



TIME TO TRANSFORM

# Investment & Policy Brief



Decarbon8-US is for those who believe in the power of entrepreneurship and technology and wonder what more they can do to mitigate climate change.

Decarbon8-US gives everyone a way to provide investment to the cleantech enterprises that are already beginning to transform our economy. We just need to go faster – much faster, and there is no time to lose.

We know climate change poses tremendous risk to our way of life and that of our children, with 50% of Sustainable Development Goals impacted by threats to nature and its communities ([IPBES Plenary 2019](#)). We know that 1.5C is going to be hard to hit.

Yet we also know that rapid change is possible – and that citizens of the world are activated. Sixty-six percent in Washington State, for example, say they want to do more to address climate change ([Yale](#)), which we see in the actions of policymakers, employees and recent commitments from Jeff Bezos, Microsoft, Delta Air Lines, Blackrock and others.

### **So, what can we do? Everything.**

In lock-step with policy, advocacy and research, everyone needs to do their part to drive the decarbonization of our economy as fast as possible. This will be a multi-decade endeavor that needs not only your investment but also active, informed consumers and advocates.

Your tax deductible contribution to Decarbon8-US supports investment in innovative cleantech companies – and is just the start



## How Decarbon8-US Works

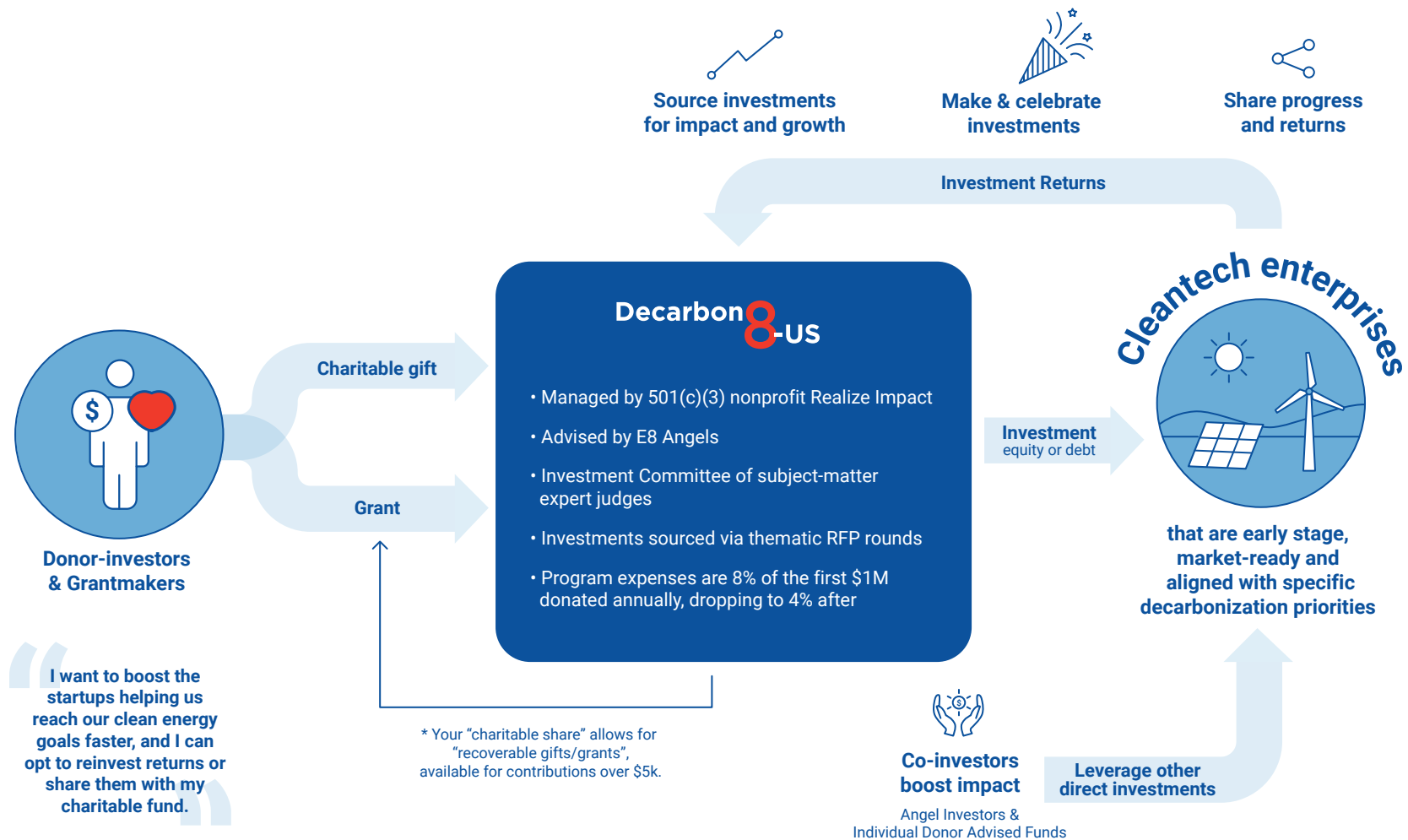
In sum, the Fund accepts philanthropic donations and grants and then makes equity and debt investments in early stage companies aligned with decarbonization priorities. Deals are sourced through thematic calls for proposals in areas such as electrifying transportation, green buildings and agriculture, and for 2020 we will focus on high potential enterprises across all decarbonization pathways.

