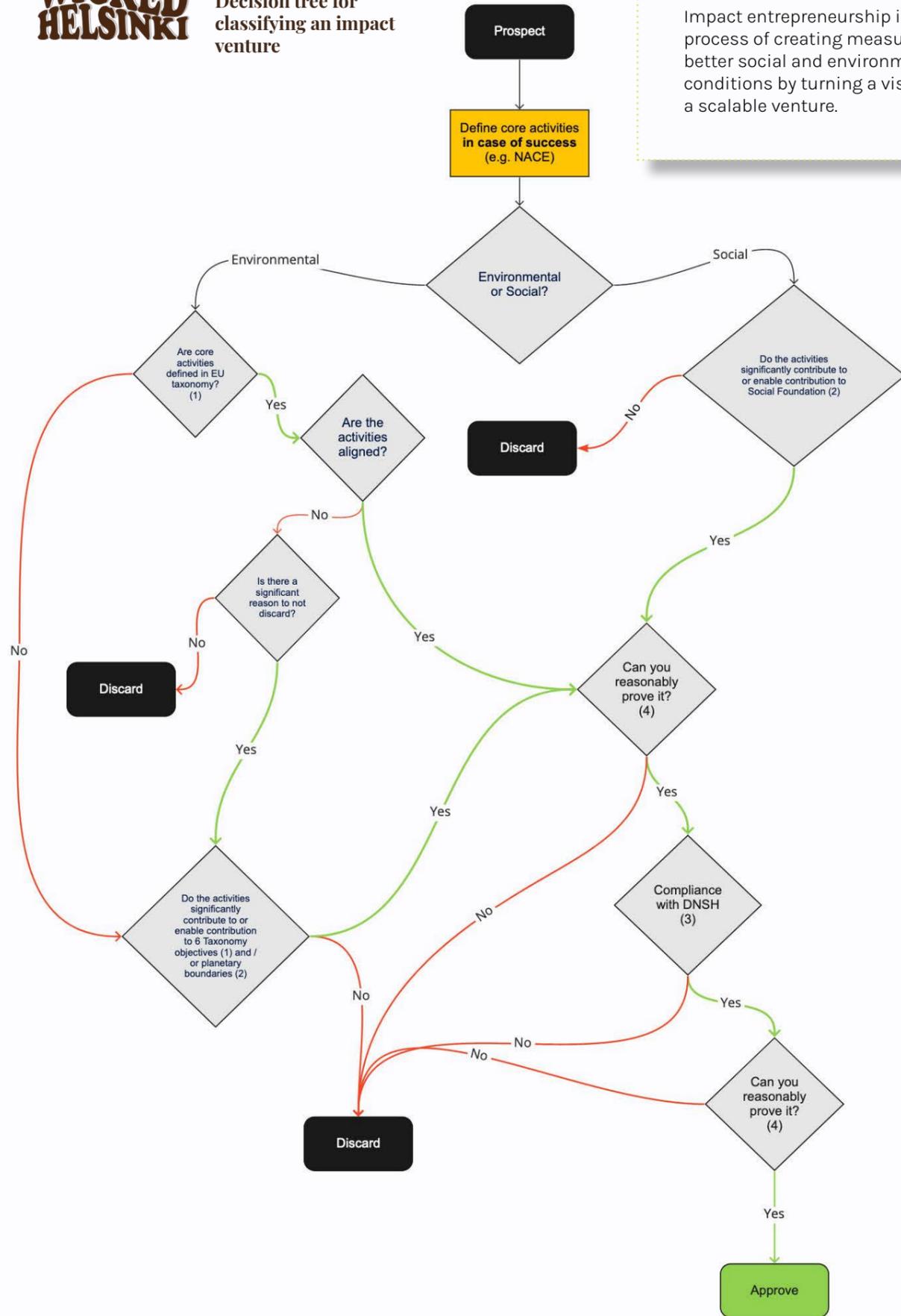


OUR DEFINITION

Impact entrepreneurship is a process of creating measurably better social and environmental conditions by turning a vision into a scalable venture.



**Background
& instructions**

This decision tree in its early draft phases is meant to support dialogue around what how Wicked currently sees a venture can be called an *Impact Venture*. The step-by-step approach is closely inspired by the EU taxonomy and we aim to utilize existing classification systems as much as possible. Many of the rationales in this decision tree rely on two resources presented below.

In order for a venture to be called sustainable, it's core activities in case it is succesful have to contribute significantly to the recognized objectives and it cannot do harm to the aspects listed in the DNSH criteria.

