



S2G: The Evolution and Mission of This Groundbreaking VC

Featuring Stephen Feilhauer, S2G Ventures



Welcome to A Climate Transformed

Strategy for the path toward decarbonization and sustainability

A Climate Transformed is a strategy series focusing on the innovations, opportunities, and challenges rounding the largest economic and societal transition of the next 30 years: Decarbonization and sustainability. Each week, we will publish findings based on our interviews with corporate leadership, investors, innovators, and founders that will drive \$50 trillion of investment between now and 2050. This will include summaries of our most pertinent conversations as well as editorial content, prioritized towards actionable opportunities for public, private, venture, and corporate investors.

Climate Transformed has broken the world up into 17 sustainability segments. The wide range of topics that we cover is a function of the breadth of challenges that we face across every supply chain for both developed and emerging markets. Within segments as wide-ranging as aviation to sustainable farming are multibillion-dollar investment opportunities as companies transition from a dependence on fossil fuels to supply chains that will positively contribute to our quest for Net-Zero.

These strategy reports will be available to Climate Transform premium members. For access to your free 30-Day trial, please reach out to paul@climatetransformed.com.

In this report, we cover:

S2G: The Evolution and Mission of this Groundbreaking VC

S2G: The Evolution and Mission of This Groundbreaking VC

Stephen Feilhauer, managing director and co-head of the clean energy fund at S2G Ventures, talks about the evolution of S2G.

Takeaways

S2G Ventures is a Climate VC behemoth partnering with entrepreneurs on the world's greatest challenges across the food, agriculture, oceans, and clean energy markets. They have backed over 70 iconic sustainability brands such as Beyond Meat, Sweetgreen, Brimstone, Benson Hill, and Orange EV. Stephen Feilhauer, MD and co-head of the recently launched clean energy fund, joins Paul to discuss the firm's impact and the path forward as they deploy capital across late-stage venture, growth equity and project finance.

About S2G Ventures

Founded in 2014, S2G started in the food and agriculture sector and has made some breakthrough investments in this field. They added seafood and ocean platforms in 2020 and then began supporting projects related to clean energy and real assets to help scale climate solutions. The VC has invested holistically with a systems approach by influencing the system around the existing problems. They support trailblazing entrepreneurs and act as a hub that connects diverse partners, thought leadership, and perspectives. S2G Ventures is dedicated to investing in a humane and healthy planet.

S2G's objective on the clean energy side

S2G aims to accelerate the transition to clean energy and a low-carbon economy to diminish the



"Entrepreneurs are the front and center of everything that we do."

—Stephen Feilhauer, S2G Ventures

worst impacts of climate change. They have \$300M equity-focused funds and invest \$10 million to \$50 million in projects. So far, they have invested in eight projects involving carbon sequestration, community solar, HVAC, and other diverse projects. They have brought together over 50 co-investors and over 100 strategic networks.



Global macro trends catalyzing the energy change

- Climate change is accelerating due to the continuous emission of global greenhouse gas. This change is putting pressure on governments and corporations to commit to decarbonization.
- To tackle global warming, green power is going mainstream and awareness around using clean energy such as hydrogen fuel or electricity is rising.
- Increased awareness, shifting towards renewables, and decarbonization goals are creating investment opportunities in the power sector, vehicle sector, low-carbon buildings with smart energy usage, and manufacturing areas.

S2G's resources beyond capital

S2G is connected with a network of over 100 advisors that are industry influencers. They also have a giant network of over 450 co-investors, including

40 corporates. Furthermore, S2G has over 250 strategic relationships with industries across oceans, food and energy ecosystem, and a community of over 70 companies. The venture capital works with their portfolio company businesses to improve their day-to-day operations and assists them to attract and retain talent. S2G helps companies to develop capital markets strategies, as well as offers advice and resources to share their stories with the world. S2G provides their portfolio companies with resources to help them find market-fit products and grow their business. S2G also guides these companies regarding policy insights and helps them stay compliant with the policies.

Pillars of S2G's thesis

- The energy system is becoming interconnected providing S2G with a lot of investment opportunities.
- S2G's capital formation models are flexible. They are investing capital in real assets and equity side.
- Several sectors including technology, financial innovations, and business models are transforming energy systems hence creating more opportunities than ever.



Questions & Answers

Stephen Feilhauer's background

Stephen Feilhauer is a Managing Director at S2G Ventures, where he leads the direct investment strategy in clean energy. He grew up in Berlin, and completed his Master's degree in the U.S. from the Massachusetts Institute of Technology. After graduate school, he worked with a team investing in renewables and has spent two years in Singapore, where he learned about the Asian market as well. Following his return to New York, Feilhauer started an initiative around investing in energy tech companies. They supported companies around electric vehicle charging, using drones for inspection, clean water companies, and various other projects.

