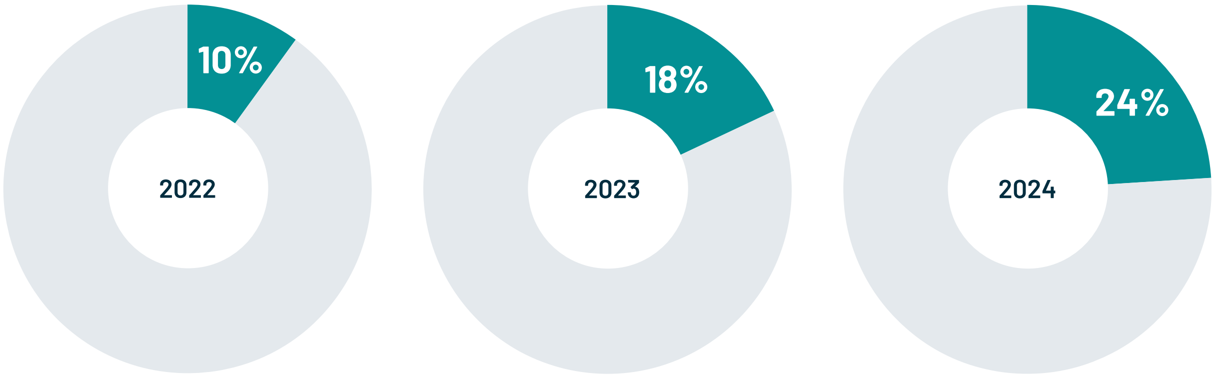
- Look for travel providers that can readily calculate the emissions of trips and suggest more sustainable travel options such as newer aircrafts or airlines that use sustainable aviation fuel

Supply chain

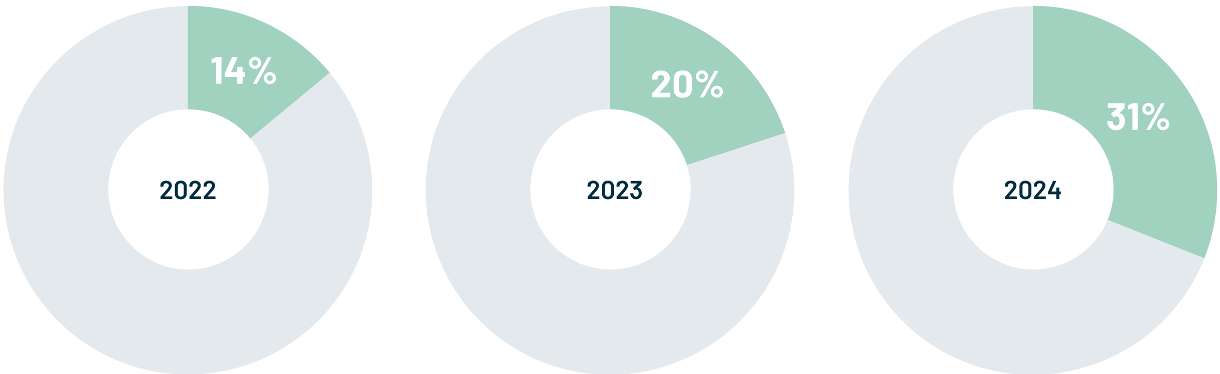
- Introduce a sustainable supplier policy which optimises for like minded local suppliers who are also trying to reduce their emissions

ACTION ON CLIMATE CHANGE

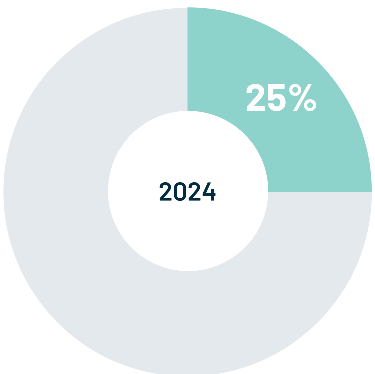
% Portfolio measured emissions[1]



% Portfolio with emission reduction strategies[1]



% Portfolio at "climate maturity" threshold with emission reduction targets[2]



1 See methodology in appendix for how we compare portfolio year on year data, numbers are shown on a portfolio count basis
2 2024 data only, we only recently started asking for this. See appendix for our methodology on our climate maturity threshold

UK based tem is the AI transactions platform that enables businesses to buy energy directly from renewable generators for less than the cost of traditional fossil fuels. Atomico invested in tem in 2024 to support them on their mission to democratise renewable energy and accelerate the clean energy transition.

Challenge/Opportunity

Right now, no business is paying the true cost of energy - the inefficient wholesale market is stacked with middlemen adding 25%+ of hidden fees on top of the actual price that energy is being generated at. The opportunity to replace the broken transaction is enormous with £317 billion taken by big energy in fees each year (2x the value of every fintech company on earth).

Solution

tem has built the alternative energy transaction platform, replacing middlemen and inefficiency with AI. Their platform puts power back into the hands of people and lets businesses and generators transact energy directly and transparently for a fraction of the wholesale power price.

Impact

tem's vision is to become the trusted engine powering the world's energy transactions. Today they are already processing £90m+ in direct transactions and powering over 1500 businesses who have switched from traditional utilities still tied to the wholesale market.

Milkywire

Launched in 2021, Milkywire's Climate Transformation Fund (CTF) is a best-practice alternative to carbon credits: a curated portfolio of high impact projects driving global net-zero. Atomico first partnered with Milkywire in 2023, donating the sum of our annual internal carbon fee to help extend our climate efforts beyond achieving footprint neutrality.

Challenge/Opportunity
Companies are increasingly expected to take responsibility for their emissions beyond their own operations, but there has been a lot of uncertainty on how to do that in the best way. There's a growing need for more credible, science-aligned approaches that contribute meaningfully to climate goals and help bridge the gap to global net zero.

