NORDICS

IMPACT SEMINAR SERIES

21 APRIL 2022

Featured Impact Strategies and Impact Related Readings

PHENIX CAPITAL

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FEATURED IMPACT STRATEGIES

IMPACT READINGS

AEGON Asset Management

SDGS FOCUS

Strategy name

LBPAM Infrastructure Climate Impact Strategy

ORGANISATION FACTS

Strategy manager: La Banque Postale Asset Management
AuM of organisation: €60b
HQ country: France / The Netherlands

STRATEGY FACTS

Asset class: Infrastructure Debt
Inception: Q2 2022
Target size strategy: €500m
Region(s) of investment: IG European Countries
SFDR: Article 9

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INVESTMENT STRATEGY

The strategy targets debt investments in low carbon infrastructure projects that support the 2015 Paris Agreement aiming at reducing carbon emissions towards a 2°C scenario.

The strategy is based on the European Green Taxonomy and uses a robust set of quantitative and qualitative methodologies to ensure technical eligibility of envisaged transactions (pass/fail), identify ESG risks, controversies and measure positive impact contribution as well as ensuring no negative externalities.

These analyses are supported by tested tools (EU taxonomy eligibility, impact scoring, a methodology based on the IMP, T° alignment of the assets and the portfolio). ESG and impact scoring are done independently by an ISR specialist, and are challenged by an investment committee ensure that only those companies and projects that have a net positive impact are selected.

IMPACT THEMES

- Climate Change Mitigation

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

Our impact approach is based on a proprietary framework based on the recommendations by GIIN, IFC, IMP and French regulator and institutions). It consists of 3 steps:

1. Intentionality: reducing carbon emissions in Europe towards Paris Agreement's objectives
2. Additionally: rigorous low carbon asset selection based on objective 1 of EU Taxonomy
3. Measurability: 3 KPIs monitored at asset and portfolio level by independent expert (carbon footprint scope 3, temperature alignment and green share according to the Green European Taxonomy)

ABOUT LA BANQUE POSTALE ASSET MANAGEMENT

LBP AM is a multi-specialist conviction asset manager, leading the way in SRI finance, through four strategies: equities with Tocqueville Finance, Real & Private Assets, Multi-assets & absolute performance and quantitative solutions. At the end of December 2021, LBP AM manages €60 billion of assets. LBPAM is owned at 70% by La Banque Postale, 25% by Aegon Asset Management and 5% by Malakoff Humanis.

SDGS FOCUS

Strategy name

European Metropolitan Living

ORGANISATION FACTS

Strategy manager: DWS
AuM of organisation: €752b
HQ country: Germany

STRATEGY FACTS

Asset class: Real Assets > Real Estate Equity
Vintage: 2021
Target size strategy: €100b
Region(s) of investment: Europe

INVESTMENT TEAM

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INVESTMENT STRATEGY

The objective of this actively managed, Euro-denominated, open-ended strategy is to provide Investors with attractive risk adjusted investment returns consisting of both income and capital growth by investing in a diversified portfolio of predominantly core affordable residential, student and senior living real estate assets in the main real estate markets of Europe. In particular, the Strategy aims to:

- Create a portfolio of Sustainable Assets, each with one or more of the UN SDG-aligned ESG themes of Resilience, Affordability and Air Quality ("ESG Themes"), with associated KPIs and targets for each of them
- Pay a quarterly distribution to Shareholders, which will target an average annual distribution rate of three (3) to four (4) per cent of NAV, over a ten (10) year period from the end of the Stabilisation Period[1]; and
- Generate a long-term net target return to Shareholders of five (5) to six (6) per cent over a ten (10) year period from the end of the Stabilisation Period.

IMPACT THEMES

European Metropolitan Living intends to deliver impact investments in line with DWS Governing Principles for impact investments.

Resilience
Contribute to an environmental objective to increase assets' climate resilience through:
- Climate change mitigation – aiming to achieve net-zero carbon status by 2050, or sooner.
- Climate change adaptation – assessing physical climate-related risks in all acquisition and asset management decisions.

Air Quality
Contribute to an environmental objective to promote good air quality in and around assets through:
- Supporting good indoor air quality, through best practices in design and management.
- Contributing to outdoor air quality, through clean transport provision, greening and renewable energy.
- Partnering with community and non-governmental organisations in local air quality initiatives.

Affordability
Contribute to a social objective to provide affordable housing through:
- Screening out unaffordable housing, capped at rental rate of 40% of total median disposable household income
- Targeting rental affordability wherever possible, capped at rental rate of 30% of total median disposable household income.
-

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

Built to last
- Investing in new 'best-in-class' Sustainable Living assets
- Strategy aimed at reducing obsolescence risk through future-proof building
- Resilience creating stronger tenant retention and stable income growth

Driving NOI
- Actively manage assets with high-quality performance driven partners
- Aligned incentives with partners
- Data focused framework for managing partners to drive returns

Execution capability
- Robust pipeline of Sustainable Living assets per month
- Substantial proportion of opportunities are sourced off-market
- Experienced Transaction team with deep local networks

ABOUT DWS

DWS is a global asset manager for a wide array of clients. The Real Estate Investment team, part of the Alternatives platform within DWS, has more than 20-years track record managing sustainable investment strategies in the private real estate space, globally.

