

Expression of Interest (EOI): Investment Partners

EIT Climate-KIC

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climate-kic.org



Contents

Contents	1
1. Introduction	2
1.1. About EIT Climate-KIC	2
1.2. About Investing for 1.5C.....	2
2. What we are searching for	4
3. A new approach to investing	5
3.1. EIT Climate-KIC Investment Services	5
3.2. ClimAccelerator pipeline	6
3.3. Matching innovation supply and demand.....	6
3.4. Measuring impact.....	7
4. Process and Timeline	8
4.1. Submission and Review	8

1. Introduction

EIT Climate-KIC is conducting an open search for new investment partners to further expand the scope of our investment activities under the Investing for 1.5C initiative. This call for expressions of interest (EOI) is seeking to identify new commercial partners who are one of the following:

- A Venture Capital fund interested in investing in start-ups through a strategic innovation lens.
- A Venture Debt provider with the ability to support the scaling of novel solutions at an early stage.
- A Corporate Venture Capital team with a strategic interest in decarbonisation of a particular value chain.
- An institutional investor with an interest in exploring systems impact investing, particularly through a place-based focus on a particular city or region.
- A purchaser of carbon credits interested in sourcing through our start-up portfolio.
- An investor, grantor, or donor with an alternative or innovative form of financing available that could support a new more novel approach to investing in innovation.

We are looking for partners that have an interest in investing in the new economy and a willingness to take bold bets that aim to create systemic climate impact. This call document sets our investment approach and the key considerations we intend to take when selecting partners to work with us under our Investing for 1.5C initiative.

For the avoidance of doubt, we do not intend to award any grant, subgrant, or contracts via this search. We are aiming to search openly and transparently for a range of strategic investment partners, who will join the initiative and provide additional financial support to our work.

1.1. About EIT Climate-KIC

EIT Climate-KIC is Europe's foremost climate innovation initiative with a 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, EIT Climate-KIC currently operates out of 13 hubs across Europe and is 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 (EU).

EIT Climate-KIC has supported more than 3,700 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 successful companies such as Ynsect, tado, Liliium Aviation, Volocopter, Thermondo, and ClimeWorks.

1.2. About Investing for 1.5C

Investing for 1.5C is a public-private partnership, led by EIT Climate-KIC, that works with a select group of impact investment partners to invest in bold ideas that are strategically positioned to enable positive systemic change. The kind of ideas that will form the building blocks of a new

economy. Investing for 1.5C was founded in 2023 in partnership with Ship2B Ventures and the Una Terra Venture Capital Fund.

Investing for 1.5C uses principles of collaboration and co-investment to enable an innovative approach to investing in the future economy. We believe that strategic climate impact and strong financial returns go hand-in-hand. EIT Climate-KIC provides investment advisory services to participating funds as part of the collaboration.

Ship2B Ventures is a founding partner in the initiative and brings a wealth of experience in impact investing in climate action at the seed-stage. Limiting global warming requires rapid and far-reaching decarbonisation across how we live, how we eat and how we make things. These three sectors (industrial processes, agriculture and built environment) currently account for 70 per cent of global GHG emissions and yet attract only 25 per cent of venture capital investment; the majority of which is funnelled into later-stage innovations. Ship2B aims to address these sector and stage imbalances by bringing additional investment into early-stage start-ups in the European climate tech landscape via the 1.5 Seed Fund. The fund invests in pre-seed and seed stages across the EU in the three overlooked sectors with a focus on deeptech and hardware solutions not yet to market.

UnaTerra Venture Capital is dedicated to solving the world's toughest challenges, climate change and biodiversity loss. Una Terra's ambition is to not only invest capital, but also provide direct support to companies that want to transform entire industries with commercial technology and innovation. Una Terra invests at Series A and beyond in companies with asset-light models that can be scaled through marketing, commercial introductions, partnerships, new market entry and accelerated go-to-market strategies.

2. What we are searching for

EIT Climate-KIC would like to connect with investors who are interested in partnering with us to leverage our unique insights 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.