Solution
The CTF is a pioneering fund model which directs corporate finance toward a diversified portfolio of high-impact climate solutions: accelerating early-stage, durable carbon removal technologies; supporting community-led nature protection and restoration; and driving systemic decarbonisation through policy advocacy and enabling infrastructure.

Impact
To date, over $14 million has been distributed to 49 projects across 27 countries. The fund has played a catalytic role in validating innovative carbon removal methods, helping protect large areas of rainforest, and influencing major policy shifts around fossil fuel accountability and clean energy deployment. By supporting both proven and emerging approaches, the CTF is helping unlock scalable, long-term climate impact far beyond conventional offsetting.

Social impact

Atomico activity

When it comes to Diversity, Equity and Inclusion (DEI), our **DEI policy** highlights the initiatives we have put in place to date - as a firm, through the companies we partner with, and within the European tech community. It is our core belief that diverse teams make better decisions and lead to a healthier, more innovative and inclusive ecosystem.

Over the years we've made progress with the gender diversity of our team and we are currently tracking **well above industry averages** both as an overall firm and within our investment team across all levels of seniority. However, we are also focusing on other diversity factors, particularly underrepresented ethnicity and socio-economic background. As a firm we are still not where we want to be on either of these fronts and have more work to do.

Currently only 9% of the tech workforce in the UK is from a lower socio-economic background, despite the demographic making up around 40% of the working population. There is no equivalent data for Europe. As a firm, we are focusing on how we attract and recruit diverse candidates to help ensure that Atomico is an accessible as well as inclusive employer of choice. We continue to seek innovative ways to progress on this front and we know it will take time to yield results - as a small firm we only hire a handful of people each year. A fundamental shift is required in our industry to encourage and expose younger generations from all backgrounds to tech and VC career pathways. In an effort to spur this change forward, we have recently become a founding partner to the **Tech Future Taskforce on Social Mobility** which is actively addressing the social mobility problem within the tech and venture capital industries.

As an investor, we target 40% of our portfolio investments (by number) to be in companies with at least one underrepresented founder over the life of the fund. Whilst we have not yet achieved this for our portfolio as a whole, our two latest funds Venture VI and Growth VI are tracking around 53% and 40% respectively. We have longstanding partnerships with angel investors, seed funds and community groups such as **ColorInTech**, **YSYS**, **DiversityVC**, and **OUTInvestors** who champion DEI in the European tech community, however according to the latest data from SOET **the funding gap persists**. Only 3.2% of all series A funding went to all women founded teams. We continue to look for ways to widen our network and sourcing funnel and those of our upstream investors who we depend on to bring underrepresented founders into the ecosystem.

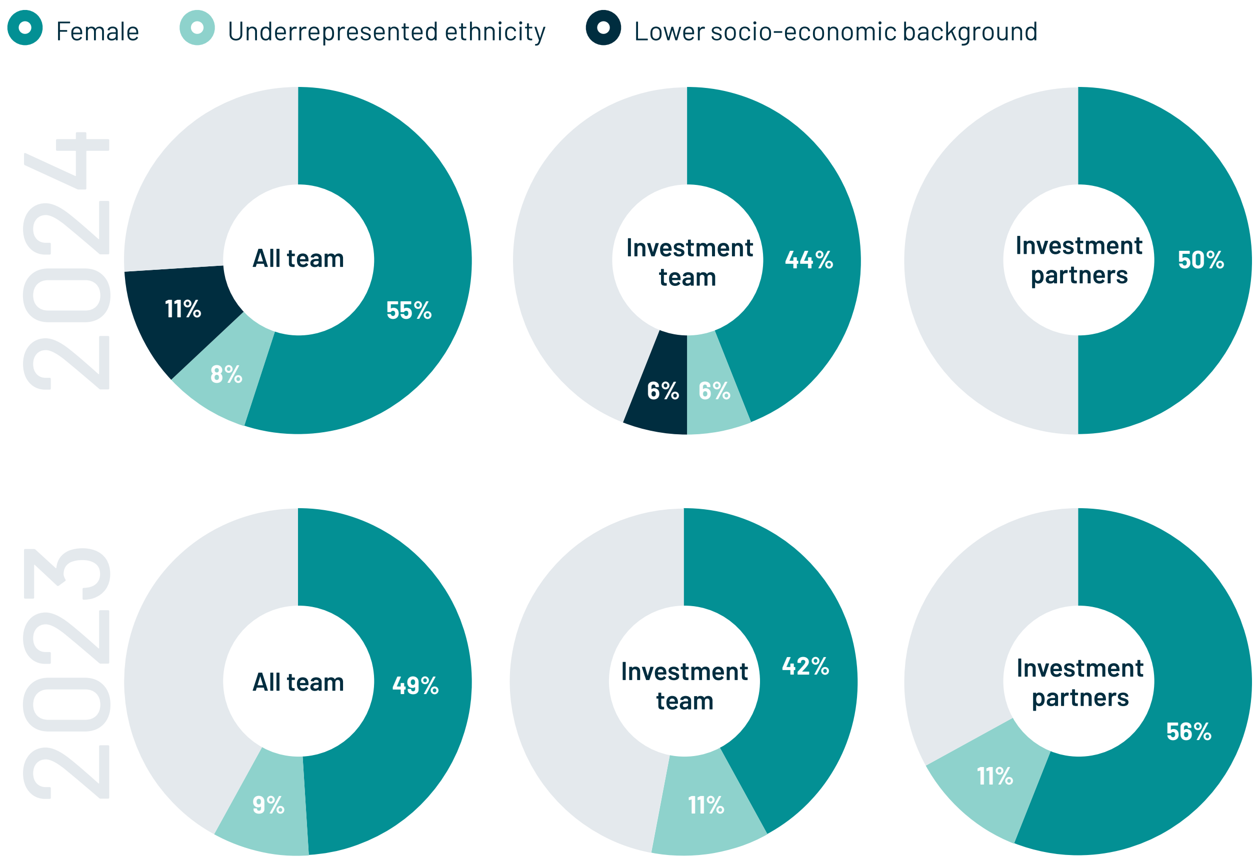
We have also renewed our focus on digital and technology ethics. Since **the inception of our Conscious Scaling Framework** in 2020, we have always been aware that, at scale, the products from the companies we partner with could have a profound impact on society, both positive and negative.

