



PRO₂GRESS REPORT

Strong heritage. Sustainable progress.

2021

An aerial photograph of a vast agricultural field. The word "MOTION" is written in large, 3D, teal-colored block letters across the middle of the field. The field is divided into sections of green and brown soil. In the background, there is a dense line of trees and a distant city skyline under a clear blue sky.

MOTION

Together, we set
something in motion.

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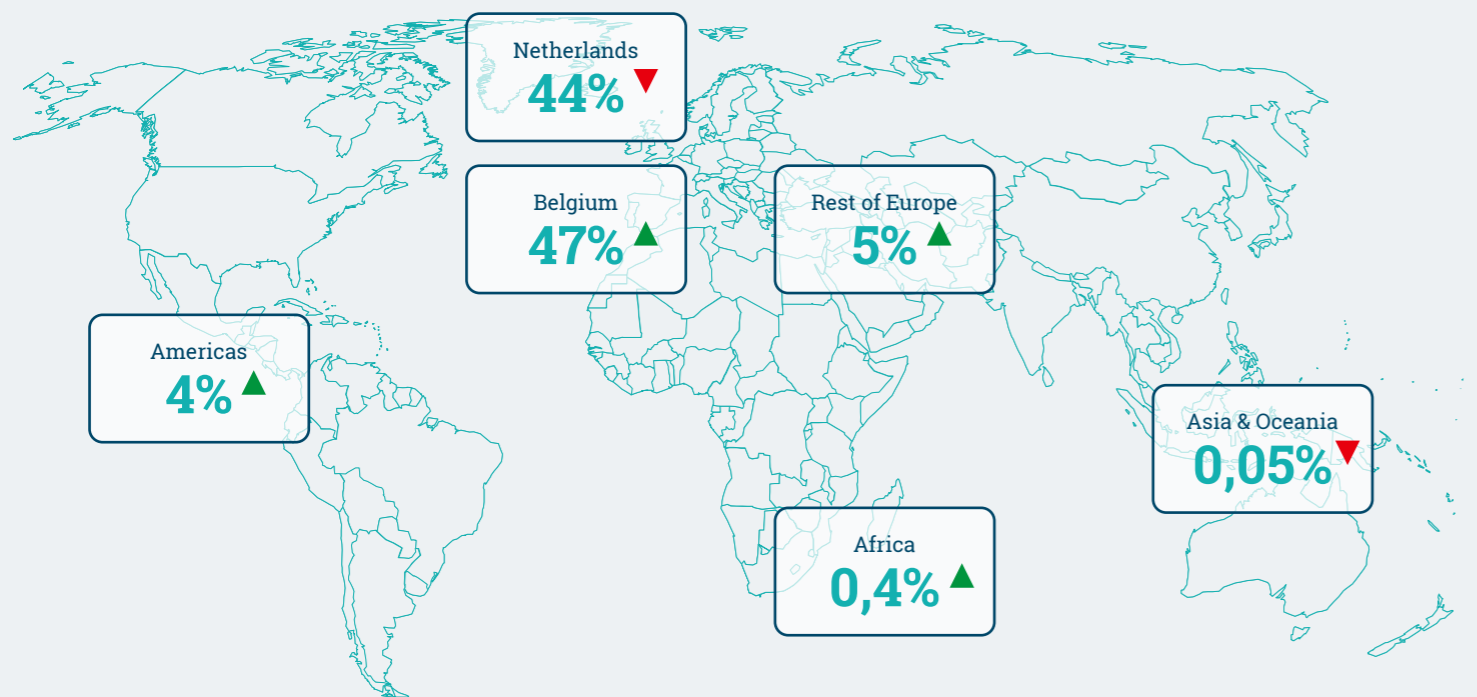
Who are we?

VP Capital is the family office of the Van Puijenbroek family. We are an investment family that is driven by tradition and making positive impact: *Strong heritage. Sustainable progress.*

Our roots are in the Belgian town of Sint-Niklaas. Five generations ago, our ancestor launched the HAVEP company (workwear) in Goirle, the Netherlands. We still share his socially committed business vision. Today, we are a company with some 50 investments mainly in Belgium and the Netherlands, and we operate in eight different investment domains. We invest both directly and through funds. Donations are part of our policy.

As a family, we want to take responsibility for the planetary and societal challenges that need to be addressed today and in the near future. We are aware of the urgency and committed to finding solutions so we can become even more future-proof.

Strong heritage. Sustainable progress.



▲ Incr. vs last year
▼ Decr. vs last year



Our family manifesto:

We believe in the power of progress.
In results that also benefit the environment and society.

We have been doing so as a family office for 5 generations, for over 150 years now.
We invest our knowledge, experience and resources in progressive dreamers, daredevils and doers.
We stimulate innovations with an impact on the future.

We want to take our responsibility. We take on challenges and are not afraid of taking risks.
We aim for positive impact on people and planet.

We support our partners and work closely together for the long term.
We persevere, determined, sometimes stubborn, often opinionated, but always loyal and focused.

Sustainability should not be vague. We use specific criteria and strive for sustainable success.
We avoid hypes, we embrace diversification.

We don't do fame or glory.
We just do our job.

**Moving forward is what we want, together,
with our capital we are committed to sustainable progress.**

2021 was the year when the world sought a new equilibrium. The COVID-19 pandemic persisted and continued to impact our investment portfolio and activities. Other global crises also dominated the headlines in 2021: the climate crisis, the lack of affordable housing, political polarisation, to name a few. The 26th United Nations Climate Conference (COP26) made it clear once again that we urgently need to take action.

PREFACE

Our focus

At VP Capital, we have been committed to Sustainable Progress for many years. Our sustainable approach could benefit people, the environment and society. By putting sustainability at the heart of our business, we motivate our staff, partners and investors and meet the expectations of our shareholder family. Although the most sustainable path is not always the easiest, we are fully and unequivocally committed to it.

To effectively tackle the climate crisis, we will need to do more than merely promote green innovations and new technologies. They must also be affordable and accessible enough to be broadly implemented. We also need to radically rethink our economic logic. The pursuit of regeneration, both planetary and societal, can be a guiding principle in this.

As a family office, we want to be among the first to step forward and actually invest in the next generations. That is why we commit our capital to make Sustainable Progress. Our model of active shareholdership enables us to enter into dialogue with our investment partners and we believe it increases the economic value of our investments by steering them in a more sustainable direction. We allocate our capital across eight investment domains: Agrifood, Energy, Health, Media, Smart Industry, Textile, Real Estate and Water. This Progress Report shows what we achieved in 2021 and what we focused on.

Achievements 2021

Last year, we once again opted for more impact investments and focused on companies that have the potential to become more sustainable in the textile sector. We also adjusted the way we screen our real estate portfolio to better assess the ESG and impact factors of real estate. Together with our companies and investments, we worked on solutions for key planetary and societal challenges. We took new steps towards attaining B Corp certification and had our operations extensively screened, which ultimately led to B Corp certification in 2022. In addition, in 2021 we worked on our carbon measurement, our targets and having these targets validated by the Science Based Targets initiative.

We also organised several round tables on sustainability and impact for families and for our investments.

At VP Landbouw, we began the transition from an 'ordinary' sustainable agricultural company to a regenerative farm; a process that may take more than ten years. Finally, in 2021 we also finalised our donation strategy. As a result, each of our domains now supports a charity that helps find solutions for the key challenges in that domain. In this way, we want to generate a reinforcing effect and achieve even greater impact.

Our sustainable approach inspires many other national and international family investors. Increasingly, we are being asked to share our knowledge and experience. We use our network and our expertise to help other companies and families make a positive impact. Not because we have a monopoly on all the wisdom, but because we think in terms of an open-source philosophy and hope that our methods will inspire others to improve.

Global changes

As VP Capital continues to move forward, so does the world around us. The EU is preparing new laws and directives to encourage financial services companies to share information on their sustainability (the Sustainable Finance Disclosure Regulation, or SFDR). There will also be a classification system for sustainable finance, the EU Taxonomy. The new rules should fundamentally steer companies in a more sustainable direction. These rules will also make it possible to deliver clear evaluations and comparisons on sustainability. We can only be pleased about that. The government could be even more decisive in its role: we have noticed improvements but cooperation across disciplines is lacking, as well as momentum and clarity. We hope that future policy will focus more on defining sectors that need Growth and sectors that need Degrowth. We also hope that we will not see the umpteenth round of tax adjustments but that a more fundamental choice will be made whereby labour and capital will be taxed more fairly, and solutions will be approached from a more systematic perspective instead of all of these fragmented, isolated solutions. Above all, we hope that the government will act much more with the long term in mind and move away from short-term thinking.

Many people have embraced sustainability on a personal level too. The COVID-19 pandemic and the climate crisis have changed society and made many people think differently about their choices. These personal transformations are paving the way for a system transformation. The market for sustainable and impact capital is continuing to grow, and sustainable businesses are doing well. However, much more capital will need to go into impact investing to scale up the solutions that we have. We hope that capital will be withdrawn from markets that are not up to the task of ensuring a good future for the coming generations and that more capital will flow to the solutions we need in the areas of biodiversity, water scarcity, carbon reduction, pollution, poverty reduction, and the promotion of equality and inclusion.

Dilemmas in 2022

In 2022, we will discuss several dilemmas related to sustainability, impact, transparency and money. To name a few:

- How exactly does our risk/return/impact model work? What is the risk and impact profile for each domain, asset class and investment proposal? How much more risk can a start-up take, and how much more return should we expect from a real estate fund than from an investment in the Health domain?
- Should we still invest in sectors with a negative impact if we can make them more less negative through active shareholdership? Or should we rather focus on new companies that think in social terms and can scale up more quickly with extra capital? How can you make the greatest impact?

- How much progress can be attributed to active shareholding?
- How should we compare the impact of donations, impact investments and improving heritage companies that we have been funding for a long time?
- What percentage of our capital should go to underserved communities?
- Should we still donate to social enterprises or only to NGOs or both?
- How should we deal with people who still see sustainability and financial performance as separate, conflicting aims?
- How can we ensure that everyone on the team, our investments and our family can keep up with the rapidly changing world of sustainability?
- How do we know whether we are doing 'enough' or 'not enough yet'? What is our 'end game'? Currently, we think in terms of five-year strategy plans, but is this period not too short, or should we have both a short-term and long-term plan, perhaps extending beyond 100 years?
- How should we relate climate risks to financial valuations?
- To what extent should we expand our team to broaden and deepen our capacity building services for our investments?
- How can we bring our sustainability reporting and financial reporting closer together?
- How can we evolve from impact scores to quantified impact for the entire asset base?

In the coming months and years, we will have many discussions about investments that do or do not dovetail with our vision and philosophy, and we will examine different dilemmas. We will incorporate our findings into a new strategy before the end of 2023. In the meantime, we will continue to work towards a sustainable world with our partners, investments, family and other family offices. We know and feel that more needs to be done: together with our enthusiastic team and our investment partners, we will keep up the momentum.

Board of Directors

Board of Directors:



Guus van Puijenbroek



Jeroen Heine



Michel Meerkerk

Summary of results and KPIs in 2021

At VP Capital, we have selected 14 key KPIs. We monitor these with a dashboard. The targets of our KPIs extend to 2023, after which we will set new targets. In 2021, we already achieved 5 of the 14 targets for 2023. The following table provides a summary of the results in 2021. Further on in the report, we will elaborate on our KPIs, methodology, areas for improvement, key actions and next steps.

- VP Capital VP
- Direct investments DI
- Funds FU
- Real Estate RE
- Philanthropy PH

How we put our beliefs in practice

		2020	2021	Target 2023	Status	Applicable to VP Capital's activities
Commit our capital	Progress Score	6.8/10	7.1/10	8.0/10		<input type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input checked="" type="checkbox"/> FU <input checked="" type="checkbox"/> RE <input checked="" type="checkbox"/> PH
	Impactscore	3.5/5	3.2/5	> 3.5/5		<input type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input checked="" type="checkbox"/> FU <input checked="" type="checkbox"/> RE <input checked="" type="checkbox"/> PH
	Capital invested providing solutions for challenges	76%	78%	80%		<input type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input checked="" type="checkbox"/> FU <input checked="" type="checkbox"/> RE <input checked="" type="checkbox"/> PH
	Capital invested in impact investments	34%	29%	45%		<input type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input checked="" type="checkbox"/> FU <input checked="" type="checkbox"/> RE <input checked="" type="checkbox"/> PH
	Total donations	€ 0.6M	> € 1M	€ 1M		<input type="checkbox"/> VP <input type="checkbox"/> DI <input type="checkbox"/> FU <input type="checkbox"/> RE <input checked="" type="checkbox"/> PH
Engage our network	Dialogue with family offices	> 30	> 50	>50		<input checked="" type="checkbox"/> VP <input type="checkbox"/> DI <input type="checkbox"/> FU <input type="checkbox"/> RE <input type="checkbox"/> PH
	Engage with our investments and philanthropy on ESG and Impact	84%	95%	90%		<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input checked="" type="checkbox"/> FU <input checked="" type="checkbox"/> RE <input checked="" type="checkbox"/> PH
Manage on sustainable progress	B Corp-score	-	-	> 80/200		<input checked="" type="checkbox"/> VP <input type="checkbox"/> DI <input type="checkbox"/> FU <input type="checkbox"/> RE <input type="checkbox"/> PH
	Active ownership	85%	83%	> 75%		<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input type="checkbox"/> FU <input type="checkbox"/> RE <input type="checkbox"/> PH
Contribute to solutions for planetary challenges	Companies providing solutions for planetary challenges	42%	38%	50%		<input type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input checked="" type="checkbox"/> FU <input checked="" type="checkbox"/> RE <input checked="" type="checkbox"/> PH
	Planetary metrics improved	69%	65%	75%		<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input type="checkbox"/> FU <input type="checkbox"/> RE <input type="checkbox"/> PH
	Carbon neutral certified	Yes	Yes	Yes		<input checked="" type="checkbox"/> VP <input type="checkbox"/> DI <input type="checkbox"/> FU <input type="checkbox"/> RE <input type="checkbox"/> PH
Contribute to solutions for societal challenges	Companies providing solutions for societal challenges	45%	58%	50%		<input type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input checked="" type="checkbox"/> FU <input checked="" type="checkbox"/> RE <input checked="" type="checkbox"/> PH
	Societal metrics improved	50%	57%	75%		<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input type="checkbox"/> FU <input type="checkbox"/> RE <input type="checkbox"/> PH
	Capital allocated to underserved communities	2.2%	3.0%	TBD		<input type="checkbox"/> VP <input checked="" type="checkbox"/> DI <input checked="" type="checkbox"/> FU <input checked="" type="checkbox"/> RE <input checked="" type="checkbox"/> PH



SUSTAINABLE PROGRESS

Our **Progress Score** rose from 6.8 to 7.1 out of 10. The ESG-score, in particular, rose sharply: almost all our investments focused more on ESG aspects in 2021. The highest increases were in our real estate portfolio and in the Mediahuis and Q-lite investments. There was also a greater focus on ESG at many impact funds like Blue Horizon and Rockstart.

We translate the impact of products and services on society into an **Impact score**. Our new investments in 2021 showed mixed results. There were several investments with a high impact score but also a number with a low impact score. This can be partly attributed to several new investments in our Textile domain, such as Hydrowear and Van Heurck: they currently have a relatively low impact score, but we should be able to turn them around in the future, thus creating impact as well. We also added new impact funds, such as Pluralis, which had a positive effect on the score. On the other hand, we also sold part of our Batenburg Techniek investment, which caused our impact score to fall. On average, we achieved an impact score of 3.2 out of 5, which is lower than last year's score, unfortunately.

Positive evolution

Increasingly, our companies are assessing their business based on their contribution to solutions for key challenges. Our companies are continuing to respond well, and a higher share of their turnover is contributing to specific solutions, such as circular solutions, installing electric buses, bio-based buildings, fighting fake news, better water purification and plant-based food solutions. In 2021, 78% of our assets contributed to solutions needed for planetary or societal issues.

The share of our capital that we invested in impact fell from 34% to 29%. However, there were new impact investments, such as Pluralis, Planet First and other impact funds. But as our assets in heritage companies grew so rapidly, the share of our impact investments in relation to total assets fell.

We achieved our donation target and used the funds more strategically, with overall a higher impact score. We donated within our investment domains, both to social enterprises and charities, and gave away more than EUR 1 million.

We talked to quite a few family offices during the year, including during our Round Table, but also individually. We therefore achieved this KPI. During the Round Table, we polled about 30 high net worth (HNW) families for the first time. This revealed a clear trend towards more impact and more sustainability knowledge on the boards. Many family offices are also struggling with dilemmas concerning transparency.

Sharing knowledge

In 2021, we talked to 95% of our investment partners about ESG and impact. We did this both to emphasise the importance of these topics and to share suggestions for improvements. Where necessary, we use our network, our VP Capital Team or consultants to accelerate improvements in the field of ESG and impact. We are increasingly building our own capacities to help our investments. Other families are also asking us for advice more frequently.

At the end of 2020, we began the B Corp certification process. This took place throughout 2021 and resulted in successful certification in May 2022, with a great score of 98.6. Just before the publication of this report, our carbon targets were also validated by the Science Based Targets initiative (SBTi). This makes VP Capital the first family office in the Benelux with validated targets.

We met our active ownership target with flying colours. By being actively involved in more than 75% of our assets, we want to safeguard our long-term thinking and sustainability ambitions. For example, we take on roles on supervisory boards, advisory boards, investment committees and other boards. This is a challenge for our team, but for us it represents the difference simply investing and really participating.

We take our key challenges and solutions as the starting point for everything we do. We monitor the degree to which our direct and indirect investments already contribute to planetary and societal solutions. We have achieved our target for social solutions. We are now working to increase the number of companies that actively contribute to planetary solutions.

Our own carbon emissions and those of our portfolio companies show a like-for-like decrease. Our total carbon footprint has increased because we have calculated and are now including the footprint of our real estate in 2021. In addition, we added the carbon footprint of our new investments to that of VP Capital. In 2021, we kept our Carbon Neutral Certified.

Dashboard

We used a planetary and societal dashboard to monitor several KPIs of our direct portfolio and impact funds. We have updated this dashboard with the mandatory sustainability data points that will be imposed by European legislation in the future. We have seen an improvement in our KPIs and are now working towards more accurate data collection in 2022.

Our assets are sensitive to many natural risks. In the future, we will include them in our planetary metrics. In 2021, we also calculated the share of our assets that ends up in underserved communities. In 2022, we want to set a target and develop a policy for this.

We achieved good results in 2021. In 2022, we will continue to work hard to achieve all our goals by the end of 2023.



In 2021, we worked on many new issues. Among other things, we focused on additional screening and refining our method in the area of real estate. We also implemented innovations regarding donations, upcoming legislation, underserved communities and climate risks.

Real estate

The real estate sector is a major contributor to global greenhouse gas emissions. It also faces several other challenges. Indeed, a transition needs to take place in this sector to limit climate change. At VP Capital, we are already witnessing this transition, but it is not happening fast enough yet. We want to set a good example with our real estate investments. That is why we introduced several measures in 2021, including changing the methodology by which we evaluate real estate investments. The main aim of this change is to evaluate real estate investments in such a way as to create incentives and tools for sustainability.

In previous years, the impact score of real estate investments was largely determined by a limited number of building characteristics that were sometimes difficult to influence.

Our new methodology for determining ESG and impact scores is strongly inspired by the Global Real Estate Sustainability Benchmark, which takes a wide range of aspects into account. In terms of impact, for example, we look not only at the energy label and the social function of a building but also at emission-reducing measures, circularity and use of materials, user well-being and attention to biodiversity. In terms of ESG, the method takes into account reporting, risk management, leadership, policy and stakeholders. Based on an evaluation, this new methodology may be further adapted next year. You can read more about this on pages 74 and 75.

Climate risks

In 2021, we mapped different types of risk for the first time. After all, climate risks could have a major impact on the valuation of companies in the future. We look at the risks that climate change poses to our investment portfolio as well as the impact of our investments on global climate change. We made an inventory of three types of risk for the entire investment portfolio: physical climate risk, climate transition risk and climate transition opportunities. You can read more about this on pages 113, 114 and 115.

Donations

We worked with the consultancy firm Telos Impact in 2021 to refine our method for screening and assessing donations. Using a due diligence impact radar, Telos screens each organisation in advance on five axes:

- To what extent is there a fit with VP Capital and the domains?
- Is the impact scalable and measurable?
- Is there an action plan and/or a proven track record?
- How is the financing structured?
- How would you rate the organisation's governance?

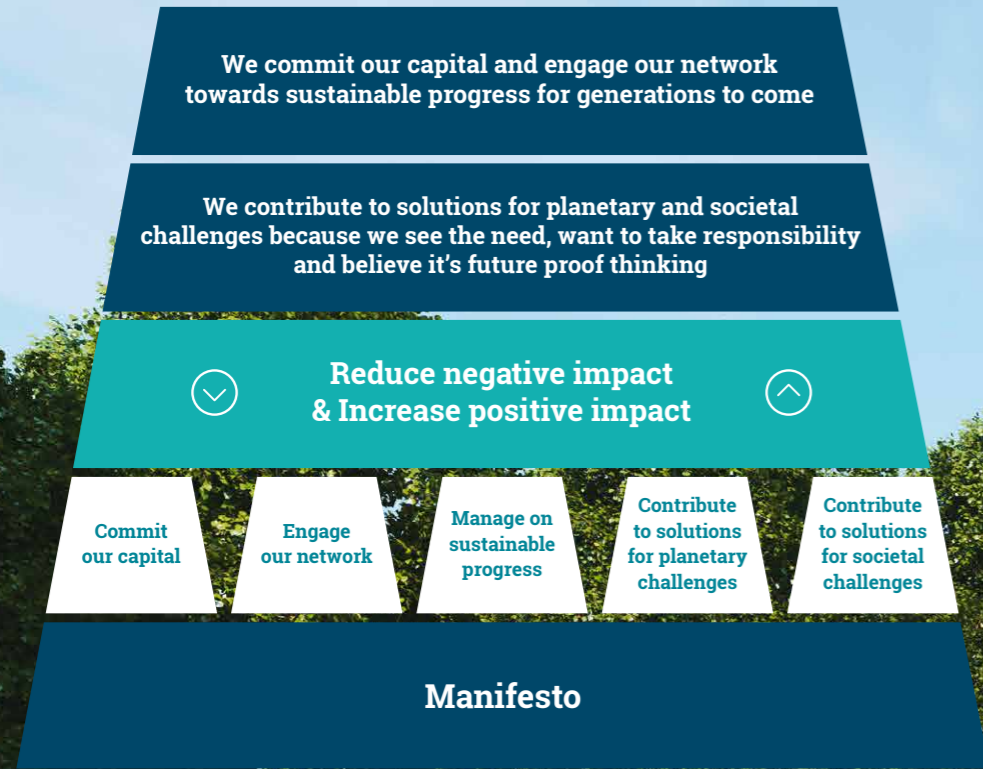
To match our Progress Score, we also assign an ESG and impact score to each donation. The ESG score indicates the extent to which the organisation is a recognised non-profit, whether it provides annual reporting (financial, output and impact) and whether it actually measures impact. The impact score indicates the extent to which the organisation contributes to one or more key challenges in a domain and whether there is a specific impact in underserved communities. You can read more about this on pages 92 to 98.

Underserved communities

In 2021, we mapped for the first time how our assets serve specific underserved communities. This will improve our understanding of how companies in our investment portfolios could better serve these groups in the future. Examples of such groups are people with rare diseases, people with certain disabilities and people in low-wage countries who have no access to medical care. We look at the extent to which companies from our investment portfolio serve specific needs. Read more on pages 118 and 119.

Legislation

A great deal of legislation is on its way that will have a major impact on different companies and funds. Therefore, we have tried to scan the readiness of our assets to comply with future regulations. We are thinking of regulations linked to the Green Deal, the EU Taxonomy and SFDR, for example. You can read more about this on pages 89, 90 and 91.



VISION



Purpose

Our baseline is Strong Heritage. Sustainable Progress. Our purpose is a promise to use our capital and network for Sustainable Progress for future generations.

Why

We do this because we see the need, feel the responsibility and believe in the opportunities that Sustainable Progress offers. We want to contribute to solutions that are needed both on a planetary and a societal level.

How

We always examine the negative impact or effects that we can reduce through our companies, investments, donations, innovations and how we can increase the positive impact of our investment portfolio. We have translated our How into five pillars.

Our five pillars

Our policy consists of five pillars, which we will briefly summarise here. Each pillar is explained in detail later in this report. The KPIs already explained in the summary belong to these pillars.

Commit our capital

Commit our capital

All our investments and donations undergo extensive ESG and impact screening, resulting in a Progress Score (on a scale of 1 to 10) and a list of potential follow-up steps to improve the score. We thus monitor to what extent our capital is making progress on a societal and planetary level.

Our investments and donations fall into eight domains: Agrifood, Energy, Smart Industry, Media, Textile, Health, Real Estate and Water. We have determined specific key challenges and investable solutions for each of these domains. The impact of a domain is shown with an **impact score**. The impact scores of individual funds, donations and companies show the extent to which their products and services contribute to solutions for key challenges. We deliberately invest more in impact companies and impact funds that intrinsically contribute to such solutions, and in this pillar we monitor the progress our capital has already made in that respect. The extent to which we use our capital for innovations or donations is also monitored in this pillar.

Engage our network

Engage our network

We engage with the companies we invest in and the charities we contribute to. By sharing our knowledge and understanding, we hope to accelerate their Sustainable Progress. This requires a great deal of time from both our VP Capital team and our investments. For example, we bring companies together to talk about specific sustainability topics. We also use our network to support companies and strengthen start-ups. We discuss ESG screening with charities, as well as potential output and impact parameters.

In addition to companies and charities, we also engage in dialogue with other family investors and family offices. In this pillar, we follow up on this engagement.

Manage on sustainable progress

Manage on sustainable progress

Just as we screen our investments, we also want to keep our own house in order. In doing so, we try to focus on breadth and depth, with a baseline measurement and concrete improvement actions regarding our employees, our suppliers, the local community and our role as a shareholder. In this pillar, we monitor where we stand with B Corp and how many of our investments we play an active role in.

Contribute to solutions for planetary challenges

Contribute to solutions for planetary challenges

To contribute to solutions for planetary challenges, we developed a planetary dashboard. This allows us to identify a range of issues, including a company's water consumption, the use of sustainable materials, green electricity and other planetary metrics. The dashboard will be further refined in 2022, among other things to ensure it complies with the latest European rules. In addition, we track our carbon footprint in this pillar and assess how many companies and assets are already contributing to solutions for planetary challenges.



Contribute to solutions for societal challenges

VP Capital also wants to contribute to solutions for societal challenges. That is why we developed a societal dashboard, which we use to analyse societal metrics such as the taxes paid by a company, the number of jobs created, accidents at work and absenteeism, for example. This dashboard will also be further refined in the course of 2022 to ensure it complies with the most recent European legislation. In this pillar, we also monitor how many companies in our investment portfolio contribute to solutions for societal challenges. This is also monitored as a percentage of our assets. Finally, we also monitor what percentage of our assets goes to underserved communities.

Our KPIs & scope

We translated all these pillars into different metrics. The scope can differ from metric to metric. For example, the B Corp metric only concerns VP Capital, but the progress score applies to all investments. We follow up on our five pillars in a KPI dashboard, which you can read under the heading Results 2021.

How we put our beliefs in practice

Applicable to VP Capital's activities

Commit our capital	Progress Score	VP	DI	FU	RE	PH
	Impactscore	VP	DI	FU	RE	PH
	Capital invested providing solutions for challenges	VP	DI	FU	RE	PH
Engage our network	Capital invested in impact investments	VP	DI	FU	RE	PH
	Total donations	VP	DI	FU	RE	PH
Manage on sustainable progress	Dialogue with family offices	VP	DI	FU	RE	PH
	Engage with our investments and philanthropy on ESG and Impact	VP	DI	FU	RE	PH
Contribute to solutions for planetary challenges	B Corp-score	VP	DI	FU	RE	PH
	Active ownership	VP	DI	FU	RE	PH
	Companies providing solutions for planetary challenges	VP	DI	FU	RE	PH
Contribute to solutions for societal challenges	Planetary metrics improved	VP	DI	FU	RE	PH
	Carbon neutral certified	VP	DI	FU	RE	PH
	Companies providing solutions for societal challenges	VP	DI	FU	RE	PH
	Societal metrics improved	VP	DI	FU	RE	PH
	Capital allocated to underserved communities	VP	DI	FU	RE	PH

Close up pillar 1

Commit our capital

Our KPIs

Progress Score	Domain Impactscore	Capital invested in solutions for key challenges	Capital invested in impact investments	Total donations
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Progress Score

Scope

To determine our Progress Score, we screen our entire investment portfolio and the charities we have selected for each investment area. In 2021, it concerned the following investment portfolio:

Domains	Investment category					
	I Direct investments	II Investments in funds	III Real estate	IV Direct impact investments	V Investments in impact funds	VI Philanthropy
Water	batenburg			AQUAPORIN	AquaSpark	YOUNG WATER SOLUTIONS
Health		LSP Dementia LSP v LSP HEF II			N&G RISE	Healthy Entrepreneurs ANNETJE VAN PUIJENBROEK
Smart industry	Q-LITE batenburg	NORDIAN CONVENT CAPITAL		ACCSYS vibers	SHIFT	LichtWerk
Energy	batenburg			VP Energie	PRINCEVILLE CAPITAL SEI	Papillon project
Textile	HAVEP HYDROWEAR VH	Textile				WIMAN SLEEPS ANNETJE VAN PUIJENBROEK
Agrifood	VP Landbouw batenburg				pymwymic blue horizon ventures Rockstart	HERENBOEREN ANNETJE VAN PUIJENBROEK
Real estate			VP Capital Properties CAIRN			ANNETJE VAN PUIJENBROEK
Media	MEDIAHUIS				plürälis	bellngcat

Method

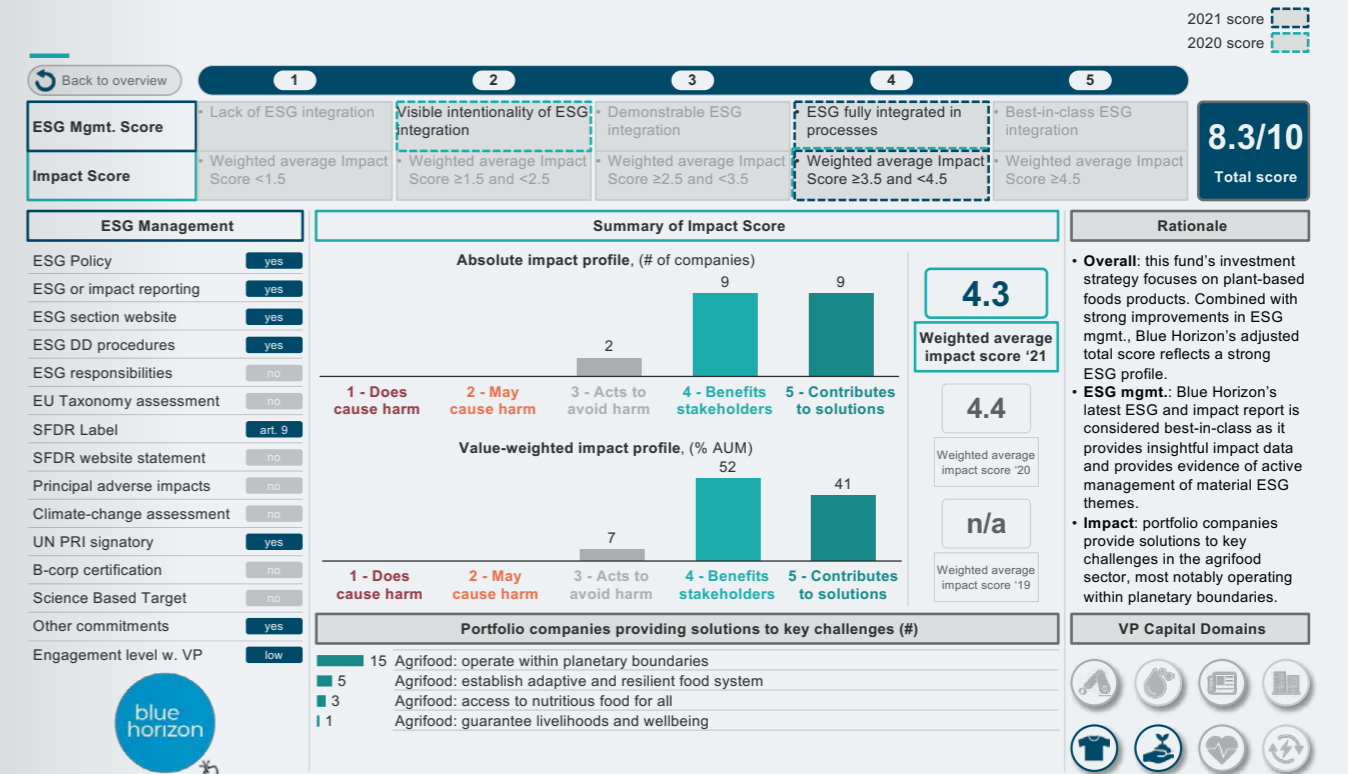
Our Progress Score consists of two standard components: an **ESG score** and an **impact score**. We have developed a screening methodology for all asset classes. We will discuss this in more detail later in this report. The screening methodology took the form of an extensive ladder. It can be summarised as follows:

Investment category	Sustainability maturity ladder					
	1	2	3	4	5	
I Direct	ESG Mgmt.	Lack of ESG integration	Visible intentionality of ESG integration	Demonstrable ESG integration	ESG fully integrated in processes	Best-in-class ESG integration
	Impactscore	Does cause harm	May cause harm	Acts to avoid harm	Benefits stakeholders	Contributes to solutions
II Funds	ESG Mgmt.	Lack of ESG integration	Visible intentionality of ESG integration	Demonstrable ESG integration	ESG fully integrated in processes	Best-in-class ESG integration
	Impactscore	Weighted average Impactscore <1.5	Weighted average Impactscore ≥1.5 and <2.5	Weighted average Impactscore ≥2.5 and <3.5	Weighted average Impactscore ≥3.5 and <4.5	Weighted average Impactscore ≥4.5
III Real estate	ESG Mgmt.	<4 total ESG mgmt. points	4-6 total ESG mgmt. points	7-9 total ESG mgmt. points	10-12 total ESG mgmt. points	13-15 total ESG mgmt. points Updated
	Impactscore	<3 total impact points or exclusion list	3-4 total impact points	5-7 total impact points	8-10 total impact points	11-13 total impact points
IV Direct impact	ESG Mgmt.	Lack of ESG integration	Visible intentionality of ESG integration	Demonstrable ESG integration	ESG fully integrated in processes	Best-in-class ESG integration
	Impactscore	Does cause harm	May cause harm	Acts to avoid harm	Benefits stakeholders	Contributes to solutions
V Impact funds	ESG Mgmt.	Lack of ESG integration	Visible intentionality of ESG integration	Demonstrable ESG integration	ESG fully integrated in processes	Best-in-class ESG integration
	Impactscore	Weighted average Impactscore <1.5	Weighted average Impactscore ≥1.5 and <2.5	Weighted average Impactscore ≥2.5 and <3.5	Weighted average Impactscore ≥3.5 and <4.5	Weighted average Impactscore ≥4.5
VI Philanthropy	ESG Mgmt.	<2 ESG mgmt. indicators in place	2 ESG mgmt. indicators in place	3 ESG mgmt. indicators in place	4 ESG mgmt. indicators in place	5 ESG mgmt. indicators in place Telos
	Impactscore	Limited or negligible impact	Cause focus on under-served people/planet	Contributes to at least 1 challenge in domain	Focus on >1 challenges or maximum impact	Tackles >1 challenges and maximum impact

To determine the **ESG score**, we look specifically at how well ESG is integrated into a company or fund's policy. A high ESG score means that there are long-term commitments, that policies have been drawn up, that progress has been reported and that an organisation guarantees responsibility for ESG. The highest ESG score is based on a 'best-in-class' principle in a given sector. At VP Capital, we not only conduct a screening but also help to draw up annual plans with our direct investments, so they can become or remain best in class. Moreover, we regularly follow up on these actions. Finally, ESG metrics are often a decisive factor in the financial remuneration of management in our direct participations.

We want to balance the ESG score more explicitly with the actual contribution that a company makes to solving a social or ecological problem. This is how the **impact score** is calculated. Our impact score enables us to anticipate the rules that the EU has developed to counteract greenwashing. They ensure that a fund or company can only claim a 'sustainable' label if it actually contributes to a solution for a key challenge. These were drawn up for our investment areas by consulting firm Sinzer. MJ Hudson then mapped out the extent to which our companies, funds and their underlying assets contribute to solutions for these key challenges. We scored all companies on an axis ranging from 'causes harm' to 'contributes to solutions'. We also identified how many companies offer solutions to specific domain challenges.

For all fund investments, we screen on ESG and impact, the details of which are expressed in a one-pager. We discuss the overview with our funds and adjust it if necessary. This enables us to discuss points for improvement. The figure below illustrates what a one-pager and an impact screening look like:



Full breakdown of Impact Score				Impact Score legend
Company	Score	% AUM	Description	
Planted	5	5%	Agrifood: Company markets a vegetarian chicken alternative.	Companies creating a negative impact due to the nature of their products/services and/or way of operating
Heartbest	2	2%	Agrifood: Mexico-based [lant-based cheese and milk manufacturer.	
LIVEKINDLY Collective	30	30%	AgriFood: Consortium of brands in the plant-based food segment.	Companies without inherent positive/ negative impact but may contribute to products or services with a negative impact
Alpha Foods	8	8%	AgriFood: Producer of plant-based snacks such as burritos and pot pies.	
Algama	3	3%	AgriFood: Company explores algae's to create new technologies, ingredients & products.	Companies that reduce the negative impact of their products/services and/or the way of operating
Chromologics	3	3%	AgriFood: Developer of a fungal biotech platform for the production of novel, natural colorants.	
Planet V (Lunch Vegaz)	3	3%	AgriFood: Developer and manufacturer of fresh, organic and plant-based prepared meals.	Companies that have a positive contribution to society through its products/services and/or the way in which they operate
LoveRaw	2	2%	AgriFood: Company makes plant-based products in the confectionary / indulgence category.	
Polybion	2	2%	Textile: Biological additive manufacturing company making materials out of fungi & food waste.	Companies working on advancing & commercialisation of solutions that solve societal and planetary challenges
Mia & Ben	1	1%	AgriFood: Company market plant-based fresh baby & toddler food products.	
Vestro	0	0%	AgriFood: Company market plant-based, organic and preservative free fully prepared meals.	
Mosa Meat	10	10%	AgriFood: Mosa Meat is a Dutch company founded by the pioneers of cultured meat in 2016.	
TIPA	10	10%	AgriFood: Company produces compostable flexible packaging	
Cubiq Foods	5	5%	AgriFood: Food-tech company focusing on food ingredients.	
Geltor	4	4%	AgriFood: Specialty ingredient company which is producing high-value designer proteins.	
Clara Foods	4	4%	AgriFood: Company engineers, manufactures and formulates plant-based animal proteins.	
Biomilq	3	3%	AgriFood: Producer of nutritionally equivalent breastmilk from cultured human mammary cells.	
Jay and Joy	2	2%	AgriFood: Company produces and markets vegan dairy products	
Agbiome	2	2%	AgriFood: Company develops biological and trait products to enhance food production process.	
Human Foods	0	0%	AgriFood: Produces bars containing nutrients that are difficult to obtain from a plant-based diet.	

We screen all direct investments based on ESG and impact. We follow up on the actions of the past year, help them draw up roadmaps for the short and long term, and define actions for the next year. For direct investments, we also monitor various negative and positive impact KPIs.

Below is an example of the roadmap drawn up for our direct participation Q-lite. In it, we set both short-term and long-term objectives on material ESG themes.

KEY MATERIAL THEMES	2022	2023	2026
	SHORT TERM ¹	SUSTAINABILITY FRONTRUNNER	LONG TERM
I Energy & carbon	<ul style="list-style-type: none"> CO2 scope 3 insightful figure in 2023 Investigate fleet carbon and create a roadmap how to transition to a low carbon fleet Do a feasibility study review for Science Based Targets and, if feasible, submit action plan. 	<ul style="list-style-type: none"> Investigate and execute actions to reduce the car fleet's impact (e.g. through bio-diesel). 	<ul style="list-style-type: none"> Look into the feasibility of obtaining a net-negative footprint Reduce scope 3 by 25% by 2026 in proportion to turnover (compared to 2022) En-route to achieve science-based targets
II Product life cycle	<ul style="list-style-type: none"> Awareness raising customers' energy emissions through webinars Offer the possibility to offset CO2 emissions resulting from the use of the products sold by Q-lite 	<ul style="list-style-type: none"> Selected 3 standard product series² are 10% more energy efficient compared to 2021. Pushing circularity standards in the industry 25% of the order intake is circular (note: subject to market conditions) 	<ul style="list-style-type: none"> Positive impact is quantified and communicated 20% from revenue comes from software licenses, services and 'as a service' contracts Standard products are >25% recycled material Selected 3 standard product series² are 20% more energy efficient compared to 2021
III Employee health, safety & wellbeing	<ul style="list-style-type: none"> Create employer branding roadmap. Investigate the opportunity to get certified as a 'Great Place to Work' 	<ul style="list-style-type: none"> Absenteeism and accident rates are 50% and 30% below industry benchmarks respectively 1 day a year, employees are allowed to help a good cause during working hours 	<ul style="list-style-type: none"> Status as a well-known employer at schools resulting in 10 interns a year 10% of all employees have ever done an internship or holiday work at Q-lite
IV Product quality & safety	<ul style="list-style-type: none"> Implementation of ISO27001 Implementation of NPR5325 and NPR5326 working method and obtain certifications. 	<ul style="list-style-type: none"> Obtain data security certification ISO27001 	<ul style="list-style-type: none"> Industry-leading status for product quality and safety
V Supply chain control	<ul style="list-style-type: none"> Pilot rollout code of conduct A level suppliers Engage key suppliers in ESG journey 	<ul style="list-style-type: none"> Obtain insights into CO2 status of key suppliers Key suppliers are engaged in ESG journey New supplier rating system fully operational Set strategy on data gathering and suppliers rating together with TU Delft³ 	<ul style="list-style-type: none"> 10% of our total purchases (in euros) comes from CO2-neutral suppliers Social risks are known in the supply chain and reduced to a minimum

¹Short term targets may be subject to change as a result of on-going strategy setting; ² Selected products must comprise a significant portion of sales; ³ Dependent on allocation of government subsidy. Source: MJ Hudson analysis

This report does not show a roadmap for each direct participation as the information is sensitive for competitive reasons. However, we will describe one or two (sustainable) projects for each direct participation.

