

# Rubio Impact Methodology Policy

February 2025

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## 1. Introduction

This document describes Rubio's impact methodology, which consists of formal agreements we make with our Members ('LPs') and several informal methods and practices that we have engrained in our impact measurement process. We would like to note that in the absence of an accounting framework like IFRS, impact measurement and reporting continuous to be a learning journey. We have been continuously learning in impact measurement since 2015, adapting our methodology and practices.

First of all, we would like to distinguish 'impact' with 'ESG'. While these two terms are sometimes used interchangeably, they are very different. ESG considers minimal ethical considerations of environmental, social, and governance standards; it considers 'how' a company conducts its business. Impact considers companies that (want to) solve environmental or social problems with their business model; it considers 'what' a company does with its business.<sup>1</sup>

Impact measurement in early stage venture capital is not a science: while we try to be as academically correct as we can, we are dealing with early stage companies and entrepreneurs on a limited budget. A full-blown life-cycle assessment (LCA) or randomized control trial (RCT) often does not make sense given the investment amount of the (would-be) portfolio company. Also, in the early stages of a company often there is limited data availability about impact outcomes and we do not want to burden entrepreneurs with a huge reporting load. We therefore choose to limit our impact measurement to 1 – 3 impact metrics that are core to the theory of change of a portfolio company and for which we have sufficient (academic) evidence.

When reading this document, it is important to understand three groups of decision makers:

- **Investment committee (IC):** our IC consists of the partners of the fund and votes with 2/3<sup>rd</sup> quorum;
- **Impact Advisory Board (IAB):** independent body that (dis)approves the impact metrics and targets we wish to set. The IAB consists of experts in impact investing, impact measurement and science:
  - o [Ir. Leendert van Driel](#) (chair): (impact) investor & philanthropist. Founder of a.o. Gilde, NVP/European Venture Association, chair Gieskes Strijbis Foundation and many climate focused foundations;
  - o [Prof. Dr. Lisa Hehenberger](#): Associate professor ESADE business school, Director ESADE Social Entrepreneurship Centre, Expert group on social impact EU, EVPA & OECD;
  - o [Prof. Dr. Pier Vellinga](#): Professor Climate Change at Wageningen & VU Universities, Advisory board member at a.o. UNDP, Worldbank, FMO, NIOZ, Urgenda & UNPED;
  - o [MA Astrid de Reuver MBA](#): Impact strategy advisor and former impact investor & operator. IMAGINE/Systemic, Goodbrands, Belu Water, Tiny Miracles, Rubio, board member UWC.

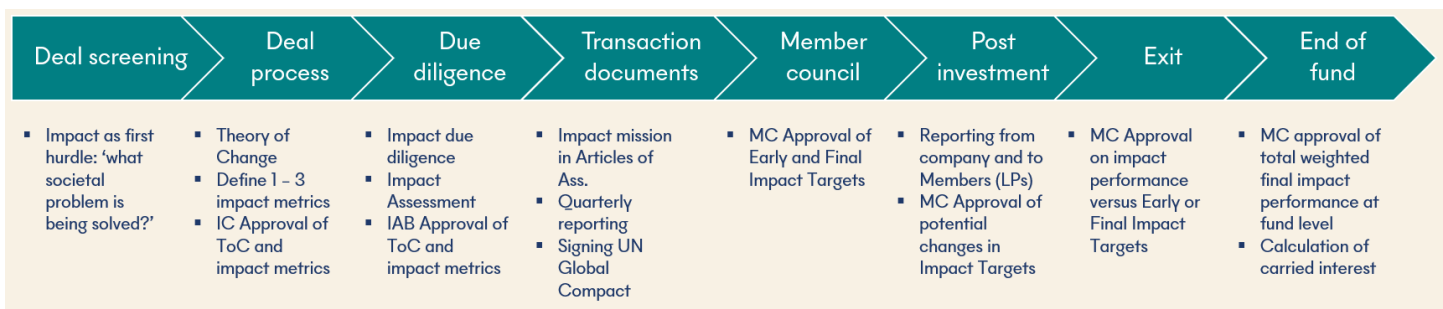
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<sup>1</sup> Stanford Social Innovation Review (2022), [ESG Is Not Impact Investing and Impact Investing Is Not ESG](#)

- **Member Council (MC):** the member council ('LPAC') consists of the largest investors in our fund and gives final (dis)approval on the impact metrics and targets.
  - o The Member Council of Rubio Fund II consists of the representatives of our largest investors: EIF ([Jaime Vera Calonje](#)), Commenda ([Ruth van de Belt](#)), Triodos ([Greig Blackie](#)), ASR ([Jos Gijsbers](#)), Blink ([Guido Boyesen](#)), Candriam ([Samuel de Bousquet](#), Observer) and RVO ([Rein van Erp](#), Observer).