Today, the issues we are most actively monitoring include digital human rights risks such as electronic surveillance, algorithmic discrimination, workers rights and online trust and safety, through to the broader societal risks of disinformation, digital divide, intellectual property and the impact of technology's increasing usage of energy and rare earth materials.

We strive to identify these issues within the companies we partner with, which are often unforeseen and unintended during the formative early years. We challenge founders to imagine not just what might happen on the upside if all the stars align, but also how their technology can negatively impact the welfare of others. This is an ongoing, imperfect, but essential initiative that Atomico is deeply committed to as a responsible investor.

SOCIAL IMPACT

Team diversity breakdown[1]



Gender pay gap[2]

24%	**2023** All team
-36%	**2023** Investment team
-3%	**2023** Investment partners

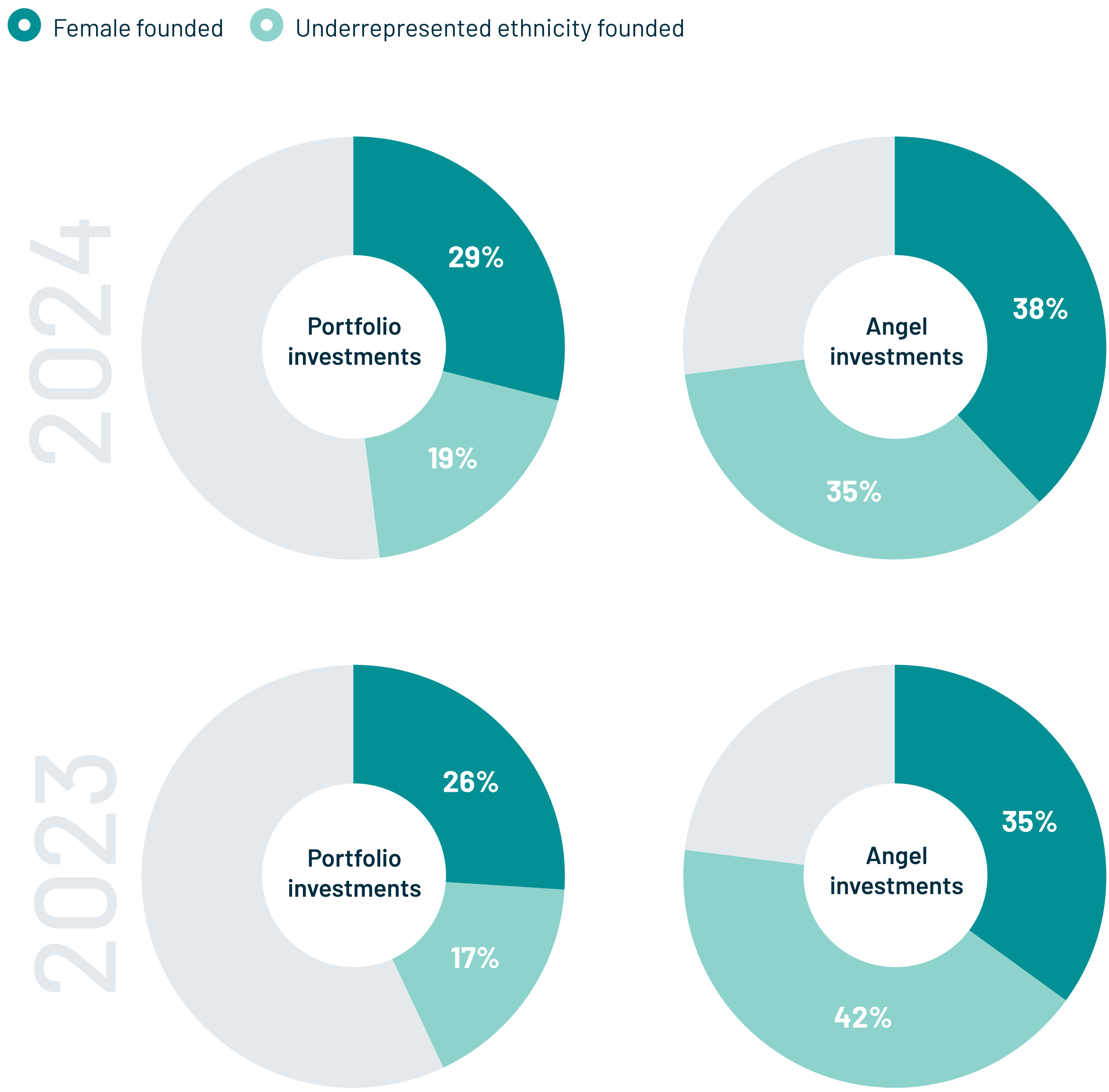
26%	**2024** All team
-30%	**2024** Investment team
-3%	**2024** Investment partners

1 We only started tracking employee socio-economic background in 2024.

2 Based on mean hourly pay. A positive gap shows men earn more than women. A negative gap shows women earn more than men.

SOCIAL IMPACT

Investment diversity breakdown[3]



3 - % of active investments

Progress in our portfolio

Fostering the principles of fairness and inclusion brings tangible benefits; whether by improving employee retention, efficiency, productivity, creative output, driving employee engagement, and attracting new talent. We proactively support and encourage the companies we partner with to implement their own diversity, equity and inclusion (DEI) initiatives.

Since 2019 we've had specific DEI term sheet clauses requiring all investments where we lead to implement DEI policies and strategies, and the number of companies within our portfolio adopting these continues to increase. We have set ourselves a target of 100% of our portfolio companies adopting DEI policies by 2030.