The screening process for our progress score is as follows:

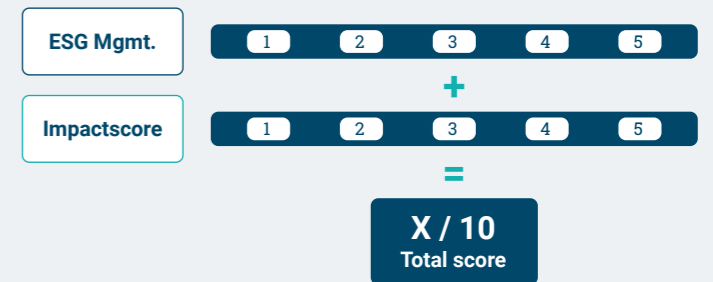
ESG and impact inventory

We screen all our companies, funds and charities. We check to what extent they take account of ESG and to what extent an investment or donation contributes to solutions for planetary or societal challenges. Points are awarded on the basis of completed questionnaires, submitted reports (impact, financial and sustainability), dialogue and publicly available information.

- ESG Mgmt.** The extent to which ESG factors are incorporated into investment and management decisions.
- Impactscore** The extent to which investments contribute to planetary and societal challenges.

Total score

We give each investment points for ESG management (up to 5) and for impact (up to 5), specific to each asset class. We add these scores to give each investment a total score out of 10.



Asset weights

We weigh the scores of all our investments based on their market value compared to the value of our total investment portfolio. This weighting results in an overall Progress Score. By measuring annually, we are able to monitor our Sustainable Progress.



Refining the method

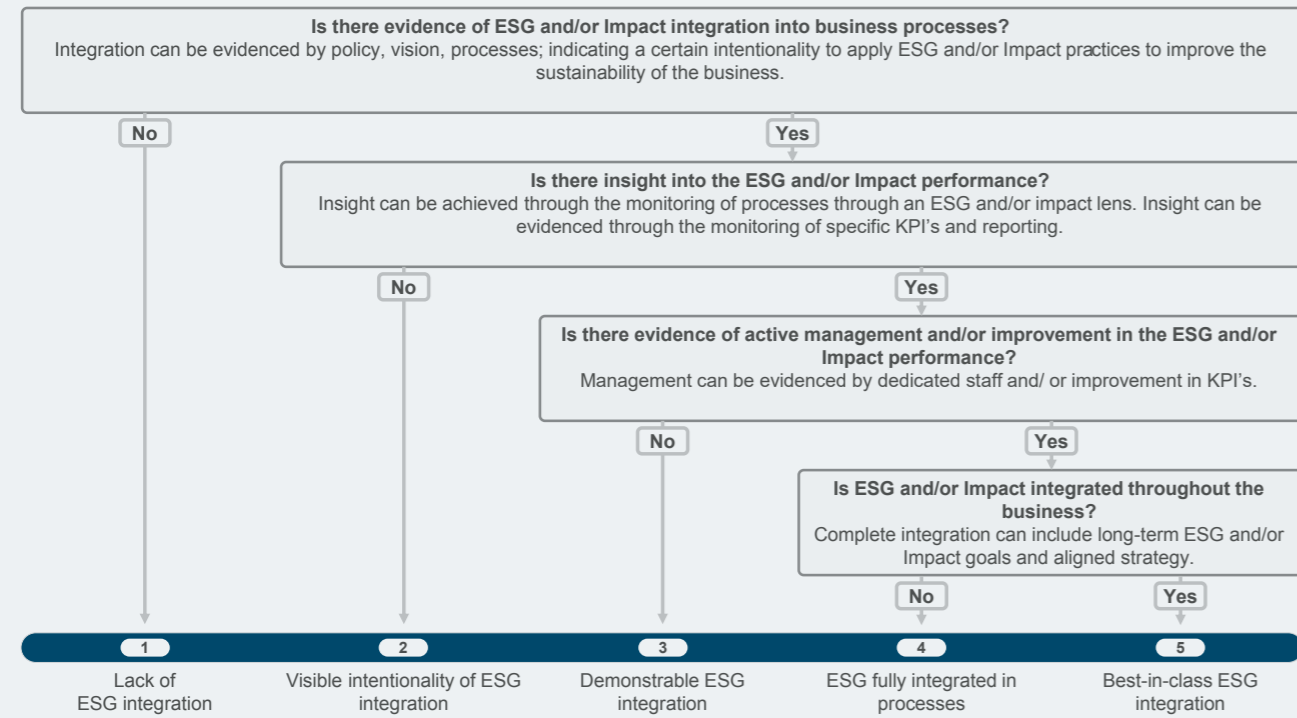
In 2021, we renewed three aspects of our method.

- We refined our **real estate screening**. We made a clear checklist to determine when a real estate fund can achieve a good score on ESG. We also established criteria to determine the impact score of real estate. This refinement meant that some scores were adjusted relative to previous years, as ESG scores rose and impact scores fell. More on this on pages 74 and 75 (Real Estate).
- We have also started to **round off** numbers differently, namely to the first decimal place. This affects our score, as we only worked with whole numbers until 2020.
- The **weighting** of ESG was also brought more in line with what is material in each sector.



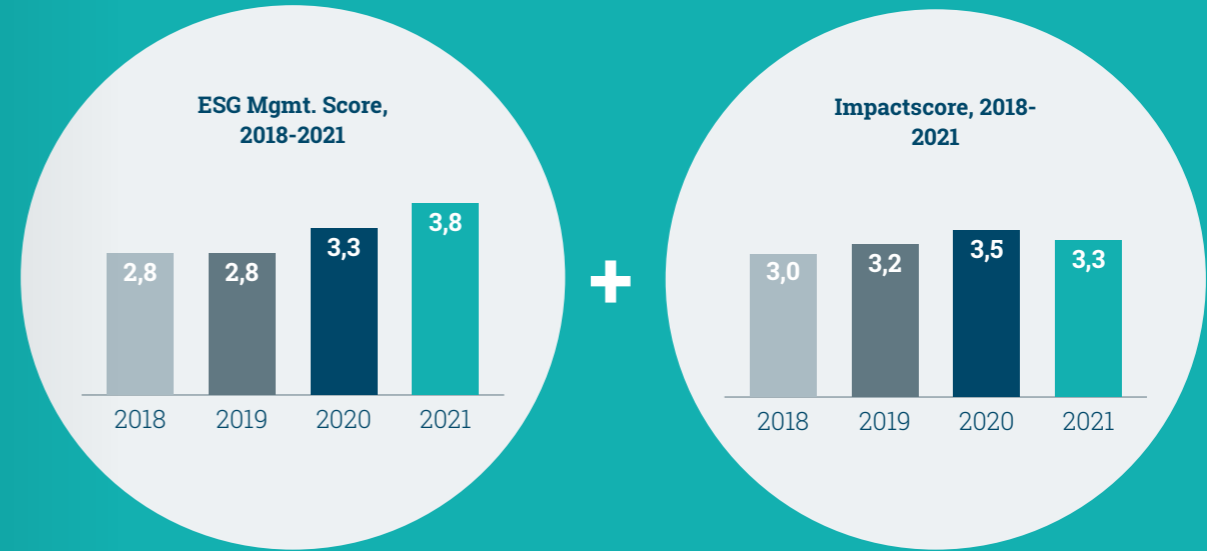
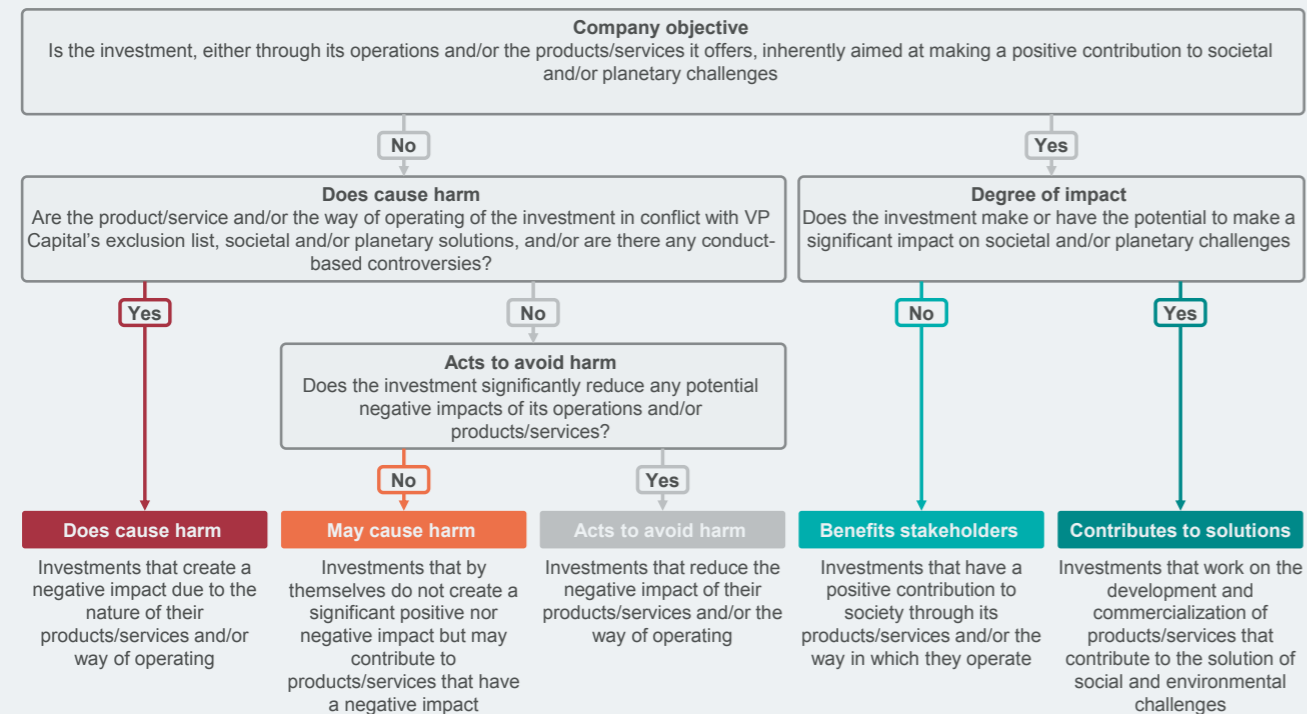
Structure of the ESG ladder

ESG Mgmt.



Structure of the impact ladder

Impactscore



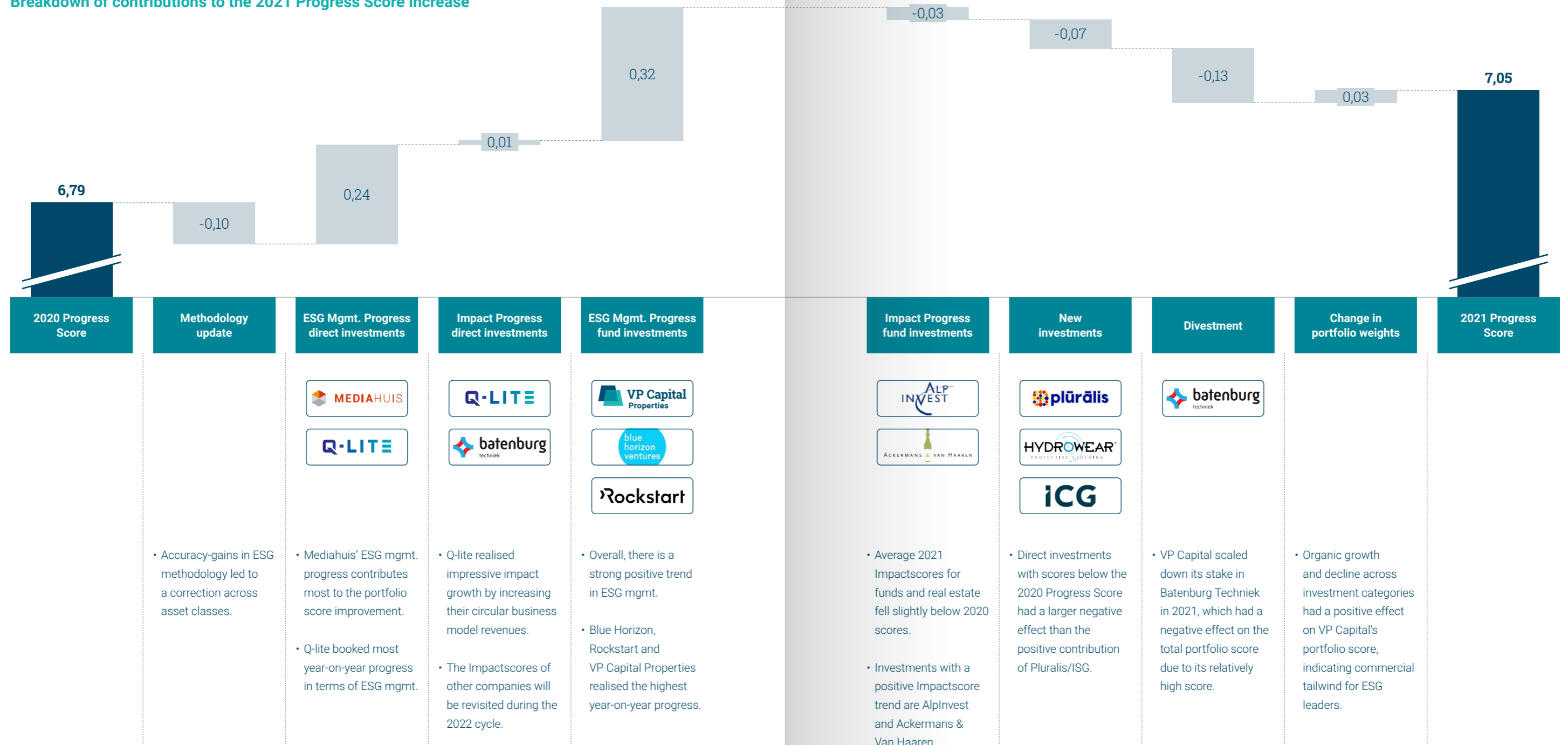
Result

The Progress Score for 2021 was 7.1 out of 10. This continues the upward trend: in 2019 we achieved a score of 6 out of 10, and in 2020 this already increased to 6.8 out of 10. We aim to achieve a score of 8 out of 10 by 2023. We entered into dialogue with 95% of our investments and donations regarding their results.

All funds, companies and their scores can be found in the following overview. One-pagers for all funds, investments and charities can be requested via the contact page on our website.

The change in score is shown in a waterfall chart. It shows that our impact score has slightly decreased, due in part to the refinement of our method. Several new investments in the Textile domain also achieved a low impact score. The partial sale of Batenburg Techniek, which achieved a high score, also led to a slight decline in the Progress Score. New impact investments (such as Pluralis and LSP Dementia) increased the score, and ordinary funds and several direct investments also saw their impact score increase. Notable increases include Batenburg Techniek, Ackermans & van Haaren, AlpInvest, Accsys Technologies, Aquaporin, Shift Invest, Blue Horizon and Rockstart Agrifood. There are more examples further on in the report of scores in specific domains, companies and funds.

Breakdown of contributions to the 2021 Progress Score increase



At VP Capital, we have several ways to improve our Progress Score. The most efficient one is to continue to engage with our direct investments and encourage them to introduce positive change. After all, most of our capital is in direct investments. With our other investments, we can work together to improve their ESG and impact scores. Finally, we can select new investments that create a positive impact and as such contribute to a higher score. Or we can part ways with investments that (continue to) underperform.

We realise that some of our investment portfolio companies do not have a high score yet, but we know from various interviews that they are working hard on improving their situation and that they will achieve a higher score next year. Moreover, some investments have a low score because we did not receive the necessary information or did not receive it on time.

Progress Score overview

Investment category	2	3	4	5	6	7	8	9	10	
I Direct						HYDROWEAR	MEDIAHUIS VP Landbouw HAVEP VH	batenburg Q-LITE		
II Funds		Goldman Sachs PCM	COMMITTED ADVISORS	Goldman Sachs CPVII 747 CAPITAL VII		Bolster I Textile 747 CAPITAL IV 747 CAPITAL VI	Bolster II INVEST ALP CONVENT CAPITAL LSP HEF II NORDIAN I NORDIAN II ICG	LSP v LSP Dementia ACKERMANS & VAN HAAREN		
III Real estate		Frun Invest I		Light Industrial		REG Fund	HCRE I HCRE II	VP Capital Properties		
IV Direct impact							vibers	VP Energie	AQUAPORIN	ACCSSYS
V Impact funds		Goldman Sachs IT					N>G PRINCEVILLE CAPITAL GREEN SAFARIS	blue horizon ventures inventures Rockstart SET	goodwell SHIFT INVEST LEAPFROG RSE	plürälis pymwymiC AquaSpark
VI Philanthropy				ANNETJIE VAN PUJENBROEK			Papillon project LichtWerk	DM HUMAN RIGHTS HERENBOEREN	YOUNG WATER SOLUTIONS bellngcat	Healthy Entrepreneurs

Impact score per domain

Each of our eight investment domains has different challenges and potential solutions. For example, in Agrifood, we need to work on healthier soils, while in the Media landscape, independent journalism is particularly important.

Overview of investment areas

The following overview shows the impact scores in the different domains. The examples on the right can be both direct and indirect investments. The impact scores help us to select new investments and monitor the impact score per domain.

Investment domain	Invested capital (% of total) ¹	# of companies/ assets ²	Weighted average Impactscore	Examples
Water	2,4%	8 (+4)	4,7	batenburg techniek, AQUAPORIN, BioFishency
Health	2,4%	67 (+5)	4,6	medikabazaar, zipline, SimplifyMedical
Smart industry	13,5%	74 (+35)	3,9 ▲	batenburg techniek, Q-LITE, WhiteOps
Energy	9,3%	31 (+13)	3,7 ▲	VP Energie, batenburg techniek, northvolt
Agrifood	3,6%	113 (+34)	3,4	VP Landbouw, DODLA DATRY, MOSA Meat
Textile	6,7%	12 (+6)	3,1 ▼	HAVEP, We are SpinDye, normn
Real estate	14,8%	73 (+9)	3,0 ▼	extensa, Anima Care, CROWD
Media	41,4%	12 (+6)	3,0	MEDIAHUIS, infoplaza to the point, euro media group
Other	6,0%	146 (+38)	3,3 ▲	Bank-Banque J.VanBreda&C, Convertus, MFS Africa

Method

For each of our investment areas, the Sinzer consultancy agency drew up the most important challenges and investable solutions. All companies in which we invest directly or indirectly were screened according to an impact ladder. The more companies that came up with solutions for key challenges, the higher their impact score. The impact score per domain is the weighted average of the impact scores of all companies and funds within a domain. On the following pages, we focus in more detail on our different investment domains and their corresponding challenges and solutions.

¹ Note that contributions to multiple domains are possible

² Some funds, including Alpinvest, have more underlying investments, however, only a selection was assessed.

▲ Incr. vs last year

▼ Decr. vs last year

INVEST

A look at each investment domain close up

On the following pages, we will discuss our eight investment domains. We provide the following information for each investment area:

- **Introduction to the domain**
- **Key challenges per investment domain**
- **Key solutions and how to invest in them**
- **Impact score per investment domain, including an overview of how many companies come up with solutions for key challenges**
- **Examples of investment portfolio companies and/or funds. We also provide a one-pager with the most important information. As for our direct participations, we will describe several sustainability projects that took place in 2021. Last year, we focused a great deal on the Agrifood and Textile domains. That is why the introductions to these domains are much more extensive**
- **A logo overview of a selection of companies that are directly or indirectly present in our assets**



Introduction to the domain

We can distinguish several major trends in the Agrifood domain, many of which are related to the challenges identified in this domain.

- **Short, fair and transparent value chains.** Consumers want to know where their food comes from, and shorter chains provide farmers with a better earnings model.
- **Protein transition.** The consumption ratio of animal to plant proteins in Western diets is currently around 60/40. This ratio must be reversed if we are to continue to meet the growing demand for food within planetary boundaries.
- **Regenerative agriculture.** Regenerative agriculture focuses on soil integrity and the restoration of soil quality. Farmers work with nature, not against it. In arable farming, the amount of organic matter is increased through minimal soil cultivation, crop rotations and green manures. This allows more carbon to be stored in the soil. Regenerative agriculture has a positive impact on nature, the climate, biodiversity and animal welfare.
- **Circular agriculture.** Circular agriculture is a form of sustainable agriculture in which the cycles of nutrients, minerals and organic matter are closed as much as possible, preferably within a single farm or region.
- **Technological innovation, precision agriculture and robotisation.** Technological progress makes it possible to produce more food with fewer inputs, such as working hours and pesticides.
- **Avoiding food waste.** About a third of the world's food is lost or wasted between farm and fork, according to the UN Food and Agriculture Organization (FAO).

Despite good initiatives, the impact of the agricultural sector on the climate, the soil and biodiversity, among other things, is still (too) great. As a result, societal pressure is increasing. Our Western diet contains too much animal protein, and the meat and dairy industries emit too much CO₂-eq. A protein transition to more plant-based alternatives is necessary if we want to continue feeding the world population in the future.

The challenges defined in the Agrifood domain emphasise the importance of a transition in the sector. Through (impact) funds, we invest in various innovative companies that contribute to solutions for these challenges. One example is Naïo Technologies (PYMWYMIC), which develops electrically powered robots that remove weeds mechanically. This can be a breakthrough in reducing the use of chemical pesticides. Other examples from our investment portfolio are Mosa Meat (Blue Horizon), which produces burgers from cultured meat; or Planted, which focuses entirely on meat substitutes from vegetable protein sources. Our direct investment VP Landbouw and part of the activities of Batenburg Techniek also belong to the Agrifood domain. Finally, we also support the Herenboeren foundation, a growing citizens' movement that sets up cooperative farms to demonstrate that the production of our daily food can be different, better and above all more sustainable (see also 'Donations').



Key challenges

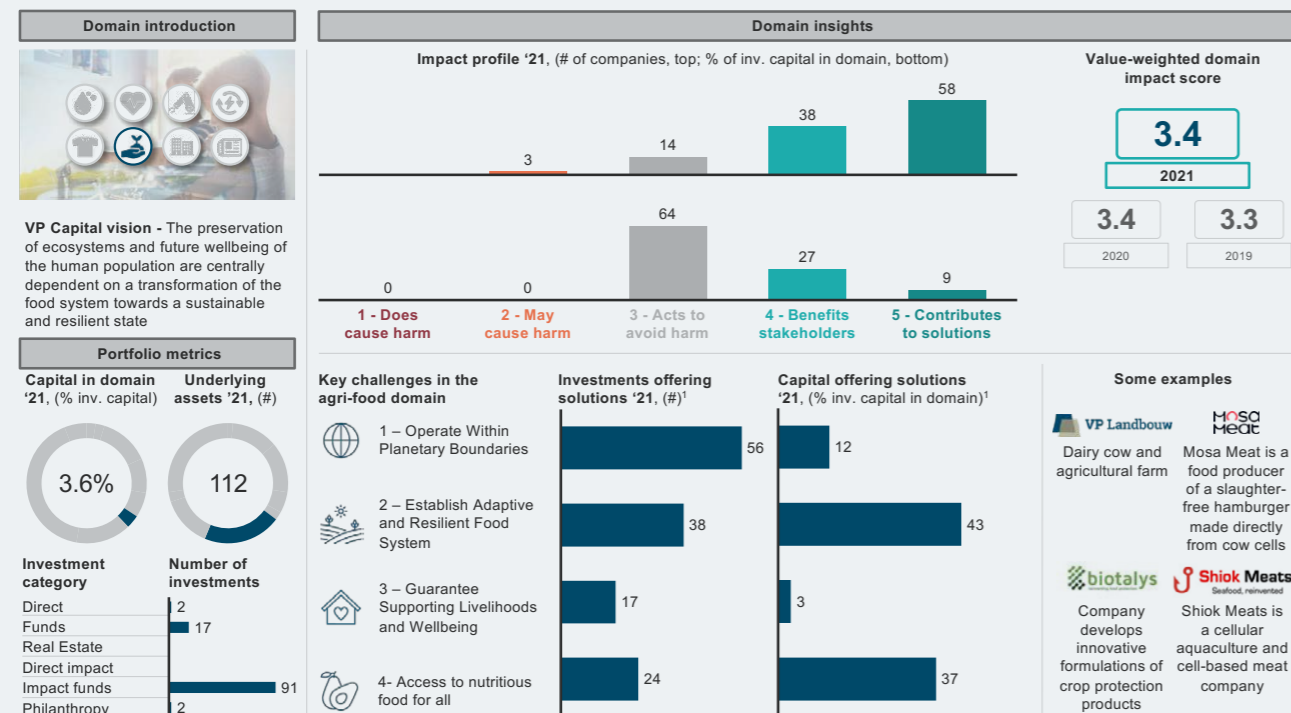
- Working within planetary boundaries
- Building an adaptive and resilient food system
- Prosperity and well-being for everyone in the food chain
- Access to nutritious food for all



Key solutions

- Transition capital for conventional farmers who want to convert to regenerative/agroforestry/holistic agriculture
- Technology that shows it can improve soil biology and local biodiversity, and reduce chemical inputs and food waste
- Consultancies for regenerative and sustainable agriculture
- Producers of regenerative/biological input
- Outlets that focus on buying goods from sustainable farmers

The following image shows an example of a **Domain Performance Overview** page. Among other things, it depicts our long-term vision for a domain, how much capital we have invested in that domain in terms of percentage and how many underlying assets there are in a domain. The impact score depends on the place various companies occupy on the impact ladder. It varies from a score of 1 (Does cause harm) to a score of 5 (Contributes to solutions). We then weigh the scores based on the invested capital per company. Finally, we show which key challenges are at work in the domain and how many investments contribute to solutions. We also show several examples of companies that operate in this domain.



¹ Investments can contribute to multiple solutions.

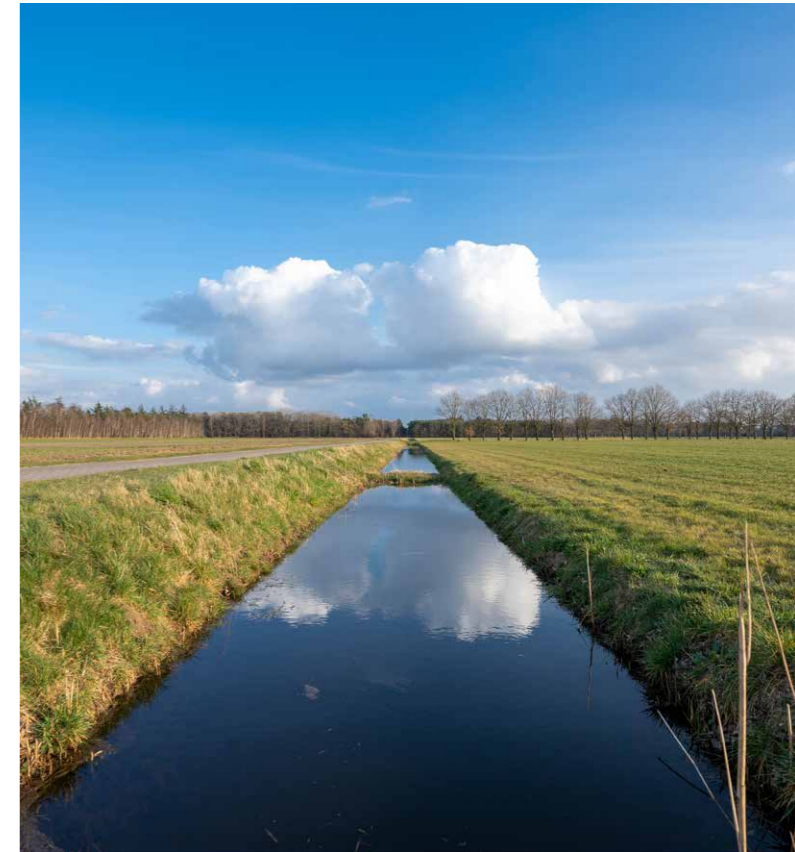
Examples from our Agrifood domain

Example 1



VP Landbouw is a heritage company within the Agrifood domain. It was founded in the 1940s by Eduard van Puijenbroek to keep workers employed in the textile factory, which had fallen into disuse. This prevented them from being used by the German war industry. To provide the fields with high-quality manure, a dairy branch was added after WW II. Today, VP Landbouw is still a mixed farm with 400 hectares of arable land and 400 dairy cows, as well as young stock. Sustainable Progress is part of our company's history and DNA. For example, we were one of the first farms to have a free-range barn for its cows, one of the first to receive Unilever's 'Landmark farm' sustainability label, and we are currently one of the first to experiment with strip cropping.

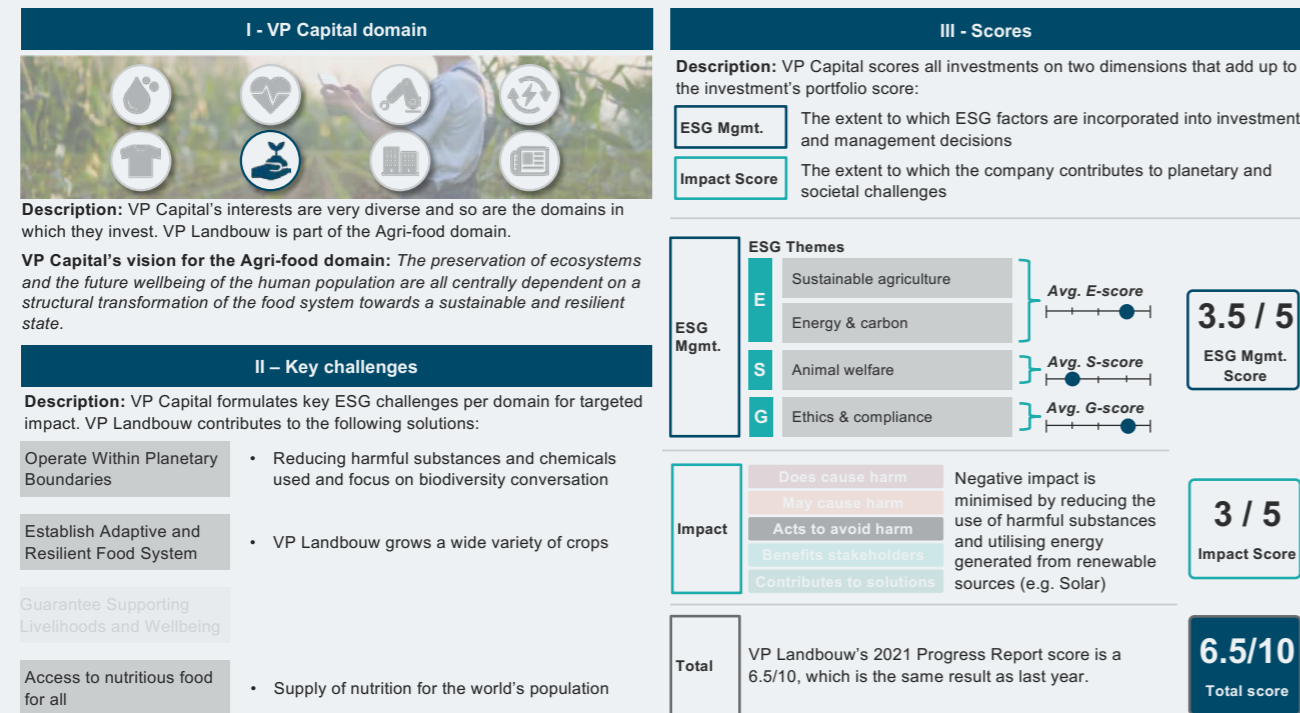
Last year, with the experts from Metabolic/FreshVentures and support from VP Capital, we addressed the question: 'How can VP Landbouw become a future-proof company that produces nutritious food within planetary boundaries?' Working on this exercise together, our solution was the principle of regenerative agriculture, which focuses on working with nature rather than against it. This dovetails well with VP Landbouw's unique location on the Gorp & Rovert estate. There is already synergy between nature and agriculture in the field of water management and the use of residual flows, which originate from nature management, as green manure for agriculture. An example of the latter is heath mulch. Regenerative agriculture focuses on the soil. The goal is a fertile, healthy soil that has an abundance of soil life in all its forms. Therefore, we either do not turn the soil at all or do so less deeply, and we use organic manure and work with ground-covering green manure crops. We thus manage to build up more organic matter in the soil, thereby storing carbon and improving the soil's 'sponge effect' (its ability to retain water). The question of whether cows still fit into a future-proof farm has occupied us for a long time. The methane and ammonia emissions associated with dairy cattle farming are a cause for concern, but on the other hand, VP Landbouw's fields are still fed with manure from our own animals. This cow manure currently provides 60% of the manure required by arable farming and vegetable cultivation, and we want to reduce artificial fertiliser even further because its use also has a major impact on the climate. Moreover, a mixed and land-based agricultural company such as VP Landbouw offers an excellent starting point for regenerative and circular agriculture. VP Landbouw is also fully committed to reducing



emissions, improving animal welfare and producing feed for our cows on our own land. We have already taken various steps in this regard over the past year. Examples are given later.

Despite all of our efforts at VP Landbouw, our ESG score did not increase significantly this year. Changes in agrifood companies are slow to take root, and we are aiming for an 8 out of 10 here. We can make a big step by adapting the current large cow shed into a low-emission system with improved animal welfare. This concerns a large investment that is on the agenda for 2023 and partly 2024, because from 1 January 2024 the stable floor has to be low emission. Recent developments in Ukraine and the explosive rise in the price of energy, feed and fertilisers make it even clearer that the path towards using fewer fertilisers and closing the cycles on our own land is the right one to take. The transition to regenerative agriculture, which the company has resolutely embarked on, will take further shape in the coming years. To this end, VP Landbouw cooperates with Soil Heroes, Metabolic, FreshVentures and CO2Logic, among others.

The following figure shows the conclusion of an extensive exercise on ESG and impact that we did for VP Landbouw. It depicts our long-term vision, the key challenges and the solutions to which the company contributes. In addition, we present the ESG score, which is based on material ESG issues. Companies that achieve a score of 5 out of 5 are pioneers and 'best in class' compared to other players in the market. The impact score indicates where the company stands on the impact ladder. A score of 3 out of 5 refers to the 'Acts to avoid harm' phase. A score of 5 out of 5 means that the entire business operations, the products and services contribute to solutions for key challenges.



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The following paragraphs highlight some of VP Landbouw's projects:

Reducing the carbon footprint

VP Landbouw experimented with growing summer fava beans in 2021. These home-grown protein crops absorb nitrogen from the air and are an excellent alternative to overseas soy imports. In 2022, we will expand this acreage in the hope of increasing the yields per hectare. We have also sown various grass-clover mixtures (clover also meets its own nitrogen demand) and grown much more roughage on our own land. These steps have reduced the amount of feed we purchase, thereby also lowering VP Landbouw's carbon footprint (Scope 3) by more than 20%.

In 2021, we also electrified almost our entire irrigation system and connected part of it to solar panels, reducing the use of diesel and associated carbon emissions on the farm by 37%.



Strip cropping, soil enrichment and soil protection

The company has also started using strip cropping, a new and experimental way of arable farming, in which different crops are grown next to each other in narrow strips. Large continuous areas with a single crop make the system vulnerable to disease and pests. The idea of strip cropping is that it provides useful organisms with sufficient food and shelter throughout the year, thereby reducing the need for crop protection products. The initial impression is that the build-up of beneficial organisms will probably take time. VP Landbouw is therefore continuing the trial, despite the extra effort that this method of cultivation requires. To enrich and protect the soil, green manure crops and/or catch crops were sown on almost all plots in 2021. In addition, fixed row paths are used everywhere so that the soil is only compacted locally. This also benefits the soil integrity.

Finally, in 2021, we experimented with minimum soil tillage, a course of action we will continue to pursue in 2022, including through our partnership with Soil Heroes. Refraining from ploughing or ploughing with a minimum amount of soil protects soil integrity better and improves carbon storage in the soil. By feeding the soil with organic fertilisers and green manure crops, the amount of organic matter increases, as does soil integrity. The carbon stored this way is processed as an ecosystem service with the help of the Soil Heroes platform and can help provide VP Landbouw with an additional earnings model.

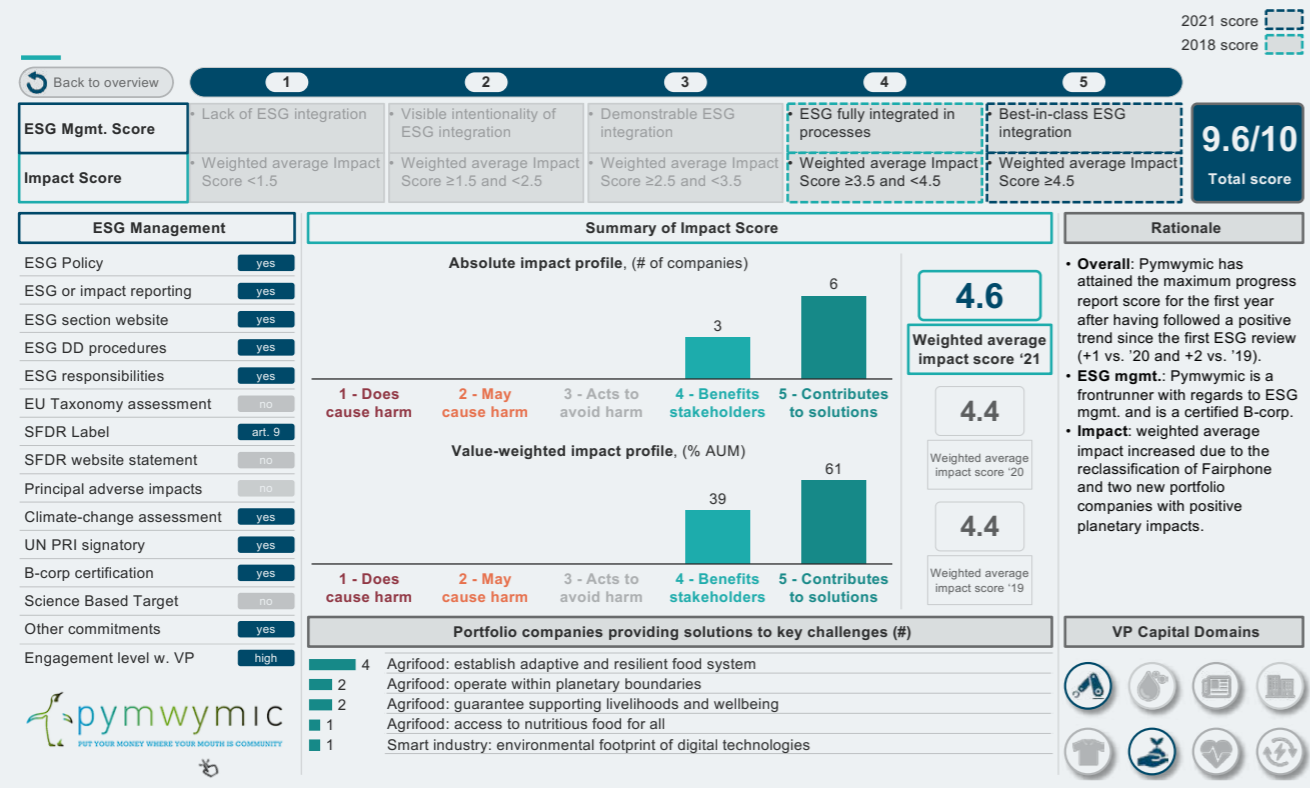
Example 2



PYMWYMIC is a cooperative that invests in impact-driven businesses. It is a group of more than 100 individuals, families and entrepreneurs from different backgrounds, ages and nationalities, connected by a common goal. They are all pioneers in developing proof points for a new industry, where solid financial returns go hand in hand with positive impact. They are developing new standards for this to work in practice and aim to influence the wider industry. PYMWYMIC is involved in two funds concerning System change and Food and achieved almost the maximum possible ESG and impact score this year.



The following figure is an example of a one-pager, which we create for all our funds. Each fund is assessed on ESG and impact. On the left, you can see what efforts a fund is already making in terms of ESG management and what it is not doing yet. We also assess the underlying assets on the impact ladder. The second part of the figure depicts a screening of underlying assets. The results are translated into an impact score. The higher the score, the more assets contribute to solutions for key challenges in the domain in which the fund operates. The bottom of the middle part shows how many companies are trying to find solutions for challenges.



