Impact Finance Belgium

2023

Annual Barometer Regarding the Belgian Impact Finance Market

Impact Finance Belgium – November 2023

Introduction

In November of 2022, IFB released its Inception Report *”The size and opportunities for growth of the impact investing landscape of Belgium”*. This report shared a view on the state of the Belgian market and the opportunities to scale up impact investing by Belgian investors. It substantiated that the Belgian market has ample opportunity to grow, with advice on nine different approaches. Only one year later, we cannot present a quantitative update of all the numbers, but we do note some clear trends with many actors in Belgium taking steps in the direction of more and more effective impact capital.

In this November 2023 review, we want to share with you some market observations that stand out, that can be of inspiration to others. We will illustrate these with clear examples and several case studies. This report is not meant to be all-encompassing. We recognize that more parties are doing very good things in this space. We want to encourage all parties, those highlighted and those not highlighted, to keep doing their good work, growing and improving impact finance by Belgian financiers.

What is moving in Belgium

Over the past 12 months, IFB observed the following trends: (1) several impact fund managers raised large sums of money, (2) other products, like Green Bonds are also gaining momentum, (3) mainstream players invest in impact, (4) Blended Finance structures start to be deployed, (5) publicly supported funders are increasingly moving to sustainability and impact, whilst (6) Belgium is not yet using the opportunities to support impact finance through new policy and regulation.

Ad (1) several impact fund managers raised large sums of money

Multiple Belgian private sector impact financiers raised large sums of funding in 2023, several moving to serious amounts of more than EUR 100mln. **This shows that next to venture capital funds, the first adopters of impact investing, also growth equity funds are joining the impact journey.**

- IFB supporter Kois launched the Impact Expansion fund. It raised over EUR 100mln in 2023, aiming to reach EUR 150mln in 2024. (see Case Study Impact Expansion)
- IFB member Astanor closed EUR 360mln (see Case Study Astanor Ventures)

- Belgian owned Planet First Partners raised EUR 450mln in a new funding round, expanding its Article 9 fund (see Case Study Planet First Partners)

Meanwhile, the VC impact funds market kept growing:

- Building on the experience of earlier funds, Shaping Impact launched the SI3 fund, addressing social issues in the Benelux (see Case Study Shaping Impact Group). Having secured EUR 17mln, they are well on their way to close their EUR 20mln target early 2024.
- IFB member Telos closed EUR 45mln fund of funds in June, aiming for EUR 100mln by year-end. (see Case Study Telos Climate Fund)

Ad (2) other products, like impact driven Green Bonds are also gaining momentum

After a few years of limited activity in the Belgian green bond market, two main commercial players showed **the potential of the Green Bond product**.

- In April of 2023, IFB supporter Ethias issued a (10-year) green bond for EUR 250mln
- Two months earlier, the Colruyt group issued a green bond for the same amount, which was fully subscribed within 24 hours.

More work has to be done to make sure the Green Bonds market get regulated and more transparent about the impact it generates. The approval by the EU parliament of the EU Green Bond Standard, a voluntary regime aligning the use of EU Green Bond proceeds with the Green Taxonomy, is an important opportunity to further grow the impact bond market, also in Belgium.

Ad (3) mainstream players invest in impact

2023 showed another very interesting trend of **well established, private sector players investing in (the ownership of) impact funds and impact fund managers.** It shows both their strategic interest to learn from the impact trailblazers and their faith in the financial impact models.

- Most remarkable was the capital increase of IFB supporter Incofin Investment Management by DPAM and Korys. Incofin IM is a long-standing Antwerp based impact investment manager, active in development financing for microfinance, agriculture and water in the Global South. (see Case Study Incofin: Korys & DPAM)

- In a recent round of capital financing in August 2023, Revive forged strategic partnerships with Victrix, SPDG, and Paverco. Victrix's hard commitment to invest 40 million euros into Revive and its funds, underscores the growing enthusiasm among investors for sustainability-focused projects.
- The already mentioned Impact Expansion fund attracted funding from influential families behind AB InBev, the holding company Ackermans & van Haaren, and UCB, amongst others

Ad (4) Blended Finance structures start to be deployed in Belgium

Widely used among larger development financiers, we also note **the adoption of blended finance structures in Belgium**.