This document describes our impact methodology at each step in the investment process, taking a chronological order. [Figure 1](#) gives a visual overview of the impact methodology throughout the investment process.

*Figure 1: Visual overview of Rubio's impact methodology throughout the investment process*



## 2. Deal screening

Rubio's impact methodology starts at the deal screening process. Impact is the first hurdle: for each company we evaluate we ask ourselves the question 'What societal problem (people and/or planet) does this company try to solve?'. In addition, we put impact front and center when we perform deep dives on a specific sector and in our investment strategy: we only focus at (sub)sectors in which potential impact and financial outcomes go hand in hand. Rubio lets its investments follow the impact strategy, only investing in companies that solve the biggest societal problems of our time.

## 3. Pre term sheet

During the investment process we guide the entrepreneurs through our 'theory of change' methodology, which we adapted from the IMP - [Impact Measurement Framework's 5 dimensions](#) of impact: Who, What, How much, Contribution and Risk. You can find our Impact Management Project Compliance statement in [Appendix B](#). We refined the IMP model to include systemic impact (crucial to our mission) and added other smaller elements to better fit the reality of an early stage startup.

An overview of our methodology can be found in [figure 2](#) below. The methodology looks at the problem an entrepreneur is addressing and the related impact outputs and outcomes that we can observe. We look strongly at the additionality – what would have happened if the startup was not around – and systemic impact – does the startup also have the potential to change the system on a more macro level. We also pay attention at impact risk and negative externalities. The six main elements of our Theory of Change framework:

1. **Problem:** we start with the societal problem(s) (people / planet) that the entrepreneur wants to address. This need to be a widespread societal problems that urgently needs solutions, such as freshwater pollution by chemicals, methane emissions by cattle, poverty among smallholder coffee farmers, too late diagnosis of melanoma, and many more examples. For Planet impact, we guide our investment strategy by the Planetary Boundaries model to prioritize;<sup>2</sup>
2. **What:** we want to understand how the company is addressing the identified problem; what is exactly it in the product, technology or business model that leads to positive outcomes? What evidence do we have for these outcomes?
3. **Who:** we seek to have impact on those who are most underserved and excluded. For this its crucial to understand which stakeholders are positively affected by the company and how (much) they are currently underserved. For People impact, this is usually a specific group of 'beneficiaries' (could be the customers of the company, but not necessarily). For Planet impact, this is usually 'society at large' when the impact concerns greenhouse gas emissions and more specific geographical groups when the impact problem is more local (e.g. pollution);
4. **How much:** we want to understand how big the foreseen positive effect on the impact problem could be during our investment period (scale and depth). Next, we define 1 – 3 measurable impact metrics that can be reported on;
5. **Additionality:** we want to understand how the company's solution is different to other solutions in the market. We look for the counterfactual: what would have happened if this company did not exist? We seek to invest in companies where there is a limited number of people working on the same problem (i.e. high additionality);
6. **Systemic impact:** we look strongly at the positive impact that a company can have beyond its own realm; how it can reach systemic change. This could be realized by pushing its competitors to follow the company's lead, holding suppliers accountable, lobbying for improved regulation or changing consumer behavior. Examples include Oatly, who single handedly accelerated the plant-based dairy industry, or Tony's Chocolonely, who pushes its competitors to uses its sourcing principles for slave-free chocolate.

*Figure 2: Rubio's Theory of Change framework*

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<sup>2</sup> Stockholm Resilience Center (2023), [Planetary Boundaries](#)

## THEORY OF CHANGE

# 1

*Investment process*

### Problem

Which pressing societal issue do you aim to address? How large/important is this problem?

### What?

What effects do you want to achieve? Do they follow (directly) from your solution?

### Who?

Who benefits from your solution? How underserved are the affected stakeholders?

