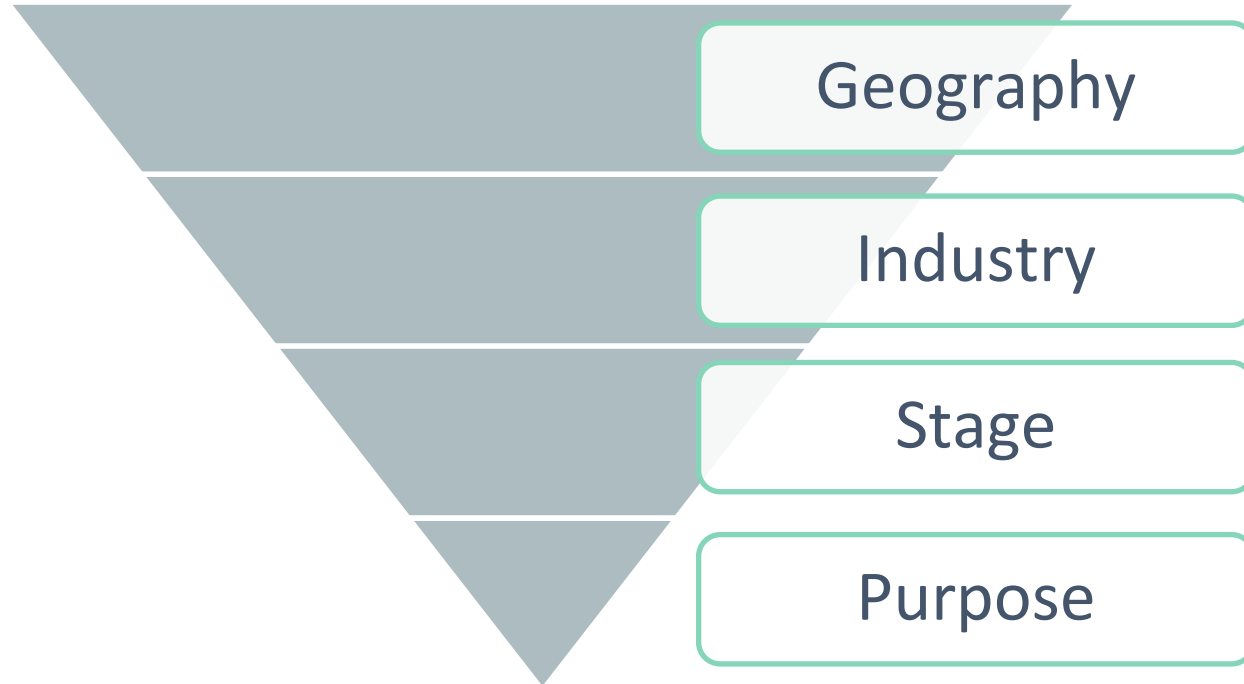


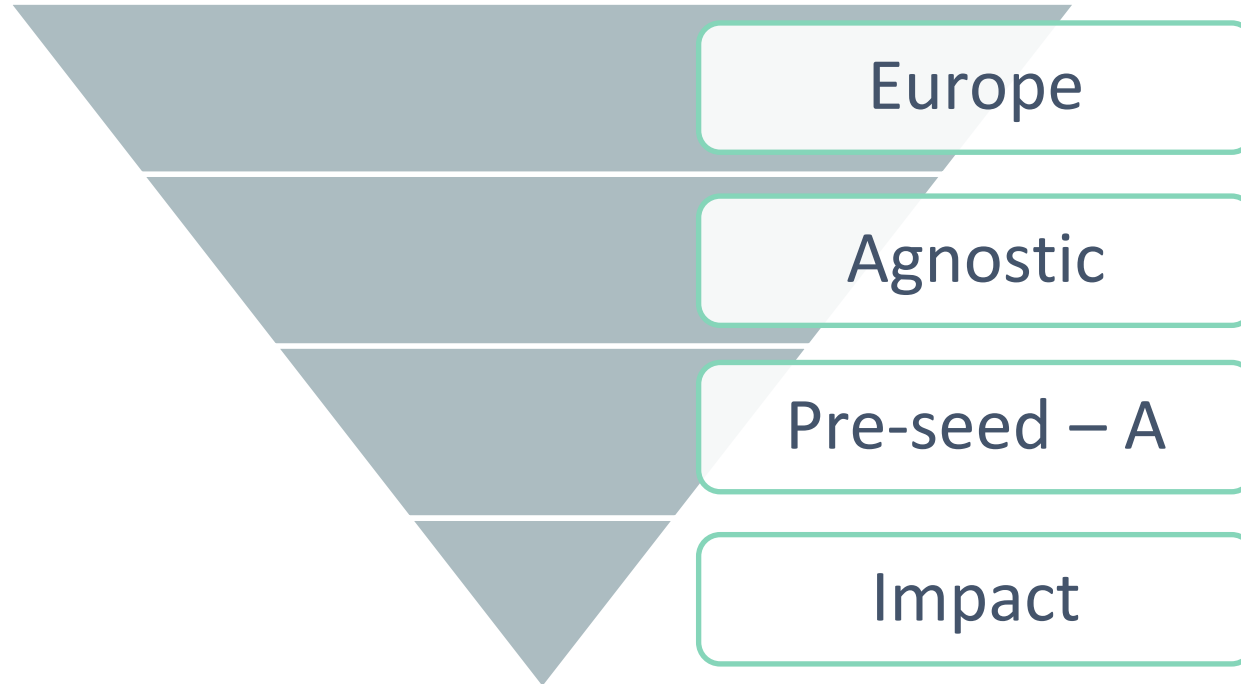
What Matters to Impact Investors

Section 1: Understanding VC

INVESTMENT CRITERIA



INVESTMENT CRITERIA



INVESTMENT PHASES

Investment-phase	Pre-seed	Seed	Series A	Series B
Focus	Proof of concept	Market entry	Growth	Market expansion
Capital deployment	Prototype development and testing	Team & HR Marketing, further R&D	Scaling	Growth
Round size (€)	50k to 300k	300k to 1m	1m to 10m	10m and more