- Incofin launched a water fund with a first loss structure, supported by Danone, BNP Paribas, the Norwegian, Danish and US development banks and the Dutch government. The Fund structure is Impact Linked and its clients can also benefit from Impact Linked Loans. (see Case Study Incofin: W2AF)
- Brussels based IFB member Kampani, a social impact investing fund investing in the Global South, expanded its capital with private investors from 4 to EUR 14mln thanks to a first loss tranche at fund level, the first public one in Belgium, provided by the Belgian government DG for Development (DGD). (see Case Study Kampani)
- Whilst Trividend, another IFB member, supporting social enterprises in Flanders and Brussels, expanded its capital and operations with an important guarantee structure provided by the Flemish investment company PMV. (see Case Study Trividend)

Ad (5) publicly supported funders are increasingly moving to sustainability and impact

Different public funders in Belgium support companies and entrepreneurs through their own (public) investment vehicles.

- At national level, IFB supporter SFPIM, the sovereign wealth fund, announced at the beginning of this year to focus on impact investing to inspire other investors, and, as such, lead by example.
- At regional and local level, others moved their focus as well towards more sustainability and impact.
    - Liège based Noshaq is steering its portfolio to active positive impact contributions.

    - Brussels Finance & Invest, the semi-public fund of the Brussels region, developed impact reporting tools with Greenomy to support both impact management and measurement. (see Case Study Brussels Finance & Invest)

Ad (6) Belgium is not yet using the opportunities to support impact finance through new policy and regulation

Whilst the public investment entities are making clear steps towards impact, **the Belgian government is not very visible yet.**

- Belgium issued two green bonds in 2018 and 2021, for EUR 4,5 billion each, but did not use this mechanism in its latest 2023 sovereign bond issuance. Countries around Belgium show the potential, with the UK launching a "green gilt+" that raised about EUR 30 billion between late 2021 and early 2023. Proceeds must all be used for combined environmental and social purposes. In October of 2023, The Dutch public debt was increased by anther EUR 5 billion green bond, taking the total amounts of public green bonds to just over EUR 20 billion.
- Some initiatives, such as tax incentives for green investments, have been proposed by the minister of Finance, but discussions in the government are still ongoing.
- Governments of neighboring countries play an active role in shaping the impact space
    - Spain launched its impact investment wholesaler in October this year, backed with €400m from the national government, in order to further build the impact investing market in Spain. UK and Portugal did so in previous years, funded with dormant accounts and/or EU money.
    - France has expanded its 90/10 fund logic from employee savings plans into life insurance, boosting the influx of retail impact capital. The 90/10 funds, defined by several laws (initially by the Fabius Law in 2001 and recently extended into Pacte Law) are required to invest 5 to 10% of their assets in social enterprises while the remaining 90-95% are listed assets managed according to ESG criteria.
- EU Regulation (on SFDR and CSRD) is rapidly developing toward more transparency on ESG and Impact, which will drive both financiers and enterprises to include this in their operations. The EU member states need to translate this in their own legislation. One of the challenges is the translation of principles into clear definitions and measurable outcomes.

Conclusion

The interest in Impact finance in Belgium is clearly growing. Many private sector actors show they actually allocate more funding to this end, in ever larger absolute amounts. However, these large sums are still only a very small portion of all economic activity. More clarity is needed (on definitions, tools, rules, etc). More understanding is needed (around the combination of risk, reward and impact, also around the competitive advantage an impact strategy can bring). More product comprehension is needed (adding impact to conventional financing, using blended structures, promoting impact bonds) and, very importantly, government should join the impact journey.

IFB will continue to put effort in the above areas and stimulate its members to further act and interact. All stakeholders, whether public or private, practitioners or consultants and academics, and related networks are needed in these efforts.

Let's be inspired by current activities and invited to do much more. The needs are huge, the potential is even larger. IFB looks forward to working with all of you.

