Energy Environment Investment

Energy & Environment Investment, Inc.

Impact Report

1. Introduction

Driving Solutions to Global Challenges as a Leading Venture Capital Firm in the Environmental and Energy Sector

The need for swift, scalable solutions to address global challenges has never been more pressing. In this context, startups developing advanced technologies and business models to combat climate change and accelerate decarbonization are gaining significant attention and unlocking new opportunities.

We are committed to supporting these trailblazing ventures, confident in their ability to achieve remarkable growth and drive meaningful change through transformative innovation.

Our mission is to create new industries and contribute to a better world by fostering the continuous innovation of entrepreneurs. Leveraging the expertise and global networks built through our investment activities, we focus on supporting startups—primarily from Japan—as they make a lasting impact on the global stage and advance a more sustainable future.

Sustainability through Innovation and Entrepreneurship

With an entrepreneurial spirit, we create a sustainable society by investing in startups that build new businesses and foster innovation.

Investment

We invest in visionary startups that proactively address environmental and social challenges

Growth & Impact

We support the development and implementation of business and impact strategies for portfolio companies aiming for high growth and impact creation

Ecosystem

As a pioneer in domain-specific VC, we build start-up ecosystems that address critical challenges by leveraging industry expertise and extensive domestic and global networks

Global

We foster startups that have the potential to create a global impact on pressing global issues from Japan

Japan's Only Venture Capital Dedicated to the Energy and Environment Sector

Since 2006, we have harnessed deep expertise in the environment and energy sectors to drive our fund management. We stay committed to delivering solid investment returns while steadily creating positive environmental and social impact.

Company Profile

Company name	Energy & Environment Investment, Inc. (EEI)
Representative	Shuichiro Kawamura, President
Founding date	3rd March, 2006
No. of employees	22

Founding Year

2006

AUM

65 Billion JPY

Total Portfolio Companies

Over 150

Number of Lead Investments

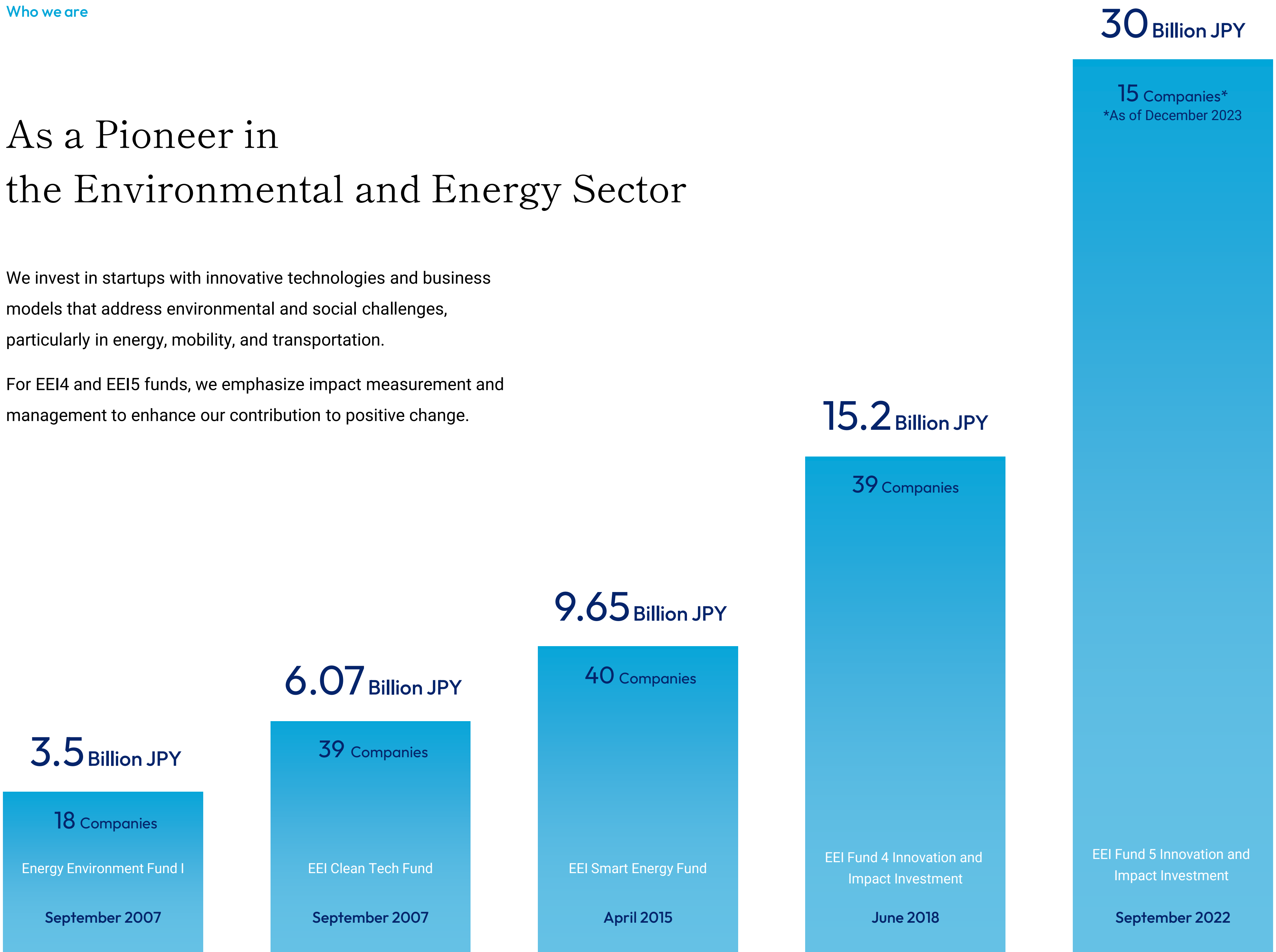
31 / 54 companies

* Based on the results of our Impact Funds, EEI4 and EEI5, as of December 2023
* Number of companies where we led at least one fundraising round

As a Pioneer in the Environmental and Energy Sector

We invest in startups with innovative technologies and business models that address environmental and social challenges, particularly in energy, mobility, and transportation.