GOLDING

SDGS FOCUS

Strategy name

Golding Impact 2021

ORGANISATION FACTS

Strategy manager: Golding Capital Partners
AuM of organisation: €12b
HQ country: Germany

STRATEGY FACTS

Asset class: Fund of Funds, Private Equity (Growth)
Inception: 2021
Target strategy size: €300m
Region(s) of investment: Global
SFDR: Article 8

INVESTMENT TEAM

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INVESTMENT STRATEGY

Environment and society are interrelated: Human activities are causing environmental damage while environmental degradation threatens the economic catch-up in emerging markets. Solving these challenges requires investments in companies with transformative business models. The Golding Impact 2021 strategy aims to generate a positive, quantifiable contribution towards a sustainable future without compromising returns.

It aims to achieve environmental and social impact through a global portfolio of investments with broad diversification across sectors, geography and stages. It focuses on transformative business models in the areas of green solutions (35%), food and Ag-tech (35%), as well as financial inclusion solutions and other sustainable sectors (30%). Golding has a global portfolio of c.15 private equity (growth) strategies and c. 200 underlying companies both in developed and emerging markets.

IMPACT THEMES

- Energy access
- Energy transition
- Circular economy
- Resilient farming
- Sustainable agriculture
- Fintech solutions

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

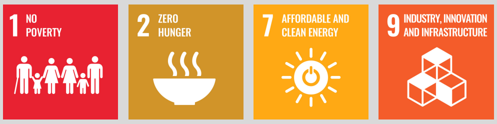
Golding ensures significant impact generation in three important steps: (1) Thematic investment strategy, (2) disciplined investment process, and (3) detailed impact measurement system. The strategy has been designed based on extensive market analysis as well as the team's deep and global investment experience in this field. The investment process is based on Golding's processes combined with the development of an Impact Pathway for each investment opportunity. The impact is measured on two levels, Aggregated Impact Metrics and company-level Output Indicators, all relevant industry standards such as the SDGs, the EU Taxonomy, IRIS+ and the IMP are applied.

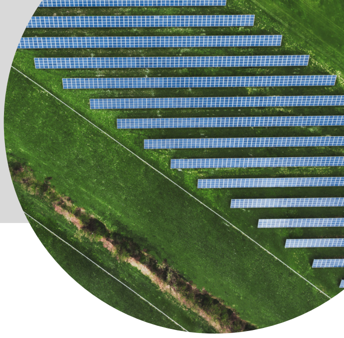
ABOUT GOLDING CAPITAL PARTNERS

Golding Capital Partners is an asset manager for private equity, private credit and infrastructure. The organisation seeks to help institutional investors build a sustainably successful investment strategy. Its client base includes more than 230 institutional investors including insurance companies, pension funds, foundations and ecclesiastical institutions, as well as banks, especially savings banks and cooperative banks.

NEPHILA

SDGS FOCUS





Strategy name

Climate Strategy

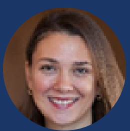
ORGANISATION FACTS

Strategy Manager: Nephila Advisors
AuM of Organisation: 8.7b (as of Jan 31st, 2022)
HQ Country: United States of America

STRATEGY FACTS

Asset Class: Hedge Fund
Inception: 2005
Target strategy size: 1b
Region(s) of Investment: Global

INVESTMENT TEAM



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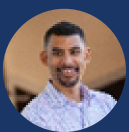

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INVESTMENT STRATEGY

Nephila Climate manages investments in climate-related risks to deliver market-rate returns that are uncorrelated to other traditional and alternative asset classes, while helping to manage and price risks related to the Earth's changing climate. The climate team's tenure, expertise and extensive analytical capabilities in climate markets position Nephila to capture the global momentum behind sustainability efforts that are creating new demand for climate risk management and a rapidly expanding opportunity set. Today, the core exposures in the strategy are US and Australia wind and solar power delivery, as well as drought protection for farmers in India, Brazil and China.

Nephila is in the business of weather and climate resilience risk transfer and is leaning into the opportunity this economic transition is creating. Nephila seeks to originate, price, and take risks which are currently barriers to a more sustainable economy. In doing so, the strategy aims to accelerate the flow of private capital to build resilience and adaptive capacity to the impacts exacerbated by climate change.

IMPACT THEMES

- Sustainable Agriculture
- CleanTech
- Climate Resilience
- Renewable Energy

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

Nephila Climate has built an impact measurement tool to assist in deal selection and prioritization within the climate strategy's underwriting process. In addition to this tool, Nephila also uses the Impact Management Project (IMP) framework to develop a thesis around what Nephila believes the impact to be and define which data the strategy should collect to appropriately measure impact. During the portfolio steering phase, Nephila captures data to measure impact on 3 levels: category, counterparty and contract.