Returns to the Fund are reinvested, though contributions over \$5,000 may have returns shared with a donor advised fund or foundation. Other accredited investors and funds may co-invest in deals as well, increasing our impact. Investments are announced at semi-annual investment presentations and Celebrations.

For those new to philanthropic impact investing, please contact us for our legal brief from Adler & Colvin.



## How Decarbon8-US Works



## Who we are: E8, Realize impact and the cleantech collaboration



### E8

([www.e8angels.com](http://www.e8angels.com); [director@e8angels.com](mailto:director@e8angels.com))

E8 leads investment screening, due diligence and selection, and marketing for the Fund.

E8 is an international, Seattle-based community whose mission is to accelerate the transition to a prosperous and cleaner world by investing in and fostering emerging cleantech enterprises. Its flexible, investor-centric platform supports different types of investors and asset classes, including direct angel for-profit investing, pooled investing in expertly managed VC funds such as the E8 Fund, and donor advised fund impact investments.

Since 2006, E8, an 501(c)(6) membership organization, has facilitated almost **\$40M in investment in 98 companies**. Through investment pitches, collective due diligence and learning opportunities, the E8 community unites interest, passion and expertise from the Northwest and nationally.

Write [director@e8angels.com](mailto:director@e8angels.com) to learn more about cleantech angel investing with E8 and, if an accredited investor, to join our monthly member pitch meeting as our guest!



### Realize Impact

([www.realizeimpact.org](http://www.realizeimpact.org); [invest@realizeimpact.org](mailto:invest@realizeimpact.org))

We are honored to work with Michael Libes and the team at Realize Impact to administer the Fund, supporting Fund operations, investments and monitoring.

Realize Impact is a 501(c)(3) public charity focused on making impact investing easier. Founded in 2013 by the people who created Impact Hub Seattle, the Seattle Impact Investing Group, and Fledge, Realize Impact understands the complexities that lie between philanthropy and investing and the processes required to turn capital into impact. In 2017 we launched [investorflow.org](http://investorflow.org), gathering over 450 impact investors from around the world to share deal flow. In 2020 RI launched a new investing service to fill the gap for donors, donor advised funds, and foundations, working with E8, the Seattle Foundation and others.



### Decarbon8-US's Cleantech Advisory Council

Decarbon8-US leverages a host of leading cleantech organizations with complementary missions and expertise. We are grateful for strategy, program and outreach partnerships with:

#### CleanTech Alliance

(Tom Ranken)

#### Climate Solutions

(Gregg Small)

#### Craft3

(Saif Hakim)

#### University of Washington's Clean Energy Institute

(Dan Schwartz)

#### Washington State University

(Brian Kraft)

## Contribute capital and engage

Decarbon8-US gives anyone, of any means, an opportunity to personally get connected and invest in the exciting entrepreneurs and innovations that are already transforming our economy. Collectively we drive investment to accelerate this transition – and we also engage and learn together, informing and deepening and our advocacy, lifestyle choices, storytelling and more.

## Engagement and stewardship

Thank you for your contribution, and we offer everyone a chance to get as engaged as they wish with the vital and inspiring progress you make possible.



### Gratitude + learning opportunities

Cumulative of all earlier tiers

<\$1,000	<ul style="list-style-type: none"><li>• Donor-investor updates and conference calls</li><li>• Qualify for all special events via drawing*</li></ul>
\$1,000+	<ul style="list-style-type: none"><li>• Investment Celebration event invitation</li><li>• Special edition Decarbon8-US art poster</li><li>• Co-investment Pitch Invitation (accredited investors only)</li></ul>
\$5,000+	<ul style="list-style-type: none"><li>• “Charitable Share” option to recover a portion of your returns</li><li>• Priority for Field Trips &amp; Experiences</li></ul>
\$10,000+	<ul style="list-style-type: none"><li>• Advisory Council Reception invitation</li><li>• Guest Invitations to Investment Celebration</li></ul>
\$20,000+	<ul style="list-style-type: none"><li>• A private site visit to investee or partner facilities</li><li>• Advisory Council Reception guest invitations</li><li>• Extra, carbon-free karma points</li></ul>

\* Donor-investors from every tier will have a chance for random selection to attend the Investment Celebration and Advisory Council Reception.



