pitchBooK

PitchBook Data, Inc.

Nizar Tarhuni Vice President, Institutional Research and Editorial

Paul Condra Head of Emerging Technology Research

Institutional Research Group

John MacDonagh

Senior Analyst, Emerging Technology

Data

Collin Anderson

Data Analyst

pbinstitutionalresearch@pitchbook.com

Publishing

Designed by **Jenna O'Malley**

Published on July 16, 2024

Contents

VC fundraising from climate tech specialists

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- The Climate Tech Funds Report covers 213 climate specialist VC fund managers, including fundraising trends, comparisons with the wider VC space, and fund manager lists. The managers included have a strong focus on climate tech, with climate tech investments making up a significant component of their overall investments—though many of them invest in other sectors, including supply chain management, health, and communication tech.

- Most climate specialist funds target investments in a broad range of climate technologies, though a smaller subset focuses on clean energy, low-carbon mobility, or sustainable food & agriculture. Manager lists are available for all of these categories.

- 2022 was the peak year for climate tech VC fundraising, reaching $18.7 billion, compared with the $8.8 billion of 2021—the next largest year in terms of capital raised. YTD fundraising for 2024 looks stronger than that of 2023, with $3.4 billion raised as of June 25, compared with $3.9 billion in the whole of 2023.

- Through the decline in VC fundraising from 2022 to 2023, fundraising from climate tech specialist funds remained a consistent share of overall fundraising (approximately 2.0%), suggesting much of the decline was related to overall VC fundraising conditions.

- Read our inclusion criteria for the manager lists in the "Inclusion criteria and categories" section.

Introduction

Overall VC investment in the climate tech space has seen peaks and troughs in recent decades, with a wave of early interest from 2006 to 2011 followed by a period of low investment until about 2017—at which point VC investment began rising, reaching a peak in 2021 and 2022.[1] The climate tech space contains a broad range of technologies and applications, though many involve significant engineering challenges and dependencies on regulation and policy; fund manager specialization in the space allows a deeper focus on these specifics.

In this report, we expand on the definition of climate tech used in our climate tech VC investment analyst notes, further including areas like water and soil pollution remediation, waste reduction, products and services for integrating climate technologies, and circular economy technologies around reusing and sharing products. When identifying and segmenting climate specialist funds and fund managers, this broader definition was used to prevent unnecessary exclusions—for a detailed explanation of the inclusion criteria and categories used in this report, see the "Inclusion criteria and categories" section. The fund managers listed in this report either focus on climate tech investments, include climate tech as a major component of their investing, or manage a specialist climate tech fund in addition to other nonspecialist funds.

Many climate-tech-focused fund managers seek investments in a wide range of climate technologies, with a relatively small number specializing further into a specific climate tech area such as clean energy, sustainable food & agriculture, or low-carbon mobility. Impact investing managers often also invest in companies focused on health and social impact, and managers also frequently allocate capital to climate-related areas such as supply chain improvements and optimization.

LPs are attracted to climate-focused funds for a number of reasons, including general tailwinds for many areas of climate tech, which may face increased demand due to rapid adoption of other technologies—such as the growing need for energy storage as we see growth in intermittent renewable energy deployment, like in solar and wind. In other areas, strong incentives or compliance pressure is driving rapid development of climate tech in, for example, direct air capture or green hydrogen.

Global energy markets are also generating tailwinds for a suite of energy-related technologies, with volatile costs for fuel resulting in a stronger push for renewable energy, and the volatile electricity prices increasing uptake of home energy efficiency technologies, which have also become more accessible in recent years.

1: For more on VC investment in the climate tech space, read our Q1 2024 PitchBook Analyst Note: VC Investment in Climate Tech.

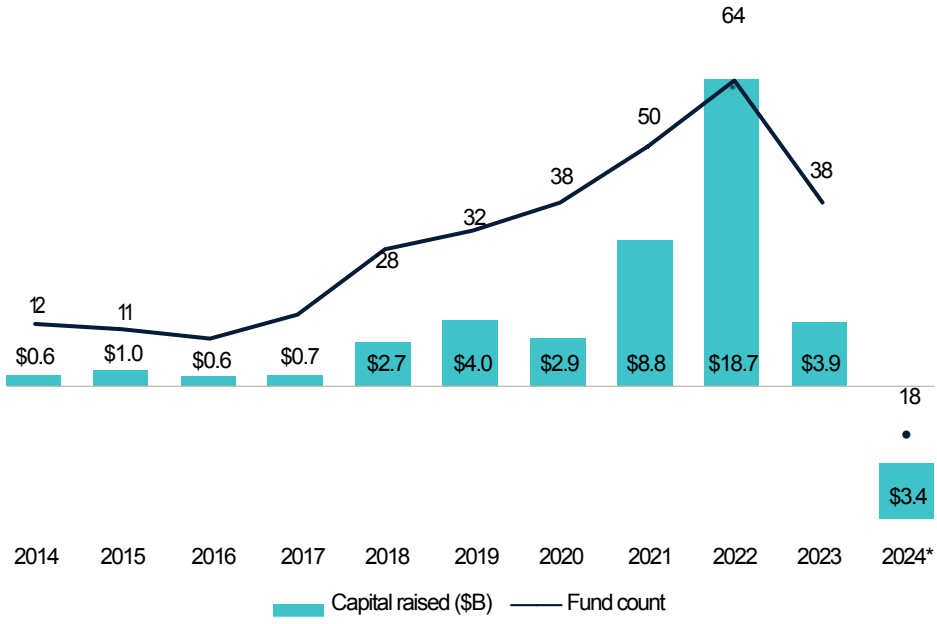
Some LPs are specifically looking to make impact investments that produce beneficial social or environmental impacts alongside financial returns. Though not all impact investing funds will focus on climate tech, many will include climate tech investments as a core part of their investment strategy.

Manager lists are included for the following categories:

- Early-stage VC—broad climate tech
- Multi-/late-stage VC—broad climate tech
- Early-stage VC—category-specific funds
- Multi-/late-stage VC—category-specific funds
- CVC—climate tech

Climate specialist fundraising trends

Climate tech VC fundraising activity



Source: PitchBook • Geography: Global • *As of June 25, 2024

Specialist VC fundraising in climate tech reached a substantial peak in 2022, with $18.7 billion raised—more than double 2021's $8.8 billion, the next highest year.

This trend is also broadly reflected in the fund counts, which rose from nine in 2016 to a peak of 64 in 2022, before falling sharply to 38 in 2023. This was driven by growth in global acceptance of climate change, a rapid increase in pledges and commitments from governments, cities, and large companies, and changes to