

Building a strategic investment partnership

EIT Climate-KIC

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climate-kic.org



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1. Introduction and context

EIT Climate-KIC is conducting an open search for several partners to join our new effort to build the 1.5 fund – an EIT Climate-KIC backed impact investment fund.

This document sets our key objectives as well as the key considerations we intend to take when selecting partners to work with us going forward. We aim to select an existing venture capital firm, and a range of collaboration partners, to work alongside us to develop an early stage cleantech investment fund to **support start-ups graduating our ClimAccelerator programme and deliver systemic climate impact.**

We see an opportunity to develop a unique fund that is tightly integrated into our EU-wide programs and provides investors a new way of thinking about climate impact. The fund will build upon our system change work with cities, corporations and governments across Europe and direct investment to start-ups that have the highest systemic impact potential.

This fund represents our first step on a multi-year program to expand our capital & investment innovation programme. **Our longer-term ambition is to bring system innovation thinking into strategic investment decisions** to help secure a net-zero, resilient and just society by 2050.

EIT Climate-KIC believes that a decarbonized, sustainable economy is not only necessary to prevent catastrophic climate change, it also presents a wealth of opportunities for business and society. Between 2021 to 2027 the EU will invest €444bn in innovative start-ups, creating a unique deal flow of game changer innovations.

For the avoidance of doubt, we do not intend to award any grant or procurement contracts via this search. We are aiming to search openly and transparently for a range of strategic investment partners which will **join us on a joint venture to build a new investment fund.**

1.1. Why ‘another’ fund?

Put simply there has been no meaningful progress toward the goals of the Paris Agreement since it was signed. Europe, and the world, is not on track toward a net-zero economy despite decades of policy interventions and billions of investment capital pointed in that direction. Our economic system is wired to produce emissions and changing that is a complex challenge.

EIT Climate-KIC recognises that a new approach to the challenge is required, because the evidence shows our current approach doesn’t work. The new approach we advocate for is based on complex adaptive systems theory where the focus is on how one thing influences another. Where are the leverage points? Where are the negative feedback loops that will resist change? Who are the attractors generating momentum and excitement? Where is it smart to apply pressure as a result?

This new fund is about bringing complex adaptive systems theory and systems innovation practices into our work with start-ups and venture capital. EIT Climate-KIC is aiming to use venture capital as one of the tools to help drive forward system change. We recognise that fast, large-scale change takes multiple innovations happening at the same time, especially because we are trying to tackle some of the most difficult of all climate action challenges.

The fund will invest in early-stage market-ready start-ups that are sound investments in their own right *and* because of the role they have to play in supporting change as part of wider, interdependent systems which means that are likely to benefit from the changes to come, including opportunities for deployment and market development in multiple places and value ecosystems. This is something that benefits start-ups, investors, and wider society alike and that's why we want to build a new investment fund with our partners.

1.2. The Invitation

This invitation is for you if you are:

- (i) A Venture Capital firm interested in investing in early-stage start-ups in the decarbonisation and climate resilience space, with ambition and patience to combine impact with return expectations,

Or you are interested in supporting the development of the fund and you are:

- (ii) An investor, grantor, or donor with a strong interest in supporting climate action and systems change,
- (iii) An impact monitoring or verification organisation interested in helping identify start-ups with a high potential to impact system dynamics in cities, land-use, and industry,
- (iv) A research organisation or consultancy willing to offer advice and support to EIT Climate-KIC or,
- (v) An individual with relevant experience interested in joining our effort as an advisor.

Our vision is to work together in partnership to help scale the most promising start-ups and to accelerate the transition to a zero-carbon economy by 2050 in Europe.

1.3. What happens next

We are looking forward to hearing from you. You can submit your expression of interest by email to investments@climate-kic.org by 5 July 2022.

1. Open call – 5th May 2022
2. Call closes – 5th July 2022
3. Curation and shortlist last week of August
4. Confirmed VC partner 5th September
5. Onboarding and negotiations finalized 5th October
6. Fund Launch Q1 2023

2. The 1.5 fund

EIT Climate-KIC has been exploring the potential to establish an early stage cleantech venture capital fund over the past year. We have opened a public request for input, held discussions with key stakeholders and explored appetite with potential investors. There has been strong support for EIT Climate-KIC to build a small-scale venture capital investment fund to designed to invest in the best performing start-ups coming from our ClimAccelerator programs. We refer to this as the 1.5 fund.