### How much?

What is the size and significance of the effects? What KPIs can measure this? Can they be linked to SDGs?

### Additionality

What would have happened without your solution?

### Systemic impact

Does your company have transformational potential? Does it innovate practices or technologies that reshape industries, driving scalability and system change?

## BASIC BUILDING BLOCKS

# 2

*Investment process*

### Alignment

Are impact and business model aligned? (i.e. do your company's effects scale with financial growth)

### DNA

Is your organisation always looking to learn and become better at achieving its impact mission?

### ESG

How do you integrate ESG metrics into your daily operations, and how do they align with the UN Global Compact principles?

## GENUINE PARTNERSHIP

# 3

*Finalising the deal*

### Impact targets

Together, we set one to three impact KPIs – linked to your business forecast and any applicable SDGs – to monitor and track your impact.

### External validation

Our independent Impact Advisory Board as well as our Member Council will provide expertise and external validation of these impact targets.

### Anchoring impact

Impact is firmly anchored in the governance of both our fund and your company (via the Articles of Association).

### 100% carried interest

We align on incentives for impact and business (the Rubio team carried interest is linked 100% to both financial and impact results).

## IMPACT GROWTH

# 4

*Rubio portfolio and beyond*

### Impact sessions

We support you, in yearly impact sessions, to bring your organisation's impact management to the next level.

### ESG

Annually, we review ESG progress with you, using the Invest Europe ESG questionnaire and SFDR guidelines. We tailor this to your business stage and leverage tools to keep the reporting easy and efficient. Together, we'll assess progress, prioritize actions, and plan for continuous growth.

### Evaluation

We evaluate progress towards impact and business targets based on solid quarterly and annual reporting. We report on progress towards our impact goals both at fund and company level. We will start reporting on the potential systemic effects of our investments near the end of our fund's lifecycles.

Together with the entrepreneurs we define 1 – 3 impact metrics that best capture the company's theory of change. We aim to avoid overlap / correlation between the metrics when possible. We also aim to set the metrics as close as possible to the actual impact that is achieved. For example, we would rather measure impact at the outcome than at the output level (e.g. tons of CO2 emissions avoided instead of tons of e-fuel sold, or number of quality-adjusted-life-years instead of number of early diagnoses). Moreover, in conjunction with the entrepreneur we link relevant SDG's to the impact metrics for external communications.

During the pre-term sheet process, we gather as much (academic) evidence as possible to validate the impact. The theory of change, impact metrics and impact validation are then discussed with and approved by the IC, during the IC meeting in which we discuss the company.

## 4. During due diligence – Impact Assessment doc & IAB meeting

Impact measurement is also a core part of our due diligence (DD) process after we signed a term sheet. During impact DD, we further refine the theory of change and impact metrics or validation thereof (often based on feedback from IC). Occasionally we conduct a more formal impact due diligence, for example by conducting a survey or retaining an expert advisor to perform a LCA or calculate whether the company's impact claims are actually correct.

The most important part of our impact methodology is the validation of the impact metrics and impact targets by the impact advisory board (IAB). When we are confident about the impact of a company, we write an Impact Assessment which we present to the IAB during a 1-hour session. The Impact Assessment (see template in [Appendix A](#)) contains:

- A description of the company, its founding history, the business model, the market in which it is active, the (founding) team and impact drive;

- A detailed theory of change: problem, solution (output/outcome), validation, beneficiaries, additionality and systemic potential;
- The 1 – 3 impact metrics, their assumed scale and significance, the individual weighting of the impact metrics (in case more than 1 metric is used) and how the portfolio company will report on these metrics. When possible, we benchmark impact metrics and potential targets with other portfolio companies and with external data, ensuring that there is a good ratio between capital invested and impact potential;
- Potential impact risks, negative externalities, impact alignment and related SDG's. Appendix C gives more background on our risk analysis in IMP . We identify risks, potential negative externalities and/or impact misalignment issues, and actively seek for ways to mitigate those risks together with the portfolio company;
- ESG: A self-assessment by the company on environmental, social and governance (performance and risks).