For EEI4 and EEI5 funds, we emphasize impact measurement and management to enhance our contribution to positive change.



2. Our Fund

Towards the Creation of New Industries through Startup Investment

Since our founding, we have invested in forward-thinking technologies and business models in the energy and environment sectors - including energy transformation - to help build a sustainable society.

1st Fund

- Renewable energy development and adoption
- Energy efficiency and management

2007

2nd Fund

- Renewable energy development and adoption
- Energy efficiency and management
- Electricity sector deregulation

2011

3rd Fund

- Renewable energy development and adoption
- On-site PPAs
- Energy efficiency and management
- Electricity sector deregulation

2015

4th Fund

- Renewable energy development and adoption
- Off-site PPAs
- Energy efficiency and management
- EV and battery storage
- Carbon management

2018

5th Fund

- Renewable energy development and adoption
- Solar power repowering
- Energy efficiency and management
- Energy storage
- Next-generation mobility
- Carbon management

2022

2023 Highlights

Portfolio

14 Companies

New Investments

4 Companies

Follow-on Investments

Approx. 2,250 People

Total Employment

Impact

59,000 t

CO_2 Emissions Reduced (Direct + Indirect):

78,000 MWh

Energy Saved

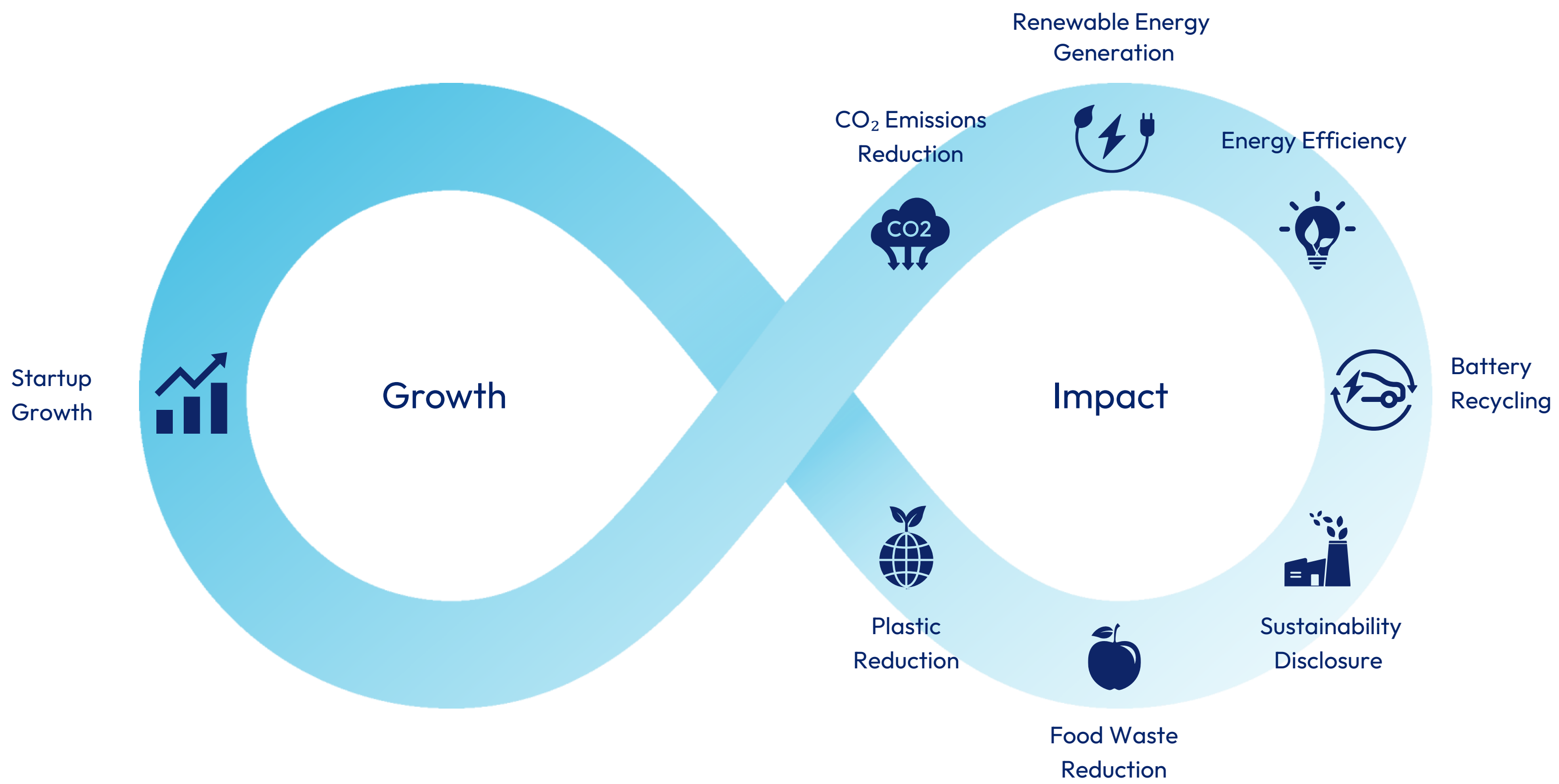
29,000 MWh

Renewable Energy Generated

Based on the results of our Impact Funds, EEI4 and EEI5, as of December 2023

Scalable Impact
Beyond Business Growth

We invest in startups addressing major challenges and large markets, focusing on impact creation. Our support extends beyond growth, helping companies drive positive impact through their businesses to contribute to a sustainable society.



