



Conscious Scaling 2.0

Sustainability Review 2023

atomico^o

Contents

Foreword	03
Evolution of Conscious Scaling 2.0	04
Timeline	
Action on climate change	06
Atomico activity	
Planet Positive investing	
Progress in our portfolio	
Diversity & social impact	13
Atomico activity	
The Atomico Foundation	
Progress in our portfolio	
Championing higher standards of responsibility	22
Atomico activity	
Progress in our portfolio	
Partnerships	27
Appendix - resources & methodology	28

Foreword

Over the last 18 years we have been building a different sort of venture capital firm. I strongly believe entrepreneurs are the ultimate agents of positive, transformational change across some of the most critical aspects of our society and economy. Our mission is to build a firm that can spur that progress forward. At Atomico, we seek to partner with the world's most ambitious and mission-driven founders: those using technology to rewire the world in favour of something better. We want to be part of an ecosystem where profit and purpose are not mutually exclusive, but mutually reinforcing. When we enter into those partnerships we work together to build enduring, category defining businesses that are also conscious about their impact and are net positive for the world.

That's why I am so proud of what Atomico has achieved with our sustainability programme, 'Conscious Scaling'. We have been committed to helping founders harness the value of sustainable growth for many years now. Being mindful about the opportunities and unintended consequences of technology at scale occupies much of the time I spend talking to founders, and was the genesis of our Conscious Scaling framework several years ago.

Today that support has expanded. It now includes a dedicated, full-time Sustainability Manager alongside practical help, tools and resources as part of our Growth Acceleration offering. We feel it's incredibly important to help companies build sustainable strategies from the very earliest stages. In our experience, it's much easier to start life as a sustainable business than to pivot once at scale. I have been so encouraged by how the entrepreneurs we partner with have also embraced this philosophy. The most enduring companies need to be able to attract capital, talent and customers. ESG is a positive contributor to all those factors.

I hope the contents of this, our first Conscious Scaling report, will be helpful 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.



Whether through the case studies and templates, or just in understanding how we approach the day to day challenges of embracing opportunity and protecting value through environmental, social and governance factors. Through collective action, we can learn from each other and achieve a multiplier effect.

This report is part of our mission to be an active participant in shaping and scaling the European tech ecosystem to become the most sustainable, diverse, inclusive, and mission-driven in the world. We are making headway but there remains so much more to do. Thank you for taking the time to read about our progress.

Niklas Zennström
Founder & CEO, Atomico

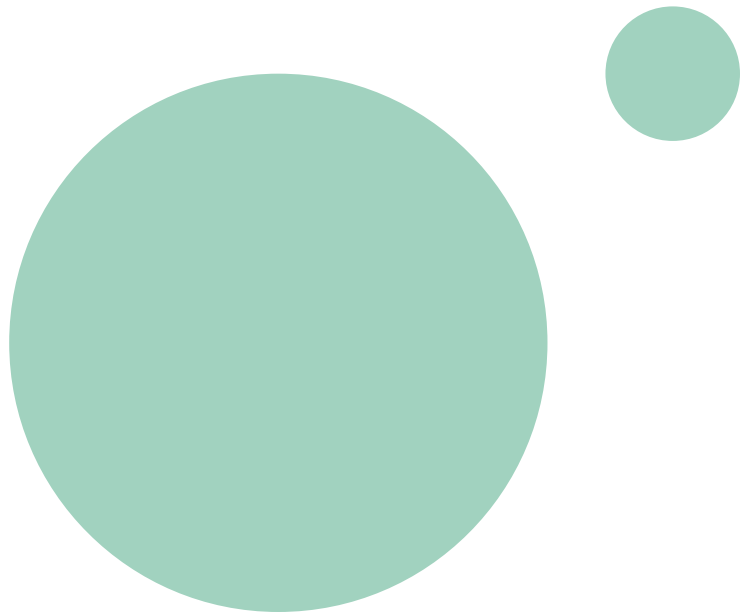
Evolution of Conscious Scaling 2.0

Sustainability is at the core of Atomico's strategy, investment philosophy, mission and values. Since 2015 we have been embedding environmental, social and governance (ESG) considerations, under the banner of Conscious Scaling, into all our working practices. We recognise the impact these levers can have on the success of both our own business and those we partner with, and we also recognise that, given the wide-reaching impact that some of our portfolio companies can have, venture capital firms such as ourselves are in a unique position to bring lasting change in the world. It is our firm belief that when fully embedded, sustainable business practices will generate superior long-term performance as well as enable greater positive societal impact.

When we first started, our initiatives and the way we thought about them evolved quickly but in silo. Over the past 12 months, we have been working on pulling them together and driving them forward into the programme of initiatives we have today - Conscious Scaling 2.0.

This report shares Atomico's Conscious Scaling initiatives and those of our portfolio companies. We aim to report on and learn from our progress to date, and share our ambitions for what we want to do next as well as provide resources for those looking to embed sustainability in how they invest or build their businesses.

The report looks at the progress of the firm and the portfolio, as of year end 2023, under the headings of environment, social and governance, as well as giving a snapshot of action from our portfolio companies. We have highlighted the things we consider to be the most impactful rather than a full list of all our sustainability activities.



Timeline

Pre-2017

- Started measuring scope 1 & 2 greenhouse gas (GHG) emissions plus business travel
- Offset emissions through avoidance credits to be 'Carbon Neutral'
- Partnered with **Level20** mentorship programme
- Launched Diversity taskforce
- Set diversity hiring and investment targets

2018

- Became signatories to the **United Nations Principles of Responsible Investment (PRI)**
- Implemented responsible procurement guidelines
- Launched an internship programme with **Sponsors of Educational Opportunity (SEO)**
- Adopted six months full pay parental leave in addition to statutory
- Introduced a 'values scorecard', filtering companies during the investment process on those that were net neutral or net positive only
- Launched **Diversity & Inclusion toolkit** alongside Diversity VC

2020

- Measured scope 3 emissions from goods and services
- Doubled the emissions we offset to be 'Carbon Positive'
- Introduced our **Conscious Scaling framework**
- Achieved Level 1 of the **Diversity VC Standard**
- Partnered with **YSYS** and **ColorInTech**
- Publicly committed to **building a more diverse and inclusive European tech ecosystem**
- Launched the Atomico Foundation

2019

- Implemented **Diversity, Equity & Inclusion (DEI) policy**
- Introduced DEI term sheet clauses where we led an investment
- Launched employee engagement survey

2021

- New office fit out achieved **Net Zero Carbon**
- Launched employee diversity survey
- Joined the steering groups of **VentureESG** and **ESG_VC**
- Formal **ESG policy** adopted
- Evolved term sheet clauses to include ESG policy

2022

- Set Sustainable Development Goal (SDG) targets for latest funds
- Achieved Level 2 of the Diversity VC Standard
- Became signatories to the **'Investing in Women'** code
- Partnered with **OUT Investors**
- Launched **Access Atomico Office Hours**