Leanox focus

INVESTMENT DECISION

Environmental
Sustainability of business idea

Governance
Governance structure
Reporting to investors

Social
Transparency
Diversity, equality and inclusion

Team Verdict Points
Number of founders
Relevant education and exp.
Incentivization of the team

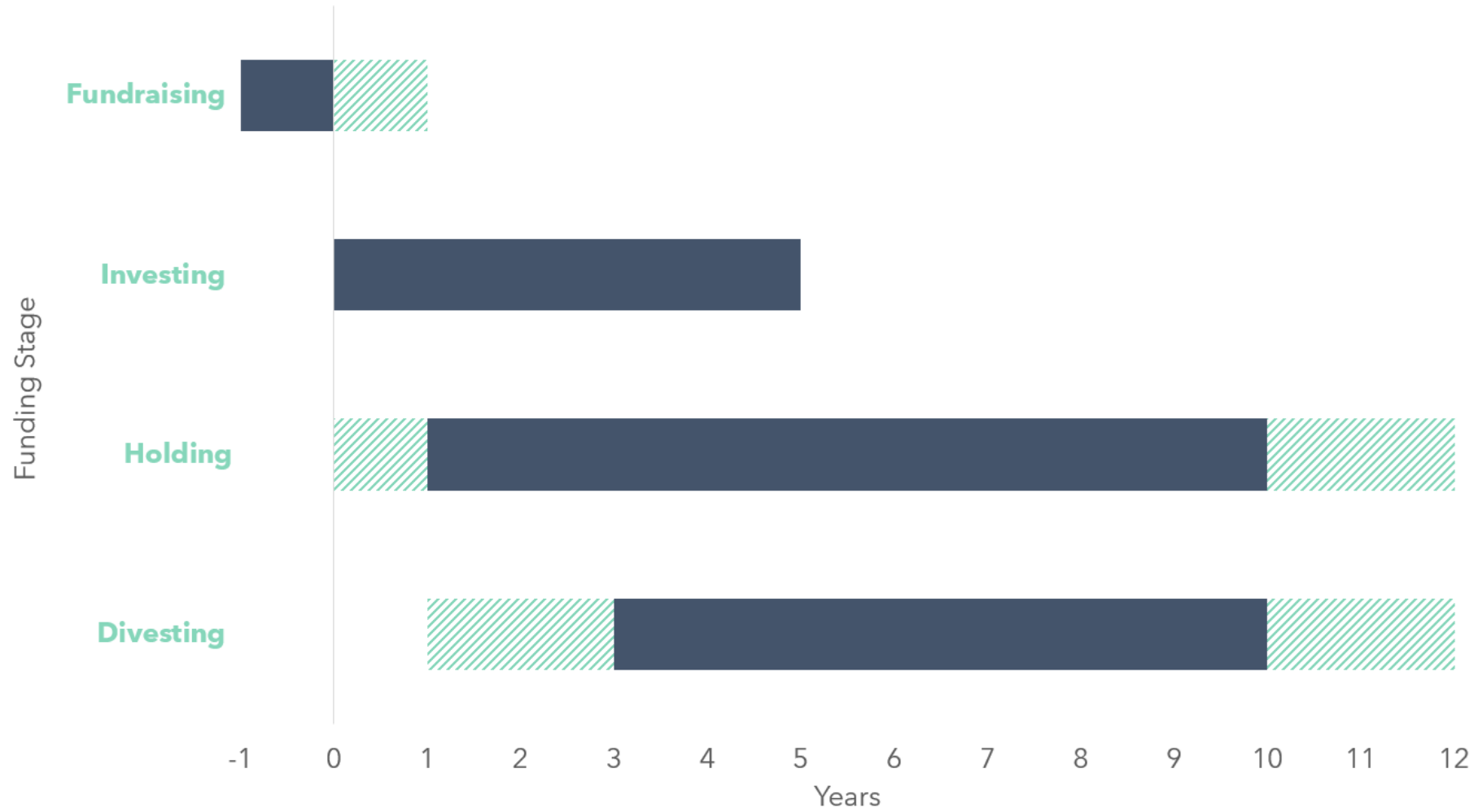
Business Model Verdict
Regulations affecting sales
Scalability
Capex intensity
Margins vs competition