Steven Serneels
Chair
IFB

Frederik van den Bosch
CEO
IFB

CASE STUDY

ASTANOR VENTURES - Exceed target with second fund closing towards an accelerated agrifood sector transition

ASTANOR
Where tech meets nature

Geographic Scope	Investment Type	Main Impact Focus
Europe & US	Dark Green Investment Fund	Sustainable Agrifood Sector

Astanor Ventures, a Belgium-based impact investor, marked a significant milestone in September 2023 by closing its second agrifood fund at €365 million, surpassing its initial €350 million target. The company aims to drive the transition of the agrifood system, emphasizing a shift from an extractive model to a regenerative, protective one that ensures affordable nutrients for a growing global population with shifting dietary demands.
As Astanor's first fund's capital was fully-committed, Leslie Kapin, Director of Impact, stressed the urgent need to continue to accelerate the transition within the agrifood sector to meet global sustainability goals. Ms. Kapin attributes Astanor's success in raising funds to the trust and reputation they've cultivated with initial investors, with many returning from the first fund.

Building upon the success of its first venture fund, Astanor remains committed to its core investment strategy of supporting Series A and B-stage food value chain companies that address pressing social and environmental issues with nature-positive solutions. Their investment range typically falls between €5 and €10 million per company. To date, the company has already invested in several ventures, with plans to further extend support to approximately 30 companies. By investing in promising, technology-driven, impact-focused companies Astanor ensures no trade-off between return and impact.

Source:
Astanor Ventures (2023)

What further distinguishes Astanor is their innovative and holistic approach to impact measurement. To address the challenge of comparing impacts of individual agrifood solutions across their KPIs, Astanor developed an Impact Valuation model. This proprietary model combines the various impact pathways associated with an investment into a single aggregated metric. It considers key factors such as human, social, and natural capital and converts heterogeneous impact indicators into a unified monetary value. This approach allows them to showcase the net positive impact of their investments in financial terms. While still in the early stages of implementing this model, it holds potential for creating long-term value by translating impact into monetary value.

In conclusion, Astanor proves that despite fluctuating market trends, the sectors of agrifood tech and bioeconomy at large remain intrinsically captivating and ripe for innovation, especially with the global attention on the climate crisis and an increased demand for sustainable options.

CASE STUDY

BRUSSELS FINANCE & INVEST - collaborate with Greenomy to develop an impactful reporting tool

Geographic Scope	Investment Type	Main Impact Focus
Brussels	Loans & Equity Investments	Employment Creation

Dedicated to supporting local entrepreneurs and fostering societal value by enhancing employment opportunities within the Brussels region, Brussels Finance & Invest, a semi-public fund, provides tangible financial solutions to entrepreneurs. Their support comes in the form of loans, equity investments, or guarantees at crucial stages of the business journey. This assistance is tailored for two specific segments: start-ups, scale-ups, and SMEs (with investments ranging from €100,000 to €5 million), and VSEs, social enterprises, and cooperatives (with investments spanning from €5,000 to €150,000).

In 2023, the organization heightened its focus on sustainability by developing a new ESG reporting tool, able to gauge the ESG maturity of the companies they invest in. This Impact Scoring Tool, initially developed in 2020, recently underwent significant improvements to align with the new European CSRD directive, emphasizing extensive communication of social and environmental data. To simplify the complex array of data, Brussels Finance & Invest collaborated with the ULB to devise an accessible and adaptable approach. Together with a ULB researcher, they transformed the numerous data points of the CSRD into a tailored ESG questionnaire suitable for smaller companies, their target clientele.

Moreover, a collaboration was established with "Greenomy" to further enhance and automate their ESG questionnaire. The subsequent digitalization of the questionnaire, supported by Greenomy, significantly boosted efficiency for both assessed companies and potential investors in accessing sustainability data. This new tool, developed throughout 2023, is set for official launch and implementation across all their investments by the year's end.

