

## Business

### Big hitters back Gore's eco-venture with \$1.5bn

A London-based green investment business launched by Al Gore's Generation Investment Management has raised \$1.5 billion for its first climate fund (Callum Jones writes).

Just Climate comfortably cleared an initial target of \$1 billion as investors including Microsoft and Goldman Sachs backed its plan to support companies that can “radically reduce or remove emissions” while generating returns.

Climate Assets Fund I, Just Climate's inaugural fund, has so far invested in ABB E-mobility, a Swiss electric vehicle charging business, H2 Green Steel, a Swedish start-up focused on

decarbonising the steel industry, and Meva Energy, a Swedish renewable energy group.

The asset manager was launched in 2021 by Generation, which Gore, 75, the former US vice-president, co-founded almost two decades ago with David Blood, a former Goldman executive. Founding investors in Just Climate's first fund include Microsoft's Climate Innovation Fund, which anchored it, and Goldman's

Imprint Group. It also cited the California State Teachers' Retirement System, one of America's largest pension funds, and Australia's Colonial First State Investments among other institutional backers.

Clara Barby, senior partner at Just Climate, said the fund would “pursue investments in growth-stage, asset-heavy companies globally which have the potential to deliver transformational

climate impact across some of the highest-emitting, hard-to-abate industries, including energy, mobility, industry and buildings, in order to generate outsized emissions abatement.”

Shaun Kingsbury, chief investment officer at the firm, said: “More than 50 per cent of the world's emissions come from the hard-to-abate industries. Without radical and urgent changes to the way that the financial

sector approaches the decarbonisation climate impact across some of the highest-emitting, hard-to-abate industries, including energy, mobility, industry and buildings, challenge in these industries, which are the building blocks of our economy, there will be no net zero by 2050.

“Proven, transformational climate solutions are being developed to decarbonise the industrial sectors.

With the right investment support, we believe they can scale rapidly to achieve better gross margins, a lower cost of capital and widespread market adoption.”

Barby said: “We start with climate impact, identify solutions that will make the biggest difference, then direct and scale institutional capital to those solutions that we believe can generate attractive risk-adjusted returns.”

# Gore banks on good investment climate



**BUSINESS COMMENTARY** Patrick Hosking

The haze of wildfire smoke choking America's east coast is a further reminder that the planet is warming and extreme weather

events becoming more common. As Al Gore told this paper a few months ago: “Every night on the television news is like a major ride through the Book of Revelation.”

The former US vice-president has a chance to show how capitalism can do

something about it. His London-based firm Generation Investment Management has just raised \$1.5 billion from institutional investors for a new fund that will back carbon-cutting projects in unloved sectors where emissions are regarded as hardest to abate (report, page 38). This is hardcore: steelmakers, concrete factories, paper mills, plus some of the hardest nuts to crack such as net-zero airliners and carbon capture and

storage. While billions is being ploughed into electric cars and other sectors where progress is easiest, the new fund will focus mostly on areas normally put in the “too difficult” tray.

The rationale has a kind of logic: put capital to work where others fear to tread. The failure rate will be high, but the opportunities for blockbuster returns from a technological breakthrough are all the greater because of the lack of competition.

The new fund, Just Climate, is aiming to match the kind of returns made by conventional funds but with a massive incentive to reduce emissions too. It can make fabulous financial returns, but won't produce a cent in performance fees for Generation, and Gore personally, unless very tough emission reduction hurdles are met too.

Much depends on how those hurdles are calibrated and how independently measured. The investment industry

has had a habit of exaggerating its environmental achievements.

But even before that, Just Climate needs to make returns no worse than conventional investments if it is to blaze this trail successfully. That is if anything getting a bit harder: the enormous rally in fossil fuel shares has for now royally bogged up the comparative performance figures for green funds.

Gore and Just Climate could do with a win on a biblical scale.