2024

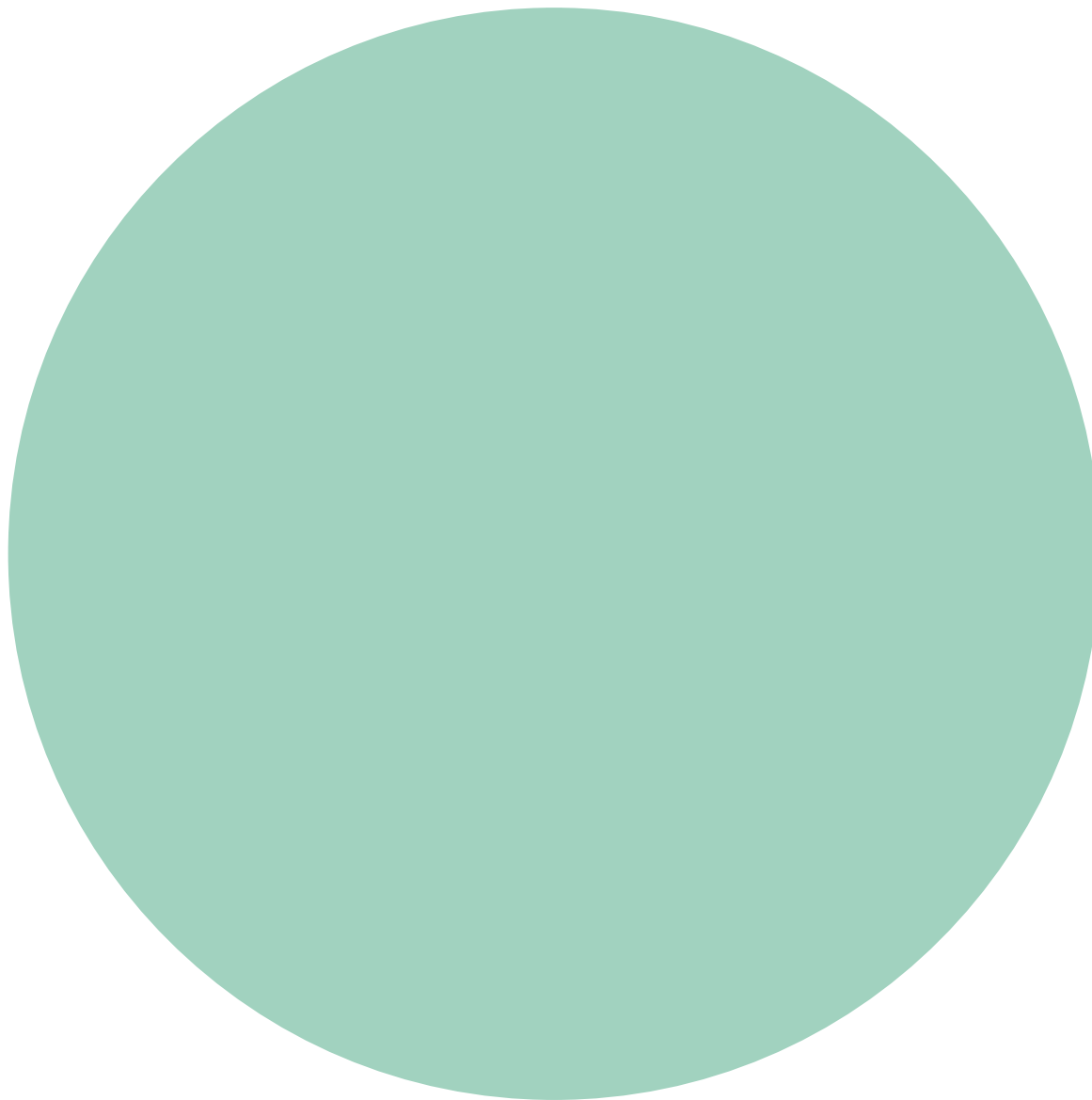
- Included GHG emissions measurement within our term sheet clauses
- Disclosed environmental risk within our latest funds for the Taskforce for Climate related Financial Disclosures (TCFD)
- Formally measured internal gender pay gap
- Releasing our first Sustainability Report

2023

- Started measuring scope 3.15 financed emissions
- Implemented internal carbon fee and donated to **Milkywire's Climate Transformation Fund**
- Aligned our latest funds with Article 8 under the EU's Sustainable Finance Disclosure Regulation (SFDR)
- Launched Conscious Scaling roadmap
- Launched an annual portfolio ESG survey
- Introduced ESG due diligence pre-investment
- Launched employee inclusion survey

Environment

Action on climate change



Atomico activity	07
Planet Positive investing	09
Progress in our portfolio	10
Case studies	11



Atomico activity

Atomico takes accountability for its climate impact via measurement, reduction and removal. We first started measuring our scope 1, 2 and business travel greenhouse gas emissions (GHG) back in 2017 and today we measure scope 1,2 & 3 GHG emissions including scope 3.15 financed annually through a third party verifier **Apiday**. Where portfolio companies do not yet measure, Apiday estimates on their behalf.

We continuously seek innovative ways to reduce emissions from our operational practices. Our London office was the first office refurbishment and 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 procurement.

Each year we offset or remove the sum of our emissions - in more recent years double, then triple, counting in an effort to go beyond our own footprint. In 2023 we made a significant shift by implementing

an internal carbon fee. We set the fee based on guidance from an industry leading **white paper**, effectively taxing ourselves on our emissions.

We then transitioned from traditional carbon offsetting to making annual contributions based on our internal carbon fee. In 2023 we donated the sum covering our 2022 footprint to **Milkywire's Climate Transformation Fund (CTF)**, a science-based approach initiative investing in groundbreaking solutions for durable carbon removal, nature restoration and protection, and decarbonisation. The CTF supports global projects that have the potential to achieve the maximum long-term CO₂ reduction per dollar spent, reflecting our belief that corporate responsibility extends beyond achieving footprint neutrality.

Reducing both operational emissions and financed emissions from our portfolio is a priority and a focus for 2024 is to consider ways to achieve this objective.

Our internal carbon fee¹

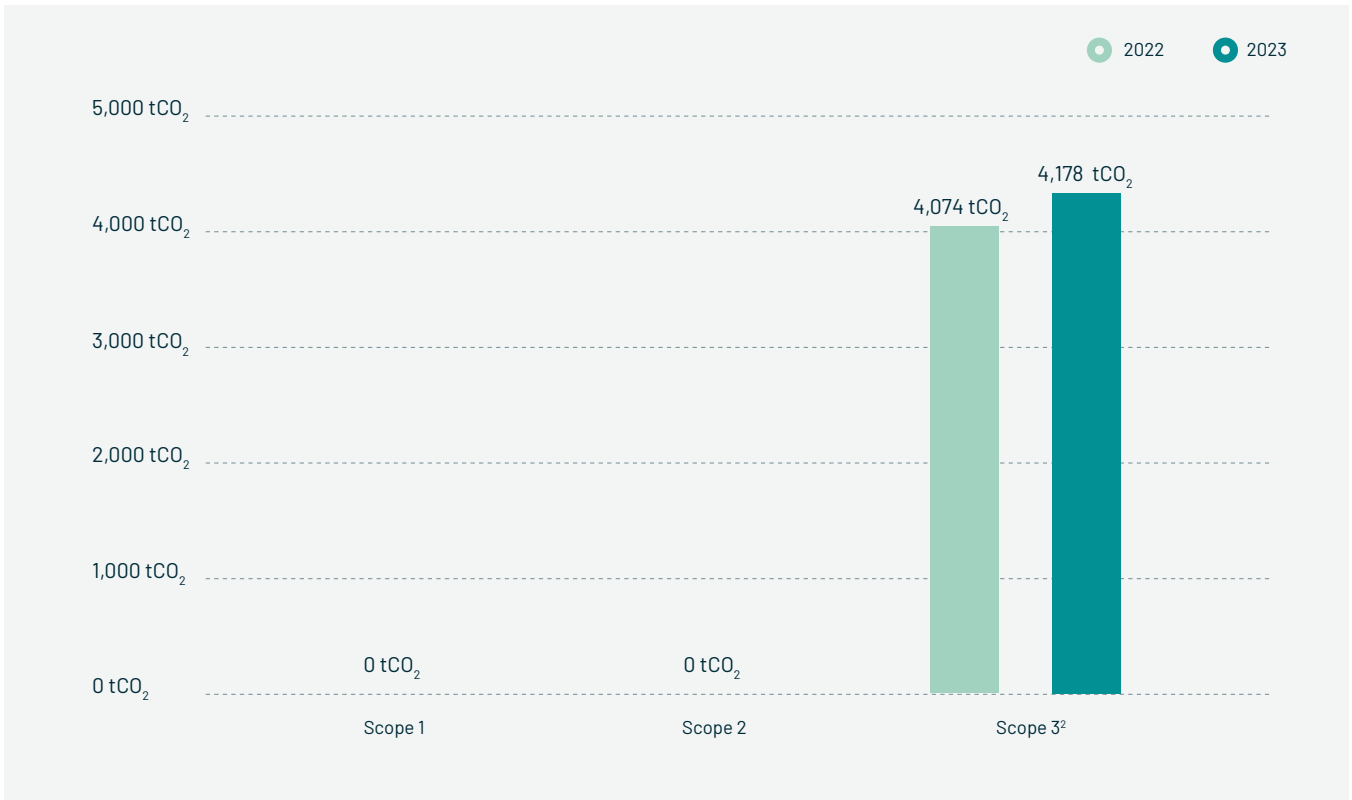
\$100
USD/CO₂ tonne scope 1,2 & 3
(exc 3.1 & 3.15)