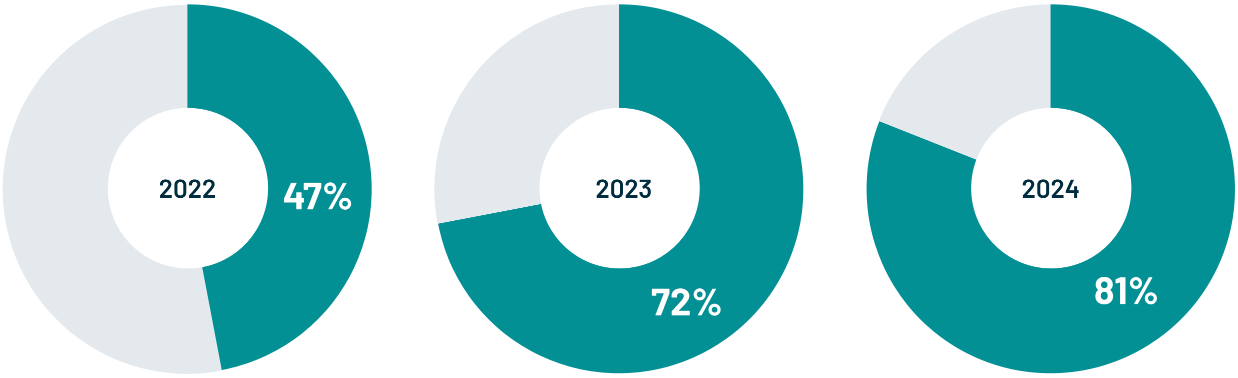
We equally consider the impact of our portfolio's product and business models on wider society, and encourage them to do the same. We apply a **materiality lens**, developed by our partners at **VentureESG**, to help assess which companies may be more likely to face certain issues based on their size and sector and help them put in place initiatives to protect against unintended consequences such as supply chain due diligence, human rights policies, codes of conduct and data privacy and security measures. We are encouraged to see the number of portfolio companies adopting these measures increasing as they become more attuned to and aware of the potential issues.

Examples of steps a company can take to advance DEI within their business;

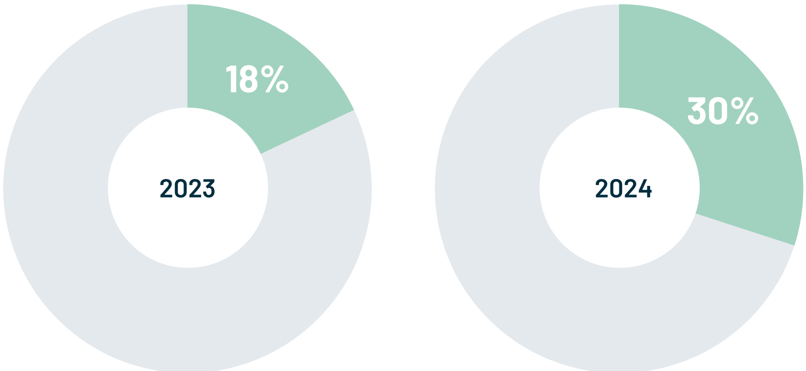
- Introduce recruitment practises such as skills based screening, inclusive language and structured interview processes that shield against unconscious bias
- Measure and monitor the diversity, inclusion and engagement of employees
- Ensure fair compensation and track pay gaps
- Provide training, learning and career development
- Ensure inclusive workplace benefits, policies and practises such as enhanced parental leave, flexible working, accessible office environments and access to health and wellbeing provisions

SOCIAL IMPACT

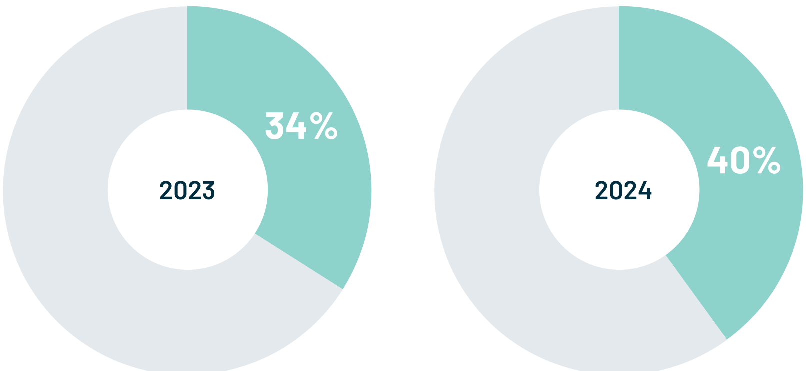
% Portfolio had a DEI policy[1]



% Portfolio had a sustainable supplier policy[1]



% Portfolio had a human rights policy[1]



1 See methodology in appendix for how we compare portfolio year on year data, numbers are shown on a portfolio count basis

DeepL

Neural machine translation service DeepL, born in Germany, is driven by a mission to break down language barriers and make communication accessible to all. Atomico invested in DeepL in 2023 to support them in becoming the world's most accurate translation service.

Opportunity
Inclusion is at the heart of DeepL's language AI product. This commitment to inclusion extends to their workplace culture, which is why they established their Belonging, Diversity, Equity, and Inclusion (BEDI) strategy. DeepL's BEDI strategy begins with belonging, recognising that an intentional, ongoing commitment to it fosters inclusion, lays the foundation for equity, and ultimately leads to diversity. They want to harness the power of a vibrant and inclusive environment where every individual feels a sense of belonging, empowered to contribute their unique perspectives and talents. They are striving to break down barriers not only in language, but in society, fostering mutual respect, and promoting equity, creating a workplace and community where everyone can thrive together. This commitment will help attract diverse talent, drive innovation, and build a culture that supports long-term business growth and success.