Based on the Impact Assessment, a 10 minute presentation on the company and theory of change and a Q&A of 30 – 45 minutes, IAB is tasked with:

- i) Formal validation of the problem (incl. linked SDG's), the what (outcome) and who (beneficiaries that profit from outcome);
- ii) Formal validation of the correct impact metric(s) as a true indicator of realization of the theory of change. This includes the underlying “formula/assumptions” depth as well as the % distribution per KPI;
- iii) Validation that the targets set are at a reasonable ambition level as we must ascertain that we do not set our own targets against which we will be held accountable for but are also financially incentivized for through our carried interest.

Relevant formalities around the IAB:

- We always aim for an outcome-level impact metric (scale x depth). If outcome measurement is not possible, we get output (scale). If outcome requires more time, max 6 months post-closing, go back to IAB for outcome (depth) approval with fully revised Impact Assessment presentation;
- We cannot change the output or scale after pre-closing IAB approval;
- After each IAB meeting, a sign-off for the minutes by chair IAB & Rubio deal captain;
- IAB members are remunerated with €6k per person per year;
- The IAB votes with a simple majority and a minimum of three people quorum.

## 5. Transaction documents

When the IAB formally validated the theory of change and the impact metrics, Rubio can proceed to signing and closing the investment. Rubio's impact focus is taken into account in the legal transaction documents:

- i) Articles of Association: we require all portfolio companies to engrain their impact mission in the articles of association / statutes. This ensures full alignment between

shareholders and potentially reduces mission drift in case of an acquisition. In most of our investments, Rubio’s affirmative vote is needed to change the mission statement; (in very few individual cases we are such a small (<2% equity) investor that we do not have the leverage to ask the company to change its statutes. In such cases, we aim to solidify the impact through a side letter to the transaction documents)

- ii) Reporting: we require all portfolio companies to report on the 1 – 3 impact metrics on a quarterly basis;
- iii) UN Global Compact: we require all portfolio companies to become a signatory of the UN Global Compact as an additional ESG commitment.

## 6. Member council meeting

After closing of the investment, the impact metrics and final impact targets are officially validated by the Member Council during the quarterly/biannual MC meeting. This validation happens ideally in the first quarter post-closing of the investment, but in any case latest 9 months after closing. Rubio sends the MC an updated version of the Impact Assessment, which now also includes (i) the minutes of the IAB discussion and (ii) the 1 – 3 Final Impact Targets (+ Early exit targets) – see an example in Figure 2 below. This document is sent to the MC one week before the MC meeting.

Figure 3: Example of mandatory slide in Impact Assessment that includes the Final Impact Target, the Early Exit Targets, a description of the impact metrics and their respective weighting

Weighting		Early exit target 1	Early exit target 2	Early exit target 3	Final Impact Target
		H2 2022	H2 2023	H2 2024	> H2 2025
80%	# students who completed a medium or long digital skills course at Winc Academy	452	1,105	2,362	3,845
	Cumulative	452	1,557	3,919	7,764
20%	# of careers positively influenced	302	737	1,575	2,563
	Cumulative	302	1,038	2,613	5,176

Exact dates

3 full years after closing date, early exit targets

Final target >3 yrs

= impact targets

Clear indication of weighting type (balance / cumulative)

The MC validates the level of the impact targets and assesses the achievement of these targets. Targets are either set as ‘cumulative’ or ‘balance’ targets, and there is a preference for cumulative targets. Balance targets can increase or decrease over the period of the investment, e.g. the number of people employed. Cumulative targets can only add up once the impact is made, e.g. the number of CO2eq. emissions avoided.

The MC votes by simple majority and each MC seat represents one vote. There are at least 3 MC members needed to present a quorum. For the impact target approval and impact achievement, EIF’s affirmative vote is required. The fund manager has no voting power in the MC.

## 7. Post investment

After the approval of the final impact targets by the MC, only a couple of things (may) happen:

- i) Our portfolio companies report on the agreed 1 – 3 impact metrics on a quarterly basis;
- ii) Rubio reports on the impact progress on a quarterly basis to the members via the Q report. Rubio reports 100% of the impact generated by our portfolio companies. To enhance transparency, Rubio reports on attribution alongside our total impact reporting. Attribution reflects the portion of impact linked to our role as investors and is calculated using prorating on equity—allocating a company’s impact proportionally to our percentage ownership (from 2024);
- iii) Should there be a follow-on investment, the fund manager (Rubio) may propose additional or (upward) adjusted impact targets. At time of follow-on investment, the final impact target is re-assessed by the fund manager, and can only be revised upwards or stay constant and not be revised downwards. No ‘early exit targets’ are set at follow-on. Any adjustment is at the sole discretion of the MC;
- iv) The fund manager may propose changes to the impact targets in case of
  - a. Exogenous factors (change of the world as we know it)
  - b. Endogenous factors (change of mission / strategy of the portfolio company)
  - c. In case “we got it wrong”, typically because of incorrect formulas or data sources or simply “new insights”
    - also all at the sole discretion of the MC.