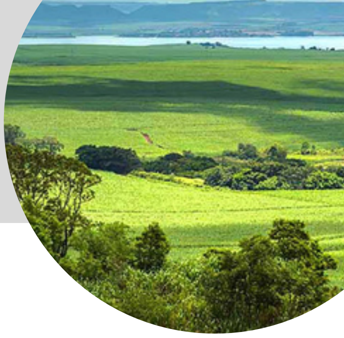
ABOUT NEPHILA ADVISORS

Nephila is an asset management firm focused on reinsurance risk, providing protection to business, communities and governments via a wide range of financial instruments to transfer, manage and adapt to natural catastrophe and climate-driven risks. Environmental risk has been the firm's focus since its founding and defines how they approach the market and structure and price their products.

Predating standard ESG tools and frameworks, Nephila's core capabilities have centered around assessing the environmental risk and their financial materiality. Nephila sees social and governance considerations as important additional factors to manage downside risk and promote best practices in the industry.

nuveen
NATURAL CAPITAL

SDGS FOCUS



Strategy name

Nuveen Global Farmland and Nuveen Global Timberland

ORGANISATION FACTS

Strategy manager: Nuveen Natural Capital
AuM of organisation: $9.4B as of 31 December 2021
HQ country: United States

STRATEGY FACTS

Asset class: Real Assets
Vintage: N/A (open ended structures)
Target size strategy: Farmland has a target strategy size of $2-2.5B and timberland has a target strategy size of $1-$1.5B.
Region(s) of investment: Global
SFDR: Article 8

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INVESTMENT STRATEGY

Investments in natural capital offer pathways for investors to contribute positively to global sustainability solutions, improve climate resiliency and restore the earth's air, lands and water and their biodiversity. Beyond natural capital benefits, investments in sustainably managed timberland and farmland also offer positive financial returns benefiting from structural tailwinds and strong market fundamentals. Private finance is critical in the shift toward more sustainable land use patterns that are urgently needed to restore nature's capacity to support the well-being and livelihoods of people all over the world.

Nuveen Natural Capital deploys a value-added mindset and regional hands-on management to land-based investments to advance best practices and help create sustainable production systems for food, fiber and timber. Its separate farmland and timberland open-ended investment structures seek consistent, long-term risk-adjusted returns and regular income yields through a portfolio of high-quality assets, selected with a focus on diversification through our local access teams. The strategies have quarterly investor acceptances with quarterly capital calls, dependent upon acquisitions closing. Nuveen Natural Capital looks to raise what can reasonably deploy in any given calendar year.

Per both strategies' investment restrictions, a minimum of 55% of the capital must be invested in the U.S. Nuveen anticipates that will be closer to 75% once the strategies are in a steady-state. The farmland strategy has the ability to invest capital in the U.S., Chile, Iberia and Australia. The timberland strategy has the ability to invest capital in the U.S, Brazil (10% cap), Chile, Costa Rica, Panama, Uruguay, Australia and New Zealand.

IMPACT THEMES

- Natural Capital
- Farmland
- Timberland
- Climate
- Biodiversity

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

Investing in natural capital means incorporating nature into investment decision making in a way that achieves financial returns and considers natural capital stocks and ecosystem services. Nuveen Natural Capital believes that investing in land-based assets is inherently investing in the management of whole ecosystems. In practice, this means managing timberland and farmland for timber and agricultural crops alongside a broader set of ecosystem services. By considering nature, climate and people in their investment management and decision-making, they believe it's possible to enhance both investment performance, environmental outcomes, and social benefits.

Nuveen Natural Capital's holistic approach to land-based asset management incorporates accounting for natural capital stocks and flows and explicit linkages between management and ecosystem services, allowing for meaningful integration of natural capital into decision-making. Investment in land-based real assets like timberland and farmland provides investors with solutions to sustainability challenges that face our climate, nature and people.

ABOUT NUVEEN

Nuveen Natural Capital is a land-focused investment manager with $9.4 billion of assets under management. Managing assets across diverse geographies, crop and tree species and operating strategies, they provide investors access to global farmland and timberland opportunities. With over 35 years of investment experience and more than 230 employees located across 10 countries globally, their platform offers unparalleled geographic reach married with deep sector expertise.

*As of Dec 31 2021

SDGS FOCUS

Strategy name

ThomasLloyd Energy Impact Trust (TLEI / TLEP)

ORGANISATION FACTS

Strategy manager: ThomasLloyd Global Asset Management
AuM of organisation: $1.7b capital raised in sustainable infrastructure
HQ country: Switzerland

STRATEGY FACTS

Asset class: Real Asset (Infrastructure)
Inception: 14 December 2021
Strategy size: Market capitalisation of $150m - placing programme of up to $600m ordinary shares in aggregate with approved capital of up to $1b
Region(s) of investment: Asia
SFDR: Article 9

INVESTMENT TEAM

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INVESTMENT STRATEGY

Carbon emissions in Asia are now greater than in Europe and North America combined and the region continues to grow rapidly. Population growth, economic growth and rapid urbanisation are driving a rapid increase in the demand for energy.

ThomasLloyd Energy Impact Trust is an impact-focused UK public limited company offering to be dedicated to investing in sustainable energy infrastructure projects that can help alleviate Asia's expanding climate change issues.

ThomasLloyd Energy Impact Trust is a new closed-ended strategy established to invest in a diversified portfolio of unlisted sustainable energy infrastructure assets in fast-growing and emerging economies in Asia.