From 2024 onwards, both an alignment analysis with SDGs and the new impact scoring tool will be pivotal in guiding their investment decisions. The integration of sustainability criteria will fortify the entire investment decision-making process, with an Impact Scoring Platform analysis preceding every investment decision.
Additionally, Mr. Quentin Stevenart, Senior Financial and Sustainability Analyst, highlighted that the impact scores could potentially be used in the future to offer interest rate reductions on loans for companies showcasing exceptional progress in their ESG initiatives.

Overall, through this non-financial analytical framework, companies are introduced to best sustainability practices and familiarized with European reporting obligations. The questionnaire aims to showcase exemplaryESG and sustainability practices, guiding companies toward a more impactful trajectory. As Brussels Finance & Invest aims to leverage ESG maturity levels as a guiding factor to assist companies in enhancing their practices.

Source: Brussels Finance & Invest (2023)

CASE STUDY

IMPACT EXPANSION - The Impact Expansion Fund's Journey to Transform Western Europe

Geographic Scope	Investment Type	Main Impact Focus
Western Europe, France & Benelux	Equity & Quasi-Equity	Healthcare, Employment and Environment

The Impact Expansion Fund, is an impact fund sponsored by KOIS, created to tackle three major areas of needs it has identified in Western Europe, with a focus on Belgium, France and the Netherlands. Launched in 2022 and headquartered in Brussels, this fund has set its sights on catalyzing positive change and contributing to a more inclusive and sustainable society in Western Europe. Its primary focus lies in nurturing fast-growing, impactful companies operating within the domains of Healthcare, Employment, and Environment, with a commitment to provide capital in the range of €5-20 million per investment, through both minority and majority stakes.

In July 2023, Impact Expansion achieved a significant milestone by securing a substantial capital injection, marking the second closing of its fund. This capital infusion propelled the fund's total size to an impressive €102 million.
Investors include the European Investment Fund and SFPI|FPIM and several family offices active in impact investing.

Source:
Impact Expansion (2023)

Impact Expansion's ambition extends further as it strives to expand its fund size to a range of €120-150 million, with a hard cap at €150 million, to create a portfolio comprising 10 to 15 impactful investments. Currently, the fund has already made three strategic investments, committing up to €25 million from the fund. These investments are aimed at addressing critical issues such as burnout in large organizations, sleep apnea treatment, and renewable energy accessibility.

According to Elvire Perrin, who serves as Impact Manager at Impact Expansion, their track record of realized investment, boasting a 3.7x cash multiple and a 26% IRR, combined with the expertise demonstrated by Impact Expansion's partners have successfully drawn the attention of public institutions and institutional investors in Belgium. Now, Elvire Perrin anticipates that this strong foundation will act as a compelling factor to further attract institutional investors in and outside Belgium to join the fund'simpactful journey.

What further sets Impact Expansion apart as impact fund, is its strong emphasis on impact assessment and measurement, showcased by its establishment of an impact hurdle and Impact Committee. This approach ensures that investments generate clear and significant positive impact, with well-defined KPIs and strong governance

As the field of impact investing continues to gain momentum, Impact Expansion serves as an inspiring example of how private capital can be harnessed to drive positive change, offering a glimpse into a more inclusive and sustainable future for Western Europe and beyond.

CASE STUDY

INCOFIN - Incofin secures growth capital from new allies: Korys & DPAM

The meeting of three universes: a bank, a private equity fund and an impact specialist.

Geographic Scope	Investment Type	Main Impact Focus
Belgium	Impact Investment Fund	Impact investing in emerging economies

In April 2023, Incofin, a prominent impact investment management firm headquartered in Belgium, achieved a significant milestone by welcoming two new strategic shareholders: Degroof Petercam Asset Management (DPAM) and Korys, the investment firm of the Colruyt family. This collaboration promises to accelerate Incofin's growth trajectory and expand its efforts to drive sustainable impact and foster financial inclusion in emerging economies. Korys and DPAM have taken an important stake in Incofin, cementing their commitment to advancing the cause of impact investing and supporting Incofin's mission.