Full breakdown of Impact Score

Company	Score	% AUM	Domain	Description
Trapview	1	18%	AgriFood	Automated pest monitoring and forecasting platform for agribusinesses.
Naïo Technologies	2	14%	AgriFood	Developer of agricultural, wine-growing robots and power tools.
Yooji	3	7%	AgriFood	Developer of healthy and tasty baby food, with care for the environment.
Fairphone	4	16%	Smart Industry	Producer of a modular smartphone focusing of transparency and circularity.
Biomemakers	5	10%	AgriFood	Developer of soil analytic tools for more sustainable and productive agriculture.
Connecterra	5	8%	AgriFood	Predictive intelligence platform focusing on farm and value chain efficiency.
InspiraFarms	5	7%	AgriFood	Distributor of cold-chain products and business services for agribusinesses.
Ceradis	5	7%	AgriFood	Eco-friendly solutions for plant nutrition, crop protection and formulation services.
Augmenta	5	7%	AgriFood	Developer of smart AI-powered systems to upgrade pre-owned farming equipment.

Impact Score legend

- Companies creating a negative impact due to the nature of their products/services and/or way of operating
- Companies without inherent positive/negative impact but may contribute to products or services with a negative impact
- Companies that reduce the negative impact of their products/services and/or the way of operating
- Companies that have a positive contribution to society through its products/services and/or the way in which they operate
- Companies working on advancing & commercialisation of solutions that solve societal and planetary challenges

In 2021, PYMWYMIC scored more than 9.5/10 in our screening. That is why they are entitled to a Sustainable Progress Award.

Overview of the Agrifood domain

Direct investments

- batenburg | smarter focus. brighter tomorrow.
- VP Landbouw

Donations

- ANNETJE VAN PUJENBROEK STICHTING
- HERENBOEREN SAMEN DUURZAAM VOEDSEL PRODUCEREN

Indirect investments (via funds)

- Rockstart: nordetect, Mills, INVISIBLE FOODS, ChefMe, WILLICROFT, Lyfa, KrishHub, Nanomik Biotechnology, MyCrops, ibisa, evocco, ALGANEX, Zymoscope, FloWaste, VULTUS, Carbon Space, offgrid.finance, wenda, GREENPOD LABS, Lunch.Co, Food4All, REDUCED, RAHANDEL, peelo, Rak Albatross
- AquaSpark: CALYSTA, SWEDISH ALGAE FACTORY, xpertSea, ACE AQUATEC, PROTIX, MATORKA, ShioK Meats, CageEye, CHICOA, IOT, FISHER, LOVE WILD, Proteon Pharmaceuticals, ecto, EnerGaia, BioFishency, eFishery, molo, SEA6 ENERGY, oceano fresco, Hofseth, Hatch
- 747 CAPITAL: ELLISON BAKERY, swæetgreen, MISCUSI, DIG., growve, TASTEMAKER ACQUISITION, NutriScience, WHEAT MONTANA FARMER & BAKERY
- pymwyc: Ceradis Crop Protection, Yooji, nqi, InspiraFarms, trapview, BIOMEMAKERS, Connecterra, AUGMENTA, rootwave
- NORDIAN CAPITAL PARTNERS: RISE, PEARL DAIRY, CODEMA
- ALP INVEST: ACKERMANS VAN HAAREN, bionalys, Bioelectric, FRONERI
- ICG: goodwill, GOOD NATURE AGRO, CHICOA, JOMARA, UNITED PETFOOD
- Bolster: ADOMEX, DINNISSEN, GIESEN, market FOOD GROUP
- SHIFT INVEST: HUMANFOOD, alpha FOODS, ALGAMA, LOVE Raw, TIPA, MOSA Meat, LIVEKINDLY, veestro, CUBIQ, Pland, Mia&Ben, GELTOR, heartbest, AGBIOME, JAY&JOY, BIOMILO, Clara Foods, planted, POLYBION, CHROMOLOGICS
- FOOD: onethird, pieterpot, SAIA, nature's principles, TIME-TRAVELLING MILKMAN

* This overview contains examples from 2021. A current overview may look different.



Energy

Introduction to the domain

For several years, we have been building our investment portfolio in the field of Energy. We invest directly and indirectly in:

- Solar energy, energy storage and electric charging stations
- Energy production from biomass
- The development of smart heating solutions
- Smart energy system solutions with intelligent software and/or services, combined with hardware components

The transition from a carbon-intensive energy system to a robust and sustainable energy system is crucial. At VP Capital, we are expanding our investment portfolio according to the available solutions for key challenges in this domain.



Key challenges

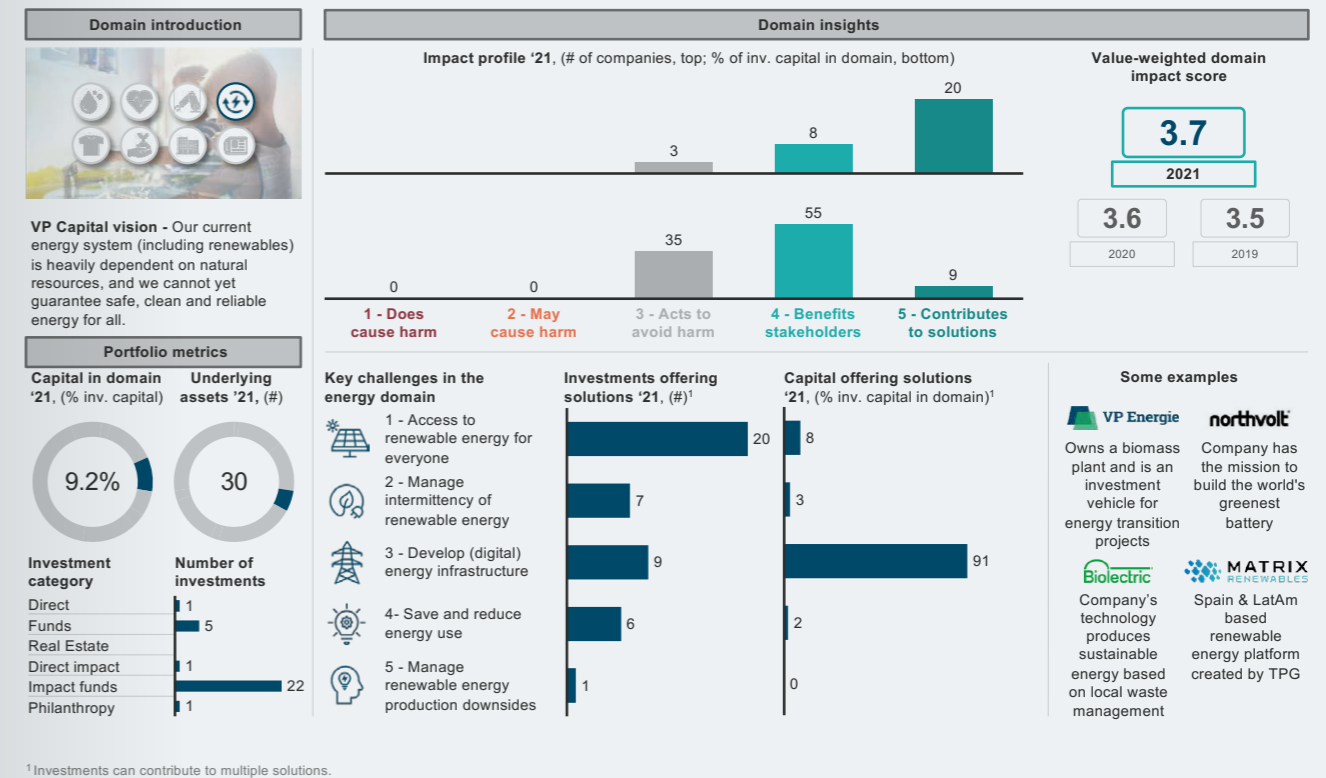
- Providing renewable energy for all
- Reducing the fluctuating availability of renewable energy
- Developing a (digital) energy infrastructure
- Saving and reducing energy consumption
- Managing the downsides of energy production



Key solutions

- Companies that supply renewable energy or alternatives to fossil fuels
- Solutions that facilitate the energy transition, e.g. clean batteries, smart grids
- Innovations that reduce energy consumption
- Solutions for reducing the footprint of renewable energy or circular business models

Domain performance overview

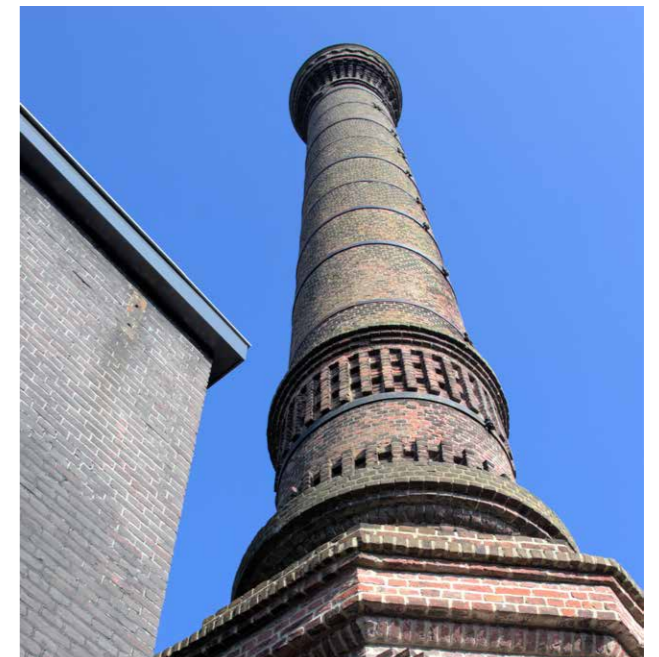


Examples from our Energy domain

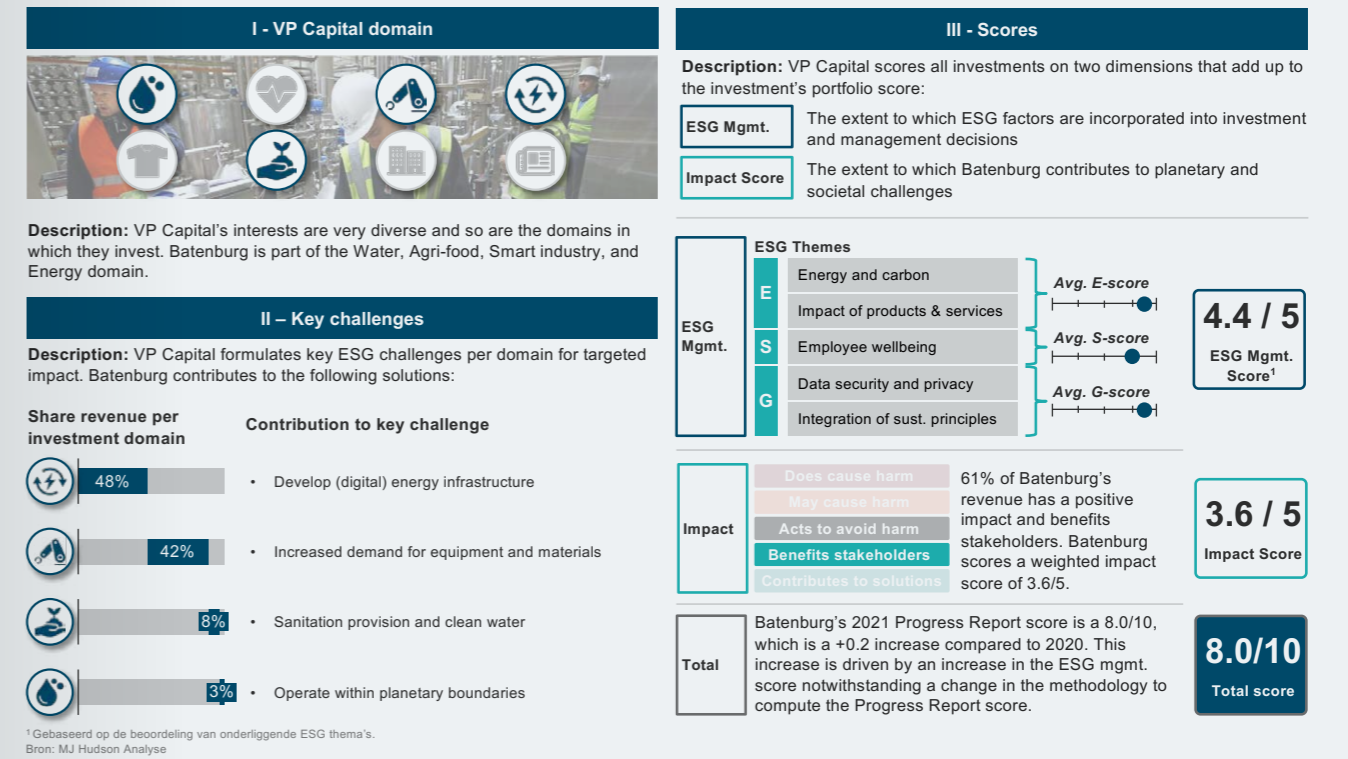
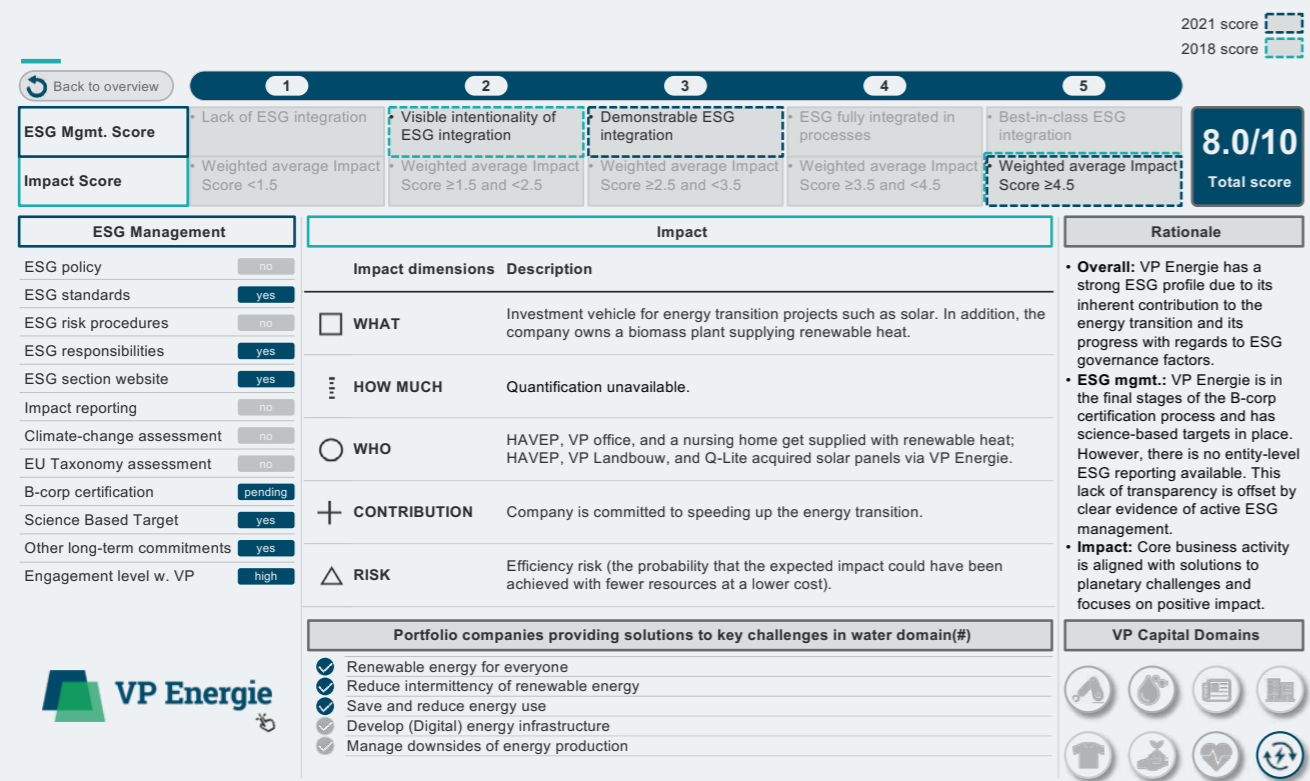
Example 1



At VP Capital, we invest in solar parks and other projects that promote the energy transition through VP Energie. Examples include the solar panels that have been installed on the buildings of portfolio companies such as HAVEP and VP Landbouw. The biomass power station at HAVEP's old industrial complex also falls under VP Energie. This power station is fired by second choice wood or prunings from the nearby Gorp & Roovert estate. The wood is shredded, dried and burnt and the energy thus generated is 97% carbon neutral. The biomass power station not only heats VP Capital's office but also a nearby nursing home, and eventually it will also heat the new houses in the planned residential area 'Land van Anna'.



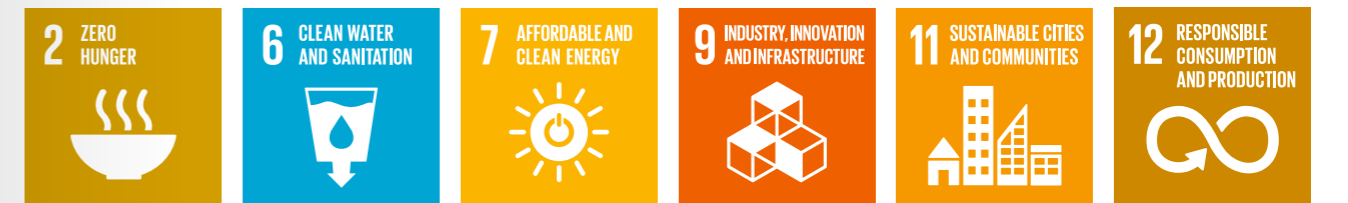
The following figure shows a screening of VP Energie, an example from our 'direct-impact asset class'. We assess these companies in the same way in terms of ESG and impact. On top of that, we extend the impact dimensions that are common in impact investing, namely What, How Much, Who, Contribution and Risk. In time, we will complete these dimensions and refine their descriptions.



The following paragraphs highlight some of Batenburg Techniek's projects:

Impact projects in 2021, classified by SDG

Batenburg Techniek measures its positive impact by assessing whether projects contribute to the United Nations Sustainable Development Goals (SDGs). The company selected six relevant SDGs:



Example 2



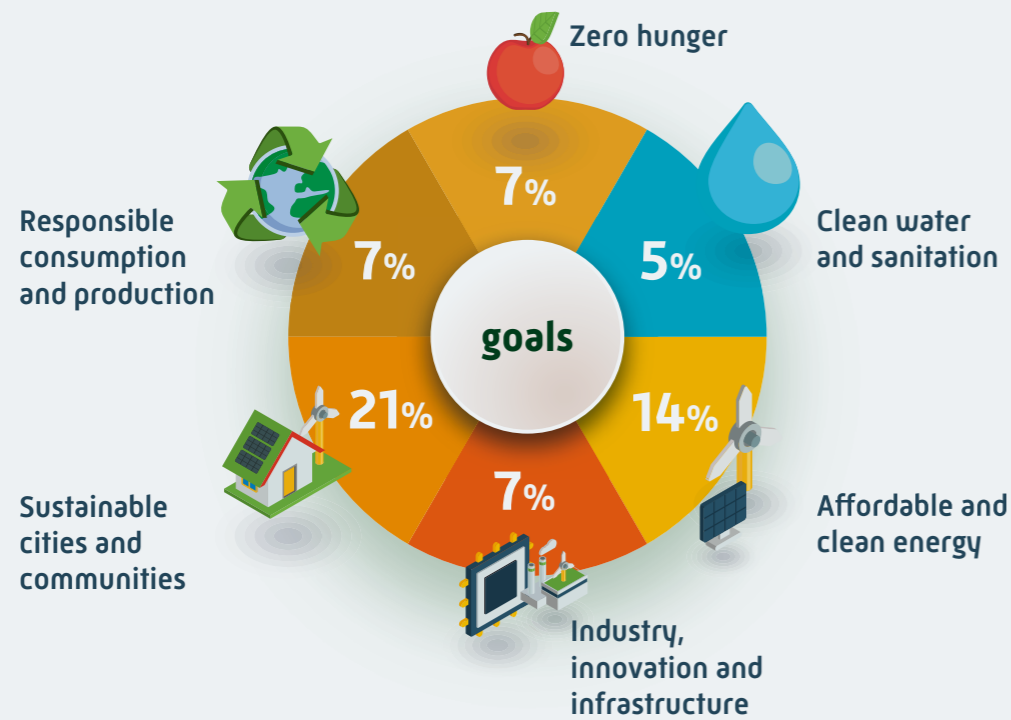
The Dutch company Batenburg Techniek is a technical service provider. Driven by an approach labelled 'Smarter focus. Brighter tomorrow', it develops smart solutions in two interrelated areas: digitalisation and the energy transition. The company's approximately 1,250 employees specialise in industrial automation and supplying and installing numerous industrial components with a focus on long-term customer relations. Batenburg Techniek consists of five departments that serve the same number of markets: Batenburg Industrial Automation, Hogendoorn (horticulture) and Batenburg Installation Technology, Batenburg Industrial Components and Batenburg Energy Technology. Batenburg Techniek is not only active in the Energy domain, but also in Smart Industry, Agrifood and Water. We provide the overall results for 2021 here.



Batenburg Techniek's employees contribute to the energy transition through their work in numerous projects involving solar and wind parks. They are also involved in the digitisation of industry and infrastructure in the Netherlands. Projects with a positive impact make up an increasingly large part of their activities. In 2019, 46% of the projects had a positive impact. In 2020, that percentage rose to 58%, and in 2021 to 61%. By 2030, at least 75% of projects should have a positive impact.



Impact projects according to SDG in 2021



“ Thanks to the trust and commitment of clients, employees, partners, shareholders and supervisory directors, it is possible to continue to build together on the future of Batenburg Techniek. As we move towards a brighter tomorrow. – Ralph van den Broek, CEO Batenburg Techniek ”



Reusing heat at Milcobel

At the mozzarella factory of the Belgian dairy cooperative Milcobel, Batenburg Techniek helped to automate a heat network. This heat network is fed from a heat exchanger on the outlet of the local cogeneration plant. With the heat network, Milcobel saves 2MW of power, which no longer has to be generated by steam boilers. This corresponds to a savings of 3,600 tonnes of carbon per year.



Overview of the Energy domain

Direct investments



Indirect investments (via funds)

<p>SET Ventures</p> <p>FLEXIDAO instagrid mini bems</p> <p>HYDRO GRID GREEN EAGLE SOLUTIONS Easelink</p> <p>ES·FOR·IN Energy Services for Industry depsys</p>	<p>ACKERMANS & VAN HAAREN</p> <p>GREEN OFFSHORE Bioelectric</p> <p>inventures impact venture capital funds</p> <p>TURBULENT COWBOY.</p> <p>SHIFT INVEST</p> <p>ertora jungle E-MAGY on with silicon</p> <p>747 CAPITAL</p> <p>Westwood</p> <p>goodwell invest with impact</p> <p>SPARKMETER</p> <p>Goldman Sachs</p> <p>rhythm northvolt</p>
<p>RISE FUND</p> <p>Nithio</p> <p>FOURTH PARTNER ENERGY MATRIX RENEWABLES</p> <p>CLEARResult</p> <p>PRINCEVILLE CAPITAL</p> <p>volta</p> <p>Mainspring Enpal.</p> <p>FABRIC</p>	

Donations



* This overview contains examples from 2021. A current overview may look different.



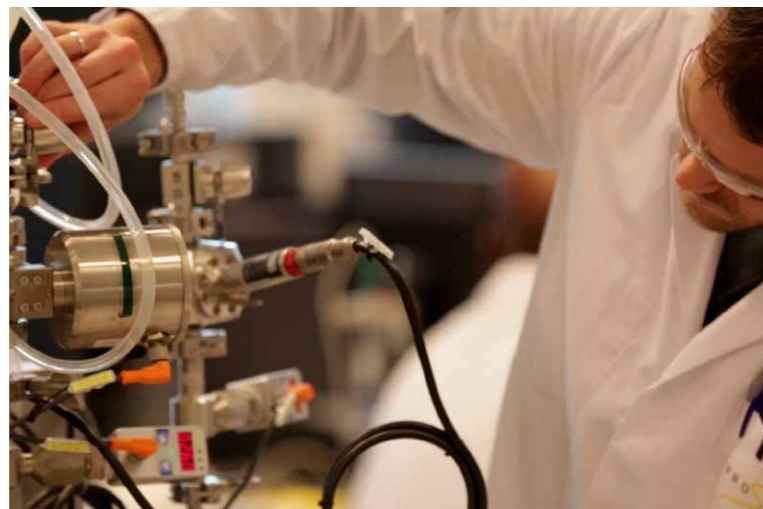
Health

Introduction to the domain

We have been building our investment portfolio in the Health domain for several years now. We have investments in:

- Supply of medical equipment
- Development of medical equipment
- Development of treatments/medicines
- Distribution of medicines

We consider Health to be an important area of investment: a healthy planet and a healthy population go hand in hand.



Key challenges

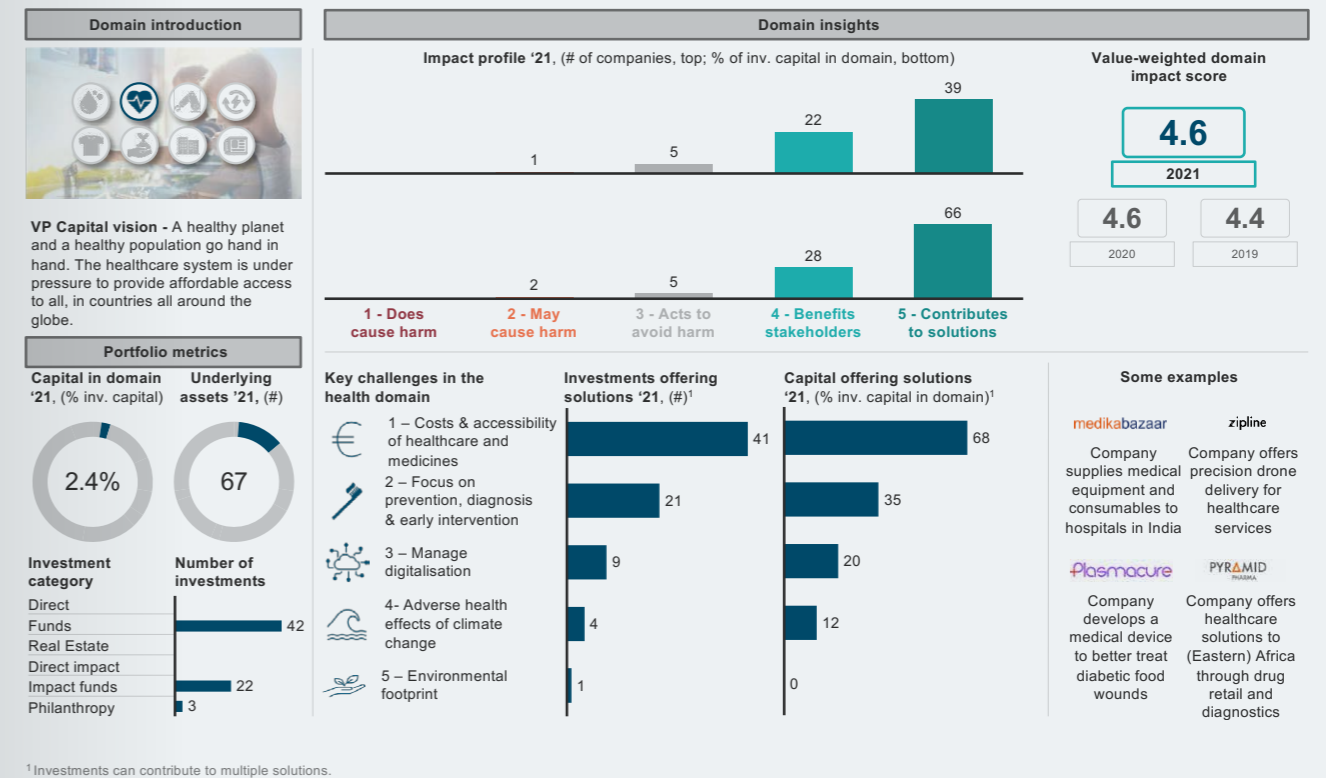
- Cost and accessibility of healthcare and medicines
- Emphasis on prevention, diagnosis and early intervention
- Integrating digitalisation
- Negative health effects of climate change
- Improving (access to) mental health services



Key solutions

- Technological solutions for early prediction and prevention of diseases
- Improved nutrition, solutions for better access to care
- Algorithms and wearables for biomonitoring
- DNA sequencing
- Technologies that improve individual care, such as 3D printing for replicating body parts

Domain performance overview



Examples from our Health domain

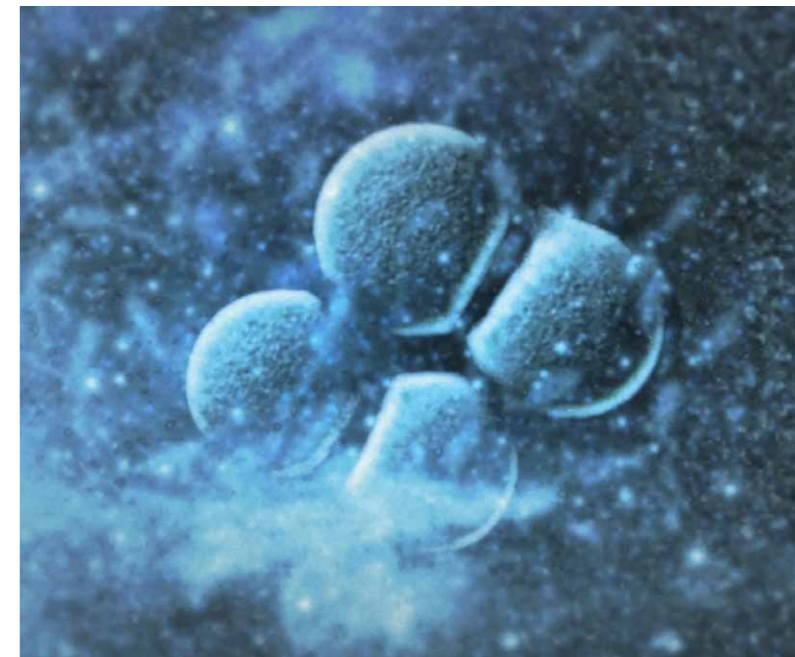
Example 1

LSP

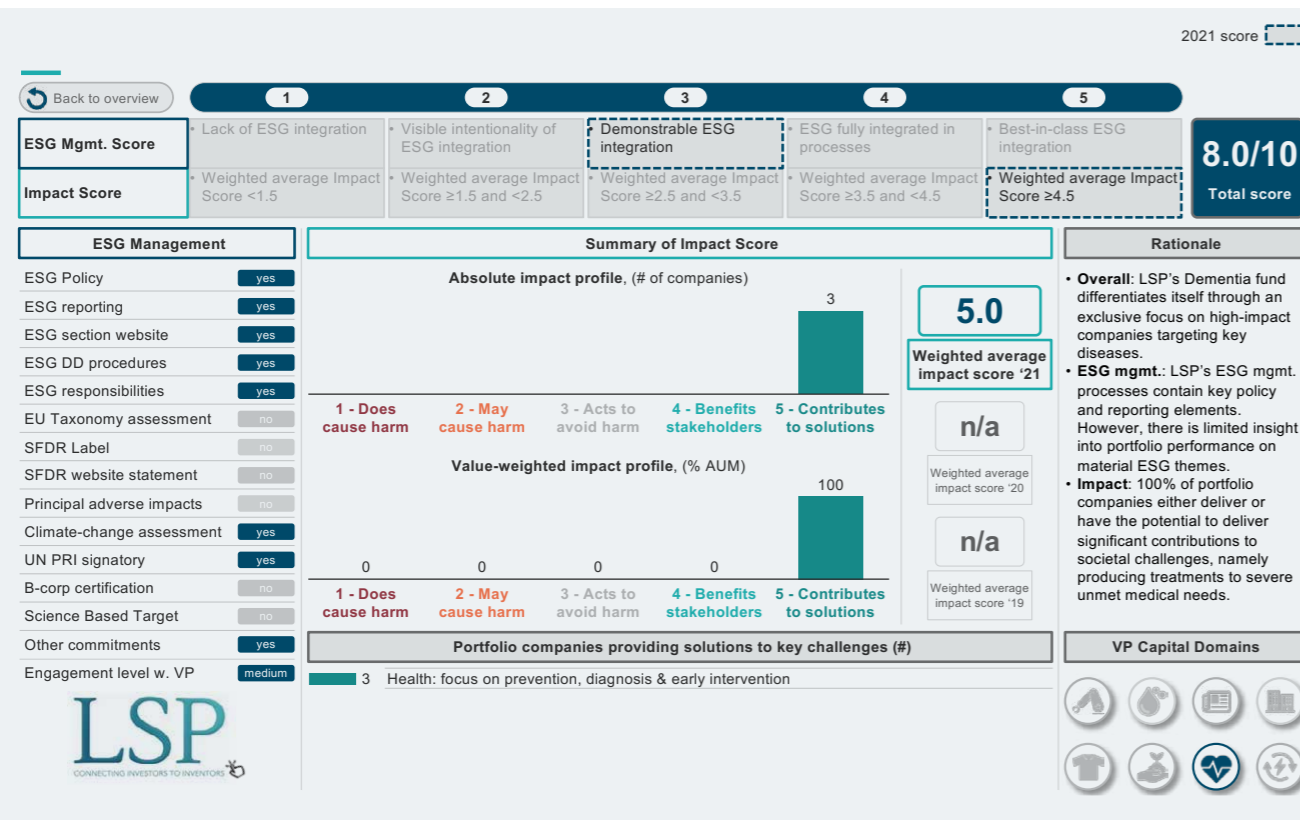
LSP is a fund manager in the Health domain. The company has several funds, and VP Capital invests in some of these funds. In 2021, the LSP Dementia fund was added.

With more than 30 years of experience, the staff has built an investment house dedicated to only one task: to seek, nurture and grow investment opportunities in healthcare. The focus is on opportunities that can potentially have a positive impact on society.

LSP was acquired by EQT in early 2022 and subsequently changed its name to EQT Life Sciences.



For funds, we look at the underlying portfolio companies in the domain, the impact ladder and the ESG ladder to calculate an overall score.



Full breakdown of Impact Score

Company	Score	% AUM	Domain	Description
NewAmsterdam Pharma	3	42%	Health	Developer of clinically validated oral therapies for patients with metabolic diseases.
Muna therapeutics	3	30%	Health	Therapy developer for neurodegenerative diseases e.g. Alzheimer's & Parkinson's.
AviadoBio	3	29%	Health	Pioneering gene therapy company focused on neurodegenerative disorders.

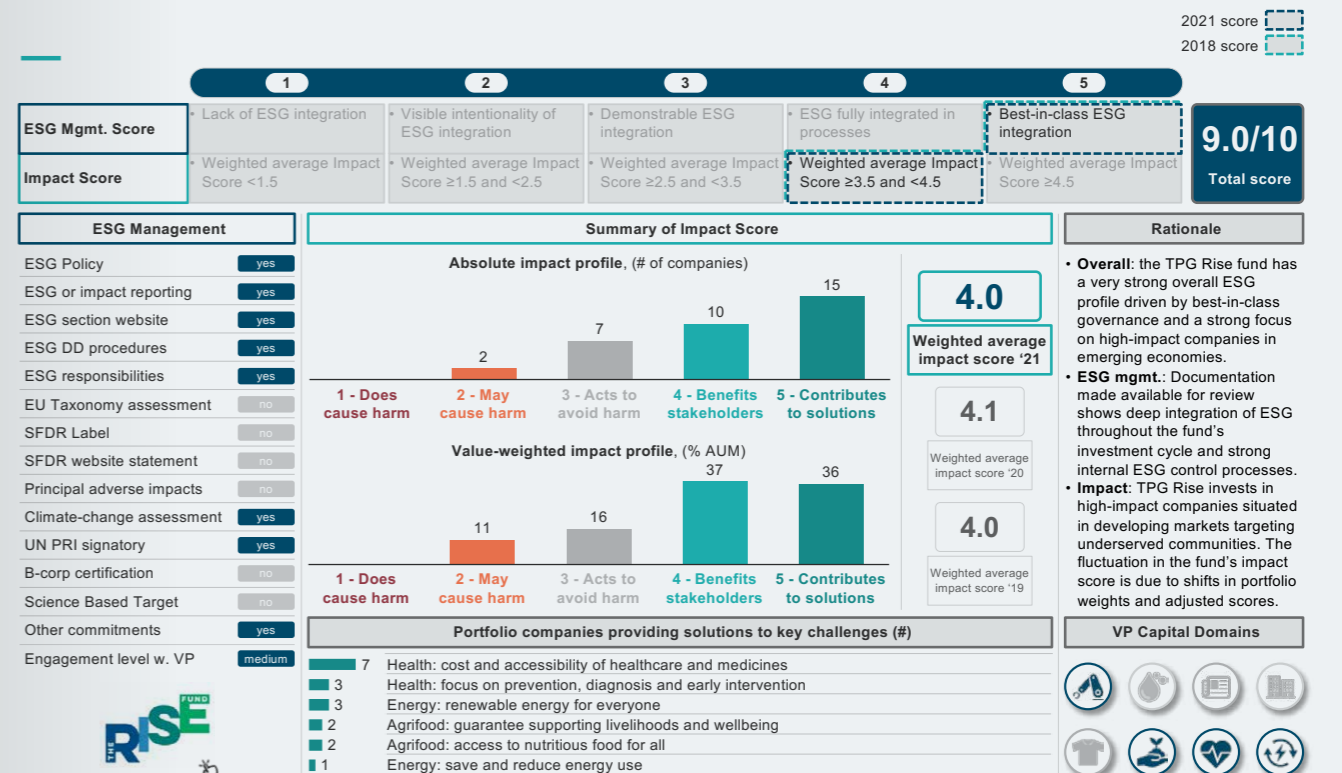
Impact Score legend

- Companies creating a negative impact due to the nature of their products/services and/or way of operating
- Companies without inherent positive/ negative impact but may contribute to products or services with a negative impact
- Companies that reduce the negative impact of their products/services and/or the way of operating
- Companies that have a positive contribution to society through its products/services and/or the way in which they operate
- Companies working on advancing & commercialisation of solutions that solve societal and planetary challenges

Example 2



The TPG Rise Fund invests in companies that first and foremost have a measurable social and environmental impact but also perform well and achieve strong returns. This San Francisco-based fund is an example of an impact fund that operates in several domains, especially in Health.



Overview of the Health domain

Indirect investments (via funds)

 New Amsterdam Pharma ViCentra (Home of Kaleido) reTheRNA PHARVARIS ONWARD nouscom NEURENTMedica AELIN AVIADOBIC ORPHAZYME Immunic ImCheck SimplifyMedical dots MUNA OxThera Kuros Biosciences CARDIOR OneProjects ENDOTRONIX lumeon Atlantic therapeutics Eloxx ISTAR	 WESTERN SHELTER CHDS Services Inc Quigley Eye SPECIALISTS IBH MAS MEDICAL STAFFING US BioTek TODAY'S DENTAL NETWORK SENTRICS
 CAREFLEX AquaSpark Hofseth BIOCARE	 manometric ALP INVEST CAREPATHrx
 myeyeDR icon Omega Healthcare	 3D-SIDE Univercells
 PYRAMID PHARMA GoodLife HealthifyMe MEDGENOME ASCENT	 VIEWPOINT ceribell evercare Rallybio VIACYTE One Health Asia zipline reflexion Allogene Sling Therapeutics

Donations

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* This overview contains examples from 2021. A current overview may look different.



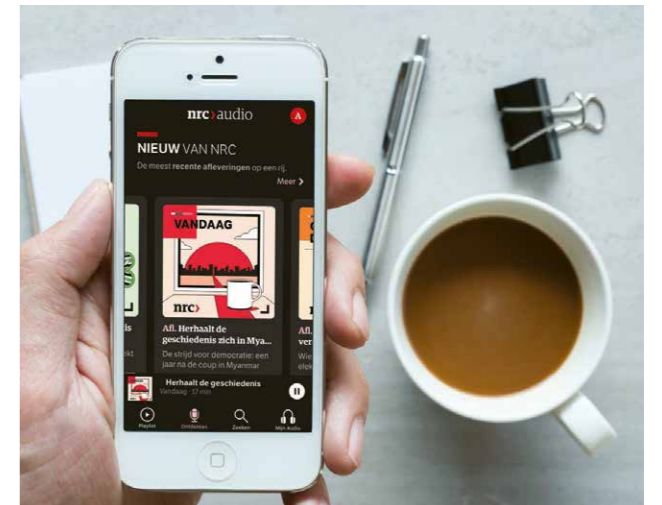
Media

Introduction to the domain

We have been building our investment portfolio in the Media domain since the 1950s, when we invested in a Dutch newspaper. We now have direct and indirect investments in:

- Newspapers & radio stations
- Media technology
- Media literacy
- Technical services for media facilities
- Digital media

We consider Media an important area of investment because society, democracy and the spread of truth depend on a transparent, safe, fair, independent and sustainable media landscape.