Over the past ten years, ThomasLloyd has built proprietary platforms with local partners where it was able to develop, construct and operate high-quality sustainable energy infrastructure assets. This allows for efficient deployment of capital in a ready supply of new investment opportunities.

IMPACT THEMES

- Affordable and clean energy
- Decent work and economic growth
- Sustainable Cities and Communities
- Climate action

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

As direct owners and operators of the real assets, Thomas Lloyd has been measuring and reporting on the impact of its investments since 2013. This has created an empirical database showing the positive impact of its investments.

ABOUT THOMASLLOYD GLOBAL ASSET MANAGEMENT

ThomasLloyd is a specialist independent asset manager and impact investor focused solely on the infrastructure sector in Emerging Markets for more than 10 years, with experience in financing and managing complex infrastructure projects across the full project lifecycle. Founded in 2003 with offices across Europe, Asia and North America, ThomasLloyd uses its presence and network of experts and local partnerships in originating, financing, structuring and operating private infrastructure projects in Emerging Markets. ThomasLloyd is an accredited partner of the IFC (a member of the World Bank Group), an authorised partner of the European Investment Bank and a signatory of the United Nations Principles for Responsible Investment.

SDGS FOCUS

Strategy name

Triodos Microfinance

ORGANISATION FACTS

Strategy manager: Triodos Investment Management
AuM of organisation: €6.4b
HQ country: The Netherlands

STRATEGY FACTS

Asset class: Alternative
Vintage: 2009
Target strategy size: €1,000m
Region(s) of investment: Emerging Markets
SFDR: Article 9

INVESTMENT TEAM

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INVESTMENT STRATEGY

Globally, 1.7 billion people have no or limited access to basic financial services. Furthermore, many micro, small and medium-sized enterprises in developing countries have unmet financing needs. These underserved groups need access to basic financial services, to enable them to build their assets gradually, develop their enterprises, improve their income earning capacity, access to basic needs such as clean energy, quality education and affordable housing as well as save for future events.

Triodos Microfinance Strategy provides private debt and equity to over 90 financial institutions, across 40+ countries. These institutions in developing countries and emerging economies play critical roles in building accessible, well-functioning and transparent local financial sectors that support economic and social development. Through its investments, the strategy provides access to finance to underserved client groups, those on low-income, as well as small and medium-sized enterprises.

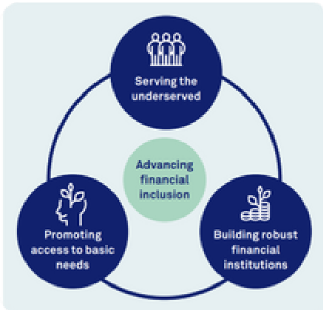
The strategy offers investors access to an impactful, diversified and robust portfolio, providing competitive risk-adjusted returns, whilst playing a crucial role for education and healthcare, renewable energy and affordable housing.

IMPACT THEMES

Goal 1: Serving the underserved

Goal 2: Build rebust financial insitutions

Goal 3: Promoting access to basic needs



IMPACT INTEGRATION TO THE INVESTMENT CYCLE

Environmental Finance IMPACT Awards 2021 Winner Award for impact measurement/ impact reporting

ABOUT TRIODOS INVESTMENT MANAGEMENT

Triodos Investment Management, wholly owned subsidiary of Triodos Bank, is a globally active impact investor who sees impact investing as a driving force in the transition to a green, inclusive and resilient economy.

For over 25 years, in-depth knowledge has been built up of private impact investing in sectors such as Energy & Climate, Financial Inclusion and Sustainable Food & Agriculture. Triodos IM also invests in listed companies that support sustainable solutions for the future.

SDGS FOCUS

Strategy name

57 Stars Direct Impact Strategy

ORGANISATION FACTS

Strategy manager: 57 Stars LLC
AuM of organisation: > $4.5b raised and managed
HQ country: United States

STRATEGY FACTS

Asset class: Private Equity
Vintage: 2022
Region(s) of investment: Global with a primary focus on emerging markets
SFDR: Article 9

(The strategy would be classified under article 9, although it is currently not subject to the SFDR)

INVESTMENT TEAM

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INVESTMENT STRATEGY

57 Stars seeks to provide investors with access to impactful and profitable opportunities through an institutional quality strategy that leverages the firm's significant investment platform and deep experience in its target markets and sectors. The strategy seeks to:

- Make direct investments in high-growth businesses with the potential to have measurable positive social & environmental impacts while generating competitive financial returns.
- Leverage 57 Stars' global investment platform of 150+ investments to source co-investment opportunities; as of September 30, 2021, 57 Stars invested more than USD 450 million to 59 co-investments relevant to the strategy that generated gross IRR and TVM of 33% & 2.1x, respectively, with projected future gross TVM of 2.6x*.
- Target technology-driven companies that 1) improve well-being and quality of life through the delivery of quality products and services that are affordable and scalable to meet the needs of underserved populations, including low-income segments, through the emerging middle class; and 2) support the transition to a more environmentally sustainable economy.
- Benefit from the adoption of digital technologies, which allows for low-cost and scalable approaches to transform service delivery and product design, shaping compelling opportunities for outperformance and meaningful impact at scale.