The decision to seek fresh capital represented a pivotal moment for Incofin. As they recognized untapped investment opportunities and the importance of aligning with partners who share their commitments, Incofin found ideal allies in DPAM and Korys to join its existing stakeholders, Incoteam and Incofin cvso.
Incofin's Founder and Chair, Loïc De Cannière, expressed his enthusiasm for this collaboration, affirming that *"with DPAM and Korys on board, we proudly remain a company rooted in Belgium but with unlimited global outreach."*

DPAM, as one of Belgium's most renowned asset managers, brings its financial expertise to the table. According to DPAM's CEO, Peter De Coensel, *"We have been thinking about broadening our offer for a long time, especially in the direction of impact investments in private debt and equity. We also perceive a growing demand from customers in this direction that we would like to meet."*
While Korys, specializing in sustainable investing, adds a unique dimension to Incofin's capabilities. Frederik Bauwens, Investment Director Korys, notes that *"this partnership will expand our network and help us to connect with new players active in areas close to our heart."*

Pioneering into new territories, both in terms of asset classes and geographies, has always been core to Incofin's entrepreneurial approach. The capital increase will boost the company's capacity to launch new initiatives, including funds integrating a smart climate and gender lens. In addition, Incofin is at the forefront of developing best practices in impact measurement and reporting. All parties involved underline how this new partnership brings a tremendous opportunity to leverage more sustainable impact and financial inclusion for low-income people in emerging countries.

In conclusion, Incofin's collaboration with DPAM and Korys signifies a promising chapter in the world of impact investing. It demonstrates the potential for growth and innovation in the Belgian impact investment market.

Source:
Incofin (2023)

CASE STUDY

INCOFIN - Water Access Acceleration Fund (W2AF)'s journey to tackle water inequality through blended finance

Geographic Scope	Investment Type	Main Impact Focus
Sub-Saharan Africa & Southeast Asia	Blended Finance mechanism	Impact investing in the drinking water sector

In a world where over two billion people lack access to safe drinking water, W2AF, a 10-year closed-ended private equity fund with €36 million in commitments at the time of its first close, has embarked on a mission to provide 20 billion litres of safe drinking water to 30 million underserved individuals in Africa and Asia.

The committed capital comes from a diverse pool of private and public investors, including Danone along with BNP Paribas, the U.S. International Development Finance Corporation (DFC), Norfund, the Danish development finance institution IFU, and international foundation Aqua for All.

Source:
Incofin (2023)

W2AF stands out as the first private equity initiative in a sector traditionally supported by governments and foundations. Their secret instrument? Blended finance. By combining public and private donor funds, they effectively lower investment risks for private sector participants.

W2AF's strategic decision to make use of a blended finance structure and a first-loss tranche mechanism aims to challenge the misconceptions of risk in water-related investments and entice private sector investors. The drinking water sector is often perceived as high risk due to heavy regulation, the belief that it's solely the government's responsibility, and environmental concerns.

To further mitigate these concerns, W2AF focuses on regions where Incofin, its fund manager, has a strong local presence. This on-ground presence enables the establishment of robust relationships with partners and clients, crucial in a sector where local context impacts feasibility and sustainability.
Moreover, W2AF carefully selects investees with proven business models and technologies, actively reducing inherent project risks.

In conclusion, W2AF's innovative blended finance approach, coupled with strategic risk mitigation, demonstrates a novel way to address water inequality. By leveraging private sector investment, the fund is making significant strides towards providing safe drinking water to millions, aligning with global sustainability goals and creating a more equitable future.

CASE STUDY

KAMPANI - Blending capital for increased impact in low-income regions

KAMPANI
Investing in family farming

Geographic Scope	Investment Type	Main Impact Focus
Africa, South-East Asia & Africa	Equity & Quasi-Equity	Smallholder Farmers

Kampani is a social impact investment fund dedicated to supporting entrepreneurial smallholder family farming in Africa, Southeast Asia and Latin America and to foster growth in the agri-food sector. This unique fund exclusively targets a specific segment, the missing middle, in agro-financing. Kampani reverse-engineered a solution to finance relatively risky and costly deals and unlock significant social impact while providing a reasonable return for investors.

A processing facility for a ginger cooperative in Peru, a cinnamon grinder in Indonesia, banana ripening cells in Tanzania ... These are some of the facilities Kampani helped acquire through its investments.