Legal
IP ownership

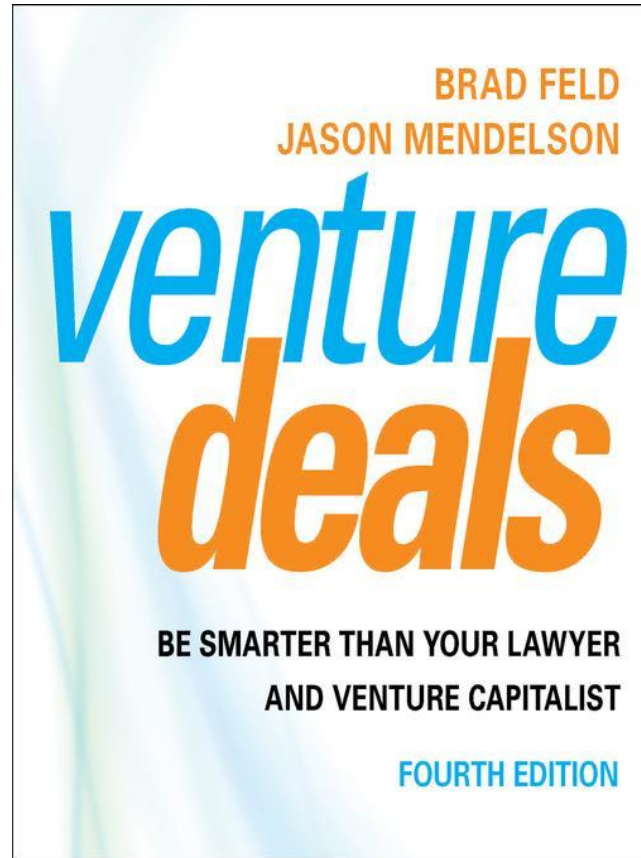
Market Verdict
Competitive advantage

Financial Verdict
Post-funding runway
Path to exit

FUND LIFECYCLE



RECOMMENDED READING



ASK QUESTIONS BACK

Here are some questions that a startup should ask an investor:

1. What is your investment philosophy and approach?
2. What industries and types of businesses do you typically invest in?
3. What is your track record of successful investments?
4. What kind of support and resources do you provide to the companies you invest in?
5. What is your expected timeline for returns on investment?
6. How much control and involvement do you expect to have in the company's operations?
7. Are there any restrictions or requirements on the use of the investment funds?
8. Can you provide references from other companies you have invested in?
9. What is your process for evaluating potential investments?
10. How do you measure success for your investments?

These questions can help a startup determine if the investor is a good fit for their needs and goals and can help establish a productive and successful partnership.

