



Heading for Change Investment Criteria

CLIMATE, NATURE AND BIODIVERSITY LENS

> 75% of investments in climate, nature and/or biodiversity-related investments, including but not limited to: Climate Tech, Food Systems and Sustainable Agriculture, Renewables, Oceans and Water, Biodiversity, Nature-based solutions and Forestry as some examples)

- Multi-thematic funds with <75% can be considered if they meet the following criteria:
 - +51% of investments in climate, nature and/or biodiversity AND
 - The fund applies a climate-lens to non-climate deals

> Preference climate, nature or biodiversity finance taxonomy or criteria, (i.e. The Paris Agreement, Project Drawdown, Sustainable Finance Disclosure Regulation, Science-Based Targets Initiative).

> Emphasis on investments in: near-term, material, transformative solutions, scalable and replicable models and/or climate vulnerable and/or resilient communities.

BREADTH & DEPTH OF THE GENDER LENS

> Heading for Change prioritizes investments in funds with an explicit gender lens, at both; fund manager and portfolio company level, and in funds that apply a clear gender lens framework throughout their investment process and overall strategy

- Exceptions may be made if the fund does not have an explicit gender lens but there is strong evidence of a commitment to gender, as well as underpinning actions, and/or the omission of an explicit lens is in the face of market bias or shifts (i.e. the ESG backlash in the U.S.)
- Funds and their underlying portfolios or pipeline investments will be assessed on quantitative and qualitative metrics, including but not limited to: representation, decision-making power, inclusive policies, training and advancement, post-investment gender support, safe and flexible working environment, and pay equity.

> Fund Manager level: At least 50% founded or owned by women and/or from under-represented backgrounds and 50% of the investment team are women and/or from under-represented backgrounds. Strong preference for gender diversity on the Investment Committee, Board or other-decision making body.

> Portfolio Company level: At least 30% of the fund portfolio meets one of these Criteria:

- Entrepreneurship: At least 30% women ownership OR the business is founded by a woman
- Leadership: At least 30% of women in senior leadership OR at least 30% women on the board or Investment Committee
- Employment: 30% - 50% share of women in the workforce (depending on the sector) and one quality indicator beyond compliance
- Consumption: Product(s) or service(s) that specifically or disproportionately benefits women, or enhances the well-being of women/girls/under-represented groups and/or drive gender equity.

> Preference for:

- Funds who also assess Resilience (women's economic empowerment), Opportunity (equal access to opportunities) and Inclusion (addressing barriers that constrain employment or advancement) for women at the Fund Manager and Portfolio Company level, per Gender ROI.
- Funds who support portfolio companies to implement and improve post-investment gender equity metrics, Gender Action Plans or other relevant gender-smart practices

INTEGRATION OF CLIMATE AND GENDER

>Women as Agents of Change

- Funds must, to some degree, incorporate strategies and processes that not only value women and under-represented leaders and innovators, but which also brings women to the forefront of activating climate solutions as entrepreneurs, employees, across the supply chain and as consumers. The application of an integrated gender and climate lens cuts across the investment thesis, strategy and overall processes.

> Improving women's livelihoods, enhancing resilience and advancing transformational and sustained change

- Heading for Change will also consider the ways in which funds are addressing gender-specific climate/ nature risks, reducing barriers to full economic participation, and enhancing women's resilience and capacity to adapt to climate and nature change.

> Advancing a deeper diversity, inclusion approach and integrating power analysis

- Heading for Change will also consider the ways in which a fund is advancing a gender and inclusion approach in deeper terms. This could be by paying attention to intersectionality, being mindful of power dynamics that show up in the investment process, or bringing in more community voices where needed as examples.

> Preference for funds with some degree of climate and gender integration at each stage in their investment process and in their fund and portfolio management practices, for example:

- **Sourcing:** Are funds looking for deals that create opportunities for women as agents of change, and considering the implications of gender in climate solutions (across design, delivery etc)?

- **Screening and Due Diligence:** Are funds evaluating the degree to which prospective investments are considering gender impacts and the ways in which women can be engaged as agents of change on their teams, supply chains and as consumers/end users of their products?
- **Policies, practices and actions:** Do funds provide equal access to leadership advancement and decision-making positions and how are they encouraging and driving these same practices in their portfolio companies, and other relevant stakeholders (such as in the supply chain, vendors).
- **Post-Investment Support:** Are funds supporting investee companies to engage women in their communities, and bringing diverse voices into the design of climate solutions or leveraging gender and climate data for business decisions?

> Funds that have yet to fully integrate a climate and gender lens into their process and practices will be evaluated on the potential for a more intentional strategy. We will also evaluate the fund managers' interest in and receptivity to working with Heading for Change to deepen their approach to climate and gender integration.

SOCIAL JUSTICE AND JUST TRANSITION

> Focus on diverse-founded and -led teams:

- Evaluated at both the fund and portfolio company levels. We define diverse as anyone identifying as a woman, girl, LGBTQI+, person of color. Heading for Change also cares deeply about Neurodivergence and Disability, and would consider it a plus if funds shared that vision.

> Commitment to local representation at fund management level:

- We prioritize fund teams that are representative of the local communities the fund serves.

> Funds must demonstrate a commitment to ensuring that the benefits of a transition to a green economy are widely shared and support adversely-affected communities.

FUNDRAISING

> Funds must be targeting a minimum fund size of \$10 million.

> Funds should be actively fundraising, with line of sight to a first close, including a commitment from an anchor or set of investors.

> Funds must have the ability and enthusiasm to accept a \$100,000 investment ticket.

ADDITIONALITY

> Heading for Change can make select investments into emerging funds or non-traditional vehicles that may be perceived as higher risk due to strategy, fund structure, fundraise status or fund size, but where there is high fit with Heading for Change's investment criteria, strong conviction and the potential to create outsized impact.

> The funds must still meet the majority of Heading for Change's Investment Criteria.