## 8. Exit

We aim for impact continuations in all the exit processes we engage in. We always discuss pre-deal with the entrepreneur that a responsible exit and impact continuation is crucial to us. We strive to include in the SHA and/or in shareholders’ exit protocols to always include “chance of continuation of impact” as one of the key criteria for considering exit candidates, next to other criteria such as valuation, cash/shares, bona fide.

When an exit is achieved, the impact performance on the 1 – 3 impact metrics is compared to the final impact targets that have been approved by the MC. Several rules exist:

- The impact performance is measured at the date of exit (sale of shares). If there is a partial exit, the impact performance is calculated on a pro-rata basis;
- If there is an ‘early exit’ (defined as first three years after initial investment), the early exit targets are used, linearly interpolated between years;
- In case there is an earn out in a sale, the earn-outs continue to “count” if such earn-outs are based on performance (i.e. not if only in delay of time);
- In case the ‘exit’ is a company winding down, the “balance sheet” parameters as per the date of decision to wind down are used.

When an exit happens, the fund manager shall share a memo that shows the impact targets vs. the realized performance. An annex to this memo should be the original source of the actuals by sharing the original report as received from the portfolio company. The MC is not an auditing body, so the fund manager ensures that the impact performance can in some way be confirmed.



## 9. End of fund & social carried interest

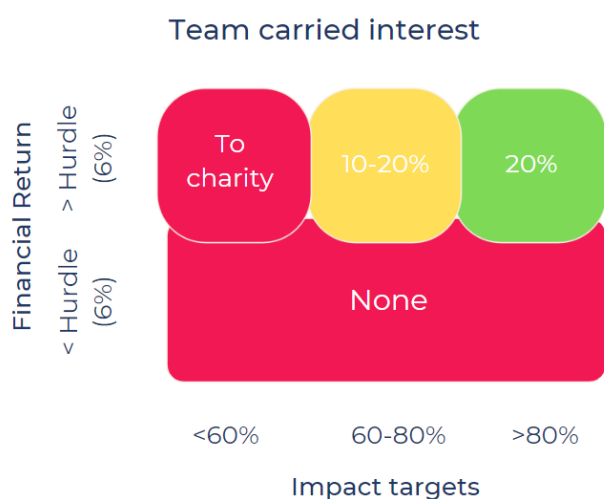
At the end of the fund lifetime, when all investments will be realized, the total impact performance at fund level can be calculated. The impact performance at fund level is simply a weighted average of the impact performance at the portfolio level. The weighting happens against capital invested.

Rubio as fund manager thus presents to the MC:

- i) For each portfolio company,
  - a. the 1 – 3 final impact targets and their individual weighting;  
(in case of an early exit, the early impact targets)
  - b. actual impact performance on these targets;
  - c. the resulting impact performance (as % of final impact target)
- ii) For each portfolio company the capital invested in € and as relative share versus total capital invested;
- iii) The total weighted impact performance at fund level.

As such, at the end of the fund lifetime there is one final fund impact performance (in %) that is approved by the MC. This impact performance is then used to calculate the social carried interest: when the financial carried hurdle of 6% is met, the percentage of carried interest awarded is based on the fund impact performance, on a sliding scale between 60 and >80% of impact targets. In case the financial hurdle is met but the impact targets are not achieved (<60%), Rubio donates the full carry to charity.

Figure 4: visual overview of Rubio's social carried interest as it relates to the financial hurdle and impact performance



## 10. Ecosystem collaborations

As part of our mission we want to support the ecosystem of impact investing as much as we can. We actively share learning and collaborate to support the development of the impact investing market in general:

- Since 2018 Rubio has published an annual impact report on [our website](#). In this report we give insight in our impact methodology, the impact performance of our portfolio companies,

and we also highlight some impact case studies; In addition we publish articles on our findings regarding on (thematic) impact measurement and learnings on impact [alignment](#).