Section 2: Understanding Impact Investing

DEFINITION AND SCOPE



Social Impact ←



→ Financial Returns

CRITERIA IMPACT INVESTORS LOOK FOR

1

Impact needs to be **measurable**

2

Aligned with **Sustainable Development Goals (SDGs)**

3

Financially viable

IMPORTANCE OF IMPACT



SIGNIFICANCE OF IMPACT INVESTMENT

Impact investments play a crucial role in advancing long-term sustainable development. They align seamlessly with global sustainability goals, serving as a driving force for positive societal change.

ROLE IN SUSTAINABLE DEVELOPMENT

Impact investments actively contribute to achieving long-term sustainable development goals.

ADDRESSING SOCIAL AND ENVIRONMENTAL CHALLENGES

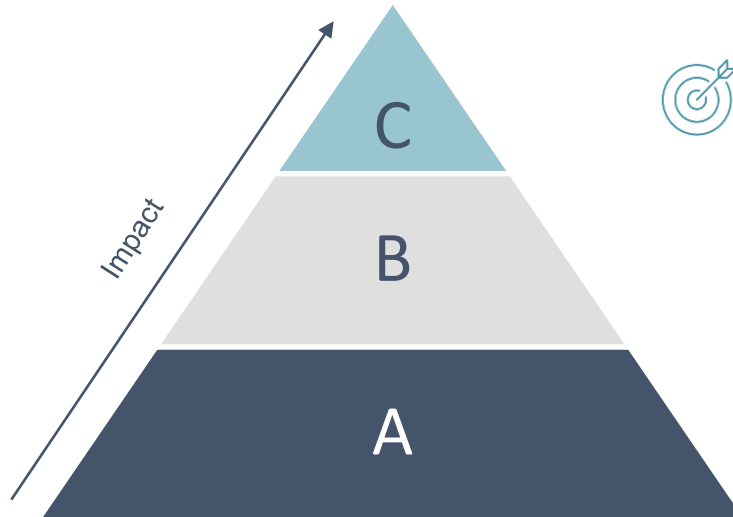
Example: WeDoSolar



IMPACT CLASSIFICATION

The Impact Classification is an evaluation of the underlying purpose served by the impacts of an organisation, based on the methodology of the Impact Management Project (IMP).

There are three general classifications of impact. In order of the most to the least effective and transformative classifications, impact startups fall under the following categories:



1) **Contribute to solutions (C)** – The venture, besides avoiding harm, also contributes to reaching social and environmental measurable outcomes

2) **Benefit stakeholders (B)** – Besides acting to avoid harm, the enterprise generates additional effects on positive outcomes for its stakeholders

3) **Act to Avoid Harm (A)** – The company reduces or eliminates the effects of negative outcomes experienced by people and the planet

Type C impact is considered the best and the goal for several companies to aim for.

RECOMMENDATION

Based on the conducted analysis, recommendations will be given to the company on how to improve its impact and/or how to improve its impact measurement, e.g. through enhancing data availability or accuracy.

IMPACT FRAMEWORKS

CONTEXT

What is the context of the company and the industry it is operating in? Which problems is it solving and why? Which stakeholders are affected?

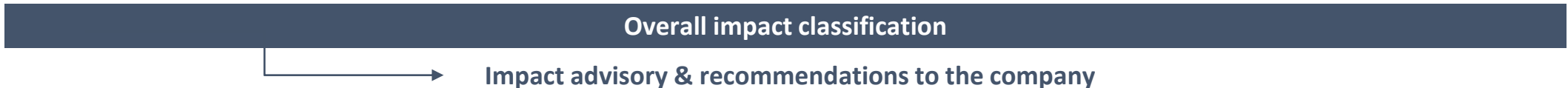
GOALS

What is the desired effect and long-term goal of the company? Which impact does it aim to achieve?

ACTIVITIES

Which activities is the company doing to achieve its goals and to operate its business?

	OUTCOMES	OUTPUTS	RISKS	SDG'S
Explanation	Which positive or negative changes is the company achieving through its activities?	How does the company measure its outcomes? Which KPI's quantify the outcome?	Which factors might undermine the outcome? How likely is the outcome to differ from expectations?	To which SDG is the company working towards?
Impact #1	...	...	...	...
Impact #2	...	...	...	...



IMPACT FRAMEWORKS

CONTEXT

Sustainable shoe brand, aiming to tackle new generation trends like socially responsible footwear.

GOALS

1. Footwear designed for a mindful life.
2. Connect customers to themselves, each other, and the planet.
3. Provide consumers with an “all-in-one” shoe, eradicating consumer trade-offs.