\$10
USD/CO₂ tonne scope
3.1 & 3.15

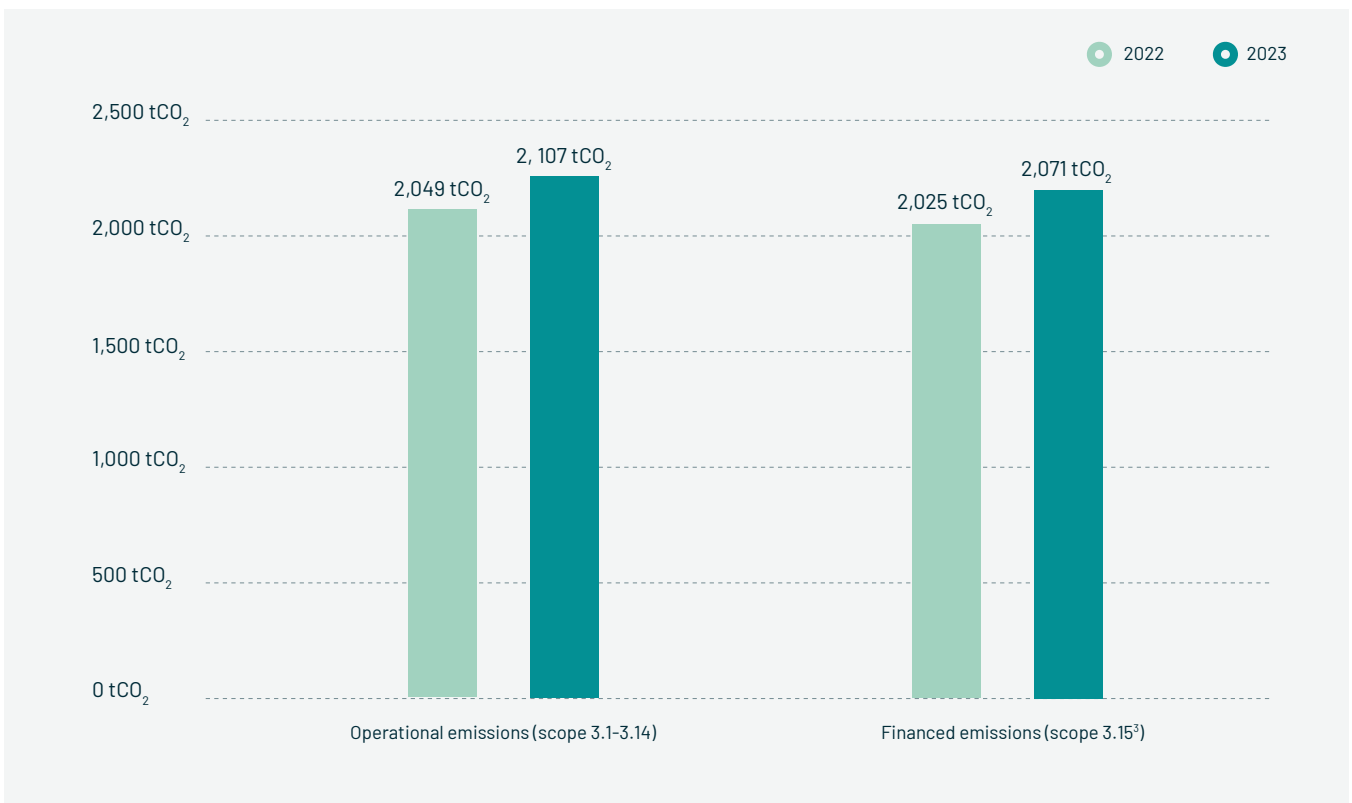


¹ For details on methodology see appendix.

GHG emissions by scope¹



Scope 3 breakdown



¹ For details on methodology see appendix. ² Includes scope 3.15 financed emissions. ³ Portfolio scopes 1 & 2 x Atomico % ownership.

Planet Positive investing

One way Atomico can contribute to the fight against climate change is by working with entrepreneurs using technology to try to solve environmental problems. We call this Planet Positive investing and it is a thematic area of focus. We target 20-30% of new investments to be in technologies combating climate change,

We believe technology will play a pivotal role in addressing the global climate crisis for a number of reasons:

- **Entrepreneurship:** analysis from the [State of European Tech \(SoET\)](#) shows climate was the top two theme at Seed in 2023 by invested capital. Entrepreneurs are dedicated to solving society's biggest challenges.
- **Innovation:** Technological advances such as AI, machine learning, quantum computing, computational biology and material sciences create the ability to examine challenges in climate from vastly different angles and find solutions that would have been inconceivable even a decade ago.
- **Scalability:** Cost, time and resources are core constraints to solving global climate problems. Using technology to drive efficiency and optimisation across those three vectors can unlock solutions at scale.
- **Access:** Given the global nature of the climate problem, connectivity between key players is core to take action. Technology can play a crucial role in creating this connective tissue between stakeholders in need of geographically or financially dispersed solutions.

Adding venture capital to these technology solutions can accelerate the pace of change. There is a huge amount of customer demand for Planet Positive solutions, and access to talent and capital helps get these technologies in front of the right people as quickly as possible.

Our approach to Planet Positive investing involves us examining the space from a variety of lenses, including industry, type of climate action, and form factor:

In which industries does the problem reside?

We see opportunities across every industry to tackle global carbon emissions. We've divided the world into eight industrial categories, and we speak to and work with startups in each: Energy, Mobility, Manufacturing, Supply Chain & Logistics, Carbon Measurement & Markets, Retail, Food & Agriculture, and Fintech.

What action can address the problem?

- **Emissions reduction** – solutions focused on reducing existing emissions, with a rapid pace to market using novel technologies to replace legacy emitting practices.
- **Emissions avoidance** – developing new ways of working, producing and consuming that are neutral for the climate.
- **Emissions removal** – long-term reduction of the emissions budget to create a sustainable environment for generations to come.

In what form can the problem be solved?

We believe the global climate crisis should be addressed through a combination of software, hardware and deeptech solutions. Software has the ability to address solutions at an enormous scale. However, there are certain problem sets that can only be addressed by hardware and deeptech, which also hold the potential to become greater levers for scale.



Climate change is one of the most pressing and large-scale problems our world has ever faced, and one which touches every aspect of society. That's why I am so excited to be leading the efforts for our Planet Positive investment strategy. We are proud of the progress we have made with our Planet Positive portfolio, and we are committed to furthering our impact.

Terese Hougaard

Investment Partner

Progress in our portfolio

We encourage all companies we invest in to measure their emissions and take action to limit them as they scale. We also survey our portfolio annually to check how many are actively doing so. We appreciate this is not always a core priority for very early stage companies so we have been encouraged to see the numbers gradually increasing. We encourage our portfolio to keep their emissions low as they grow by proactively managing them from the early days of company inception, fostering an operational practice of being conscientious about carbon emissions which is built into the core of the company as it scales.

We first introduced sustainability-related term sheet clauses in 2019. At the end of 2023 we strengthened them, adding a specific climate clause requiring all new investments where we lead to measure their GHG emissions and we are committed to no follow-on investment into companies that fail to do so.

Post-investment, we proactively support companies in implementing emissions reduction strategies. Our Sustainability Manager advises companies on appropriate steps they can take to reduce their emissions, and we provide access to sustainability consultants such as **Anthesis** as well as the provision of best practice templates and examples. Our approach is to encourage them to implement these early, when they are small and agile, rather than waiting until they are too big and it's challenging to adapt. Some examples of advice include:

Renewable energy

- When expanding offices, seek buildings that have adopted renewable energy and can report on your energy usage
- When setting up your data infrastructure, optimise the amount of cloud infrastructure resource used and migrate workloads to regions with more environmentally-friendly data centres



20%
of portfolio
actively trying to
reduce emissions
2023

vs
14%
2022¹



18%
of portfolio
measured emissions
2023

vs
10%
2022¹

Sustainable business travel

- When booking business travel directly is no longer viable, look for travel providers that can calculate the emissions of your trips and suggest more sustainable travel options

Supply chain

- Start measuring your scope 3 emissions as soon as you can
- Introduce a sustainable supplier policy which optimises for like-minded suppliers who are also trying to reduce their emissions

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

CASE STUDIES



FabricNano™



Countries like the UK could be deploying this across farmland to remove hundreds of millions of tonnes of carbon. The US, however, could have the potential to sequester up to 3 gigatons of carbon every year. We are hoping this is the enabling technology for a globally scalable carbon capture strategy.

Grant Aarons
Founder & CEO, FabricNano

UK-based biotech enzyme immobilisation company **FabricNano** trials a process that enhances the efficiency of leading methods for atmospheric carbon dioxide removal. Atómico partnered with FabricNano in 2021 to support them on their mission to transform industrial chemical processes by using cell-free biomanufacturing.

