CATALYZING AND SCALING HIGH-IMPACT CLIMATE MITIGATION SOLUTIONS

Despite the 2015 Paris Agreement’s goal to limit global temperature increase to 1.5 degrees Celsius, the world is currently on track for 3-4 degrees Celsius of incremental warming. Stabilizing the climate and achieving Net Zero emissions by 2050 will require the reduction of greenhouse gas emissions by more than 50% by 2030.

Just Climate is a climate-led investment business dedicated to working in partnership to limit global warming to 1.5 degrees Celsius by catalyzing and scaling capital toward solutions with the highest positive climate impact per dollar invested, and appropriate market returns. It also has a broader market transformation mission to establish climate-led investing as a capital allocation imperative. Equitable transition considerations are core to Just Climate’s approach.

The Climate Assets Fund (“CAF I”) is a fit for investors looking for a long-term opportunity to invest in a sophisticated and well-respected manager while funding crucial climate transition solutions. CAF I will prioritize investment opportunities based on their greenhouse gas mitigation potential over the next 10 years, which is the most critical window to achieve global climate targets. The fund will invest in companies and projects with potential for transformational impact across four hard-to-abate sectors: energy, mobility, industry, and buildings. Combined, these four sectors are responsible for approximately three-quarters of global greenhouse gas emissions. While high-impact climate solutions exist in each of these sectors, the vast majority are scaling at a fraction of the pace required to achieve global climate targets. Scaling these climate transition assets requires flexible capital, as they tend to fall between the cracks of typical asset allocation buckets. They usually require more capital than venture investors are comfortable to commit yet are too asset-heavy for growth capital investors and often too early for infrastructure.

CAF I will employ a multi-asset class approach, providing flexible capital across growth equity, project equity, and project debt. With its ability to invest across the capital stack, CAF I is positioned to help critical climate solutions reach scale, while offering investors financial upside.

ABOUT JUST CLIMATE

Just Climate is dedicated to climate-led investing. Newly established as an independently managed subsidiary of Generation Investment Management “Generation IM”, Just Climate was launched with the mission to limit global temperature rise to 1.5 C. GenerationIM was founded in 2004 by seven partners including former US Vice President Al Gore and Goldman Sachs’ Head of Asset Management, David Blood, with the goal of facilitating the transition to a more sustainable economy. The firm has since grown to $36B in assets under management as of March, 31, 2022, including ~$2.2B in private equity strategies.

1 Although Just Climate seeks to deliver appropriate long-term, risk adjusted financial returns, this is an aspiration and there is no guarantee this goal will be achieved.

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative way for MCF donors to engage in impact investing through philanthropy. Via a partnership with ImpactAssets — a market leader in impact investing — VIP enables philanthropic dollars to be directed towards both non-profit and for-profit companies that are seeking to make positive social or environmental impact.

For further information, contact Safia Kryger-Nelson at MCF, 415.464.2515 or skryger-nelson@marincf.org.
## ImpactAssets

### RISK RETURN MATRIX

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<th>RISK LEVEL</th>
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### RELATIVE RETURN

### ImpactAssets

#### FUND SUMMARY

**ASSET CLASS**
Mixed: Private Equity, Asset Financing

**TARGET FUND SIZE**
$1B

**TERM**
15 years, subject to an extension of up to 5 years with Limited Partner Advisory Committee approval. Longer lock-ups enable the fund to invest in asset-heavy businesses and projects that have maximum climate impact potential; these investments have ROI timeframes that would make them infeasible with shorter terms.

**TARGET RETURN**
- Growth Equity Gross IRR: 20-25%
- Asset Financing Gross IRR: 12-18%

**GEOGRAPHY**
Global with focus on North America, Europe and Australia

**IMPACT AREAS**
Climate solutions across the hard-to-abate areas within the energy, industry, buildings, and mobility sectors

**FUND MANAGER FEES**
- Annual management fee: 2%
- Incentive compensation: Climate Impact Award of up to 15% of fund profits if Fund achieves GHG targets and exceeds a 7% net IRR hurdle

**INVESTMENT FEES**
This investment recommendation will incur an additional fee of 0.40%. The fee is calculated on current asset basis.

**INVESTMENT THESIS**
- Provides flexible capital for private companies and projects scaling solutions for carbon abatement and removal, with a focus on asset-heavy areas that have the potential for the greatest climate impact
- Seeks to provide catalytic capital to support companies through the early asset deployment stage – one of the key financial barriers to scale for cleantech companies
- Employs a multi-asset class strategy, with an expected investment breakdown as follows:
  - Growth Equity ~ 40% of committed assets
  - Asset Finance ~ 60% of committed assets

**IMPACT THESIS**
- Seeks to achieve specific carbon mitigation targets for companies and projects. Companies: 240 megatons of CO₂ mitigated over 10 years per $1 billion dollar invested. Projects: 80 megatons of CO₂ mitigated over 10 years per $1 billion dollar invested²
- Seeks to facilitate a “Just Transition” for climate action, defined as an inclusive and equitable transition that accounts for distributional consequences such that vulnerable or underprivileged populations are not disproportionately disadvantaged

**ILLUSTRATIVE INVESTMENT**
Wood Waste Co.: Wood Waste Co. has developed a differentiated technology that serves as an alternative to natural gas for industrial applications such as the furniture or pulp and paper industry. This technology enables the use of contaminated wood residues and fine particles in a gasification process that offers a low-to-negative carbon baseload renewable fuel solution, at prices competitive with both natural gas and most electricity grids without subsidies.

**STRENGTHS**
- Sophisticated and institutional-quality investment approach built upon processes established by Generation Investment Management, a $36B fund manager founded in 2004. Expects to benefit from ongoing relationship with Generation IM including access to certain shared research and other resources
- Comprehensive, end-to-end approach to integrating impact into investment process based on highly detailed, research-backed, and transparent methodology. Financial incentives aligned with achievement of impact target as verified by an independent third-party

**RISKS**
- New team with unproven leadership chemistry, technical ability, and cultural fit. Possibility of staff turnover over 15-year fund term
- Investment in asset financing and company equity creates investment and portfolio management complexity
- Asset-level risk associated with investment in early-stage and capital-intensive companies and projects
- Fund manager exploring viability of new fund strategy focused on the hard-to-abate sectors unaddressed by the industrial decarbonization strategy CAF 1 is part of

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**LEGAL AND PROGRAM DISCLAIMER:** This is not a solicitation to buy or sell securities, nor a private placement offering pursuant to any private placement memorandum that must be issued to qualified investors. It is an informational description of charitably oriented, social purpose investment options that have been approved by ImpactAssets only for use by its donors. The minimum commitment per account per option is $10,000. There is no guarantee of any recovery of capital. The Fund Manager has not approved the information contained in this Fund profile, including the assignment of risk ratings contained herein.