## Making a contribution

All gifts are tax deductible, and all grants are readily accepted. There are a number of ways to contribute to the Fund.

### Via check

payable to  
“Realize Impact” with  
“D8” in the memo line,  
mailed to:

Realize Impact –  
Decarbon8-US  
PO Box 11548  
Bainbridge Island, WA  
98110

### Via credit card

at [Decarbon8-US.org](https://Decarbon8-US.org)  
and the Paypal  
donate button.

### Via wire

Seattle Credit Union  
722 Third Ave,  
Seattle, WA 98104

206-398-5500  
800-334-2489

Routing: 325081500  
Account: 7079148933

### Via transfer of securities

which can mean  
additional tax benefits

Please contact us.  
([director@e8angels.com](mailto:director@e8angels.com))

### Via donor advised fund or private foundation grants:

EIN: 46-3594732  
Realize Impact  
PO Box 11548  
Bainbridge Island,  
WA 98110

(Note: a Jacolet Way or  
Winslow Way address may  
appear in grant databases;  
all work.)

### Privacy and recognition

Contributions to Decarbon8-US are confidential and not shared with the public unless approved by you for promotional or PR purposes.

### Your “Charitable Share” option for contributions over \$5,000

If you so choose, contributors over \$5,000 have the option to reinvest their portion of returns or to take some or all of those returns (both principal and gains) and request their transfer to a donor advised fund or other charitable account. This applies to incoming grants from funds or foundations – i.e. “recoverable grants” – and also new contributions.

Your contribution will be tracked against a particular group of investments, and upon investment returns we will contact you with regard to your preference. Foundations or donor advised funds requiring a “recoverable grant” agreement in advance should contact Realize Impact ([invest@realizeimpact.org](mailto:invest@realizeimpact.org)).

### Administrative expenses

To support the effective program and administrative management of the Fund, including E8 investment sourcing, due diligence and outreach, and the services of Realize Impact, an 8% expense is assessed on the first \$1M balance annually, dropping to 4% for additional amounts. 98% of investment returns are reinvested in new cleantech deals or shared with qualifying contributors choosing that option, with the balance supporting ongoing Fund operations and excellence.

## Sourcing, making and celebrating investments and co-investments.

### Investment Goals and Thesis

The goal for our investments is to accelerate the growth and scale of solutions that directly align with the sectors and industries needed to decarbonize our economy and successfully reach the clean energy goals required to mitigate climate change. While we invest in companies across the US and Canada, we take our inspiration from the goals and pathways for the Northwest.

In order to do so, our investment thesis is to invest in early stage companies with products and services on the market, who have revenue and find value in investment, and accompanying visibility and community support, from Decarbon8-US, E8 angels and our cleantech coalition. Contingent upon funds available, we expect Fund investments in the \$50,000-\$150,000 range, with additional funds available from co-investing angels.

Proof points and exemplars from E8's portfolio of investments include ESS, Level Ten Energy, Omnidian, e-Zn, Green Canopy, Beta Hatch and SparkMeter.





## Investment sourcing and criteria

Transparency and openness are core operating values for the Fund, and investments will be sourced via Request for Proposal twice a year, with each round focusing on one particular area of the clean energy economy. Following an initial round open to all decarbonization enterprises, a first priority, based on its carbon footprint, will be electrifying transportation. Others will include the built environment, agriculture, carbon capture, marine and other areas.

To remain flexible and opportunistic, direct investments may be recommended by the Investment Committee outside of the RFP process, encountered through deal flow of E8 and our partners.

With support of accelerators, incubators, universities and other networks, our RFP will seek investment proposals that will be reviewed on the following criteria and eligibility.

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**Accelerating progress in specific decarbonization goals and growth:** the overriding criteria for investment is impact, using new technology and business models to fill gaps and surmount barriers in specific decarbonization pathways. Scalable, profitable business models are essential to our investment thesis of driving change through the power of entrepreneurship and markets, and a company's potential for impact is a primary consideration.

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**Market-ready solutions,** prioritizing products and services that are tested and available which address gaps and barriers in clean energy pathways; in select circumstances, pilots will be considered if transformative, but generally companies should already have clients and revenue, needing funding to drive early expansion and scale. (There are other funding and support mechanisms for earlier stage ventures, including Vertue Lab and Elemental Excelerator.)

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**Business model and growth potential,** with an emphasis on compelling value propositions, intellectual property and business models that can expand quickly.

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**For-profit enterprises based in the US or Canada.**

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**Equity and access** are factors in the scoring rubric, for solutions to be available to disadvantaged communities.

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**Deals, deal terms and fundraising rounds:** various types of deals will be considered, from equity and convertible debt to even project-based or revenue-based loans. We encourage companies to offer deals that suit their situation and priorities, and for those not currently raising, Decarbon8-US and Realize Impact will flexibly negotiate alternative funding options (e.g. a convertible note or revenue-based loan).