- We regularly give lectures on universities to share our love for impact investing and our impact methodology (e.g. [ESADE](#), [Erasmus University Rotterdam](#), [Wageningen University](#), [University of Amsterdam](#));
- We are founding members of the Dutch impact investor community Co-[Financing our Future](#) and we are the founding member (and founding chair) of the [Netherlands Advisory Board for Impact Investing](#), contributing to the international GSG network..

## Appendix A: Impact Assessment template



# Impact Assessment

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Impact Advisory Board validation of Impact Targets

Empowering world-changing entrepreneurs 2020

### Impact Assessment: xxx (proposed €xx investment)



Dimension	Information
Founding history >	
Activities, product / service >	
Market size, growth & competitive analyses (similar impact>)	
Team and impact drive >	

# Impact Assessment:



Dimension	Description	Information	Sources
Theory of Change	> A two sentence summary of the mission of the company (activity & solution)		
Problem Why	> An explanation of the problem		
Solution Activities & Output	> The activities and solution on output level (e.g. the quantifiable direct effects (A,B,C..) of the activity that can be quantified)		
	> The solution on outcome level (e.g. the desired change as a result of the outputs, per effect ABC..)		
Evidence of outcome assumptions?	> How realistic is the Outcome, what are the assumptions that lead to this outcome (per effect ABC..)		
Beneficiary	> Who are the beneficiaries and how are they currently underserved? (per effect ABC..)		
Additionality	> What is the unique impact of this solution and what would happen without it?		
Systemic potential	> What is the transformative potential of the solution? (per effect ABC)		

# Impact Assessment:



Dimension	Description	Assumed scale	Target description	Weight	Significance (compare to other deals?)
Metrics Impact KPI (1)	> Describe a maximum of 3 impact KPI's			%	

Report	Description	Information	Example	Sources
Metrics How to report per KPI (1)	> Describe how to report/data assembly methodology per KPI per quarter (incl example)			

# Impact Assessment:



Dimension	Description	Information	Sources
Risks	<p><i>Impact risk</i></p> <p>&gt;</p> <p>Describe the risks associated to the impact (e.g. wrong KPI's, wrong/unproven validation, influence of external factors, duration of the impact, etc)</p>		
	<p><i>Negative Externalities</i></p> <p>&gt;</p> <p>Describe the unintended negative consequences</p>		
	<p><i>Alignment</i></p> <p>&gt;</p> <p>Describe whether business and impact are aligned</p>		
SDG's	<p><i>SDG link</i></p> <p>&gt;</p> <p>Which SDG's and sub-SDG's link to the solution?</p>		

ESG assessment by company	Company performance (supplied by company)	Explanation	Sources
ESG	<p><i>Environmental -footprint</i></p> <p>&gt;</p> <p>Low High</p>		
	<p><i>Social -diversity/inclusion -human rights -animal welfare</i></p> <p>&gt;</p> <p>Low High</p>		
	<p><i>Good Governance -mngt, structure -employee relations -compensation</i></p> <p>&gt;</p> <p>Low High</p>		

# Minutes IAB meeting:



Topic	Discussion	Decision
Topic		..
>		






## Appendix B: Impact Management Project Compliance

The [Impact Management Project](#) was initiated to create a universal language for impact management and is quickly becoming the new standard in impact investing. To enable better classification of the overall portfolio impact of different impact investors the IMP has constructed a classification matrix (see below). Rubio can be categorized as a 4C investor: we invest in businesses that contribute to solutions, while chasing market rate returns as active frontrunner in the field.







The IMP has developed a framework to assess impact per investment, covering 5 dimensions and 15 topics (see graph 1). We have used this framework to evaluate our impact methodology, and integrated the practical experience we have gathered over 8 years of impact investing, in graph 2 the impact model as used by Rubio is depicted. We have tailored our impact model to cater to the knowledge of potential investees, among others by using different wording (e.g. effects instead of outcomes). Moreover, we have added the category ‘Problem’, as we have noticed that this helps our investees in explaining the bigger picture before zooming in. Besides that, to avoid confusion we have renamed Contribution into ‘Additionality’ as we are used to work with this term, and have added the dimension ‘Systemic Impact’ as this is an important investment consideration for us and we believe it deserves extra attention. We have integrated ‘Risk’ in the ‘How much’ dimension as in our process this is where it is evaluated; e.g. the impact targets are assessed by our impact advisory board. Examples of our impact assessment can be found in the dataroom. Lastly, as can be seen in the overview of our impact approach on pages 16-18 of the PPM our impact approach is broader than just the assessment, we believe alignment and integration in operations is as important to achieve maximized impact.