Solution
DeepL implemented a pragmatic yet comprehensive BEDI strategy with four key pillars: Diverse Hiring, Education & Awareness, Belonging & Allyship, and Foundations & Data. This includes increasing women in leadership roles to above the EU benchmark, embedding structured hiring processes to reduce bias, providing inclusive leadership and bias training to employees, evaluating their practices and processes for fairness and inclusivity, and using data to continuously assess and refine their DEI efforts.

Impact
The BEDI strategy is expected to drive a gradual yet significant shift toward a more inclusive workplace, resulting in attraction of diverse talent, higher employee engagement, inclusion and retention. By reducing bias and increasing diversity, DeepL anticipates stronger collaboration, enhanced innovation, and improved decision-making, all of which will further support its mission of breaking down barriers.

Tech Future Taskforce

Launched in 2025 in partnership with the Sutton Trust, the Tech Future Taskforce is a collective of tech employers and organisations who are working together to improve socio-economic inclusion in UK tech. Atomico partnered with Tech Future in an effort to drive the social mobility conversation amongst investors and help unlock diverse talent across the UK.

Challenge/Opportunity

At every level of the tech and innovation economy - from operators to entrepreneurs to investors - individuals from lower socioeconomic backgrounds are chronically underrepresented. This isn't a diversity problem; it's a missed economic opportunity. The sector's reliance on networks, privilege, and pattern recognition limits its ability to access and support a vast pool of untapped talent, holding back innovation and productivity.

Solution

Social Mobility Ventures and Tech Future was launched with the ambition to improve socioeconomic inclusion across the tech ecosystem - from entry-level roles to startup founders. Through partnerships with leading tech companies and investors, they are delivering targeted outreach, community-building, and founder support programs that expand access to capital, networks, and career opportunities for talented individuals from state-school and lower-income backgrounds.

Impact

Tech Future are working with over 15 major tech employers representing over 100,000 employees to improve socioeconomic inclusion across the UK tech workforce. Meanwhile, Social Mobility Ventures have built the largest community of state-school and working-class immigrant founders in the UK, supporting them with access to capital, connections, and community. Together, they are tackling both ends of the pipeline - supporting today's underrepresented entrepreneurs while shaping a more inclusive industry for tomorrow.

Championing higher standards of responsibility

Atomico activity

Our governance processes and policies focus on our fiduciary responsibilities as an investor. Our **Sustainability policy** highlights the initiatives we have put in place to date, from pre-investment ESG due diligence and follow-up conversations with founders, to post investment conscious scaling support and active management and stewardship throughout the investment lifecycle.

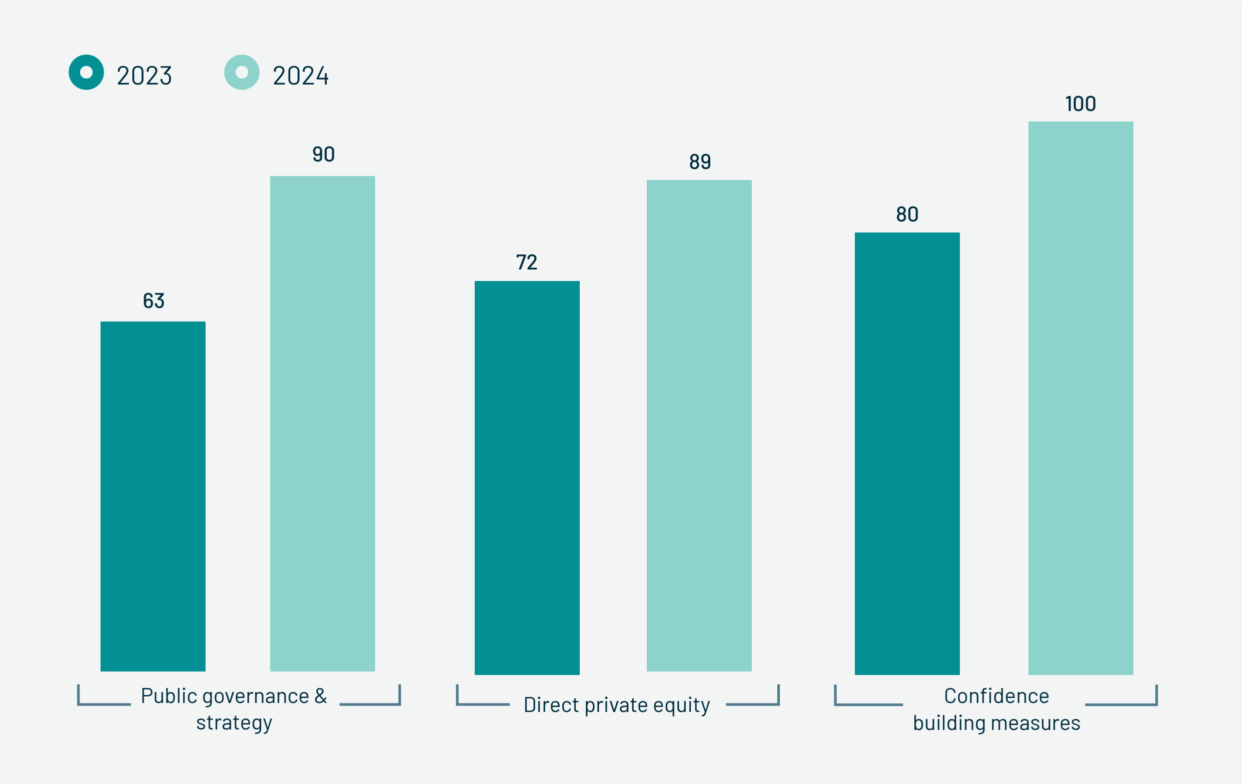
As signatories to the UN's Principles of Responsible Investment (UNPRI), we are disclosing our latest score for 2024 which we aim to improve year on year. Our most recent funds are aligned with Article 8 under the EU's Sustainable Finance Disclosure Regulation (SFDR), and in 2024 we released our first **Climate-Related Financial Disclosure (TCFD) report** which identified the key physical and transitional environmental risks of our portfolio. We are now working to embed the risk management strategy into our investment processes.

