



VAN LANSCHOT
KEMPEN

Investing for impact: drivers of the transitions

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Strategy

Global Impact Pool



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Innovative solutions, technology and pioneering projects. Impact investing finances solutions and opportunities which address and contribute directly to solving global problems. This year the Kempen Global Impact Pool (GIP) is celebrating its fifth anniversary. To mark this date, we answer five questions about the strategy, impact investing and the future.

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What does the Global Impact Pool invest in?

The Global Impact Pool invests in funds or companies that seek to contribute to at least one of the four selected focus themes - basic needs and well-being; climate and energy; circular economy and small and medium enterprise development & decent work. All of which are aligned with the energy, food and material transitions. The investments vary, from companies working on accessible healthcare or clean energy generation, to a company developing electrical aircraft engines powered from hydrogen.

For example, in India, MedGenome has performed 200.000 genetic tests people to make treatments more targeted and timely, thus increasing the accessibility and affordability of healthcare. The company, that now has helped 170.000 patients, is one of several GIP investments in Asia, with enterprises in India currently accounting for almost 16% of the portfolio.

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In Africa, the fund's investments include Ampersand, a company which provides electric motorcycles to motorcycle taxi drivers in Rwanda and Kenya. The use of motorcycles and cabs has grown significantly in East Africa, and Ampersand, which has ambitious growth goals, wants to mitigate CO₂ emissions through the electrification of their motorcycle fleet.

In Europe, the Austrian company Komet produces state-of-the-art irrigation equipment which allows farmers to conserve water, while simultaneously consuming less energy and emitting fewer greenhouse gases. And finally, in the US, Ambient Photonics makes highly sensitive solar cells which are capable of capturing energy from ambient light. Thanks to this technology, more gadgets will be able to run on solar energy instead of batteries.



2 What has been achieved in the past five years?

Measurability and reporting both play a key role in impact investing. Even if part of the impact is hard to measure, it is possible to take stock of the larger picture. Here are some of the GIP track record facts:

- Close to 60,000 tons of CO₂ emissions have been avoided in the past five years, the equivalent of nearly 28,000 thousand cars taken off the road per day for a year.
- 206,865 m³ of water has been saved, the equivalent to 83 Olympic swimming pools.
- And over 7.5 million underserved people have been reached with financial services - enabling 18 times more people to access these services compared to 2018, when the GIP was launched.

Importantly, as investment projects gain momentum and their reach expands, the impact increases every year. The impact strategy presently has €218 million in total committed capital.

3 Is impact investing just for idealists?

Impact investing not only allows you to focus on accelerating the transitions through innovative solutions, but also requires you to make money to make that world possible. Impact and return therefore go hand-in-hand. Only when a viable and effective business model is in place, can impact be achieved.

Projects and partners are carefully selected: there must be a measurable impact achieved and the company or partner must be financially stable with a promising future perspective. With impact investing you also find yourself investing in industries where new technology is driving innovation and/or impact. Technology too, must be both innovative and credible and proven.

The GIP seeks to make impact investing more accessible to investors, allowing them to invest in a diverse, yet targeted impact offering.

4 What are the dilemmas of impact investing?

What is impact? And can one positive impact cancel out another? It can become a fine balancing act. Our portfolio managers, for instance, visited a farm in India where everything was grown organically. But practically all the produce, soybeans, spices, were shipped on pallets destined for the USA. So the organic cultivation went on a containership to another continent with associated CO₂ emissions, because at the time in India there was no significant market for the produce. Does the positive impact of organic farming, that does not pollute or impoverish the soil, outweigh the boat trip to another continent?

There is also a balance to be found between impact themes: does creating fair jobs and decent work outweigh a company's increased activity and potential pollution? These are questions that are frequently difficult to answer.

Choosing investing partners is another important consideration. The Global Impact Pool invests in collaboration with several specialised investment partners, each with a focus on impact. The partners can be private debt or private equity parties, venture capital or infrastructure funds. The Global Impact Pool frequently makes a 10 to 12 year commitment to a partner. Therefore, both partner and the companies in which they invest must make their commitment 100% to do good. For example: an infrastructure investor must only invest in renewable energy, not in toll roads and airports as well. Smart choices lead to clear investments and measurable impact.

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On each of the eight BlueMark evaluation criteria, the Global Impact Pool achieved either the top score or a close second

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What will the future hold?

In its anniversary year, the Global Impact Pool received a positive rating from BlueMark, a leading independent organization which examines how impact investors approach and gauge impact while integrating it into their investment process. On each of the eight BlueMark evaluation criteria, the Global Impact Pool achieved either the top score or a close second. With the confirmation that the investment process provides a good foundation for realizing impact, GIP can continue to build on the solid basis set up in previous years.

A well-diversified portfolio and an interesting selection of investment opportunities are already available. Additionally, 2023 has brought great new collaborations, such as a co-investment in the Indian health app HealthifyMe, which provides health analytics and advice to 30 million users in Asia. A significant proportion of whom live in rural areas or smaller cities.

In another record-breaking summer, we are experiencing extreme heat, droughts and floods first hand. There are climate change mitigation, adaptation, pollution prevention and healthcare related solutions ready for scaling: the more capital you have, the more impact you can make.

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