EEI's Contribution to a Sustainable Future through Startup Investment

Investment

Investment by EEI

Capital

Risk capital essential for the growth of startups

Knowledge

Experienced investors with deep industry knowledge

Network

Strong connections within the environment and energy sector

Growth & Impact

Business growth and impact creation support for portfolio companies

Increase funding for startups tackling environmental and social challenges and build a thriving ecosystem

Contribution

Contribute to a sustainable society

SUSTAINABLE DEVELOPMENT GOALS

EEI's Impact Investment

Since our inception, we have leveraged our deep expertise and network in the environmental and energy sectors to invest in and support startups addressing environmental and social challenges with foresight. By providing essential risk capital, we enable these startups to grow, creating a ripple effect that drives further investment in the sector and accelerates progress toward the realization of a sustainable society.

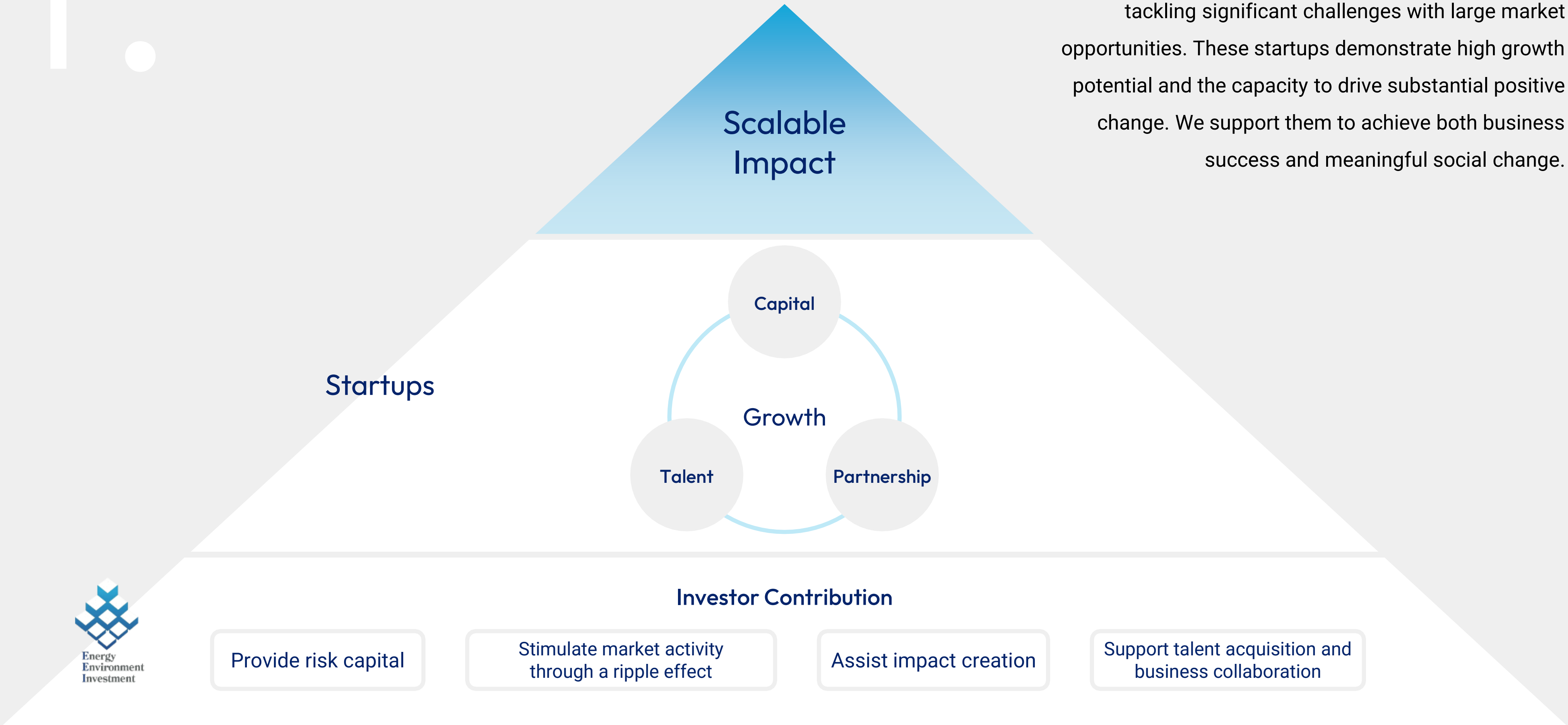
In 2018, we launched the EEI Fund 4 Innovation & Impact Investment, incorporating SDGs and impact KPIs into our investment criteria to enhance support for both business growth and impact creation. Building on this, in 2022, we established the EEI Fund 5 Innovation & Impact Investment. We invest in scalable startups driven for rapid growth, addressing intensifying environmental and social challenges while capitalizing on expanding opportunities in the impact and tech sectors.

1. Scalable Impact
2. Environmental And Social Impact
3. Impact-Driven

1. Scalable Impact

Creating scalable impact

We aim to create scalable impact by investing in startups tackling significant challenges with large market opportunities. These startups demonstrate high growth potential and the capacity to drive substantial positive change. We support them to achieve both business success and meaningful social change.



2. Environmental and Social Impact

Tackling environmental and social issues

We invest in startups that proactively address environmental and social challenges, focusing on those with innovative solutions and strong growth potential.

Environmental and social issues as market opportunities

We invest in startups that address pressing challenges, simultaneously pursuing both impact outcomes and business growth

Business growth through impact creation

We support startups that embody the spirit of "Innovation and Entrepreneurship," offering solutions with a forward-thinking approach

From Japan to the World

We discover and invest in entrepreneurs, technologies, and businesses with global potential, supporting the growth of startups that aim to create an impact from Japan to the world

3. Impact-Driven

Business growth through impact creation

We identify startups with a strong impact intentionality and high growth potential. We leverage our network and expertise to support their growth by securing the necessary resources.