Key challenges

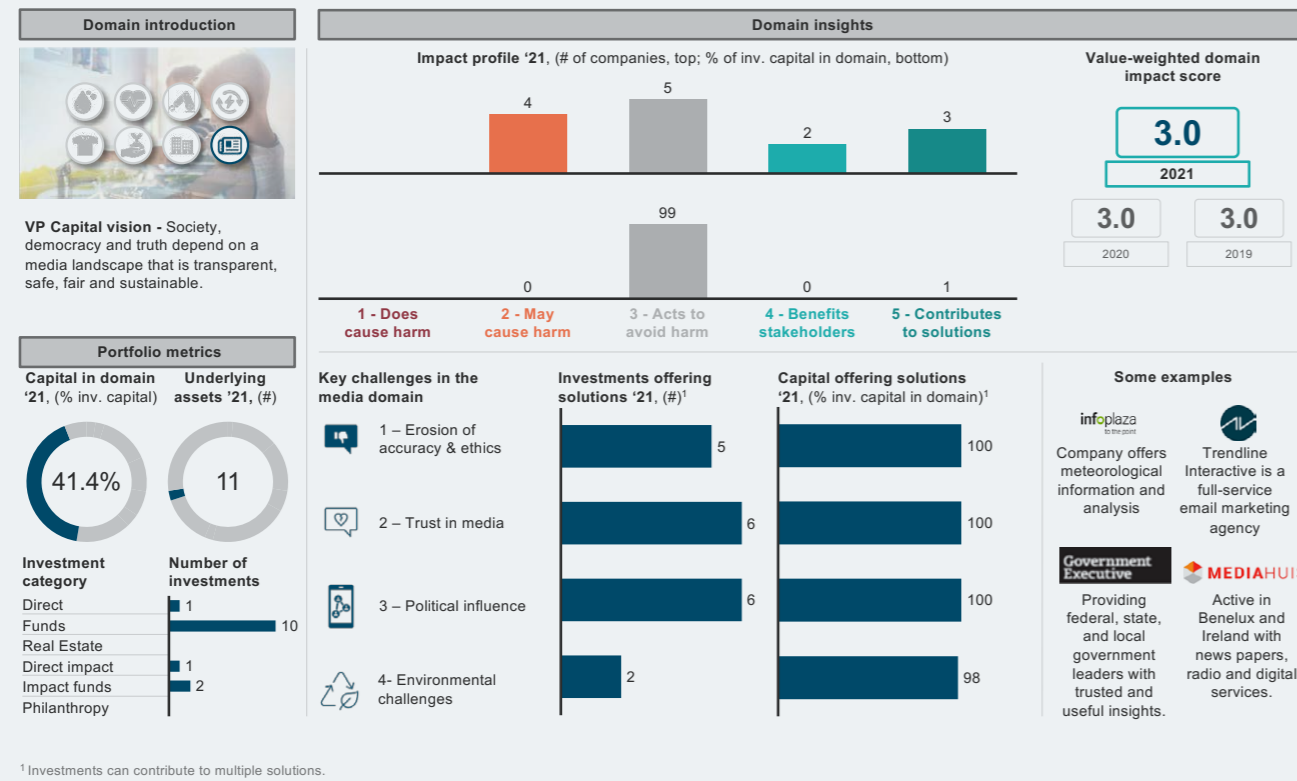
- Counteracting the decline of accuracy and ethics
- Trust in the media
- Political influence through media
- Ecological challenges with regard to media footprint



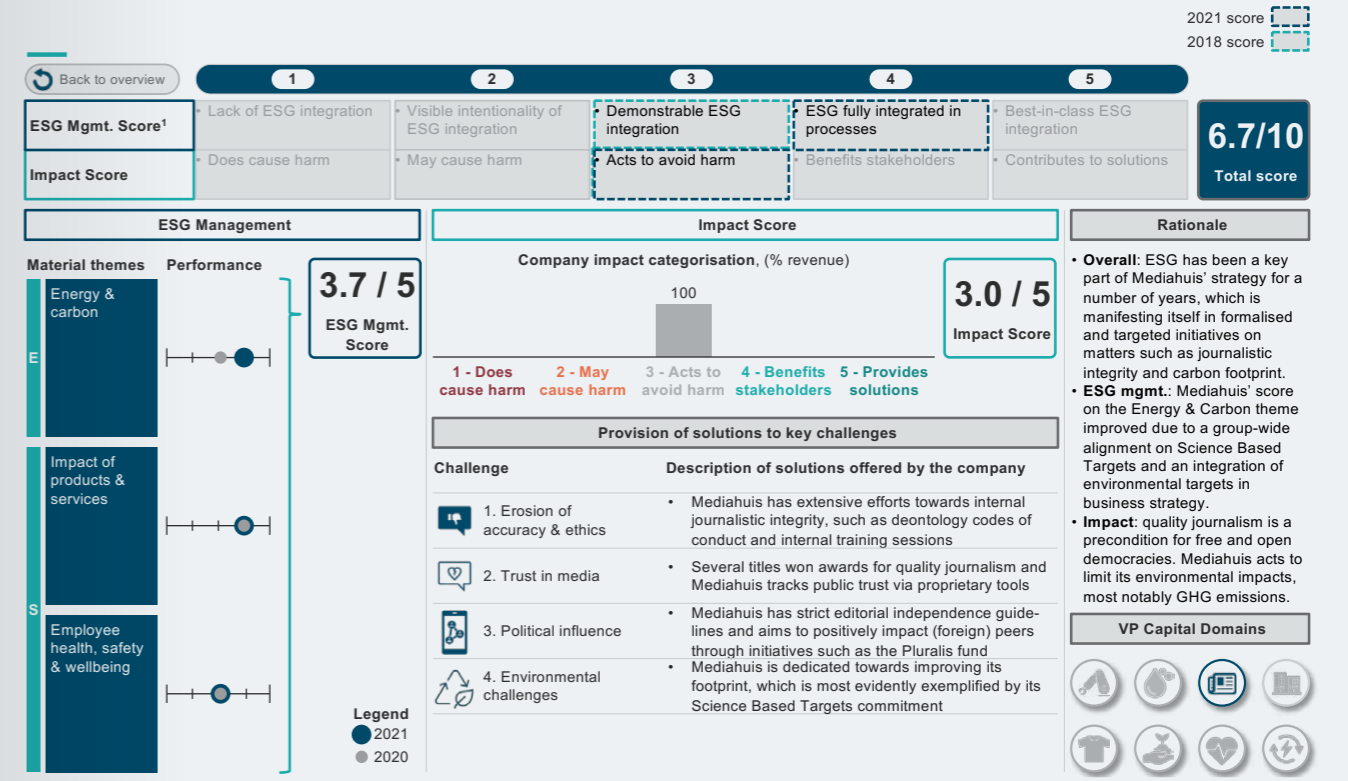
Key solutions

- Solutions for more transparency and reliable media
- Innovative technology that promotes constructive dialogue on media channels, e.g. automatic recognition of hate speech
- Organisations that manage their footprint responsibly

Domain performance overview



Mediahuis' ESG score has risen significantly since the first screening in 2018. We will further refine the Media domain's impact ladder in 2022. This one-pager lists the solutions for key challenges to which Mediahuis contributes.



Examples from our Media domain

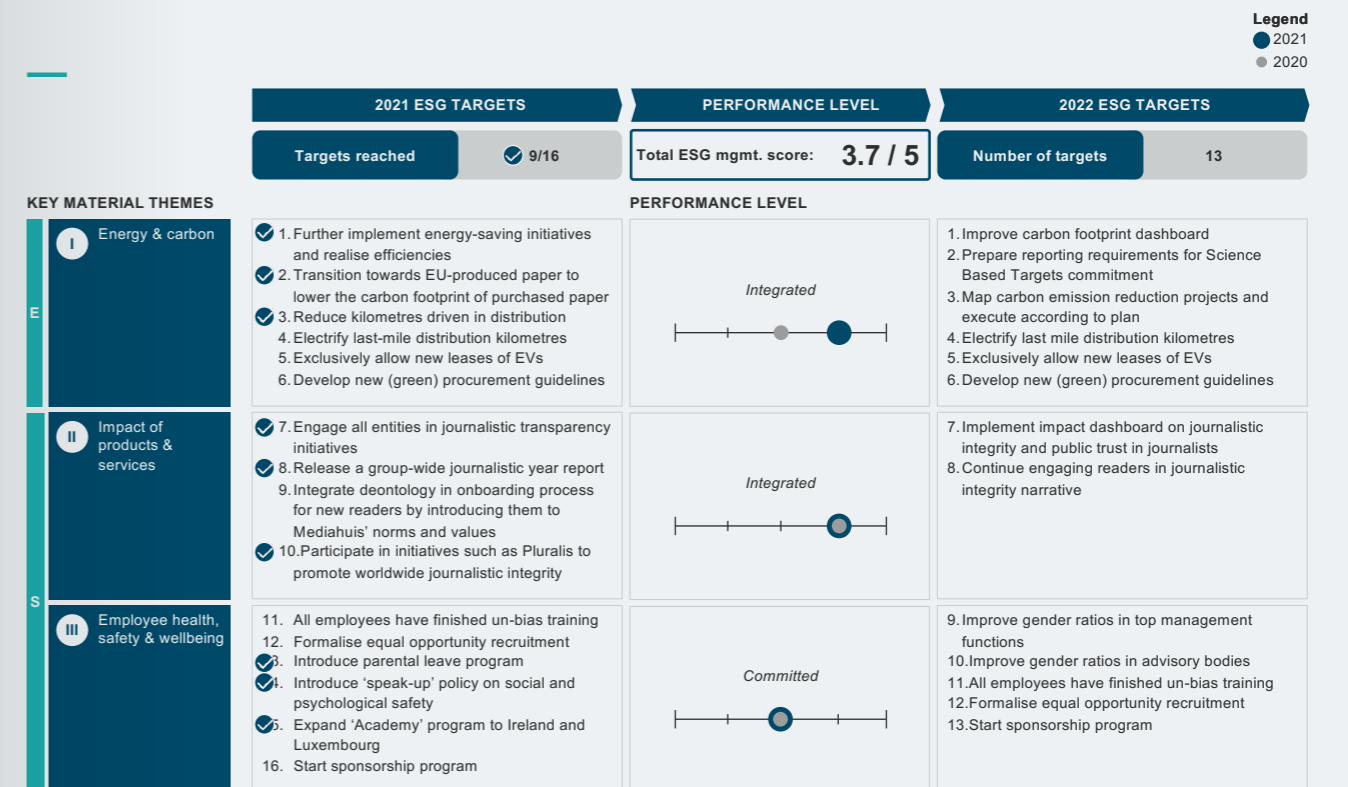
Example 1



Mediahuis operates in Belgium, the Netherlands, Ireland, Luxembourg and Germany and has built a strong portfolio of cross-media brands since it was founded in 2014. As a publisher, the company believes in independent, high-quality journalism and distributes news and information through newspapers, radio, (local) TV channels and digital platforms. Mediahuis is pushing forward on sustainability. The organisation believes it has a responsibility to align social, ecological and financial goals to ensure it achieves success in a responsible and sustainable way. The Mediahuis IMPACT programme focuses on three areas: journalism that matters, room for talent and the green transition. Various news brands independently support good causes.



Thirteen ambitious targets are set for 2022, mainly concerning gender, training, integrity and carbon reduction.



The following paragraphs highlight a few of Mediahuis' projects:

Mediahuis' commitment to SBTi

Mediahuis is committed to setting science-based climate targets. That is why the company has joined the Science Based Targets initiative (SBTi). The main objective of the Paris climate agreement is well known: to keep global warming well below 2°C, with a target of 1.5°C. This objective can only be achieved if governments, households

and companies make a concerted effort. Mediahuis wants to be a pioneer in this field and reduce its carbon footprint by more than 50% by 2030. Moreover, the entire Mediahuis group aims to be completely climate-neutral by 2050, with net zero carbon emissions.



"We have a clear responsibility to society, our readers and our employees. Doing nothing is not an option. Setting science-based climate goals clearly shows us what we need to do and also allows us to communicate about our progress in a transparent way."

Gert Ysebaert, CEO Mediahuis group

Helping to safeguard independent journalism

Mediahuis wants its journalism to have a positive impact on people and society. Every day, millions of people turn to their newspapers, radio and TV stations and digital platforms in search of information, insight and inspiration. In a time when fake news is lurking everywhere, independent, pluralistic journalism is more important than ever. Mediahuis believes this wholeheartedly and will continue to invest in it. Not only in its own media, but also via the impact investment fund Pluralis, of which Mediahuis is one of the co-founders. Pluralis invests in independent media companies in European countries where the independence and pluralism of the media are under threat.

The trainees will learn from professionals and get the chance to build a strong network. Through this initiative, Mediahuis wants to give young people with a diverse background the opportunity to develop stories with a creative and fresh outlook, which today's editorial boards sometimes lack. The trainees can opt for columns, articles, videos, social stories, podcasts, cartoons, reports, stand-up, music, in short: whichever way they prefer to communicate with the world. With the traineeships, Mediahuis wants to make the workplace more diverse, thereby reaching a younger and more diverse target audience.

Equal opportunity for all

Mediahuis recently launched **Youth Lab**, a one-year traineeship for six young and diverse storytellers at one of the (Belgian) newsrooms. Youth Lab will enable the storytellers to gain experience as they receive strong on-the-job guidance during an intensive training programme.

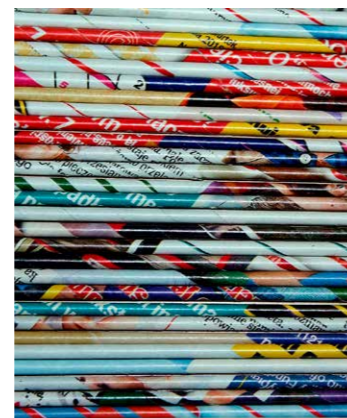
Media house subsidiary NRC has also been running a two-year programme for four to eight journalistic talents since 2016 to promote diversity. After all, good journalism requires knowledge of society. The selection process focuses strongly on knowledge and qualities that are not yet present, or only present to a limited extent, among the editorial staff.

Example 2

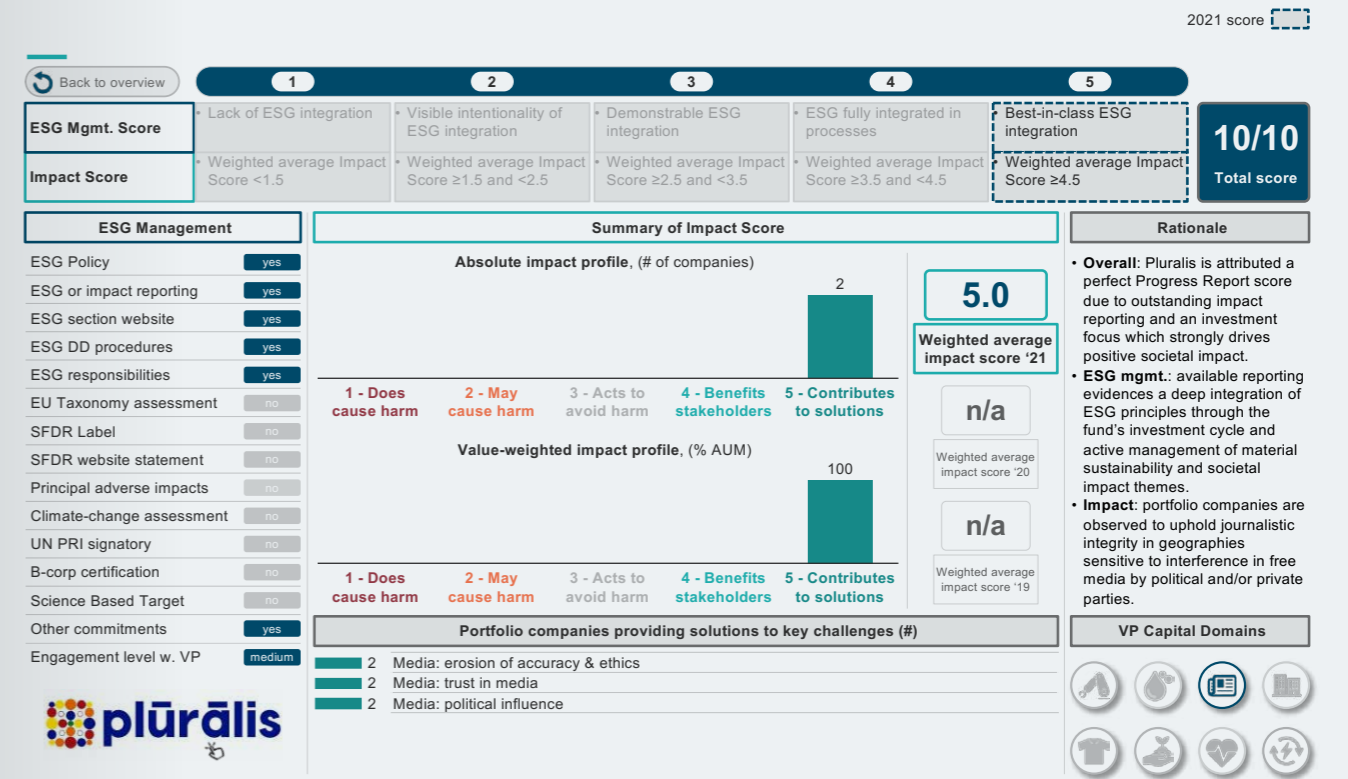


The impact fund Pluralis invests in media companies that provide high-quality reporting in European countries where independent media are under threat.

'Underlying our investments is the conviction that citizens' access to a plurality of news sources is fundamental to sustaining European democracy,' says Thomas Leysen, chairman of Pluralis and Mediahuis. 'Our investment framework is explicitly impartial: we invest in independent media companies that practice responsible, high-quality journalism, regardless of their editorial orientation.'



Pluralis uses its shareholders' expertise and experience to provide management support to the companies it invests in. This is done by actively participating on the management board and by sharing leading-edge expertise from the sector. As a result, the selected companies can continue to grow and create value.



Full breakdown of Impact Score

Company	Score	% AUM	Domain	Description	Impact Score legend
Gremi Media	55%	Media	Leading Polish media conglomerate focusing on educated professional consumers.	Companies creating a negative impact due to the nature of their products/services and/or way of operating	
Pelit Press	45%	Media	Key publishing house in Slovakia with >30 national and regional periodicals.	Companies without inherent positive/ negative impact but may contribute to products or services with a negative impact	

Impact Score legend

- Companies that reduce the negative impact of their products/services and/or the way of operating
- Companies that have a positive contribution to society through its products/services and/or the way in which they operate
- Companies working on advancing & commercialisation of solutions that solve societal and planetary challenges

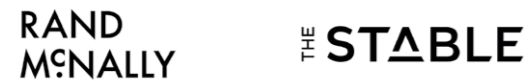
Pluralis was included in the screening for the first time this year but immediately scored a 10/10. That is why they are receiving a Sustainable Progress Award.

Overview of the Media domain

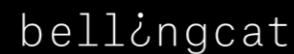
Direct investments



Indirect investments (via funds)



Donations



* This overview contains examples from 2021. A current overview may look different.



Smart industry

Introduction to the domain

VP Capital has been operating in the Smart Industry domain since 2007. We have direct and indirect investments in:

- Development of intelligent sensors and connected systems
- Sustainable building materials
- Providing circular and smart city solutions
- Circular topics & solutions for waste
- Smart solutions in industrial automation, supplying industrial components, installation solutions
- Automation of business processes
- Smart components

Innovations in Smart Industry stimulate the transition from a linear production approach to a more network-centric approach and can therefore herald a transition from mass production to mass customisation. At VP Capital, we view Smart Industry as a necessity in the progress towards a more sustainable future. We are open to investments in companies or funds that come up with solutions for key challenges in the Smart Industry domain.



Key challenges

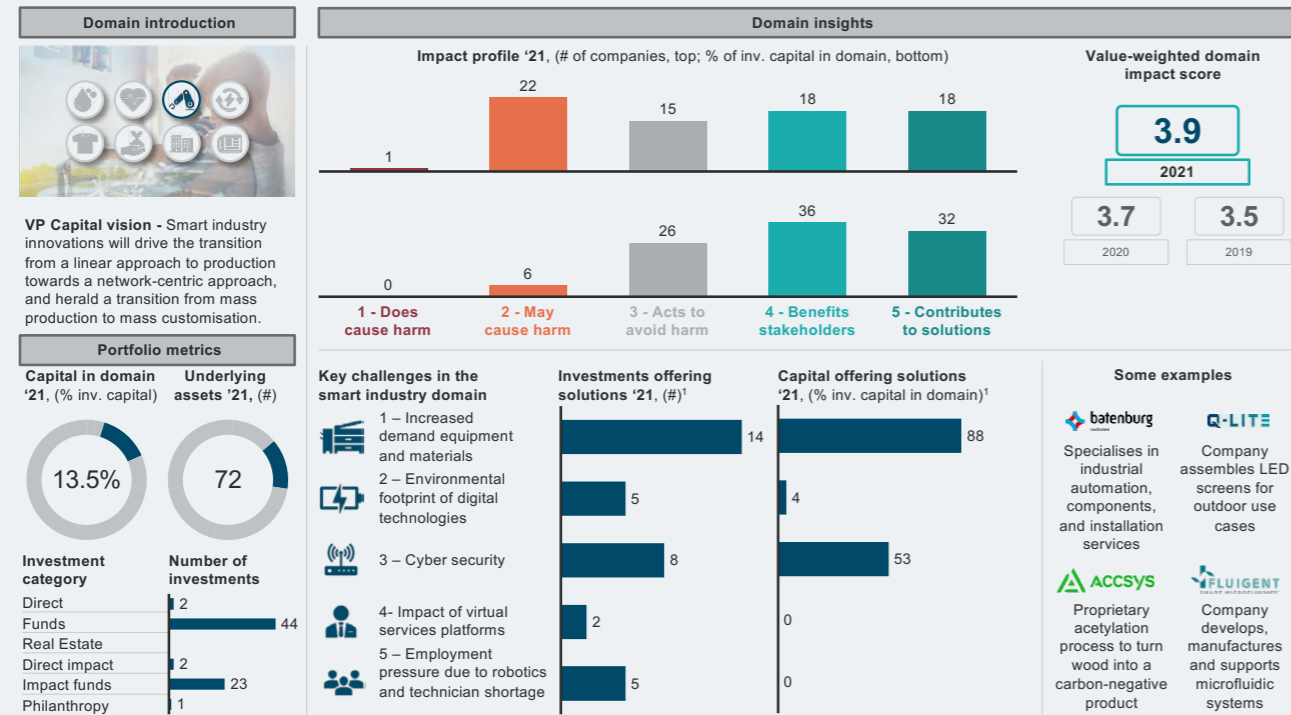
- Growing demand for materials and raw materials
- Ecological footprint of digital technologies
- Cybersecurity
- Impact of virtual service platforms
- Pressure on employment due to robotics and shortage of technicians



Key solutions

- Smart solutions for industries that promote circularity and resource efficiency and extend the life cycle of products
- Innovations that reduce the energy needs of industry
- Prioritising investments that have quantified their environmental and social impact
- Sectors of industry where human capital is expected to become more important as a result of smart innovations in the industry

Domein performance overview



¹Investments can contribute to multiple solutions

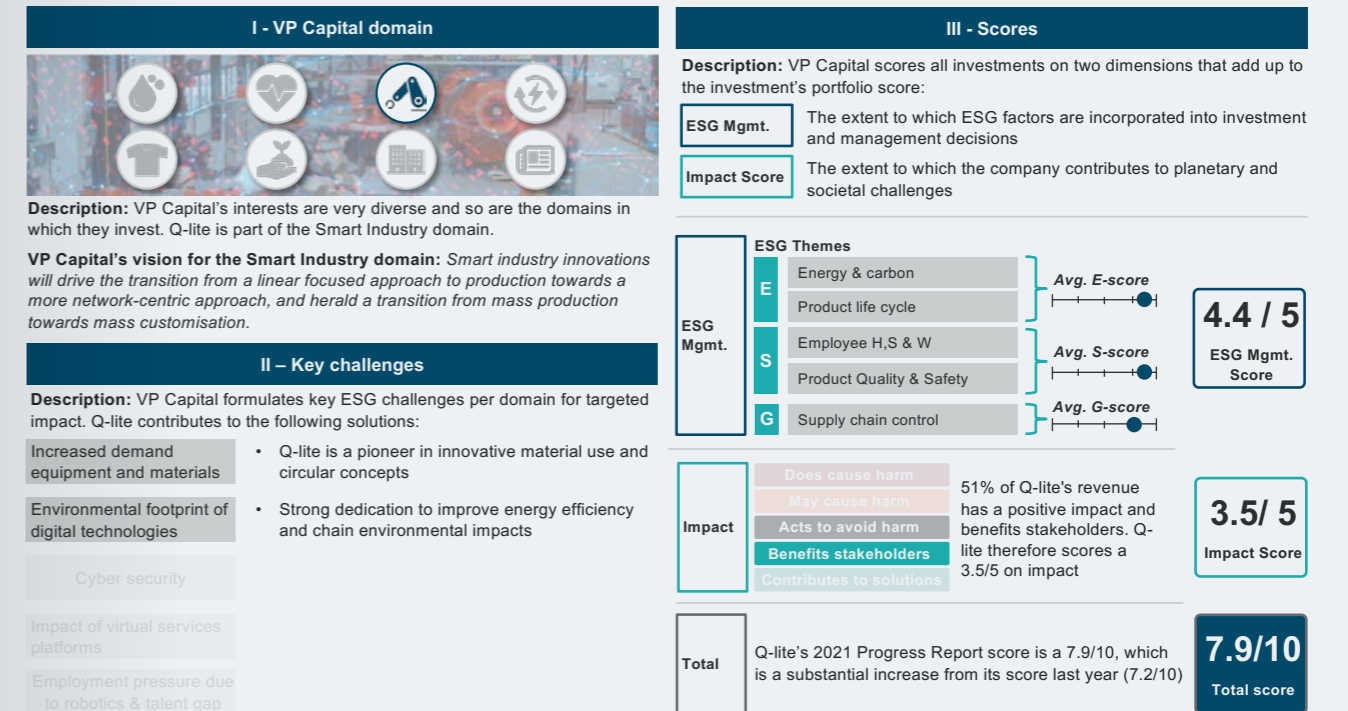
Examples from our Smart Industry domain

Example 1

Q-LITE

With more than 30 years of experience, Q-lite is the largest one-stop shop for digital LEDs and LCDs of the highest quality. The innovative company designs, produces, installs and maintains digital displays with software developed in-house, tailored to the customer. From the well-known pharmacy crosses and dynamic 'zone 30' traffic signs to smart parking assistance and scoreboards for every sports club.

Q-lite achieved a good ESG score and tries to avoid environmental and negative impact as much as possible by acting circularly. In addition, products and services were launched that make a social contribution, such as improving safety around schools or better distribution of cars in cities.



The following paragraphs highlight some Q-lite projects:

EcoVadis Gold-rating for Q-lite

EcoVadis assesses the sustainability of large companies worldwide. This is done based on international standards such as the ISO standards. The organisation bases its assessment on 21 criteria in four areas: Corporate Social Responsibility (CSR), society, employee welfare and how the company deals with its environmental social responsibility. After the assessment, the company is given a score between 0 and 100. Various 'medals' or rankings are attached to these scores, such as EcoVadis bronze, silver, gold and platinum.

With a Gold rating, Q-lite is one of the best-rated companies in its sector. Overall, EcoVadis has already assessed approximately 100,000 companies worldwide. A Gold ranking is therefore quite an achievement! Q-lite scored particularly well in the areas of environment, labour and human rights. This is because the company markets circular solutions. It also has a good understanding of several important environmental parameters and takes effective action to optimise them.

To achieve the EcoVadis Gold ranking, Q-lite also had to present previously obtained certificates, such as ISO9001, ISO14001, VCA and the SDG Charter. This helps to guarantee and confirm the sustainable approach. The company was able to successfully obtain all certificates in recent years. Sustainability Manager Jeroen Raeijmaekers explains: 'Our focus on ESG ensures an integrated vision on Ecology, Social and Governance. We can now confirm the merits of our approach through the EcoVadis Gold ranking but also through our consistent goals in the SDG charter.'



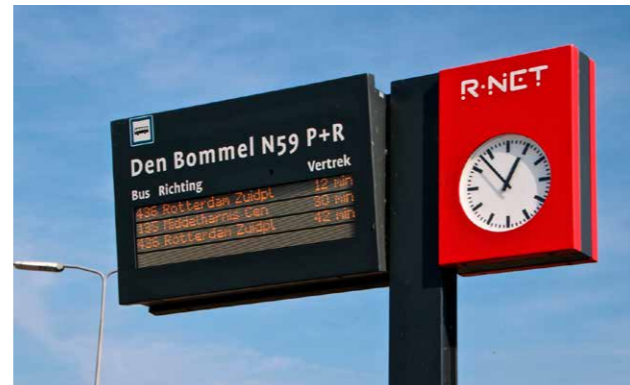
Town of Hoogstraten installs Q-lite's circular LED screens



Since the end of last year, the town of Hoogstraten has been able to communicate effectively to its population and visitors via seven outdoor LED screens. Each of these screens is two square metres in size and is distributed among the different municipal areas. Associations can also use the screens to communicate with residents.

After the municipality of Rotselaar, the town of Hoogstraten is the second in Flanders to make use of Q-lite's circular LED screens. They are doing this via the circular 'Display as a Service' concept, for example. This is not only good for the environment but also the wallet. Compared to the previous approach – having banners printed and hung by city staff – the cost of the screens is recouped after only three years. Moreover, the concept is not only cheaper but also more practical, as both the town administration and the local associations can now advertise and communicate at the same busy locations.

Q-lite wins tender for bus stop displays



In 2021, the Dutch province of South Holland chose Q-lite as partner for innovating the provision of dynamic travel information at bus stops. The current bus stop displays will be replaced by new innovative displays that will present travellers with better travel information. As the winner of the tender, Q-lite will install a brand new bus stop display at more than 800 bus stops in 2022 and 2023. The project is the largest tender Q-lite has ever won.

The new displays provide travel information in a comprehensible manner and will also have an audio function. This greatly increases the accessibility for all types of travellers. The displays are available in various versions. In addition to the standard bus stop displays, there are also large central information displays for junctions and small bus stop displays that do not require a fixed energy connection.

The bus stop displays were redesigned and optimised based on the R-net look, the hallmark of high-quality public transport in the Dutch Randstad region. In particular, major steps were taken in the area of standardisation and interchangeability. The result is a new circular and future-oriented product family of bus stop displays.

Example 2



Accsys Technologies is an innovative wood processing company. It applies a process in which wood is exposed to acetic anhydride under high pressure and temperature. Acetylating the wood improves its properties. Accsys Technologies is headquartered in London, but its main production site and office complex for sustainably modified Accoya® wood are in Arnhem (NL). The company is also currently building a new acetylation plant for Tricoya® wood chips in Hull (UK).



The following paragraph highlights a specific Accsys Technologies project:

Build It Awards 2021 – Best Sustainable Technology or Product

At the Build It Awards 2021, Accsys Technologies and Accoya® were named winners in the Best Sustainable Technology or Product category. The company's goal is to 'change wood to change the world' and the team is delighted and proud to see their work celebrated and praised by the industry's most knowledgeable people and organisations. The Accoya® modified solid wood product combines outstanding performance with certified durability. The company's proprietary acetylation process enhances the best benefits of wood as a building material, making it more resistant to rot, decay and dimensional swelling or warping.

customers, distributors and architects, specifiers, joiners and builders who use our products in a great way every day are also a major part of our success. Thank you all!



Rob Harris, the CEO, says: 'I am delighted to see the hard work of our talented and dedicated colleagues recognised and rewarded by the people and organisations that run our industry. I would like to extend my congratulations and thanks to everyone who has made this possible – every person and position in our company contributes to these achievements and should be commended. Our fantastic

Back to overview		1	2	3	4	5	2021 score	2018 score
ESG Mgmt. Score	Lack of ESG integration	Visible intentionality of ESG integration	Demonstrable ESG integration	ESG fully integrated in processes	Best-in-class ESG integration		10/10 Total score	
Impact Score	Weighted average Impact Score <1.5	Weighted average Impact Score ≥1.5 and <2.5	Weighted average Impact Score ≥2.5 and <3.5	Weighted average Impact Score ≥3.5 and <4.5	Weighted average Impact Score ≥4.5			
ESG Management		Impact				Rationale		
ESG policy	yes	Impact dimensions Description				<ul style="list-style-type: none"> Overall: Accsys has scored the maximum rating on both scoring dimensions, indicating best-in-class ESG governance and a significant impact. ESG mgmt.: ESG reporting is supported by exceptional reporting on key impact metrics. Furthermore, ESG principles are integrated in company management and policy. Impact: Accsys' proposition is carbon-negative and commercially viable, resulting in significant positive impact on planetary challenges. 		
ESG standards	yes	WHAT Proprietary acetylation process to make wood more durable resulting in a carbon-negative product.						
ESG risk procedures	yes	HOW MUCH Products have a guarantee of 50 years above ground, and 25 years below ground. Tree species used takes ~30 years to regenerate.						
ESG responsibilities	yes	WHO The environment/planet benefits, given the products are carbon-negative they do not add to (or even combat) global warming.						
ESG section website	yes	+ CONTRIBUTION Significant additionally, given alternatives resulting in carbon emissions.						
Impact reporting	yes	△ RISK External risks that may influence Accsys' impact momentum are considered low.						
Climate-change assessment	yes	Portfolio companies providing solutions to key challenges in water domain(#)				VP Capital Domains		
EU Taxonomy assessment	no	<ul style="list-style-type: none"> Increased demand equipment and materials Environmental footprint of digital technologies Cyber security Impact of virtual services platforms Employment pressure due to robotics and technician shortage 						
B-corp certification	no							
Science Based Target	no							
Other long-term commitments	no							
Engagement level w. VP	high							

This year, Accsys scored 10/10. That is why they are entitled to a Sustainable Progress Award.

Overview of the Smart industry domain

Direct investments smarter focus. brighter tomorrow.		Donations
Indirect investments (via funds)		



Textile

Introduction to the domain

The clothing industry generally scores poorly on sustainability. The use of raw materials such as cotton and polyester puts a lot of pressure on the environment. Because the high-grade recycling of clothing is still in its infancy, the industry still uses many virgin materials. Many chemicals are needed to dye textiles, and the use of synthetic fibres creates microplastics. Moreover, the working conditions in production companies are often poor.

There are other challenges as well, particularly in the fashion industry: overproduction, the destruction of outdated collections, and a decline in the quality and longevity of clothing. The latter issues play less of a role in workwear and protective clothing because there are no seasonal collections and the technical requirements for clothing are guaranteed by certification. Unfortunately, there are many other challenges. We still have a long way to go in our transition from 'doing less harm' to 'doing good'. We therefore fully support the new European legislation on due diligence, which obliges companies to investigate their production chain and improve malpractices. We also support the upcoming EU Textile Strategy, which will better regulate aspects such as ecodesign.

Greening workwear

At VP Capital, we have a great deal of expertise in textiles, especially through our heritage company HAVEP. It was founded in 1865 by Hendrik van Puijenbroek. Today, HAVEP is still one of the most important suppliers of workwear and protective clothing in the Netherlands. The company has been working to improve sustainability for years: for example, in 2019 it explored options for mechanical and chemical recycling with partners in Spain and the Netherlands. In 2020, HAVEP and CVB Ecologistics from Tilburg brought a return system for old workwear to the market. The company has also been

committed for years to good working conditions and fair wages in the production chain. These longstanding and consistent efforts were rewarded in 2021 with Leader status from the Fair Wear Foundation (FWF). HAVEP scored 4/5 on most ESG elements and has taken another small step forward with an overall score of 6.8. The planned increase in the proportion of more sustainable fibres was not achieved in 2021 due to the slower phasing out of existing cloth stocks. In 2022, HAVEP will present a new collection based on more sustainable fibres, thus increasing the percentage of sustainable raw materials used in its clothing.

In 2021, we further increased our investments in the workwear sector by acquiring Hydrowear (a specialist in workwear and rainwear) and a stake in Van Heurck (a specialist in high-tech protective clothing). This decision highlighted dilemmas we face in all its facets, given all the sustainability challenges in the textile sector. Should we be increasing our stake in this sector? Would it not be better to invest our capital in impact funds or in companies that are already contributing to solutions for certain challenges? Or do we, as investors, actually create more impact by helping 'grey' companies to go green? This is also an issue in the impact world: the concept was discussed at length in a contribution by The Center for Sustainable Finance and Private Wealth.* The conclusion was that greening existing companies can in some cases actually create more impact than investing in companies that already have a positive impact. We believe that through our acquisitions we can create more impact in the sector by fully deploying our drive and knowledge of sustainability and textiles.

* <https://www.csp.uzh.ch/en/research/Academic-Research/Investor-Impact.html>

* This overview contains examples from 2021. A current overview may look different.

With the acquisition of Hydrowear and the participation in Van Heurck, we want to create more scope to enhance sustainability in the textile industry. Both HAVEP and Van Heurck have their own production workshops (in North Macedonia and Tunisia respectively) and Hydrowear works with workshops in India and China, where the majority of their collection is produced. All three companies have been members of FWF for years. HAVEP's path towards fair wages and FWF Leadership is being further expanded within the group. That is why we appointed a sustainability coordinator at VP Capital, who is also helping us to develop a sustainability policy for these companies and act on them.

Van Heurck scored 6.6/10 in its first ESG assessment. In particular, it has made good progress regarding the use of more sustainable materials: in 2021 it was over 20%. This shows that other textile companies in this market could also be using a (much) higher percentage of more sustainable materials. Hydrowear scores a 5.8/10 in the first ESG assessment. The company is keen to improve this score quickly with the help of the new sustainability coordinator. The focus is on attaining a higher FWF score and improving on its follow-up of the audits in the production workshops in India and China. There will also be a multi-year plan to make its clothing more sustainable because until now Hydrowear has hardly used any sustainable raw

materials. Last year, the company participated in a pilot study in the Interreg project CircTex, in which the project partners developed a fully circular parka. Driven by the mantra 'together we are stronger than the sum of our parts', they are collectively committed to improving working conditions in the chain, increasing their share of sustainable materials and setting up circular product chains.

Additional initiatives

In addition to our direct participations, there are also developments in the field of innovation and donations within the Textile domain. In 2021, we donated to the BioRe Foundation. This foundation supports organic cotton farmers and their families in India and Tanzania, for example by setting up schools and training programmes. The Textile Innovation Fund (TIF) is a fund that focuses on innovative companies in the textile sector. It was established years ago by VP Capital, and its management was transferred to Fashion for Good last year. At the end of 2020, Spindye, one of the TIF companies, went public. Spindye is a Swedish cleantech company that has developed a new water-saving technique to colour yarns. In 2022, we want to invest further in innovations in the textile industry, for example by setting up the new Fashion for Good Venture Fund I. Various impact investment funds such as SHIFT Invest are also investing in this area.



