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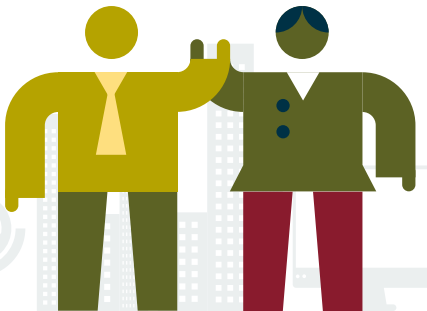
Current and upcoming grant funding options

Low Carbon Innovation Fund 2 (“LCIF2”)

- Focuses on SMEs operating, or committing to operate, in England that make measurable reductions to greenhouse gas emissions.
- Particularly interested in investing in companies operating in the East of England.
- Seeking to invest £11 million to help close funding rounds worth at least £30 million.
- There are no specified limits for the amount of funding that can be given to one project.
- Invests only alongside other co-investors (if an eligible SME does not have such co-investors then LCIF2’s fund manager may be able to assist with finding co-investors). There is no specified minimum amount co-investors must invest alongside LCIF2.
- Invests in both late stage ventures and early stage ventures.
- Deadline for applications: no deadline for applications currently specified.



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Local Energy Accelerator (“LEA”)

- Focuses on both public and private organisations developing clean and locally generated energy projects.
- Projects funded must be in Greater London.
- £6 million programme delivering funding from November 2020 until the end of July 2023.
- 50% of funding from Greater London Authority, 50% from European Regional Development Fund.
- An expert Programme Delivery Unit (“PDU”) will provide free end-to-end project management support to eligible organisations.

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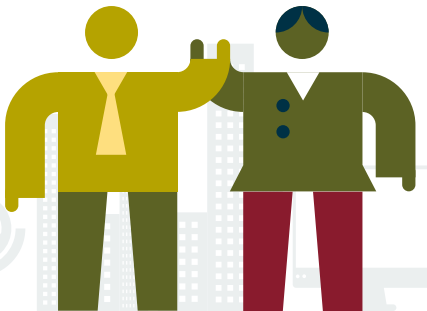
- Funding will be used to provide eligible organisations with expertise to support work involved in the following stages of energy projects:
  - i. Energy Masterplanning and Local Area Energy Plans
  - ii. Feasibility studies
  - iii. Business plans
  - iv. Detailed project design/development
  - v. Procurement support
  - vi. Commercialisation support
  - vii. Day-to-day intensive project management support for projects at commercialisation and construction stages, where this support cannot be provided by the PDU, funded by any other means or provided in-house.



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- Funding applications will be prioritised for projects in the later stages of project definition and delivery, i.e. those in stages (iii)-(vii) above.
- Support for an existing project may be considered where it would increase the scope or scale, deliver greater carbon savings, or deliver cost savings to residents or businesses.
- Eligible projects will transform the way London generates, supplies and uses clean local energy in buildings and transport. Examples include:
  - District energy networks that use renewable heat sources in heat network priority zones.
  - Renewable energy generation, storage and demand flexibility in areas of electricity grid constraint.
  - Priority areas for transport electrification.

- All LEA projects must be completed no later than 31 July 2023. Funding will be prioritised for projects that will be completed ahead of this date.
- Deadline for applications: no deadline for applications currently specified. However once all funding has been allocated, applications will no longer be accepted.

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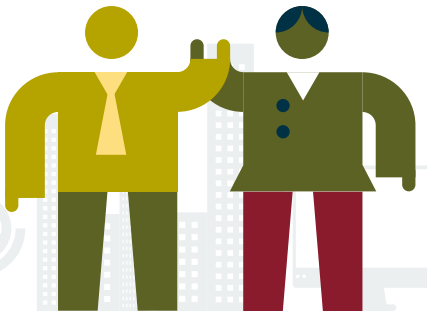
Clean Growth Fund (“CGF”)

- Focuses on UK-based companies with commercially viable solutions that are generating early revenues, but also considers pre-revenue businesses with a minimum viable product.
- Criteria for investment are:
  i. Substantial addressable markets
  ii. Scalability with a clear sustainable competitive advantage
  iii. Led by teams that have proven execution ability
  iv. Identifiable exit route within the lifetime of the CGF
  v. Clear and significant contribution to reducing greenhouse gases or improvement to resource efficiency across power, transport, industry, buildings, waste and water.
- Typical first round investment tends to be in region of £500k - £3 million, however the fund actively participates in follow on rounds so the overall investment in a company can be much higher.
- Deadline for proposals: no deadline for proposals currently specified.



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Driving the Electric Revolution – Building Talent for the Future 2: EoI 1

- Investment coming from Innovate UK’s Driving the Electric Revolution challenge.
- This competition aims to create and deliver course content and material that will support skills, talent and training across Power Electronics, Machines and Drives (“PEMD”) manufacturing and supply chains, build awareness of PEMD and fill key gaps in the UK’s workforce talent and training capabilities.
- The projects must deliver a clear game-changing intervention and address a key industrial requirement, which would realistically and significantly meet a UK PEMD talent requirement.
- Total investment pot of up to £4.5 million. This is the expression of interest (EoI) stage of a two stage competition, therefore there is no funding at this stage. Applicants who are successfully at the EoI stage will be invited into the full stage competition that opens in March 2022.
- Projects must satisfy the following eligibility requirements:
  i. The project must start no later than 1 October 2022 and end no later than 31 March 2025.
  ii. Projects must carry out work in the UK and intend to exploit the results from or in the UK.
  iii. Project duration must last between 6 and 30 months and have total eligible costs between £50,000 and £1 million. They can be single or collaborative projects.
  iv. Project leads must be a UK registered business, research organisation, charity or public sector organisation.
- The competition opened on 10 January 2022 and closes to applications on 11:00 GMT 2 February 2022.

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Biomass Feedstocks Innovation Programme: Phase 2

- The Biomass Feedstocks Innovation Programme forms part of the BEIS £1billion Net Zero Innovation Portfolio, and aims to fund innovative solutions to address barriers to biomass feedstock production through £30 million in investment.
- Phase 1 (now closed) saw £4 million in funding allocated to 25 projects developing a range of biomass production ideas, including producing algae using wastewater from breweries and dairy industries, and farming seaweed off the North Yorkshire coast.
- Phase 2 will provide an additional £26 million in funding to take the successful Phase 1 projects, taking them from the innovation design stage through to the innovation demonstration. It is therefore not open to applicants that were not supported under Phase 1.
- Phase 2 opened on 20 December 2021 and closes to applications on 14 February 2022.

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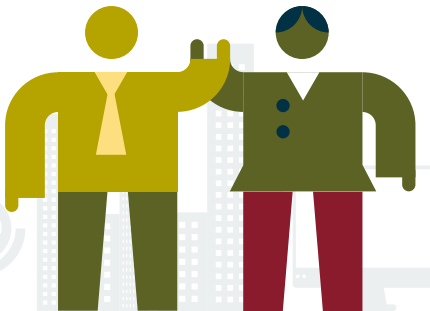
SBRI - Climate and Environmental Risk Analytics for Resilient Finance: Phase 1

- This is a Small Business Research Initiative (SBRI) competition funded by Innovate UK.
- This is phase 1 of a 2-phase competition. The funding pot for Phase 1 is up to £1.5 million inclusive of VAT.
- The funding is aimed towards projects that are able to demonstrate and deploy innovative solutions that integrate climate and environmental factors into financial services.
- Proposals for phase 1 must:
  - i. "prototype a CER (climate and environmental risk) solution adapted for widespread use in financial services, including public investment"; and
  - ii. "have the potential to create substantial positive climate and environmental impact and change business-as-usual in the finance industry."
- Projects must satisfy the following eligibility requirements:
  - i. The project must start by 1 June 2022 and end by 31 August 2022.
  - ii. The project must last up to 3 months.
  - iii. The project must have maximum total eligible costs of up to £50,000 inclusive of VAT.
  - iv. Project leads can be an organisation or any size and can work alone or collaboratively with: other businesses, research organisations, research and technology organisations or the third sector as subcontractors.
  - v. The project must have at least 50% of the contract value attributed directly and exclusively to R&D services.
- The competition opened on 17 January 2022, and closes on 11:00 GMT 16 February 2022.



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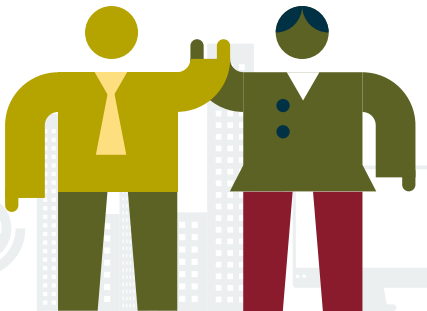
APC 20: Developing automotive technologies and growing capability towards net zero

- The Advanced Propulsion Centre (APC)’s funding pot is up to £25 million for this competition round. The competition aims to seek proposals for “collaborative R&D projects that design, develop and manufacture zero emission on-vehicle technologies for on-road or off-road vehicles.”
- The funding is aimed towards projects that (i) support the UK’s long-term capabilities by securing long term R&D investment and (ii) achieve this through the associated supply chain, the design, build and manufacture of zero carbon tailpipe emissions vehicles.
- Projects must satisfy the following eligibility requirements:
  i. The project must start by 1 September 2022 and last between 18 and 42 months.
  ii. The project must have total eligible costs between £5 million and £40 million and project work has to be carried out in the UK.
  iii. The project must be a minimum of 50% match funded, with a suggested maximum number of 6 partners.
  iv. Project leads must: be a UK registered business, be a grant recipient, involve at least one SME (if the lead is not one), include a vehicle manufacturer or tier 1 supplier who supplies parts directly to an original equipment manufacturer (OEM) in the consortium and collaborate with others.
- The competition opened on 12 January 2022 and closes on 11:00 GMT 2 March 2022.



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Hydrogen BECCS Innovation Programme: Phase 1

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- The Hydrogen BECCS Innovation Programme is funded through BEIS' £1 billion Net Zero Innovation Portfolio. The programme will provide £5 million in funding to support hydrogen in bioenergy with carbon capture and storage (BECCS) technologies.
- The programme seeks to support the development of innovative hydrogen bioenergy solutions across the following three categories:
  - a) optimising biomass and waste feedstocks for use in advanced gasification technologies through the development of low cost, energy and material efficient technologies;
  - b) developing advanced gasification components; and
  - c) developing novel biohydrogen technologies which can be combined with carbon capture.
- Phase 1 of the Programme is now underway and applicants can bid for up to £250,000 to "help develop their project plans and demonstrate the feasibility of their proposed innovation."
- Phase 1 will be followed by a Phase 2 that will allow those projects chosen in Phase 1 to have further funding to support their ambitions and to demonstrate their technologies.
- Projects must satisfy the following eligibility requirements:
  - i. The technology / system must be in scope and be at Technology Readiness Levels 4 to 6.
  - ii. The application must not be seeking funding for retrospective work on the project
  - iii. The project lead must be a UK registered company, academic, research, public, third sector or community organisation.

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iv. Activities funded in the competition must be conducted largely in the UK (and the majority, over 50% of the eligible activity (resources and goods) must be incurred in the UK).

v. Evidence must be provided that the innovation would not be taken forwards (or would be taken forwards at a much slower rate) without public sector funding.

vi. For Phase 1, the maximum funding available per feasibility study is £250,000 and the full project cost must be a minimum of £50,000. For Phase 2, a maximum budget will be confirmed.

vii. Project costs must be for R&D activities only and must be prior to commercialisation.

- The Phase 1 invitation to tender was published on 12 January 2022. The deadline to register with the online application system is 4 March 2022 and the online application form must then be submitted by 11 March 2022.

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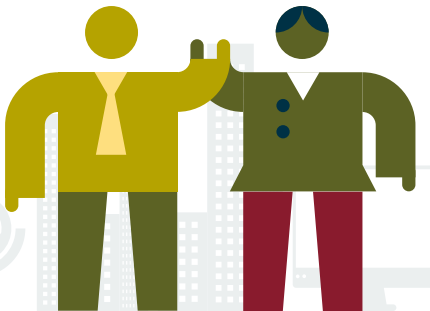
Innovate UK Smart Grants: January 2022