With the increasing demand for a sustainable and decarbonized society, opportunities for customer acquisition are expanding

Purpose-driven startups attract talented individuals, playing a crucial role in driving business growth

With rising expectations to address emerging issues supported by evolving policies and regulations, markets are set to expand. Startups entering the market early can gain a competitive edge

As impact finance grows, startups focused on impact creation have improved access to capital

Impact Investment Guideline

We invest in startups that address environmental and social challenges with intentionality, providing measurable impact with innovative solutions while demonstrating high growth potential.

1. Speed and scalability

Targeting major challenges with high market potential and business scalability to create significant impact

2. Impact Intentionality

Having clear intentionality and a commitment to solving environmental and social issues through core business operations

3. Uniqueness and Advantage

Offering innovative and forward-thinking solutions with distinctive technologies or business approaches that provide a competitive edge

4. Impact Measurement and Management

Measuring and managing impact while aligning business growth with positive outcome creation

5. Impact Alignment

Core business operations align with solving social challenges and creating positive impact in our investment domain

Growth Support for Portfolio Companies

We leverage our extensive network of domestic and international corporations and financial institutions committed to decarbonization, along with our deep expertise in the environmental and energy-focused startup ecosystem. This enables us to offer robust support in areas such as alliance building and sharing best practices.

Governance and Management

- Actively engage in management through external board member appointments and other initiatives to drive business growth
- Utilize our close network with corporations in the environmental and energy sectors, developed over nearly 20 years since our founding

Customer and Partner Acquisition

- Facilitate fast-paced collaboration among portfolio companies and with corporate partners in the field
- Draw on domestic and international networks to connect startups with corporations and financial institutions, fostering their growth

Access to Capital

- Leverage expertise in the environmental and energy sectors to provide early growth capital. By supplying risk capital, we help generate a ripple effect that encourages additional equity and debt financing from other financial institutions

Human resources Support

- Assign management talent and experts in the field using our extensive human resource network

Impact Strategy, Measurement, and Management

- Support impact strategy and IMM and offer guidance on enhancing impact creation
- Assist in implementing impact strategies to secure funding such as impact equity, debt, or grants

3. Impact Approach

Impact Investment Process

We evaluate a startup's potential for growth, alongside its commitment and capacity to drive impact through innovation, during the due diligence phase. Post-investment, we work to support their business growth and facilitate successful exits, aiming to amplify their impact.

Sourcing & Due Diligence

Identify investment opportunities guided by our Impact Investment Guidelines and perform comprehensive impact analyses using proprietary evaluation methodologies

Investment Committee

Define target impacts aligned with international standards such as the SDGs and IRIS+ and establish measurable impact KPIs

Portfolio Management

Monitor portfolio companies regularly and support both impact generation and sustainable business growth

EXIT

Provide support with equity stories for public listings or executing trade sales to maximize the potential for scaling impact creation

Impact Evaluation

We assess impact from multiple perspectives using the 'Five Dimensions of Impact' framework, which examines five key factors. Additionally, we establish measurable impact KPIs to monitor and manage progress toward achieving positive impact outcomes.

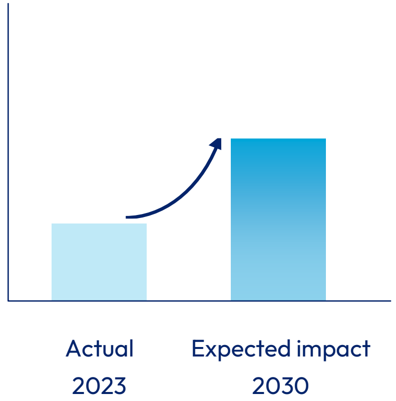
Qualitative Assessment / Five Dimensions of Impact framework

Impact Dimension	Impact Questions
What	■ What outcome occurs in period? ■ How important is the outcome to the people (or planet) experiencing it?
Who	■ Who experiences the outcome? ■ How underserved are the affected stakeholders in relation to the outcome?
How much	■ How much of the outcome occurs – across scale, depth and duration
Contribution	■ What is the enterprise's contribution to the outcome, accounting for what have happened anyway?
Risk	■ What is the risk to people and planet that impact does not occur as expected?

Quantitative Assessment

Expected Impact KPIs

We set quantitative impact KPIs by referencing frameworks such as the SDGs and IRIS+, setting both direct and indirect impact targets



Key SDGs Goals

Advancing Impact Evaluation Methodologies

Referencing International Initiatives

The methodologies for impact investing has been evolving. We actively reference international guidelines and participate in networks of impact investors, such as Impact Capital Managers, to engage in continuous learning and improvement.

The Global Impact Investing Network (GIIN) is global champion of impact investing, dedicated to increasing its scale and effectiveness around the world. It manages IRIS+, a free, publicly available resource to measure and manage impact data

Adopted by the United Nations in 2015, the SDGs comprise 17 goals, 169 targets, and 232 indicators. These are widely used by impact investors as a framework for defining and measuring impact

A collaborative initiative advancing the integration of impact into financial decision-making. It provides guidelines, training for Impact Measurement and Management (IMM), and shares insights through open-source publications

Impact Capital Managers (ICM) is a network of 100+ private capital fund managers focused on superior returns and positive impact with high standards in impact management.

EEI became the first Japanese member in 2020

ImpactVC, incubated by Better Society Capital in the UK, is a community of venture capitalists focused on accelerating impact. It publishes playbooks for impact VCs and entrepreneurs.