Key challenges

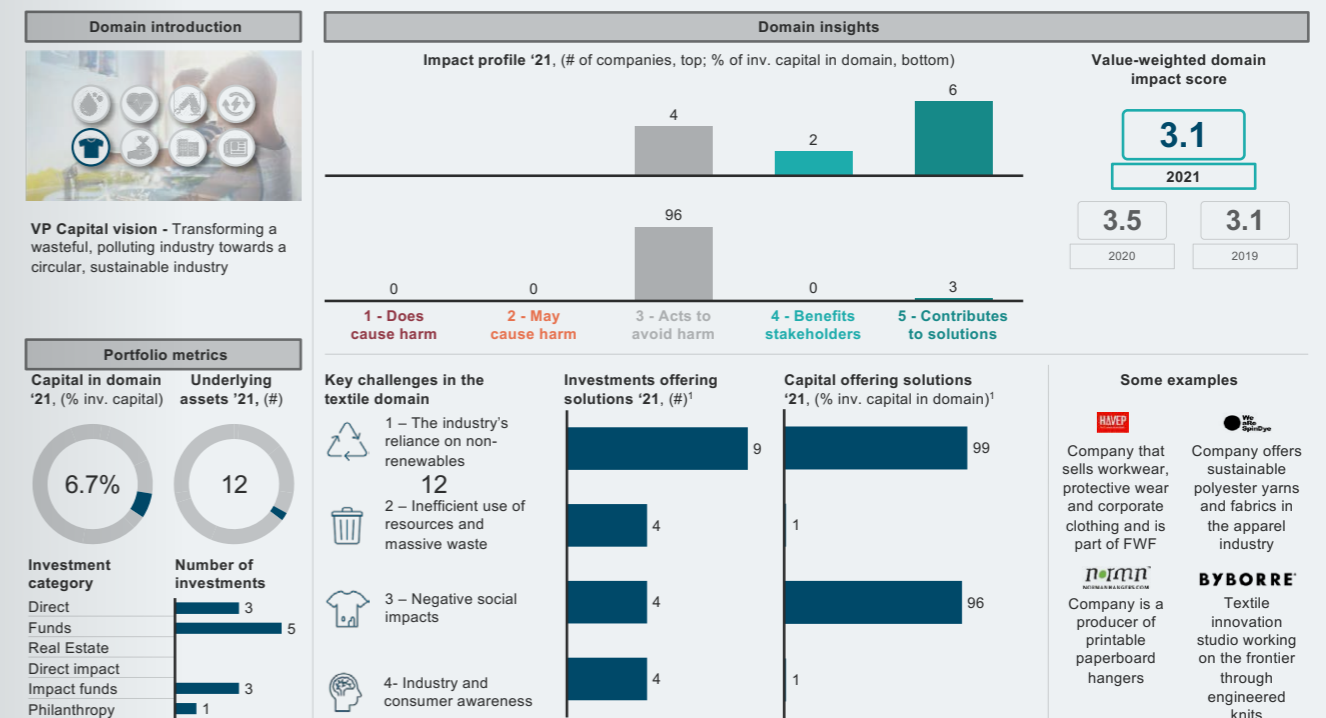
- The industry's dependence on non-renewable energy sources
- The use of natural resources and waste production on a massive scale
- Social problems in the chain
- Awareness in the industry and among consumers of problems in the sector



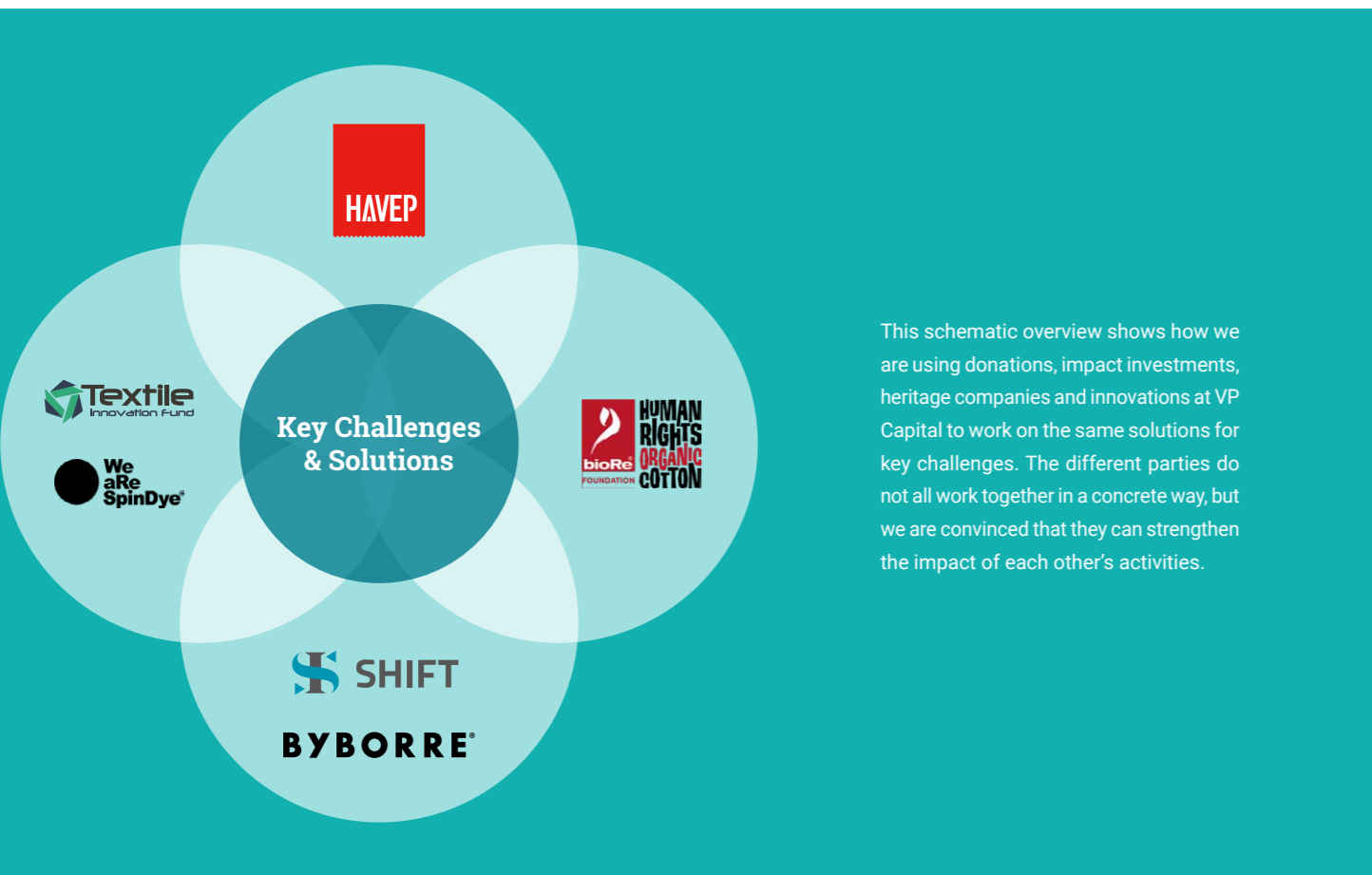
Key solutions

- Textile production that reduces the input of natural resources and manages its footprint in a responsible manner
- Textile production that guarantees and improves the working conditions of its workers
- Textile production that tackles the problem of overconsumption and excess waste in the industry
- Textile production that significantly reduces water consumption

Domain performance overview



¹ Investments can contribute to multiple solutions.



Examples from our Textile domain

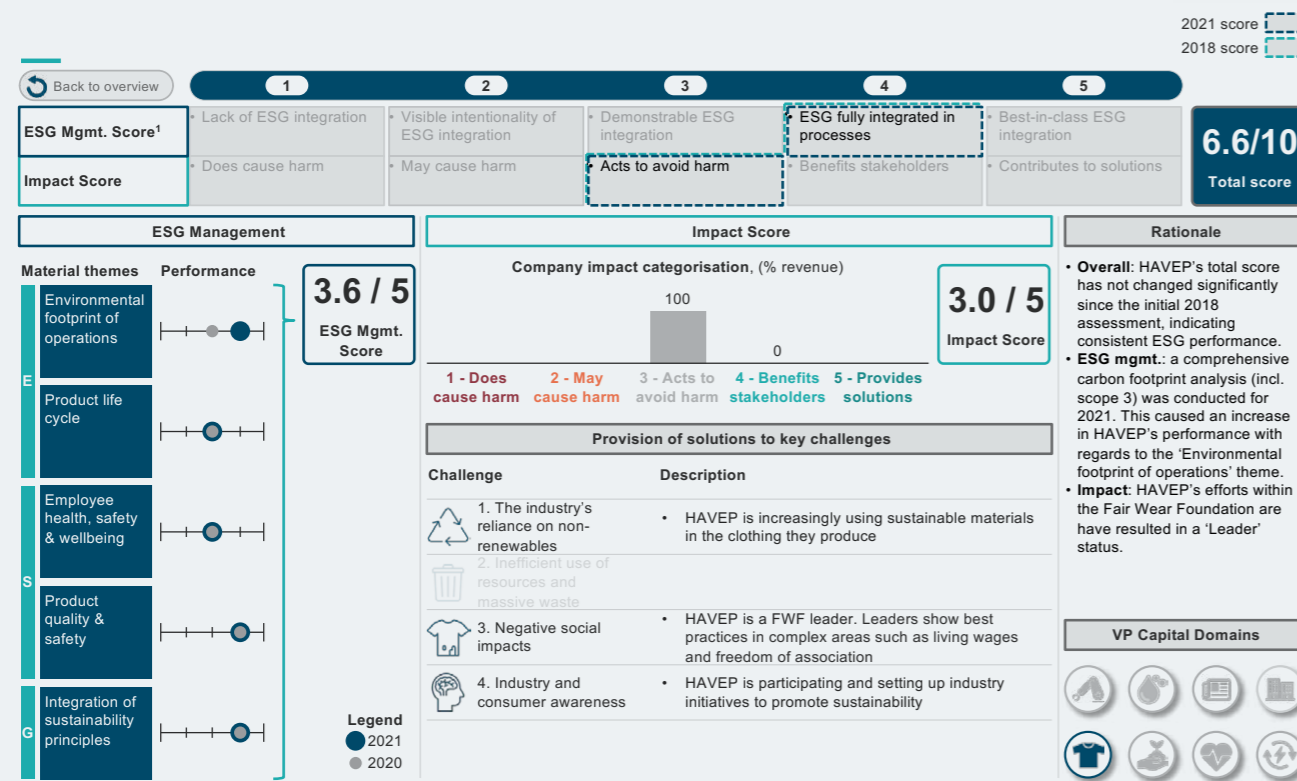
Example 1



HAVEP was founded in 1865 by Hendrik van Puijenbroek as a textile manufacturer. For over 155 years, the royal family company has been producing all kinds of workwear. The professional workwear niche in which HAVEP operates has great potential for integrating circularity and good working conditions into its policy.



The one-pager from HAVEP looks like this:



The following paragraphs highlight several HAVEP projects:

HAVEP achieves Fair Wear Leader status

FWF is an international non-profit organisation dedicated to improving the working conditions of people employed in workshops. Once a year, FWF carries out a Brand Performance Check on all its members. The purpose of this check is to determine to what extent the efforts of the clothing brands actually have an impact on the working conditions in the factories where they have their clothes made. HAVEP has consistently achieved a 'good' score in recent years, even when the FWF set stricter requirements. Thanks to their continued efforts, HAVEP was awarded Leader status for the first time in 2021. This is a great score of which HAVEP is very proud. The score confirms that they are on the right track. Moreover, the report provides clear guidelines for the next steps towards better working conditions.



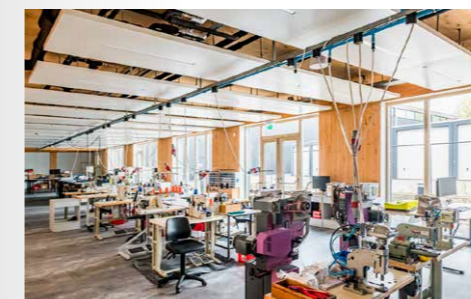
HAVEP's new building

After 157 years, HAVEP is moving from an industrial heritage site to a unique and future-proof building. The old and new locations are only 200 metres apart and symbolise the history and future of HAVEP in Goirle.

The new HAVEP building is flexible in its potential uses. The shape of the building, its construction and installation system are designed so that changes can be easily introduced in the future without having to dismantling parts. The building includes a Future and Test Lab, training facilities and the Texperience Center for the collection. The total area of the warehouse is 7,800 m² and an office area for around 100 employees is build. Read more about this in the real estate section on pages 76 and 77.



Wilma Bloot, CEO HAVEP

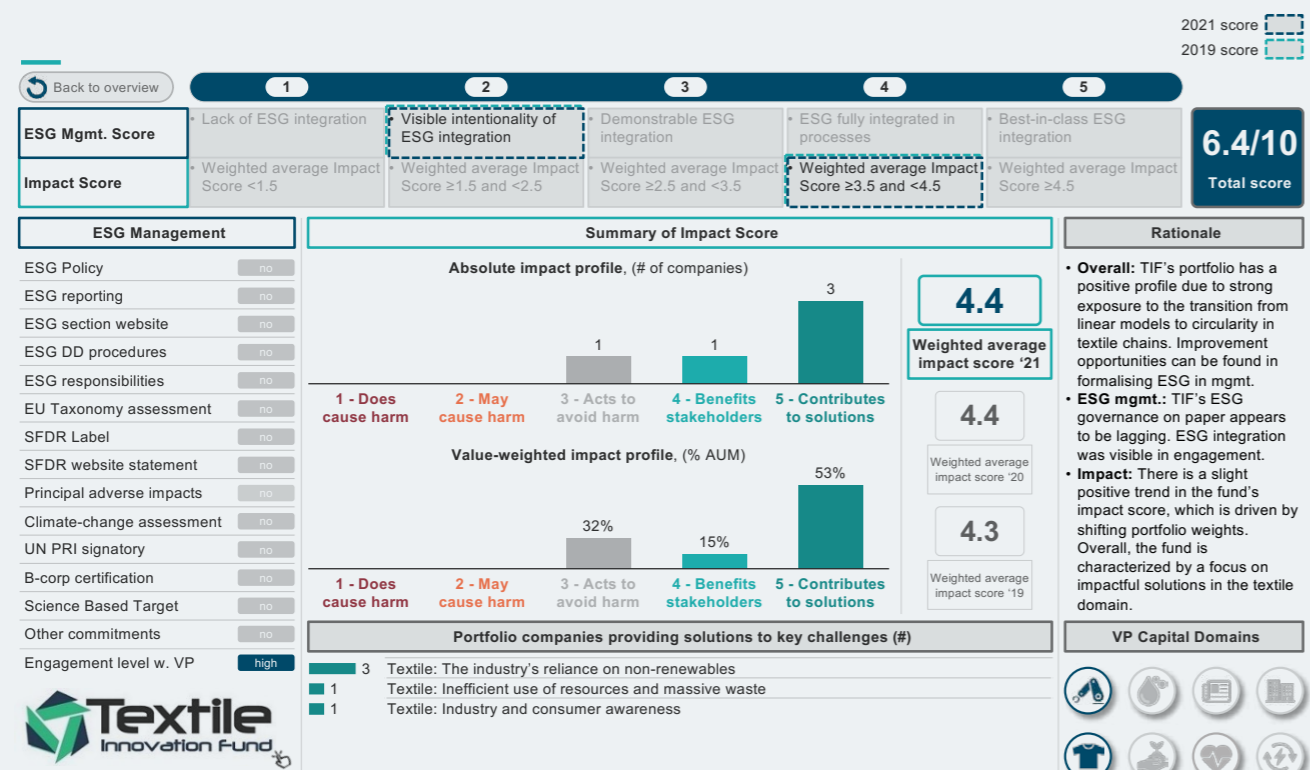


Example 2



The Textile Innovation Fund (TIF) was established years ago by VP Capital. This fund is externally managed, and the management of the fund has been delegated to Fashion for Good. More attention will be paid to ESG management. The investments are innovations that are needed in the textile domain to reduce negative impact and increase positive impact. Fashion for Good is also working on the follow-up to TIF, the Fashion for Good Venture Fund I.

The TIF one-pager looks like this:



Full breakdown of Impact Score				
Company	Score	% AUM	Domain	Description
3Dimerce	4.4	24%	Textile	Company develops 3D virtual product models.
Reflaunt	4.4	11%	Textile	Software platform linking (luxury) brands & retailers to second-hand marketplaces
NORMN Hangers	4.4	32%	Textile	Company is a producer of printable paperboard hangers.
Nature Coatings	4.4	17%	Textile	Company that transforms wood waste into high performing black pigments
We aRe Spin Dye	4.4	15%	Textile	Company offer sustainable polyester yarns and fabrics in the apparel industry

Impact Score legend	
4.4	Companies creating a negative impact due to the nature of their products/services and/or way of operating
4.3	Companies without inherent positive/negative impact but may contribute to products or services with a negative impact
4.2	Companies that reduce the negative impact of their products/services and/or the way of operating
4.1	Companies that have a positive contribution to society through its products/services and/or the way in which they operate
4.0	Companies working on advancing & commercialisation of solutions that solve societal and planetary challenges

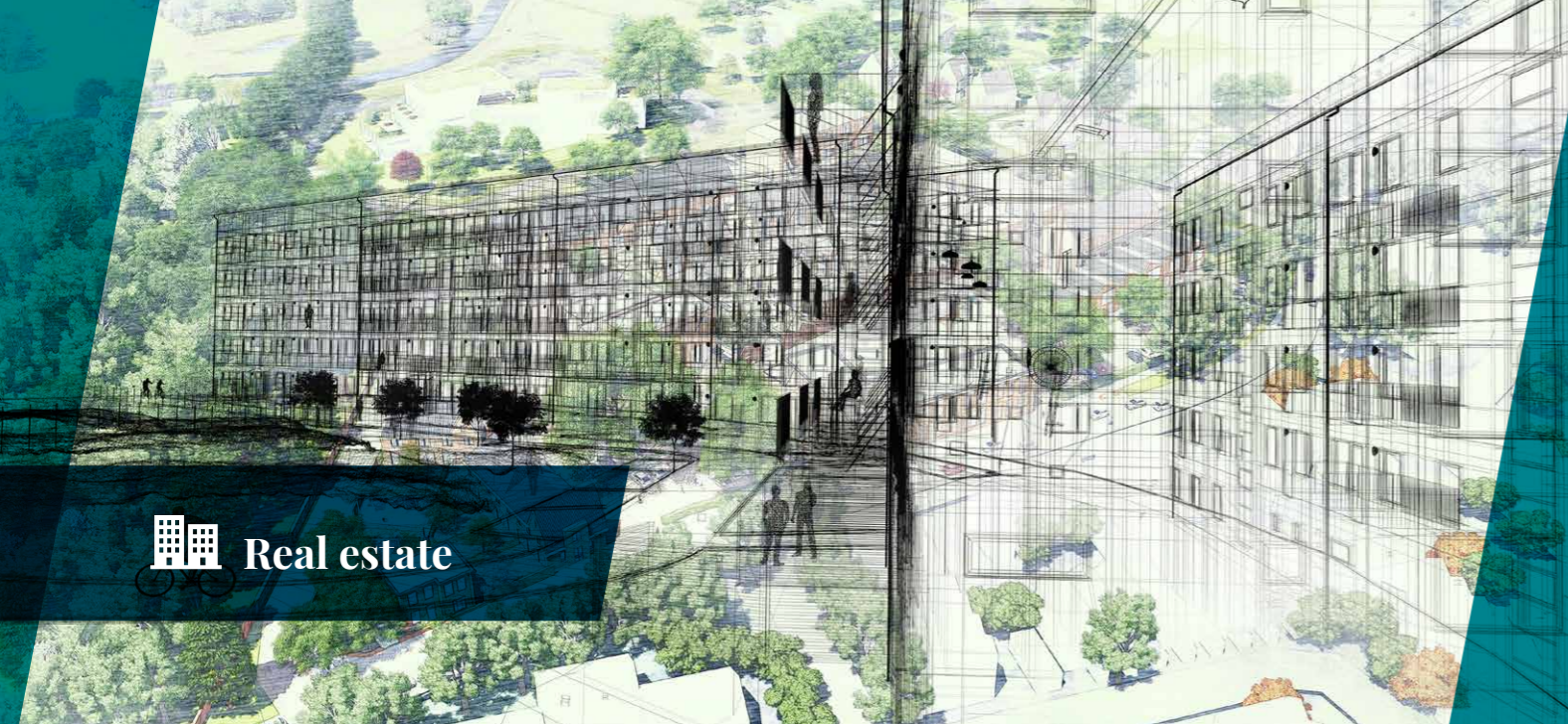
Overview of the Textile domain

Direct investments

Indirect investments (via funds)

Donations

* This overview contains examples from 2021. A current overview may look different.



Real estate

Introduction to the domain

At VP Capital, we invest in the Real Estate domain both directly and through real estate funds. In terms of the latter, we try to make the fund more sustainable through dialogue, cooperation and knowledge exchange with the fund management. VP Capital proactively offers advice and support to drive sustainability. In terms of direct investment, we take our responsibility: new buildings must meet the strictest requirements and existing buildings must be made more sustainable. In the coming years, we want to tackle all the existing buildings in our investment portfolio. To that end, we began analysing these properties in 2021 by bringing in a specialised consultancy firm to 'scan' our building to identify potential sustainability measures and develop a business case for them.

Many funds and buildings are not receiving a high score yet and will have to improve significantly in the coming years.

As mentioned earlier, we changed the methodology for assessing our real estate investments in 2021. That means the scores will be different now, often slightly lower. As a result, this year's scores are not easily comparable with those of previous years.

The method adjustment has to do with an improved ESG and impact point system. The number of points is determined by surveys with questions on each theme. This number is then converted into a score of 1 to 5 on the ESG and 1 to 5 on the impact point system. This enables us to make a much more accurate classification of our real estate.

The surveys and point system are as follows:

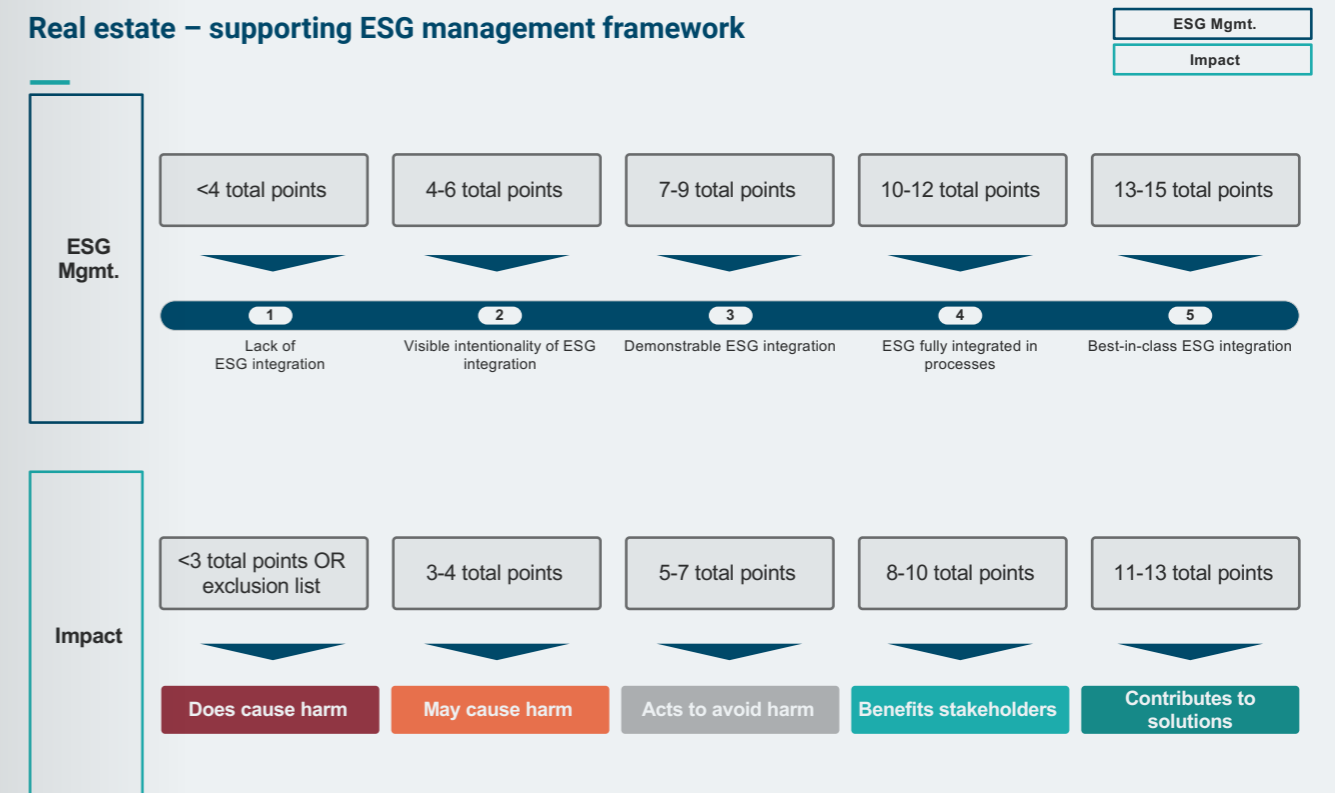
Real estate – ESG management questions

			ESG Mgmt.
			Impact
Theme	Question	Points	
Reporting	Do you monitor fund ESG performance?	1	
Reporting	Do you report ESG performance to your investors, the public and/or rating agencies?	1	
Reporting	Do you monitor ESG impact on the asset-level (asset use, energy use, tenant wellbeing, waste streams, biodiversity impact, incidents)?	1	
Risk management	Do you have processes in place to implement your ESG policies?	1	
Risk management	Do you conduct ESG due diligence for new acquisitions?	1	
Risk management	Do you test your strategy against climate-related risks?	1	
Leadership	Do you have objectives regarding your ESG impact (e.g. concrete year-on-year targets)?	1	
Leadership	Do you have ESG leadership commitments (e.g. sharing best-practices with industry peers, membership to ESG covenants)?	1	
Leadership	Do you monitor relevant KPIs in the light of your ESG targets?	1	
Leadership	Have you defined responsibilities with regards to ESG (e.g. senior exec. with accountability, ESG task-force)?	1	
Policy	Do you have an ESG policy in place?	1	
Policy	If you have an ESG policy, does it contain guidelines on ESG factors, investment integration (e.g. screening, DD requirements, improvement plans), and reporting?	1	
Stakeholders	Do you have initiatives in place regarding employee wellbeing (e.g. D&I policy, wellbeing budget)?	1	
Stakeholders	Do you engage with tenants in order to ensure and promote tenant satisfaction?	1	
Stakeholders	Do you audit your suppliers/partners for their ESG performance and potential controversies?	1	

Real estate – Impact questions

			ESG Mgmt.
			Impact
Theme	Question	Points	
Energy & carbon	Does the asset have an energy label of A or higher?	3	A maximum of 5 points gained on 'Energy and Carbon' can count towards the Impact Score
Energy & carbon	Does the asset have either a BREAAAM or GRESB rating, or is it likely to be eligible? If so, please elaborate on why the asset is expected to be eligible.	1	
Energy & carbon	Have actions been taken to produce/procure renewable electricity at the asset (e.g. GOs, solar panels)?	1	
Energy & carbon	Have actions been taken to reduce or avoid the consumption of fossil fuels for heating or cooling.	1	
Energy & carbon	Have actions been taken to limit energy consumption (e.g. efficient lighting, insulation) at the asset?	1	
Asset use impact	Does the exploitation of the asset by the tenant have a clear positive or negative contribution to society or the planet (e.g. healthcare, affordable housing v. fossil fuel production)?	1	
Asset use impact	Have renovations taken place to either keep the asset up-to-date with requirements or improve liveability and sense of community?	1	
Circularity	Have circularity considerations been taken into account in the construction and/or renovation of the asset (e.g. sustainable materials)?	1	
Circularity	Have actions been taken to limit waste streams or pollution at the asset?	1	
Circularity	Have actions been taken to limit water use at the asset?	1	
Occupant wellbeing	Do you have insight into occupant/tenant satisfaction (e.g. survey result, complaint rate)?	1	
Occupant wellbeing	Have actions been taken at the asset to improve occupant wellbeing (e.g. ventilation, natural light, wheelchair access, fire safety)?	1	
Biodiversity	Was biodiversity considered during the construction/ renovation of the asset (e.g. green spaces)?	1	

Real estate – supporting ESG management framework





Key challenges

- Reducing the climate impact of real estate
- Reduce the shortage of affordable housing
- Waste and linear thinking in the sector
- Keeping existing properties up to date
- Improve the health and well-being of residents



Key solutions

- Developers of real estate projects that put circular design and affordable housing into practice
- Companies that commit to the sustainable transformation of existing buildings
- Companies that focus on energy efficiency in their building strategies
- Technological start-ups in the real estate sector

Examples from our real estate business and VP Capital properties

Example 1



B-Aparthotel (The Hague)

The B-Aparthotel is an example of a property in which VP Capital invests directly. The building contains 60 flats and is part of a listed complex that also consists of 33 homes (not owned).

VP Capital had an energy scan carried out for the hotel complex by Longevity Partners, a multidisciplinary consultancy firm specialising in energy and sustainability in the built environment. The scan revealed several measures that we want to implement by 2022. This will require some time and consultation since the building has shared ownership: even a relatively simple measure such as installing solar panels is only possible with the approval of the owner's association in the residents' part of the complex. We will also enter into a dialogue with the tenant to facilitate a switch to green electricity.



Example 2



New building HAVEP (Goirle)

The recently completed new building for HAVEP (main building and warehouse) is an example of a new construction project in which VP Capital is investing. The building is designed to showcase future-proof, healthy and circular construction and is sustainable in every meaning of the word. It has a wooden skeleton that is largely demountable and contains many recycled materials. For instance, the awning is made



of recycled construction parts from the old HAVEP building, and the wooden planks on the façade are from the distinctive Tripolis buildings on the Amsterdam Zuidas, which have been dismantled. The other materials are mainly bio-based and recyclable: for example, flax has been used as a natural insulation material.

Underfloor heating keeps the warehouse at a constant temperature of 15 degrees Celsius. The office is heated and cooled with climate ceilings, in combination with sun blinds on the exterior. Both are powered by the energy-efficient air source heat pumps on the roof. Finally, the installation of 1,600 solar panels, optimally oriented to the south, ensures a zero energy meter.

Water retention crates have been placed under the car park around the building. This relieves the municipal sewage system and allows rain to infiltrate naturally into the soil.

By making optimal use of daylight, the view of the green surroundings and a sophisticated layout, the new HAVEP building also contributes to the well-being of its users. The atrium staircase and empty spaces encourage visual connection, movement and interaction. The connection with the surroundings was extended around the building: the transition from the building to the surroundings is designed like a public park.

Example 3

Zuidrand project (Goirle, The Netherlands)

More than 180 homes will be built on the site of the old HAVEP premises. The only parts of the old buildings that will be preserved are the office on the Bergstraat, the factory chimney, the boiler house and the adjacent small building.

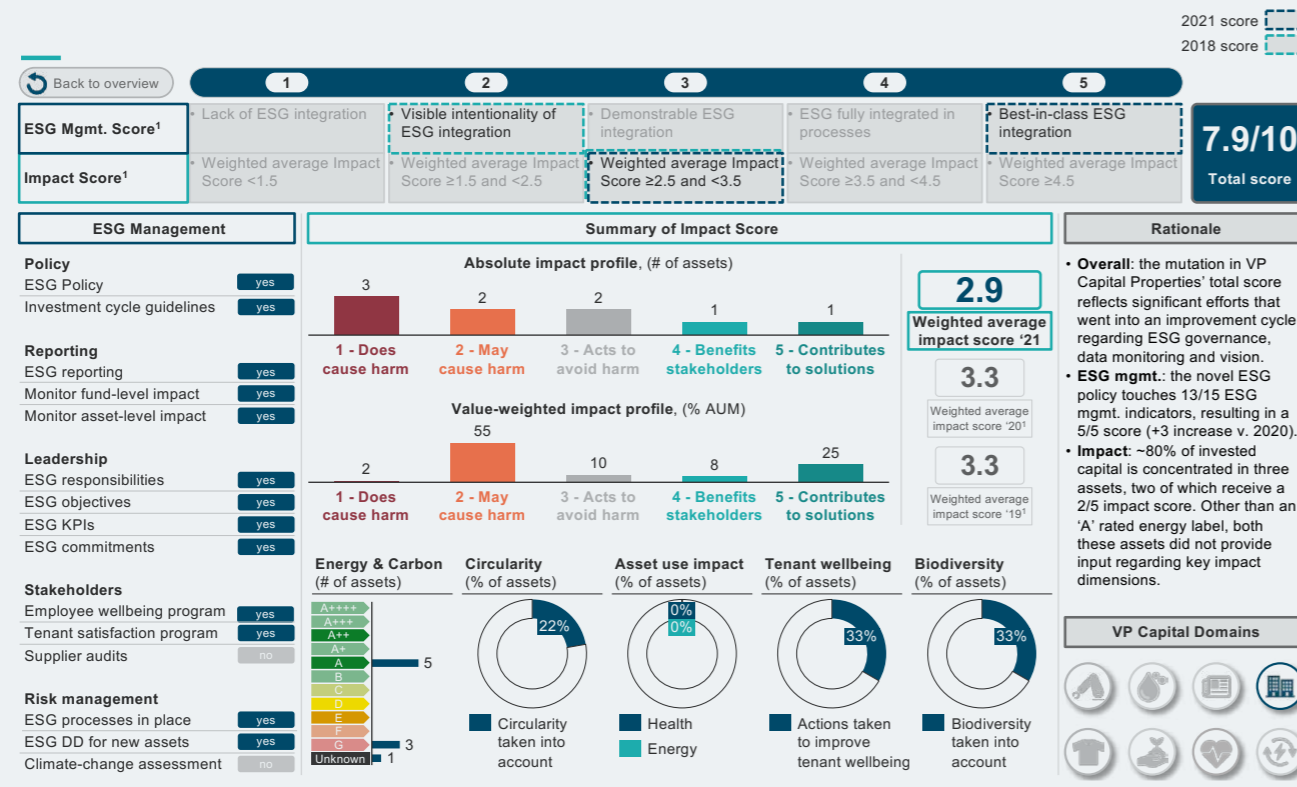
The new residential area will have a sustainable and nature-inclusive design. This means that many indigenous trees and plants will be planted. There will be natural play areas, and rainwater will be retained for as long as possible by creating wadis: lower spots in the greenery where the water can sink into the ground.

As part of the project, part of the Leij river was diverted, restoring its old, meandering course. The surrounding area is also being redesigned: rows of trees and flowery grasslands are being planted, the paths in the area are being modified and a new bridge has been built.

In addition to sustainability, greenery and water, industrial heritage is also a key focus. For example, the old paving and concrete slabs from the old factory premises are being reused, and the 'shed roofs' or saw-tooth roofs are a nod to the old factory buildings.

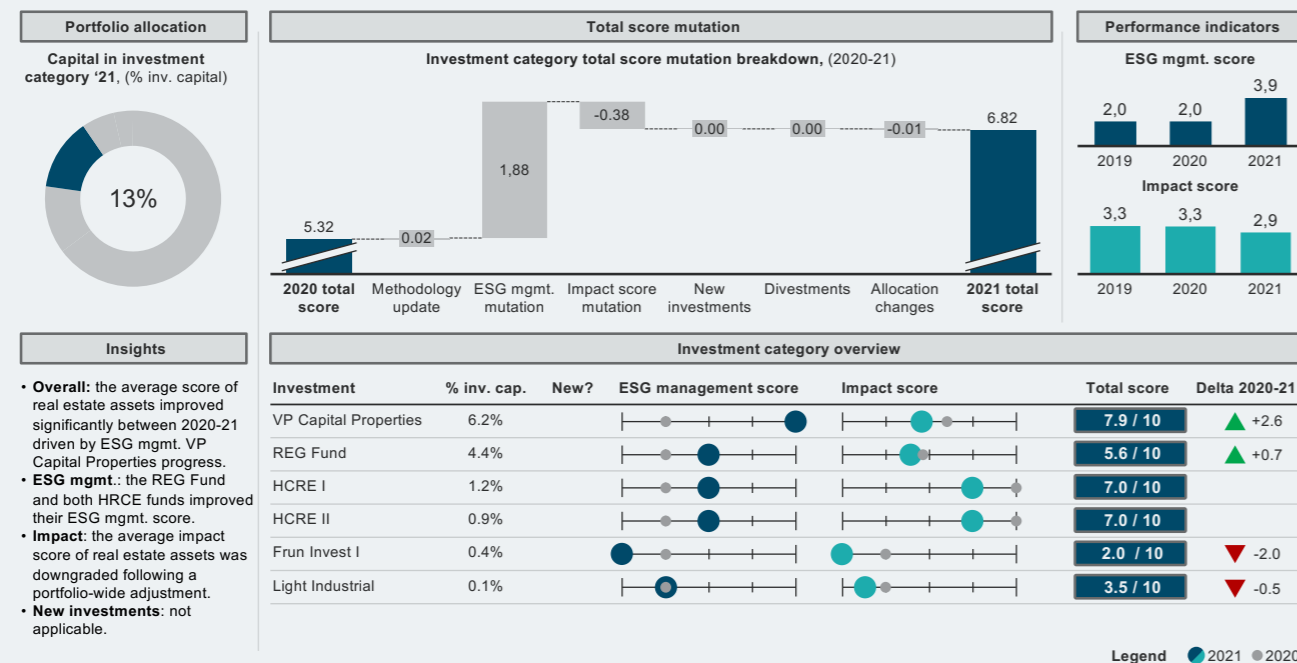
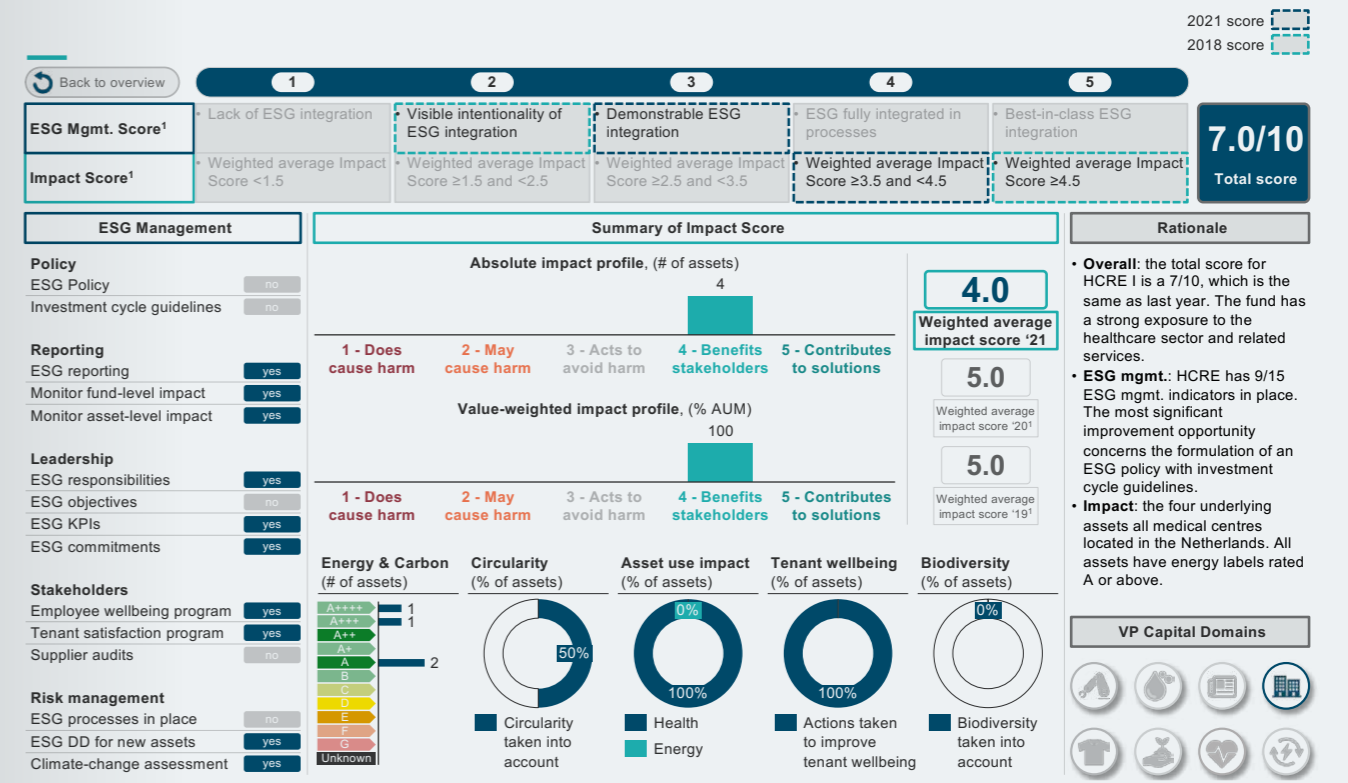


The one-pager for our Real Estate properties looks like this:



In addition to our own properties, we also invest in real estate funds. The Real Estate category shows a positive ESG evolution. However, due to our new calculation method, the impact score of our real estate investments dropped in 2021. We will address this in the case of existing properties from 2022 onwards. In the case of new properties, we will be looking more at properties with a social function, which should raise the impact score.

The one-pagers for our real estate funds look a little different than the one-pagers for our other domains. We also take into account the energy label, the extent to which circularity and biodiversity are already taken into account, who the tenants are and whether we know anything about their well-being. Such data is not always available yet. We also regularly discuss this topic with the real estate funds. Consultation with property fund managers is also crucial to achieving our science-based targets (page 112). An example of a real estate fund is Healthcare Real Estate (HCRE).



Overview of the Real estate domain

Direct investments

Indirect investments (via funds)

REAL ESTATE GATEWAY FUND

Frun Invest I

Light Industrial

CONVENT CAPITAL THE CIRCULAR INVESTORS

Donations

* This overview contains examples from 2021. A current overview may look different.



Water

Introduction to the domain

In 2021, we delved deeper into the Water domain and identified various innovation pathways within the water technology theme. In November, we visited the Aquatech Amsterdam trade fair to see new developments. One of our current investments, Aquaporin, was also represented there. Due to the large number of leads and the limited amount of time, we have postponed concrete follow-up steps for a while, but the Water domain is definitely a focus area for the coming years.