Challenge/Opportunity - Enhanced Rock Weathering (ERW) is a technique well regarded as an effective and sustainable way to remove carbon directly from the atmosphere. It does this by using pulverised silicate rock particles that, when spread on farmland, react with rainwater - causing the mineralisation of the carbon carried within into soil-enriching carbonated particles and, eventually, sedimentary rock. But like many natural phenomena, ERW is a slow process; making it viable requires large swaths of land, a great expenditure of energy, and specialised equipment to break the rock into a suitably fine powder. This is in addition to the economic and carbon cost of transporting the unrefined rock and equipment to the fields.

Solution - FabricNano's new method, Accelerated Rock Weathering (ARW), utilises all of the advantages of conventional ERW techniques whilst solving the disadvantages - namely logistics, mechanics and scale. The method involves combining a natural protein powder on the rock particles that accelerates the chemical weathering process, allowing larger fragments of silicate rock to be used to capture carbon. Dispensing with the need for specialised equipment to break the rock up, or the need to source fine rock powder, these large-particle rocks are then spread on farmland to create an efficient, scalable method to capture huge volumes of atmospheric carbon dioxide using natural processes and a plentiful resource.

Impact - Currently being field trialled just outside of Oxford, the affordable method harnesses a natural process that can be deployed anywhere, with abundant waste rock, with the potential to enhance soil quality for higher crop yields.



Opna™



Opna will help companies meet net-zero goals, while scaling carbon removals and unlocking financing for high quality projects with speed, scale and equity.

Shilpika Gautam
Founder & CEO, Opna

UK-based climate financing platform **Opna** enables climate action-committed businesses to achieve their net-zero goals by de-risking the procurement, financing, and management of long-term, high-quality carbon removal. Atómico partnered with Opna in 2023 to support them on their mission to mobilise capital into carbon projects at scale.

Challenge/Opportunity - In addition to decarbonization efforts, businesses aiming to achieve their net-zero goals must also ensure an adequate future supply of carbon removals by making long-term commitments to carbon removal projects. However, challenges persist in procuring and contracting with projects that meet their strategic, quality, and cost criteria while also mitigating risks, such as greenwashing and future delivery uncertainties of removal credits.

Solution - Opna's platform leverages technology, data, and expertise to streamline the procurement process, reducing friction and risks, and enhancing efficiency and quality assurance. It essentially facilitates the formation of 'carbon removal buyers clubs', where climate action leaders collaborate to collectively procure robust portfolios of high-quality carbon removal. Through their combined purchasing power, buyers can procure high-quality carbon removals at a competitive price whilst executing the deals in a standardised, consistent, and cost-effective manner.

Impact - Ultimately, this accelerates a company's ability to procure carbon removal at scale, acting with the urgency that the climate crisis deserves. In the long-term, higher volume contracts from reputed buyers allow project developers to secure revenue certainty and pathways to project financing, and concentrate on scaling their technology at the lowest cost price.

CASE STUDIES



Finnish open-source data platform **Aiven** has evolved their product to show emissions of cloud-based servers. Atomico partnered with Aiven in 2021 to support them on their mission to help organisations extract maximum value from their data, creating a cloud platform that seamlessly integrates a range of open-choice services for streaming, storing, and serving data, ensuring simplicity, security, and speed across major cloud providers.

Challenge/Opportunity – As cloud workloads and data centre usage grows, so does the need for tech companies to measure carbon emissions by data project, and optimise the amount of cloud infrastructure used. Surfacing data for each project at regular intervals throughout the day enables organisations to migrate workloads to a more sustainable data centre, or to optimise the software to make it less resource-intensive. By reducing the resources used in the cloud, companies can not only lower emissions, but also costs.

Solution – Aiven provides an **open-source carbon footprint solution** that measures and exposes the emissions for every specific workload in any major cloud, per project, per hour, allowing tech companies to decide whether to optimise the architecture of their software, or to move a workload into a cloud region with a more environmentally-friendly data centre. Aiven’s platform empowers seamless migrations within and across major clouds, while also allowing companies to immediately launch new projects in the cloud region that best aligns with their environmental sustainability goals.

Impact – Some of Aiven’s major customers from the retail, energy, and transportation sectors who have established sustainability targets now use the tool to monitor their emissions and decide where to run their workloads in the cloud. Crucially, they are now able to integrate environmental objectives into their data infrastructure design.



German-based climate tech platform **Vaayu** and Swedish fintech **Klarna** work together to arm Klarna’s 150 million global customers with live carbon data across the products sold within its payments app. Atomico partnered with Vaayu in 2022 to support them on their mission to empower retailers to tackle carbon and environmental impact at scale.

Challenge/Opportunity – A single product carbon footprint requires much data and life cycle assessment (LCA) expertise. Product carbon footprint data can be hard to come by due to the complexity of the supply and value chain. Existing data is also typically unreliable, with the vague spend-based models dominating the market not accurately reflecting actual scenarios – and therefore not accurately reflecting the actual product carbon footprint at hand.

Solution – Vaayu’s team of in-house data scientists and 30+ LCA specialists are continuously working to evolve a proprietary database and modelling engine that allows the automation of product carbon footprints at scale. So far, over 150 million products provide consumers with carbon data across Klarna’s Fashion, Home & Garden, Jewelry & Accessories and Electronics categories, creating the largest cradle-to-grave life cycle assessment dataset ever using good practice activity-based LCA methodology, powered by Vaayu’s AI and machine learning.

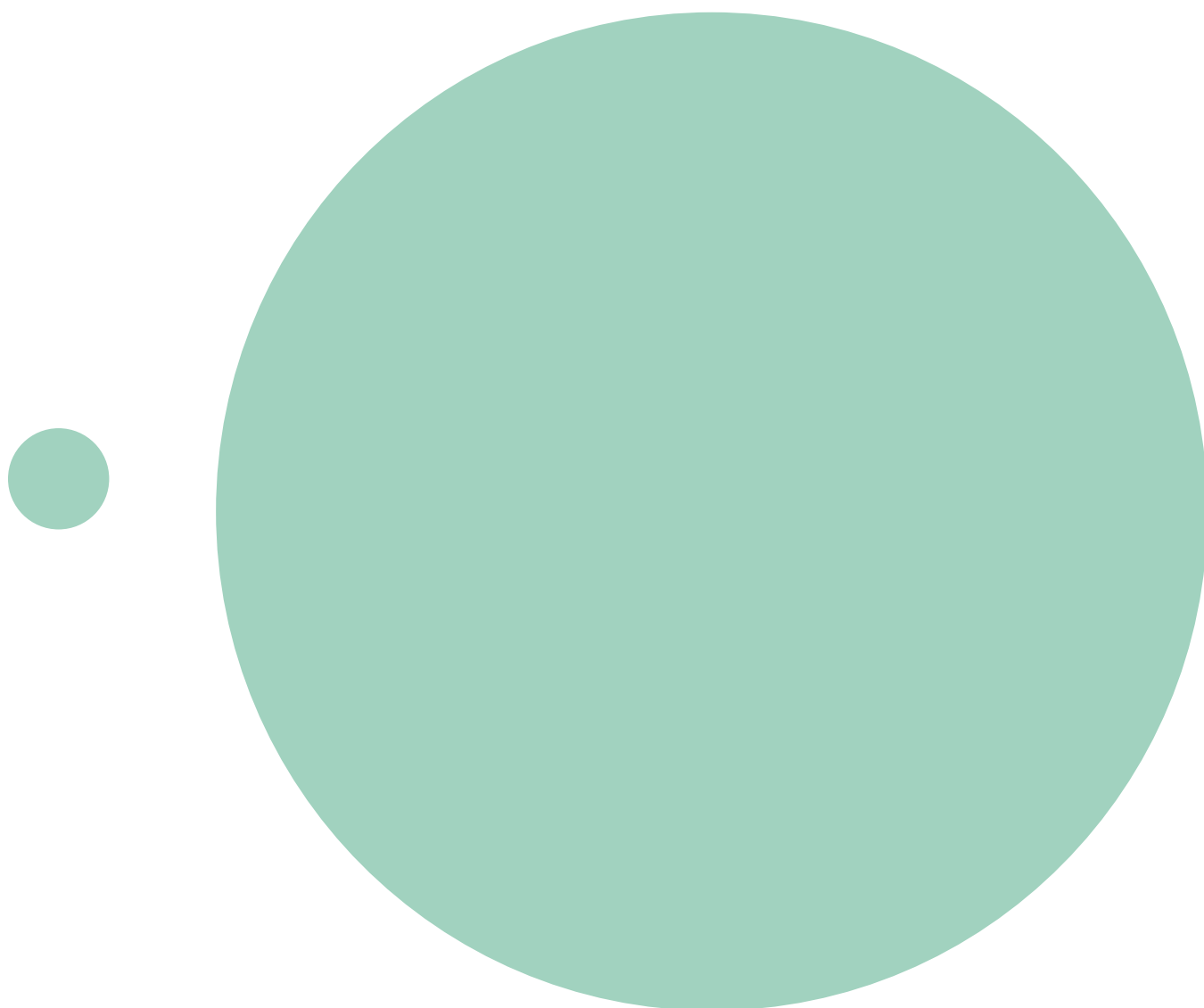
Impact – Together, Vaayu and Klarna are providing shoppers with the product carbon footprint for everyday products via the **Klarna CO₂ Tracker**. 240,000 shoppers are receiving product carbon data every month by visiting the tracker.