ACTIVITIES

- Use of recycled leather to minimize water usage and leather waste.
- Avoid air freight as well as use recycled cardboard boxes for packaging.
- Sharing details such as impact report with consumers.

	OUTCOMES	OUTPUTS	RISKS	SDG'S
Explanation	Which positive or negative changes is the company achieving through its activities?	How does the company measure its outcomes? Which KPI's quantify the outcome?	Which factors might undermine the outcome? How likely is the outcome to differ from expectations?	To which SDG is the company working towards?
#1 Reduction of water usage	Reduce water usage by 70% due to recycled leather.	50,000l of water usage saved per year.	External risk (Medium) Efficiency risk (Low)	SDG 13-Climate Action
Impact #2	...	...	...	...

Overall impact classification

Impact advisory & recommendations to the company

Section 3: Best Practices in Impact Investing

START-UP MISTAKES IN IMPACT INVESTMENT APPLICATIONS

Lack of clarity on impact metrics

Start-ups frequently encounter challenges in clearly defining and measuring their impact metrics. This lack of clarity can hinder successful engagement with impact investors.

Insufficient understanding of investor requirements

A prevalent mistake is insufficiently understanding the specific requirements of impact investors. Start-ups may falter in meeting these criteria, leading to missed opportunities for funding.

Weak alignment with impact fund's focus areas

Aligning with the focus areas of impact funds is paramount for application success. Start-ups must tailor their proposals to resonate with the fund's objectives, enhancing the likelihood of a fruitful partnership.

BEST PRACTICES FOR IMPACT INVESTMENT APPLICATIONS



Clear articulation of social and environmental impact

A clear and concise articulation of the intended social and environmental impact is crucial for impactful investment applications. Start-ups must effectively communicate the positive changes their ventures aim to bring about.



Alignment with SDGs

Aligning investment proposals with SDGs enhances credibility. Impact investors seek ventures contributing to broader global sustainability objectives, making alignment a best practice.



Robust financial projections and business model

Presenting robust financial projections and a sustainable business model is paramount. Start-ups should showcase a clear path to financial viability, ensuring investors understand the long-term sustainability of the proposed venture.

CHALLENGES IN IMPACT INVESTING

Challenges

Regulation



Lack of standardized metrics for measuring impact, making it challenging to compare and evaluate investments.

Stringent regulations may create a **compliance burden**, especially for start-ups with limited resources.

Market



Start-ups struggle to attract impact investors due to limited awareness of the **impact** potential.

Growing interest in impact investing **has intensified competition**.

Recommendations

Be aware of existing impact frameworks



Impactful brand storytelling



Differentiate by focusing on specific impact areas or underserved markets

RECOMMENDATION FOR START-UPS FROM THE GLOBAL SOUTH

Localised impact metrics

Adopt impact metrics that reflect the unique socio-economic and environmental challenges specific to the target region. Customizing impact measurement frameworks enhances relevance and effectiveness in addressing local issues.

Leveraging regional expertise

Emphasize collaborations with local experts and advisors. Showcase how these partnerships provide your startup with insights and knowledge essential for overcoming challenges specific to the Global South

Be visible globally

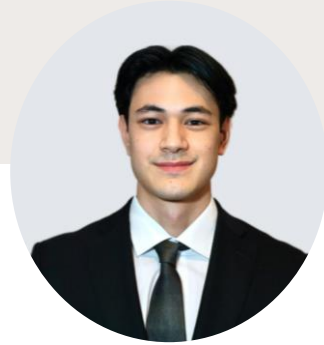
Actively participate in global impact events and conferences. Showcase your startup on a global stage to attract the attention of potential investors, partners, and collaborators.

Interactive Session

Q&A



Thank You



Lucas Lorek
Analyst
Investments

 ll@leanox.eu

 +34 611 663 614

 [linkedin.com/in/lucaslorek/](https://www.linkedin.com/in/lucaslorek/)




Thore Vogel
Founding Partner
Investments

 tv@leanox.eu

 +49 177 490 9024


 [linkedin.com/in/thorev/](https://www.linkedin.com/in/thorev/)

 hello@leanox.eu

 www.leanox.eu

 <https://www.linkedin.com/company/leanox>

 <https://www.instagram.com/leanox.eu/>

 Leanox Impact Capital
Headquater
Ruhrtalstraße 71
45239 Essen
Germany

 Leanox Impact Capital
Berlin Office
Kollwitzstraße 91
10435 Berlin
Germany