PRIME Coalition

Charitable capital for early-stage innovation

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Climate change is one of the most important, complex, and urgent social problems of our time.

The human race must emit **70 Gigatons LESS** on an annual basis by 2050.

The capacity of all wind power **ever installed** globally = 1 Gigaton.
There are capital gaps and financial friction points all along the innovation and deployment pipeline.

Source: Jesse Jenkins et al, Breakthrough Institute, November 2011
There is a surplus of early-stage ideas that could become commercially successful companies.

Our 2016 Pipeline Partners (below) helped us build the PRIME Registry of 1,636 early-stage ventures in the U.S. alone (across energy, agriculture, waste and water).
No one is willing to go first in supporting new climate ventures.
Philanthropists are uniquely positioned to fill the capital gap – no one else is going to step in.

<table>
<thead>
<tr>
<th></th>
<th>Government</th>
<th>Venture Capital</th>
<th>Long-term financial instruments (e.g. bonds)</th>
<th>Philanthropic capital</th>
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</thead>
<tbody>
<tr>
<td>Company-building ability</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Long time horizon</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>High risk</td>
<td>✓</td>
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<td>✗</td>
<td>✓</td>
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The marketplace of charitable investors is large, but also idiosyncratic, fragmented, and inaccessible to energy innovators.

High barriers prevent philanthropists from investing directly into early-stage ventures today.

I didn’t know I could use my grant dollars to make for-profit investments.

My grant team is not organizationally structured to behave like a for-profit investment firm.

I thought that’s what venture capital was doing.

I’m inundated with investment opportunities and it’s very difficult to know which might actually need philanthropic intervention.

Is it true that there are good investments dying on the vine?

How can I be sure that this is the best use of my philanthropy, or that a specific investment might actually help solve the climate problem?

I can’t find any examples of other grant-makers making investments like this in the field.

I don’t know where to look for co-investors or follow-on investors – I don’t want to be out on a limb by myself.

I’m not a technical expert – I need support on technical due diligence. How much would that cost to do right?

Would I potentially get in trouble with the IRS if I break the rules? How can I know with certainty that something qualifies as charitable?

Once I find a company I might want to support, I can’t convince my own accountants, attorneys and advisors to let me do it with charitable capital.

Quotes recorded during PRIME market research, 2013.
PRIME was founded in 2014 to lower the barriers that currently prevent philanthropic investment to climate innovation.

Channel Partners
- Foundations
- Grantmaking Public Charities
- Donor Advised Funds
- Other Accredited Investors

Prime Coalition (501c3 Public Charity)

Pipeline Partners
- Incubators
- Accelerators
- Business plan competitions
- Government grantmakers
- Universities

For-Profit Climate Innovators
We scour the U.S. to make our Investment Funnel as comprehensive as possible, harnessing the expertise of the leading investors to optimize for:

1. **CLIMATE IMPACT**
   - Comprehensive U.S. Registry of early-stage companies across energy, agriculture, waste and water

2. **ATTRACTIVENESS TO COMMERCIAL INVESTORS**
   - Company-by-company climate impact assessments

3. **FITNESS FOR CHARITABLE CAPITAL**
   - Chairman’s Working Group Quality Control
   - Investment Committee Deliberations
   - On-site due diligence
   - Final docket production

**Annual “docket” of PRIME opportunities**
PRIME’s Investment Committee assesses traditional venture criteria and qualifies charitability.

**Representation from**

- Bill and Melinda Gates Investments
- Breakthrough Energy Ventures
- Capricorn
- CEVG
- DBL Partners
- Finistere Ventures
- GE Ventures
- Greatpoint Ventures
- MNL Partners
- Prelude Ventures
- Roda Group
There are three options for philanthropists to support PRIME docket companies on a deal-by-deal basis**

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Convertible Note/Equity*

Terms determined on a deal-by-deal basis

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Recoverable Grant or Loan

10-15% annual interest
Returns at exit
Subordinated to preferred

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Grant

No expectation of financial return

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*If you are investing from a grant-making foundation and would like to classify this transaction as a program-related investment (PRI), PRIME can provide documentation and/or time with our nonprofit attorney to help establish “charitability”

**(By design, PRIME is not financially remunerated in any of these scenarios)
Proof-of-concept investments

- **Quidnet**: ultra-low-cost grid storage
- **RedWave Energy, Inc.**: converts waste heat to electricity at low cost and high efficiency
- **ConnectDER**: meter collar that enables solar and other renewable resources to connect to the grid cheaply, safely, and rapidly
- **Anfiro**: membranes that reduce the cost and energy of desalination and water treatment
- **re[bound]**: reinventing refrigeration with a novel cooling cycle
- **Wright Electric**: electrifying commercial aviation
- **EMC Energy Materials Corporation**: ultra-high-efficiency, low-cost solar material

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Thank you!

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