IMPACT THEMES

The strategy seeks to invest along three impact themes, contributing toward five primary UN Sustainable Development Goals (SDGs).

- Healthcare: Increase safety, effectiveness, and access to affordable healthcare
- Environmental Sustainability: Increase access to clean energy and sustainable transport, and support resource efficiency solutions
- Financial Inclusion: Improve affordability of and access to financial products and services

IMPACT INTEGRATION TO THE INVESTMENT CYCLE

The strategy is managed by the investment team with more than 200 years of collective experience investing in the target markets and deep impact roots.

57 Stars is a member of the Global Impact Investing Network ("GIIN") and developed a comprehensive impact assessment framework based on industry standards. The Firm strives to maximize positive impacts and mitigate any negative impacts through its comprehensive Environmental, Social, and Governance ("ESG") management system.

- Theory of Change: Establish an impact thesis linking the company's activities to target impact outcomes aligned with the SDGs.
- Impact Assessment: Underwrite net impact using Impact Management Project's ("IMP") five dimensions of impact.
- IRIS+ Metrics: Measure and report on progress towards the target impact outcomes.

ABOUT 57 STARS

Founded in 2005, 57 Stars is a global alternative investment manager. With more than $4.5 billion raised and managed, the firm invests on behalf of institutions globally and seeks to generate superior risk-adjusted returns by investing in high-growth sectors of the global economy that are driven by secular tailwinds, disruptive forces, and technological innovation, adaption, and adoption. 57 Stars seeks to provide investors with the combined benefit of operational leverage, an institutional investment platform, and the firm's track record of attractive returns while supporting the growth of what is expected to be best-in-class and highly impactful companies.

The Firm has presence in six cities globally: Singapore, Tokyo, Beijing**, Washington, DC, San Diego, Munich.

*Net performance not available as identified investments are held by multiple 57 Stars vehicles. A co-investment made in 2012 is excluded because it follows a strategy that 57 Stars has not otherwise pursued and does not intend to pursue for co-investments going forward. Performance of all 60 co-investments would be an invested amount of USD 501 million as of 09/30/2021, gross IRR of 24%, gross TVM of 2.0x, and future gross TVM of 2.3x. Past performance is not necessarily indicative of future results; no guarantee can be made that current performance will be sustained, or any projection therefore achieved, and actual ultimate results may be materially different. Neither the overall portfolio nor any subset thereof represents any account or fund managed by 57 Stars, and it was not and is not possible to invest through 57 Stars in a portfolio of all or only such co-investments or any subset thereof.

**Services provided by Beijing 57 Stars Consulting Center, an independent entity, not an employee or agent of 57 Stars.

IMPACT READINGS

GOLDING

Author:
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April 2022

Saving the world with technology

Impact investing is too often viewed from the perspective of industrialised countries. It is important that Europe and North America ensure that their economies are sustainable, of course. But the much greater danger for the global climate – and so by far the greater potential to change things for the better – comes from developing countries. There are some surprising examples of new technologies that were intended for rich countries, but deliver much greater benefits in poorer places. Business models like these not only have enormous impact potential, but also offer great opportunities for growth and returns.

The climate report published by the United Nations in August came as a shock to many people. Despite all the efforts made in recent years, the world looks likely to miss its target of limiting anthropogenic global warming to 1.5 degrees Celsius compared with the pre-industrial period. In fact we are a long way off. At the current rate the Intergovernmental Panel on Climate Change (IPCC) is predicting a temperature increase of 3 degrees by 2100. This implies that 1.5 degrees of warming will be reached within the next 20 years – much sooner than previously thought. With dramatic consequences for the people, fauna and flora on the planet. Flooding and droughts are more frequent, rising sea levels threaten coastal areas and extreme heatwaves are exceeding critical thresholds for agriculture and human health more and more often.

But the report also shows what people can still do to avert a catastrophe. The world has to reduce carbon emissions much faster than it has so far, and bring them down to a net level of zero ("net zero") earlier than planned. Achieving the target of 1.5 degrees means multiplying previous efforts by a factor of seven.

For this to happen calls for new technologies to be developed and existing breakthrough methods helped to achieve critical mass. Regulators have made a good start – especially in the EU with the taxonomy classification system – and have set the right course. But regulations alone are too weak and too slow to generate the necessary momentum. What is needed is the support of investors, who are increasingly making their influence felt. Impact investing can be a powerful tool for directing capital to where it is needed most urgently.