The primary objective of the new 1.5 fund would be to provide catalytic capital to early-stage start-ups with high system impact potential. We aim to provide founders with promising break through ideas their first cash to get moving. As catalytic capital, the 1.5 fund sits in the impact investment space between philanthropy on one side and traditional investment on the other. The fund would provide patient, risk tolerant capital to the most promising start-ups that have made it through our ClimAccelerator programme.

Building upon our work with cities, businesses, and governments across Europe, we will consider the wider system context that each start-up sits within and target investment toward those positioned well to contribute to, and benefit from, transformative climate action. The fund will take investment decisions considering both traditional assessment approaches and a system impact potential assessment delivered by EIT Climate-KIC.

The secondary objective of the fund is to help develop a better understanding of the role investment can play affecting system change. We view the fund as an experimental implementation of the Transformation Capital logic in a scaled down venture capital context. Through the fund we hope to develop further our thinking around investing with a system impact logic.

2.1. Key design assumptions

Although the design of the 1.5 fund is not set, we do believe it is helpful to specify some starting design parameters to provide a clear starting point to the discussion. We anticipate that the 1.5 fund will:

- operate as an independent, fit for purpose fund that will seek to achieve sound financial returns and demonstrable impact - Co2 prevention and reduction
- make mission-aligned investments that contribute toward the EIT Climate-KIC mission of securing a net-zero, just and resilient society by 2050,
- Have an impact and sustainability focus with B-Corp certification,
- Be aligned with EU Sustainable Finance Taxonomy,
- invest within Europe – with global expansion handled by later subsequent efforts hosted by our international network of partners,
- target the top 10 to 15 start-ups graduating from the ClimAccelerator programme having observed the team in action over time,
- support founders from diverse backgrounds to build climate justice and gender equality,
- target start-ups with early stage but proven technology and a growing customer base,
- make primarily seed stage investments ranging from €200k to €750k,
- with the option to make follow-on Series A investments ranging from €1m to €3m,

- deploy between €5m to €10m per year over the next 5 years,
- be tightly monitored for impact against traditional impact metrics and for system impact,
- consist of a 50/50 mix between private and public investment sources with de-risking mechanisms in place,
- enable citizens (retail investors) to also invest via a crowd-funding campaign, and
- direct a portion of the management and success fees toward EIT Climate-KIC to secure the future pipeline of start-ups.

The 1.5 fund serves as a starting point as we continue to grow and expand our investment activity.

2.2. Investing from a unique vantage point

EIT Climate-KIC has a unique vantage point over climate innovation across Europe which arises from our wide variety of innovation programmes. The 1.5 investment fund will sit alongside our other innovation activities and draw upon our:

- Ideation programmes – our global Climathon and Climate Launchpad programmes allow us to form relationships with innovators from the first days of their business inception. This gives us unparalleled insight into the technological innovations emerging globally.
- Climate Experts – we are a team of climate experts ourselves and we have access to deep expertise in any climate field right across Europe. This gives us a detailed working knowledge of what the climate risks and opportunities really are to a newly forming business.
- EU connection – being the EU’s climate innovation initiative, we are connected to policymaking in Brussels, and at national, regional and municipality level in member states. This gives us a way to advocate for progressive policies that enable climate innovators to accelerate and grow.
- EIT KIC structure – as an EIT Knowledge and Innovation Community (KIC), we have a unique organisational structure that allows us to blend both public grants and private investments. This will allow us to bring public money to the table to crowd-in much needed private sector investment.
- Innovation Experience – over the past 10 years we have developed technology, methods & people that are set-up to support a portfolio of innovation activity informed by principles of system thinking. This gives us a way to learn about future changes early and produce actionable insights for decision making.
- Demand-side connections – we have deep relationships with the policymakers, cities, regions & companies at the forefront of climate action. Through our *Deep Demonstrations* program, we work with several cities, regions, and national governments to map their system and understand the demand for innovation. This gives us insight into market dynamics in the future.