“We’re proud to be working with a pioneering company like Klarna to provide shoppers with science-based emissions data for even more everyday products, revolutionising the way they engage with their purchasing decisions and inspiring them to take climate action.”

Namrata Sandhu
Co-Founder and CEO, Vaayu

Social

Diversity & social impact



Atomico activity	14
The Atomico Foundation	15
Progress in our portfolio	18
Case studies	19

Atomico activity

When we consider diversity at Atomico we focus on the diversity of our team, and the diversity of the founders and their companies with whom we partner - both directly through our core investments or indirectly through our ecosystem initiatives.

Our first diversity initiatives were launched in 2017. Our **Diversity, Equity and Inclusion (DEI) policy** highlights the initiatives we have put in place to date. We published our **Diversity & Inclusion toolkit** alongside our partners at **Diversity VC**, and we are proud to have achieved Level 2 of the **Diversity VC Standard** in 2023, and more recently retain our **top 3 VC position in the Equality Group's 2024 HONORDEX report**.

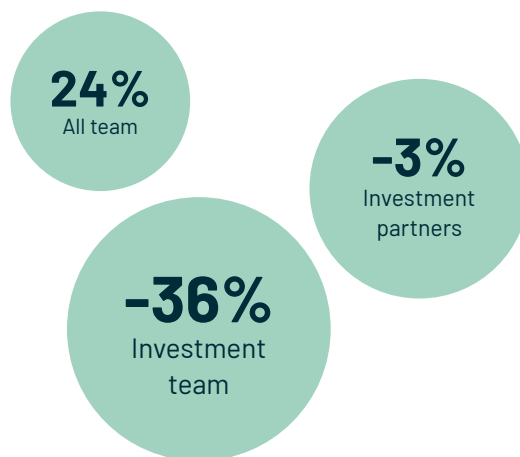
When it comes to our team we've made progress with gender diversity and are currently tracking above industry averages. Looking at investment partners across European venture capital, **only 16% were female in 2023**, compared to Atomico's 56%. However we are not where we want to be on other forms of diversity such as underrepresented ethnicity or social mobility, and we have more work to do.

As a firm we want to hold ourselves accountable by publicly stating our diversity targets and reporting on them. Diversity comes in many forms, and so along with continuing our work on gender we are also focusing on underrepresented ethnicity. For the Atomico team we target hiring 50% female and at least 30% minority ethnic backgrounds for all open roles, with additional targets for our candidate pipeline.

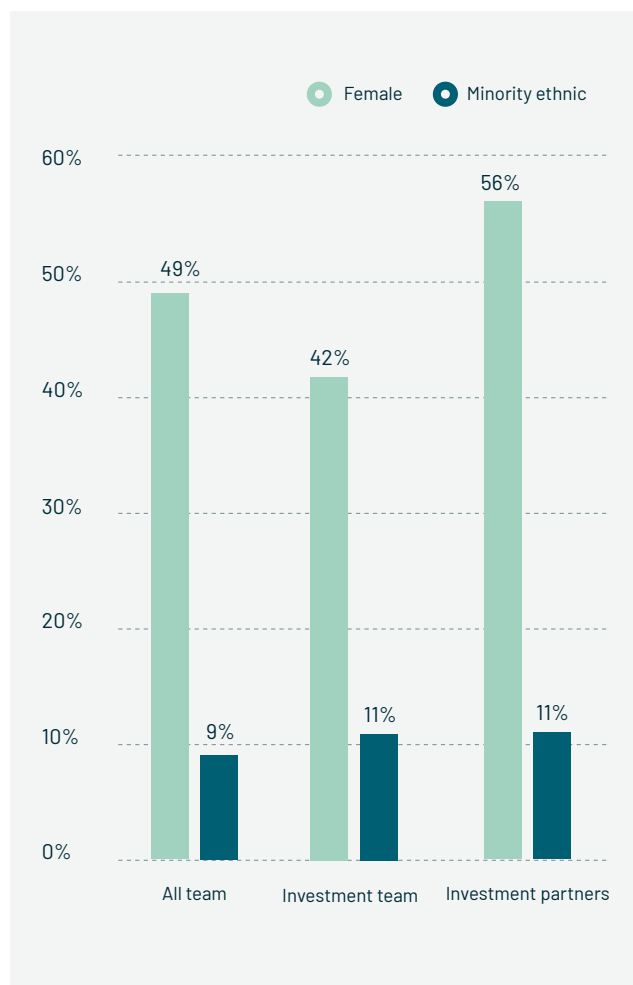
Our overall gender pay gap is reflective of the fact we have more females in lower paid support roles than men, something we are actively trying to change. The negative pay gap at investment team and investment partner level is reflective of strong female representation, with more senior female partners than men.

It's important to note that the gender pay gap doesn't show us that two people are being paid differently to do the same job based on their gender or any other protected characteristic. What it does show us is the gender makeup of our team and female representation in senior roles.

Gender pay gap¹



Team diversity breakdown²



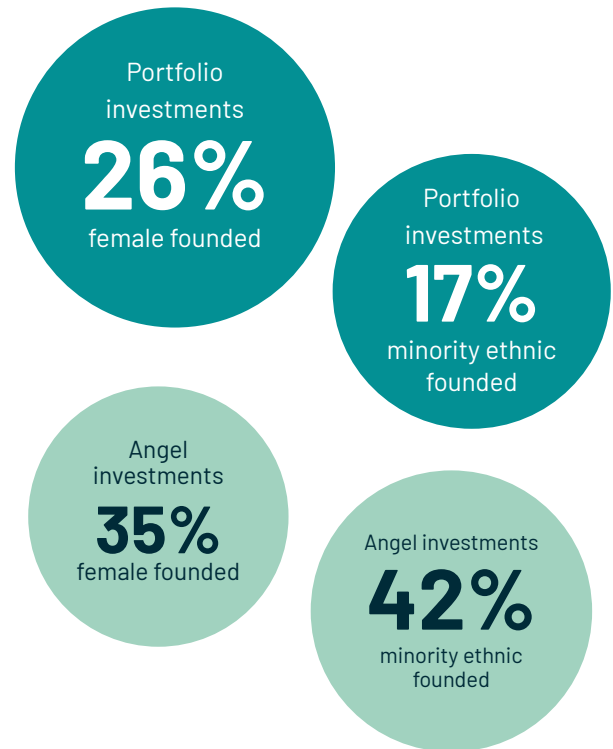
¹ Based on mean hourly pay. A positive gap shows men earn more than women. A negative gap shows women earn more than men. ² Data as of 31st Dec 2023.

Within the wider ecosystem, our analysis for SoET shows that the industry as a whole has room for improvement when it comes to DEI. In terms of gender diversity, women-led and mixed teams received just 8% and 21% of funding respectively at the pre-Seed stage between 2021 and 2023, and these numbers drop to 2.2% and 15% at Series B and beyond.

We have longstanding partnerships with angel investors and early stage funds who champion DEI in the European tech community. Our Angel programme, launched in 2019, was designed to encourage those from underrepresented backgrounds to get into angel investing. We are proud of the support the programme has delivered to underrepresented founder and investor talent. We target 40% of our portfolio investments (by number) to be in underrepresented founders over the life of the fund. However we have not yet achieved this, and are working hard to understand how we can better widen our sourcing funnel and those of our upstream investors who we depend on to bring underrepresented founders into the ecosystem.

Human rights is another area of focus. We screen for human and labour rights, the right to privacy and data security, and responsible product design both within our own supply chain and the companies we partner with. If we think a company is falling short we flag this to our investment committee to consider prior to investing.

Investment diversity breakdown¹



Atomico Foundation

Launched in 2020 as the philanthropic arm of Atomico, the **Atomico Foundation** supports causes that complement our mission and vision to contribute to a better ecosystem.