**Graph 1.** Impact Management Project 5 dimension impact model

**TABLE 1** The five dimensions of impact


Dimension	Questions on each dimension
 What	What outcome(s) do business activities drive? How important are these outcomes to the people (or planet) experiencing them?
 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	What is the enterprise’s contribution to what would likely happen anyway?
 Risk	What is the risk to people and planet that impact does not occur as expected?

**Graph 2.** Rubio Impact approach

Let’s start with the fundamentals: Theory of Change					
Problem 	What 	Who 	How much 	Additionality 	Systemic impact 
Which pressing societal problem do you aim to address? What SDG(s) is this problem linked to?	What effects do you want to achieve? Do these effects follow (directly) from your solution?	Who benefits from your solution and how important is this for the people (or planet) experiencing it?	How big are the effects in size and significance (scale & depth)? What are the 1-3 impact KPIs? Can they be measured and linked to an SDG?	What would have happened regardless of your solution?	Does your company aim to change the system on macro level?

## Appendix I. Impact Classification matrix

### The Investor's Impact Matrix: Mapping an investment by its impact on people and planet Illustrative products

		IMPACT OF UNDERLYING ASSETS / ENTERPRISES			
		A	B	C	
		ACT TO AVOID HARM		BENEFIT STAKEHOLDERS	CONTRIBUTE TO SOLUTIONS
INVESTOR'S CONTRIBUTION	1	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital E.g. Ethical bond fund	E.g. Positively-screened / best-in-class ESG fund	E.g. Sovereign-backed bonds (secondary market) funding vaccine delivery to underserved people or renewable energy projects	
	2	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital E.g. Shareholder activist fund	E.g. Positively-screened / best-in-class ESG fund using deep shareholder engagement to improve performance	E.g. Public or private equity fund selecting and engaging with businesses that have a significant effect on education and health for underserved people	
	3	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital E.g. Anchor investment in a negatively-screened real estate fund in a frontier market	E.g. Positively-screened infrastructure fund in a frontier market	E.g. Bond fund anchoring primary issuances by businesses that have a significant effect on environmental sustainability, access to clean water and sanitation	
	4	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital <i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g.  impact ventures funding underserved people	
	5	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital <i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Below-market charity bonds, or an unsecured debt fund focused on businesses that have a significant effect on employment for underserved people	
	6	Signal that impact matters + Engage actively + Grow new/undersupplied capital markets + Provide flexible capital <i>Investment archetype not widely observed</i>	<i>Investment archetype not widely observed</i>	E.g. Patient VC fund providing anchor investment and active engagement to businesses that have a significant effect on energy access for underserved people	

Source: Impact Management Project analysis.

## Appendix II. Impact framework dimensions & categories

### The impact data categories

The impact data categories specify the type of data that enterprises can use to set goals and understand performance for each dimension.<sup>2</sup>