AQUA TECH AMSTERDAM



Key challenges

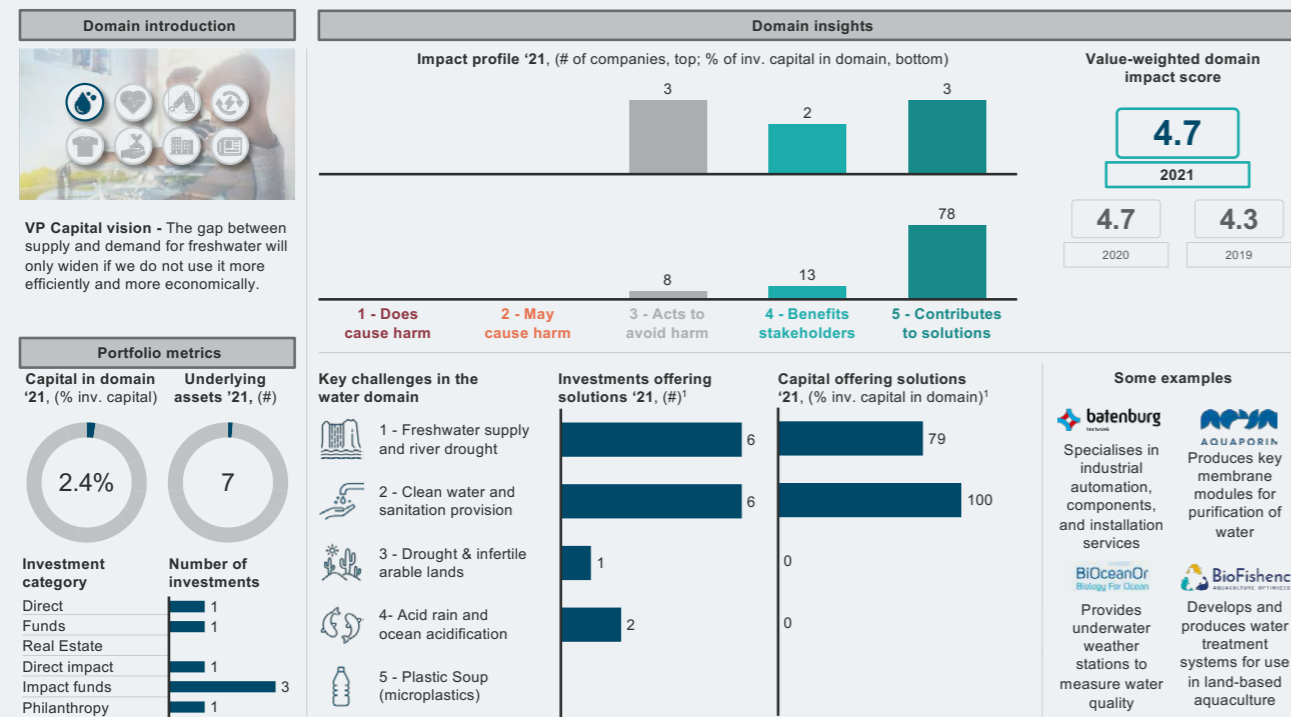
- Freshwater supply and river drought
- Shortage of clean water and sanitation
- More frequent drought and infertile arable land
- Acid rain and ocean acidification
- Plastic soup (microplastics)



Key solutions

- Regenerative business models and technology aimed at restoring the water cycle
- Companies that can make products using less water or causing less water pollution
- Companies that exclude microplastics in the production process
- Solutions that contribute to the reduction of plastic waste in water

Domain performance overview



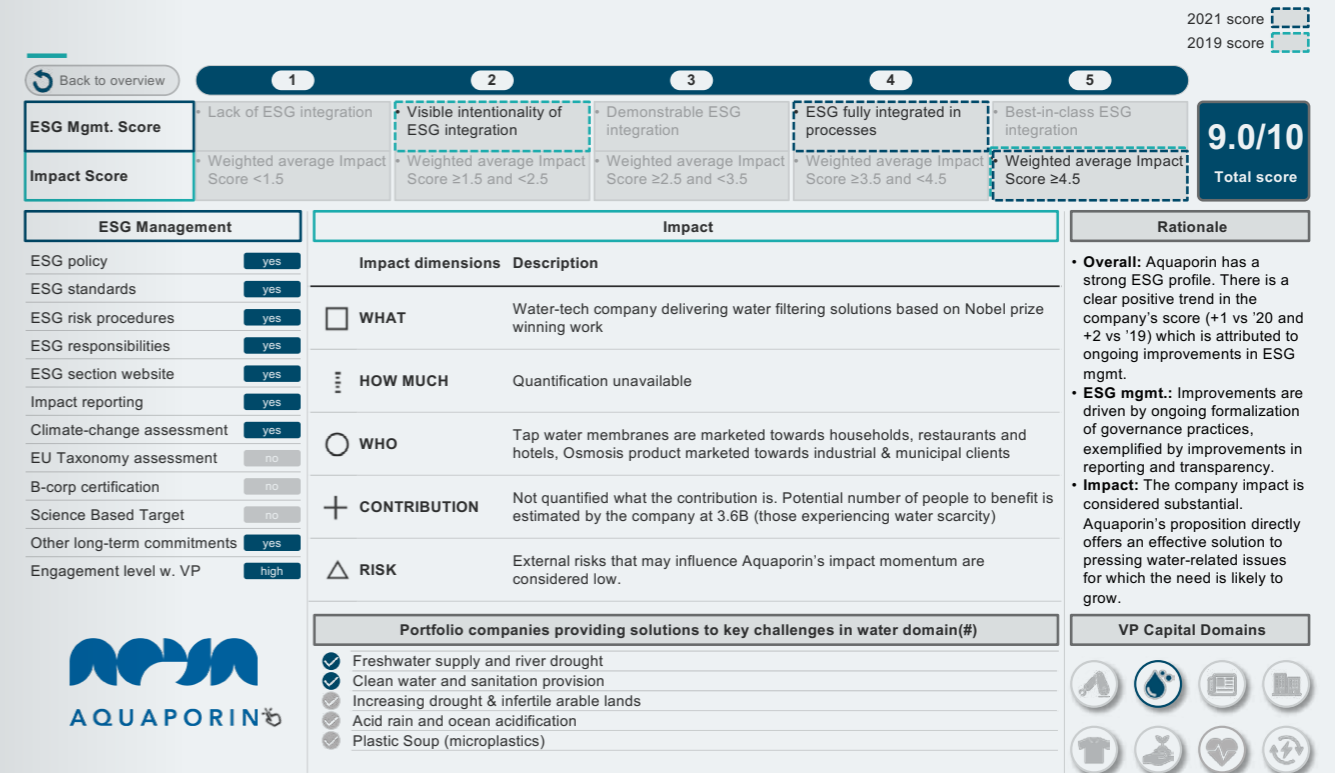
¹ Investments can contribute to multiple solutions.

Examples from our Water domain

Example 1



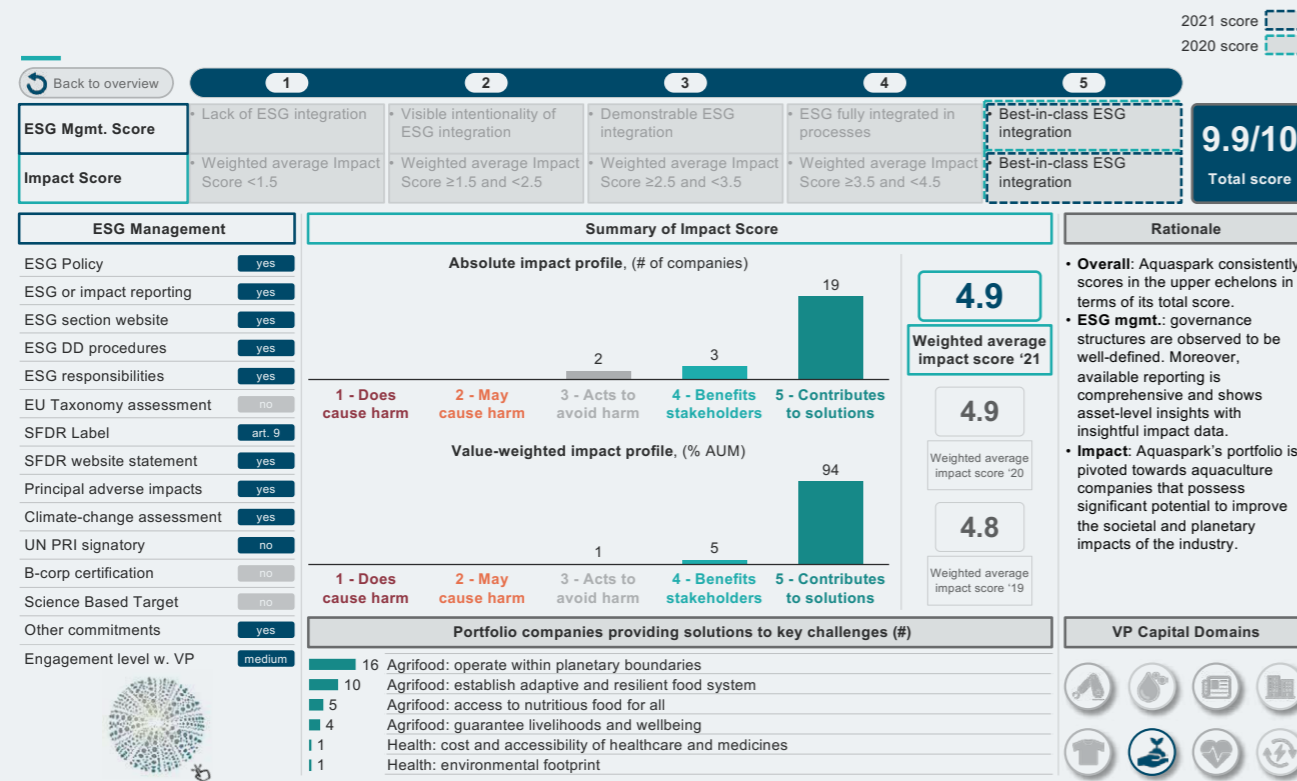
Aquaporin is an example of a Direct Impact company operating in the Water domain. Aquaporin's main goal is to develop the Aquaporin Inside™ technology, which is capable of separating and purifying water from all other substances. The company uses biotechnological principles in a new emerging market with great commercial prospects.



Example 2



Aqua Spark is a global investment fund that invests in sustainable aquaculture businesses that generate investment returns while creating a positive social and environmental impact. The fund is building an ecosystem of small to medium-sized enterprises across the global aquaculture value chain. It thus aims to make aquaculture more sustainable, healthy and accessible to all. The fund operates in two areas: Agrifood and Water.



This year, Aqua Spark scored **9.9/10** in our screening. That is why they have been awarded a Sustainable Progress Award.

Overview of the Water domain

Direct investments

smarter focus. brighter tomorrow.














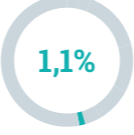

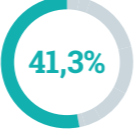

Indirect investments (via funds)

Donations

* This overview contains examples from 2021. A current overview may look different.

Capital invested in solutions for key challenges

We have already discussed in detail the challenges of our domains. This KPI shows how much capital we have invested in companies that contribute directly or indirectly to these solutions for key challenges.

Investment domain	Key challenges	Capital invested in solutions for key challenges (% of total)	# of contributions
 Water	<ul style="list-style-type: none"> Freshwater supply and river drought Clean water and sanitation provision Increasing drought & infertile arable lands Acid rain and ocean acidification Plastic Soup (microplastics) 	 2,4%	15
 Health	<ul style="list-style-type: none"> Costs and access-ibility of healthcare and medicines Focus on prevention, diagnosis & early intervention Manage digitalisation Adverse health effects of climate change Environmental footprint 	 2,1%	75
 Smart Industry	<ul style="list-style-type: none"> Increased demand equipment and materials Environmental footprint of digital technologies Cyber security Impact of virtual services platforms Job pressure due to robotics and technician shortage 	 11,9%	34
 Energy	<ul style="list-style-type: none"> Access to decarbonized, renewable energy for everyone Manage intermittency of renewable energy Develop (digital) energy infrastructure Save and reduce energy use Manage downsides of renewable energy production 	 9,1%	43
 Textile	<ul style="list-style-type: none"> The industry's reliance on non-renewables Inefficient use of resources and massive waste Negative social impacts Industry and consumer awareness 	 6,7%	21
 Agrifood	<ul style="list-style-type: none"> Operate Within Planetary Boundaries Establish Adaptive and Resilient Food System Guarantee Supporting Livelihoods and Wellbeing Access to nutritious food for all 	 3,2%	135
 Real Estate	<ul style="list-style-type: none"> Contribution to climate change Shortage of affordable housing Waste and linearity of the sector Keeping existing real estate up to date Occupants' health and wellbeing 	 1,1%	11
 Media	<ul style="list-style-type: none"> Erosion of accuracy & ethics Trust in media Political influence Environmental challenges 	 41,3%	19
Total		 77,9%	354

Capital invested in impact

In 2021, we invested approximately 29% of our assets in impact. This compares to 34% in 2020. The temporary decline can be explained mainly by the partial sale of Batenburg Techniek, which had a high impact score, and the acquisition of Hydrowear and Van Heurck, both of which still need to work on a higher impact score. In addition, Mediahuis increased sharply in value, which meant that the impact investments weighed less heavily percentage-wise in our overall figure. In absolute terms, we did invest more capital in impact funds in 2021. Our goal is to invest at least 45% of our assets in impact by 2023. Impact, however, is a broad and difficult concept to define. Terms such as 'impact investing', 'investing with social impact' and 'social and environmental impact' crop up regularly.

What do we mean by impact?

At VP Capital, we believe creating impact means 'contributing to solutions for key challenges that we have identified for each of our eight investment areas'. That includes (theme) funds that call themselves impact funds. In recent years, the impact sector has evolved considerably, partly due to the COVID-19 pandemic and a range of climate developments. Many new impact funds have been created, often focusing on one specific theme. Impact is gradually becoming mainstream, creating a different competitive environment. Regular PE parties with different reputations are also focusing on impact. That is why we are especially alert to impact washing and want to be able to judge more objectively when we consider something to be impactful. Our take is that companies that achieve a 4 or 5 on the impact ladder have a positive impact. Due to various changes in the law, it will become easier in the future to select impact funds: then we will be able to label a fund as an 'impact fund' on the basis of it classifying as an Article 9.

Impact themes of the near future

More and more (impact) funds and capital managers want to invest in impact. Several themes stand out in this respect. Our outlook is as follows:

Biodiversity and climate change

As climate change is one of the greatest challenges of our time, the sector is strongly committed to decarbonisation. Alternative energy and energy efficiency appear to be the most prevalent in impact funds. In general, investors have been allocating more capital to environmental themes for a while now. Due to recent world events, we expect this trend to accelerate as companies and investors seek to move away from oil and gas dependency. In addition, the next growth area in the impact investment universe is likely to be

biodiversity or the world's natural habitats. Funds are now entering the market that provide capital for land managers to expand forests or restore peatlands, and for farms to sequester carbon and engage in regenerative practices.

Social issues

Impact is increasingly about social issues as well. COVID-19 has exposed many inequalities in society. There are many problems to solve in the social sphere, such as inequality, poverty, the digital divide, financial inclusion, access to education and basic healthcare, security and affordable housing. We see a growing number of companies and investors focusing on these themes, such as social housing funds.

Investing for the long term

Now that impact is a hot topic, impact investors are also entering the field looking for 'impact unicorns': companies that contribute on a large scale to solutions for important challenges and also want to make a lot of profit quickly. In contrast to the digital market, in the world of impact it is not desirable that a handful of large companies drive all of the key evolutions. It is better to have many impact companies that join ranks to create a positive impact. With the increase of capital from the digital world, impact investors are now coming into contact with 'scale fast' and 'leveraging ideas' more frequently. In a sense, that is good news, but we need to understand that an impact philosophy means more than just investing in impact companies. It is also about a change in our economic thinking, about investing for the long term, about engagement and about an ecosystem that is prosperous for the many. The biggest reason for the rise of impact investing, in our view, is that it dovetails perfectly with some of the most powerful macro trends in the global economy. For investors, it is also the best way to invest in long-term sustainable growth. It attracts more capital and more talent to the sector.

Societal trends

The next phase of growth for the impact investing sector is likely to be related to the upcoming standardisation of impact methods, regulations and the availability of uniform information. There is increased urgency, and a growing number of people are expressing the need for change: from students and citizens to scientists, politicians, business leaders and activist organisations. As a result, we see sustainable investment slowly evolving from niche to mainstream. In the future, investing with positive impact will increasingly be seen as the social norm.

We also see a growing interest among HNWs to invest their assets in line with their values and with solutions for social and planetary issues. As we reach the next generation of asset owners, we have confidence in the mindset of this new generation of investors. Although it is becoming increasingly difficult to address global issues, we finally feel that there is momentum in the major capital markets and believe that green and socially positive companies can count on more interest from investors.

New impact funds

At VP Capital, we want to deploy our capital for solutions for planetary and societal key challenges. In 2021, we made a commitment to the following new impact funds:



Pluralis

This fund protects and promotes freedom of the press and pluralism in (Eastern) Europe. We believed it was an excellent opportunity to join in, certainly in combination with Mediahuis and other appealing parties. Moreover, the Media Development Investment Fund manager has been successfully investing in a globally independent and free press for over 15 years. The initiative dovetails perfectly with our Media domain, contributes fully to the key challenges (a free and independent press) and does justice to our media history. The sustainability score of this fund is 10/10. It therefore makes a significant contribution to combating a negative trend in the media landscape in Eastern Europe. See page 59 at the domain Media for this fund's one-pager.



Goldman Sachs Imprint Thematic Opportunities Fund

This fund combines the best of both worlds: the quality and track record of Goldman Sachs and the sector expertise and network of a dedicated impact team. Through a fund-of-funds strategy, it gives

us access to thematic growth opportunities related to decarbonising the global economy and to technological innovations in healthcare, financial services and education. The investment meets our impact and thematic objectives in the Energy, Health and Agrifood domains and provides investable solutions for key challenges. The sustainability score of this fund is expected to be 8/10 or higher and therefore fits within our sustainability strategy. Because we did not receive full answers to the questions in our questionnaire on time, this fund has temporarily received a score of 2 out of 10 (undeservedly so).



LSP Dementia Fund

The LSP Dementia Fund aims to make a valuable contribution to solving the problem of dementia. The fund's strategy is twofold: it supports cutting-edge dementia research to develop new medicines and it creates a strong financial return for investors. As an impact investment, the LSP Dementia Fund dovetails perfectly with VP Capital's Health investment domain and fulfils our impact strategy and objective. See page 52 at the domain Health for this fund's one-pager.



Planet First Partners

With our commitment to Planet First Partners, VP Capital reached a milestone in 2021: our largest investment ever in an impact fund. Like us, the fund focuses on active ownership, stewardship, long-term thinking and investing in solutions to key challenges. In the words of Planet First Partners, *'We want to promote healthier lives on a healthier planet today and for future generations. We work as "hand-with" partners and actively support our portfolio companies from the moment we invest, working with management to devise and implement multi-year value creation strategies to achieve our shared ambitions.'*

Not only does the fund have a purpose-driven investment strategy, but it also operates an evergreen structure. As long-term investors, we favour this model because it corresponds with the current sustainability mindset. It is not 'high-strung' capital, which puts pressure on markets, funds and portfolio companies, but patient capital. This fund was not yet included in VP Capital's latest overall screening because no capital call took place in 2021. The quick scan in terms of sustainability awarded this fund a 10/10.

Key KPIs

To monitor our impact funds, we follow several impact metrics. In the world of impact, there is still a range of methods, data and definitions. We selected several KPIs that the impact funds report on and follow up on these. One day, we hope that all our data will lead to the same metrics for solutions for key challenges. Once we can report on the impact of direct investments, donations or impact funds on the same basis, then we can aggregate them much better.

We chose to track the reported output KPIs. The data we use is taken from the impact reports that are available to us at the time our Progress Report is made. As we receive many impact reports very late, some funds are not listed and some data may still be from 2020. Below we list some of the funds and their KPIs which we monitor.

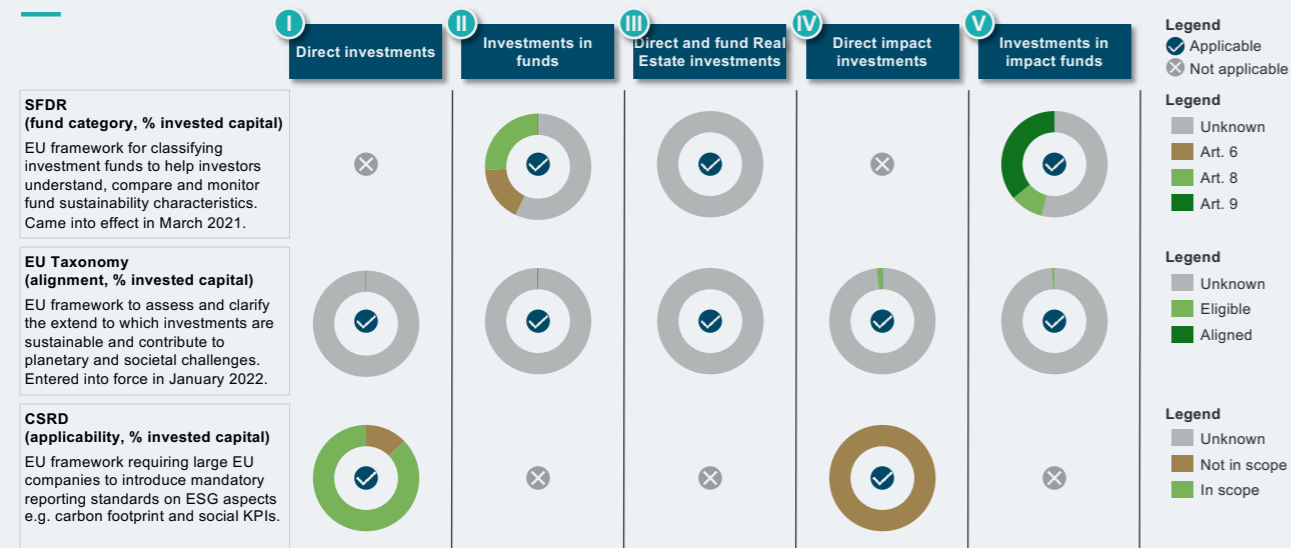


The ultimate goal is to be able to measure the total impact of our investment portfolio. As our investment portfolio is diverse and contains many underlying investments, it will be a challenge to find the right balance between a broad scope and a sufficient level of detail. For now, we are looking at an approach for each domain. This involves a limited selection of positive impact indicators, based on the solutions for each domain (for example, for Textiles: the FWF score of the companies and the percentage of more sustainable materials). We combine these positive impact indicators with a broader set of negative impact indicators based on the Principle Adverse Impact Indicators (PAI).

The changing legislation in Europe should be of great help in the years to come. For example, PAI indicators stem from the Sustainable

Finance Disclosure Regulation (SFDR). Under the SFDR, funds have to publicly state whether they take into account the main adverse effects of investment decisions on sustainability factors. They also have to report these adverse effects. To this end, a list of nine mandatory environmental indicators (including carbon emissions and impact on biodiversity) and five mandatory social indicators (including gender pay gap and diversity in governance) has been drawn up. As many funds will be reporting on these indicators and we will also request these indicators from our direct investments, we hope to eventually have an aggregated overview of the negative impact of our investment portfolio. Together with the positive impact indicators that we draw up for each domain, we will then have a nuanced understanding of the impact that our entire investment portfolio has on the environment and society.

In 2021, we screened our investment portfolio for the first time based on future legislation (SFDR, EU Taxonomy, Corporate Sustainability Reporting Directive). We already see a good representation of Article 9 funds and expect this proportion to increase in the future. We are closely monitoring the legislation and making preparations, not only at VP Capital but also with our investment partners.



We also screened how many companies in our investment portfolio are helping underserved communities. More on this in our 'Contribute to solutions for societal challenges' pillar on pages 118 and 119.

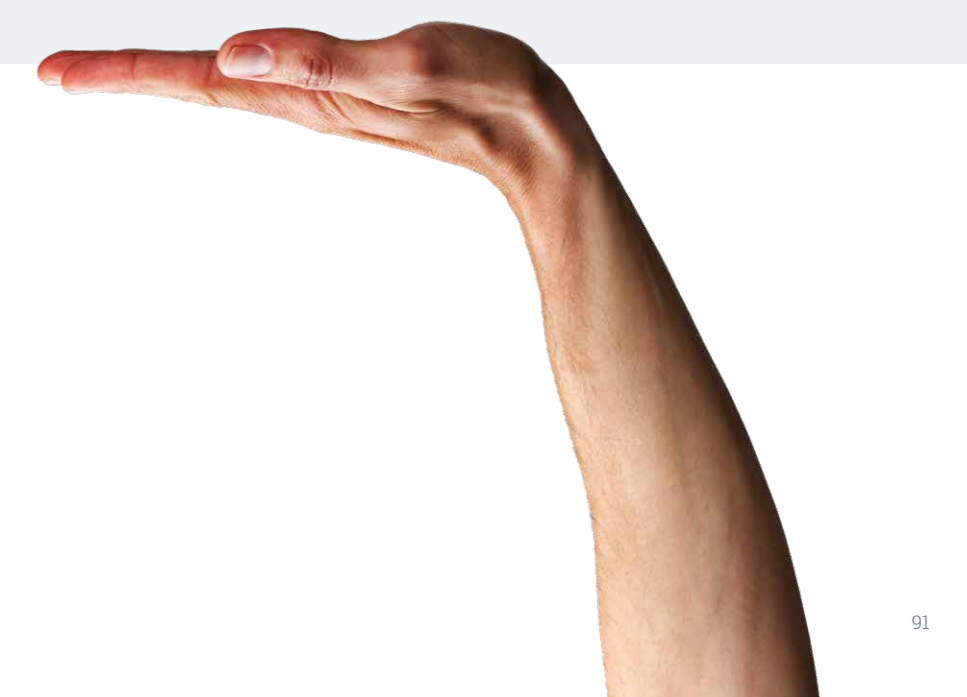
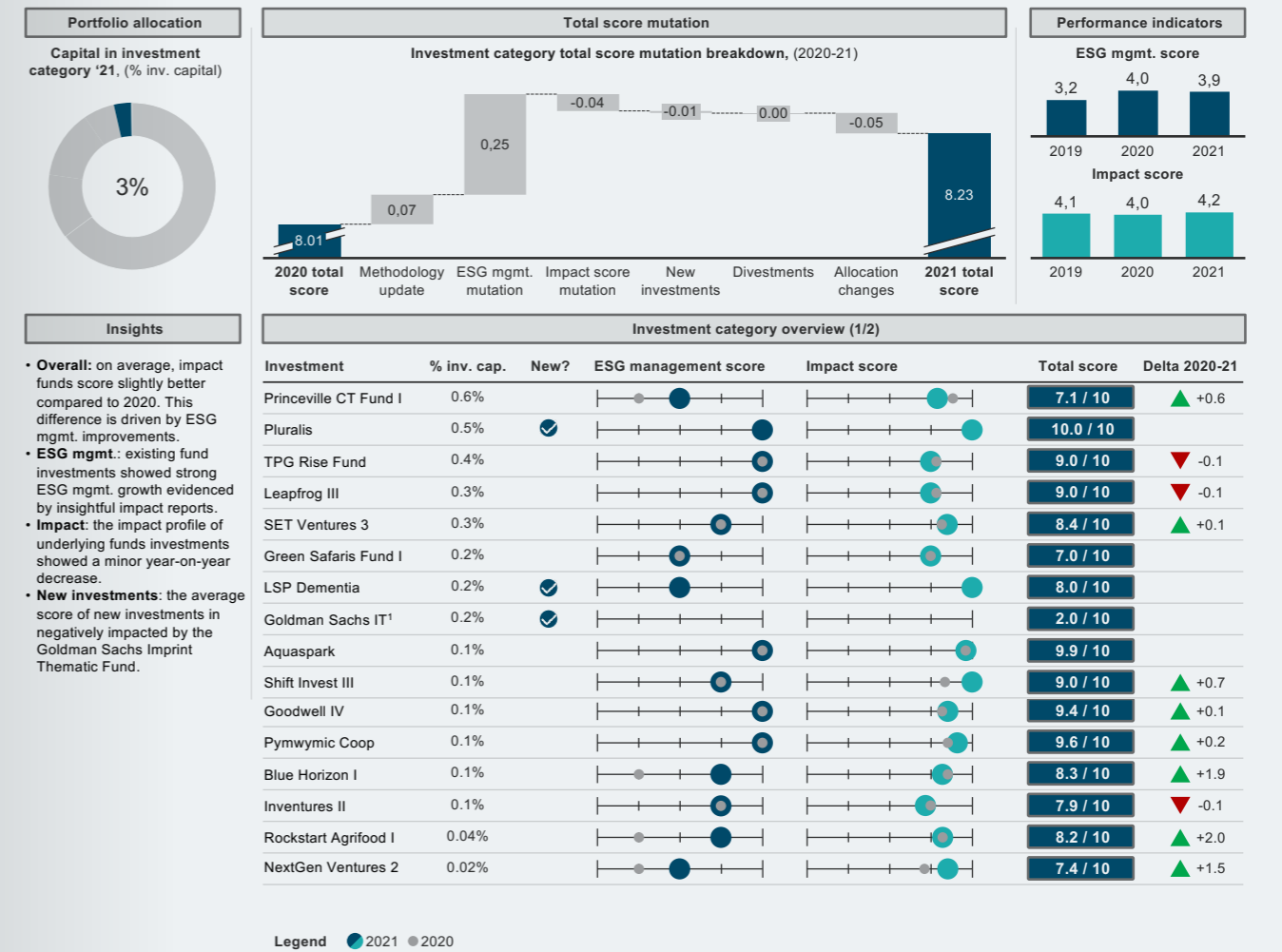
We enter into dialogue with all impact companies and impact funds based on their ESG and impact screening. We also assess the impact of underlying assets. An example of the indirect investments via the Leapfrog fund is presented below:

Full breakdown of Impact Score			
Company	Score	% AUM Domain	Description
Fidelity bank		9%	The company is a family-owned bank.
Ascent Meditech Ltd.	5%	Health	Orthopedic Soft Goods & mobility aid for rehabilitation or musculoskeletal disorders.
Fincare	4%		Company is a small finance bank.
World Remit Ltd.	45%		Company enables easy money transfers across the world.
Goodlife Pharmacy Ltd.	7%	Health	Company provides pharma, health and beauty products to Eastern Africa.
AIICO Insurance	4%		Leading Nigerian insurance group..
Softlogic Life	3%		Life insurance products in Sri Lanka.
BIMA	3%		Provider of digital health and life insurance services in 9 developing economies.
PT PasarPolis	1%		Digital insurance broker.
MedGenome	9%	Health	Genetic diagnostics & research company with a focus on next generation sequencing.
Healthify me	5%	Health	Company provides guidance and consulting on losing weight.
NeoGrowth	4%	Health	Company provides SME business loans in India.
Pyramid Group	1%		Healthcare solutions in (Eastern) Africa through drug retail and medical diagnostics.

Impact Score legend

- Companies creating a negative impact due to the nature of their products/services and/or way of operating
- Companies without inherent positive/negative impact but may contribute to products or services with a negative impact
- Companies that reduce the negative impact of their products/services and/or the way of operating
- Companies that have a positive contribution to society through its products/services and/or the way in which they operate
- Companies working on advancing & commercialisation of solutions that solve societal and planetary challenges

The impact funds in our investment portfolio are doing well. We have built up a wide variety of impact funds. In the future, we want to allocate larger commitments to impact companies and impact funds. The lower impact percentage in 2021 can be attributed to the fact that last year we made a large capital allocation to lower-scoring textile companies, which was financed by the partial sale of the higher-scoring Batenburg Techniek. Moreover, some direct non-impact companies grew so fast that our invested capital in impact dropped in percentage terms compared to the total capital. The impact score of the impact funds rose from 4,0 to 4,2. You can find an overview of impact funds and their scores here:



Total donations

Onze heritage in philanthropy

In 2021, we finalised our donation strategy and expanded our philanthropy even further. In addition to our existing philanthropic activities, we have been supporting since last year a charity in each of the impact domains that is working on solutions for the key challenges in that domain. Indeed, we want to have a multiplier effect and achieve even more impact in our eight domains. Consultancy firm Telos Impact helped us screen and select suitable charities. The new philanthropic initiatives were also given an ESG and impact score.

For the first time in 2021, we donated within our domains not only to charities but also to social enterprises such as Licht Werk. Social enterprises are companies that operate primarily based on a social mission; they are not NGOs or philanthropic initiatives. Of course, we also supported our self-founded Annetje van Puijenbroek Foundation and the Emilie van Heel Fund for Lung Transplants. In addition, each family member donates a fixed amount every year through VP Capital to charities of their choice. Finally, we are also involved in providing emergency aid: in 2021, we donated money to Red Cross Belgium and the Netherlands for the flooding that took place in both countries. Overall, we donated over **€ 1 million** in 2021.

Our existing philanthropic activities

The **Annetje van Puijenbroek Foundation** was set up in 2015 to give something back to the local community in Goirle and Hilvarenbeek, where our roots are. This foundation supports initiatives by individuals and small organisations that contribute to social cohesion, nature and/or culture and which promote involvement and cohesion among the inhabitants of those municipalities. Each year, we donate at least **€ 100,000**, with the aim of using those resources locally. This annual donation is a long-term commitment. Two members of the family are on the board.

A few years ago, a family member had to undergo a lung transplant. After her death, we set up the **Emilie van Heel Fund for Lung Transplants** in cooperation with KU Leuven. It aims to give lung transplant patients access to home medication and accelerate research on organ rejection. Each year, we donate **€ 250,000** to this charity. A family member is closely involved at the fund.

We introduce our children to our philanthropic activities at an early age. We do this by organising workshops that teach them about doing good and taking responsibility. Through VP Capital, **each family member** aged six and above can donate a fixed amount of **€ 6,000** each year to his or her own chosen charity or a pre-selected good cause. Annually, we donate a total of **€ 150,000** to charities in this way. In 2021, these included WWF Belgium, Natuurpunt, Pelicano Foundation, Médecins Sans Frontières, the Malala Fund, Go Forest, Stichting Samen Doen (Prince Heerlijk), Kom op tegen Kanker, the Limburg Landscape Foundation, Plan C Foundation and many more.

In addition to emergency aid to which we donate **€ 100,000**, we also spend some **€ 400,000** on charities in our eight domains, more on this below.

Our new philanthropic activities

Last year, we expanded our donation strategy. We want our donations to support the same goals as our impact investments and the sustainability of our heritage companies: together they contribute to the same key challenges that we defined in our investment areas. That is why we talk about philanthropic solutions.



How do we select charities?

We took our philanthropic solutions to key challenges as the point of departure. We had already compiled these for each domain as a result of an inventory exercise we did with impact consultancy firm Sinzer. The overview of our philanthropic solutions is as follows:

Overview of philanthropic solutions

Agrifood

- Donate to organisations that protect, preserve or re-establish biodiversity and natural resources.
- Organisations aiding farmers to regenerate arable land in water deprived or infertile areas.
- Partnerships aiming to enhance the resilience of the agrifood sector.
- Initiatives to develop sustainable agriculture curricula for vocational schools
- Certified organizations for organic products.

Health

- Organisations that support countries to ensure quality of available medical products, by enhancing controllability of the supply chain, and diminishing substandard or falsified medical product use.
- Initiatives focusing on quality of the natural environment in order to support healthy lives.
- Initiatives that encourage healthy behaviour of individuals, e.g. create awareness of hazards related to lifestyle decisions.
- Providing low-income countries with better access to healthcare.

Real estate

- NGOs addressing the challenges concerned with homelessness and housing possibilities in general.
- Organisations engaging in city planning, seeking to provide the required social housing or other social endeavors.
- Initiatives that promote a circular way of building and provide alternative opportunities for the use of materials in the end-phase of conventional linear building design.

Textile

- NGOs that address the challenges regarding human rights related to the labour intensity and hazards of the textile industry, and the use of children herein.
- Organisations that promote responsible consumer behaviour with regard to textiles.
- Organisations that promote the repurposing and re-use of fabrics, in order to contribute to the circularity of this industry and diminish the amount of waste it produces.



Energy

- NGOs focusing on (renewable) energy access for disconnected communities.
- Organisations providing vital buildings and structures with more reliable energy access.
- Initiatives that support the transition to renewable energies by phasing out the use of fossil fuel powered devices / vehicles.



Media

- NGOs that act as watchdogs, improve regulatory capacity through lobbying.
- Initiatives that improve journalist and consumer ability to verify information through literacy trainings.
- Digital products for children, especially in disadvantaged communities, can kickstart media literacy in the public at an early age.



Smart industry

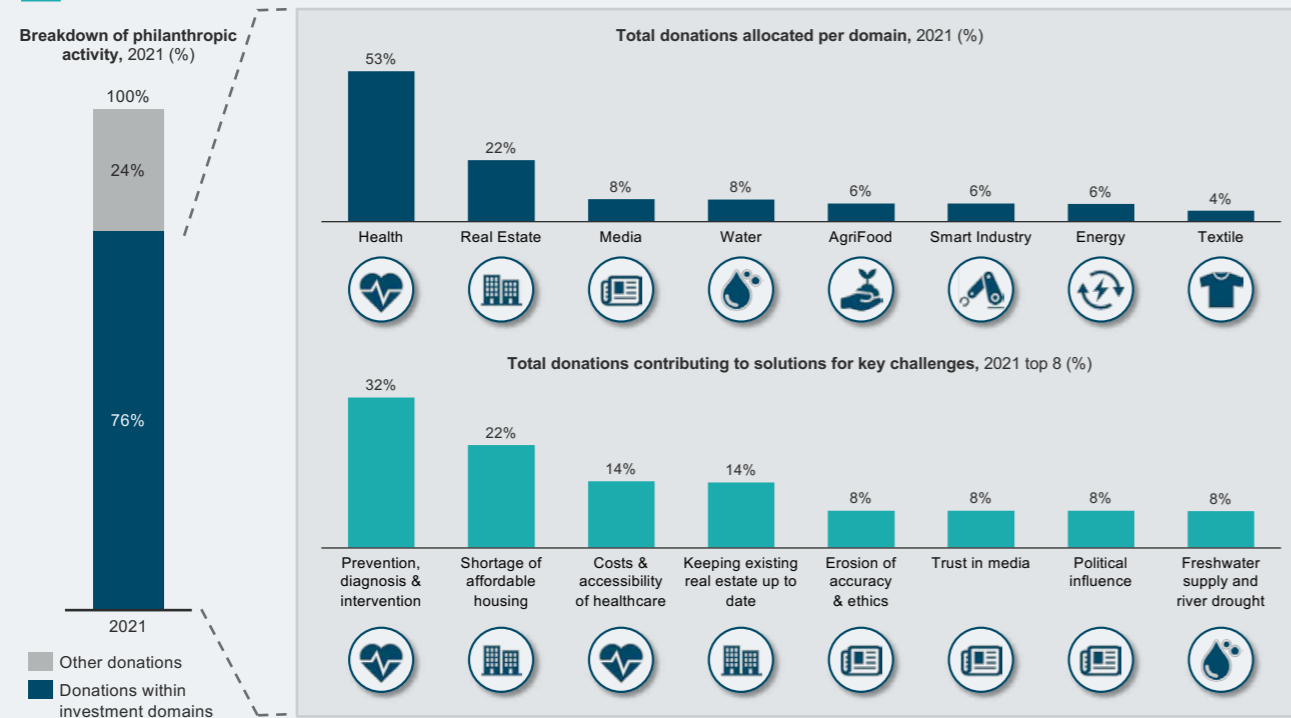
- Initiatives fostering technological education in order to empower people in the digitized future and further accelerate the efficiency of implementing new innovations, while contributing to the challenge of enabling everyone to progress through digital & technological society.



Water

- Organisations that support communities in dry areas with expert solutions to re-fertilize the land and better retain water.
- Organisations that aid water-scarce areas by facilitating water provision solutions (e.g. wells).
- Organisations combatting oceanic deterioration; coral preservation, countering acidification, fighting plastic soup etc.

Below is an overview of the total percentage of donations per domain and to what extent the donations contribute to the solutions for key challenges.



¹ Various donations have not been assessed in 2021; ² Overlap challenges and domains is possible (e.g. st. Annetje) and causes domain percentages to add up to more than 100%.

Based on the philanthropic solutions, we first made a longlist of charities that would be suitable. Together with Telos Impact, we then drew up a shortlist of four charities for each domain. These were further screened by Telos Impact, including scalability, the structure and experience of the organisation and the added value we can offer, but also the charity's ability to define and report on KPIs. After all, we want to be able to monitor the impact of our donation.

Telos Impact then produced a due diligence impact radar for the selected 32 charities and a preliminary ESG and impact score was determined. The impact radar comprises five categories. Each category is scored from 0 to 5, so a maximum of 25 points can be earned.

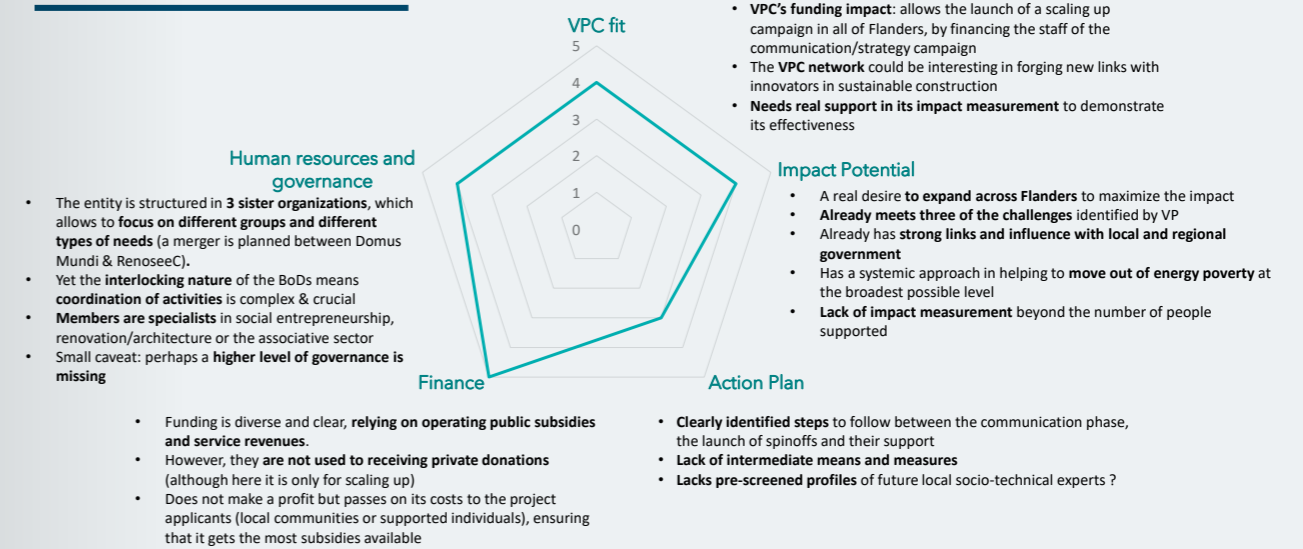
- The fit with VP Capital**
 - To what extent does our donation (in terms of size and timing) really contribute to a concrete project?
 - Can we add value in other areas, for example with knowledge?
 - Is there follow-up potential in the area of impact investing?
- Impact Potential**
 - Is the impact long-lasting and/or scalable?
 - Is the impact measured using KPIs?
- Action plan**
 - Is there a concrete action plan?
 - Is there a proven track record?
- Finance**
 - Will other funding be attracted as well?
 - Is it structural or ad hoc?
 - What is the organisation's cost structure?
- Policy and management**
 - What is the organisational structure like?
 - How are things managed operationally?