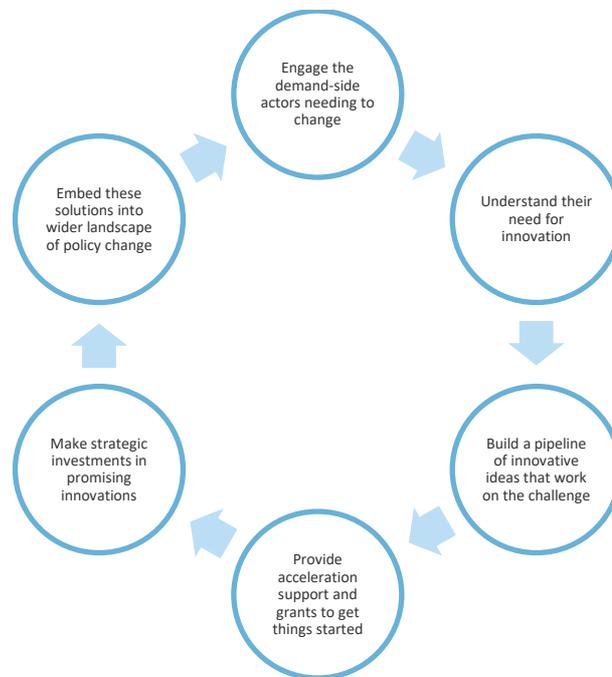
By drawing together the insights and lessons from across these areas of our work we believe the 1.5 fund can be positioned to make some strong strategic investment decisions that contribute to the climate challenge and have good commercial potential. Through our work in the 1.5 fund, we also

intend to enhance our understand of investment as a lever of change which will provide value in return to our other programmes forming a mutually reinforcing relationship that provides benefit in both directions.

2.3. Linking innovation demand and supply

Our strong relationships with demand-side players across Europe – including cities, corporations, and governments – provide the opportunity to better link innovation supply with demand for climate solutions. We take a demand-led approach in all our programs making sure that our supply-side programs educate and accelerate climate entrepreneurs building relevant solutions.

The 1.5 fund will form part of this link between demand and supply of climate innovation. First, we take steps to engage with problem owners and map out their innovation needs. Second, we educate and accelerate entrepreneurs that build solutions in that space. Finally, via the 1.5 fund, we will make strategic investments to get these innovations into position to scale.



2.4. Investment thesis

We want to direct investments into start-ups that have both promising commercial potential and high system impact potential. It is important that the fund investment thesis be informed by:

- system thinking, and the intelligence gathered from our other system innovation programmes
- systems innovation theory, meaning a cohort of start-up investments will be selected based more on their connections and interrelationships with other innovation activities and not solely on their individual merits

- climate futures, with business models tested against 2030 and 2050 climate futures to ensure the business model can thrive in 1.5.
- impact analysis, with the quantifiable impacts of the start-up forecasted and tracked over time and the qualitative system impacts observed and documented through EIT Climate-KIC's sensemaking process.

We see the fund as a collaborative design effort and will work with partners to further develop the thesis and the fund build progresses.

2.5. Target Portfolio

The 1.5 Fund will target investments in early-stage companies which have demonstrated proof of concept and initial traction. The focus will be aimed at businesses with high growth prospects that do not have easy access to competing forms of institutional capital but have the potential to quickly develop into businesses that are ready to receive follow-on investment to further stimulate growth.

| COMPANY STAGE | | | | | | | | | |
|-------------------------|--------------------|----------------|----------------|----------------|----------|------------------------|--------|--|-------|
| Established Leadership | | | | | | | | | |
| Scaling | | | | Core focus | | | | | |
| Proof of Business Model | | | Core focus | Core focus | | | | | |
| Initial Revenues | | Extended focus | Extended focus | Extended focus | | | | | |
| Minimum Viable Product | Out of focus | Extended focus | Extended focus | | | | | | |
| Idea | Out of focus | Out of focus | | | | | | | |
| | Pre-Seed/ Angel | Seed | Series A | Series B | Series C | Series D and beyond | Growth | | ROUND |

■ Core focus
 ■ Extended focus
 ■ Out of focus

Investments

Initial investment of €250k – €750K per company
 Follow-on investments up to €2-3m per company

Fund Term

Ten years, with two one-year extensions

Investment Period

5 years from the first closing date

Active investors

We will invest through minority stakes and active engagement with management.