An EEI member participated in its first training program

ESG Assessment and Support

We assess the ESG management strategies and discuss necessary improvement plans when needed. At the time of investment, we evaluate the relevant ESG factors and conduct annual monitoring. Our support for ESG management is tailored to the growth pace of each company.

Environment

- Environmental consciousness toward products and services
- Environment management

Social

- Integrity toward customers
- Fair business transaction
- Diversity and inclusion

Governance

- Achievement of both profit and Environmental-Social contributions
- Commitment to corporate philosophy and sustainability
- Corporate governance system

4. Investment Domain

Three Key Investment Domains

We invest in startups that tackle environmental and social issues centered on decarbonization and support business growth and impact creation.

Energy Transition

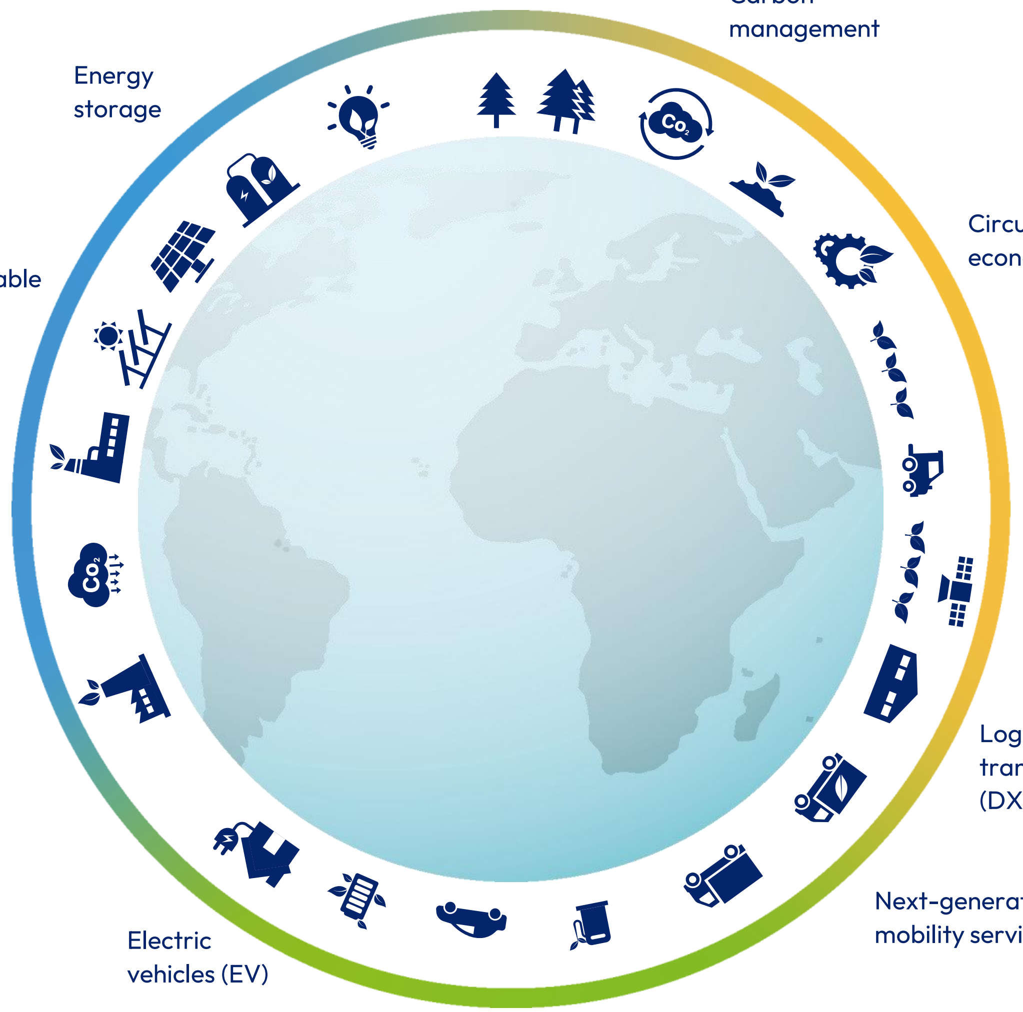
Energy transition for a decarbonized society

Mobility & Transportation

Reducing CO_2 emissions and addressing social challenges

Smart Society

Smart and sustainable foundation to address climate change and resource scarcity



Synergies in Addressing Multiple Challenges

Solutions to decarbonization are closely tied to resolving other environmental and social issues. We believe it is crucial to address multifaceted challenges, rather than focusing on a single issue.

Energy Transition

- Securing stable energy supply
- Transition to renewable and next-generation energy sources

Mobility & Transportation

- Enhancing safety and convenience in mobility
- Addressing labor shortages in transportation and logistics
- Reducing barriers for vulnerable populations in mobility

Smart Society

- Conservation of ecosystems
- Addressing food security and resource depletion
- Realizing a circular economy
- Enhancing resilience

Key Portfolios - EEI Fund 4 and 5

Energy Transition

Renewable Energy

CEC — Non-FIT renewable energy and green power supply

MEDIOTEC — Non-FIT solar power plants and small-scale storage development

ふるさと熱電株式会社 — Geothermal power plant operation

EREVISTA — Repowering of existing solar power plants

Energy Efficiency & Management

NATURE — IoT device sales and energy management services

AIO CORE — Silicon photonics optical transceivers development and sales

GREENCOM NETWORKS — Distributed energy management

CYNAPS — Improving air conditioning efficiency through ventilation control

Energy storage

RELECTRIFY — BMS with cell-level control

Tsubame BHB — Ammonia production technology

Key Portfolios - EEI Fund 4 and 5

Mobility & Transportation

Electric vehicles (EV)