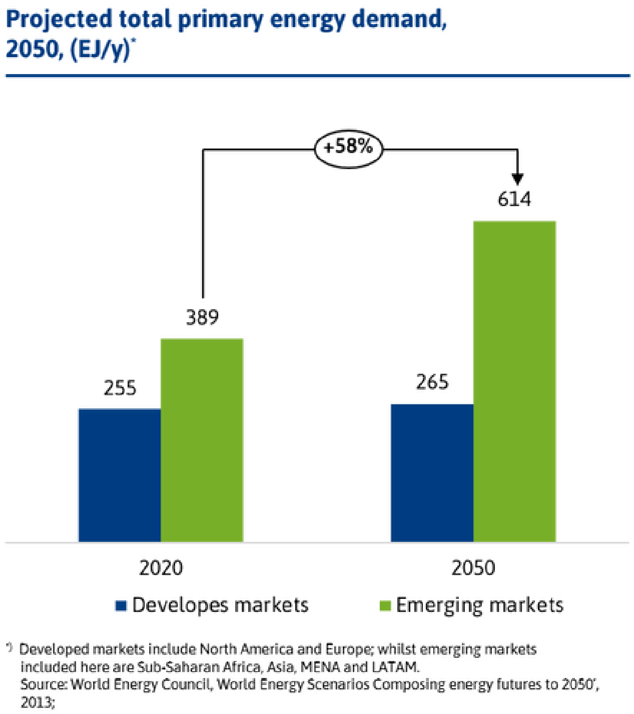
The climate crisis that is just beginning was caused by the industrialised nations. Here the process of transformation is gradually taking off.

Even the USA, the largest per capita emitter of carbon dioxide in the world, has returned to a rational approach following the catastrophic decision of the previous administration to abandon the Paris climate agreement. Now it has to accelerate the pace of its change process. What is needed is greater investment in environmental technologies for industry and infrastructure, sustainable cities, sustainable consumption and agriculture.

Light and shade

The view from space shows the areas of Earth where the most energy is used.

But it is the developing countries that hold the key in the fight against global heating. All that is needed to get an immediate feeling for this is the view from space of our planet at night. Whereas Europe and North America are brightly lit, Africa and large parts of Asia are dark. Two billion people living there still do not have reliable access to electricity. But here too, the lights will go on. The US Energy Information Administration forecasts that global energy demand will rise by 58 per cent between 2020 and 2050 – driven almost solely by developing countries. Their economies are growing three times faster than those of industrialised nations. If their emissions increase at the same rate compared with their economic output as was the case in developed countries over previous decades, then all the global efforts to limit carbon emissions will be in vain. This is why it is so important to ensure as quickly as possible that economic growth in developing countries is sustainable.



Technologies that were developed in industrialised countries for industrialised countries are making surprising progress in emerging markets, where they have many positive effects on both people's living conditions and the local ecology. There are numerous examples of companies that have opened up enormous, profitable markets in developing countries by applying technological solutions, and have generated significant, quantifiable benefits for the environment and the local people at the same time. The key is to adapt expensive technologies from industrialised countries to put them within the reach of a broader population.

Light for social mobility

Take the example of d.light. The US company makes solar-powered lamps and small solar systems that enable houses to produce their own electricity. These products provide reliable access to light and electricity for several hundred million people in Africa, Asia and Latin America without access to the power grid. In other words, the supply of electricity to remote regions is decentralised and emission-neutral from the outset. But the social impact is significant too. Many families in Africa spend up to 15 per cent of their income to light their houses with paraffin lamps, which is bad for their health and for the environment. Solar lamps not only mean these families have a greater disposable income; they also give children and teenagers more time to learn in the evening, which improves their level of education and their chances of social mobility, as well as reducing the incidence of respiratory diseases caused by the fumes from paraffin lamps.

To help people finance these appliances, d.light offers payment plans with small instalments and pay-as-you-go systems that are billed via mobile fintech solutions. If customers stop paying, d.light can deactivate the solar system remotely via the internet. It is this kind of mobile payment solution that makes the business model of selling to millions of small customers in remote locations a practical and profitable option.

Fintech itself is a sector that has great impact potential in poorer countries, which comes as a surprise to many people. Mobile payment systems, for instance, were developed in industrial countries and are gradually becoming established there. But here they are not essential, because traditional payment systems are available to entire populations in these countries. The situation in emerging markets is very different: the branch networks of banks and other financial services providers are thinly spread and the time and expense of arranging physical meetings between customers and advisers is enormous. As a result, the majority of the population in many countries has no bank account – which makes it very difficult for them to access goods and services as well as educational and healthcare programmes.

Fintech boom in emerging markets

However, as mobile phone networks work well and have good coverage in more and more developing countries, mobile fintech solutions offer new opportunities. It is not only in the payment business either: fintechs in the lending and insurance sectors are expanding rapidly in developing countries and leapfrogging the phase of building branch networks, which are now little more than dead weight for many companies in industrialised countries. Fintech solutions are now enabling millions of people, especially in developing countries, to participate in modern economic life and so are creating the conditions for social mobility. And for companies they are opening up an enormous and highly profitable growth market. One fintech that has been part of this development from the beginning is the South African payment provider Tutuka. From its establishment in Johannesburg in 1998 the company has since become a profitable group, with operations in 43 countries, most of them defined as emerging markets.

The Indian company DeHaat combines digital solutions with agricultural products and services to form a complete package for small-scale farmers. Smallholders with less than ten hectares of arable land, who account for 99 per cent of all farmers in India, can get access to high-quality seeds, agricultural machinery and other equipment via the company's digital marketplace. The business covers the last mile to what are now hundreds of thousands of farms via a network of delivery centres. DeHaat also advises its customers on more efficient and sustainable agriculture, provides market information, gives farmers access to markets for their produce and offers insurance and loans. Services from DeHaat boost and stabilise the income of smallholders and improve the food supply situation in India at the same time – while also consuming fewer resources and reducing emissions of greenhouse gases. In a market of 120 million small farmers the company has enormous growth potential, and its valuation has gone up fivefold in recent years.