Guidelines

25+ investments with at least 80% sourced via ClimAccelerator pipeline
 No more than 15% in a single company without exceptional approval for higher allocation from LPs
 No more than 35% in any sub-sector

Target ownership

Target of 7.5% - 15% initial ownership per company and/or building up to that ownership post Series A follow on

Geographic focus

EU member states

Co-investments

Investors will have access to co-investment rights in Series A, B and beyond.

2.6. Climate due diligence and portfolio composition

We aim for the fund to have a combined commercial and climate due diligence process to support investment decisions. EIT Climate-KIC will lead a climate due diligence process to assess the system impact potential of each start-up and we will ask the venture capital firm to lead the commercial due diligence process. Combined we hope to identify start-ups that have promising potential in both domains.

The climate due diligence process will consider the start-ups engagement with us via the ClimAccelerator programme and naturally the Impact Forecast in terms of avoided greenhouse gas emissions. But most importantly the due diligence process will look at the start-ups position within our system thinking framework.

EIT Climate-KIC will adapt our existing portfolio composition process (used for grant decision-making) to conduct a structured examination of the start-ups impact potential. This will consider how the start-up is positioned within our wider portfolio of work including policymaking, regulatory change, market development and citizen engagement.

2.7. Measuring Impact

EIT Climate-KIC has an overarching Monitoring, Evaluation and Learning (MEL) Impact Framework that covers all our activities. The 1.5 fund will operate within this framework and provide investors with both quantitative impact data alongside a qualitative assessment of the systemic impact of each start-up. Following this framework, we will provide well recognised and understood measures alongside a newer approach to measuring impact within complex systems.

We have worked with Impact Forecast for several years to help start-ups to develop a quantified climate impact forecast in terms of tons of avoided greenhouse gas emissions in Co2 equivalent. This allows us to first see the Co2e impact potential of start-ups in the ClimAccelerator program, and later monitor their progress as they grow and potentially enter the 1.5 fund. We also intend to track now standard impact metrics and KPIs based on the industry of each specific start-up in the fund.

Beyond the quantifiable impact metrics, we also consider the fund an integral part of our wider strategic learning and sensemaking activity which focusses on system impact. Sensemaking refers to the collaborative and ongoing process of observing and measuring how interventions in a system

are producing impact. It is a structured way to extract insights and intelligence from otherwise seemingly intangible system impact.

Learning and sensemaking can enable smart, strategic follow-on investments whenever the system shows a propensity to evolve in the desired direction. This approach will also allow us to gather intelligence about the role investment plays in supporting system change in our other portfolios creating a two-way value exchange between the fund and our wider portfolio of activity.

2.8. Taxonomy aligned

EIT Climate-KIC has supported the development of the EU Sustainable Finance Taxonomy for several years, including recently via our contribution to the Platform on Sustainable Finance. The 1.5 fund will integrate the EU taxonomy classification system and technical screening criteria as part of the climate due diligence approach to investing in start-ups. This will allow us to check that each start-up is making a substantial contribution to one of the environmental objectives of the taxonomy (most commonly climate mitigation or climate adaptation) and does no significant harm to the remaining objectives of the taxonomy. Importantly, this will allow both the fund and its investors to understand its taxonomy eligibility and alignment statistics on an ongoing basis.

3. Building a partnership

Implementing our entrepreneurship strategy and expanding into the sphere of investments will be a learning journey for EIT Climate-KIC, particularly because the way we envision this to happen represents an evolution from classic cleantech entrepreneurship and thus requires exploration, experimentation, and learning. We are looking for several partners to join this effort and work together on building the 1.5 fund. This includes a venture capital firm to run the fund, design partners to help build it, impact partners to closely monitor climate impact as well as investors, grantors, and donors to help finance the effort.

3.1. What we bring to the table

Our core expertise lies in identifying innovation needs, evaluating climate impact potential, incubating ideas, developing entrepreneurial initiatives, bringing together the supply side of innovation with its demand side, and extracting intelligence from our portfolio. These are the core competencies we seek to lever in a partnership.