Kampani is now seven years old, with a portfolio of 18 investees across 14 countries, covering a wide range of commodities in the agricultural sector. The average amount Kampani has invested for each transaction is 350.000 euro. In 2023, Kampani's investments had a direct impact on the lives of almost 100.000 smallholder farmers.

Kampani's commitment to delivering long-term capital for capex-heavy investments without collateral required investors to embrace the high risk and the moderate financial return in exchange for significant and lasting social change.
As with any innovative approach, Kampani's path to success has not been without its challenges. As the fund demonstrated its viability, it faced a hurdle: attracting additional capital.

In order to systemically reduce the risk, the Belgian government stepped in, granting Kampani nearly 1 million Euros.This financial boost was primarily used to create a first loss tranche—a mechanism that acts as a buffer to cover potential losses to its shareholders.

This intervention allowed Kampani to attract significant amounts of additional private capital. As a result, the fund's assets grew significantly from a fund size of 4 million Euros to 14 million Euros, approaching its longer-term goal of a fund size of 20 million Euros. This showcases the power of blended finance, seamlessly merging public and private capital with different risk profiles.

Coupled with a strong stakeholder-shareholder model, where mission aligned partners, such as NGOs, provide non-financial support, and a tailored approach for each client, the use of a blended approach paved the way for impactful investments in challenging environments. The fund's success underscores the potential of such models to address critical social and developmental needs while securing the support of both public and private stakeholders.

Source:
Kampani (2023)

CASE STUDY

PLANET FIRST PARTNERS - Shaping the transition towards a sustainable economy in its second funding round

Geographic Scope	Investment Type	Main Impact Focus
Europe	Sustainable Growth Equity	Transition to a Sustainable Economy

Planet First Partners is an investment platform headquartered in London dedicated to increasing access to growth capital for European-based companies. Their Sustainable Fund, launched in 2020 and operating in alignment with SFDR Article 9 requirements, recently concluded its second funding round, securing a substantial €450 million. Notably, this second round attracted an investment of €210 million, with as largest contributor, Ingka Group, the primary IKEA retail store franchise holder. The investment round also witnessed participation from prominent family offices across Europe, Asia, South America, as well as an undisclosed Belgian financial institution.

However, the path to raising capital wasn't without its challenges. Sergio Henrique Collaco de Carvalho, Head of Sustainability at Planet First, acknowledges that the current macroeconomic environment is less favourable for fundraising. However, he is quick to highlight that during Planet First's fundraising process, the landscape was notably different. While they encountered some obstacles, he believes that their successful, innovative sustainable investment approach coupled with the track record of their founder Frederic de Mevius, set them apart.

Planet First distinguishes itself as an ever-green fund, distinct from traditional venture capital structures. Their commitment to a 100% sustainability-focused portfolio, while ambitious, was perceived by peers and some of its investors as a potential hurdle for capital deployment. However, Sergio reassures that these concerns have proven to be unfounded, as Planet First Partners has cultivated a substantial pipeline of promising sustainable investment opportunities, which serves as strong evidence that these hurdles can be mitigated.

What further sets Planet First apart is its commitment to a balanced investment strategy, distinguishing itself from impact-first investors. Investors can expect market-rate adjusted returns, as Planet First's core goal is to harmonize financial returns and sustainability, without compromising either front. In an increasingly urgent need to transition to a sustainable economy, Planet First aims to capitalize on opportunities by identifying and investing in successful sustainable technologies.

To date, Planet First Partners, with their strategic approach to growth equity investment, has positioned itself as key partner to scale-up companies delivering a substantial contribution to sustainability. Upon the fund's full deployment, they anticipate securing between 10 to 12 investments, with individual investments reaching up to €50 million. As part of their mission to drive sustainability, they have already made three notable investments in Sunfire, Submer and Nanogence, underlining their commitment to making a meaningful impact on the journey towards a more sustainable future.