Investing for 1.5C is a collaborative initiative that relies upon a strong sense of partnership and learning among the participating organisations. We are therefore searching for investment partners that demonstrate high levels of commitment to impact and have a strong interest in taking forward a new approach to investing that seeks to address market failures and to produce non-linear impact results. Working together we hope to design, build, fundraise and deploy an innovative fund that significantly accelerates climate action.

Expanding into investment decision-making will be a learning journey for EIT Climate-KIC, particularly because the way we envision this to happen represents an evolution from classic cleantech investment, and thus requires exploration, experimentation, and learning. We are searching for partners that see a way to leverage our core capabilities and a complementarity with their own capabilities.

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. We offer to the partnership:

- A **10-year track record** of climate innovation and a highly refined, experienced-based understanding of the systemic nature of the climate crisis and the effectiveness of different innovation approaches;
- A **strong pipeline** of investment opportunities coming from diverse entrepreneurs emerging from our global entrepreneurship programmes;
- A **community** of more than 400 organisations from the public, private, academic, and philanthropic sectors that we can leverage for insight, reach, and collaboration;
- A **brand** that expresses experience, honest broker status, and legitimacy in the societal and political spheres, including at national and EU levels;
- A **team** of climate experts in various fields that work together on driving forward climate action in different domains around the world; and
- A **board** consisting of some of the foremost climate scientists, policy makers and innovators globally.

We ask investment partners that bring complementary skills and capabilities required to help manage an innovative system impact investment fund, preferably with expertise around fundraising; structuring and executing transactions; conducting financial, technological, and legal due diligence; and exercising shareholder rights, to name just a few.

3. A new approach to investing

Each year, EIT Climate-KIC manages around 80 climate innovation projects accounting for more than €60 million of public-sector investment into climate research and development. Our work with governments, corporations, and citizens across these projects reveals that there is a growing gap between the climate action we want to take, and the real-world solutions that make change possible and attractive. A ‘messy middle’ space exists where the right solutions are yet to be found.

There is a clear and pressing need to transform the way in which we eat, live and work, especially in difficult to abate sectors where vested interests and system lock-ins are strong. We see that there is an increasing number of people searching for solutions that are environmentally sustainable, resilient to climate change, and at the same time help to deliver a just and inclusive society.

Between now and 2030, there will also be several structural and disruptive changes in the global economy. New environmental regulations, extreme weather events, artificial intelligence, ageing populations, mass migration, and the presence of war all combine to create a complex poly-crisis scenario that is filled with uncertainty and ambiguity. We believe our situation warrants a different approach to thinking about the future and how to invest in it.

Investing for 1.5C aims to use complex adaptive systems theory as a framework for developing a new approach to investment decision-making that allows us to act quickly and intelligently in situations of high uncertainty.¹ This approach builds upon EIT Climate-KIC’s [Transformation with Urgency](#) strategy, where we use a portfolio approach for developing and deploying innovation to enable systemic change.

We use system thinking to analyse market dynamics and identify key intervention points where innovation is needed to break through systemic barriers. This allows us to identify novel approaches that might unlock new change pathways and enable rapid and transformative change in how we eat, how we live, and how we make things. The kind of novel approaches that are likely to deliver both strong financial returns and transformative climate impact.

3.1. EIT Climate-KIC Investment Services

To support investors EIT Climate-KIC has developed a range of advisory services, which we make available to partners under a centre of excellence model. These advisory services allow investors to contribute to driving climate action and position themselves to benefit from the transition to a 1.5C aligned economy. To finance the initiative, we ask participating funds to sign an advisory services agreement, which includes payment of a share of the management fee and carried interest to drive the financial growth of the Investing for 1.5C initiative over time.

The services we offer include:

- **Strategy** – assistance developing an investment strategy that is well grounded in the latest climate science and informed by the system mapping and market analysis work undertaken

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.

across EIT Climate-KIC's innovation portfolio. This allows a relatively small investment team to draw upon the strategic thinking from a wide variety of sources.