EV Motors Japan
EV bus development and sales

ASF
EV logistics vehicle development and sales

SKYDRIVE
Flying car development

KG MOTORS
Compact EV development and sales

EV infrastructure

ample
EV charging platform

PLUGO
Manufacturing and service provision for EV chargers

Motion
EV management services

Logistics digital transformation (DX)

207
Digital transformation of last-mile logistics

エニキャリ anyCarry
Next-generation delivery systems

Shippio
Digital freight forwarding

Next-generation mobility services

NYLE
Online car sales

HATCHWORK
Digital transformation of monthly parking services

T2
Autonomous trunk transportation manufacturer

Key Portfolios - EEI Fund 4 and 5

Smart Society

Carbon Management

ASUENE

CO_2 emissions management

SusLab

ESG/SDGs visualization using AI and big data

DeepForest

Forest-based carbon credit generation

Sustineri

Carbon credit platform

FAEGER

Carbon credit generation from agriculture

Circular economy

AmicaTerra

Biodegradable plastic development

galdieria

Rare metal recovery using algae

Smart infrastructure

Synspective

SAR satellite solutions

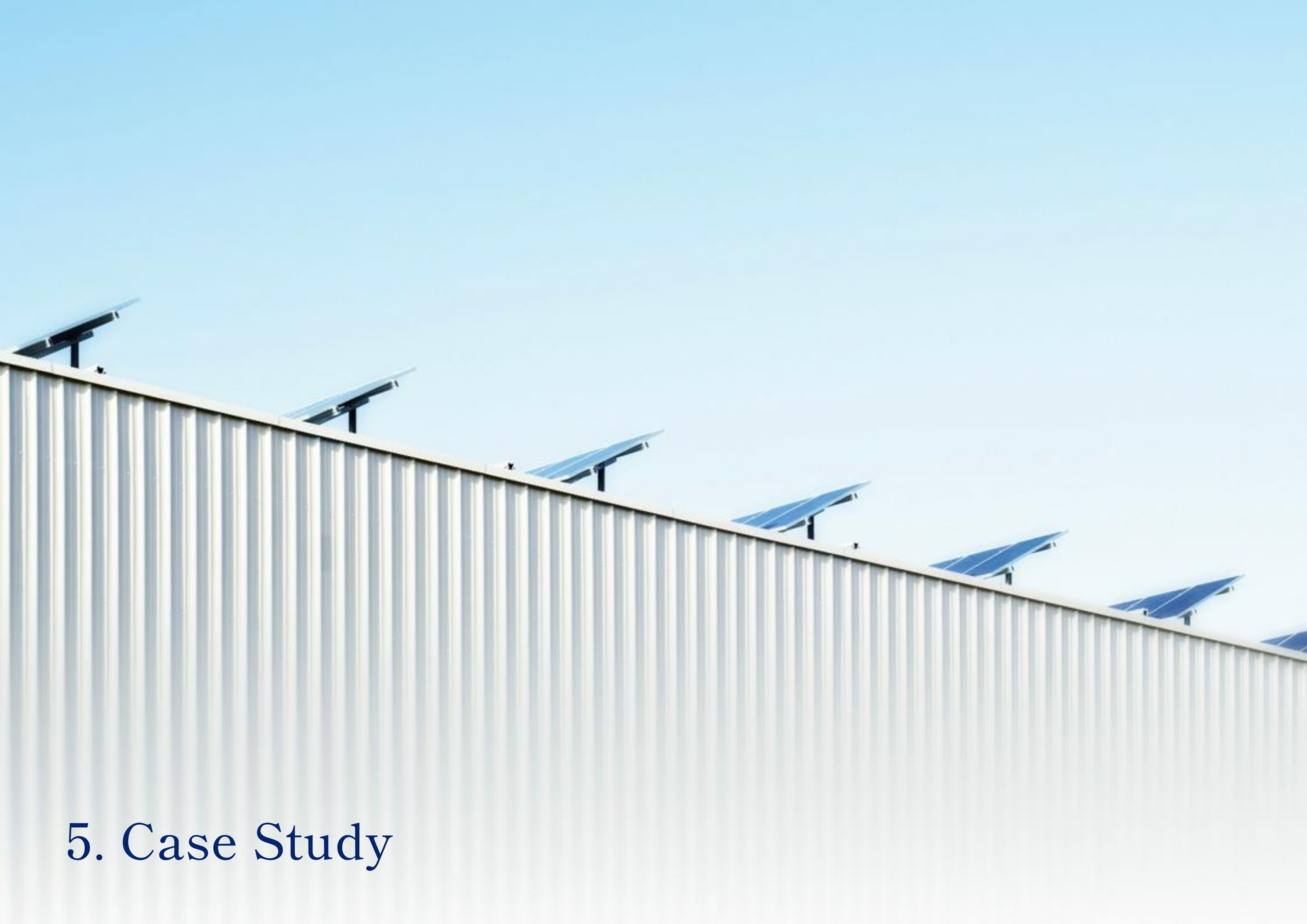
Astroscale

Space debris removal

Food & agriculture

DAY BREAK

Special Flash freezing technology



5. Case Study

ASUENE Inc.

ASUENE reduces CO2 emissions through its carbon accounting platform

Headquarters Tokyo

Mission

Changing the world
for the next generation.