## Investment Committee & Fellows Tech Support

A committed group of subject matter experts and veteran cleantech angel investors will score, screen and review applicant enterprises, with the support of E8 Fellows Tech Support. Their decisions will be reviewed by E8 Directors when recommending investments to the Realize Impact Investment Committee.



**Ramez Naam**

*Angel investor, clean energy advocate, futurist, author.*

Born in Egypt, Mez came to the US at the age of 3, and many years later worked at Microsoft on Outlook, Explorer and Bing. He simultaneously founded Apex NanoTechnologies, the world's first company devoted to software tools to accelerate molecular design. Mez is author of five books including *The Infinite Resource: the Power of Ideas on a Finite Planet*. An active angel investor with E8, Angel List and others, in his free time Mez has been known to climb mountains, scuba dive, bike and travel.



**Molly Shor**

*ESG investor, systems thinker, and concerned citizen.*

Molly spent her childhood helping her father – a falconer – train and track birds of prey. The peregrine falcon was brought back from the brink of extinction by the international endangered species act, a ban on DDT, and breeding programs – demonstrating both negative and positive impacts of mankind on the natural environment. Molly earned a doctorate in electrical engineering (dynamic systems and control) and MBA (clean technology), and served on Oregon State University's engineering faculty. She is an E8 Senior Fellow and investor, seeking to improve the health of the Earth's ecosystems.



**Jeff Thiel**

*Cleantech investor, and executive and entrepreneur*

Jeff recently formed Carbon Innovations to promote market-based solutions to the global climate crisis, and his experience includes building and launching new products and services in industries ranging from PC software to financial services, health care and K-12 education. Jeff worked at Microsoft for a decade after starting his career with Bain & Co., and he is co-founder of three software startups. Carbon Innovations is pursuing a portfolio of strategies to reduce the carbon footprint of our economy, working with industry leaders to develop a collective impact initiative aiming to turn the built environment into a gigaton-scale carbon sink.



**John McGarry**

*Conservationist, angel investor, and clean energy pathways advocate*

John moved to Seattle several years ago after a 25-year career as an investment banker in New York, Hong Kong, and Chicago. His most recent role was as a senior banker raising capital for US companies in the healthcare, consumer products, and retail industries. John was a Fellow in the Northwest Conservation Philanthropy Fellowship program in 2015. He currently serves on the board of Sightline Institute and The Clean Energy Transition Institute. He is an active investor in early stage cleantech and sustainability companies. Outside of his environmental pursuits, John has a keen interest in music and the arts. He is a former board chair of the Interlochen Center for the Arts in Michigan.

## Tech Support, from E8 Fellows

Given cleantech's technological innovation and competition, E8 and the coalition are thrilled to access a crack tech team from the private sector and academia. For the electrifying transportation round we avail ourselves of the expertise of:

**Aloke Gupta, PhD**, with electrical engineering degrees and expertise in AI, machine learning and big data, along with the EV industry;

**Chase Dowling, PhD**, currently at Pacific Northwest National Lab focusing on civil and infrastructure data and energy and transportation;

**Linnette Teo, UW PhD** candidate in chemical engineering specializing in batteries;

**Caitlin Parke, UW PhD** candidate focusing on batteries and grid solutions; and

**Slava Agafonov**, a Microsoft employee expert in software for distributed systems and AI with experience advancing electric vehicles.

## Evaluation and due diligence process

**Request for proposal announced with a minimum investment amount available** based on fundraising

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**Preliminary scoring & screening** of received applications

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**First pitches via Zoom**

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**Due diligence on semi-finalists**, with judges leading up the business review, Craft3 underwriters leading financial reviews, and Fellows managing each review and its report, and supporting technical and market research

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**Final pitch and Q&A, and site visits**

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**Investment selection**

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**Investment Celebration, with Donor Presentations and Co-investment pitches**



## Making and monitoring investments and returns

Upon selection, Realize Impact will administer investments from the Fund, tracking with E8 the progress of investee companies. All returns will be reinvested in the Fund for reinvestment, minus a 2% expense to support ongoing Fund and Realize Impact operations, along with any share recovered to other charitable funds.

Contributors to the Fund will have access to regular investment updates, as well as ongoing learning activities related to past or current investment.



An aerial photograph of several icebergs floating in dark, deep water. The icebergs are white and jagged, with some showing signs of melting. The water is a deep, dark blue-black color. The overall mood is somber and urgent, reflecting the theme of climate change.

# Decarbon8-US

## TIME TO TRANSFORM

To accelerate progress on our drive for clean energy  
Join us and contribute now.

[Decarbon8-US.org](https://Decarbon8-US.org)

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[northcoast.digital](https://northcoast.digital)