We are particularly interested in organisations that have skills and experience complementary to ours and that understand how to amplify the value of the unique assets we have already built:

1. A **10-year track record** doing climate innovation and a highly refined, experienced-based understanding of the systemic nature of the climate crisis and the effectiveness of different innovation approaches
2. A **strong pipeline** of innovative ideas, diverse entrepreneurs, and investable start-ups emerging from our global entrepreneurship programmes
3. A mass of **data** from both the supply side and demand side of our portfolio that we can turn into actionable intelligence for investors
4. A **community** of more than 400 organisations from the public, private, academic, and philanthropic sectors that we can leverage for insight, reach, and partnership
5. A **brand** that expresses experience, honest broker status, and legitimacy in the societal and political spheres (including at national and EU level)
6. A **team** of climate experts in various fields that work together on driving forward climate action in different domains around the world
7. A **board** consisting of some of the foremost climate scientists, policy makers and innovators globally

We are also bringing our portfolio of 17 equity investments valued at €3.2m to the table as a potential seed portfolio. Throughout 2022, we expect this seed portfolio to grow further as our Climate-SAFE programme expands further. This seed portfolio can act as our skin in the game for the 1.5 fund.

3.2. What a Venture Capital partner will bring

We are looking for a venture capital firm with skills and capabilities required to help manage an innovative system impact investment fund. Expertise around fundraising; structuring and executing transactions; conducting financial, technological, and legal due diligence; and exercising shareholder

rights, to name just a few. EIT Climate-KIC do not have regulatory authorisation and are mindful of developing a structure that fully complies with Dutch law and enables us to function well across the EU and EEA. This will require careful design work with the VC partner.

We are keen to connect with organisations that have a demonstrated track record in these fields and are interested in partnering with us on leveraging EIT Climate-KIC's unique assets in service of attracting and allocating investment capital to the most promising climate innovations. A fruitful partnership will leverage our complementary expertise and embody a meeting of the minds, a shared vision of how entrepreneurship can help tackle climate breakdown and how we might go about *innovating innovation* together.

We are interested in organisations that have an existing presence in the EU Venture Capital market and the desire to take forward an innovative approach to investing that seeks to address market failures and to produce non-linear impact results.

We are aiming to work together on finalising the design of the 1.5 fund drawing upon the expertise and experience of the VC joining us. EIT Climate-KIC views this as a joint venture initiative where each party bears their own costs developing the new fund. Working together we hope to design, build, fundraise and deploy an innovative fund that accelerates climate action. Once the fund is deployed, we also expect to work together on a global expansion of the venture capital fund and on other innovative financial instruments which bridge the gap between public and private sources of financing for climate entrepreneurs.

3.3. Impact Partners

The 1.5 fund will draw upon our work with Impact Forecast to ensure each start-up has a quantified climate impact forecast. The quantifiable impact of each start-up will be tracked over time on the Climate Impact Platform (CLIP), a new platform being co-developed between EIT Climate-KIC and Impact Forecast. In addition, EIT Climate-KIC will provide a system impact potential assessment and continually monitor the impact relevance of the investment portfolio as part of our regular Sensemaking activity. This will generate detailed information about the impact, insights and lessons arising from the innovations within each investment made.

Further to our own impact monitoring efforts, we are open to proposals from other organisations interested in impact monitoring in complex adaptive systems. We will consider what other methodologies, technologies and approaches can be used as inputs into the strategic thinking of the 1.5 fund decisions. In opening our process, we hope to share and exchange best practice when assessing a start-ups potential to influence the wider system.

3.4. Design partners and advisors

EIT Climate-KIC is new to investing. We have a long history of grant-making but much to learn about venture capital investing and the wider capital markets. We are therefore interested to assemble an advisory board of experts that can offer their experience and advice to our efforts. We are seeking to form a small investment advisory board of four to five members who have:

- experience in building new venture capital impact funds,

- offer thought leadership in systems thinking vision with respect to climate change,
- understand how paradigm shifts can influence new market economics,
- recognise the value of mission-oriented investing to delivering environmental and social impact, and
- bring a different perspective to the table to challenge our assumptions and push or thinking further and faster.