We are now in our third year of collecting ESG data from our portfolio. We recognise the burden reporting can take on businesses when they are only just getting started, particularly when their metrics are relatively inconsequential given their small size. Our objective is to balance regulatory requirements with measuring only what matters. To that end, we have aligned our reporting efforts with the **Invest Europe ESG reporting framework** - used by the European Investment Fund (EIF) and a large number of other institutional LP's - and we use the data we collect to benchmark our portfolio companies engagement, empowering our investment team members to push the sustainability agenda in their capacity as board members.

We have a number of ESG term sheet clauses which we require of all companies we partner with where we lead the round. We do not provide follow-on funding to any company which proves non-compliant with these clauses. We have set ourselves the target of 100% of our portfolio companies having ESG policies and a board member assigned responsible for ESG by 2030.

CHAMPIONING HIGHER STANDARDS OF RESPONSIBILITY

PRI score[1]



Term sheet clauses

- Ensuring a DEI policy and ESG policy are adopted within 3 months post-close
- Implementing a DEI strategy within 6 months post-close
- Measuring emissions within 12 months post-close
- Appointing a member of the management team responsible for ESG

1 As disclosed in Atomico's PRI Private Assessment Report 2024

How to avoid 'Sustainability Debt'

As General Counsel at Atomico, I am often involved in some of our earliest conversations with founders about the practicalities of scaling consciously.

For many founders, sustainability is a priority area but one they often don't know how to effectively address. Thinking through how to integrate sustainability that will drive real change is complex, and change is measured in years not months. This can often lead founders to deprioritise sustainability until much later in their journey, when they anticipate having greater resources to dedicate to the problem. Therein often lies the root cause of issues down the line.

The reality is that the beliefs and values of founders and those of a company's early employees play a critical part in forming the DNA and culture of a start-up. Early decisions have long-term effects on everything from operational principles to product design, internal ethics and future growth. By avoiding or ignoring sustainability, founders may fail to lay the groundwork for sustainable thinking to be cemented into the foundations of their company.

When sustainability is left out of the equation for too long, start-ups begin to accrue 'sustainability debt' in the form of compromises and oversights related to environmental, social and governance issues. The accumulation of this debt multiplies over time and often proves both expensive and tricky to resolve. By integrating sustainability from the start, being a responsible company becomes a natural and complementary part of the company's growth rather than something that needs to be retroactively hammered into place.

There is ample guidance out there for founders on best practices for integrating sustainability, and this review includes many examples from Atomico and our portfolio companies. We hope you find them useful.

> It's never too early for a founder to start thinking about sustainable growth.

Kasit Rochanakorn
General Counsel

CHAMPIONING HIGHER STANDARDS OF RESPONSIBILITY

Here are some of the most common mistakes we see which lead to the creation of unaffordable 'sustainability debt':

Not starting at all: Founders sometimes take the view that sustainability isn't material for them given their small size, and they choose to address it once the product is more mature. However, waiting too long can create inadvertent issues as product decisions can be made which are difficult if not impossible to reverse, or a company's culture and ethical lens might have already solidified to the point that it cannot be easily re-engineered.

Overcomplicating it: For most start-ups, trying to adopt a full scale, all-encompassing sustainability programme right away is impractical. Overextending themselves and the limited internal resources that most early stage companies have can lead to poor execution and may diminish buy-in from the team. Instead, identifying one or two key priority areas which can be easily improved is a more appropriate approach to starting a sustainability programme from scratch. The programme can evolve from there.

Viewing it as compliance: If founders view sustainability exclusively through a compliance lens - a box ticking exercise for regulations or the current set of investors - it can erode both the potential and impact of the overall programme. Viewed in the right way and integrated effectively, sustainability programmes can create stakeholder value, community engagement, improved performance and aid with both hiring and retaining the best talent.

Top-only approach: For a sustainability programme to be effective, it is vital that it is fully understood and supported by the entire organisation, not just by the founders and the board. Regular communication with the company's workforce, frequent updates and being open to feedback are the keys to ensuring lasting integration. Founders should ensure that the policies they write are implemented into day-to-day processes and that internal stakeholders understand what's required of them.

Not measuring impact: Oftentimes, start-ups are keen to implement new systems and policies but fail to follow-through after the initial stage. Measuring progress and gathering data is just as important as designing the initial policies - even if that data isn't favourable. Data collection is crucial to enabling companies to continually adapt and tailor their sustainability programme to their business, products and workforce. However we caveat this with 'measure what matters'. Identify the key material factors related to the company and focus on those, using the data to help continually improve and evolve practices.

Taking a short term view: As start-ups grow, so too should the sustainability practices that they adopt and how they think about them. Too often founders focus on what they need to do in the next 12 months to satisfy investors expectations. But the real gain materialises when founders start to think more long term and with a commercial lens, and ask themselves questions such as "what are going to be the key sustainability trends in my industry and how can we address them" and "how will customer needs and expectations evolve around sustainability in 5 years time".

Progress in our portfolio

For the early stage companies we partner with, corporate governance is one of the first things to get right. We encourage our portfolio to implement strong, clearly communicated processes which emphasise transparency, safeguard against potential risks, and demonstrate responsible corporate conduct.

Through our Conscious Scaling programme we support founders from the outset to establish solid policies around data protection, anti-bribery and corruption, whistleblowing, anti-harassment and discrimination, DEI and ESG. We have developed policy templates which are open sourced in the appendix of this review.