Impact KPI

Number of customers of ASUENE and ASUENE ESG services

Business Overview

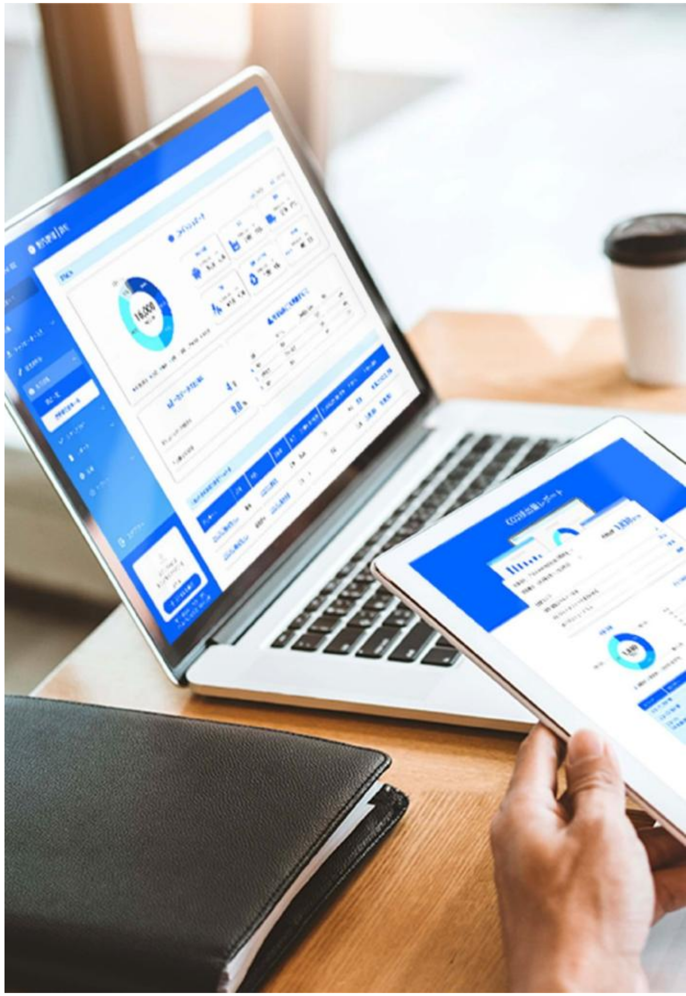
ASUENE provides all-in-one solution to enhance sustainability management for companies.

Key services

- ASUENE, carbon accounting platform for carbon management
- ASUENE ESG, ESG evaluation cloud service
- ASUENE CAREER, the talent recruiting support for your Decarbonization and ESG initiatives
- ASUENE VERITAS, third-party assurance and advisory services for non-financial disclosure
- Carbon EX, carbon credit exchange market for Net Zero

Problem

It is estimated that around 80% of global CO_2 emissions are generated by corporate activities, making it essential for companies to take action in reducing emissions to achieve carbon neutrality. In order to promote decarbonization and ESG management toward sustainable business operations and a circular economy, it is crucial for large corporations and supply chain partners to change behaviors. However, there is a lack of consistent measures, particularly from CO_2 calculation through to reduction implementation.



Clean Energy Connect, Inc.

CEC reduces CO_2 emissions through non-FIT renewable energy development and green power supply

Headquarters Tokyo

Mission

In pursuit of carbon neutrality by 2050, we work alongside our clients to tackle climate change through our effective services without FIT support schemes.

Impact KPI

The amount of CO_2 emissions reduction through renewable energy generation

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

Business Overview

CEC provides one-stop green power solutions—from planning and implementation to post-installation impact assessment and goal achievement—for clients pursuing decarbonization, including RE100 participants. Beyond supplying electricity and its environmental benefits, the company acts as a partner-agent, supporting clients in achieving their decarbonization and RE100 targets swiftly and flexibly.

Problem

As companies strive to combat climate change through decarbonization, the process of adopting and sourcing renewable energy is becoming increasingly complex. In particular, adopting renewable energy with "additionality" is challenging, leaving many companies unsure of how to effectively achieve their renewable energy goals.

DeepForest Technologies Co., Ltd.

DeepForest Technologies provides drone-based forest analysis to generate forest carbon credits

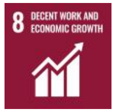
Headquarters Kyoto

Mission

Enabling the Understanding of Nature's Intrinsic Value and Co-Creating a Sustainable Society.

Impact KPI

CO_2 sequestration by forests



Business Overview

DeepForest Technologies develops technology that uses drones and AI to visualize individual tree species and CO_2 sequestration levels for each tree in forests, offering this as accessible software for all. This technology allows for regular observation at the individual tree level, supporting the creation of high-quality, transparent carbon credits. The software and apps also help forest managers and local drone measurement companies with efficient forest management, resource assessment, and pest control.

Problem

Forests and the environment face serious challenges, such as global warming, biodiversity loss, tropical deforestation, and the decline of the forestry industry. In addition, forest measurement and monitoring are labor-intensive and costly, and ensuring measurement transparency is challenging. Without a clear understanding of forest resources, a supply chain that can deliver appropriately priced and quantified timber to meet demand remains undeveloped.

KG Motors Inc.

KG Motors manufactures single-passenger compact EVs

Headquarters	Hiroshima

Mission

To achieve sustainable mobility through compact mobility robots.

Impact KPI

CO_2 emissions reduction through EV sales

Business Overview

KG Motors develops and manufactures single-passenger compact EVs that offer low maintenance costs and minimal environmental impact. The company plans to sell its EVs directly to customers. Vehicle development is underway, with a future vision for MaaS (Mobility as a Service) expansion, enabling autonomous driving and unmanned ride-hailing. It is building a business value chain—covering delivery, insurance, sales financing, and charging infrastructure—through partnerships and with the support of numerous companies and organizations.

Problem

As the need for clean, fossil-free mobility grows, the market offers limited options for energy-efficient and economically viable EVs. In rural areas, vehicles are often oversized for daily needs: narrow roads, single-passenger trips (about 70% of trips), and short distances (about 70% of car trips under 10 km) result in unnecessary costs and energy waste. Additionally, rural areas face emerging challenges, such as the anticipated decline of gas stations, intensifying the need for alternative transportation solutions.

Tsubame BHB Co., Ltd.