More and more investors are acknowledging that the way in which profits are generated is a relevant concern. Impact investing can make an important contribution towards allocating capital to solutions for the two most urgent problems facing us today: climate change and social inequality. The two areas affect one another and have the same objective: to stop climate change and safeguard the basis for life on Earth that is fit for human beings.

There are many companies developing high-impact technologies – also in areas that one would not necessarily expect. A useful exercise to identify them is to trace the causal relationships and interactions between ecological and social factors. Many of the business models have long since left the risky start-up stage behind them and carved out profitable growth markets. It is perhaps the recognition that investments in sustainability can be lucrative that should give us the most hope for a successful transformation.

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April 2022

Scaling with impact integrity at your core

We have always believed that impact unicorns will play a significant role in helping solve the greatest challenges we face as a humanity but when Larry Fink, CEO of Blackrock said that “the next 1000 unicorns won’t be search engines or social media companies, they will be sustainable, scalable innovators – start-ups that help the world decarbonize and make the energy transition affordable for all consumers”, the investing world took notice.

In case you are not familiar, unicorns are privately owned companies that are valued at more than a billion dollars and it’s what most venture capitalists get up in the morning in search of. For some impact investors, the definition of an impact unicorn is different, they prefer to define it as a company that is affecting the lives of a billion people. We prefer the billion-dollar valuation definition for the simple reason that it is already well understood amongst investors and as Larry Fink pointed out, increasingly it will be impact driven companies that will see those valuations anyway.

Katapult, our venture capital family member, knows something about impact unicorns having supported two through its accelerators and subsequently invested from its venture funds. Betterfly became Latin America’s first “social”and B-Corp unicorn having successfully created a business model that embeds B2B2C that combines financial services, well being and social impact, poised for further growth around the globe. Esusu is another fin-tech solution and it enables tenants with no or poor credit history to build one. The latter is founded on one of the co-founder’s own lived experience of being financially excluded as an immigrant in the USA with no credit history.

> ***“In backing diverse founders with a fierce focus on addressing society’s most pressing issues, Katapult has simultaneously developed a playbook for delivering investor returns and contributing to building a better society and planet. While we have seen the promise of this model since Katapult’s inception, its fruition is highly rewarding, and I am very optimistic for the potential of further unicorns in Katapult’s existing and future portfolios companies.”***
>
> ***Tharald Nustad, Founder & Owner, Katapult Group and Katapult Foundation***

Magical creatures aside, what’s becoming apparent is that the technology revolution of the last decade has solved many problems but also created many new ones. The technology innovations of the old didn’t have impact at its core, with an increasing number of investors claiming they are now impact investors and focusing on mission, intentionality, and impact contribution of the companies they are investing in, we will hopefully see more investment go into genuinely impactful companies, that not only demonstrate and show investors the good they are doing but are mindful of the unintended consequences or harm they might be creating. Only with honesty, transparency and impact integrity at its core will impact investing live up to its claims and potential to contribute to the environmental and social challenges we face.

Top 3 tips

1.Impact integrity

With more and more fund managers and investors claiming to care about impact, the onerous is increasingly on asset owners to learn what's genuinely impactful. There are tools out there including the Impact Management Project's norms and how to integrate impact into your investment practice. Ultimately impact integrity is about the people involved and asking questions, often uncomfortable ones. A top tip is not to assume that those who talk about others "impact washing"aren't doing it themselves.

2. How can impact investors do better?

One attribute I believe most impact investors have (if they are genuine), is the desire to improve through learning. I would urge every impact investor to read The Key Man by ex Wall Street Journal journalist Simon Clark and Will Louch. Whilst this book is mostly about fraud - a ponzi scheme in the impact investing world masterminded by Arif Naqvi who founded Abraaj, Clarke raises some very valid and important questions for impact investors around transparency, "over claiming" impact and bringing those with "lived experience" into the investment decision making process.

3. Look to our oceans if you care about climate change - the next frontier

We are in a climate emergency and asset owners and fund managers are understandably focused on this issue.
Oceans make up 70% of planet earth. The focus on climate change so far has predominantly been on land, even though our oceans do an immense amount for humankind – helping us breathe by producing at least 50% of oxygen on earth and absorbing 50 times more carbon dioxide than our atmosphere. Yet, it's still relatively untapped as an area for impact investors. You can learn more by downloading the The Blue World Perspective report from Katapult Ocean.

Evita Zanuso
Head of Strategic Partnerships
Katapult Foundation

Katapult is an investment company, focused on highly scalable impact tech startups with $ 100M USD under management, invested in 138 companies across 35 countries.

Katapult's accelerator programs strengthen their investment in highly-promising impact tech startups.

Katapult Foundation was established in 2020 by founder Tharald Nustard and CEO Alison Fort, gathering Katapult's non-profit initiatives under one arm. The Foundation is focused on building the impact community through the Nordic Impact Investors Network , education efforts around impact investment through the Nordic Impact Investing Academy and its annual gathering Katapult Future Fest.

