

The Finnish Climate Fund

Impact in practice – measuring climate
impact at the Finnish Climate Fund

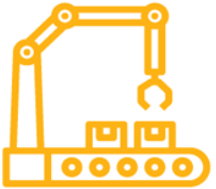
The Finnish Climate Fund is a Finnish state-owned special-assignment company. Its operations focus on combating climate change, boosting low-carbon industry and promoting digitalisation.



The Climate Fund invests in large-scale projects in which the fund's investment is crucial to enable the projects realisation in the first place, on a larger scale or earlier than it would with funding from elsewhere.

The Climate Fund's focus is on impact via specialised criteria emphasising potential emissions reductions. Funding happens through tailored instrumentation, green and often also sustainability-linked to encourage more impact. Realised impact is followed throughout the investment and payment posts are often connected to reaching certain impact milestones.

Bottlenecks for climate investments



1. Facility investments and other infrastructure

- Funds required usually for CAPEX
- Scaling up a commercial climate solution into an industrial scale facility or infrastructure enabling the scaling up and commercialisation of climate solutions



2. Scaling up the deployment of climate solutions

- Funds required usually for working capital
- Boosting the deployment of an existing climate solution

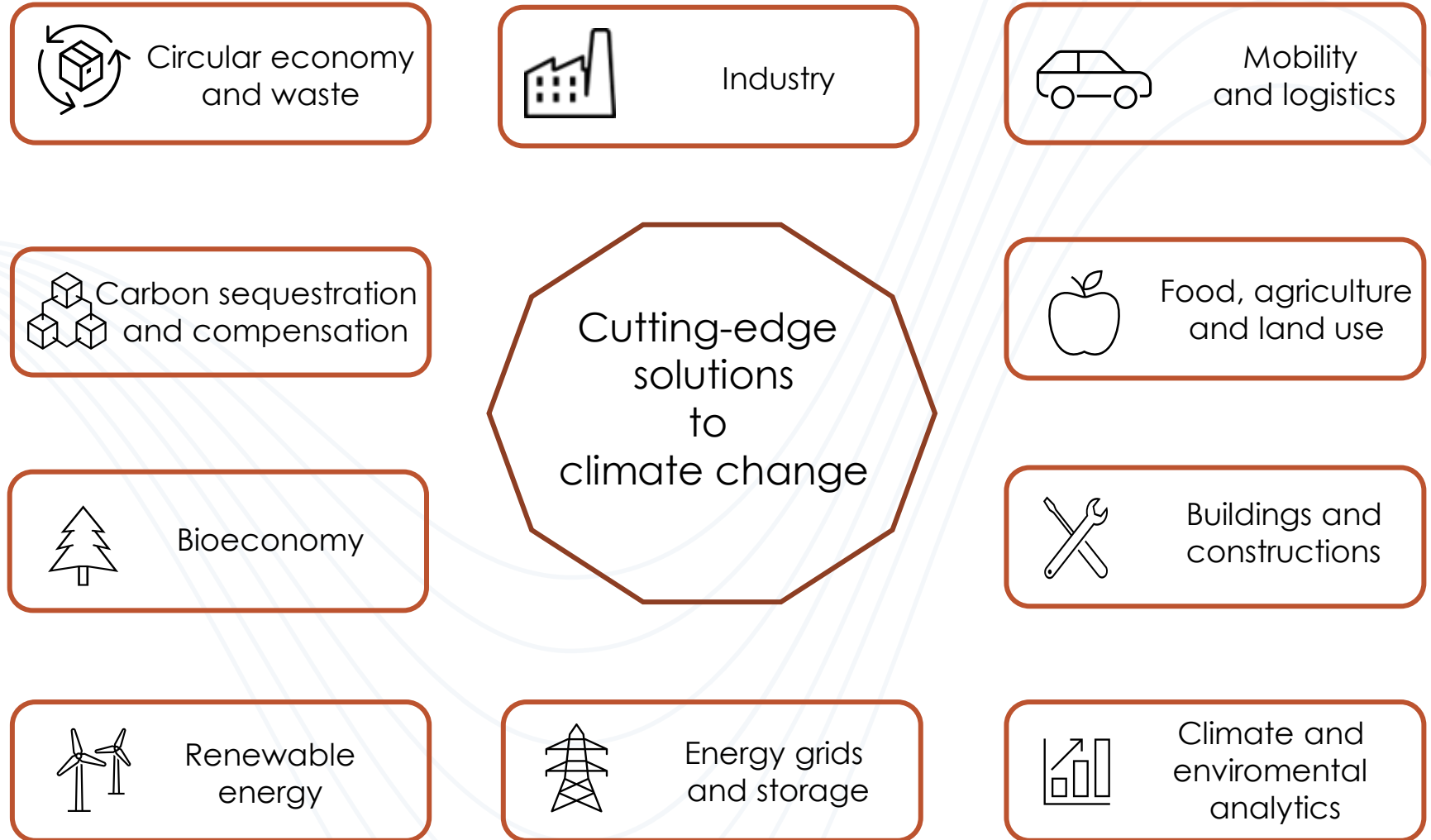


3. Digital climate solutions

- Funds required usually for the development work of commercialisation of a digital solution
- Development of a new digital solution, emissions reduction enabling function or data platform

The Climate Fund's dealflow is divided under ten major themes

- Industry
- Circular economy and waste
- Carbon sequestration and compensation
- Bioeconomy
- Renewable energy
- Energy grids and storage
- Mobility and logistics
- Food, agriculture and land use
- Buildings and constructions
- Climate and environmental analytics



Facility investments

SOLAR FOODS

Low-emission protein
10M€ capital loan with a convertibles option.