What is Builders Private Capital?

Builders Private Capital is an impact-focused platform doing work on the philanthropy side across clean energy, ocean, food, and real assets. Builders Vision has been a big investor in clean tech funds for over a decade. S2G Ventures is the direct investment team at Builders Private Capital that invests in food, agriculture, oceans, and seafood innovation.

What are some of the risk profiles you think about when you are planning the stages in the financing process?

We have a barbell approach towards taking care of the risk profile while investing. 50 to 70 percent of capital is allocated to late-stage in growth equity. These are the companies where there are not a lot of

technology risks involved and the funds are used for scaling and spreading into adjacent markets, new regions, and for some consolidation. In our view, most of the scaling in the green energy transition happens in such companies.

At the other part of this barbell are early-stage technology companies because if they succeed, they can create big changes in the green energy field. The other side of our funds goes the renewable development platforms.

We help the founder companies slice and dice their capital and we are talking to other investors to raise more capital.

What do you think about the opportunity around capital intensiveness?

Scaling the green energy transition requires a lot of the capital market. There are different projections of how much we need. One of the reports talked about the annual need for green CapEx and the estimate of that investment was about \$3 trillion per year. Around \$1 trillion is coming from the existing companies today: \$600 billion from public companies, and \$300 billion from private companies. These companies can double what they are doing to get to \$2 trillion per year. The magnitude of what needs to happen in the energy area is huge.

"Increased awareness, massive buildout of renewables, and full-spectrum decarbonization goals are converging to create investment opportunities."



Questions & Answers

What do you think about the influence of public policy in this space? If this transition is dominated by the private sector, how confident can we be about making investments in the right projects that align with the Paris goals?

Whenever government policy gets involved, it gets tricky. This is why we are spending a lot of time understanding these policies and how they are influencing the energy space to make sure the government stakeholders are aware of all the intended and unintended consequences as we are going into the policy and the decision-making. We are a member of some industry associations and are partners with other investors so we are engaging on all the different fronts making sure that the government policies are as helpful as they can be, and that there are no other intended consequences. It's an important piece of the overall energy transition puzzle.

Where are the gaps in green energy?

One of the huge technology gaps and a hurdle is the lack of transmission of green resources. Then there are supply chain issues. We have system issues and infrastructure shortcomings holding back green energy transmissions. There is a vast amount of hydro energy in Scandinavia, solar energy in Africa, and green power and hydrogen in Australia but we don't have the channels to transmit these energy resources.

How do you monitor impact across your portfolio companies?

Monitoring impact in a way that is consistent across portfolios is an important aspect. We need to ensure that we are monitoring impact in a transparent way and our process is consistent and verifiable to the third party. We are working with a bunch of partners to think through the process and having discussions with them regarding developing rigorous methodologies for monitoring impact across our portfolio companies.

S2G's portfolio:

Pillars & Approach	Inter-sector Seams		Flexible Capital		Systems Approach	
	Renewable Development	Electric Vehicles	Energy Efficiency	Storage	Green Hydrogen	Low-Carbon Materials
	Green Hydrogen	Grid Services	Supply Chain	Distributed Generation	HVAC	Green Investing
Sample Sectors	Smart Buildings					
Investments	Carbon America	Common Energy	cargomatic	ELECTRIC HYDROGEN	BRIMSTONE	ElectraSteel
		Renewables Development Platform				ORANGE TV

Questions & Answers

What do you think about scalable VS niche at any stage?

The other way to look at this is whether you are looking for world-changing technology or you are looking for incremental changes. We need a mix of both these approaches because we have to bring green technologies into the market. Some of the earlier stage tech ventures we've been backed were looking for significant technology changes that would be real change-makers in the function of certain industries. We really need to look at industry by industry, especially for the decarbonization of the industrial world. We are looking for a return on investment and incremental opportunities in some of the targeted decarbonized sectors.

One of the recent investments we've done is in a company named Orange EV. They are manufacturers of fully electric industrial yard trucks. This is an example of an incremental approach as now, they will move from diesel to electric vehicles.

How is your platform helping Orange EV scale its business?

It is a recent investment and there is still a lot to do. Our investments will make them increase their manufacturing footprint as their product has a huge demand. We've hired engineers to design their building, we've helped them on the marketing side, and we are introducing them to our other operators that can partner with them for thinking about business development opportunities.

What are some of the advantages you see for firms of your scale in terms of being more high profile in what they do?

They are doing all kinds of different engagements for the benefit of their portfolio companies and to be able to attract new companies to their platforms. They are also on the capital raising side like engaging with their LPs and getting more capital into the sector overall. We love for our portfolio companies to speak for themselves and we are looking to amplify what they are doing. There are others searching for the limelight a bit more. At the end of the day getting the climate transition right matters the most.

Clean Energy Fund:

