



VAN LANSCHOT
KEMPEN

Kempenn Global Impact Pool

Annual Impact Report 2022

July 2023

ACTIVIA



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Dear Investors,

We are honoured to present our 2022 annual impact report. In a year of unprecedented global challenges, we are proud to report that our impact investing fund has continued to make meaningful progress towards our goal of driving positive social and environmental change.

At Van Lanschot Kempen we believe that investing for impact is not only the right thing to do, but also the smart thing to do. By directing capital towards innovative and impactful businesses, we aim to generate both financial returns and meaningful social and environmental outcomes. Our impact and relative financial returns in 2022 are validating this approach. Our portfolio weathered the storm with some success during the year and was able to generate a positive return in a very challenging market. In our view, this is testament to the fact that our investments are essential and as such incredibly robust during difficult market environments.

Over the past year, we have worked tirelessly to identify and invest with partners that align with our Pool's mission and values. We have deployed over €80 million across a range of impact themes, including renewable energy, inclusive financial services empowering MSME's and affordable healthcare. Through our investments, and on your behalf, we are making a tangible difference in the lives of individuals and communities around the world whilst contributing to climate solutions at the same time.

Through this report, and with some pride, we will share some of the most notable impact achievements that were realized through our investments. With travel resuming once again in 2022, we have been able to experience the impact of our investments first-hand, most notably when we visited India in December 2022. It is truly amazing to see the enormous impact potential of some of our portfolio companies, often by leveraging technology in a scalable and affordable way. It was great to see how our investments are contributing to providing access to high-quality and affordable healthcare, affordable housing and the development of Micro, Small- and Medium sized companies in the country.

While this is an annual report, resulting in a focus on the year 2022, we are true believers in investor longevity when it comes to scaling up real impact. The year 2022 concluded the first five years of impact investing with the Global Impact Pool, and we are extremely proud that we have managed to make a difference since the inception of the Pool.

As we look to the future, we remain committed to driving positive impact through our investments. We are excited about the opportunities ahead and look forward to continuing to work alongside our stakeholders to create a better world.

Thank you for your ongoing support.

Warm regards,
Sarah, Ralph, Eszter, Wieke, Simon, Janine and Titus
Van Lanschot Kempen Global Impact Pool team






Impact and portfolio overview

Impact Results 2022 - Global Impact Pool

37,882 MWh
renewable energy generated¹



Equivalent to energy used by
12,114
Dutch households²

11,706
people
supported
by employment⁴




129,591 certified
hectares cultivated³



Equivalent to **191,419**
football fields⁷




401,413
underserved people
reached via healthcare
services⁹



163,657
smallholder
farmers supported³

93,609 m³
water savings from wind and
solar projects⁵




Equivalent to the water
used by **1,800** people
in a year⁶



7,579,638
underserved people
reached via
financial services⁸

13,861 tonnes
worth of CO₂ emissions
avoided¹⁰



Equivalent to **6,449**
cars taken off the road
for a year¹¹



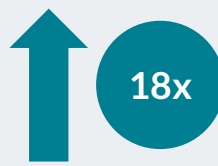
Impact since inception

Basic needs & well-being

206 865 m³ water saved by renewable energy projects = 83 Olympic swimming pools¹²

SME development & decent work

7,579,638



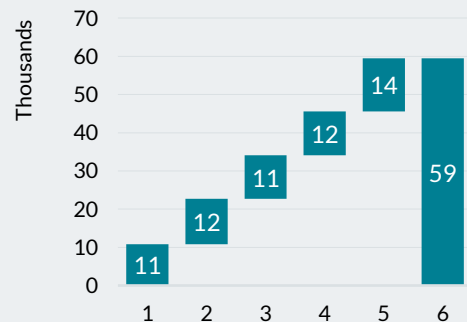
419,222

Increase in the level of underserved people reached
Via financial services

Climate & energy

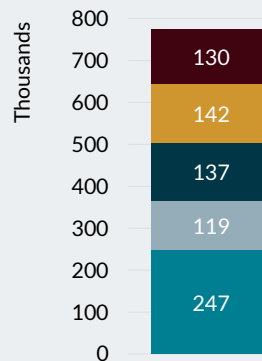
Tonnes CO₂ emissions avoided

Over 5 years



Equal to 27,647 cars taken off the road today for a year¹¹

Circular economy



774,467 Number of certified hectares cultivated since GIP inception

5-years of impact investing

This year the GIP celebrated 5 years since its inception. Over this time, the GIP has worked alongside its stakeholders to contribute towards positive impact around the world through our four focus impact themes.

In reaching this 5 year track record, the GIP team conducted a 5 year review in order to reflect and to enhance our product offering going forward.

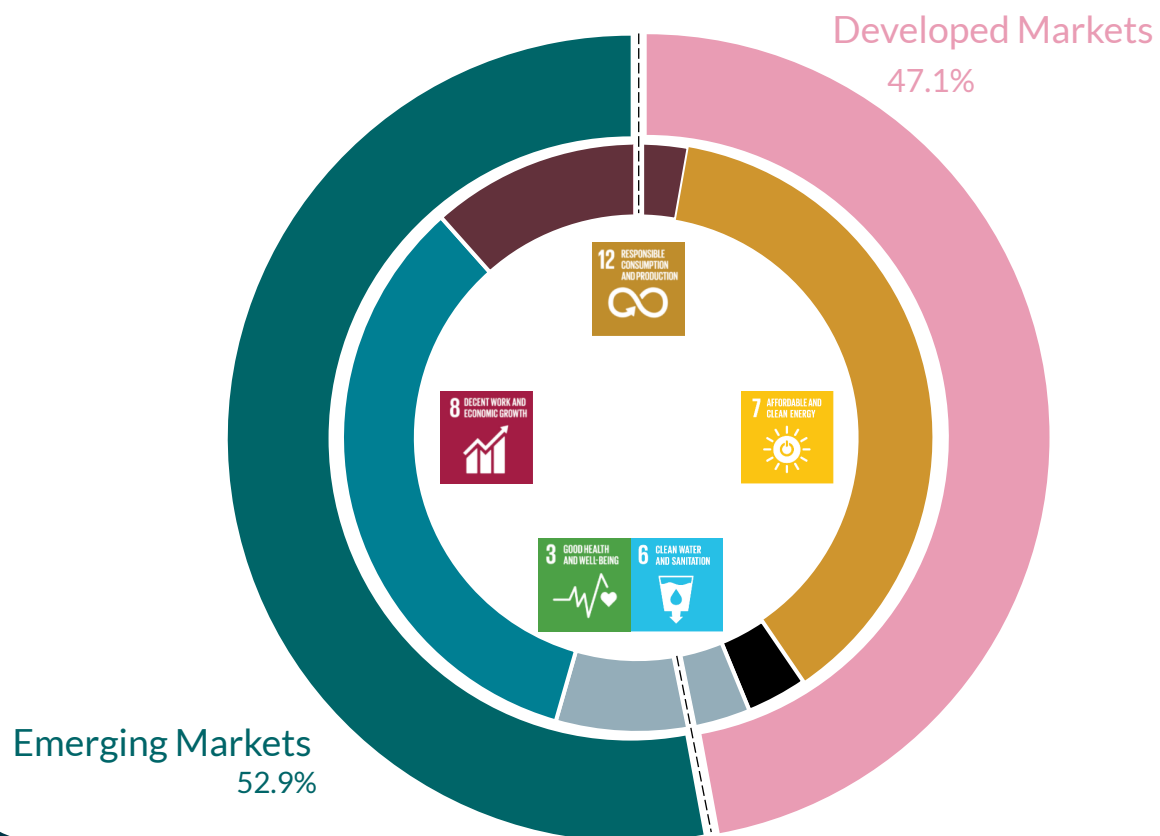
We assessed our processes, challenges and opportunities for the fund and made plans for improvements and enhancements going forward to ensure that we continue on our mission to create positive social and environmental impact whilst also meeting our clients' risk-return requirements.

We are pleased to see the continued growth in impact figures. We look forward to continuing to drive positive impact through our investments for the next 5 years and beyond. We also received a verification from BlueMark about our impact management, tools and processes which is shown under our philosophy and approach on page 35.



Portfolio Breakdown

We intentionally finance solutions and opportunities that address social and environmental challenges. In order to do this, we seek to invest in solutions to close SDG gaps around the world. At the end of 2022, the breakdown of the GIP portfolio was as follows:



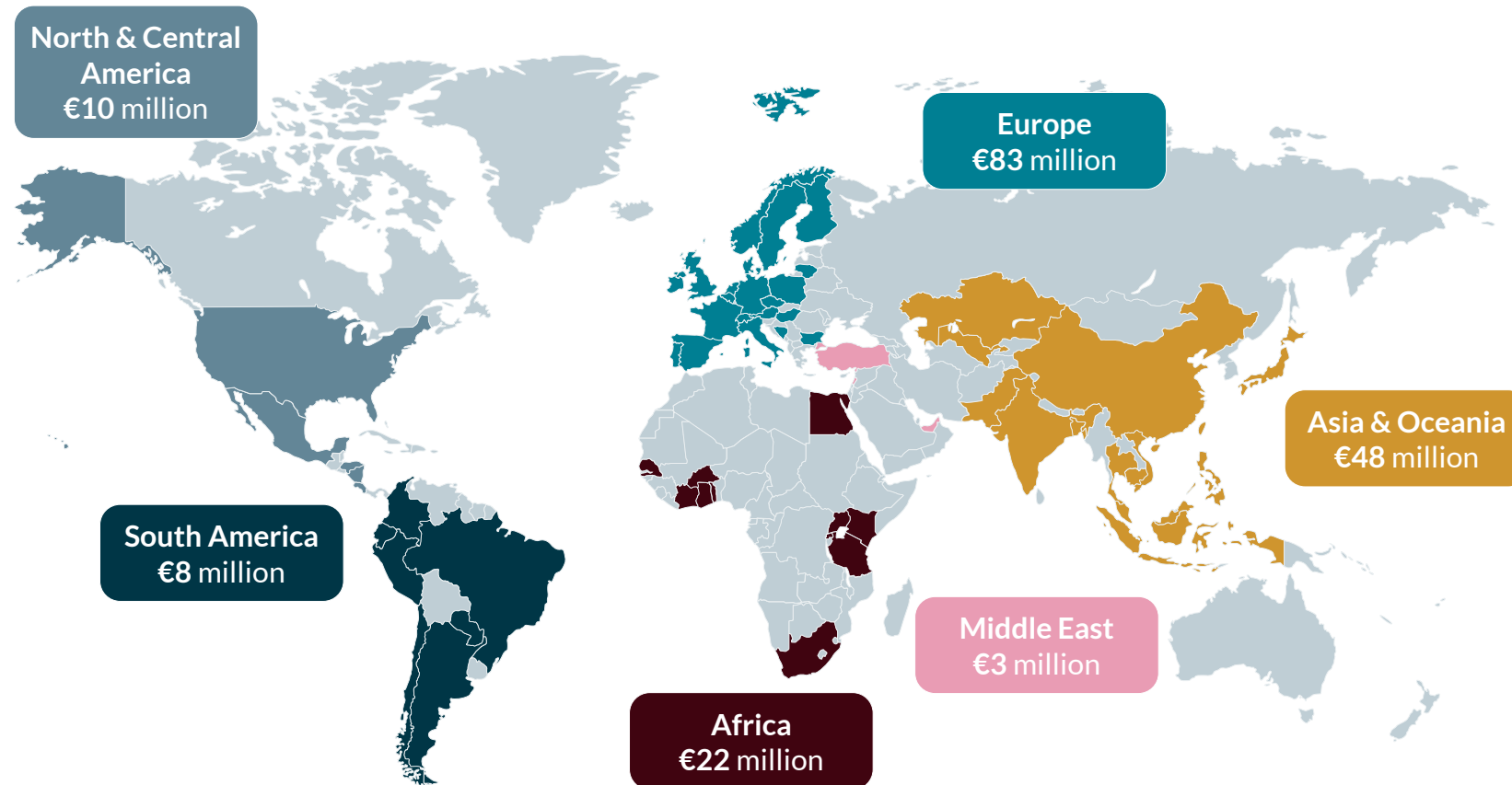
As can be seen in the chart*, the GIP mostly addresses the impact focus theme of Climate & Energy in developed markets and the themes of Basic Needs & Well-Being and SME Development & decent work in emerging markets. The focus theme Circular Economy is addressed in both developed and emerging markets. This geographical diversification reflects where the SDG gaps are most pressing and is aligned with the theory of change set out by the GIP.

To summarize: In emerging markets we focus on solutions that address social challenges and in developed markets we invest mostly in solutions to environmental challenges.

- Circular economy
- Basic needs & well-being
- Climate & energy
- SME development & decent work
- Other

*Attribution is an approximation per theme and only includes the four focus impact themes. Cash and cash equivalents are not included.

Geographical breakdown



Local impact through closing the German skills gap and reintegration into the labour market

The German labour market is facing a significant growing skills gap. Many jobs in the German economy are linked to industries that will transition and transform in the near future which will result in waves of job losses¹³. Companies and the labour market need to adapt quickly. For example, when considering the need for car manufacturers to transition towards more electric vehicles, the jobs supported by work on internal combustion engines will dwindle going forward and those focusing on batteries for electric or hybrid vehicles will increase in demand¹³.

Shortages of advanced skills pose a threat to the transition to a more digitalized and greener economy. However, there is also the opportunity to reskill the labour market to equip people going forward as industries transition.

karriere tutor, founded in 2015, is a leading digital provider of government-subsidized professional training which helps facilitate the successful reintegration for unemployed people in the labour market. This company, held in the GIP portfolio through Trill Impact, employs around 150 people and offers 800 certified online courses with professional development content. With a combination of digital courses, individual online support and intensive career counselling, the company has already trained >15,000 graduates, supporting their reintegration into skilled jobs. The company focuses mainly on digitalization and industry 4.0-related jobs.



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The core impact portfolio of the GIP is nicely diversified over 12 partnerships and more than 200 underlying companies and projects.

Titus Witteveen, CFA
Portfolio Manager



Country highlight: impact opportunity in India

India

In 2023, India will become the world's most populated country. With a rapidly increasing population of around 1.4 billion, all living on a surface equal to a third of China or the United States. The UN projects that in 2050, more than half of the country's population will reside in urban areas, compared to a third of the population today. This introduces significant social and environmental challenges such as housing challenges, critical health-issues, intensive agricultural practices and outdated and inefficient, polluting transportation methods. Another major social challenge is the lack of access to (affordable) financial services for a large part of the population, limiting opportunities for SME's to scale and/or insure against adversity.

Interestingly, due to the high levels of smartphone penetration, an accommodating regulatory environment and extremely low cost of data, the Indian economy is highly digitized and is leapfrogging many developed markets when it comes to the application of technology in everyday life. As a result, India's lower- and middle-class has access to a broad set of highly advanced technological solutions. Application of technology will be a driver for future economic growth in India.

The GIP's investment team believes India offers a compelling opportunity to invest with impact and healthy financial returns. The opportunity to leverage technology in India to solve social and environmental challenges is enormous and has attracted talented entrepreneurs dedicated to build impactful businesses.

Our investments

At the end of 2022, India accounted for the largest single country exposure in the GIP portfolio (~30 million). We are cognizant of the fact that investing in India requires solid local knowledge which is why the GIP has appointed four investment partners with local presence to invest on behalf of the GIP: Quona Capital, LeapFrog Investments, responsAbility and Northern Arc. Combined, our partners invest in more than fifty underlying portfolio companies, with end-consumers in nearly every state and union territory.

Investments contribute to (1) the development of SME's, (2) provide affordable healthcare and basic services to the underserved part of the population and (3) promote responsible production with a focus on India's agricultural value chain. At the end of 2022, MedGenome is the Indian company with the largest individual weight in the GIP portfolio. This genetic diagnostics company has diagnosed around 190,000 Indians on important health metrics allowing for the development of treatments based on the South-Asian gene, resulting in improved efficacy.

Fieldtrip

In December, members of the GIP investment team travelled to India to experience the impact of its

investments first-hand. The team met with current and prospective partners, their portfolio companies and end consumers. The team was impressed with the deep impact the GIP portfolio is achieving and is excited to scale up its investments in the region soon. Given the significant challenges, there is a clear opportunity to achieve deep impact that will have a positive effect on society and the environment at large.

The visit has also resulted in the GIP's first co-investment in the company HealthifyMe, a health app that addresses the sharp rise in non-communicable diseases in India, often triggered by an unhealthy diet. More information on this exciting development in 'The Year ahead - 2023' section on page 30.



Financial returns

2022 turned out to be a challenging year for financial markets, as a very broad range of asset classes faced significant headwinds as a result of an uncertain macro-economic backdrop. Inflation spiked dramatically, interest rates went up as a result and exchange rates were very volatile, all of which led to a very challenging year for global investors. Despite all the headwinds mentioned, we were pleased to see that the **Global Impact Pool managed to generated a modest, yet positive, return for the year 2022***.

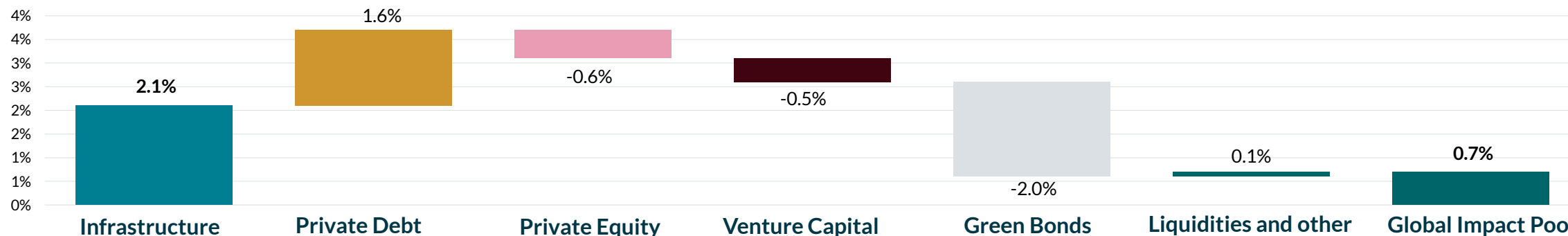
Overall, the GIP's underlying portfolio companies held up well in 2022, after what was a banner year for the GIP in 2021 as investors started to recognize the long-term value of the solutions provided by the companies our partners invested in. This year we encountered valuation adjustments by our partners to reflect the changing market environment. Specifically, our investments in Fintech start-ups in Emerging markets, contributing the most to returns in 2021, pulled back over the course of 2022, detracting from returns for the year.

The largest detractor to the Fund's performance was the allocation to Green Bonds. Despite not being a core impact holding, the GIP allocates to this asset class to enhance the Pool's liquidity. The magnitude of rising interest rates unfortunately impacted the Fund's returns significantly.

The challenging market environment allowed the GIP to showcase a valuable feature adding to the robustness of our solution: **diversification**. In a year where our Private Equity investments struggled, our investments in Private Debt and more notably Private Infrastructure provided support. Private Debt offered a safety net with its lower risk profile, and our Private infrastructure investments focusing on renewables contributed significantly to returns. Our focus is on investing in early-stage infrastructure projects that typically see a valuation uplift once a project becomes operational and starts to generate electricity. In 2022 multiple projects were completed, resulting in a significant contribution to returns.

Our investment partners are well-positioned to deploy capital in 2023, as they, on aggregate, have been cautious deploying capital in 2022. Today's market offers plenty of opportunities at more attractive valuations compared to the last few years, which should bode well for future returns.

Performance attribution in 2022 by asset class



Looking back at 5 years of financial returns

	2018	2019	2020	2021	2022	3 year, annualized	Since inception	Since inception, annualized
GIP Return*	-1.6%	1.6%	-0.3%	18.3%	0.7%	5.9%	18.8%	3.5%

*Past performance does not predict future returns





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The diversified nature of our portfolio has been instrumental in successfully navigating challenging markets in the last 5 years, allowing us to grow the amount of capital available for new impact investments.



Ralph Engelchor, CFA CAIA CIPM
Senior Portfolio Manager



Global Impact Pool focus themes

Our themes

Basic needs & well-being

One in three people lack access to safe drinking water and at least half of the world's population cannot obtain essential health services¹⁴. Meeting drinking water, sanitation and hygiene targets by 2030 requires a four times increase in the pace of progress¹⁵. Efficient, good quality and affordable delivery of such products and services can lead to a direct improvement in a person's quality of life.



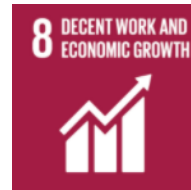
Climate & energy

Energy is the dominant contributor to climate change, accounting for around 73% of global human caused green house gas emissions. 2.8 billion people still rely on wood, coal, charcoal or animal waste for cooking and heating¹⁶. The share of renewables in total final energy consumption is only 17.7%¹⁶. Reducing the carbon intensity of energy is a key objective in long-term climate goals.



SME development & decent work

Sustainable SME development and the provision of decent jobs with fair employment practices is essential for the eradication of poverty. The COVID-19 pandemic and the war in Ukraine have negatively impacted economic growth and employment. Over 1 in 9 people around the world live below the US\$2.15 poverty line and this number is still rising¹⁷. Eradicating poverty is only possible through stable and well-paid jobs.












































Circular economy

Unsustainable patterns of consumption and production are the root causes of the triple planetary crisis of climate change, biodiversity loss and pollution¹⁸. The transition towards sustainable consumption and production methods contributes to “doing more and better with less”. This can increase net welfare gains from economic activities by reducing resource use, degradation and pollution along the whole lifecycle, while raising quality of life.



Overview of Partnerships

- Basic needs & well-being
- Climate & energy
- SME development & decent work
- Circular economy

Partnership	Asset Class	Geography	Commitment*	Impact themes	SDGs
KGAL ESPF 4	Infrastructure	Developed markets	€22 million	● ●	  
KGAL ESPF 5	Infrastructure	Developed markets	€37.5 million	● ●	  
LeapFrog ECF 3	Private Equity	Emerging markets	\$25 million	● ●	   
LeapFrog ECF 4	Private Equity	Emerging markets	\$35 million	● ●	   
Trill Impact	Private Equity	Developed markets	€25 million	● ●	   
Quona Inclusion Fund II	Venture Capital	Emerging markets	\$11 million	●	  
Quona Inclusion Fund III	Venture Capital	Emerging markets	\$20 million	●	  
Quona Opportunity Fund	Venture Capital	Emerging markets	\$10 million	●	  
Ecosystem Integrity Fund IV	Venture Capital	Developed markets	\$15 million	● ●	   
ResponsAbility Agriculture Fund	Private Debt	Emerging markets	\$31 million**	● ●	   
Northern Arc India Impact Fund	Private Debt	India	\$10 million	● ●	   
Impax New Energy Investors Fund IV	Infrastructure	Developed markets	€20 million	●	 

* This overview excludes any cash or cash equivalent investments.

** Concerns Q4 2022 market value as this is an open ended vehicle without a commitment structure.





Basic needs & well-being

401,413

underserved people reached healthcare services

93,609 m³

Water consumption savings

Basic needs & well-being

Investments in line with SDG 3 by the provision of good healthcare and SDG 6 through water use efficiency

What

Since 2020, hundreds of millions of people have been pushed back into extreme poverty and chronic hunger¹⁹. The pandemic has severely disrupted health systems and essential health services. Interruptions were reported in 92% of 129 countries surveyed at the end of 2021. This lowered global life expectancy and halted two decades of work towards making health coverage universal¹⁶. GIP investee companies work to enable underserved households with the provision of basic health services and building safety-nets. Access to clean drinking water & sanitation is also important to this theme. According to the UN, 2.3 billion people live in water stressed countries and 129 countries in 2020 were not on track to have sustainably managed water resources by 2030¹⁶. Around 70% of the world's accessible freshwater is used by agriculture²⁰ and around 15% of freshwater withdrawals globally are used for fossil fuel energy production²¹. Responsible water usage practises in agriculture is fundamental to tackling water scarcity. The shift to renewable energy can also help to reduce water stress as solar PV and wind use up to 200 times less water than coal power plants for the equivalent electricity²².

+ Contribution

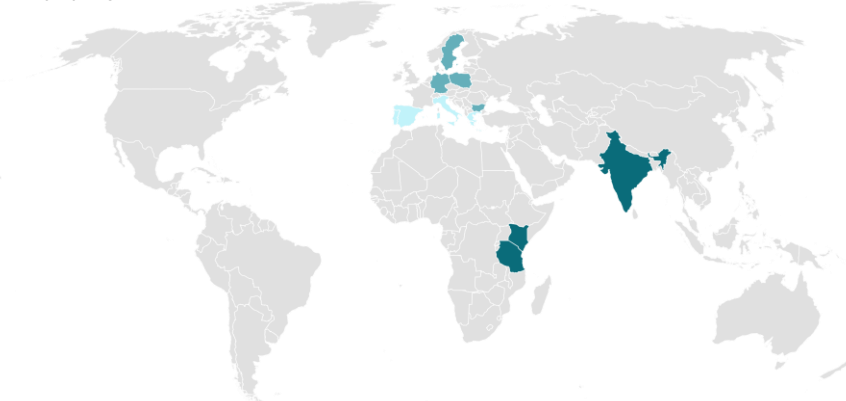
Our investment partners invest in companies that are providing first-time access to quality healthcare and financial services for low-income consumers in emerging markets. These consumers are underserved by traditional financial and healthcare providers due to factors like income, availability, geographical access, and product suitability. Some investment partners also invest in companies that have a focus on water savings and water use efficiency. From the renewable energy projects, the contribution lies in substituting fossil power plants, which have a considerably higher freshwater demand, with renewable energy to help the conservation of water.

△ Risk

Execution risk exists if the intended number of healthcare customers reached is not met or if water use is not efficient and/or there are insufficient water savings. To monitor this, the impact from all investee companies is measured regularly through performance data and direct customer feedback, from investment to exit. There is the risk that unforeseen water use during the construction, installation, and maintenance of solar and wind farms, for example, cancels out a significant portion of the water savings from renewable energy.

○ Who

GIP's investments contribute to SDG 6 (Europe) & SDG 3 (rest of world) in the highlighted countries



■ Major Challenges Remain
 ■ Significant Challenges Remain
 ■ Challenges Remain
 ■ SDG Achieved

≡ How much

Significant changes (+/-25%) are described in the footnotes, page 39

Figures (pro-rated)	2021	2022	Change	IRIS+ code	Funds (2022)
Underserved people reached via healthcare portfolio	383,580	401,413	+5%	PI7098	ECF 3
Estimated m ³ water consumption savings over lifetime of projects	1.7 million	2.4 million	+41%	PD7621	ESPF 4
Actual m ³ annual water consumption savings	64,024	93,609	+46%	PD7621	ESPF 4, EIF 4

Impact Story HealthifyMe

HealthifyMe is a fast-growing consumer health app focused on healthcare, fitness and nutrition in the LeapFrog Emerging Consumer Fund III. It provides digital-led services to 30 million registered users across India and Southeast Asia. Services are aimed at helping individuals improve their level of health through weight loss, exercise and education. 74% of users are from non-metro cities and nearly half from low end devices, both indications of low-income users. HealthifyMe is able to provide access to expensive technology and services affordably via Artificial Intelligence (AI). The app also offers a free membership to those who cannot afford these kind of services. As the penetration of internet access increases, using technology for prevention and disease management will become an essential service for emerging consumer households.

Case Study: Komet

Komet Austria GmbH, focusing on innovative irrigation, is an Austrian-based family business that is new to the GIP portfolio in 2022 through Trill Impact. The company manufactures high-quality sprinklers, regulators, and big volume water guns in its state-of-the-art production facility. With its sales network, Komet serves local growers around the globe.

□ What

There is a need to transform the global food and agricultural system 1) to be able to feed the growing population and 2) tackle water scarcity. Water scarcity is an increasing problem around the globe, especially in poorer countries. The lack of access to clean water is a large problem that affects people's health and the ability to protect their families and earn a living. As much as 70% of the world's accessible freshwater is used for agriculture, however, 60% of this is wasted due to leaky irrigation systems, inefficient application methods and cultivation of crops that are not suited to the local environment²⁰. This inefficient use of water is drying out rivers, lakes and underground aquifers. Food security is another well-known challenge that we face as a global society, which is also affected by water scarcity. Over the coming decades, a changing climate, growing global population, rising food prices, and environmental challenges will have significant and uncertain impacts on food security.

○ Who

While studies show that irrigation strongly contributes to higher crop yield, an estimated 75% of crop surfaces are not efficiently irrigated. Increasing the water efficiency and crop yield within the agriculture sector is a very important factor to help the approximately 2.3 billion people who live in water-stressed countries (733 million living in high and critically water-stressed countries)²³. This also impacts the staggering 30% of the world population who are moderately or severely food-insecure, lacking regular access to adequate food²³. With its sales network, Komet serves local growers around the globe.

+ Contribution

Komet seeks to address the global challenges of a growing population, water scarcity, and the increased need for food security. Komet's product line strongly contributes to solving the problem by 1) irrigating crops that are not irrigated today or irrigated with non-efficient solutions (e.g., flood irrigation) leading to higher crop yield and 2) providing the most efficient components, enabling water savings through optimized droplet size and uniform water distribution and energy savings through distribution with 50% lower pressure.

Komet's irrigation devices are on average 20 – 30% more water and energy efficient than alternatives on the market. This results in more efficient water use, energy savings, and lower carbon footprints for the irrigation systems which benefit both the environment and the farmer.

△ Risk

There is the risk that the intended impact on water and energy savings is not reached as activities of Komet are not delivered as planned and do not result in the desired outcomes. In this case, the execution risk is that the serviced crop area is not effectively expanded, which would negatively affect the scale of impact. GIP's investment partner, Trill Impact, sees this risk as low due to favourable market trends and strong growth of the company. Also, the risk exists in measuring whether and how soil is positively impacted in the long run. To mitigate this risk, the company plans to closely collaborate with farmers to assess and manifest long-term impact of its products.

≡ How much

20 – 30%
water saved during irrigation process

~30%
energy saved through distribution with lower pressure

64
jobs supported





Climate & energy

13,861 tonnes

CO₂ emissions
avoided

37,882 MWh

Green electricity
generated

Climate & energy

Investments contributing to SDG 7 through the delivery of clean and renewable energy

What

Although the world is advancing towards sustainable energy targets, the current pace of progress is insufficient to achieve the ambitions set forth by SDG 7 - 'Ensure access to affordable, reliable, sustainable and modern energy for all - by 2030¹⁶. Progress in energy efficiency was 1.9% from 2010 - 2019 which is significantly lower than the estimated 3.2% annual improvement rate required to 2030²⁵. In order to meet global energy and climate objectives, it will require a major push in the deployment of renewables with massive finance mobilization¹⁶. However, rising commodity, energy and shipping prices have increased the costs of producing vital components of solar modules, wind turbines and biofuels worldwide which adds uncertainty to the development trajectory that is already far below Goal 7 ambitions. The war in Ukraine has also highlighted that the dependence on fossil fuels and undemocratic regimes have become increasingly problematic. A faster transition to cleaner sources of energy can therefore benefit both people and planet.

+ Contribution

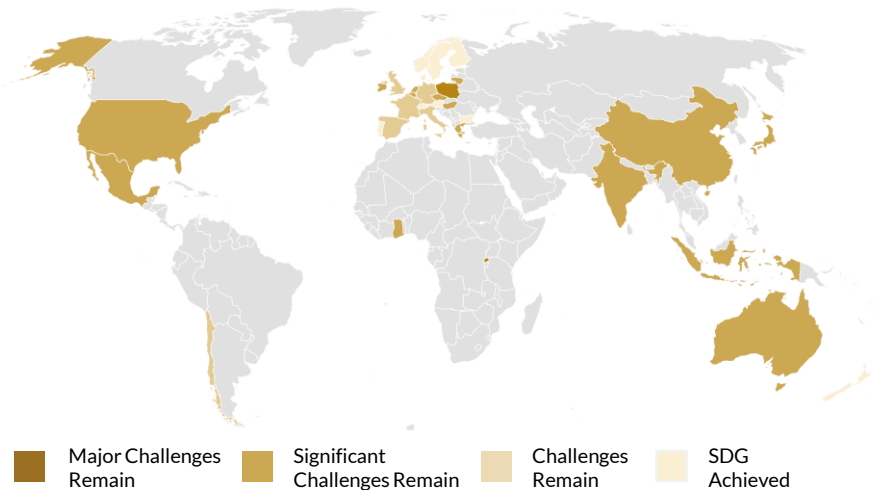
While on the global scale, the GIP's contribution to tackling climate change can be considered modest, the duration and depths of our projects are significant. For instance, we invest in new solar and wind capacity projects that will be operational for the next 20+ years. There is long-term additionality at the GIP partner level. Our investments in green bonds and renewable energy are aimed at supporting the transition to cleaner sources of energy and contribute to the problem of climate change and its consequences. Thus we seek to finance green projects which contribute to both mitigating and adapting to climate change. Towards the end of 2022, the GIP also invested in a new partner, Impax, who invest in the transition towards a more sustainable global economy with a particular focus on infrastructure and the energy transition.

△ Risk

The rate of replacement of fossil fuels could be too slow or the reduction of carbon emission levels is not significant enough to combat the consequences of climate change. There are execution, evidence and endurance risks that need to be mitigated to make sure the full expected benefits are delivered.

○ Who

GIP's investments contribute to SDG 7 in the highlighted countries



≡ How much

Significant changes (+/-25%) are described in the footnotes, page 39

Figures (pro-rated)	2021	2022	Change	IRIS+ code	Funds (2022)
Actual annual tonnes CO ₂ emissions avoided	11,523	13,861	+20%	PI2764	Green Bonds, ESPF 4, EIF 4, Trill
Actual annual MWh renewable energy generated	25,640	37,882	+48%	PI5842	Green Bonds, ESPF 4, EIF 4

Impact Story Greenfinch

In December 2021 Impax formed a joint venture partnership "Greenfinch" with a green services asset manager, "Bullfinch" to support the installation of decentralised generation (rooftop solar, batteries and smart meters). Rooftop solar and battery storage produce and store electricity close to where it is consumed, reducing the need for transmission infrastructure which can disrupt farmland and damage ecosystems. German electricity prices are some of the highest in Europe and they have one of the most carbon intensive grids. Impax, via its Greenfinch platform, offers a cheaper and cleaner supply of electricity to German households and businesses, helping to shield them from soaring prices and decarbonize their energy grid. The renewable energy generated in Germany therefore also avoids a greater amount of CO₂ being produced due to the grid's heavy reliance on fossil fuel energy.

Case Study: Ampersand

Ampersand, founded in 2014 by CEO Josh Whale, focuses on low-costs electric mobility with the intent to combat climate change. The company offers electric motorcycles to commercial motorcycle taxi (“moto”) drivers in Eastern Africa. This company is held in the portfolio of the GIP investment partner EIF since early 2021.

□ What

Over the past several decades, motorcycles have emerged as a dominant mode of transportation in many developing countries across Africa, Asia, and Latin America. Motorcycle taxi services have flourished, covering more distance and consuming more petrol than any other motorized transport in urban Africa, including personally owned and delivery motorbikes. However, the emergence of this transportation has led to increased carbon emissions, air and noise pollution, and fuel costs. For the city of Kigali in Rwanda, moto taxis are a primary means of getting around as only 2% of Rwandans own their own vehicles. In Kenya, there are over 2 million motorcycles registered. Petrol costs are high and there is a dependency on fuel imports. Meanwhile the country has a surplus power supply of hydroelectricity. Converting motorcycles to electric, focusing first on regions with clean power, is therefore a “low-hanging” fruit for emission reductions.

○ Who

Ampersand is one of the leading and first companies to launch commercially in the African mass-market electric motorcycle sector and has plans to expand beyond Rwanda and Kenya to other African countries. There are roughly 30 – 40 million motorcycle taxis across the African continent. The Ampersand motorcycles are designed to outcompete petrol motorcycles on power, durability and performance. This creates a significant cost benefit for the drivers and the families which they may support. Owing to the decrease in emissions from the use of electric bikes, this will also have a positive effect on the people living in the cities as well as on the environment.

+ Contribution

In East Africa, Ampersand is enabling the replacement of highly polluting petrol with hydro-based renewable energy, a zero-emissions transportation solution. Ampersand has developed the entire ecosystem necessary to electrify the moto taxi fleet. It finances bikes under a rent-to-own arrangement. The company also sells electricity through quick battery “swaps” while its stations also serve as bike maintenance depots. Switching to electric motorcycles saves the drivers money and increases their take-home pay, due to a lower cost of ownership and lower fuelling cost. Ampersand helps reduce carbon emissions, reduce air and noise pollution, increase energy security, and lower costs (and therefore improved livelihoods) for motorcycle taxi drivers.

△ Risk

The overall risk of impact not occurring is low in Ampersand’s launching country, as Rwanda has a supportive regulatory environment for sustainability-focused and electric mobility start-ups. However, there is still execution risk if the demand and expected adoption of electric motorcycles is lacklustre, causing the projected positive impact – lower emissions and pollution and increased livelihood of the drivers – to not occur. In December 2022, Ampersand’s fleet reached 800 vehicles and 80,000 battery swaps per month, so we remain optimistic about the company.

≡ How much

2,378 tonnes
CO₂ emission savings

829
bikes on the road

142
jobs supported





SME development & decent work

7,579,638

Underserved people
reached financial
services

11,706

Jobs supported

SME development & decent work

Investments supporting SDG 8 via inclusive and sustainable economic growth and employment opportunities

What

The COVID-19 pandemic caused the worst economic crisis in decades and reversed progress towards SDG 8: decent work for all. Although the economy began to rebound in 2021, recovery remains elusive and fragile. Labour market recovery has been inadequate and unequal¹⁶. Labour market groups most affected by the crisis - women, youth and persons with disabilities - are the last to recover. The war in Ukraine has also had a negative impact on economic growth globally. For the first time this century, global real wage growth has become negative while real productivity has continued to grow. The decline in real wages has come on top of significant wage losses incurred by workers and their families during the COVID-19 crisis²⁶. Over the near term, restoring employment will be critical to growing economies, but returning to the status quo will not be enough. Improving worker productivity will be key. The GIP works to invest in funds that provide full and productive employment in emerging markets that support fair wages and invest in companies that provide access to much-needed SME finance in developing countries.

+ Contribution

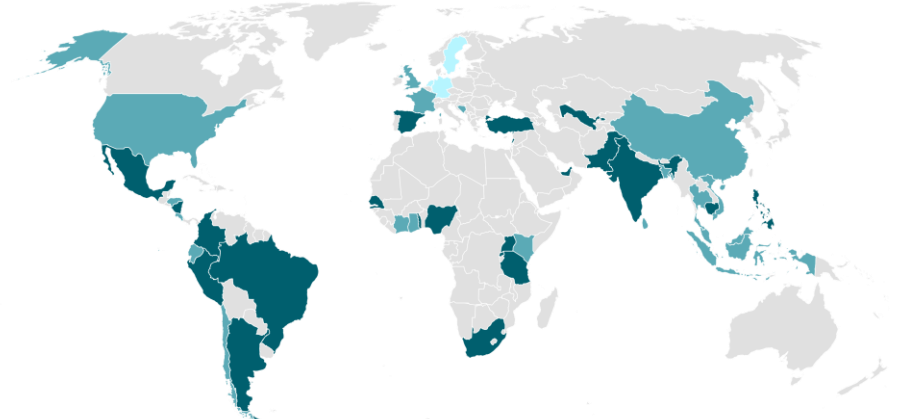
GIP's investments directly contribute to SDG 8 through job creation and retention efforts. The pandemic threatened the livelihood of 1.6 billion workers in the informal economy²⁷, where more than 90% of the agricultural sector lies²⁸. Our investment partners continued to disburse loans into this sector during 2022, helping to safeguard smallholder farmer jobs. By offering financial services to underserved consumers, GIP's investment partners Quona, LeapFrog and most recently Northern Arc, expand access to banking, insurance, and financial services for all. During COVID-19, fintech proved itself as a solid solution for financial inclusion because, despite global lockdowns, access to these financial services remains.

△ Risk

The jobs created may be insufficient to cover the increased need created by COVID-19 and the war in Ukraine or may only be temporary in nature, lacking a long-term solution. The jobs that are created or retained in emerging markets could support industries with unsustainable practices, counteracting the efforts made on the climate-focused SDGs. We aim to mitigate these risks by requiring our investment partners to have robust policies and engage with investees to address these issues.

○ Who

GIP's investments contribute to SDG 8 in the highlighted countries



Major Challenges Remain | Significant Challenges Remain | Challenges Remain | SDG Achieved

≡ How much

Significant changes (+/-25%) are described in the footnotes, page 39

Figures (pro-rated)	2021	2022	Change	IRIS+ code	Funds (2022)
Underserved people reached via financial services	4,463,028	7,579,638	+70%	PI7098	ECF 3, Agri Fund, Quona II, Quona III, Quona Opportunity Fund, Northern Arc
Average payment to smallholder farmer	\$1,413	\$1,045	-26%	PI7852	Agri Fund
Jobs supported	6,308	11,706	+85%	PI4874	ECF 3, Agri Fund, ESPF 4, Quona II, Quona III, Northern Arc, EIF 4

Impact Story Twinco Capital

Twinco Capital, a new investment in the Quona Inclusion Fund III, is a next generation cross-border trade finance platform that partners with global buyers to provide international suppliers with access to flexible purchase order and invoice finance solutions.

The company is unique in its cost-effective provision of affordable financing along the entire production chain, from purchase order to post-fulfillment, reducing cost and risk for both buyers and suppliers alike.

Twinco combines technology and advanced data analytics to assess risk, significantly reducing financing costs and improving reliability, while promoting environmentally and socially responsible supply chains. Twinco seeks to help build competitive and socially responsible supply chains around the world.



Case Study: Aviom

In October 2021, the GIP investment partner Northern Arc made an investment in Aviom India Housing Finance Pvt Ltd. (Aviom) – a woman owned affordable housing finance company – to finance the setting-up of additional branches and expansion of its loan portfolio.

□ What

In India, the population of towns and cities is expected to increase from 282 million to 590 million in the next 20 years²⁹. Rapid urbanisation and migration to cities has caused severe urban housing shortages in India, particularly for the economically weaker sections (EWS) of the population. Already, slums now account for about 26% of all urban population in cities. In Mumbai, more than half of the population lives in slums. The Indian government has been pushing to create more affordable home options for the lower and middle-income groups, women homeowners and the EWS of society. The considerable growth in urbanization in the last 10 years indicates a dire need to roll out cost-effective housing options, ensuring the underprivileged sections can afford a house while giving a boost to the Indian real estate sector.

○ Who

Making the housing dream come true for everyone across the social spectrum calls for affordable means and measures. India's large population base, rising income levels and rapid urbanization is making the housing industry one of the fastest growing sectors. However, when it comes to making a housing loan, financial institutions are reluctant to lend to informal and semi-formal borrowers due to inconsistent income levels and lack of documentary proof. The major financial institutions look for credit scores or credit history of the loan applicants, which such sectors lack. Aviom provides home loans to these borrowers.

+ Contribution

Aviom understands the significant growth potential in these sectors and the growth fuelled by increasing affordability level, favourable regulatory incentives and increased capital inflows. Aviom has developed and designed a model that allows it to provide affordable and easily accessible housing finance loans to low-income individuals and families. Loans are extended for home purchase & construction, home extension & improvement and loan against property.

Moreover, Aviom has also set up 'Aviom Shakti', an initiative which aims at providing benefits for rural women as well as effective sourcing of clients for Aviom. It is a unique program which empowers rural Indian women by partnering with them with the possibility of a fixed income thereby providing them with a source of livelihood.

△ Risk

There is the risk that the intended impact on affordable housing for underbanked and unbanked is not met due to an adverse selection of clients, leading to higher cost of doing business and a slowdown in growth. However, Northern Arc indicates the likelihood of impact is low and mitigation efforts are made via onboarding entities which have strong underwriting capabilities and capital support to continue to maintain their budgeted growth

≡ How much

44,300
Total number of borrowers

82.30%
Share of borrowers in rural/sub-urban areas

90.51%
Share of loans to self-employed borrowers



Circular economy

129,591

hectares

sustainably cultivated

33 tonnes

Waste avoided



Circular economy

Investments promoting SDG 12 through the transition towards sustainable production and consumption

What

From 2000 to 2019, total domestic material consumption rose by more than 65% globally. The vast majority of the world's electric waste is not being safely recycled as the 2019 global average collection rate was only 22.8%. The mismanagement of e-waste pollutes the environment and can negatively affect human health¹⁸. As the global population is still growing, a significant reduction in our overall use of natural resources and waste production should be the overarching objective of the circular economy. Furthermore, to meet the increasing demand for food, annual investments of about USD \$83 billion are necessary in the agriculture sector. This also applies to developing countries, where 34% of the workforce is employed in agriculture and smallholder farmers dominate the sector³⁰. By providing these farmers with access to capital and efficient supply chains, companies strengthen value chains, promote environmentally sustainable agricultural practices, boost local economic growth and help to improve rural livelihoods. This is crucial development as according to the world food programme, nearly a third of all food produced is lost each year³¹. Transforming our relationship with nature is key to a sustainable future¹⁶.

+ Contribution

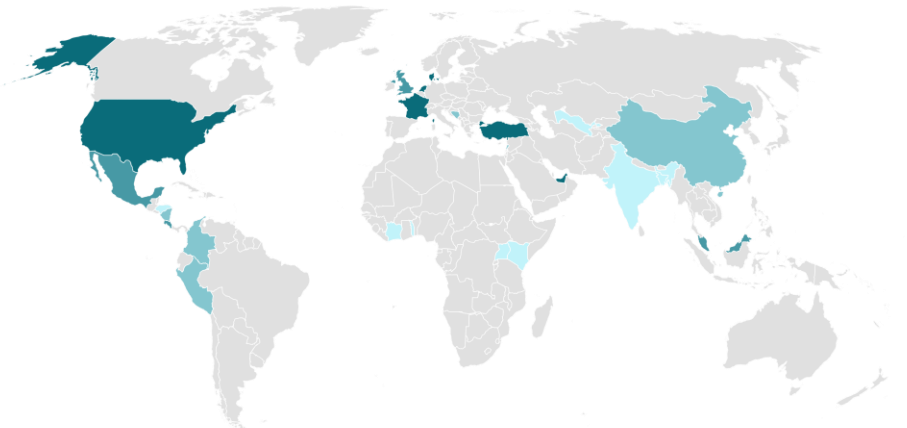
Among the 450 million smallholder farms worldwide, the agricultural and non-agricultural financing needs of the roughly 270 million smallholder farmers in Latin America, Africa, and Asia are estimated to exceed USD \$200 billion³². By providing short-term export and working capital financing as well as medium-term financing, our investment partner ResponsAbility helps to improve both the input quality and the farmers' ability to sustainably manage the ecosystems around them, for example by focusing on producing organic or certified produce. Another investment partner of the GIP, EIF, seeks to work towards waste reduction and resource use efficiency. The focus areas for EIF range from the textile industry, to food, to e-waste.

△ Risk

There is the risk that the impact is not significant enough or is counterbalanced, as improvements in resource use and waste production in some countries can be offset by increases in unsustainable resource intensity in others. Measurement risk is also present, as "certified hectares under cultivation" is an impact indicator reliant on the strength and monitoring of the certification. The potential weakness of certification schemes creates the risk that agricultural practices may not be as sustainable as they indicate.

○ Who

GIP's investments contribute to SDG 12 in the highlighted countries



≡ How much

Significant changes (+/-25%) are described in the footnotes, page 39

Figures (pro-rated)	2021	2022	Change	IRIS+ code	Funds (2022)
Smallholder farmers reached by investees	223,021	163,657	-30%	PI6372	Agri Fund
Sustainable hectares under cultivation	142,395	129,591	-9%	PI6796	Agri Fund
% investees with a sustainability certification	84	73	-13%	PI6796	Agri Fund
Tons of avoided resource waste	23	33	+43%	PI8177	EIF 4

Impact Story

Koa

Koa, established in 2017, is a food processing business in the ResponsAbility Agri Fund. The business was established to create socio-economic impact in rural areas of Ghana. The cocoa fruit consists of about 25% pulp, which would normally be discarded when the beans are collected and sold for chocolate processing. Koa purchases the cocoa pulp directly from farmers and uses it to create natural sweetener products for food industry use e.g., in chocolate bars and drinks. They have several other business lines in planning, all related to extracting the full value of the cocoa fruit.

Farmer income is increased 20 - 30% by creating an additional revenue stream beyond cocoa beans. Koa uses solar-powered mobile processing units to extract cocoa pulp in rural areas, and does further processing at their factory, which is also powered by renewable energy. They have trained, certified, and purchased from over 1,200 farmers.



Case Study: Ambient Photonics

Ambient Photonics (AP) is a solar company based in Mill Valley, CA that manufactures dye sensitized solar cells for specialty electronics applications. These low-light solar cells harness power from ambient light. This eliminates the need for batteries and reduces the carbon footprint of connected Internet of Things (IoT) devices. This company is held in the portfolio of the GIP investment partner EIF.

□ What

The Internet of Things (IoT) describes physical devices that are equipped with technology that enables them to connect and exchange data with other devices within a network. Wireless home security cameras and remotely controllable home thermostats are examples of such smart devices. IoT technology plays a central role in digital transformation. Predictions show that the global number of IoT-connected devices is expected increase to 43 billion by 2023, a threefold increase from 2018³³. Most IoT devices are reliant on batteries which must be replaced or recharged. Safe battery disposal can be both difficult and expensive. For example, over the last decade remote controls alone have contributed to over 80 billion batteries disposed of globally, resulting in 1 million tons of potentially toxic waste. Batteries also comprise the bulk of an IoT device's carbon footprint; studies show that eliminating batteries could reduce the carbon footprint of a battery-powered device by up to 90%.

○ Who

Consumers who make use of IoT devices will have the option to reduce their costs and battery waste via this alternative technology. This also protects the environment from harmful waste from batteries as well as from carbon emissions. Ambient Photonics, the creator of this technology, was founded in 2019 to bring low light energy harvesting technology to mass scale. Their titanium-based solar cells are highly efficient at harvesting power from indoor ambient light, thereby powering small electronic devices that are not exposed to strong direct sunlight. This addresses a longstanding barrier to adoption of solar in electronic devices.

+ Contribution

Ambient Photonics' goal is to create a healthier, less wasteful and more energy efficient device market. The products also seek to solve issues relating to low power density and high-cost problems related to using batteries. Using their dye sensitized solar cells, the technology generates more than three times the power of conventional indoor technologies³⁴. Through the use of their solar cells, the company has the potential to open up new applications for solar power that were previously impractical (such as remote controls, home security cameras, etc.) and thereby reduce the need for batteries. Furthermore, the company uses a novel industrial solar printing technology to coat its proprietary chemistry on a thin, durable glass surface which allows the cells to be virtually any size and shape, enabling the cell to work with a wide variety of products. Without Ambient Photonics' technology, the market would continue to be faced with disposal, efficiency and design limitations. This results in CO2 emissions reductions, energy savings and reduced e-waste.

△ Risk

There is the risk that the company will not be able to deliver the impact that it intends to. The main risk to this low impact is low plant productivity and solar cell production quality. In order to mitigate that risk, Ambient Photonics is sourcing equipment from a deeply experienced photovoltaics European equipment manufacturer, with whom Ambient Photonics has agreed to a performance-based fee based on delivery.

≡ How much

Estimated sales for 2023 of
77,382 units

Estimated MJ use savings for 2023 of
600,066

Estimated CO2 savings for 2023 of
49,757 kg





Looking forward

Progress towards impact targets

The charts on this page provide a look into the progress made over the past five years towards reaching impact targets held at the investment partner level and are not pro-rated for the GIP. This is not an exhaustive overview, as some GIP partners have multiple targets. We continue to monitor performance for all targets and engage if there is evidence of underperformance.

GIP investment partner LeapFrog once again made significant progress this year and far exceeded its 2027 targets on emerging consumers reached and jobs supported. This result is attributed to the growth of portfolio companies.

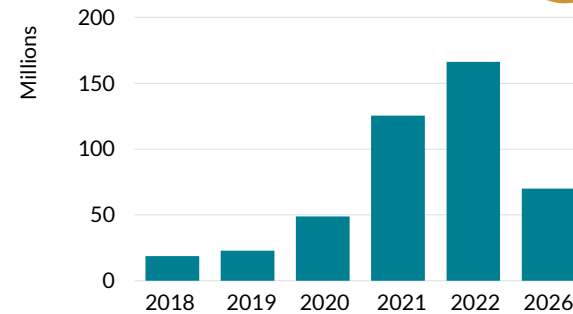
The target on CO2 emissions avoided p.a. is set at 825,000 tonnes based on the level of green electricity generated by KGAL's investments. For 2022 the current level is approximately 32% of the target. This is expected, as the renewable energy projects only report impact figures once operational. This value will rise when new projects enter the portfolio in the next years.

Within the theme of Circular economy, hectares under cultivation is targeted one year in advance by the GIP investment partner responsAbility. The 2022 target of 1 million hectares was missed owing to two large investee companies dropping out of the fund owing to the nature of their short-term loans used for working capital. Both investees are traders who may re-enter the fund if the financing need arises in the future.

Not all partners have quantified targets for their funds, some focus on a more qualitative approach and report realized outcomes. Impact management is complex which can make target setting difficult. For example, Impax - a new investment partner of the GIP - does not set targets for CO2 emissions avoided for their underlying companies. This is due to fluctuations as it considers the environmental improvement in air pollution in relation to a national baseline. In other words, CO2 avoided is more significant in countries where the carbon intensity of the national electricity grid is higher. Owing to this, Impax does not set targets for emissions avoided but they do seek to measure this and ensure that the underlying companies are dedicated to intentional and measurable environmental outcomes.

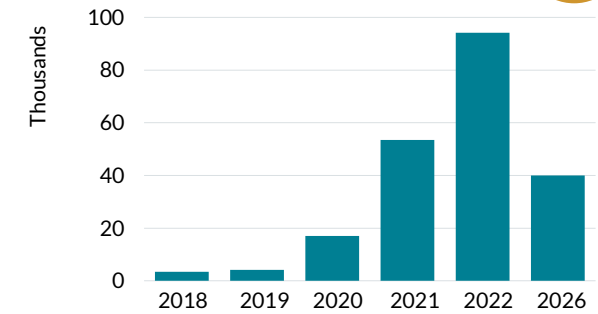
Basic needs & well-being
Partner: LeapFrog ECF 3
Emerging consumers reached

238%



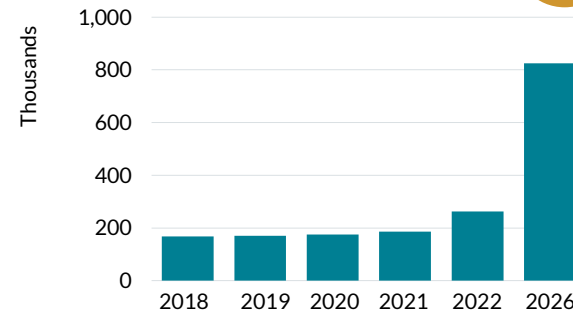
SME development & decent work
Partner: LeapFrog ECF 3
Jobs supported

235%



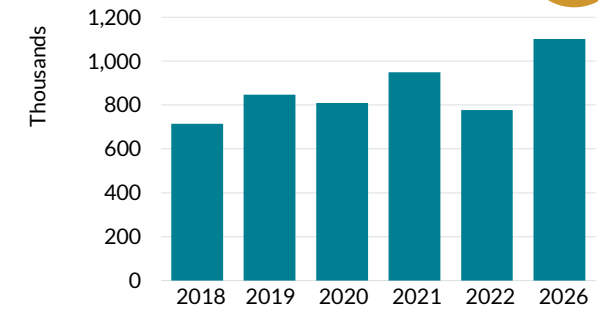
Climate & Energy
Partner: KGAL ESPF 4
CO₂ emissions avoided p.a.


32%



Circular Economy
Partner: responsAbility Agri Fund
Hectares under cultivation

78%



 % target reached to date



The year ahead – 2023

This year, the GIP celebrated a track record of 5 years. We are very excited for 2023, the next 5 years ahead and more to come. The GIP has had an established and robust impact management process since its launch. Impact management best practices are constantly evolving, and the GIP is participating in initiatives to help further develop global impact standards. In 2023, the GIP underwent its 5-year review which sought to ensure that the GIP continues to improve in its journey to address global challenges whilst also meeting clients' risk-return requirements. Process improvements and improved documentation will continue to be implemented throughout 2023.

2023 has already been an exciting year in terms of investments made by the GIP. The first co-investment in HealthifyMe was completed in Q1 2023. The co-investment increases the GIP's contribution to our focus theme Basic Needs and Well-being, with specific focus on increasing access to healthcare, especially for those who are underserved. With the high growth and scalability potential of this platform, we are excited to join HealthifyMe on their journey and mission going forward.

An investment in a new manager, Environmental Technology Fund (ETF) Partners, was also completed at the start of 2023. ETP Partners identify and invest in high impact, high potential startups that seek to have a positive impact on the environment thereby contributing to our focus themes of Climate and Energy and Circular Economy. ETF Partners address the following impact categories through their investments; future mobility, energy transition, green connectivity, responsible consumers and sustainable food. This investment also increases the local impact of the GIP as Dexter Energy, a Dutch based renewable energy AI platform is included in the portfolio. Dexter provides renewable generation forecasting and trade optimization to energy companies active in power markets.

This year is the first year that, in line with SFDR, Annex V for 2022 will be published. We look forward to continuously improving our reporting processes in the future and we expect that our managers will also work towards improving their reporting efforts, data collection and coverage.

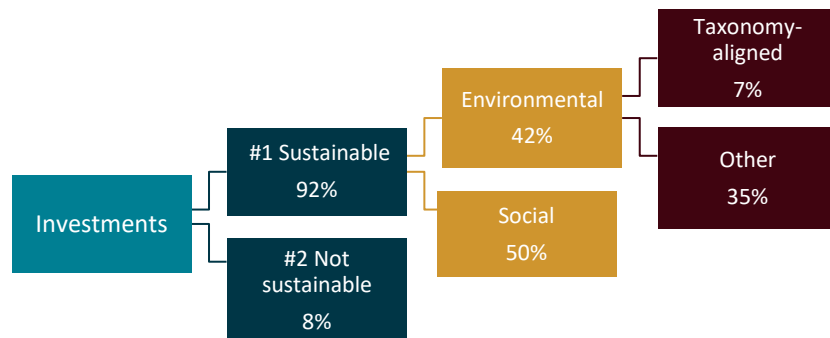
We look forward to continuing to build on the strong foundations we have laid in the past five years and contributing to solutions around the world.








EU taxonomy regulation and the GIP

Due to our focus on environmental and social investments, the GIP classifies as an Article 9 solution under the SFDR regime. This classification means that we have committed to the highest standards when it comes to making sustainable investments. We linked our four focus impact themes and five SDGs to five sustainable objectives from the regulation. This is highlighted in the table on the right. The GIP has extensive processes in place to perform ESG and impact due diligences on its investment partners (and their underlying investee companies) including do no significant harm and good governance. In addition, the GIP is further embedding regulatory requirements into its existing processes. It is important to note that the SFDR regulation was in the first instance developed for large listed companies, which has implications on the application of the regulation for the GIP. Given that the fund is investing in mostly small non-listed companies and projects that aim to provide solutions to some of the pressing global challenges, not all Principle Adverse Indicators (PAIs) data is currently available. We have engaged (and will continue to do so) with our investment partners on this. We will do our best to collect data and continue to report on the PAIs next year.

In line with SFDR we also report on our investments with a social or environmental objective as well as those which are aligned with the EU Taxonomy. The breakdown of investments for 2022 can be seen below:



Mapping GIP themes to EU Taxonomy regulation objectives

GIP THEME	ENVIRONMENTAL OBJECTIVE	SOCIAL OBJECTIVE	TARGETED SDG
Basic needs & wellbeing provision of water, food, energy and general wellbeing		Improving accessibility of products and services for basic human needs	 
Climate & energy limiting GHG emission levels by investing in more efficient and resilient companies and infrastructure	Climate change mitigation	Improving accessibility to basic economic infrastructure	
SME development & decent work providing secure and socially inclusive jobs and working conditions for all		Ensuring decent work investments in human capital or economically or social disadvantaged communities	
Circular economy preservation of stocks of natural resources through efficient and circular use	Transition to a circular economy		





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We work hard to provide our investors with a high level of transparency on the sustainability of our investments as this can be a big challenge for non-listed investments given the lack of data availability.



Simon Oosterhof, CFA
Senior Portfolio Manager

EU taxonomy regulation and the GIP

Impact Story

KGAL: ESPF 5

The GIP is selecting investment partners globally who invest in impactful companies and projects that contribute to addressing social and environmental challenges related to our focus themes. Our European investment partners have classified their funds as Article 9 under the SFDR* regime. KGAL has classified ESPF 4 as article 8, however as the regulation has become more clear, we expect that at a later stage the fund will target a reclassification to Article 9. While our international investment partners based in the United States (EIF), India (Northern Arc), and the United Kingdom (LeapFrog) are not subject to the SFDR regime, they do have social and/or environmental objectives that their funds are pursuing. They have expressed to us a willingness to provide the GIP with the relevant regulatory data where possible, granted the data is available and applicable to their fund. This year we communicated and worked with all managers about the regulations, data collection and subsequent disclosure requirements. We look forward to continuing to work with them going forward on this.

GIP INVESTMENT PARTNER (excluding cash and alternatives)	SFDR ARTICLE	ENVIRONMENTAL OBJECTIVE	SOCIAL OBJECTIVE
Fund classified			
NNIP Green Bond Fund	9	X	
ResponsAbility Agriculture Fund	9	X	X
Trill Impact	9	X	X
KGAL ESPF 5	9	X	
KGAL ESPF 4	8	X	
Impax Next Energy Investors IV	9	X	
Funds not classified			
Quona Inclusion Fund II			X
Quona Inclusion Fund III			X
Quona Opportunity Fund			X
Ecosystem Integrity Fund IV		X	
LeapFrog Emerging Consumer Fund III			X
Northern Arc India Impact Fund			X

*The European Sustainable Finance Disclosure Regulation is a new regulation which requires the assessment and disclosure of sustainability related information.

The GIP investment partner KGAL has classified their fund, ESPF 5, as Article 9 under SFDR. Therefore, the fund needs to provide a high level of transparency on the sustainability of its investments.

ESPF 5 reported that 92% of investments were sustainable investments with an environmental objective. Of this 92%, all investments were also aligned with the European Taxonomy. The Fund's activities in the reporting period contributed to **climate change mitigation** by investing in Renewable Energy Generation Projects and in activities supporting the generation of electricity by renewable resources in accordance with the Investment Policy.

KGAL also report on sustainability indicators and their performance. Indicators include, but are not limited to, renewable energy generated (MW) and avoided emissions (tons CO2e). In addition, the fund's investments that qualify as sustainable investments were screened against meaningful principal adverse impact indicators (PAI) as required under the SFDR to comply with the "do not significant harm principle" (DNSH) principle. All of KGAL's investments for ESPF 5 to date have been in Europe. Local regulatory requirements also require all projects to undergo environmental due diligence procedures and operate within environmental, health and safety laws. Looking to the PAI Indicators, KGAL assesses activities negatively affecting biodiversity (amongst others) whereby operations in sites/operations located in or near to biodiversity-sensitive areas are only permitted if an appropriate assessment has been conducted and based on its conclusions the necessary mitigation measures are implemented.

Philosophy and approach

Our mission

To make investments that positively contribute to our four themes and five SDGs primarily, though not exclusively, through the goods and services that the underlying investee companies provide. We focus on funds that invest in countries where gaps remain on SDGs.

The GIP was created to enable institutional and eligible retail investors who want to realise a market rate of return while also investing in solutions related to a subset of selected positive outcome goals.

Our theory of change



When sourcing new investments, we start with the problem definition. We look at our chosen impact themes around basic needs, climate change mitigation, circular economy & SME growth and five SDGs related to these themes and consider what type of investments and through which asset classes would be most suitable to make a positive contribution to address these issues. Within the identified asset classes and geographies, we assess the intentionality of the fund partners and the quality of the proposed solutions versus the available alternatives.

Once prospective investment funds are identified, we check how the countries in which the fund is planning to invest perform on individual SDGs and sub-targets. We want to understand whether people or the planet are underserved on the target outcomes in these geographies and whether any additionality of impact can be expected. In other words, we look at whether there are country gaps in our focus SDGs and whether the selected investments can make a positive contribution towards solving these challenges in countries that score relatively low on achieving the selected goals. To understand the progress made on the SDGs per country, we use the SDG Index Dashboards that are based on publicly available data from the UN, World Bank, WHO, ILO and other organisations.

In addition, based on our target SDGs we have identified the sub-targets underpinning the SDG-framework which the GIP focuses on. The suitable KPIs to report on these SDGs are a mix of KPIs identified by Dutch institutional investors under the Dutch Central Bank Platform for Sustainable Finance and the key material KPIs that our investment partners are measuring and tracking. The core KPIs are based on the GRI and IRIS+ metrics.



Philosophy and approach

Impact framework

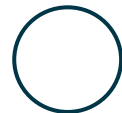
Our impact reporting

To assess the impact of portfolio investments and report on theme level KPIs, the GIP uses the Impact Measurement Platform's (IMP) five impact dimensions. The five dimensions outlined below are used throughout the annual impact report. The dimensions help explain how the GIP, its investment partners and the underlying companies have realised positive impact and progressed towards reaching impact targets.



What

What outcome occurs in the period?
How important is the outcome to the people/planet experiencing it?



Who

Who experiences the outcome?
How underserved are the stakeholders in relation to the outcome?



How much

How much of the outcome occurs – across scale, depth and duration?



Contribution

Would this change likely have happened anyway?



Risk

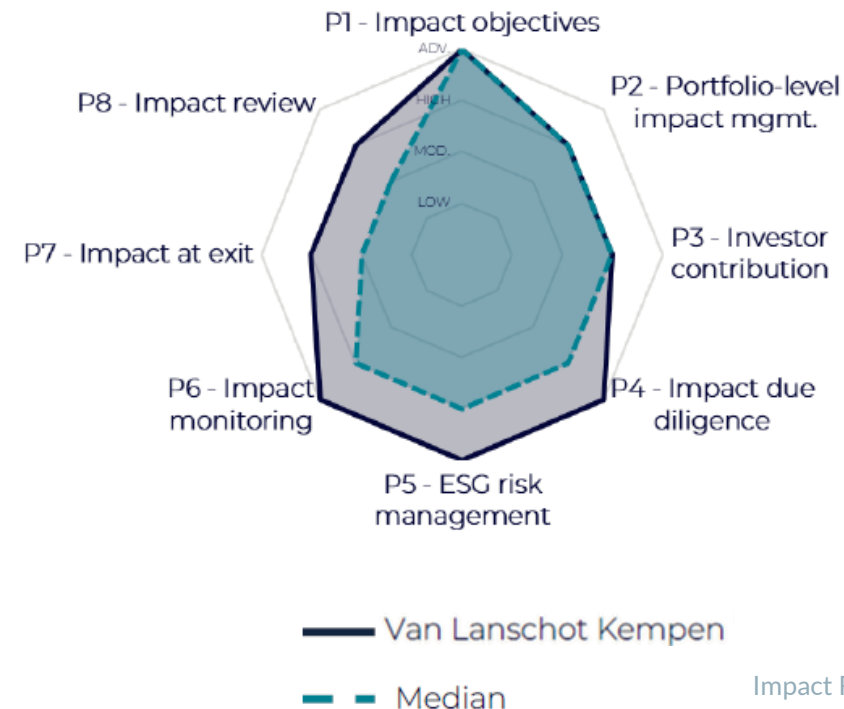
What is the risk to the people / planet if the impact is not as expected?

BlueMark verification

Van Lanschot Kempen engaged BlueMark, a Tidelive company, to independently verify the alignment of the Global Impact Pool's impact management practices with the Operating Principles for Impact Management, an industry standard for integrating impact throughout the investment lifecycle.

BlueMark's assessment findings cover both areas of strength and areas for improvement, as reflected in the Verifier Statement.

For the 8 Principles assessed, the Global Impact Pool was awarded high or advanced alignment. More details on the Principles for Impact Management can be found on page 38. The independent verification report can be found on our website.



Impact methodology and limitations



Impact target

Although most of our underlying investments have specific impact targets, we do not have a quantitative impact targets for the GIP at this moment. The impact achieved by the GIP will be highly dependent on the size of the fund, the type and number of the investment partners and on underlying investments. We ask our underlying partners to set impact targets and report against them. We target funds with a positive contribution to our selected SDGs, and sub-targets.

Impact attribution

Impact attribution is a complex process, but we find it critical to avoid double counting and impact exaggeration. In the ideal situation the additionality of investor capital, its catalytic role and any sustainable outcome related value added should be considered. In practice these values are difficult to calculate. We use an approach that reflects the fact that the GIP is not the only investor in the underlying funds, and these funds are not the only investors in the underlying companies. This means only a part of the impact generated by the fund investments can be attributed to the funds, and an even smaller part can be attributed to the GIP. However, in some cases either the GIP or the underlying investors have been catalytic in bringing about the desired impact at the investees.

When reporting on the aggregate GIP level impact, we calculate pro-rated impact based on our commitment to the underlying funds and the fund size at the end of 2022. That means we take the total impact of an investee as reported by the funds, and then pro-rate it by the percentage that GIP represents in the fund. We have chosen not to pro-rate the impact based on the percentage the underlying funds own in the companies unless the funds provide pro-rated numbers to us themselves. Often even with minority equity investments or through loans, the impact that the fund has in scaling and growing the business is significant.

Risks and limitations

We must be aware that investments may have a positive contribution to some SDGs while having a negative contribution to others.

For example, stimulating growth and decent jobs while emitting CO₂ and thereby contributing to climate change. We aim to mitigate this risk by selecting high-quality partners that have high ESG-management systems. We only invest when the positive contribution outweighs the possible negative contribution and if we are satisfied with the funds' risk management with respect to management and mitigation of potential negative contribution. Another risk to impact investing is that the targeted impact and outcomes are not (fully) achieved and that far fewer people benefit from the investments than planned by the investee funds. We strive to mitigate this by continually engaging with our partners to understand their investment processes and how they select and manage investments.

Renewable infrastructure projects

For some of our investments it is more straightforward to calculate impact than for others. The case for brownfield renewable energy projects is an example of this. For these projects, the amount of energy generated and the amount of people employed is known. These are the actual numbers. Looking at the greenfield projects, assumptions need to be made about expected energy generation targets for each project. This can create assumption-sensitive outputs for reporting purposes. For our investment partner KGAL, we used the estimated energy generation numbers that were provided by the partner and are based on their operational projects. These are impact projections and the actual numbers can differ from the projections. In cases where KGAL ESPF 4 only owns part of the project, we take the pro-rated share of impact based on the fund's ownership of the project.

Private equity

In the case of private equity investments, the numbers of employees and contractors may vary significantly due to seasonality. This can make it unclear as to what number of jobs should be reported. In that scenario, we analyse the data on a case by case basis, but the general guideline is that we use the annual total of employees.



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Reporting the impact of an investment is complex. With the GIP's impact framework we can assess the impact of our portfolio investments and report on focus theme level KPIs.



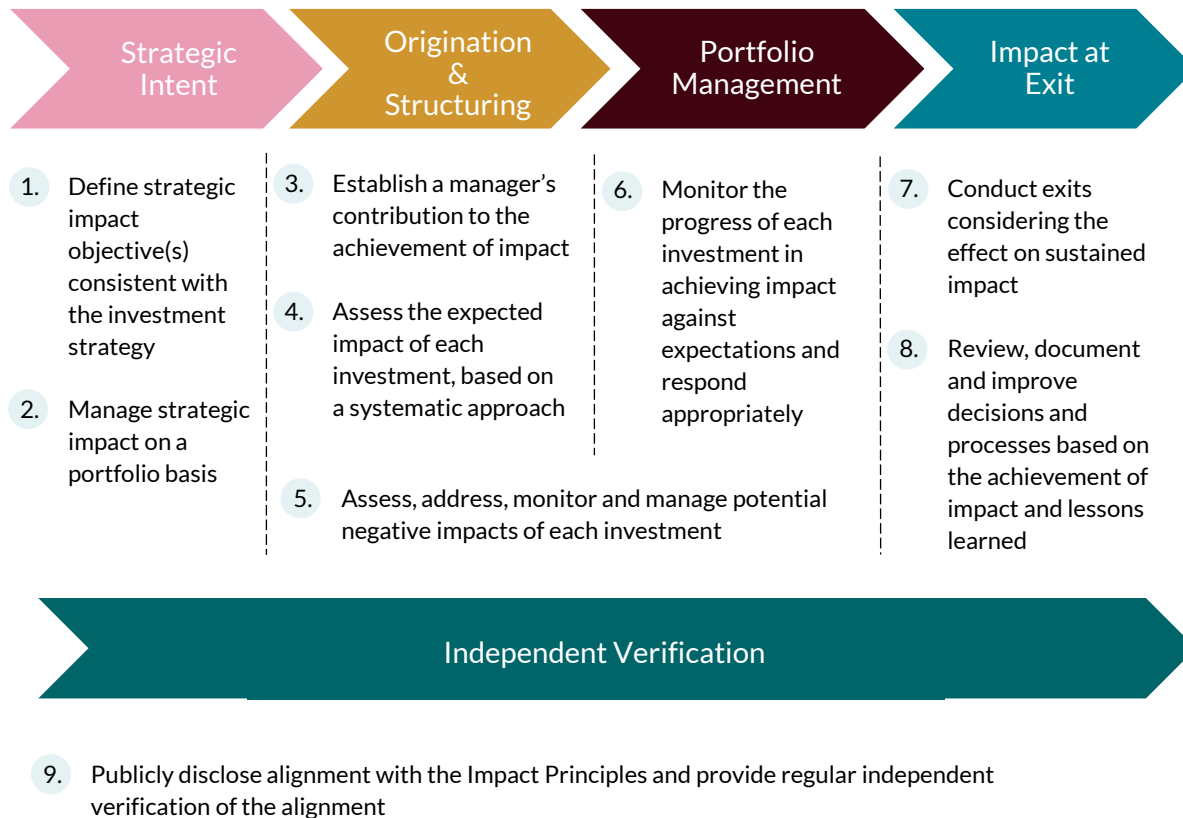
Wieke Maarleveld, CEFA
Director Solutions Development



Impact methodology and limitations

The GIP makes use of the 9 Operating Principles for Impact Management

This framework is used for the design as well as implementation of the GIP's impact contribution, measurement and management. This ensures that impact considerations are integrated into every stage of the investment process. Both our Investment Team and Impact Team (which make up our Global Impact Pool Team) are involved throughout this process.



Strategic Intent:

The Global Impact Pool aims to address global challenges whilst also meeting clients' risk-return requirements. Investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return. To achieve this, GIP focuses on investing in solutions to SDG gaps. We made (and continue to make) use of the theory of change to help define our strategic impact objectives. We have identified four impact focus themes in which we seek to contribute; Basic needs & well-being, Climate & energy, SME development and decent work and Circular Economy.

Origination and Structuring:

During our due diligence processes, we assess the managers potential to create positive impact in line with our expectations. Amongst other actions, we make use of the IMP Framework as well as our own internally developed ESG & Impact scorecard to assess a potential managers contribution towards impact and risk management. If a possible underlying manager falls short of our impact expectations, we do not proceed.

Portfolio Management:

Impact performance is measured and monitored by the team on a quarterly basis. Impact is assessed against our expectations and the targets that the managers have set. We will initiate engagement if issues of underperformance or unintentional negative impact occurs.

Impact at exit:

During due diligence phase we enquire about the managers impact at exit procedures and management. We continue to monitor this throughout the investment process and will engage on exits if we are not satisfied with the managers approach to ensure continued impact at exit. Insufficient management of impact at exit may affect our decisions to invest future capital with the manager.

Footnotes

Explanation for significant changes in impact figures (+/- 25%)

Figure	Change	Rationale
Estimated m ³ water consumption savings over lifetime of projects	+41%	KGAL ESPF 4 continued to grow their asset base, with 5 projects the end of 2021 to 7 at the end of 2022. This increase as well as increasing contribution from existing projects resulted in an increase in this metric.
Actual m ³ annual water consumption savings	+46%	Both KGAL ESPF 4 and EIF IV contributed to an increase in this metric. KGAL's contribution to the increase is explained above. For Days, held in EIF's Fund 4, also continued to contribute to this metric.
Actual annual MWh renewable energy generated	+48%	Both KGAL ESPF 4 and EIF IV contributed to an increase in this metric as existing projects increased contribution and new investments were made.
Underserved people reached via financial services	+70%	ECF 3, ECF 4, Agri Fund, Quona II and Quona III all contributed to an increase in this metric. In addition, new investments, namely Northern Arc and Quona Opportunity Fund, further contributed as these investments reported positive impact towards this metric.
Average payment to smallholder farmer	-26%	This metric decreased from \$1413 in 2021 to \$1045 in 2022. It is calculated by responsAbility by dividing the total payments made by investees to smallholder farmers by the number of smallholder farmers reached by investees.
Jobs supported	+85%	ECF 3, ECF 4, Quona III, Trill Impact and EIF IV contributed to an increase in this metric. In addition, the investments in Quona Opportunity Fund and Northern Arc further contributed to an increase in this metric. Quona Inclusion Fund II and responsAbility reported slight decreases in contribution to this metric compared to 2021 levels.
Smallholder farmers reached by investees	-30%	responsAbility positive contribution towards this metric decreased from 2021 level in 2022. Two large investees, both traders, dropped out of the fund as the loans are short-term in nature and used for working capital when needed. There is a possibility that these investees may re-enter the fund at a later stage.
Tons of avoided resource waste	+43%	EIF IV positively contributed to an increase in this metric as the fund increased its overall waste reduction from 845,000 pounds in 2021 to 1,200,000 pounds in 2022. This contribution is mainly due the underlying portfolio companies ThinkIQ and For Days.

Photos used in this report have been provided by the GIP investment partners or sourced from the website Unsplash. Statistics listed in impact cases throughout the report are provided by our investment partners. All country SDG rankings are sourced from the country profiles and interactive map from the Sustainable Development Report 2021: <https://dashboards.sdindex.org/map>

1. Data on renewable energy generated is provided by investment partners NNIP, EIF and KGAL. It is pro-rated for the GIP.
2. The equivalent figure on Dutch household electricity usage is sourced from: <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/electricity-consumption-dwelling.html> Calculations used the Netherlands 3,127 kWh.
3. Data on smallholder farmers reached and certified hectares is provided by investment partners responsAbility. It is pro-rated for the GIP.
4. Data on jobs supported is provided by investment partners LeapFrog, responsAbility, Quona, EIF, Trill and Northern Arc. It is pro-rated for the GIP.
5. Data on estimated water savings of wind and solar projects is provided by investment partners KGAL and EIF. It is pro-rated for the GIP.
6. The equivalent figure on water use is sourced from Waternet: <https://www.waternet.nl/en/service-and-contact/tap-water/average-water-use/> Calculation based on 52,000 litres per year.
7. The equivalent figure on football fields is calculated based on field size of 6770 m³.
8. Data on underserved financial services is provided by investment partners LeapFrog, responsAbility, Quona and Northern Arc. It is pro-rated for the GIP. Among the people reached not all the individuals would be equally underserved even if they live in the same country. The definition of underserved can vary per investment partner, as well as among the people reached.
9. Data on underserved healthcare services is provided by investment partner LeapFrog. It is pro-rated for the GIP. Not all those reached are equally underserved. LeapFrog's definition of underserved people, which are those willing and able to pay for critical health services but are either entirely excluded or underserved by traditional institutions by virtue of being a low-income consumer, or due to other factors (health condition, caste, religion, ethnicity, gender).
10. Data on CO₂ emissions avoided is provided by investment partners NNIP, KGAL, EIF, and Trill. It is pro-rated for the GIP.
11. The equivalent figure on cars is sourced from the EEA: https://www.eea.europa.eu/data-and-maps/daviz/average-emissions-for-new-cars-5#tab-googlechartid_chart_11 Calculation based on car emitting 120 g/km and driving 20,000 km.
12. The equivalent figure on swimming pools is calculated based on pool size 2,500 m³.
13. Here's how Germany is bridging its growing skills gap. World Economic Forum: <https://www.weforum.org/agenda/2022/04/germany-growing-skills-gap/>

Footnotes

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17. Goal 1: End Poverty in all its forms everywhere. United Nations: <https://www.un.org/sustainabledevelopment/poverty/>
18. Goal 12: Ensure sustainable consumption and production patterns. United Nations: <https://www.un.org/sustainabledevelopment/sustainable-consumption-production/>
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