Since inception we have backed a range of good causes, from local community initiatives to those striving to solve problems within our industry. There are a variety of ways we do this - simple donations, including gift matching for employees, sponsored challenges, larger grants and partnerships and volunteer time.

For our grants and partnerships we seek to partner with organisations focusing on the positive, or mitigating the negative, impacts of technology; supporting

entrepreneurship (generally or for disenfranchised groups, social entrepreneurs, geographies underdeveloped with regards to entrepreneurship) and encouraging children, and under privileged groups to learn science and technology.

Our vision is to accumulate sufficient funding and employee hours over the next 30 years to become a leading philanthropy actor and an active contributor to supporting Atomico's mission to have a global impact. The Foundation is funded through a percentage of carry proceeds, management company profits and staff hours and has deployed £550,000 to date.



¹ % of active investments as of 31st Dec 2023.

ATOMICO FOUNDATION PARTNERSHIPS

Fitzrovia Community Centre



Fitzrovia Community Centre (FCC) is a community hub which provides opportunities to improve the mental, physical and emotional health of local residents, and brings together people of all ages and backgrounds. The centre is close to our London office and since 2022 Atomico has proudly sponsored two of their programmes supporting vulnerable and isolated residents which would not run without our support.

Strictly Seniors is a ballroom dancing class that forms part of their Seniors' Services aiming to reduce isolation, increase physical and mental health, community cohesion and quality of life. Many of the Atomico team have taken along their two left feet and spent time participating in both the dancing and the tea drinking that is a key part of the sessions!

Messy Explorers is a class for under 5s to explore different textures and materials through messy play. The families that come to the weekly sessions are predominantly from migrant communities, many of whom have little to no family or support network nearby. In addition we support the FCC in other ways including helping run sessions and providing Christmas gifts for the children, volunteers, seniors, and the refugee women the Centre supports. Atomico donated books to celebrate World Book Day and provide refreshments for seniors' social. A team of employees ran the ASICS 10k with all sponsorship money raised going to the FCC.

UNDER ONE SKY



Under One Sky is a volunteer-led initiative supporting people living on the streets of London through friendship and compassion. The Atomico Foundation has partnered with Under One Sky for the last two years. We donate time and money to support the weekly outreach they do, known as "Skywalks". Atomico staff regularly take to the streets around our office in Fitzrovia distributing food, drink, and much-needed essential supplies as well as packing supplies for other walks and arranging extra special care packages at Christmas.

In 2023 we did...

- 99 combined hours of volunteering
- 56.5 hours of skywalks
- 42.5 hours of packing
- 70,000 items packed
- 160 people supported (on Atomico skywalks alone)

TERN

TERN - The Entrepreneurial Refugee Network is a nonprofit that supports refugees to start their own businesses. Their mission is to enable refugees through the power of their own ideas. The Atomico Foundation has been a part of this mission since 2020. Initially sponsoring their TakeOff programme which is focused on giving entrepreneurs the platform to develop as a founder and fully launch. The Atomico team have volunteered their time to host sessions on angel finance, comms and branding and mock pitches. More recently we have been supporting the launch of TERN's Refugee Venture Fund - the first of its kind.

The Refugee Venture Fund

TERN believes venture capital can play a key catalytic role in creating a new generation of high-growth refugee-led companies. Companies that can drive change both within their communities and the wider narrative around refugee inclusion. Over the last year, we have supported TERN as they have developed this thesis into 'The Refugee Venture Fund': a £10MM pre-seed venture fund in the UK uniquely, and exclusively, focused on supporting high-potential refugee entrepreneurs. The fund aims to create a portfolio of 27 scaling refugee-led businesses over 3 years, a stepping stone towards a world where venture capital embraces and enables refugee-led businesses.

Partnering with the Atomico Foundation has played an important role in helping to legitimise our community and mission. It has allowed us to build the capacity to showcase that refugee populations deserve our investment, not just our sympathy.

Charlie Fraser

Partnerships & Strategy Director, TERN

ATOMICO FOUNDATION PARTNERSHIPS



Creative Destruction Lab (CDL) is a nonprofit organisation that works to deliver an objectives-based program to maximise the probability of success for science and technology based startups from around the world.

CDL is committed to developing the UK entrepreneurship ecosystem and currently runs four streams - AI, Health, Climate, and Fintech.

It runs a selection process to identify the most interesting potential start-up founders and supports them through active mentorship and is very much aligned with Atomico's commitment to supporting entrepreneurship.

The Atomico Foundation has partnered with CDL for several years through grant donations and participation in their mentorship programme for founders.

Since 2020 we have supported the following organisations:

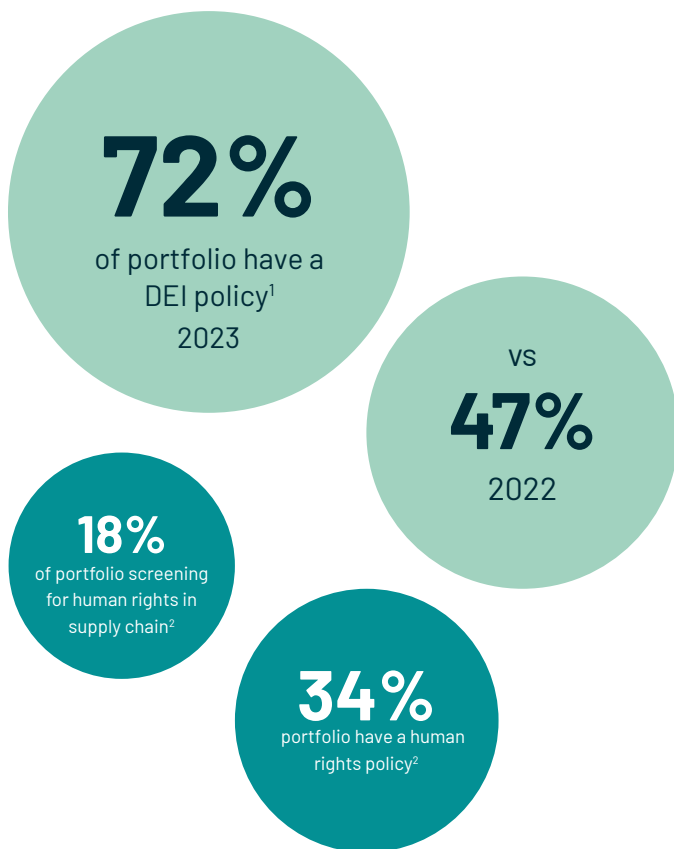
- Alzheimer's Research UK
- British Red Cross
- Centre Medical de Taolagnaro
- Centrepont
- Child Bereavement UK
- Children with Cancer
- Children's Hospice South West
- Choose Love
- City Harvest
- Color in Tech
- Crisis
- Crisis UK
- Elizabeth's Smile
- Felix Project
- Fitzrovia Community Centre
- Global Empowerment Mission
- GraceSigns
- Great Ormond Street Hospital
- Gustave Roussy Institute
- International Rescue Committee
- Know Thyself
- Kwanda
- LandAid
- Les Invincibles
- Lucy Air Ambulance
- MERCY SHIPS UK LTD
- Milky Wire Climate Impact Coalition
- MIND
- Morocco earthquake relief
- Muscular Dystrophy UK
- Music Masters
- National Energy Action
- Not a Phase
- NSPCC
- ORBIS CHARITABLE TRUST
- Oxford Creative Destruction Lab
- Parkinson & Sport Association
- Parkinsons UK
- Plan Zeroes
- Platform Earth
- Red Cross Israel/Gaza appeal
- Refuge
- Royal Free Charity - Amyloidosis research fund
- Royal Surrey County Hospital Charity
- Sands
- Shooting Star Children's Hospice
- Somalia Water Fund
- Starlight
- Startup Discovery School
- Support Ukrainian refugees in Romania
- TERN
- The Big Issue
- The Trussell Trust
- Under One Sky
- Wellcome Trust
- World Central Kitchen
- Wrap Up UK
- WWF Australia Bush Fire Relief
- YSYS

Progress in our portfolio

The biggest impact a VC can have is where it invests its money and how it supports and encourages those companies 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 DEI strategies, and we are seeing improvements both in the number of companies implementing them and the increasing diversity of their teams.