The advisory board will be asked to donate two to three hours of their time per month helping us to develop and refine our plans in the investment space.

3.5. Investors, Grantors and Donors

We have already begun fundraising for the 1.5 Fund in the form of investments, grants, and donations. If you find the work of EIT Climate-KIC interesting and would like to support the development of our investment programme, please contact us to discuss making a pre-commitment to investing in the fund or providing a grant to support our work developing a high-quality system impact fund.

4. Process and timeline

We are opening this call for a two-month search window. During the search window we will reach out to potential partners, share this paper, and enter bilateral discussions about the possibilities for a joint initiative around the 1.5 fund. At the end of the search window, we will invite written submissions to enable a formal decision to be made about the best configuration for the fund consortium going forward. This will be followed by more detailed co-design workshops that work toward a commercial partnership agreement which we aim to finalise by the end of July.

| Date | Step | Actions |
|----------------|----------------------|---|
| 5 May 2022 | Call opens | EIT Climate-KIC invites interested parties to get in touch with the team at investments@climate-kic.org Bilateral briefing calls will be held to discuss possibilities with potentially interested parties. |
| 5 July 2022 | Call closes | Formal written submissions invited by close of business. Submissions to include a maximum 10-page proposal about how the 1.5 fund collaboration could emerge. |
| August 2022 | Consortium building | EIT Climate-KIC communicates preferred partners selected to proceed to detailed design of the venture partnership. |
| September 2022 | Programme design | Partners participate in co-design effort to further define the 1.5 fund and the nature of the collaboration. |
| 5 October 2022 | Negotiation deadline | Target date to finalise the partnership negotiations and arrive at a partnership agreement. |
| Q1 2023 | Fund launch | Target date to launch the 1.5 fund. |

5. About EIT Climate-KIC

EIT Climate-KIC is Europe's largest climate innovation initiative. Our mission is to leverage the power of innovation to build a zero-carbon, climate-resilient, just, and inclusive society. Established in 2010 and headquartered in Amsterdam, we orchestrate a community of more than 400 organisations comprised of large corporations and SMEs, municipal and regional governments, universities, and research institutes, as well as non-governmental organisations and uncommon actors.

We currently operate out of 13 hubs across Europe and are active in 39 countries globally. EIT Climate-KIC is supported by the European Institute of Innovation and Technology (EIT), a body of the European Union.

5.1. Our approach to innovation, impact, and investment

Under our *Transformation, in Time* strategy we use a portfolio approach for developing and deploying innovation to achieve systemic change. We support a spread of different innovation activities coming from applied research, education, start-up incubation, and innovation ecosystem building. Through our portfolios of activity, we aim to learn how to trigger systemic change to tackle Europe's toughest and most intractable climate challenges taking a focus on three overarching systems: cities, land-use, and industry. We take a demand-led approach and through our *Deep Demonstrations* work closely with cities, regions, and national governments to unpack their climate goals and specific innovation needs. This work generates insights into the climate challenges and opportunities across Europe that we use in service of our mission to build a zero-carbon, climate-resilient, just, and inclusive society.

[Transformation Capital](#) is a new investment logic that builds on our strategy in an investment context. It offers a way of thinking about investing in complex adaptive systems in order to trigger positive change.¹ We aim to use the transformation capital logic to inform the investment decisions taken by the new venture capital fund currently under development and use the fund as learning activity as we expand our capital & investment work.

Our goals for 2027 are to ensure that 200,000 people across Europe are equipped with enhanced climate-relevant innovation and entrepreneurial skills; 10 million people benefit from improved resilience to the impacts of climate change; 50 cities, countries, regions and large scale businesses across Europe are achieving net-zero as a result of partnership with EIT Climate-KIC; 500 million tons of CO₂ eq. emissions have been avoided cumulatively (approx. 1/10 annual EU production) and we have succeeded in leveraging €100bn to scale-up innovations tackling climate change. Ultimately, we aim to become a leader in systemic innovation that contributes to a paradigm shift from a linear, industrial production system to a circular, regenerative model, leveraging the power of our unique community of innovators and inspiring change beyond it.