- This competition is part of Innovate UK's ongoing 'open grant funding' programme.
- Total investment pot of up to £25 million for "the best game-changing and commercially viable innovative or disruptive ideas". These can come from any area of technology that can be applied to any part of the economy, such as: net zero, health and wellbeing, technology and the arts, design and media.
- Projects must satisfy the following eligibility requirements:
  - i. They must include at least one micro, small or medium-sized enterprise, either as a lead or a collaborative grant claiming partner.
  - ii. The project must start no later than 1 October 2022 and end no later than 30 September 2025.
  - iii. Project durations between 6 and 18 months must have total eligible project costs between £100,000 and £500,000. They can be single or collaborative projects.
  - iv. Project durations between 19 months and 36 months must have total eligible project costs between £100,000 and £2 million (although a project exception request may be granted for projects with total eligible costs of up to £3 million). They must be collaborative projects.
  - v. Project leads must be a UK registered business or a research and technology organisation.
- The competition opened on 17 January 2022 and closes on 11:00 GMT 13 April 2022.



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Funding opportunities on the horizon

- On 17 June 2021, the UK government launched the UK Infrastructure Bank ("UKIB"). UKIB will have an initial £12 billion of capital to deploy and will be able to issue £10 billion of government guarantees, helping to unlock more than £40 billion of overall investment. The UKIB will continue to invest in infrastructure projects and lend to local and mayoral authorities for high value and strategic projects over the coming years.
- In October 2021, the government announced its Net Zero Strategy, setting out how the UK will reach its target of net zero emissions by 2050. It pledged to deliver at least £1.5 billion of funding to support net zero innovation projects. Key funding commitments include:

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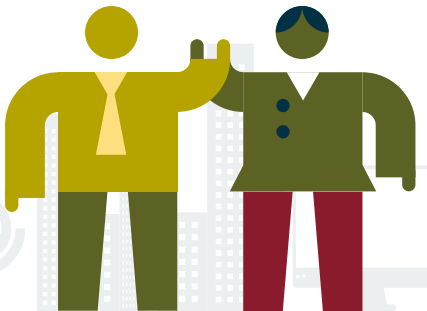
- Power: In order to fully decarbonise the UK's power system by 2035, the government will mobilise £150-270 billion in public and private investment, of which £120 million has been earmarked for a Future Nuclear Enabling Fund to retain options for future nuclear technologies. The government will also provide £380 million in funding to support the offshore wind sector.
- Fuel supply and hydrogen: To fund new hydrogen and industrial carbon capture business models, the government has set up the Industrial Decarbonisation and Hydrogen Revenue Support (IDHRS) scheme. Up to £140 million will be available to establish the scheme, including up to £100 million to award contracts of up to 250MW of electrolytic hydrogen production capacity in 2023, with further allocation following in 2024.



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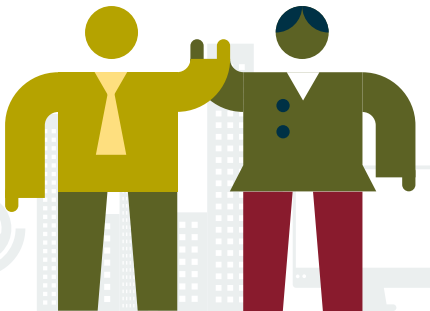
- Industry: The government has pledged to 'future-proof' industrial sector and the communities they employ through the £315 million Industrial Energy Transformation Fund (IETF). Of this, £289 million is available for England, Wales and Northern Ireland, and £26 million is available for Scotland). Phase 2: Spring 2022 of the IETF is open until 29 April 2022, with 2 further competition rounds expected this year.
- Heat and buildings: A new £60 million Heat Pump Ready programme will provide funding for pioneering heat pump technologies and tools, and solutions for optimised deployment of heat pumps. This is intended to support the government's target of 600,000 installations a year by 2028. Applications for Streams 1 and 2 are currently open, with Stream 3 following later this year. Funding for all streams will begin from spring 2022.
- Transport: The government has committed to:
  - providing further funding of £620 million for zero emission vehicle grants and EV infrastructure;
  - allocating an additional £350 million of the up to £1 billion Automotive Trans-formation Fund to support the electrification of vehicles in the UK and their supply chains; and
  - investing £180 million towards the development of sustainable aviation fuel.
- Natural resources, waste and fluorinated gases: £75 million will be invested in net zero related R&D across natural resources, waste and fluorinated gases.