In the lack of quantitative screening criteria for many of the activities, a majority of decisions have to be based on qualitative assessments. Our aim is still that through careful documentation of case-by-case qualitative assessments, a routine that relies on previous precedents can be established. This requires critical review of previous decisions periodically.

This is by no means an exhaustive methodology, even though it is a step closer to one.

**(i) EU Taxonomy
for sustainable
activities**

The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020.

The Taxonomy Regulation establishes six environmental objectives (below) and respective Technical Screening Criteria for how different economic activities (NACE) can be said to contribute significantly to the objective.

PUBLISHED

- 1. Climate Change Mitigation
- 2. Climate Change Adaptation

PUBLISHED DURING 2022

- 3. The sustainable use and protection of water and marine resources
- 4. The transition to a circular economy
- 5. Pollution prevention and control
- 6. The protection and restoration of biodiversity and ecosystems

Read more [here >>](#)

Published screening criteria for objectives 1 and 2 [EU Taxonomy Compass Tool >>](#)

Published regulation [here>>](#)

(2) The doughnut model

The doughnut model as presented by Kate Raworth. In the inner circle the 12 topics derived from UN Sustainable Development Goals form the *Social Foundation* and on the outer circle the nine *Planetary Boundaries* are presented. We see that companies that aim to tackle either the shortfall of Social Foundation or the overshoot of Planetary Boundaries can in most cases be called Impact Ventures.

More resources at Kate Raworth's [website >>](#)

A TED talk by [Kate Raworth >>](#)

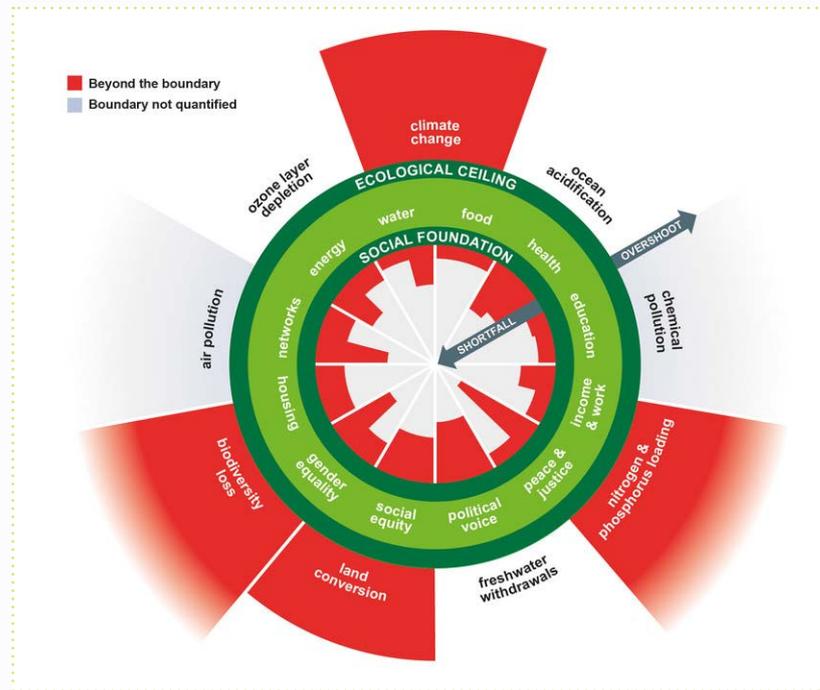


Image: Kate Raworth and Christian Guthrie/The Lancet Planetary Health

(3) Do No Significant Harm (DNSH)

As in the EU Taxonomy, our classification also screens for DNSH. This means that any venture to be classified as Impact, it cannot do significant harm to any of the topics listed below:

- OECD minimum requirements on Human Rights
- 6 EU taxonomy environmental objectives
- Social Foundation
- Planetary boundaries

(4) Reasonable proof

Due to lack of uniform quantitative screening criteria, the poor availability of public disclosures by early-stage ventures and the highly speculative aspect of assessing core economic activities **in case of success**, we have developed the concept of reasonable proof.

Reasonable proof is a fluid concept and the specific requirements for what is reasonable will be defined over time. Currently this decision has to be done on a case-by-case basis to learn what can be called reasonable proof.

In the case of DNSH, reasonable proof can be that no mentions of any harm could be found with thorough investigation, whereas when classifying how a specific previously undefined activity might contribute to any of the listed objectives, a reference to an academic study or a benchmark company with similar operating logic and proof of significant contribution to objectives might be more fitting.