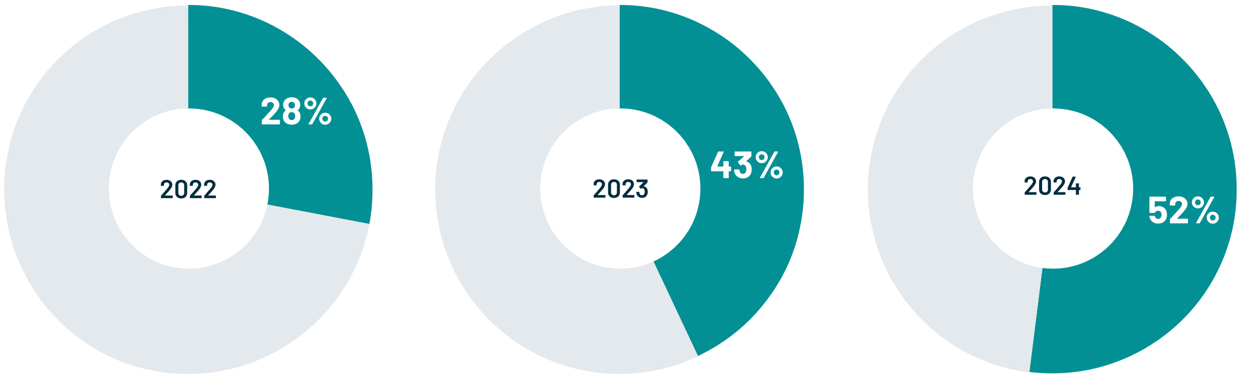
We also look at how companies govern their policies through their boards and how they report on their sustainable activities. We actively monitor our portfolio's ESG practices throughout the lifecycle of our investment and work with the boards and leadership to ensure they are acting responsibly. We encourage all our companies to discuss ESG factors regularly at board meetings and appoint a member of their board ultimately responsible for ESG, where possible coordinating our ESG engagement with other investors to drive action. If we feel a company is falling short we strive to lead the conversation in our capacity as board members.

It's great to see the number of companies within our portfolio adopting good ESG governance practices has also more than doubled in the past two years, and is above the industry standard of 30%.

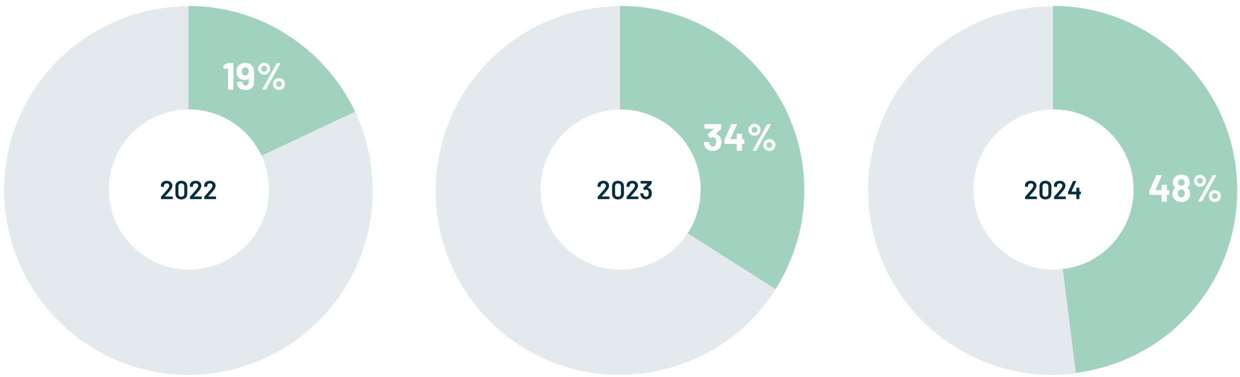
Corporate ESG measurement and reporting is still new for many of our earliest stage companies but by encouraging them to start it early, they are putting in place the building blocks of sustainable corporate governance as they scale. For our later stage companies, our aim is that through their well practised reporting efforts they are already aware of the ESG factors most material to them, and by utilising the insights we can help them to identify potential value creation opportunities as they embark on their exit journeys.

CHAMPIONING HIGHER STANDARDS OF RESPONSIBILITY

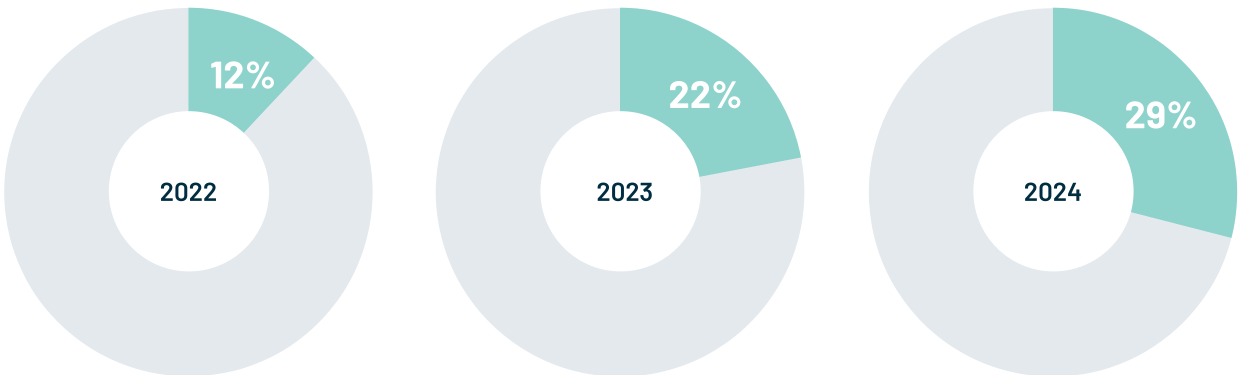
% Portfolio with ESG policy[1]



% Portfolio discussing ESG at board level[1]



% Portfolio assigned a board member to ESG[1]



1 See methodology in appendix for how we compare portfolio year on year data, numbers shown on a portfolio count basis

atomico

pipedrive

Founded in 2010, Pipedrive is the easy and effective sales CRM that drives small business growth. Atomico invested in Pipedrive in 2016 to support them on their mission to become a global category leader.