An example of what such a screening looks like:

Domus Mundi – Due diligence



Impact Radar. A score of 20/25



Based on the different impact radars, we selected one initiative per domain to donate to in 2021. We concluded formal agreements with these eight organisations, in which we determined the size of the donation and established the KPIs. We are again monitoring these KPIs with Telos Impact. Based on this, we will decide each year whether to renew our support or to screen new charities. Our starting point is to support organisations for several years. As of 2022, we will be able to report our impact based on the KPIs achieved.

An example of a one-pager for the donations is shown below:

Back to overview	1	2	3	4	5	9.0/10 Total score
ESG Mgmt. Score	<2 ESG mgmt. indicators in place	2 ESG mgmt. indicators in place	3 ESG mgmt. indicators in place	4 ESG mgmt. indicators in place	5 ESG mgmt. indicators in place	
Impact Score	Limited or negligible impact	Cause focus on under-served people/planet	Contributes to at least 1 challenge in domain	Focus on >1 challenges or maximum impact	Tackles >1 challenges and maximum impact	
ESG Management Score	Impact Score				Rationale	
Recognized NPO	5.0 Impact Score				<ul style="list-style-type: none"> Overall: Young Water Solutions receives a high score of 9/10. Notably, this is driven by a high ESG management score. ESG mgmt.: Young Water Solutions scores 5/5 on ESG management. The organization has a robust impact measurement methodology. Impact: Young Water Solutions scores 4/5 on impact as it focuses on one impact challenge. 	
Financial reporting	1 - Does cause harm 2 - May cause harm 3 - Acts to avoid harm 4 - Benefits stakeholders 5 - Contributes to solutions					
Output/outcome reporting	Impact dimensions					
Impact reporting	Description					
Formal impact measurement	<ul style="list-style-type: none"> WHAT Supports young people in setting up a Water Access, sanitation and hygiene (WASH) business HOW MUCH Organization has 5,5 FTE and supported around 75 startups since launch WHO Young entrepreneurs from low –and middle income countries with a WASH business solution CONTRIBUTION Contributes to solving youth unemployment and lack of access to water & sanitation. RISK - 					
VP Capital Investment Domains	Provision of solutions to key challenges				Risk indicators	
	<ul style="list-style-type: none"> Clean water and sanitation provision Freshwater supply and river drought Drought and infertile arable lands Acid rain and ocean acidification Plastic soup (microplastics) 				EVIDENCE RISK MEDIUM EFFICIENCY RISK LOW ENDURANCE RISK MEDIUM	

Which charities did we support in 2021?

 Agrifood	 HERENBOEREN SAMEN DUURZAAM VOEDSEL PRODUCEREN	8/10
 Energy	 Papillon project	7/10
 Health	 Healthy Entrepreneurs	10/10
 Media	bellngcat	9/10
 Smart industry	 LichtWerk	7/10
 Textile	 bioRe ORGANIC COTTON FOUNDATION	8/10
 Real estate	 DM DOMUS MUNDI	8/10
 Water	 YOUNG WATER SOLUTIONS	9/10



Stichting Herenboeren helps to collect and share knowledge between the different Herenboeren farms in the Netherlands. This is a growing group of cooperative farms that show that the production of our daily food can be different, better and above all more sustainable. In doing so, they contribute to the following challenges:

- Creating an adaptive and resilient food system
- Prosperity and well-being for everyone in the food chain
- Access to nutritious food for all

Our donation will be used to organise Farming@RoboCup, an international competition for student teams developing agro-robots and accelerating regenerative agriculture.



Papillon aims to replace energy-wasting household appliances with new, energy-efficient ones in families with financial difficulties. This solution addresses the following challenge:

- Saving and reducing energy consumption

Our donation will be used to hire an additional staff member to further scale up and include more households in the project.



Healthy Entrepreneurs provides basic healthcare in places where nobody else sets foot, such as remote areas in Kenya, Uganda and Burundi. The organisation trains independent health workers in the sale of health products and offers information and advice in mini-pharmacies. Thanks to the efforts of these passionate entrepreneurs, isolated villages are changing into strong, healthy and well-informed communities. In doing so, they contribute to the following challenges:

- Cost and accessibility of healthcare and medicines
- Emphasis on prevention, diagnosis and early intervention
- Integrating digitalisation

Our donation will be used to recruit and train 225 new medical entrepreneurs in Kenya.



Lichtwerk supports companies and (manufacturing) industries in the deployment of smart assistive production technologies. For example, it equips companies with augmented reality solutions to support workers in their tasks. The technology projects work instructions directly onto objects and the work surface for operators. This makes it easier for vulnerable, unskilled or inexperienced employees to learn new tasks and to continue working in an increasingly complex production environment. Lichtwerk provides advice, infrastructure and training. The innovative approach and solutions it provides can be used in all sectors and regular companies. Lichtwerk thus contributes to the following challenges:

- Pressure on employment due to robotics and shortage of technicians
- The growing demand for materials and raw materials

Our donation will be used to hire a business development manager and set up a pilot infrastructure in the Netherlands. The organisation wants to roll out its Belgian activities in the Netherlands as well, thereby increasing its scale and impact.



Bellingcat is a network for citizen investigative journalism. It brings together independent international researchers, investigators and journalists from more than 20 countries around the world. Together, they investigate a wide range of topics in which advanced technology, forensics, journalism, transparency and accountability converge. The network specialises in fact-checking and conducting Open Source Intelligence. For example, it is currently contributing to independent reporting on the war in Ukraine. The following challenges are being addressed:

- Decline of accuracy and ethics
- Trust in the media
- Political influence through media

Our donation will be used to purchase various software subscriptions, acquire hardware (IT), develop research tools and set up training courses in open-source research techniques, among other things.



De **bioRe® Foundation** supports organic cotton farmers and their families in India and Tanzania, among other things by setting up schools and training programmes. The organisation works closely with organic cotton companies and farmers and focuses on positive developments and the improvement of long-term processes. The focus includes the development of organic pesticides and better organic cotton seeds. The Foundation addresses the following challenges:

- Negative social effects
- Awareness among industry and consumers of problems in the sector

Our donation will be used to set up the first GROW centre in India, where cotton farmers will be trained in organic farming.



Domus Mundi wants to provide vulnerable groups with a high standard of living, housing, and building and renovation. Its operations focus mainly on projects that help to improve the liveability and quality of life in a neighbourhood or city. This is achieved by providing financial support for renovation and urban renewal, for example. The following challenges are addressed:

- Reducing the climate impact of real estate
- The shortage of affordable housing
- Keeping existing properties up to date

Our donation will be used to scale up the activities in Flanders, for example by hiring an extra employee or increasing the communication budget.



Young Water Solutions is an international non-profit organisation. It focuses on developing and supporting young talented people who can help address challenges such as universal water, sanitation and water resources management. They support young entrepreneurs and give them the means to carry out water and sanitation projects and start social enterprises in their communities. Their work tackles the following challenge:

- Shortage of clean water and sanitation

Our donation will go to the Uganda Young Water Fellowship, a two-week accelerator programme for young African entrepreneurs who have come up with solutions in the field of Water Access, Sanitation and Hygiene (WASH). Afterwards, selected candidates will receive a start-up budget of €5,000 to further develop the solution, for example by creating a prototype.

Capital invested in innovation

We will further refine this KPI in upcoming year. After all, innovation, impact and donations are often interwoven. In 2021, we invested 19% more in innovation than in 2020.

INNOVATION

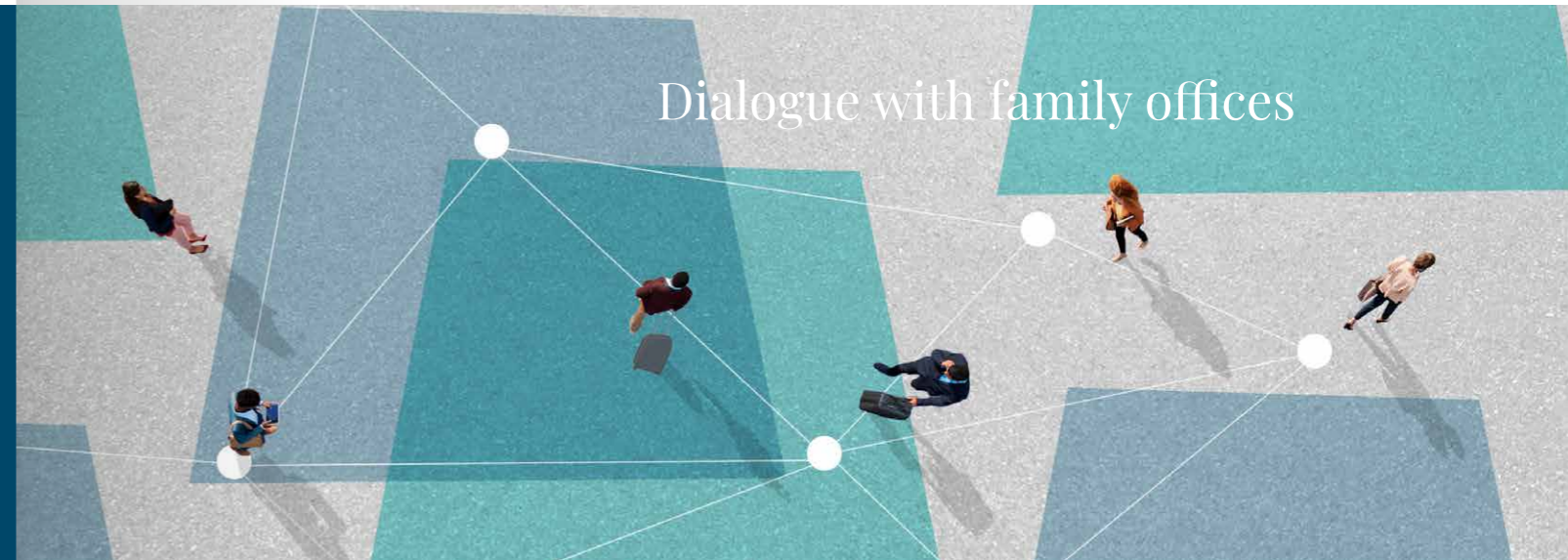
Close up pillar 2

**Engage
our network**

Our KPIs

Dialogue with family offices

Engage with our investments and philanthropy on ESG and Impact



Dialogue with family offices

Dialogue with family offices

After it was postponed three times due to COVID-19, the time finally came on 30 September 2021: we organised the first VP Capital Round Table on 'Sustainability for family offices'. About 30 participants from different HNW family offices met in Breda. Topics on the agenda; what has our journey been like as a family office? Where are we now? What is our sustainability model and what about yours? What steps has VP Capital taken since 2018? And which dilemmas are we still focusing on?

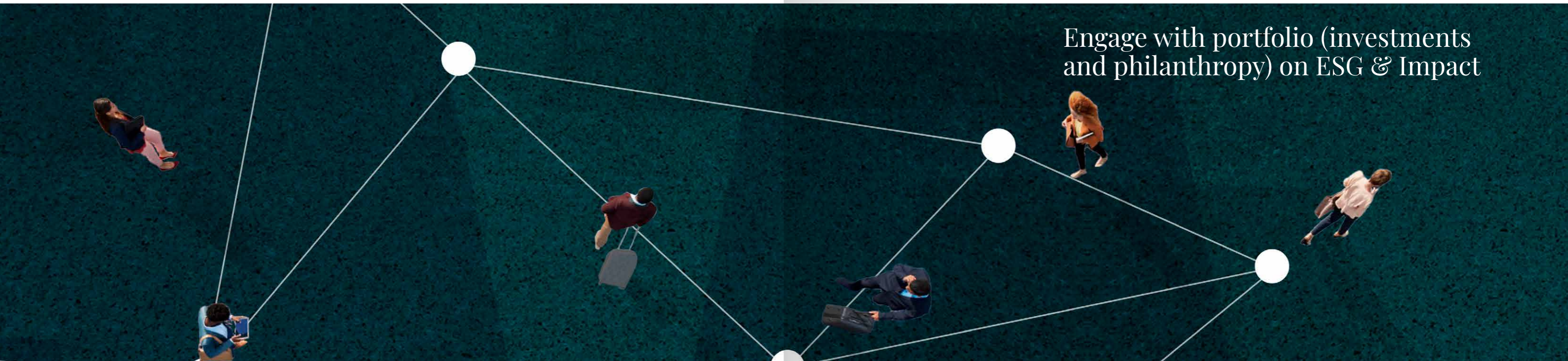
Guest speaker Geanne van Arkel, former Head of Sustainable Development at carpet tile company Interface, explained to the participants how she put sustainability on the agenda and what lessons she learned from it. We chose Interface because they are an example of how an industrial company can take steps to reduce the negative impact of its operations. In fact, the company's impact is even positive now: the more products it sells, the more carbon it reduces. This is the kind of change VP Capital is trying to introduce in our companies as well. Because we have been engaged in this exercise since 2018, we keep giving higher priority to regenerative, circular and equal business models.

VP Capital wants to be a catalyst for more Sustainable Progress. Family offices can play an important role in this. The anonymous digital survey that we organised during our Round Table gave us a good idea of the journey that other family offices have already made. For example, 69% of them are less transparent in their communications about sustainability results than VP Capital, but it also appears that 69% of these family offices maintain an active dialogue around the theme of sustainability. So the topic is definitely on the agenda of entrepreneurial families, but there is still work to be done. Only 33% indicate that there is someone responsible for sustainability on the board of directors, and only 25% of the family offices surveyed

have someone with a sustainability background on their supervisory board. Most of the people appointed to these boards mainly have a background in legal or finance.

Of the family offices present, 87% did not have a good overview of their carbon footprint or that of their investments. It was therefore not surprising to learn that 83% have not yet committed to the Science Based Targets initiative (SBTi). Following this Round Table, it has become easier for us to keep in touch and share experiences so we can work on making better Sustainable Progress together. The enthusiastic reactions we have received thus far are already heart-warming. Because the attendees wanted to know more about the different topics, we are looking at options to organise follow-ups. This has helped us contribute to our KPI 'Engage our network' with families.

In addition to our Round Table, we also spoke to many individual families in 2021. We met with some of them several times, for instance to help them get started on their sustainability journey, or to provide support for the first due diligence screenings of impact investments. We also visited some foreign families who showed an interest in our journey and in the results of our ESG and impact screenings. We visited a German family office that has set up an academy to share its expertise on leadership, digitalisation and sustainability. We also met an American family that uses a special 'people due diligence' screening to check whether there is enough value alignment between the family and the investments. And we met a Dutch family that is already miles ahead in terms of Monetisation and Impact Measurement. Indeed, we also learn from other families in our interactions with them. We like to share our story with others, so we can strengthen each other and accelerate our progress. Moreover, this way, other family offices do not have to start from scratch.



Engage with portfolio (investments and philanthropy) on ESG & Impact

Engage with portfolio (investments and philanthropy) on ESG & Impact

Sustainability Day

A special Sustainability Day was kicked off by Managing Director Guus van Puijenbroek and Head of Sustainable Progress Astrid Leyssens. During their presentation, they discussed topics such as what VP Capital has been working on over the past year (such as our B Corp certification), which direct participations have made the greatest progress, which new investments have been made and which new legislation is on the horizon. The consulting firm MJ Hudson gave an update on progress over the past two years and outlined what is in store for VP Capital's companies in the upcoming Progress Report. Afterwards, the various companies presented their sustainability actions for 2021.

We discussed innovations in sustainability legislation with our direct participations. We also looked at what steps the companies themselves had taken. Professor Jan Rotmans, professor of Transition Studies and Sustainability at Erasmus University Rotterdam, took everyone through the (social) patterns he sees that are ushering in a new era. He also gave his vision of a healthy, fair and sustainable society.

We presented our annual Progress Award to Mediahuis during the Sustainability Day. This company made great strides in 2021 by formulating an ambitious carbon reduction plan, continuing to combat fake news and employing more women at the top. It also invested

in education software and in media companies in countries where independent journalism is under pressure.

To close the day, we planted trees with the Life Terra climate fund. As the weather was quite changeable, we took the opportunity to test the raincoats made by our company Hydrowear. The Sustainability Day brought us much inspiration, and it was great to see the companies' motivation and camaraderie. This event enabled us to devote ample attention to our KPI 'Engage with our investments and philanthropy on ESG and Impact'.

Meeting our investment partners

Aside from the Sustainability Day, we meet regularly with our investments on other occasions as well. We discuss their progress in terms of ESG and impact, the results they have achieved, their short-term social and planetary objective, and their long-term goals. During our consultations, we discuss impact reporting, ESG themes, the carbon footprint, various policies and employee engagement. We suggest potential next steps and focus on capacity building in our investments to achieve more Sustainable Progress together. To help realise some of the opportunities for improvement that we identify, we cover quite a few of the costs ourselves. For example, we pay the consultancy costs for a carbon calculation, the costs of dedicated sustainability communication, the costs of expertise on fair wear or regenerative farming, and the costs of holding an inspiration day.

In 2022, we will organise our first Impact Fund Meeting with the impact funds we invest in as VP Capital. Many of them run into the same challenges, such as raising capital, scaling up, a good impact methodology or the new European legislation. VP Capital wants to bring them together to share insights, lessons learned, experiences and dilemmas so we can move forward. We will share our insights from our own due diligence screening process and our own experiences in creating impact. Furthermore, we will share our fund scores. As key social and

planetary issues become increasingly urgent, we hope to learn from each other to turn the tide faster. Of course, it will be challenging to bring together competitors, but we think everyone in the impact scene is keeping the bigger picture in mind.

Partly as a result of these efforts, this year we discussed ESG and impact with 95% of our entire investment portfolio, whereas we had set a target of 90% for 2023.

Improvement levers

Engage with current portfolio



Description

All managers can be engaged with to (further) **improve their total score**, by improving their ESG policy and reporting, and by improving the incorporation of ESG in their investment management practices.

Specific opportunities

- Engage with managers on ESG management improvement opportunities
- Engage with managers that have negative underlying investments, including 747 Capital, Goldman Sachs, and Ackermans & van Haaren
- Engage with managers that do not disclose their underlying exposures, including Committed Advisors

Selected metrics

46 / 48 ▲

of managers we engage with to discuss ESG

Close up pillar 3

Manage on sustainable progress

Our KPIs

B Corp-score

Active ownership



B Corp score

In our previous Progress Report, we mentioned that we had started the process of becoming a B Corp-certified company. The B Corp label is a high-quality certification for companies that take all their stakeholders into account and contribute in any way they can towards a more inclusive and sustainable economy.

VP Capital believes it important to be part of the B Corp community. It consists mainly of pioneers and leaders of a worldwide movement that promotes 'business as a force for good'. The certification process has been long and intensive. Last year, we had to answer numerous questions and provide a great deal of evidence during our audit. In the end, this resulted in May 2022 in a score of 98.6, well above the required 80 points. This makes VP Capital an official B Corp certified company.

Obtaining B Corp certification is not a one-off project for us but an ongoing process of development. The process we have gone through has provided us with many tools and inspired us to introduce further

improvements in our organisation. This ranges from strengthening our sustainability policy to small practical matters such as using more sustainable cleaning agents in our office. Since last year, we have also been asking all our partners, from suppliers to investments, to sign our Partner Code of Conduct.

In 2021, we amended the articles of association of VP Capital and one of its subsidiaries VPV Retail. The changes were necessary to obtain B Corp certification. They entail extending the description of our companies' objective to include 'have a real positive impact on society and the environment in general through their business operations and economic activities'. In addition, the management is obliged to consider the interests of all stakeholders, not only those of the shareholders, when making decisions.

We still have a long list of potential improvements and will work with the entire team on them.

Active ownership

At VP Capital, we believe it is important to be actively involved in our investments. Too many shareholders are investing from a distance. We want to be actively involved in at least 75% of our assets. By 'actively involved', we mean participating in boards of directors, supervisory boards, advisory boards and investment committees. During our participation, we put sustainability and impact on the agenda of our investments.

Results 2021

In 2021, we took an active role in about 20 companies, which together represent more than 82.6% of our assets. We are committed to this role to prioritise sustainability and impact:

In addition to our own people, we also delegate people who occupy board roles on behalf of VP Capital. They are included in our figures

on active ownership. Moreover, we want to offer added value to the companies we invest in on a legal, financial, strategic, communicative and sustainability level. We deploy our knowledge, capital and network to achieve that added value.

In 2021, we gave the Annetje van Puijenbroek Foundation, among others, a helping hand by updating their website. In the future, they will maintain it themselves, but the foundation can always fall back on our Communications Manager. With the arrival of our new Sustainability Manager Jobien Laurijssen, we were able to offer VP Landbouw more effective support to help it prepare for the transition to a regenerative farm. We extended this support by starting to develop a dedicated website for VP Landbouw. In addition to this endeavour, Jobien also supports them with the knowledge and experience she gained on sustainability and the Fair Wear Foundation proces.

Close up pillar 4

Contribute to solutions for planetary challenges

Our KPIs

Companies providing solutions for planetary challenges

Planetary metrics improved

Carbon neutral certified

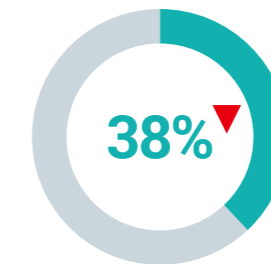
Capital invested in companies that provide solutions for planetary challenges

An important indicator of the positive impact we want to create at VP Capital is the equity in companies in our investment portfolio that actively contribute to solutions for known planetary challenges. This was assessed per company as part of the screening of our portfolio. For all underlying investments, where this is the case, the invested capital was added up and divided by the total invested capital. The

percentage dropped a little in 2021 (38%, down from 42% in 2020). While we have invested in more contributing companies (172 versus 114 in 2020), these are often young companies in which not much capital has yet been invested. This while the total invested capital has increased significantly.



Capital invested in solutions for planetary challenges



172[▲]
companies

Examples



Proprietary acetylation process to make wood more durable resulting in a carbon-negative product



Company creates biofibers from pure elephant grass - applicable inside bioplastic, paper, etc.



Mosa Meat is a food producer of a slaughter-free hamburger made directly from cow cells



Company has the mission to build the world's greenest battery

Note: The number of companies is a relatively simple indicator, but it does not say everything. For example, one company may create more impact than three others combined. Nor does the number of companies say anything about the amount VP Capital has invested in a company, and therefore it does not say anything about our impact. That is why we also closely monitor the percentage of our invested capital.

Planetary metrics

VP Capital contributes to solutions for planetary challenges. To monitor our performance in a structural way, we have developed a dashboard with different environmental indicators. We apply these to ourselves and our largest direct participations.

In 2021, we collected all available data for these indicators, both from VP Capital and from our direct participations. We aimed to gain more insight, make our data as complete as possible and further refine the dashboard where necessary. By monitoring this every year from now on, we will be able to show our progress for these specific indicators.

Our next step will be to use our dashboard to set goals and standards and create tools for companies to actually adjust their operations. The figure below gives an overview of our first achievements. The data in the figure have been omitted because we did not feel comfortable yet with several issues regarding the calculation, comparability or accuracy. In 2022, we will do a lot more work to bring this dashboard up to the desired level.

The overview of our planetary metrics in 2021:

Objective	Impact indicator	Unit	VP Capital	batenburg	MEDIAHUIS	NAVEP	VP Landbouw	Q-LITE	HYDROWEAR	WV
Planetary impact	Reduce negative impact	Energy consumption	MWh	▼	▼		▼	▲	▲	▲
		Green electricity	%		▲		▲	▲		
		Scope I & II CO ₂ footprint	tCO ₂ -eq					▲	▼	▼
		Water consumption	m ³	▲			▼		▼	
		Sustainable materials	%				▼			
	Positive	Emissions to ground water	tonnes							
		Waste	tonnes							▲
		Hazardous waste	tonnes							
		Positive impact	%		▲			▲		
		▼▲ Progress vs. last year (if applicable)								

- Energy consumption (MWh):** the total annual consumption of energy. This includes electricity, gas, energy from heat networks and energy from fuels such as petrol and diesel. The source of the energy and whether or not it is 'green' were not taken into account.
- Green electricity procured (%):** the share of total electricity consumption that comes from renewable energy sources such as solar, wind or biomass.
- CO₂ footprint (t CO₂-eq):** the total annual direct emissions of greenhouse gases. This includes all emissions that fall under Scopes 1 and 2. The data of Scope 3 are already partly known, but here we only present Scopes 1 and 2.
- Water consumption (m³):** the total annual water consumption.
- Sustainable input materials (%):** the proportion of total material consumption that comes from sustainable sources, such as recycled paper for printing newspapers, or sustainable cloth for making clothes.
- Emissions to ground water (ton):** emissions to water.
- Waste (ton):** the total amount of waste produced annually.
- Hazardous waste (ton):** the total amount of hazardous waste generated annually.
- Positive impact (%):** the share of turnover that can be linked to (the development of) a solution for a planetary challenge. This is measured differently for each company. At Batenburg Techniek, for example, it concerns turnover that contributes to the Sustainable Development Goals, whereas at Q-lite it concerns turnover from circular products and at VP Capital it concerns capital in impact investments, and so on.

Carbon neutral certified

Newspapers confirm it every day: we need to reduce the emission of greenhouse gases, as soon as possible. To help achieve this, at VP Capital we have our carbon footprint calculated every year by our partner CO2logic. In 2021, we also set reduction targets and had them validated. Our targets are now in line with the efforts needed to keep global warming below 1.5°C. Each year, we take measures to further reduce our emissions. Until then, we offset our emissions annually by purchasing certified carbon credits. As a result, since 2019 we have been able to call ourselves a carbon neutral certified company.



SCOPE 1

Scope 1 comprises the direct emissions of carbon from company sources: the combustion of gas for heating, the combustion of petrol and diesel in company cars, the leakage of coolant from air conditioners and the emissions from any production processes, such as VP Energie's biomass power plant.

SCOPE 2

Scope 2 comprises the indirect carbon emissions from company sources, mainly through the use of electricity or heat. We influence this through our consumption, but the actual emissions occur at the power plant.

SCOPE 3

Scope 3 comprises all indirect emissions resulting from our business activities. This includes all emissions from business travel, commuting, waste and products and services purchased from suppliers, as well as emissions from activities we facilitate at our investees' sites.

Calculating emissions



Many companies see their carbon footprint as the sum of Scope 1 and Scope 2: the emissions that can be directly linked to the company. However, in many cases, the Scope 3 emissions outweigh the other two. At VP Capital, our Scope 1 and Scope 2 emissions are almost negligible compared to the Scope 3 emissions, because we have a share in the direct emission of all companies we invest in.

Because it is difficult to identify the emissions from all of our investments, we currently use the following formula to calculate our footprint:

- + VP Capital: Scopes 1 + 2 (energy consumption buildings, lease cars)
- + VP Capital: Scope 3 other than investments (e.g. commuting, business trips)
- + Direct investments with majority shareholding: Scopes 1 + 2
- + Emissions from our direct investments in real estate: Scopes 1 + 2

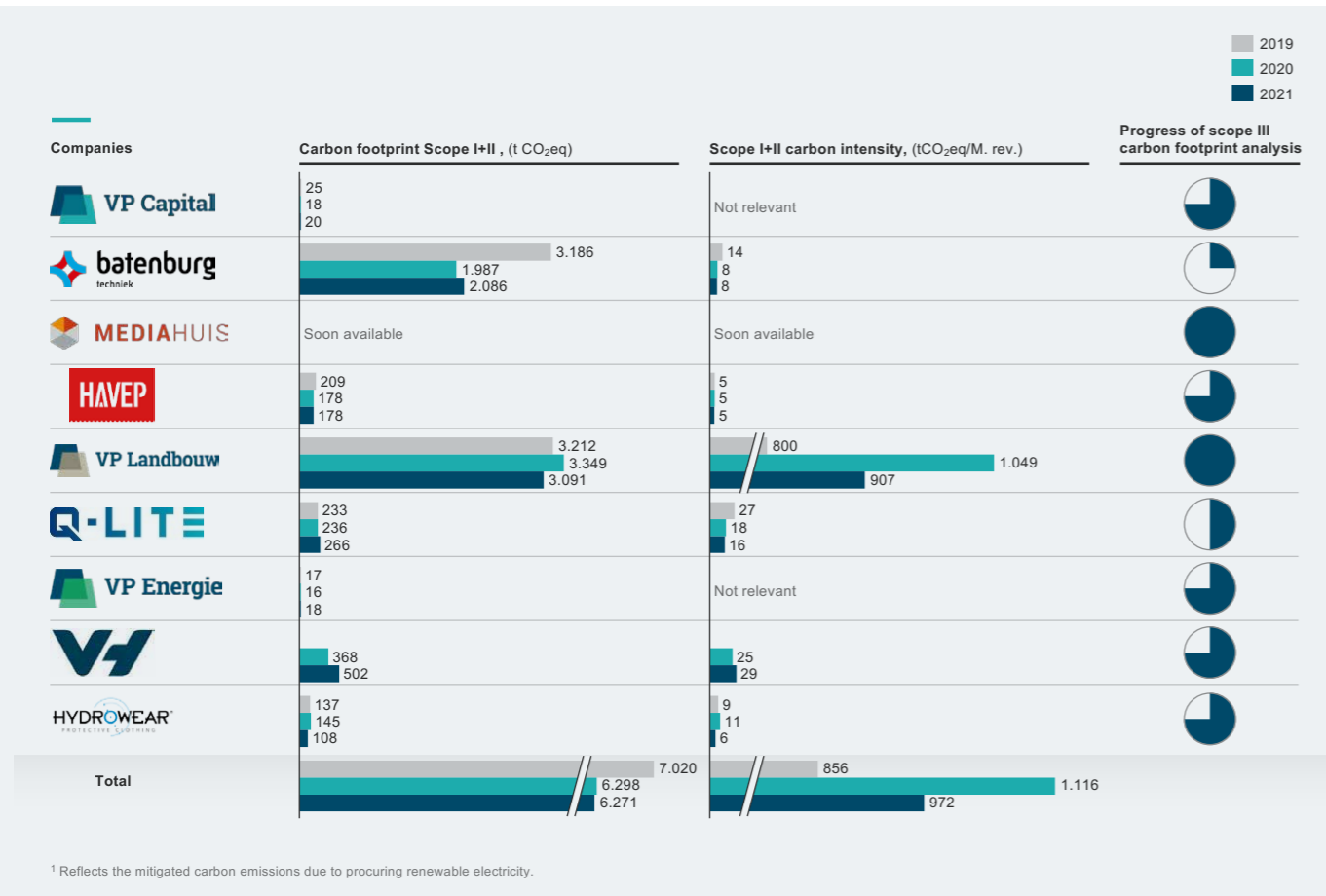


The figure below compares the 2021 emissions calculation with those of 2019 and 2020. Most companies enjoyed a considerable decrease compared to 2019 but a slight increase compared to 2020. A plausible explanation is that many business activities in 2020 were temporarily scaled back as a result of COVID-19. Only VP Landbouw shows a clear decrease. This is due to the electrification of the irrigation system and an adjustment to the feed for the cows. If we compare 2021 'like-for-like' with 2020, then the total emission reduction is 3%.

In calculating our footprint for 2021, we also included emissions from Hydrowear and our direct real estate for the first time. As a result of these additions, we have to compensate for a larger overall footprint. Next year, we will also include Van Heurck's emissions. In fact, a baseline measurement was already carried out this year.

been used or the data are incomplete. The figures clearly show that carbon emissions from purchased goods account for the majority of most companies' overall emissions. The only company where this is not the case is Batenburg Techniek: there, it is the electricity consumption of goods sold and not the purchase of goods that causes the most emissions.

What makes the calculation even more complex is the fact that the Scope 3 emissions always overlap to some extent with the emissions of other companies. Indeed, the emissions associated with the production of animal feed or textiles fall within Scope 3 of VP Landbouw or HAVEP respectively, but of course also – and in particular – within the Scope 1 emissions of the producer. This makes the question of whether or not to compensate a difficult one for many companies.



¹ Reflects the mitigated carbon emissions due to procuring renewable electricity.

Avoided emissions

Our partner CO2logic also calculates what is called 'avoided emissions'. These include the consumption and production of green energy (which avoids the emission of grey energy). In 2021, VP Capital and our portfolio companies together recorded 2,459 tonnes CO₂-eq of avoided emissions.

Scope 3 emissions at portfolio companies

The Scope 3 emissions of our portfolio companies are probably higher than the combined Scopes 1 and 2 emissions as well. Therefore, in 2021, we helped them to chart these emissions, or at least to start the screening process. The main aim is to identify which parts of the

business chain emit the most greenhouse gases, so it becomes clear where the biggest reductions are needed.

Calculating the Scope 3 emissions is not that straightforward. There are 15 different subcategories, and the necessary information is often not available. Estimates can (temporarily) provide a solution, but in some cases, even an estimate is highly complex. Nevertheless, our companies managed to make a good first step forward in 2021.

The table below presents the initial results. Please note that these figures should be considered a good first estimate but are not an officially validated calculation. In some cases, rough estimates have

Scope 3 category	VP Landbouw	Batenburg Techniek	HAVEP	Q-lite	Hydrowear
1. Purchased goods and services	1.511	323	13.461	659	4.286
2. Capital goods	46	N/A	N/A	N/A	N/A
3. Fuel- and energy-related activities	52	457	38	56	8
4. Upstream transportation and distribution	N/A	NTB	359	431	428
5. Waste generated in operations	0	39	25	24	3
6. Business travel	0	80	4	0	1
7. Employee commuting	10	31	81	61	7
8. Upstream leased assets	N/A	N/A	N/A	N/A	N/A
9. Downstream transportation and distribution	N/A	NTB	664	314	379
10. Processing of sold products	NTB	N/A	N/A	N/A	N/A
11. Use of sold products	N/A	3.125	1.265	NTB	1.919
12. End-of-life treatment of sold products	N/A	NTB	111	0 (waste)	193
13. Downstream leased assets	N/A	N/A	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A	N/A	N/A

Emissions per Scope 3 category (in tonnes CO₂-eq.)

= largest emission

Reduction targets via science-based targets

In last year's Progress Report, we already mentioned our commitment to science-based targets. We are committed to reducing our emissions in such a way that they are in line with the agreements in the climate agreement (limiting global warming to less than 1.5°C).

In 2021, we set our reduction targets in accordance with the corresponding principles and conditions. This proved to be an extremely rigorous process, made even more complex by the changes to the rules governing the financial and private equity sector. At the end of 2021, we were able to submit our targets for validation by the Science Based Targets initiative (SBTi), a partnership between several leading institutes. In April 2022, our targets were officially approved.

Our science-based targets are:

- Scopes 1+2: 46% emission reduction by 2030 (compared to 2019). Use of 100% green electricity.
- Scope 3 real estate: 73% reduction of emissions per m² by 2030 (compared to 2019).
- Scope 3 other investments: 53% of our private and listed equity investments will have self-validated science-based targets by 2030.

Note: These targets cover approximately 85% of VP Capital's total investment portfolio.

Next steps

From now on, our Progress Report will show our annual progress towards our targets and the actions we have taken to achieve them.

The above targets apply to the period until 2030. Where possible, we will try to achieve them earlier. After 2030, our emissions will have to be reduced further, to almost zero. In the coming years, we will set goals for this period – net zero targets – and have them validated by SBTi. More on this in the next Progress Report.

Offsetting emissions

Our goal is to reduce our emissions. As long as we have not achieved our goals, we compensate for our emissions by purchasing carbon credits from certified projects. We have already bought carbon credits from the following two projects through CO2logic:

- **Certified Climate Project Wind India:** a project involving the construction and installation of 223 wind turbines with a combined capacity of 233 MW. The project provides clean renewable energy to the electricity grid in three regions in India and stimulates the transition to a low-carbon economy.

- **Reforestation & Conservation Zambia:** a reforestation project that teaches farmers farming methods to improve their livelihoods while protecting the forest. This is done through recognised sustainable land management and the REDD+ method (Reduce Emissions from Deforestation and forest Degradation). The project supports more than 8,600 farmers and preserves more than 25 million trees.



Future projects

We are currently exploring whether we can invest more directly in projects that reduce greenhouse gas emissions. For example, in the future, we could offset our emissions with carbon credits from our investments. We have now joined a small project to restore and plant a mangrove forest in Brazil. If it goes well, it can be scaled up.

The amount of CO₂ in the atmosphere can also be reduced by absorbing additional CO₂ in the soil. To explore this further, VP Landbouw and VP Capital have started a partnership with Soil Heroes. More on this on page 41.

Mediahuis

Because VP Capital has a minority stake in Mediahuis, we do not include this investment in the same way as our other portfolio companies. Still, we would like to mention Mediahuis' efforts and progress in the field of carbon.

In 2020, Mediahuis mapped its entire footprint (Scopes 1, 2 and 3) and has had it measured annually since then. Last year, Mediahuis also committed to science-based targets. The reduction plans and investment phases were drawn up and approved by the Board of Directors. When reduction lags behind, Mediahuis compensates for emissions by purchasing carbon credits.

Climate risks

In 2021, we screened our investment portfolio for the first time using the concept of 'dual materiality'. On the one hand, this allows us to assess the risk that climate change poses to our investment portfolio, and, on the other hand, the impact our investments have on global climate change.

We assess our investments on three aspects:

- **Physical climate risk**
- **Climate transition risk**
- **Climate transition opportunity**

Physical climate risk

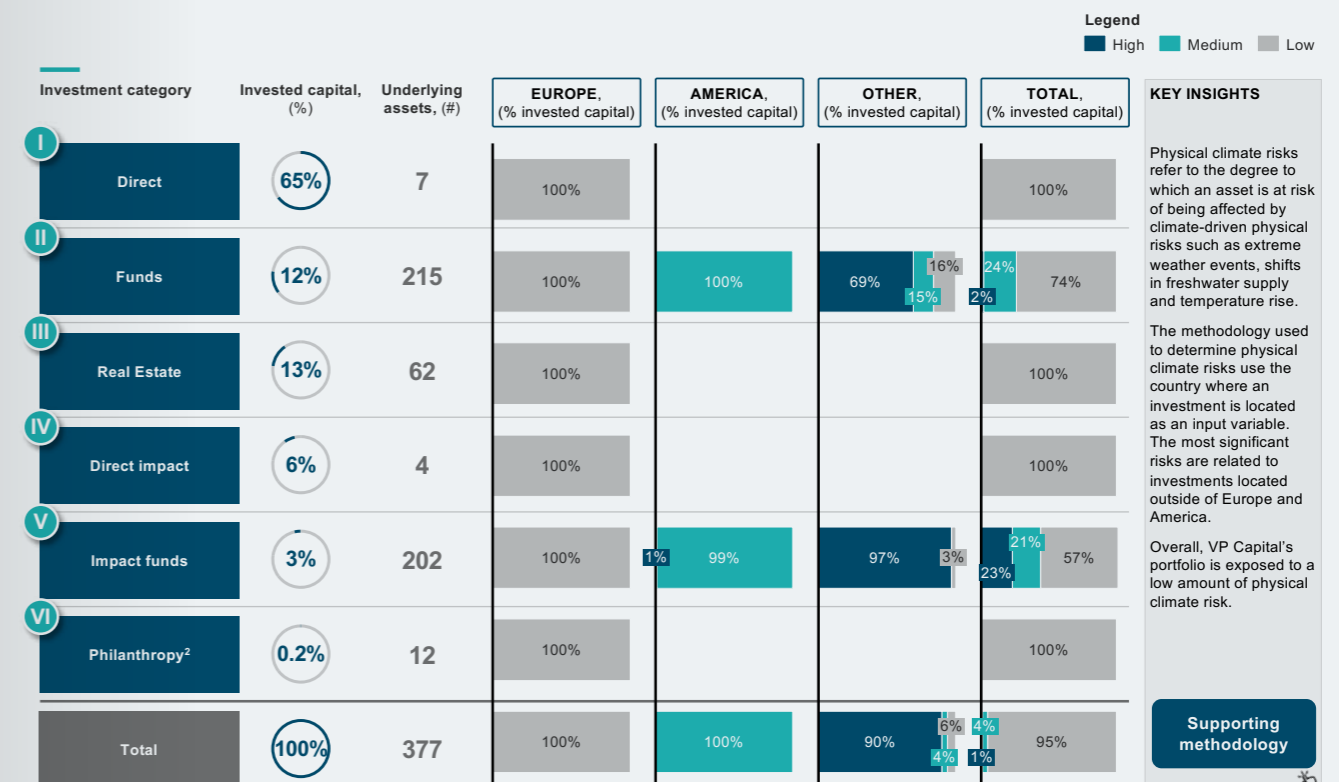
By physical climate risk we mean the degree to which an asset is at risk of being affected by physical climate-related risks, such as extreme weather conditions, shifts in drinking water supplies or temperature increases. The physical climate risk score has three dimensions: climate-related hazards and exposure, vulnerability and lack of adaptive capacity.