- **Pipeline** – visibility into our diverse pipeline of investment opportunities with deal sourcing from across Europe and around the world. Investing for 1.5C partners receive preferential access to the pipeline and regular meetings with EIT Climate-KIC portfolio managers to identify the right opportunities early.
- **Impact Monitoring and Management** – independently validated climate impact assessments that forecast the climate impact of start-ups and monitor progress through a quarterly IMM reporting process overseen integrated into our Monitoring, Evaluation and Learning processes.
- **Expertise** – we are a team of climate experts and have access to deep expertise in any climate field via our expert reviewer database. Partners can tap into our network to seek technical advice and guidance on almost any climate innovation question.
- **Policy** – being the European Union's (EU) climate innovation initiative, we are connected to policymaking in Brussels, and at national, regional and municipality level in member states. We advocate for progressive policies and provide advice on how to navigate regulatory change.
- **Capacity building** – we host regular learning and capacity building sessions for professionals that want to learn how to use system thinking to navigate complex change in a poly-crisis scenario. Investing for 1.5C partners are invited to these sessions to support their internal upskilling.
- **Innovation Support** – over the past 10 years we have developed technology, methods and processes that are designed to support and accelerate innovation. This gives us a way to learn about future changes early and produce actionable insights for decision-making. We are available to support partners through workshops, research, and debate.
- **Demand Insights** – we have deep relationships with the policymakers, cities, regions, and 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 need and demand for innovation. This gives us insight into market dynamics in the future that we bring into the thinking of the Investing for 1.5C initiative.

3.2. ClimAccelerator pipeline

[ClimAccelerator](#) is a global accelerator programme that provides incubation and acceleration support to sustainable start-ups. The programme supports around 150 start-ups each year across 20 cohorts focussed on different sectors, technologies, and geographies. Over the three-stage programme, start-ups receive coaching on their business model development, customer traction, and investor readiness. Our team of impact analysts also help start-ups to quantify and forecast their climate impact potential which we independently validate through our climate impact assessment reports.

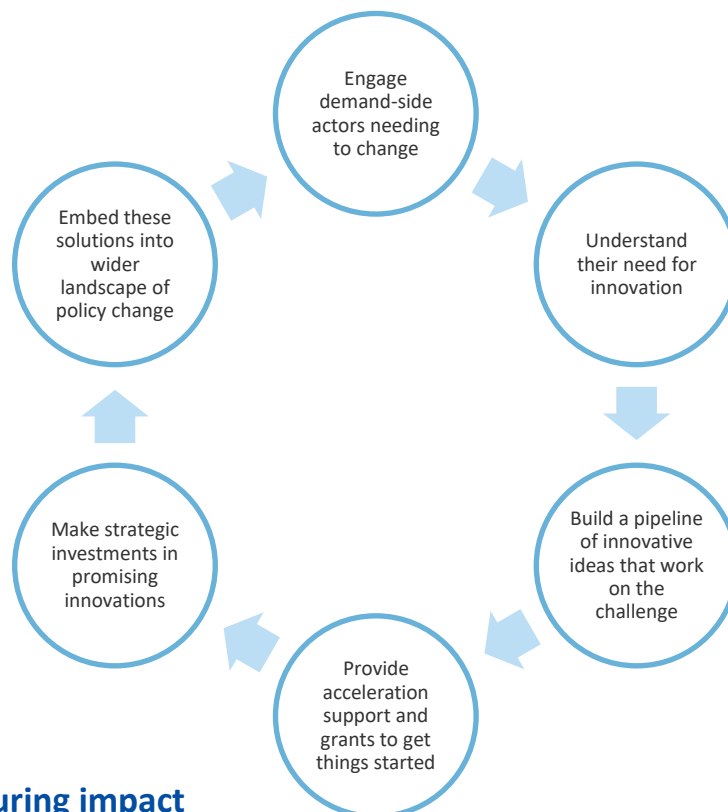
The ClimAccelerator programme, including its 1,100 strong alumni pool, provides a strong pipeline of investment opportunities. Importantly, there is an existing relationship with start-up founders over a minimum 12-month period which provides valuable insight into the team, business model and impact potential.