Source:
Planet First Partners (2023)

CASE STUDY

SHAPING IMPACT - SI3 fund towards equal opportunities for an inclusive solidarity-based society

SI³ Fund
Equal Opportunities

Geographic Scope	Investment Type	Main Impact Focus
Benelux	Venture Capital	Equal Opportunities & Inclusivity

The SI3 Fund is on a mission to promote inclusivity and address social challenges in Western Europe, particularly in the Benelux region. Their goal is to help create a world where nobody is left behind, transcending barriers related to factors like background, gender, and age to ensure equal opportunities for all. Their ultimate aspiration is to have a positive impact on the lives of one million individuals, tackling entrenched issues such as inequality and exclusion that often persist beneath the surface of seemingly prosperous Western societies.

The motivation behind SI3's creation emerged from a gap in the impact investing landscape. While many funds focus on global challenges like clean energy, circular economy, and climate change, SI3 squarely addresses local social issues such as polarization, inequality, and exclusion. These issues are not only close to home for many but also intricately connected to today's environmental challenges. Despite the prevalent emphasis on addressing environmental issues, we often overlook the direct repercussions these challenges have on social issues, creating a significant funding gap in this critical intersection.

Pioneered by impact leaders Pieter Oostlander, Jamy Goewie and cornerstone investor Piet Colruyt, SI3 operates under the umbrella of Shaping Impact Group. It leverages tailored equity and venture capital strategies to support early-stage social entrepreneurship initiatives specifically within the Benelux area.

Source:
Shaping Impact Group (2023)

The Shaping Impact Group's Investment team, states that despite the current cautious economic climate marked by investor heightened risk aversion, SI3 has managed to secure substantial funding, reaching 17M for their next closing, which brings them close to their aspired total fundsize of 18-20M. Currently the fund has invested in 4 companies which has given the fund more visibility and traction. The aim is to invest in a total of around 15 companies.

The Shaping Impact team attributes this success primarily to SI3's close proximity to both investees and investors, enabling them to foster a sense of community and collaboration through activities like community building events and peer exchanges. This hands-on approach, combined with their extensive network and commitment to quantifying societal impact through the SROI Framework, distinguishes SI3 as a dedicated partner capable of achieving both financial and social objectives.

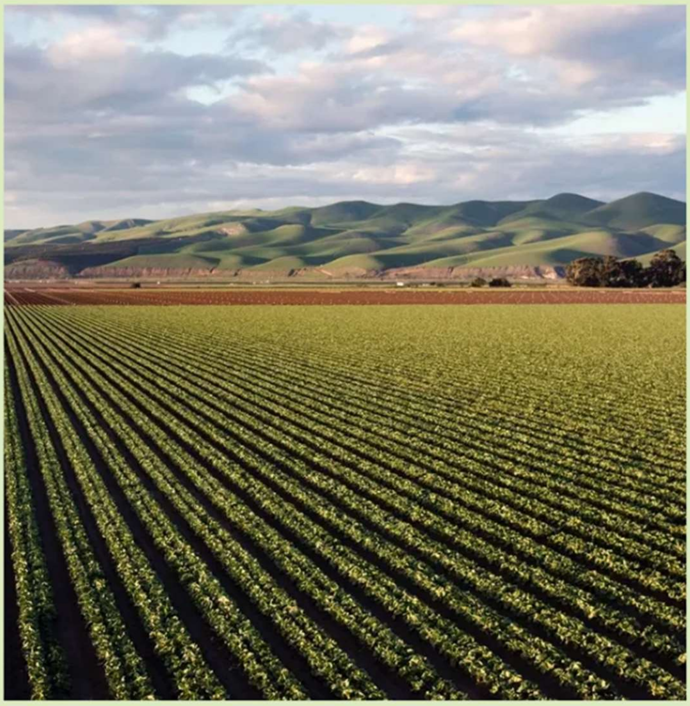
CASE STUDY

TELOS CLIMATE FUND I - Among the first European fund-of-funds entirely dedicated to Climate change mitigation

Geographic Scope	Investment Type	Main Impact Focus
Europe	Climate Fund	Climate Mitigation

Telos Impact is stepping up its game with the launch of Telos Climate Fund I, addressing one of the most critical challenges of our time: climate change mitigation.