¹ Reference for example, the work of Snowden, Holling, Mazzucato, Rockstrom, DRIFT, Schott. A useful overview of the application to innovation is summarized by the Transformative Innovation Policy Consortium (TIP-C), <http://www.tipconsortium.net/the-theory/>, accessed March 2022.

5.2. Our track record

Since 2010, we have supported more than 3700 businesses in over 50 countries and catalysed more than €2 billion in follow-on investments. Today, EIT Climate-KIC is a recognised leader in scouting, incubating, accelerating, and scaling climate-positive entrepreneurial initiatives. Our alumni include highly successful companies such as Ynsect, tado, Liliium Aviation, Volocopter, Thermondo, and ClimeWorks among many others.

This track record builds upon our three strategic entrepreneurship programmes:

Climathon - a 24-hour innovation ideas competition focusing on complex challenges in urban contexts. Its last edition attracted 6500 participants in 145 cities around the world.

ClimateLaunchpad - the world's largest green business ideas competition, open to Climathon participants and other ambitious entrepreneurs. It is run in three stages—starting with online courses and a boot camp, followed by intensive coaching and national finals, culminating in a global grand finale—and the top 16 are automatically granted entry to our accelerator.

ClimAccelerator - our start-up accelerator programme providing Europe's most innovative cleantech start-ups with advanced business creation support.

These three programmes allow us to engage with entrepreneurs at different stages of their idea maturity. They also allow us to learn about the challenges and opportunities in different sectors as we observe climate entrepreneurs push boundaries and experiment with new technologies. A key missing piece of the puzzle is capital investment to follow the initial grant investment made by EIT Climate-KIC.

The most significant of these three programmes is the ClimAccelerator programme.

5.3. ClimAccelerator

ClimAccelerator is a global accelerator programme giving start-ups access to innovate, catalyse, and scale the potential of their climate solutions. In a global community of organisers, we run both thematic-based and place-based acceleration programs. It goes beyond European borders, building a bridge between our world's industry experts and systems to break new ground in carbon reduction.

The programme supports around 150 start-ups each year across seven EIT funded accelerator programs. This includes three thematic accelerators (Clean Cities, Circular Cities, Carbon Removal) which operate throughout the EU and four place-based accelerators that support start-ups in Regional Innovation Scheme (RIS) countries.

Over the 12-month long programme we work with start-ups on their business model development, customer traction and investor readiness. Our Climate Impact Framework also allows start-ups to forecast their impact potential and document their climate goals credibly.

Through the programme we provide start-ups with:

- Coaching, mentoring, and peer-to-peer learning
- Financial support
- A worldwide network of industry, education, and research partners
- Exposure to customers, partners, and investors
- Support in estimating and validating your climate impact
- Access to key policymakers impacting climate decisions
- Access to different investment opportunities, including the ClimAccelerator marketplace and, in the future, the ability to apply to the new venture capital fund we are developing.

We intend to use the ClimAccelerator program to be the primary pipeline for identifying promising start-ups. Building a relationship with each start-up over the 12-month program provides valuable insight into the team, business model and impact potential of each start-up. This will give the investment fund a strong pipeline of start-ups to consider for investment as each new cohort of start-ups graduates from the programme.

5.4. Our wider investment ambition

EIT Climate-KIC sees capital & investment as a powerful lever of change across all of the systems we work in. In that context we see a need to work on investment innovation to help accelerate transformative solutions and help cushion the harshest impacts of our already changing climate. We aim to build a significant in-house investment team and capability over the next five years that can work to deploy investment in an innovative way as part of our wider portfolio of change experiments.

Our intention is to start with a cleantech venture capital fund that will allow us to prove out our investment thesis and develop a credible track record in the investment space. In coming years, we expect to expand our activity into additional markets as our work with cities and governments accelerates. In particular, under our Net Zero Cities programme we will work with 100 cities across Europe to develop carbon neutral action plans by 2030 which will require billions in innovative investment capital to deliver. We believe the intelligence and insights gathered from our other innovation activities will also prove valuable to investment decision making to make a meaningful contribution to sustainable finance initiatives around the world.

Ultimately, EIT Climate-KIC aims to be in a position where we have strong insights and intelligence to offer about how to use investment to trigger systemic change in service of a net-zero, resilient and just society by 2050.