Venture
Climate Alliance

FAQs

What is the VCA?

The Venture Climate Alliance was created by a group of leading venture capital firms committed to achieving a rapid, global transition to net zero or negative greenhouse gas (GHG) emissions by 2050 or earlier, consistent with the scientific consensus on climate change. Alliance members include generalist and climate-focused venture firms that have pledged to achieve net zero for their direct, operational emissions (by 2030 or earlier) and for their portfolios (by 2050 or earlier). The core focus of the VCA is to establish how to define, encourage, and facilitate such net zero-aligned growth across a portfolio of early-stage investments—many of which represent tomorrow's market leaders. The VCA provides a forum through which venture firms can establish and share common best practice for collecting, interpreting, and reporting carbon footprint and climate impact data at a level that is appropriate for the earliest stages of business. A core part of this work will include developing tools and guidance that help to overcome barriers to aligning early-stage investments with net zero goals. The VCA is a fiscally sponsored project of Rockefeller Philanthropy Advisors, a U.S. 501(c)(3) non-profit organization.

Why was the VCA created?

Because venture capital firms invest at the earliest stages of innovation and company formation, actions taken now can have outsized effects over the coming decades. In fact, the basic practice of venture investing seeks to disrupt incumbent products and existing markets in order to create economic possibilities that would not otherwise exist. Although most of our portfolio companies have limited impact on GHG emissions today, the most successful VC-backed outcomes will build products and services with significant climate impacts in the future. Regardless, it is critical that all venture-backed companies understand how to manage climate-related risks and opportunities as they grow over time and mature into a dynamic economy in which climate and CO2 emissions will play a greater role. Given their unique role in the capital markets, VCs can contribute to the urgent global imperative of reducing atmospheric concentrations of GHGs by kickstarting net zero alignment from the next generation of market leading firms and facilitating near-term, real economy emissions reductions through their investments in climate solutions.

What is the goal of the VCA?

By joining the VCA, member firms are committing to support the goal of achieving a global transition to net zero GHG emissions by mid-century in several ways. First, member firms pledge to baseline their direct, operational Scope 1-3 emissions and reach net zero for their own operations by 2030 or sooner. For financed Scope 3 emissions across their portfolios, member firms will both encourage portfolio companies to set net zero targets (with the goal of achieving portfolio-wide alignment with net zero by 2050 or earlier) and assist them in achieving these targets at the point of exit or sooner. Finally, member firms will report their progress towards these goals on an annual basis. The VCA exists to support its members in fulfilling these key commitments.

How does the VCA differ from the Glasgow Financial Alliance for Net Zero (GFANZ)?

The VCA is a membership organization consisting of, and governed by, leading venture capital firms. The commitments made by these firms are intended to be consistent, where possible, with the criteria established by the Race to Zero, convened by the UN Climate Change High-Level Champions, and the recommendations published by the UN High Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities. The VCA is working alongside these and other relevant entities, including other sector-specific alliances under GFANZ, to develop methodologies and tools appropriate for early-stage investments, and to share learnings and expertise on climate solutions across the broader financial sector. The VCA is approved by the Race to Zero and constitutes a sector-specific alliance under GFANZ, but it is not managed by or directly accountable to the GFANZ Secretariat or any UN body. The VCA is, however, is committed to the same goals and will work transparently and collaboratively with investors across other asset classes to develop best practices and share learnings, resources, and tools as appropriate.

Who are the founding members of the VCA?

The VCA's founding members are Prelude Ventures, DCVC, Energy Impact Partners, Galvanize Climate Solutions, Union Square Ventures, Capricorn Investment Group, S2G Ventures, Tiger Global Management, World Fund and 2150.

When was the VCA founded?

The VCA was founded in April 2023, although its founding members have been proactively collaborating on net zero methodologies since 2021. Separately, many VCA members invest exclusively in climate solutions technologies—and have done so for nearly two decades. A core strength of this initiative is its ability to leverage the learnings of long-time leaders in climate tech investing, making impact methodologies that are already established and in practice available across the venture capital sector more broadly. It will take all industries, working together, to realize a net zero global economy.

Who can join the VCA and what is the criteria for joining?

VCA membership is open to any venture capital firm, or an individual division of a larger firm engaged primarily in venture investing. In joining, a firm agrees to fulfill the VCA's commitments and to actively contribute to VCA activities where appropriate, including but not limited to participation in working groups, service on the Steering Committee, attendance at events, or otherwise. VCA commitments apply to all the venture investing of a member firm, not on a fund-by-fund basis, and apply equally in all jurisdictions where a member firm may be domiciled or conduct business, to the extent permitted by applicable law.

Where can I apply to join the VCA and what documentation is needed?

To join the VCA, interested firms can complete the membership form available on the VCA website at www.ventureclimatealliance.org. The VCA team will reach out to share more details.

What does "net zero" mean?

The best available science on climate change, represented by the Intergovernmental Panel on Climate Change (IPCC) special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global GHG emission pathways, states that in order to prevent dangerous anthropogenic interference with the climate system, we must limit global warming to 1.5°C with no or limited overshoot. Achieving this goal means global carbon dioxide emissions must decline by 50 percent by

2030 and that we reach net zero GHG emissions by 2050. To be clear, venture investors and their portfolio companies cannot achieve this goal alone. But by supporting new companies to develop strategies from inception that seek to align with a global pathway to net zero emissions—*net zero from day zero*—VCA members intend to do their part.

What methodology is being used to evaluate net zero alignment of member firms?

The VCA's Methodology Working Group is developing a rigorous, consensus-based framework and toolkit for use by member firms and others in tracking and reporting on progress towards fulfilling the commitments made as part of membership. This methodology will leverage and align with existing methodologies and guidance such as those of the Glasgow Financial Alliance for Net Zero (GFANZ), the UNFCCC Race to Zero Campaign and other sector-specific net zero alliances.

The VCA's methodology must be tailored to maximize the ambition and impact specific to venture investing. A venture capital portfolio comprises start-ups whose small emissions footprints provide little information about the future trajectory or impact of the company. As portfolio companies grow, they will necessarily emit more GHGs (even if they are, for example, building a zero-emissions technology that disrupts a high-carbon one). Further, as only a few companies in a given VC portfolio are likely to scale, forecasting GHG emissions pathways at the portfolio level can be subject to drastic variability. These sorts of factors challenge commonly held net zero portfolio alignment and target setting practices and must be accounted for adequately.

Scaling early-stage innovation—the core business of venture capital—is essential to the speed and scale of the net zero transition. Given this, venture investors and the teams they support stand to benefit immensely if they can successfully communicate the real-world impact of the solutions they're building. Methodologies seeking to maximize VC investors' contribution to net zero impact will need to encourage the creation of decarbonizing innovation, not just manage portfolio composition to avoid GHG emissions.

Is the VCA only for “climate tech” investors? What does it mean to be aligned with net zero for an investor in non-climate tech companies?

The VCA is for all venture capital investors, not just those focused on climate, but all members are committed to net zero alignment and investing in the zero-carbon economy. The VC industry has an incredible diversity of strategies and portfolio compositions. Not all VCA members have strategies centered on climate change. Nonetheless, all venture investors can deploy strategies that reduce climate related risk, mitigate GHG emissions across their portfolio, and align investment practices with a net-zero economy. Other members are VCs with strategies expressly dedicated to investing in the companies creating the zero-carbon economy, where the greatest positive climate impact is through the success of their portfolio. Of course, even VCs focused on climate tech will want to ensure that their portfolio companies are also minimizing the GHG emissions and impacts on their path to helping create the zero-carbon economy.

What about corporate venture? Doesn’t a lot of innovation for climate alignment and net zero come from corporations?

Venture platforms linked to corporations are welcome to join the VCA. Although its founding members are VC investment firms, the VCA acknowledges the critical role that corporate venture activities play in driving innovation and deploying new technologies and products in the real economy, where they can have a more immediate impact on near-term decarbonization. Over time the VCA may consider a dedicated work stream on corporate venture.

What is the timeframe for members to meet net zero goals? Will members be held to any reporting requirements?

Member firms commit to align their portfolios with a global transition to net zero by 2050 or sooner, and to achieve net zero emissions by 2030 or sooner for their own operations (excluding their financed emissions, e.g. the emissions associated with their portfolio companies). Members also commit to transparently report on their progress over time, including via a “net zero transition plan” to be published within one year of joining the alliance. This plan will include interim targets and other information regarding the firm’s approach to net zero alignment.

How is the VCA governed?

The VCA is governed by a steering committee consisting of representatives of its member firms. As a fiscally sponsored project of Rockefeller Philanthropy Advisors, a U.S. 501(c)(3) non-profit organization, the VCA is also accountable to that organization's board and bylaws.

Where is the VCA located?

The VCA is a membership organization for venture capital investors and is governed by a steering committee consisting of its members. These members are located in San Francisco, Palo Alto, Boston, New York, London, Berlin and elsewhere.

Are there any career opportunities within the VCA?

The VCA is not currently hiring, although many of its VC firm members have dozens of portfolio companies with job openings.

How can I get news and updates on the VCA?

You can sign up for updates on the VCA website: www.ventureclimatealliance.org