Telos Climate Fund I has already achieved a significant milestone with its first close at €45 million in June 2023, and it's gearing up for a second close expected in December 2023. With a strong sense of urgency, the fund aims to reach a target size of €100 million, with the possibility of scaling up to a hard cap of €150 million. This substantial capital pool will be strategically deployed to support more than 200 environmental solutions within the next three years.



The fund's approach is simple yet powerful: select the best European asset managers dedicated to climate issues.

The fund is committed to promoting environmental characteristics, technologies, processes, and models that contribute to the Energy Transition and Sustainable Food, Agriculture & Land Use.

One unique aspect of Telos Climate Fund I is its pioneering role as one of the first European fund-of-funds entirely dedicated to Climate solutions.
Another distinctive aspect is that the Climate Fund operates through European venture funds known as "Underlying Funds," which meticulously select and invest in start-ups and scale-ups that are driving climate solutions. Importantly, the fund will allocate a large majority of its investments to Underlying Funds focused on sustainable investments, adhering to Article 9 of the SFDR. This approach ensures that the fund's capital accelerates the development and investment in environmental solutions, contributing significantly to climate change mitigation.

In summary, Telos Climate Fund I aims to act as an accelerating force for climate change mitigation.
The SFDR 8+ Fund-of-fund addresses the urgency of climate change, emphasizes sustainable investment, and aligns with the EU Taxonomy and UN Sustainable Development Goals. Furthermore, with a targeted net IRR exceeding 12%, it presents the potential for attractive financial returns.

Source:
Telos Impact (2023)

CASE STUDY

TRIVIDEND - Trividend's strategic capital expansion journey to double down on impact

Trividend
investeren inspireren innoveren

Geographic Scope	Investment Type	Main Impact Focus
Flanders & Brussels	Seed & Venture Capital	Circular and Inclusive Social Enterprises

Trividend, an impact-focused investment firm in the social economy, found itself at a pivotal juncture in 2021 as it grappled with a surge in deal flow that left its existing capital fully committed. This prompted the company to consider a crucial decision end of 2022: doubling its capital from approximately 3 million to 7 million. The move was driven by the urgent need for new capital to sustain its operations and continue investing in a market where opportunities were abundant. As Trividend's Managing Director, Mr. Matthijs explained, their open-ended fund structure allowed for continuous investment, and with a growing client pipeline, the decision to bolster their capital became a strategic imperative.

Fast forward to 2023, and Trividend has expanded its portfolio with the inclusion of three new shareholders: Dégage, Rikolto, and Kiemkracht, who collectively injected €300,000. Mr. Matthijs elaborates that these new additions are dedicated to address challenges that hold the potential for substantial societal betterment. These collaborations represent a unique opportunity to enrich Trividend's networks and expertise in these pivotal areas, with Dégage specializing in shared mobility solutions, Rikolto being dedicated to food strategy, and Kiemkracht focusing on social employment.
Notably, Trividend had not previously concentrated on the food sector, which makes Rikolto's involvement particularly significant. The expectation is that Rikolto's expertise and networks will bridge this gap and help Trividend identify innovative startups with solutions geared towards addressing societal and nutritional challenges.

Source:
Trividend (2023)

Trividend's capital growth endeavor encountered minimal barriers, as Mr. Matthijs recalled a smooth and efficient process. In his opinion, factors contributing to this achievement included the company's two-decade track record, a commitment to 'impact-return first,' and an average IRR target of 2%, all of which resonated positively with stakeholders. Crucially, Trividend's prudent investment strategy, primarily focused on subordinated or convertible loans, is reinforced by significant backing from the Flemish government, which subsidizes a portion of their management costs, and PMV, which provides substantial loan guarantees. This combined support effectively minimised risk.

Addressing concerns about the "impact-return first" promise, Mr. Matthijs assured shareholders that they understood the trade-off. The company offered an average expected return of 4 to 8%, with varying project returns. Trividend expects continued growth in its client pipeline and outlined plans for diversification, place-based financing, and innovative finance mechanisms to position itself for success in impact investing's dynamic landscape.

Impact Finance
Belgium