**FIGURE 2** The 15 impact data categories

Dimension	Impact data category	Description	Is the enterprise...	
<b>What</b> What outcome(s) do business activities drive? How important are these to the people (or planet) experiencing them?	1 Outcome level	The outcome level experienced by the stakeholder when engaging with the enterprise. The outcome can be positive or negative, intended or unintended.	generating a negative outcome?	generating a positive outcome?
	2 Threshold for positive outcome	The level of outcome that the stakeholder considers to be positive or 'good enough'. The threshold can be a nationally- or internationally-agreed standard.	delivering a level of outcome above or below a nationally- or internationally-agreed performance standard?	
	3 Importance of outcome to stakeholder	Stakeholders' view of whether the outcome they experience is important	generating unimportant outcomes?	generating important outcomes?
	4 Sustainable Development Goals or other globally-recognised goals	The globally-recognised goal(s) that the outcome relates to		
<b>Who</b> Who experiences the outcome? How underserved are the stakeholders in relation to the outcome?	5 Stakeholder	The type of stakeholder experiencing the outcome		
	6 Geographical boundary	The geographical location where the stakeholder experiences the social and/or environmental outcome.		
	7 Baseline outcome level	The level of outcome experienced by the stakeholder prior to engaging with the enterprise	reaching well-served populations?	reaching underserved populations?
	8 Stakeholder characteristics	Socio-demographics and behavioural characteristics of the stakeholder to enable segmentation		
<b>How much</b> How much of the outcome occurs across scale, depth, and duration?	9 Scale	The number of individuals experiencing the outcome	generating the outcome for few?	generating the outcome for many?
	10 Depth	The degree of change experienced by the stakeholder.	delivering a small degree of change towards the outcome?	delivering a large degree of change towards the outcome?
	11 Duration	The time period for which the stakeholder experiences the outcome	generating short-term change?	generating long-term change?
<b>Contribution</b> What is the enterprise's contribution to what would likely happen anyway?	12 Depth counterfactual	The estimated degree of change that would occur anyway for the stakeholder	contributing marginally or not at all, relative to what would have happened anyway?	contributing significantly, relative to what would have happened anyway?
	13 Duration counterfactual	The estimated time period that the outcome would last for anyway		
<b>Risk</b> What is the risk to people and planet that impact does not occur as expected?	14 Impact Risk type	The type of risk that may undermine the delivery of the outcome		
	15 Impact Risk level	The level of the risk specified in risk type (e.g. High, Medium, Low)	taking a low level of impact risk?	taking a high level of impact risk?



## Appendix C: Memo on Risk in IMP Impact Assessment process

Although we do not explicitly address all 9 elements of risk as mentioned by the Impact Management Project, we have integrated risk as a key element throughout the impact analysis and investment decision.

In our Impact Management tool, risk assessment can be found mostly under 'How Much', impact target setting, and it is an integral part of the discussions of the deal team, Investment Committee Impact Advisory Board.

As we invest in companies that have a proven business model and strong impact alignment, the impact validation process is part risk assessment:

- Is impact aligned with the business model?
- Can the company measure its impact?
- Is there any evidence that the activities of the company lead to the impact targeted?

If there is no strong link between the target and outcome, or no clearly validated proof, we are unlikely to invest or take this specific impact as a target. Besides the discussions in our deal teams and Investment Committee about the impact, before a deal is done, our Impact Advisory Board has to approve the impact KPI's. The IAB challenges the deal team on how likely it is that the impact will be achieved, whether the right impact KPI's are chosen and how well supported the impact targets are. In this way risk is integrated in our approach.

For an overview please see our the matrix below, which includes each of the 9 elements of risk as defined in the IMP and how they are addressed in our deal process.

Enterprises and investors face 9 types of impact risks		
IMPACT RISK	DEFINITION	
1 Evidence risk	The probability that insufficient high-quality data exists to know what impact is occurring (or will occur) across the other four dimensions of impact, for all stakeholders.	<b>SIV Process</b> <i>Pre-deal: if insufficient evidence is found (e.g. either from desk-research, experts, company research), we will not do the deal.</i>
2 External risk	The probability that external factors disrupt our ability to deliver the expected impact.	<i>Part of overall deal assessment and team assessment process. Governance influence and Laws of Association.</i>
3 Stakeholder participation risk	The probability that the expectations and/or experience of stakeholders are misunderstood or not taken into account.	<i>Significant proof pre-deal</i>
4 Drop-off risk	The probability that the expected positive impact does not endure and/or that negative impact is no longer mitigated.	<i>Impact projected during investment period, after investment period responsible exit sought with continued scaling of impact</i>
5 Efficiency risk	The probability that the expected impact could have been achieved with fewer resources or at a lower cost.	<i>Indepth competitor and substitute benchmark</i>
6 Execution risk	The probability that the activities are not delivered as planned and do not result in the desired outcomes.	<i>We choose companies that have a proven business &amp; impact model</i>
7 Alignment risk	The probability that impact is not locked into the enterprise model, making mission-drift more likely.	<i>First screening step; no alignment = no deal</i>
8 Endurance risk	The probability that the required activities are not delivered for a long enough period.	<i>Impact projected during investment period, after investment period responsible exit sought with continued scaling of impact</i>
9 Unexpected impact risk	The probability that significant unexpected positive and negative impact is experienced by people and the planet.	<i>Negative impact assessment is a part of the impact target document</i>