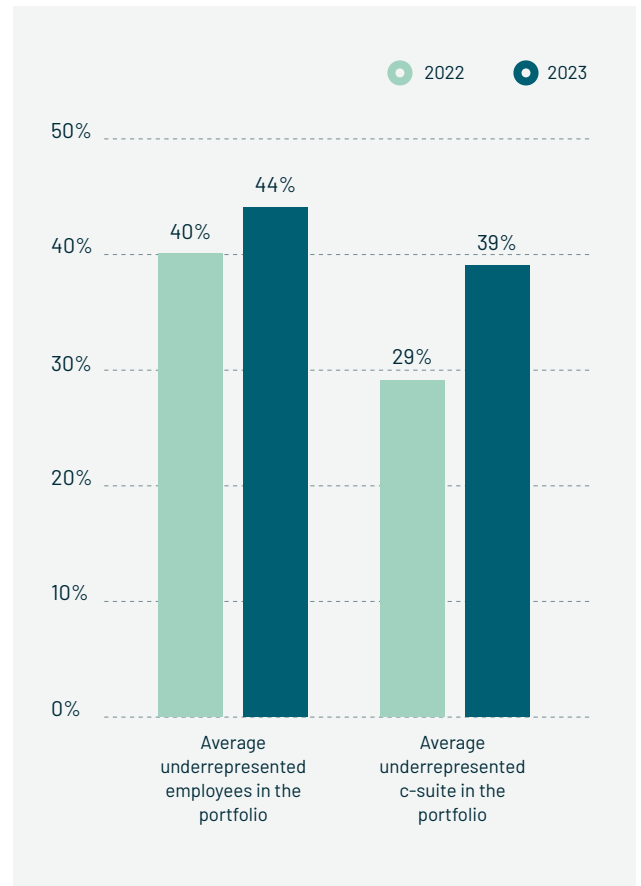
We proactively support companies from the outset of our partnership, encouraging them to:

- Integrate diversity within their hiring processes and candidate pipeline
- Measure and monitor the diversity, equity and inclusion of their employees
- Ensure fair and equal compensation
- Provide trainings, learning and career development
- Measure and monitor employee engagement



We also look at how our portfolio's operations impact wider society, and encourage them to do the same. We apply a materiality lens using the **materiality filtering** tool developed by our partners at **VentureESG** to assess which companies may be more likely to face certain issues such as human rights and labour issues within large supply chains, or data protection and privacy concerns due to the nature of their product and the data they collect. We help them put in place initiatives to protect against them such as supply due diligence or data security measures and connect them to external expert consultants for advice. This is a key focus area for us and we plan to scale up our efforts over the next 12 months.

Portfolio employee diversity¹



¹ See methodology in appendix for how we compare portfolio year on year data and how we define underrepresented employees. ² 2023 data only, we only recently started asking for this.

CASE STUDIES



Pelago

US-based substance use management provider **Pelago** partners with businesses and health plans to deliver specialised substance use support to those struggling with tobacco, alcohol, opioid, or cannabis use disorders. Atomico partnered with Pelago in 2021 in support of their mission to break down barriers to substance use care that works, and has since doubled down on Pelago by leading their Series C in 2024.

Challenge/Opportunity - Of the more than 37 million US working adults that consider substance use treatment, less than 5% actually receive treatment. Access to effective, equitable, quality care is one of the most formidable barriers to successful substance use care, yet it presents the opportunity to add tremendous value for underserved rural populations. Challenges faced by these populations include lack of public transportation, longer travel distances, health workforce shortages, and stigma at a disproportionate rate compared to their urban counterparts.

Solution - Pelago's clinically validated, digitally-delivered substance use management platform achieves equitable, rapid, destigmatized care for adults and teens regardless of location through: 1) a nationwide network of physicians, nurse practitioners and counsellors; 2) fulfilling and delivering substance use treatment prescriptions discreetly to the member's home or local pharmacy; 3) monitoring and measuring substance use remotely using breathalysers or urinary test kits; 4) delivering in-app educational and motivational support through personalised cognitive behavioural therapy content.

Impact - Pelago has delivered effective care to more than 3.5 million people across multiple industries and all 50 US states, removing traditional barriers to care and eliminating disparities for rural populations. Across diverse populations, Pelago's substance use management program has reduced medical claims on an annual basis by \$9k per participant, delivering a 3.0x ROI and resulting in care outcomes that are equally effective for rural as well as urban populations.



“By removing barriers to specialised substance use care for underserved populations, including rural communities, we're levelling the playing field. Confidential and accessible virtual substance use care is here to stay, and it will play an important role in equitable treatment of substance use disorders among rural populations.”

Yusuf Sherwani M.D.
Co-Founder and CEO, Pelago



CASE STUDIES



Netherlands-based skills-led hiring platform **TestGorilla** takes steps to eliminate its gender pay gap. Atomico partnered with TestGorilla in 2022 to support them on their mission to help companies identify the best candidates for the job, and make hiring decisions faster, easier, and bias-free, whilst giving every candidate an equal chance to prove their abilities and motivation.

Challenge/Opportunity - The current overall gender pay gap at TestGorilla is less than 7% (which is excellent when benchmarked against an average of 23% in the tech industry and 25% within European Series A startups). However, with their current 50:50 leadership team gender parity, they set an ambitious target to eliminate their gender pay gap completely, down to 0%.



Solution - TestGorilla reviewed the compensation of all team members and looked at it from different perspectives, including gender, level, salary bands and departments. They conducted the analysis before their scheduled pay review in February so that they knew where any potential "outliers" were. They were then very intentional in the pay increases that were given so that at the end of the pay review, the gap would be less. TestGorilla also analysed where they could make progress in the coming period, such as by hiring more female talent into the engineering organisation.

Impact - Post February, TestGorilla had reduced their gender pay gap from 6.68% to 5.88% and continues to work towards eliminating it completely.



UK-based AI and robotics drug discovery company **LabGenius** takes action on addressing the diversity of its team. Atomico partnered with LabGenius in 2020 to support them on their mission to accelerate the discovery of next-generation therapeutic antibodies through AI and machine learning.

Challenge/Opportunity - Despite reaching an even distribution of male and female employees across the company, LabGenius was falling short of their diversity targets at senior levels, in particular with regards to their management team.

Solution - To improve female representation in senior positions, LabGenius committed to elevating women into leadership roles by providing specific training and clear career progression pathways for existing female employees. They also integrated diversity targets within their recruitment practices.



Impact - As a result, 87% of their new hires in 2023 were female (vs 55% in 2022 and 47% in 2021). Through training and active promotion opportunities, LabGenius' female representation at entry level management is now 32% in 2023. There is still room for improvement at senior management level where this sits at 14%, however LabGenius continues its proactive approach to achieve diverse representation at all leadership levels.

CASE STUDIES



Nordic-based VC fund **Unconventional Ventures** tackles diversity within the European ecosystem by funding early-stage impact companies led by underrepresented founders. Atomico has been a supporter of Unconventional Ventures since 2022 with a fund commitment to support their mission to unlock the potential of underrepresented founders building impact tech companies.

Challenge/Opportunity - Despite being historically underfunded, underrepresented founders present great investment opportunities, statistically outperforming homogenous teams by 30% at exit. Additionally, a wealth of perspectives in groups are proven to achieve higher levels of innovation, which is crucial to solve the social and environmental issues we face as efficiently and sustainably as possible.

Solution - Unconventional Ventures' first fund, UVFI, which is aligned as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR), is the first European impact fund focused solely on underrepresented founders identifying as women, LGBTQ+, people of colour and/or immigrants.

Impact - UVFI is designed with the clear intention to unlock the potential in underrepresented founders building scalable impact tech companies with high growth potential, tapping into the \$4.5T market opportunity that impact investing is forecast to reach by 2030. Unconventional Ventures was founded in Denmark 2018, and UVFI has currently invested in 16 companies across the European ecosystem.



UK based **Black Seed Ventures** is a seed fund dedicated to black founders, fostering a more diverse & inclusive entrepreneurial landscape. Atomico has been a supporter of Black Seed since 2023 with a fund commitment to support them on their mission empowering black entrepreneurs driving innovation and tackling societal challenges.

Challenge/Opportunity - The UK venture ecosystem faces challenges with diversity, with a predominantly white investor landscape and exclusive venture capital networks. This lack of diverse general partners and unconscious biases hinders underrepresented founders from accessing necessary support, highlighting the need to address systemic barriers for a more equitable entrepreneurial landscape.

Solution - At Black Seed, we champion inclusion, addressing the historical underfunding of Black British founders, who have received only 0.24% of venture funding in the past decade. We seize the opportunity to invest in diverse talent, bringing capital, connections, and empowerment to exceptional individuals tackling society's pressing challenges.

Impact - As the first fund in Europe exclusively dedicated to black founders, we are addressing systemic barriers head-on by ensuring much-needed capital is channelled into a direction that has been historically underserved. With the recent achievement of reaching the first close of our inaugural £10m fund, Black Seed is committed to providing long-term support and investment in underrepresented talent.