PHENIX IMPACT REPORTS

The market data for these reports is provided through our Impact Database:

- **Trends from 1,800+ impact funds and 750+ fund managers**
- **Case studies and insights from relevant practitioners**

Phenix Capital Group's Impact Research & Reports provide comprehensive and reliable market intelligence useful to both new and established investors and fund managers. These reports include insights and analytics on the evolution of the impact fund universe and feature different practitioner perspectives through interviews.

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PHENIX IMPACT FUND ASSESSMENT

Phenix Impact Fund Assessment is a proprietary framework developed in close consultation with institutional asset owners and industry leaders, for the purpose of assessing the robustness of a fund's impact proposition.

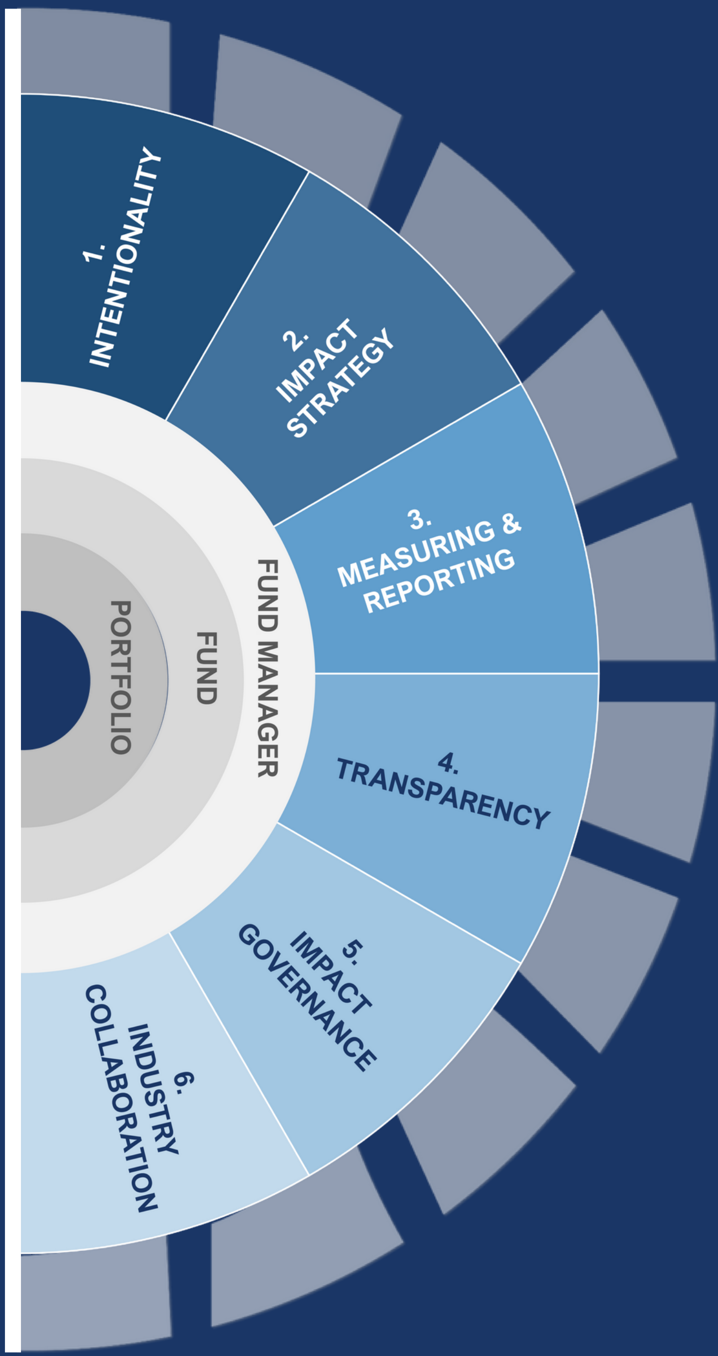
On 6 themes and 33 criteria, it examines to what extent the policies, procedures and human resources are in place to deliver the impact that a fund aims to create.

ASSESSING THE ROBUSTNESS OF IMPACT FUND PROPOSITIONS

Uncover strengths and weaknesses

Adopt industry best practices

Prepare for institutional impact due diligence



PHENIX IMPACT FUND ASSESSMENT

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ABOUT PHENIX CAPITAL GROUP

CATALYSING INSTITUTIONAL CAPITAL TOWARDS THE SDGS

Phenix Capital Group is an impact investment consultant that enables institutional investors to make impact investments.

We assist asset owners and asset managers in aligning their investments with their values, financial objectives, and the Sustainable Development Goals.

We support the SDGs

WHAT WE DO

- **Impact Database**
- **Impact Fund Assessment**
- **Impact Events**
- **Impact Investment Consulting & Advisory**
- **Impact Fund Placement Services**

OUR VISION

We envision a world in which institutional capital helps to end poverty, protect the planet and ensure prosperity for all

OUR MISSION

Our mission is to enable and catalyse institutional investments that realise financial, social and environmental returns

CONNECT WITH US >

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