3.3. Matching innovation supply and demand

Through our [Deep Demonstrations](#) projects we work closely with key demand-side actors including cities, regions, and national governments to properly understand their climate challenges and specific innovation needs. This creates insights into innovation demand and key intervention areas

where creative solutions are needed. We use these demand insights to inform our work with start-ups, innovators, and investors on the supply-side of innovation.

Investing for 1.5C will form part of this link between demand and supply of climate innovation. We intend to use the additional investment of this initiative to accelerate innovation in key challenge areas and build a mutually reinforcing relationship between demand and supply.



3.4. Measuring impact

EIT Climate-KIC has a Monitoring, Evaluation and Learning (MEL) Impact Framework that covers our activities and an impact assessment process for start-ups. Investing for 1.5c operates within this framework and provides investors with quantitative impact data alongside a qualitative assessment of the systemic impact potential of an investment.

We have refined our impact forecasting methodology over 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 terms. Beyond the quantifiable impact metrics, we also consider the fund an integral part of our wider strategic learning and sensemaking activities, which focus 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.

4. Process and Timeline

This EOI will be open for two-months. During this period, EIT Climate-KIC will contact potential partners, discuss possibilities for a joint initiative and invite written submissions. At the end of the search window, we will select the strongest EOIs to enter detailed design and negotiation process to work toward a commercial partnership agreement.

Date	Step	Actions
14 February 2024	EOI opens	EIT Climate-KIC invites interested parties to contact the team at investments@climate-kic.org Bilateral briefing calls will be held to discuss possibilities with potentially interested parties.
14 April 2024 17:00 CET	EOI closes	Formal written submissions invited by close of business.
May 2024	EOI Outcome	EIT Climate-KIC communicates preferred partners selected to proceed to detailed design of the venture partnership. Partners participate in co-design effort and the nature of the collaboration.
June 2024	Negotiation complete	Target date to finalise the partnership negotiations and arrive at a partnership agreement.

4.1. Submission and Review

EIT Climate-KIC invites interested parties to prepare a written EOI in response to this call. EOIs should not exceed 10 pages in length and should respond to the questions and review criteria set out below. EOIs can be submitted in PDF format to investments@climate-kic.org. Applicants will be informed of the outcome of the review process by reply email.

Consideration	Question to address	How reviewed – 0 to 5 scale	Weighting
Regulatory status	Please describe the regulatory status of your organisation.	Can we verify the regulatory status of the organisation?	Pass/fail
Strategy	What are your organisations overarching impact strategy? What goals have you set and have you been able to demonstrate progress so far?	How well does the organisation’s investment strategy and overarching climate impact ambitions align with EIT Climate-KIC’s mission?	20%
Growth Potential	Please describe your financial objectives between now and 2030 and how you envisage this contributing to climate action?	How much alignment is there between climate impact and financial return that would enable our work to scale over	20%

Consideration	Question to address	How reviewed – 0 to 5 scale	Weighting
		time? How much funding could be deployed between now and 2030?	
Impact Potential	How do you foresee the partnership between EIT Climate-KIC and your organisation? What kind of collaboration would you like to see between us?	What is the strategic impact potential of the proposal? How likely to support transformative innovation and does it contribute to enabling system change?	20%
Investment Track Record	Please describe your organisation's investment track record. Would you like to highlight any innovative and impactful solutions you have supported?	What is the investment track record of the organisation and what deals are they proud of making? Is there a history of investing in innovative and impactful solutions?	10%
Operational Readiness	Describe your current fund status and what you hope to achieve over the next 12 months. What help do you need from EIT Climate-KIC to progress faster?	How well matched is EIT Climate-KIC and the organisation to make progress together? What would be the time to implementation?	10%
Reputation and fundraising	What are some of the past projects or initiatives that contribute to your organisation's reputation? Does your fundraising history demonstrate a strong reputation?	What reputation has the organisation built over time? Is their reputation reflected in fundraising achievements?	10%
Diversity and Inclusion	Describe your efforts in advancing justice, equity, diversity, and inclusion.	How much/well does the organisation contribute to advancing to Justice, Equity, Diversity, and Inclusion objectives?	10%