Tsubame BHB develops and sells ammonia supply systems using electride catalyst technology

Headquarters Kanagawa

Mission

We tackle social issues, including environmental and food problems, using our unique state-of-the-art technologies.

Impact KPI

The amount of CO_2 emissions reduction through green ammonia production

Business Overview

Using its core technology, the electride catalyst, Tsubame BHB enables ammonia production under low-temperature, low-pressure conditions compared to the conventional Haber-Bosch method. This approach allows for smaller, decentralized production plants, with two commercial units already ordered. Looking ahead, the company aims to scale up for large-scale production. The low-temperature, low-pressure process enhances safety and reduces costs, supporting decarbonization and energy security through green hydrogen utilization.

Problem

Green ammonia derived from renewable energy is gaining attention as a clean energy source. As a key driver for a decarbonized society, green ammonia is not only anticipated as a hydrogen carrier but also as a clean fuel that emits no CO_2. It holds promise for large-scale transport sectors such as shipping and aviation, as well as for ammonia-only combustion in thermal power generation. However, the conventional Haber-Bosch process for ammonia production requires high temperatures and pressures, resulting in significant capital investment and substantial operational energy requirements.

DayBreak Co., Ltd.

DAY BREAK

Day Break solves food supply chain challenges with its Special Flash freezing technology

Headquarters Tokyo

Mission

Creating a better future from food producers to consumers and aiming for a daybreak in the food industry.

Impact KPI

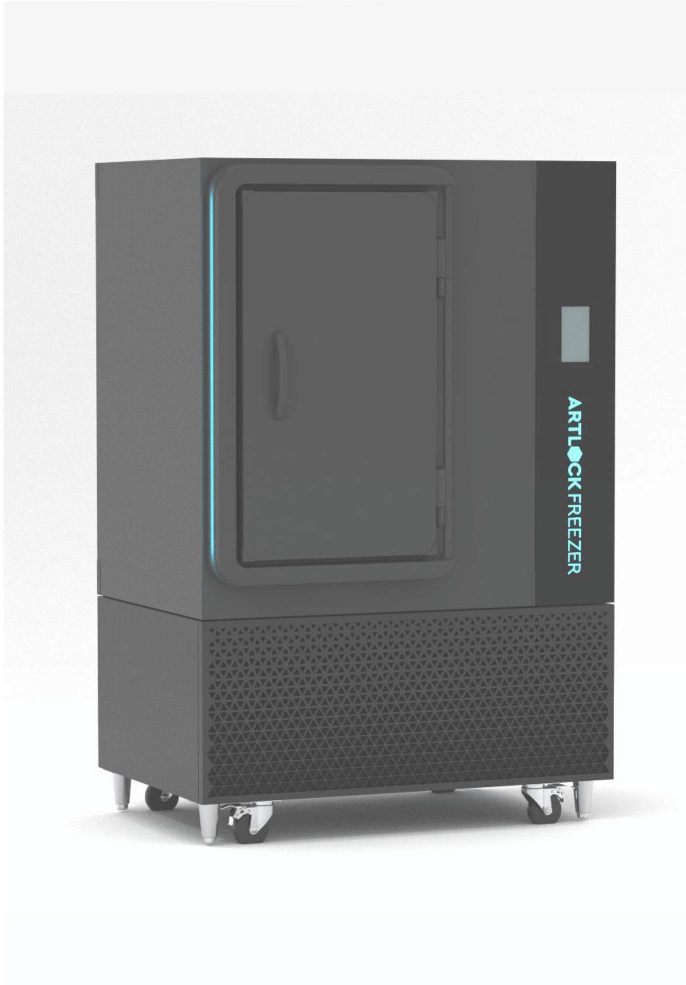
The amount of food loss and waste reduction

Business Overview

Day Break offers both hardware and software approaches to increase sales by expanding distribution channels and developing new products through unique solutions combining in-house developed Special Flash freezers and freezing total solution service. These innovations also reduce food waste and costs through planned production. In addition to addressing the challenges of the food loss and industry, the company is developing original products using its Special Flash freezing technology and building a global platform to distribute authentic Japanese food worldwide.

Problem

The food industry continues to face challenges such as low productivity, low profit margins, food loss and waste, and labor shortages. Particularly, food loss and waste accounts for approximately 8-10% of global CO_2 emissions (*1), and in Japan, it contributes to an environmental burden of approximately 4.72 million tons annually (*2).



(※1) World Resource Institute “The Global Benefits of Reducing Food Loss and Waste, and How to Do It”
(※2) Ministry of the Environment, "Estimates of Food Loss in Japan (2022)"

6. Team

EEI Team

President
Shuichiro Kawamura

Member of the Board, Partner
Kenyu Hosoya

Member of the Board, Partner
Naoki Uda

Member of the Board, Partner
Kengo Nakamura

Partner
Tohru Nishikawa

Partner
Takahiro Kobayashi

Director of Administration, Principal
Makoto Suda

Head of Mobility Business Innovation, Principal
Ryusuke Hayashi

Principal
Akifumi Ikeda

Principal
Taiki Hino

Principal
Tomohiro Matsushita

Capitalist
Tatsuhiro Yamagishi

Capitalist
Jun Matsunaga

Capitalist
Chihiro Ozaki

Impact Officer, Capitalist
Kumiko Morie

Impact Officer, Capitalist
Tomomi Ishida

Administration Manager
Chie Suzuki

Administration Staff
Tomoko Shibata

Corporate Support Staff
Wakana Hosoi

Executive Assistant
Tomoko Nagao

Venture Partner
Itaru Shiraishi
Based in Europe

Venture Partner
Masaki Yano
Based in Europe

Our team combines expertise in energy, mobility, IT, finance, and technology, with many members bringing valuable startup management experience, enabling us to tackle challenges across diverse fields.

Energy
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https://ee-investment.jp/en/