Governance

Championing higher standards of responsibility



Atomico activity	23
Progress in our portfolio	24
Case studies	25

Atomico activity

As an investment firm, a key governance focus is on our responsible investment activities. As signatories to the UN's Principles of Responsible Investment (UNPRI) since 2018, we are disclosing our 2023 score which we aim to improve year on year. Our latest funds are aligned with Article 8 under the EU's Sustainable Finance Disclosure Regulation (SFDR), and we have an exclusion list that in addition to excluding a number of industries and sectors, also ensures we do not invest in companies that:

- Have contributed to a systematic denial of basic human rights
- Show a pattern of engaging in child labour or forced labour
- Demonstrate a pattern of non-compliance with environmental regulations

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. We continuously look for ways we can improve and work closely with our partners at **VentureESG** - a nonprofit community of 500+ VCs and 100 LPs and asset owners working to make ESG a standard part of due diligence, portfolio management and internal fund management - and **ESG_VC** - a nonprofit organisation supporting early-stage companies and their investors to understand, measure, and improve their ESG performance - to align with industry best practice.

We actively contribute data for industry analysis and benchmarking, such as the annual research produced by ESG_VC and the **British Private Equity and Venture Capital Association (BVCA)** analysing data collected using the ESG_VC Measurement Framework to provide the most comprehensive analysis of ESG performance across the European venture ecosystem.

In 2023 we started the work required to disclose our Climate-Related Financial Disclosures (TCFD), and identified the key physical and transitional environmental risks of our portfolio. We are now working to embed the recommended risk management strategy into our investment processes.

¹ As disclosed in Atomico's PRI Private Assessment Report 2023.

Our ESG term sheet clauses for rounds we lead have also continued to evolve since their introduction in 2019. Our objective with our term sheet clauses is not to dictate to founders how ESG must be done, instead we aim to work collaboratively to help them act on ESG factors in a way that's flexible and appropriate to their business. However, we realise that term sheet clauses are useless if investors don't commit to upholding them. So in addition to supporting the companies we partner with to implement them, we are equally committed to holding ourselves and our partners accountable to our obligations and will not provide follow-on funding to any company who is non-compliant. Our reciprocal commitment to founders is to ensure we bring all our experience and resources to bear to support them in meeting their commitments in a way that's feasible and achievable.

PRI score for 2023¹

Public governance & strategy

→ 63

Direct private equity

→ 72

Confidence building measures

→ 80

TCFD portfolio key climate risks

Physical



Water stress and drought by increased data centre usage

Transitional



Increased energy & water costs from data centre usage

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

Progress in our portfolio

When we think about corporate governance in our portfolio, as well as looking at what policies or processes a company has, we also consider how it governs its sustainable activities and reports on them.

For the early stage companies we partner with, corporate governance is one of the first things we work with them to get right. Through our Conscious Scaling programme, we support them from the outset to establish solid policies around data protection, anti-bribery and corruption, whistleblowing, anti-harassment and discrimination, DEI and ESG. We have made our Conscious Scaling roadmap and our policy templates open sourced in the appendix.

We also look at how they govern policies through their boards, and how they report on their sustainable activities. We actively monitor the 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 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.

Corporate ESG reporting is 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. Despite the burden of regulatory reporting for early stage companies, we are seeing more companies reporting with better quality data.



¹ See methodology in appendix for how we compare portfolio year on year data.



Norwegian based intelligence platform **Strise** combines a powerful knowledge graph with an intuitive user interface to provide comprehensive, real-time Know-Your-Customer (KYC) and Anti-Money Laundering (AML) checks for banks and financial institutions. Atomico partnered with Strise in 2023 to support them on their mission to stay one step ahead of financial crime.

Challenge/Opportunity - Although banking has changed drastically over the past few decades, one critical aspect of the financial sector has been left behind - its approach to spotting and stopping money laundering; a problem which resulted in over \$5bn in fines to banks and financial institutions in 2022. Typically, errors in detecting money laundering arise at the very beginning of a bank's journey with its client, in the Know Your Customer (KYC) phase, due to the constantly evolving landscape of AML regulations and sanctions, and the slow, surprisingly manual process of gathering and interpreting data.

Solution - By integrating network, AI, and Natural Language Processing (NLP) technologies, Strise's platform enables banks to pull and analyse vital data in realtime and streamline KYC and AML processes. Additionally, through continuous monitoring and entity matching, the platform flags high-risk business changes or newly-sanctioned companies for both human review and automatically, depending on the company's risk profile, which allows compliance teams to stay on top of the changing data, regulations, and sanctions.

Impact - Strise's platform is already part of the KYC and AML processes for a number of major Nordic banks and fintechs, including Nordea, Danske Bank, and Vipps. Strise has reduced the time they spend on due diligence by 90% and reduced their costs by 30%.



CASE STUDIES



German neural machine translation service **DeepL** embeds ESG practices into company DNA ahead of rapid scaling. Atomico partnered with DeepL in 2023 to support them on their mission to become the world's most accurate translation service.

Challenge/Opportunity - ESG was already a core part of DeepL's culture and identity, particularly the environment. They had previously migrated their data infrastructure to Iceland to harness green energy, and they strove to partner with local suppliers and providers to minimise their carbon footprint. But given their rapid growth, coupled with the imminent arrival of CSRD regulation, DeepL wanted to be more strategic about how they further embedded ESG best practices within their organisation to ensure a sustainable transition from scale-up to grown-up and beyond.



Solution - DeepL partnered with Anthesis (Atomico's preferred partner for sustainable consulting) to conduct a double materiality assessment and European Sustainability Reporting Standards (ESRS) gap analysis to enhance the internal ESG strategy with expert knowledge and provide a roadmap for future implementation.

Impact - This partnership has enabled DeepL to effectively frame and standardise all their actions concerning ESG, as well as educate employees on the upcoming reporting obligations for the Corporate Sustainability Reporting Directive (CSRD) that will be enforced from 2025/2026. By taking this approach early on in their scaling journey, DeepL have been able to firmly embed ESG into their DNA while they are still in a position to do so easily.



Stockholm-based legal tech platform **Pocketlaw** helps enterprises centralise legal processes and automate and scale contract management with their AI-first approach. Atomico partnered with Pocketlaw in 2022 to support them on their mission to empower businesses to handle legal work with efficiency and ease.

Challenge/Opportunity - SMEs today have to contend with a plethora of legal processes on a daily basis. These processes are often manual, siloed, painfully ineffective and costly. The common problem that these companies face is that they all use multiple unconnected software solutions or rely completely on manual processes putting a strain on resources.

Solution - Pocketlaw was built with a revolutionary approach to legal software. Their all-in-one, AI-first legal tech platform enables teams to manage contract and legal workflows in a more effective, scalable and user-friendly way by empowering them with intuitive self-serve tools, automation, data and AI.

Impact - Pocketlaw has built a community of over 500 teams that actively shape and support its mission. Through this network, they are unlocking and facilitating business opportunities in business and legal teams across the ecosystem, spanning the next-generation startups to established enterprises.



Partnerships

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 **UK
GBC**

**Venture
ESG/.**

 **INVESTING
IN WOMEN
CODE**

DIVERSITY VC

 **ESG
- VC**

Signatory of:

 **PRI** | Principles for
Responsible
Investment

 **Milkywire**

OUT LGBT+ NETWORK
INVESTORS

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](#)

[Diversity and Inclusion toolkit](#)

[ESG policy template](#)

[DEI policy template](#)

[Anti-Harassment and Discrimination policy template](#)

[Code of Conduct template](#)

[Whistleblowing policy template](#)

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

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Appendix

Methodology

Carbon emissions calculation

In 2023 our 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 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

Portfolio data collection & analysis

Atomico has run an annual ESG survey with all its active portfolio companies since 2022 to collect information on the ESG practices of the portfolio. The survey is voluntary and in 2023 82 portfolio companies were requested to fill it in, with 66% sharing back their information. This compares to 74% of 78 active portfolio filling in information the previous year 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 2022 but failed to do so in 2023, the same policies are assumed to still be in place unchanged.

Data on portfolio employee diversity and C-suite diversity is collected annually via our ESG survey to the active portfolio, with the data for the years before the Atomico investment not being backfilled. If the company has not submitted their annual diversity data via the survey, they are excluded from the analysis for those questions for the given year. ‘Underrepresented’ includes employees who identify as either female, from a minority ethnic background, or both.

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.