Challenge/Opportunity
In anticipation of the EU's planned Corporate Sustainability Reporting Directive (CSRD), Pipedrive wanted to proactively get ahead. They decided to align themselves with the European Sustainability Reporting Standards (ESRS), which required clear identification of the most material environmental, social, and governance (ESG) issues relevant to the company and its stakeholders.

Solution
Pipedrive began by conducting a Double Materiality Assessment—an approach that considers both financial materiality (how sustainability topics impact the company's financial position and performance) and impact materiality (how the company's activities affect the environment and society). They incorporated extensive secondary research using industry-specific guidelines such as SASB and S&P Global, and they leveraged AI-driven analysis to distill information from internal documents and competitor benchmarking. This was supplemented by targeted stakeholder interviews and structured focus groups to comprehensively refine their material topics.

Impact
The insights Pipedrive gained from their Double Materiality Assessment has strengthened their position when it comes to addressing their material ESG considerations, and has enabled them to start developing the processes required in preparation for future CSRD reporting. This foundation will help Pipedrive prioritise strategic, value-add sustainability initiatives as they embark on their growth journey.

LAKERA

Swiss and US - based generative artificial intelligence (GenAI) security company Lakera partners with education-al platforms to integrate advanced AI safeguards, helping to protect children from risks and threats posed by generative AI content. Atomico invested in Lakera in 2024 to support them on their mission to help enterprises monitor, protect, and control their AI agents.

Challenge/Opportunity

The increasing integration of AI within educational tools offers unprecedented opportunities to enhance and personalise learning experiences. However, it also exposes students and educators to potential risks associated with unsafe, misleading, or manipulated AI-generated content. By addressing these challenges, we can harness the transformative potential of AI in education while mitigating the risks, ensuring that AI can be a trustworthy and reliable resource for learning.

Solution

Lakera is collaborating with a global network of education providers to integrate advanced AI safeguards into educational platforms, helping to establish a protective barrier for learners and shielding them from risks and threats across their GenAI products.

Impact

The deployment of Lakera Guard has significantly bolstered the cybersecurity of these educational platforms, fostering a heightened sense of trust among parents, teachers, and educational institutions. Knowing their children's interactions with AI are safeguarded by enhanced protection against potential cyber threats and vulnerabilities is helping to create essential trust in a more secure digital education environment.

Partnerships

SEO/LONDON SPONSORS FOR EDUCATIONAL OPPORTUNITY

apiday

TERN

ys ys

COLORINTECH

LEVEL 20

UK GBC

Tech Future Taskforce

UNDER ONE SKY

INVESTING IN WOMEN CODE

DIVERSITY VC

OUT INVESTORS LGBT+ NETWORK

Signatory of:

PRI Principles for Responsible Investment

Milkywire

ESG_VC

SNV

Venture ESG

APPENDIX

Resources

These resources are free and accessible to any founder who wants to be mindful about how they scale, regardless of size or stage, or other investors who are thinking about how to focus their sustainability efforts;

Conscious Scaling roadmap
ESG policy template
DEI policy template
Code of Conduct template
Whistleblowing policy template
Anti-Harassment and Discrimination policy template

If there are other resources that would be helpful to include in our next review please let us know by emailing ashleigh@atomico.com

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Methodology

Carbon emissions calculation
Our 2024 and 2023 GHG emissions were calculated by Apiday using an approach aligned with the GHG protocol. See here for further details on their methodology. In 2022 our GHG emissions were calculated by Watershed.

Each annual figure for scope 3.15 financed emissions reflects the active portfolio composition as of that calendar year only. If a portfolio company has not submitted their annual emissions data in the survey, Apiday & Watershed estimated on their behalf using company location, industry, headcount, valuation, revenue and % ownership.

Internal carbon fee
We set our internal carbon fee based on "Guidance for setting an internal carbon fee" by Milkywire. We chose to differentiate between emissions that our company controls, and for emissions where the responsibility is shared among many actors. The fee we set was;

- 100 USD/tCO2 for our scope 1, 2 & 3 GHG emissions (excluding 3.15 financed & 3.1 goods & services) i.e emissions we are directly attributable for and are within our control, such as business travel, office expenditure, employee expenditure, capital goods purchases
- 10 USD/tCO2 for all remaining scope 3 GHG emissions (3.15 financed portfolio & 3.1 goods & services) i.e emissions from external actors which are out of our control, such as our share of our portfolio activities, and activities we ask lawyers, accountants e.t.c to do on our behalf

In 2024 we increased our fees by 3% in line with UK inflation (based on a rounded average of CPI monthly inflation rates from Oct 23 to Sept 24). Our current internal carbon fees stand at;

- 103 USD/tCO2 for our scope 1, 2 & 3 GHG emissions (excluding 3.15 financed & 3.1 goods & services)
- 10.3 USD/tCO2 for all remaining scope 3 GHG emissions (3.15 financed portfolio & 3.1 goods & services)

Portfolio data collection & analysis
Since 2022 Atomico has run an annual ESG survey with all its active portfolio companies to collect information on the ESG practices of the portfolio. The survey is voluntary and in 2024 81 portfolio companies were requested to fill it in, with 79% sharing their information. This compares to 66% of 82 active portfolio companies completing the survey in 2023, and 74% of 78 active portfolio companies completing in 2022.

Data on ESG practices in place in the portfolio is asked on a binary (yes or no) basis. Here, only active portfolios are tracked, with the data for the years before the Atomico investment not being backfilled. If the company has previously not submitted any data in the survey, a negative answer is assumed by default. If the company has answered the survey in 2024 but failed to do so in 2023 or 2022, the same policies are assumed to still be in place unchanged.

We recognise that this introduces a possible bias in the reporting as the number of active companies reporting in each year changes, as does which companies are reporting with some doing some years and not others. Hence, we will continue to work towards a complete coverage rate when reporting on our portfolio activities.