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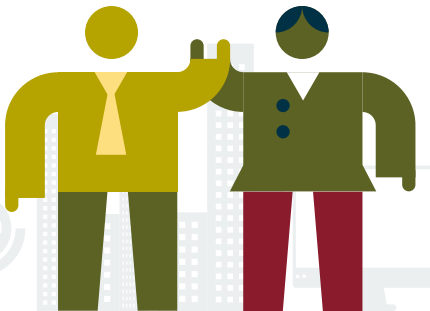
- Greenhouse gas removals: To help to deploy at least 5 MtCO2 per year of engineered greenhouse gas removals by 2030, £100 million will be invested in green-house gas removal innovation.

- As part of its RIIO-2 gas and electricity transmission, gas distribution and system operator price controls framework for 2021-2026, Ofgem set out its proposals for a 5-year investment programme of £30 billion, with potential for an additional £10 billion or more, to allow companies to bring forward strategic network investments during the price control to help meet net zero. This includes:
  - £3 billion of funding to help connect more green electricity to the grid and up-grade transmission links to allow them to take on more renewable power;
  - at least £659 million of innovation funding to be granted to TSOs to invest in green energy R&D. This will be comprised of at least £450 million under the Strategic Innovation Allowance and at least £209 under the Network Innovation Allowance;
  - over £500 million in funding to reduce networks' own impact on the environment (e.g. fleet emissions, greenhouse gas emission and resource use and waste); and
  - new potential net zero funds throughout price control, including upgrades and innovation for low carbon heating network infrastructure.



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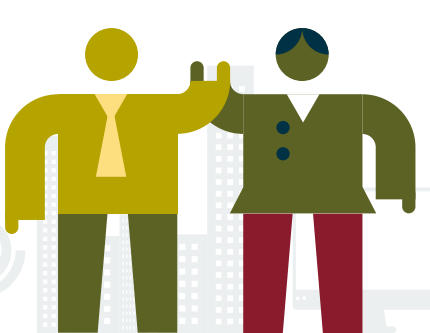
- On 19th October 2021, Prime Minister Boris Johnson and Bill Gates announced a new partnership between Breakthrough Energy Catalyst and the UK government in order to boost in-vestment into the next generation of clean energy technologies. The partnership will lever-age £200 million of private sector investment in the UK to accelerate the development of climate technologies needed to achieve net zero emissions by 2050. Catalyst, a program within the Breakthrough Energy network, is a public-private sector partnership that focusses on four green technology areas: green hydrogen, long term energy storage, sustainable aviation fuels and direct air capture removal innovation.

- On 30th October 2021, Prime Minister Boris Johnson announced up to £160 million of government funding for developers and manufacturers looking to invest in large-scale floating offshore wind ports and factories in Scotland and Wales. This funding will be boosted by private sector investment, and is designed to developed port infrastructure capable of mass-producing floating offshore wind turbines and installing them out at sea. This funding is aimed at supporting the target in the Prime Minister’s Ten Point Plan to deliver 1GW of energy through floating offshore wind by 2030.



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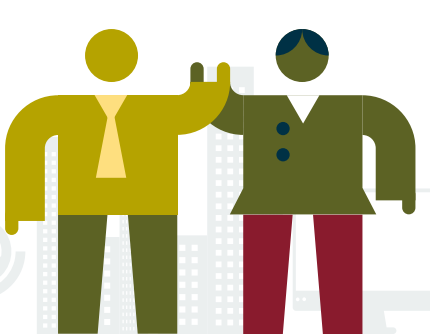
In December 2021, the government announced over £116 million in funding to support green innovation across the UK. The funding is aimed at projects that will develop new technologies to improve energy efficiency and the UK's energy security, as well as reducing carbon emissions. The funding includes:

- £64 million to be invested through the Direct Air Capture and Greenhouse Gas Removal programme, which the aim of enabling projects that were supported under the first phase of the programme to further develop into demonstration projects that will be in commercial operation by 2025;
- £30 million to be allocated through the Energy Entrepreneurs Fund, to support SMEs develop new technologies across the areas of energy efficiency, power generation, heat generation and energy storage; and
- a further £22.8 million to aid SMEs in accelerating their green innovations, aided by a consortium of expert organisations.



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