Green hydrogen production
10M€ capital loan including a conversion right with a sustainability incentive.



Torrefied biomass to replace coal
5M€ capital loan, which includes a conversion right.

TAALERI Bioindustry

Equity fund with bioindustry focus
At most 15M€ investment in two parts

Scaling up the deployment of physical solutions



Emission-free steam and heat for industrial processes
4M€ capital loan of at most with a convertibles option.



Circular economy solution for steel industry
4.5M€ capital loan with a profit component.



Gas turbines for industrial hydrogen transition
5M€ capital loan with convertibles option connected to a sustainability incentive.

QHEAT

Medium-deep heat wells
3.3M€ capital loan of at most with a convertibles option.



Foundry sand treatment technology
8M€ capital loan including a conversion right

Digital climate solutions

BETOLAR

Digital platform to replace cement
7M€ capital loan including an interest rate premium.



Reporting system of fugitive emissions
2.4M€ capital loan, which includes a conversion right.



Data
Space
Europe

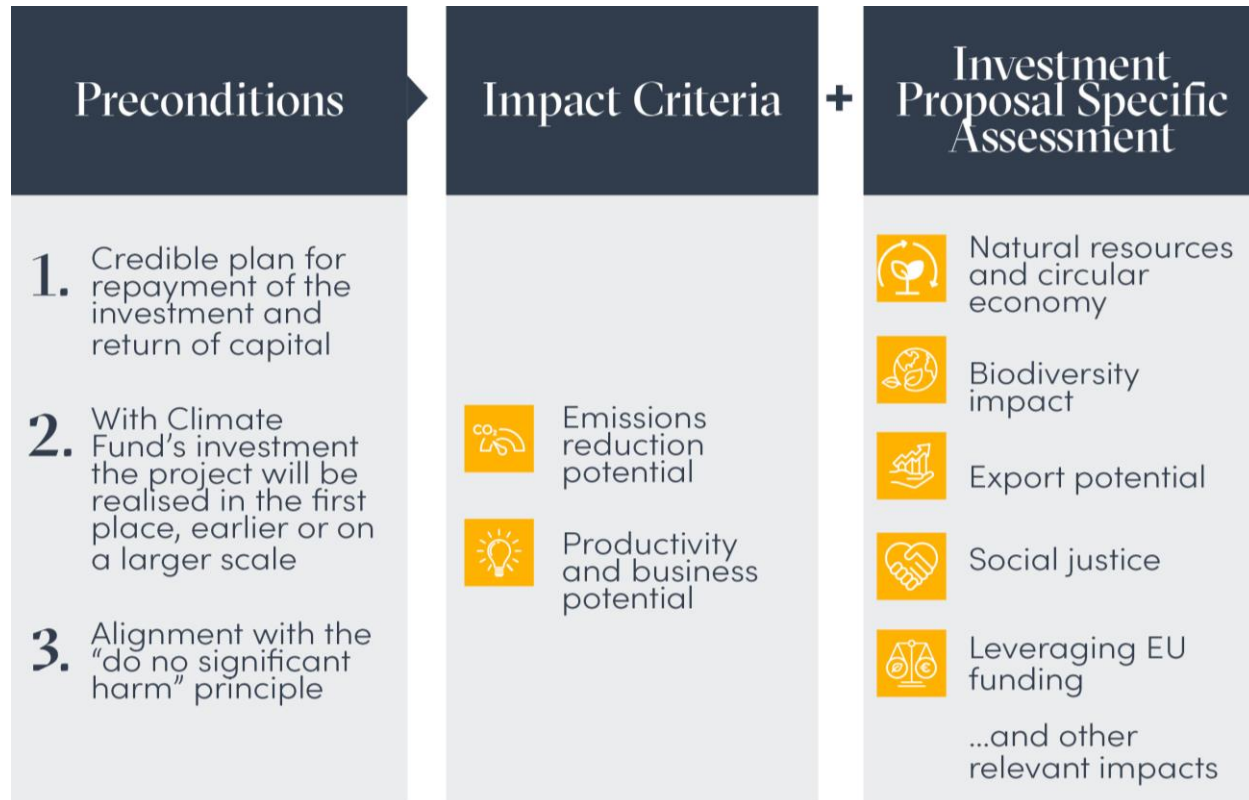
Digitalisation of the food chain
1M€ capital loan with a profit component

The financing: mainly capital loans of 2-20M€

- The Climate Fund can participate in investment projects led by either private or public actors, as well as joint ventures by private and public actors.
- The Climate Fund primarily uses two types of funding instruments: capital loans, as well as special investment funds and other special funding instruments. The Fund may also use other types of equity, debt and mezzanine funding.
- The Climate Fund's primary investment targets are industrial scaling projects – from facility investments to digital solutions. Operating in a minority role, the Fund's average ticket size is 2-20 M€.

Impact Criteria guide our investment decisions

- Every investment decision must pass the preconditions. If the preconditions are met, the final prioritisation and selection of investment proposals will be made based on the impact criteria. Prioritisation is based on the assessment of emissions reduction potential.
- As a state-owned special-assignment company the Climate Fund aims at fulfilling its task as efficiently as possible and creating societal impact instead of maximising its own revenue. In the long term the Climate Fund's investments and funding must, however, be self-sustainable when assessed as a whole.



In addition, the Climate Fund's assessment process examines the project's alignment with the EU taxonomy.



Saara Mattero

Saara.mattero@ilmastorahasto.fi

Ilmastorahasto Oy
The Finnish Climate Fund
Porkkalankatu 1
00180 Helsinki

@ilmastorahasto

climatefund.fi