Analytical framework

The framework provides for analysis at the asset level, by country. It includes the following categories:

- A1 – Danger & exposure (natural) to: 1) earthquakes, 2) floods, 3) tsunamis, 4) tropical hurricanes/cyclones, 5) droughts and 6) epidemics
- A2 – Hazards & exposure (human) to: 7) current conflict intensity, 8) expected risk of conflict
- B1 – Socio-economic vulnerability: 9) development & deprivation, 10) inequality, 11) aid dependency
- B2 – Vulnerable groups: 12) displaced populations, 13) other vulnerable groups
- C1 – Lack of administrative resilience: 14) disaster risk reduction, 15) governance
- C2 – Lack of adaptive capacity (infrastructure): 16) communications, 17) physical infrastructure, 18) access to health care

The physical climate risk is represented as follows in our investment portfolio:



Climate transition risk

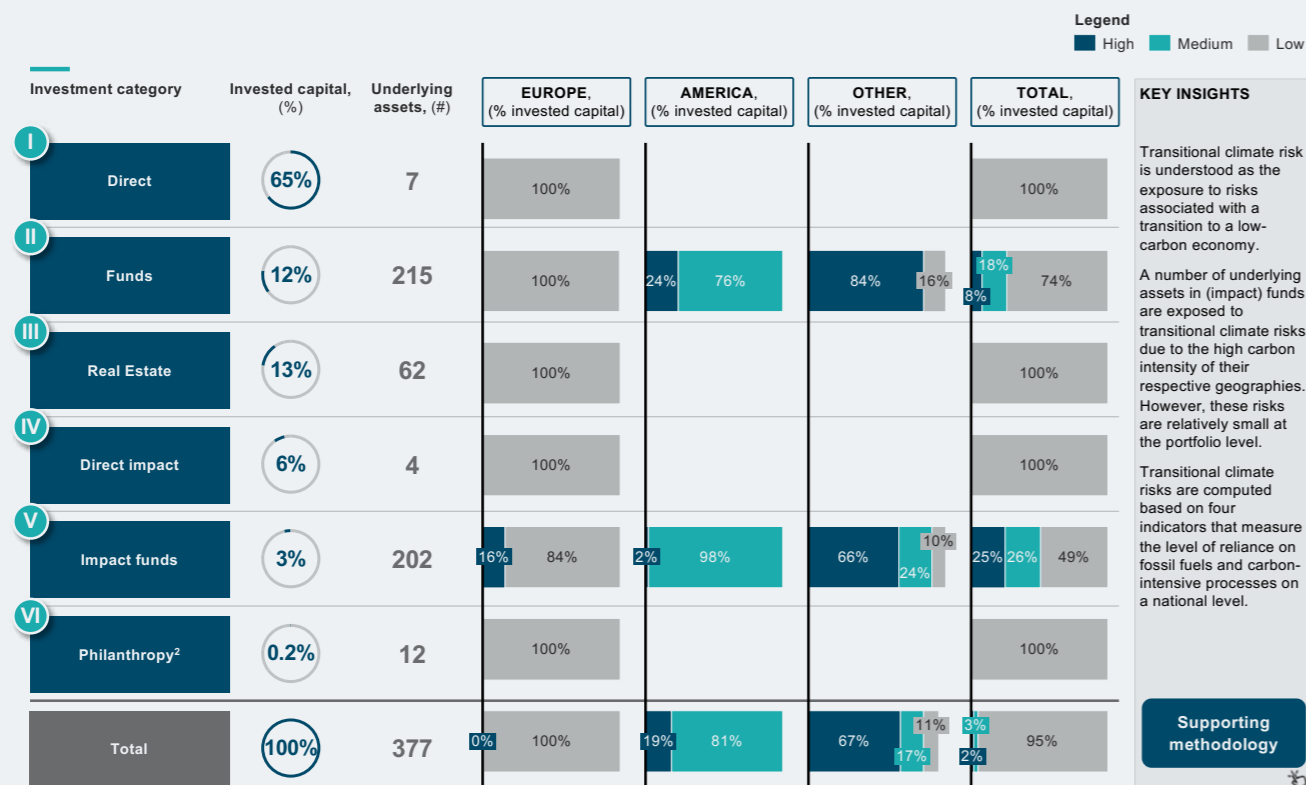
Climate transition risk is defined as the degree to which an asset faces specific risks related to the transition to a low-carbon economy. The risk is determined by the type of vulnerable asset classes and the timing of the exposure. Climate transition risk indicates the level of risk associated with a particular asset linked to the decarbonisation of the economy, based on macro trends and the dynamics of the national economy where the asset has its office.

Analytical framework

The framework provides for analysis at the asset level, by country. It includes the following categories:

- A1 – Current dependence on fossil fuel export revenues (% GDP)
- A2 – Future dependency on expected returns from known fossil fuel resources (% GNI)
- A3 – Current carbon intensity of manufactured exports
- A4 – Committed (future) emissions from built-up capital in the electricity sector divided by current annual electricity production

The climate transition risk is represented as follows in our investment portfolio:



Climate transition opportunity

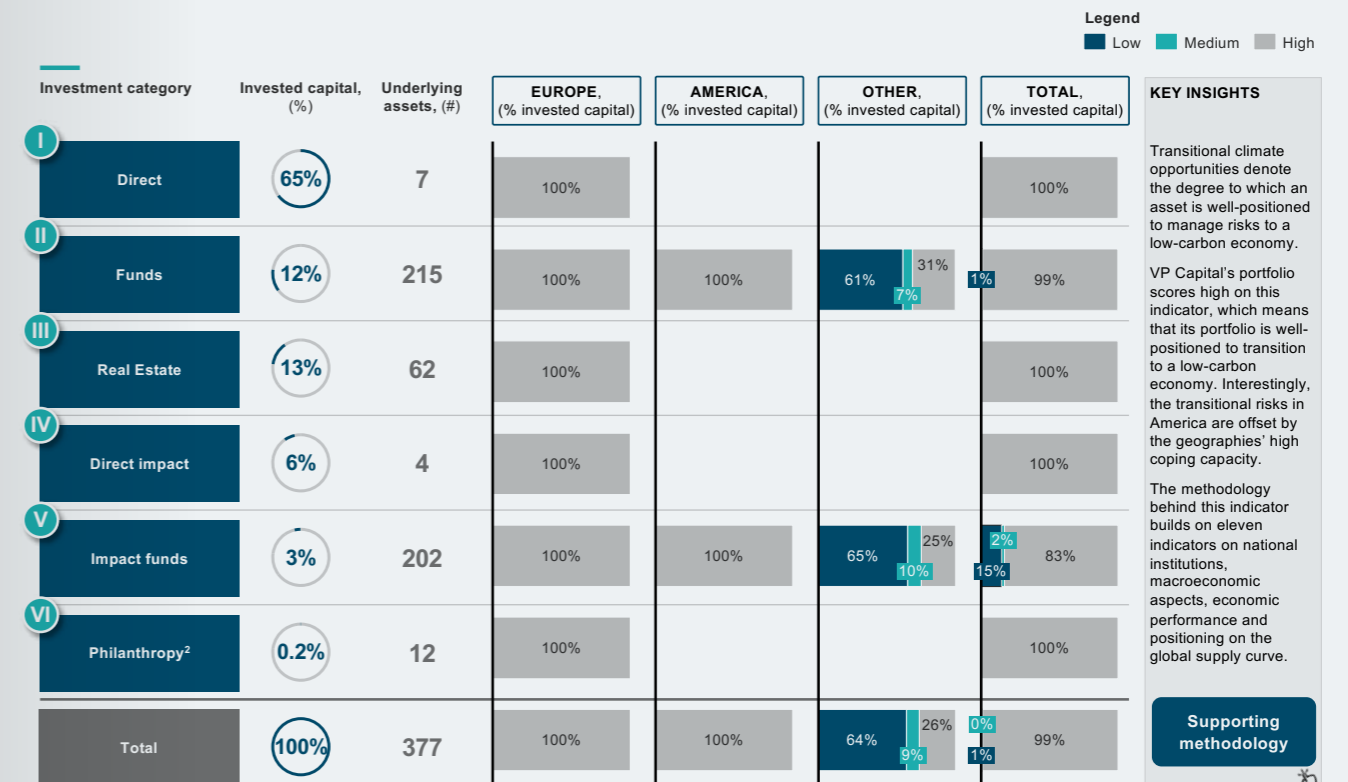
By 'climate transition opportunity' we mean the extent to which an asset is in a good position to manage transition risks to a low-carbon economy. We see this as an opportunity, namely the ability to adapt to consequences and challenges. This indicator captures the economic resilience to such a transformation through four micro-, meso- and macro-economic dimensions.

Analytical framework

The framework provides for analysis at the asset level, by country. It includes the following categories:

- B1 – Macro-economic and financial flexibility: 4) macro-economic stability, 5) adjusted net savings, 6) financial market development and efficiency
- C1 – Economic performance and complexity: 7) GDP per capita, 8) economic complexity
- D1 – Position of the global supply curve: 11) equalised extraction costs

Climate transition opportunities are represented as follows in our investment portfolio:



Conclusion: at VP Capital, this is the first time we have undertaken this kind of risk exercise, and we are still looking at how we can use these insights to better direct our activities. More insight on the company or fund level would be useful to better assess risk assessments in advance. Climate risk, transition risk and transition opportunities will eventually be part of our due diligence process, as these types of risks will increasingly impact financial valuations. We aim to further explore the relationship between risk, return and impact in 2022.

Close up pillar 5

Contribute to solutions for societal challenges

Our KPIs

Companies providing solutions for societal challenges

Societal metrics improved

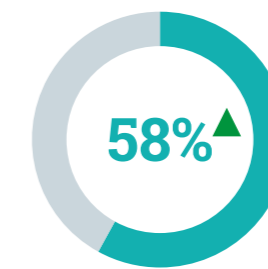
Capital invested in companies that provide solutions for societal challenges

An important indicator of the positive impact we want to create at VP Capital is the equity in companies in our investment portfolio that actively contribute to solutions for known societal challenges. This was assessed per company as part of the screening of our portfolio. For

all underlying investments, where this is the case, the invested capital was added up and divided by the total invested capital. In 2021, not only were more companies added (212, compared to 171 in 2020), but the percentage also increased from 45% to 58%.



Contribute to solutions for societal challenges



212[▲]
companies

Examples

eCHOING GREEN

Company discovers emerging social entrepreneurs and invest in growing ideas and leadership

zipline

Company is active in precision drone delivery for healthcare services

Plasmacure

Company develops a medical device to better treat diabetic foot wounds

PYRAMID PHARMA

Company offers healthcare solutions to (Eastern) Africa through drug retail and diagnostics

Note: The number of companies is a relatively simple indicator, but it does not say everything. For example, one company may create more impact than three others combined. Nor does the number of companies say anything about the amount VP Capital has invested in a company, and therefore it does not say anything about our impact. That is why we also closely monitor the percentage of our invested capital.



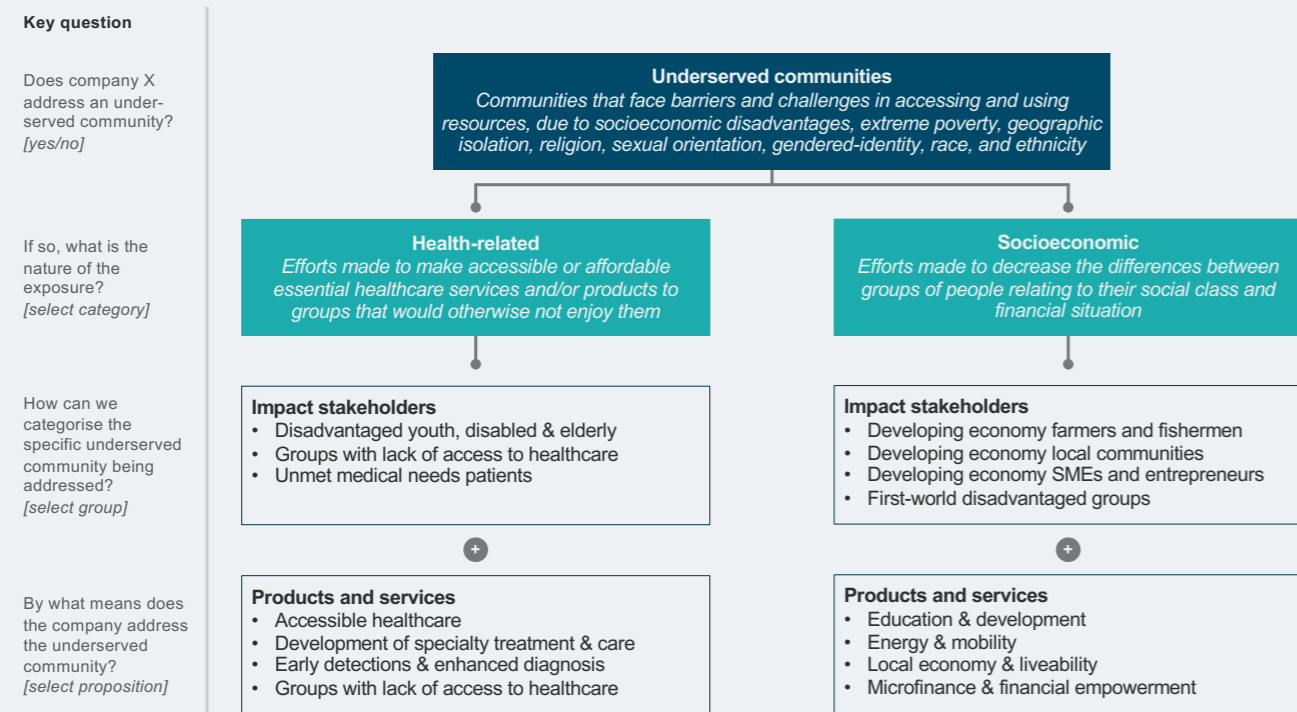
Capital allocated to underserved communities

In 2021, we did an initial screening of our investment portfolio on capital invested in underserved communities with consulting firm MJ Hudson. Together we developed definitions and created a framework, looking among other things at the definitions used by the B Corp movement. Based on that framework, we had our entire investment portfolio screened in 2021. This enabled us to identify which portfolio

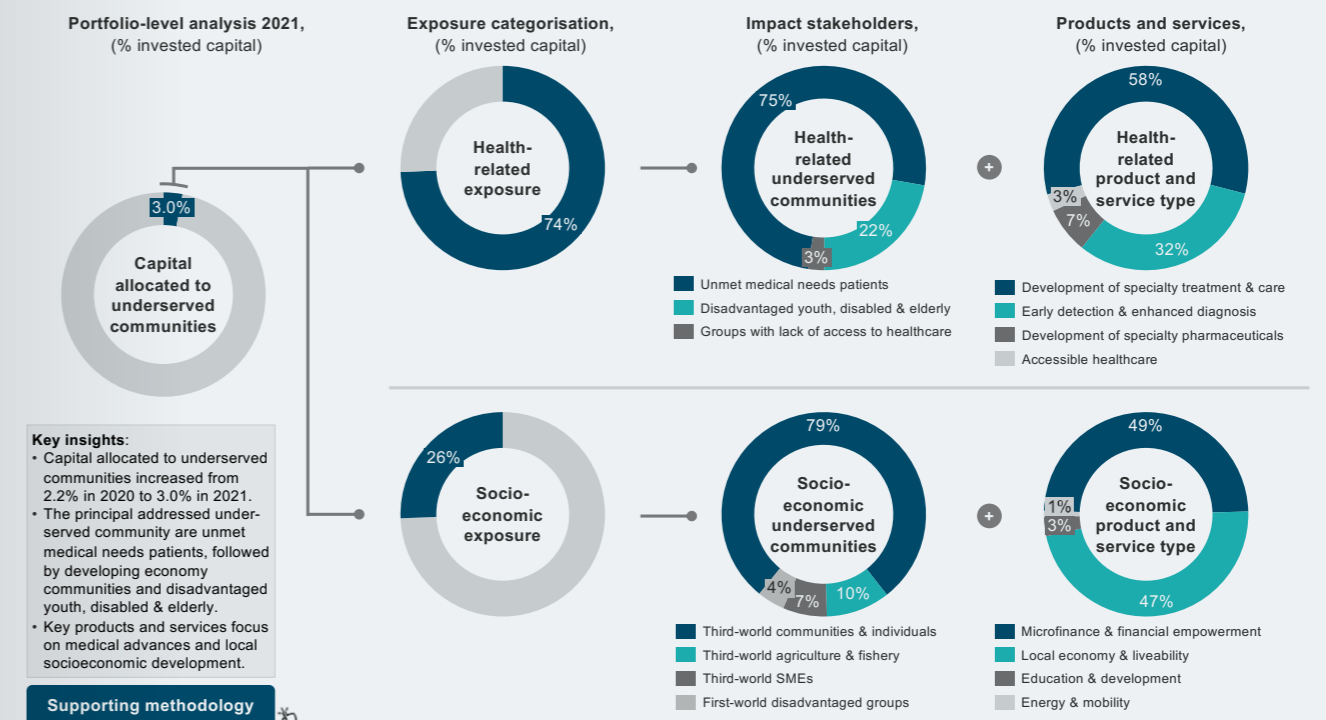
companies contribute to which specific underserved communities and in what way. The analysis made a distinction between health-related contributions, such as offering healthcare to groups that have insufficient access to it, and socio-economic contributions, such as offering education, energy or financing to local communities in the developing world.

The analysis showed that 83 companies in our investment portfolio contribute to underserved communities with their products/services (2020 number). This number corresponds to 2.1% of our invested

capital, a percentage that we may want to set a specific target for in a future strategy. In 2021, the percentage rose to 3.0%. How this is distributed over the different categories is shown in the figure below.



Source: Framework developed by MJ Hudson for VP Capital



Societal metrics

VP Capital wants to contribute to solutions for societal challenges. To monitor our performance in a structural manner, we have developed a dashboard with different social indicators. The data in the figure have been omitted because we did not feel comfortable yet with several issues regarding the calculation, comparability or accuracy. In 2022, we will do a lot more work to bring this dashboard up to the desired level.

The overview of our societal metrics 2021:

Objective	Impact indicator	Unit	VP Capital	balenburg	MEDIAHUIS	HAVEP	VP Landbouw	Q-LITE	HYDROWEAR	VY	
Social impact	Reduce negative impact	Accidents with leave	#								
		Absenteeism	%			▼		▲		▼	
		Tax paid	€	▲	▲			▼			
		Wage gap	%								
	Increase positive impact	People employed	#	▲	▲		▼	▲	▲	▲	
		Distance labour market	#	▲							▲
		Workforce diversity	%F	▼	▲		▼			▼	
		Board diversity	%								
		Employee satisfaction	eNPS/#								
		Investment in innovation	€								
		Training and education	€	▼			▼				
		Donations	€	▲		▼	▼		▲		

▼▲ Progress vs. last year (if applicable)

- **Accidents with leave (#):** the number of accidents in the organisation that led to sick leave.
- **Absenteeism (%):** the absenteeism rate, i.e. the proportion of working time lost due to illness within the organisation.
- **Tax paid (€):** the total amount paid in corporate income tax and tax on labour (employer's share).
- **Wage gap (%):** average difference in remuneration between male and female employees.
- **People employed (#):** the number of employees.
- **Distance labour market (#):** the number of employees with a distance to the labour market.
- **Gender diversity in the workplace (%M/%F):** the male/female ratio within the organisation.
- **Gender diversity in the Board (%M/%F):** the male/female ratio in management.
- **Employee satisfaction (?):** most recent measurement of employee satisfaction, per calendar year.
- **Investment in innovation (€):** the total amount invested in innovations.
- **Training and education (€):** the total amount of money spent on educating and training employees in 2021.
- **Donations (€):** the total amount of money donated to charities in 2021.

In 2021, we collected all available data for these indicators, both from VP Capital and from our direct participations. We aimed to gain more insight, make our data as complete as possible and further refine the dashboard where necessary. By monitoring this every year from now on, we will be able to show our progress on these specific indicators.

Our next step will be to use our dashboard to set goals and standards and create tools for companies to actually adjust their operations. The figure above gives an overview of our initial achievements, but we will have a lot more work to do in 2022 to bring this dashboard to the desired level.



Employment

At VP Capital, we see employment as an important responsibility. In addition to the people working for our direct businesses, we monitor the number of jobs we create through our impact investments. These are usually jobs for vulnerable groups or in vulnerable regions such as Africa. We invest in impact funds such as Goodwell and Leapfrog, which keep accurate tabs on the number of jobs they create in Africa. In addition, specific KPIs are emerging at organisations such as SET Ventures linked to the creation of 'green jobs'. The number of employees increased in 2021 at all our companies, with the exception of HAVEP.

There is a growing demand in the labour market for smart, technologically savvy and talented employees who can cope well with a rapidly changing work environment. The increasing scarcity has triggered a 'war for talent'. Recruiting suitable staff is particularly difficult in our Smart Industry domain. Our participation Q-lite recently conducted a playful campaign to fill vacancies: they handed out 1,750 free coffee cakes at various bakeries in the Kempen region, with the text: 'Why not come work for us?' This idea enabled them to fill 10 vacancies. In the world of impact, the salary levels are also increasing, because traditional PE firms are looking for staff with impact knowledge. There is also a scarcity of candidates with sufficient sustainability knowledge to lead the transition of companies.

Afterword

Creating impact drives everything we do. We create impact by helping heritage companies become more sustainable, by donating to philanthropic initiatives, by following B Corp principles, by supporting innovation, but also by investing in impact funds.

For us, creating impact means reducing negative impact, on the one hand, and increasing positive impact, on the other hand. Negative impact includes carbon emissions, for example, or the use of pesticides, while positive impact is created by companies and projects that offer solutions for key planetary and societal challenges. In addition to offering solution-based products and services, we can create positive impact as an investor, for example by prioritising sustainability at board meetings. We also consider the changes that we can set in motion as investors as positive impact.

Quantifying impact is a complex issue for which there are many approaches. Although there is much to be said for different methods, there is no single approach today that is 100% correct and simultaneously simple, efficient, accessible and affordable enough to cover an entire investment portfolio. Often, the result is not a full impact footprint, but rather an estimate or selection of positive impact indicators. We therefore know that in each domain there is still a lot of room for improvement to quantify our output and refine our objectives. We respect the evolution and, in the meantime, conduct try-outs to monetise our entire footprint. This allows us to gain a better understanding of these processes.

In addition to our direct impact and our impact as an investor, we also create indirect impact. We do this, for example, by inspiring other family offices to also invest more in impact. As this is also difficult to quantify, for the time being we limit our KPIs to the number of families we talk to about this. In time, we will hopefully be able to refine this further.

Measuring impact has many advantages: it helps us to set goals and work towards a specific outcome, together with our investment partners, team members and other investors. However, we can also spend too much time and resources measuring our impact.

Sometimes it is better to just make a donation and allocate resources to that, rather than spend more resources on more measurements. We still need to find a balance in that respect. As a starting point, it is certainly a good idea to set goals and measure impact, but it should not become a goal in itself. The intention behind the goals – to ensure that sustainability is taken into account in all decisions – is much more important than improving scores. In that respect, some companies still need a culture change: sometimes we notice that they focus solely on achieving KPIs and are less concerned about our philosophy or purpose as an investor. Measuring and reporting only make sense if we actually design our policy based on those measurements, such as allocating more capital to vulnerable target groups or achieving a real carbon reduction.

It is heart-warming to meet like-minded investors all over the world. Moreover, it gives us hope that solutions now exist for many planetary and societal challenges and that investors are increasingly wearing an ethical lens when they invest – an ‘impact lens’. The conflict between Russia and Ukraine may further accelerate the pace of change in the world of business and investment. Doing business with people with different ethical values will not only become more difficult, but it will also no longer fit in with what society expects of its investors and companies. Clearly, a normative framework is in the making for investing and/or running a business, which will have a positive impact on our planet, our society and future generations. People who used to be seen as radicals or sandal-wearing idealists are now gaining recognition from an increasingly large group.

More and more, the younger generation is opting for value-aligned investments. This generation has also gained more self-confidence and courage to address changes in their family office, with their asset manager and with their companies.

As the urgency grows, we understand we need to move faster and take bigger steps. That reflects us, as VP Capital, but also other family offices, the business world, politicians and citizens. In the coming years, we all need to do more to prevent even more human and planetary suffering. Together we can set something in motion!

Next steps 2022

Various new European directives will come into force in the coming years. These include the Sustainable Finance Disclosures Regulation (SFDR) for more transparency in the financial sector. Then there is the Corporate Sustainability Reporting Directive (CSRD), which aims to ensure compulsory and uniform sustainability reporting for companies. And there is the EU Taxonomy, which is being introduced to classify sustainable activities. All these regulations place a great deal of pressure on companies and funds. That is why VP Capital offers support where possible. We are organising an Impact Day for our impact funds, where the consultancy firm Sinzer will explain the SFDR in more detail. They will clarify the available choices in terms of classification and reporting, and how funds can use well-founded impact objectives to underpin their impact case. At VP Capital, we support our portfolio companies in the implementation of the CSRD, among other things through knowledge exchange and the preparation of roadmaps.

As a result of all the regulations, a large amount of information will soon be available. We want to use this information to identify more accurately the impact of our investment decisions. For example, in the coming years, we will report on the proportion of our fund investments that fall under the categories of Articles 8 and 9 and, in time, we will also link targets to this. We will also determine which part of our portfolio of activities falls within the EU Taxonomy (eligibility) and which part is aligned. This data will probably be available for the companies from 2023 onwards and for the funds from 2024 onwards. Sustainability risks and negative impacts (PAIs) will become a more explicit part of our due diligence process.

Together with the Impact Institute, we will launch a pilot project to quantitatively identify and monetise the impact of companies, funds and domains. We will use a method that identifies both the positive marginal impact (based on quantitative impact targets for each domain) and the negative absolute impact (based on PAIs). We will refine the impact ladder for the Textile and Media domains in 2022. We want to collect the data from our dashboard more uniformly in 2022. Finally, we will start up projects for both SBTi and B Corp in the short term. Now that we have collected data for several years, we want to start looking for correlations between financial, ESG and impact data. We also want to be able to aggregate this impact data: we would like to understand what our impact is in each domain and whether it comes from heritage companies, impact investments, innovations or donations. In 2022, we will continue to look for a way to make this aggregation possible, so we can better understand how all facets of our policy interrelate.

Sharing information

Discretion is very important to VP Capital. We are slightly hesitant about sharing views or outlooks that go beyond our investment portfolio. Yet we notice that there is a need for this. We are increasingly being asked to think along on certain themes and issues. Recently, for example, we received questions such as:

- ‘How do you think the impact economy will evolve?’
- ‘What innovations are you pursuing in your domains?’
- ‘How do you rate a particular fund?’
- ‘What do you think of this network?’
- ‘How do you view the future of agriculture in the Netherlands?’
- ‘Would you like to contribute to a podcast about textile innovations?’
- ‘Do you want to speak on a family office day?’
- ‘What do you think of the new legislation?’
- ...

So far, we have rarely taken up a role in a public debate or forum. Now we want to fill that need a little more. We have sought out a partner who will help us share our thoughts with a wider international business audience. We want to share what we think, but always with the necessary nuance. This will enable us to challenge the current investment world. We want to help a wider audience to come to terms with ESG and impact and be a source of inspiration for new impact investors.

For 2022, we have set performance ladders and targets for all our investments. Through active shareholdership, the VP Capital team will monitor and help to achieve these targets. We are looking at how we can do more for smaller funds and younger companies, and how we will set up our organisation in the future. We want to provide our investments with even more hands-on inspiration, guidance and help so we can remain frontrunners in terms of ethical leadership and new business models. We want to help them to become sustainable and social solution-based companies and how they can strengthen their sustainability communication, both internally and externally.

We will publish all one-pagers for investments on our website in 2022. Indeed, we want to make it easier for investors to get an idea of certain investment opportunities. We must emphasise that we do not give advice or make suggestions but only share our opinion or the result of our measurement method. After all, we do not want to take on an advisory or referral role. Sharing our one-pagers is related to our desire to be more transparent and to help other investors speed up the process of making positive impact choices.

In 2022, we will further adapt our organisation so we can become more sustainable ourselves and also further strengthen sustainability within our investments. We will investigate how far we want to go in offering capacity building to our investments.



Shortcomings

Although we are committed to creating and measuring impact, our methods are not perfect. We will certainly address the following points in the coming years:

- We do not have a method to include the **additionality** of capital in our screening yet. We feel that additionality is greater in smaller funds and start-ups, but we have not yet included this parameter in our policy or investment screening.
- Our **social metrics** could be further expanded to include 'integrity' and 'ethics'. We do not yet know how we can monitor and measure this better in the future, or how we can set targets around it.
- Our model of **risk, return and impact** is not yet sufficiently refined for each investment case. We are looking for a way to look at these three axes more separately in certain company stages, or to differentiate between the investment domains.
- Our data collection is growing, but it remains a challenge to get **more complete** relevant data. Our dashboard, for example, is not yet sufficiently complete, which means that we cannot yet shape our policy for some metrics.
- We cannot answer exactly **what impact we are creating with our assets**. Because it is such a broad exercise, this is extremely difficult to calculate. Moreover, it is expensive and time-consuming to do this correctly and comprehensively for all our investments. Therefore, in 2022, we might start with a few areas and develop them further to quantify our overall impact.
- Our current methodology mainly looks at the impact of the companies in our investment portfolio and not so much at the **impact that we, as an investor**, have on those companies. We have not figured out how to compare or quantify the two yet.

Thanks to

First of all, we would like to thank the Van Puijebroek family. The family members have considered social engagement important since the origins of the company, and increasingly they are taking measures to view it as a key pathway for future generations. In the VP Capital team, we experience a lot of support to make this happen.

We thank all the sustainability managers and CEOs of our direct participations who work with us to achieve greater progress and positive impact business. They reserve a great deal of time to keep records, report ESG factors and screen their business for positive impact. We also thank all the fund managers and charities who took

the time to complete surveys and engage with us in 2021 on their results and opportunities for improvement.

We thank our employees, who all do their best to integrate sustainability into their jobs. From donation reviews to technical details about the air conditioning, everyone works hard to strengthen our organisation. Finally, we thank other family offices for their transparency in sharing their journey so we can learn from them. And we thank all those who dream, dare and do, thereby giving us insight into potential solutions for key challenges in our society.



Our team

Every day, our small but close-knit team works on investments that deliver more than just financial returns. Our employees have extensive and in-depth knowledge and experience in the field of business development, ESG, impact, entrepreneurship, corporate finance, financing, accountancy, communication, marketing and business valuations. They use this knowledge not only for VP Capital but also to support our participations where necessary and to give them access to our advisors and consultants.

Due to our growth and the high demand for sustainability advice, we have expanded our team with a Sustainability Manager. In addition, a Finance & Investment Manager started working in early 2022. He supports the directors, among other things, in assessing the many propositions that we receive on a daily basis. We want to screen each proposition properly and consult with employees before investing in it.

VP Capital has an external Supervisory Board, which works closely with the VP Capital management. In 2021, the Board welcomed a new member with a specific sustainability background.

Our partners



Astrid Leysens

Astrid Leysens has been our permanent partner for several years and works as Head of Sustainable Progress for VP Capital. She develops our Sustainable Progress strategy and improves our Progress measurement and reporting. Astrid also initiates new sustainability projects, such as our B Corp certification and our strategic donation approach. She actively engages in dialogue with our investments on ESG and impact and coordinates cooperation with our sustainability partners. She also contributes to our Sustainable Progress communication. In addition to her work for VP Capital, Astrid is also a board member and advisor in other impact initiatives and shares her knowledge with other wealth owners. Contact: astrid@vpcapital.eu



Mark Schraesande

Mark Schraesande works closely with Astrid Leysens on several sustainability projects. Among other things, he focuses on our B Corp certification and our validation by the Science Based Targets initiative and deals with everything related to CO₂. In 2021, Mark also became involved in the screening and sustainability of our real estate portfolio. Contact: mark@vpcapital.eu



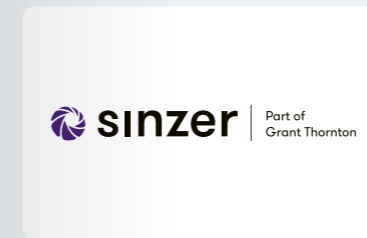
MJ Hudson

Consultancy firm MJ Hudson (formerly Spring Associates) has been involved in VP Capital's Sustainable Progress report for several years. Among other things, the team helped us to develop our methodology. Currently, they support us in collecting data, drafting our portfolio report and creating roadmaps to increase the progress of VP Capital and our direct participations. MJ Hudson's ESG & Sustainability Team supports investors in integrating ESG and impact into their investment processes. They work on topics such as policies, meeting sustainable standards, ESG strategy, data collection, engagement and reporting.



CO2logic

CO2logic is a specialised consultancy in the field of environment and CO₂. They have helped VP Capital to achieve the CO₂ Neutral[®] label. They will continue to do so annually, validating source data, calculating emissions and facilitating the purchase of carbon credits linked to certified projects, such as Reforestation & Conservation Zambia and Certified Climate Project Wind INDIA. This allows us to offset our remaining carbon emissions. At the same time, they help us by identifying further reduction opportunities.



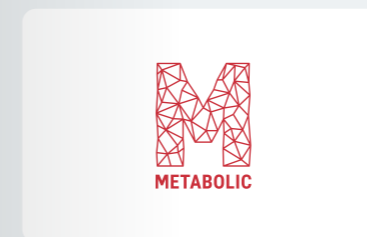
Sinzer

Consultancy firm Sinzer has assisted VP Capital on several occasions. Among other things, they helped us to identify our main challenges and investable solutions and recommended options for our donation policy in each investment domain. In 2021, they primarily helped us to increase our understanding of the upcoming legislation and what this means for VP Capital and our investment portfolio. Sinzer assists organisations in their transformation to the 'new' economy and in managing and reporting on broader social values.



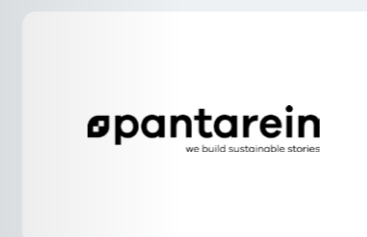
Telos Impact

Telos Impact helps us make more impactful donations in our eight investment areas. The company is the 'companion of choice' for investors and philanthropists who want their assets to be more meaningful by supporting social innovation. Telos Impact provides us with a comprehensive due diligence analysis of new charities that dovetail with the challenges in our investment areas.



Metabolic / Fresh Ventures

Metabolic and Fresh Ventures work together with VP Capital and VP Landbouw on a regenerative future for VP Landbouw. Metabolic and Fresh Ventures are known for their systemic thinking. Everything is linked in the Agrifood domain: legislation, animal welfare, biodiversity, water, land, farmers' incomes, food supply and health. And the economic business model of agriculture is currently far from ideal.



Pantarein

Content agency Pantarein helped us with the copywriting of the Progress Report. They checked all texts for correctness, both in terms of content and language. The Pantarein team specialises in sustainable story building. Through strategic guidance, content strategy and creation, and creative designs and campaigns, they help increase the positive impact of organisations and make it visible.



The Shift / BACA

VP Capital is a member of the Belgian sustainability community The Shift, a platform of diverse organisations united around one common goal: actively working towards a more sustainable economy and society. The Shift has teamed with WWF to set up the Belgian Alliance for Climate Action (BACA), which VP Capital has also joined. This alliance invites organisations to take the lead in climate action. BACA asks its members to commit to science-based targets and to encourage other organisations to make sustainability a priority.



iO

As a digital agency, iO (formerly Intracto) helps companies develop a competitive digital advantage, with creativity and strong strategies, driven by online marketing and technology. The iO team helped us to make this Progress Report clear and attractive, so we can share it with our network both in print and digitally.

Lexicon / Glossary

Term	Definition
Avoided emissions	Avoided emissions are emission reductions that occur outside of a product's life cycle or value chain, but as a result of the use of that product. When calculating a carbon footprint, avoided emissions should not be subtracted from actual emissions.
B Corp	B Corp is the abbreviation for Benefit Corporation. The B Corp label was set up in 2006 by the American non-profit organisation B Lab. The goal of B Corp is to ensure that companies, in addition to making a profit, also focus on making a positive impact on the environment and society.
Building Research Establishment Environmental Assessment Method (BREEAM)	Method of assessing, rating and certifying the sustainability of buildings. There are five BREEAM certificates: New construction, International new construction, In-Use, Refurbishment and Communities. Once assessed, the building can receive certification depending on its performance. Five levels are available: Pass, Good, Very Good, Excellent and Outstanding.
Carbon credit	A general term for a tradable certificate or permit representing the right to emit one tonne of carbon dioxide (or the equivalent amount of another greenhouse gas). Carbon credits can be created, for example, when a company has made a carbon reduction. They can be traded, sold or 'consumed'. The credits enable organisations to compensate or neutralise emissions that have not yet been eliminated. They do this by financing projects that reduce or avoid emissions from other sources, or that remove greenhouse gases from the atmosphere.
Carbon neutral certified company	Company that offsets its emissions in a recognised and audited way. VP Capital and portfolio companies can call themselves this because the calculation and offsetting of emissions is validated by CO2logic, a process that is, in turn, audited in the background by Vinçotte, a Belgian accredited inspection and certification body.
CO₂ footprint / carbon footprint	The amount of (scope 1, 2 and 3) carbon and other greenhouse gas emissions released into the atmosphere as a result of the activities of a particular company.
CO₂ neutral / Climate neutral	A business operation is climate neutral if it does not emit CO ₂ or other greenhouse gases and therefore does not contribute to climate change. This can be achieved by reducing all emissions (from Scope 1, 2 and 3) to zero, or by offsetting emissions. The terms CO ₂ neutral and climate neutral are used interchangeably and actually mean the same thing.
Contribution	This is a classification assigned to organisations that not only make a positive impact while dealing with a societal or environmental challenge but directly contribute to solving the challenge through their product or service. This is assessed on a scale, as the cut-off values are not clear-cut and both ways of making impact are not mutually exclusive. In other words, a valuation of the contribution and the solution are taken into account. For example: buying one solar panel would not be considered a solution to the world's fossil fuel dependency, as its contribution is too small, whereas a newly developed way of generating affordable green energy would.
Direct emissions	Emissions of CO ₂ and equivalent greenhouse gases released directly into the atmosphere, such as from the combustion of a litre of diesel.
Indirect emissions	Emissions of CO ₂ and equivalent greenhouse gases released from upstream processes, such as the extraction and transportation of a litre diesel.
Engagement	Social or ethical commitment. The commitment of our network is an important indicator and reflects (partly) the quality and quantity of information provided by the management of our investments.
Engagement level	The engagement level reflects the quality and quantity of the information provided by the management of the investment.
Environmental	In the abbreviation ESG, the E stands for Environmental. This term refers to challenges and opportunities relating to the environment. It includes aspects such as climate effects, energy consumption, biodiversity, ecosystem, waste management, the use of natural resources and circularity.
Environmental challenges	This expression refers to (environmental) problems that pose a challenge to people and/or the planet, such as climate change or food scarcity. The problems can occur in a specific area or apply to everyone.
(Environmental) sustainability	The potential to produce and consume within the regenerative capacity of the earth. Companies face the challenge of adapting to a new, sustainable way of working. A company that operates in a sustainable way only uses resources that the ecosystem can regenerate in a reasonable amount of time.

Term	Definition
ESG	ESG is the abbreviation for Environmental, Social and Governance. It refers to the three central factors in measuring the sustainability of an investment.
ESG integration	The integration of ESG processes into investment processes. This integration can vary from one type of investor to another but generally involves the following: <ol style="list-style-type: none"> 1) Policy - A statement of commitment and strategy on ESG, and a framework for identifying opportunities and monitoring progress (see ESG policy). 2) Due diligence & monitoring - (Annual) ESG assessments of asset managers, investments funds and/or portfolio companies, focused on risk exposure, value creation and impact. 3) Reporting - Reports for all stakeholders, which facilitate communication with investors and internal discussions. 4) Knowledge & training - Team engagement through training activities and workshops; build knowledge and viewpoints through research and events.
ESG policy	A policy that private equity fund managers and their portfolio businesses can implement. A good policy will outline, define and commit to sustainable processes and business operations that safeguard ESG factors, and ensure that their business operations aim to maximise positive ESG impacts. It ensures that business practices are aimed at reducing negative impacts and increasing positive impacts.
ESG reporting	Report (often addressed to investors) describing the ESG performance of one or more investments.
ESG Management Score	The ESG Management Score reflects the extent to which ESG is integrated in the management of the investment.
Governance	In the abbreviation 'ESG', the G stands for Governance. The term refers to the challenges and opportunities regarding management structure, accountability and independence of the board of directors, remuneration and diversity of directors, transparency, audits and internal controls, shareholders' rights, tax avoidance, cybersecurity, and combating bribery and corruption. It evaluates how well Environmental (E) and Social (S) are integrated into management, remuneration and reporting.
GRESB framework	A framework for measuring the ESG performance of individual real estate assets and portfolios, developed by the Global Real Estate Sustainability Benchmark (GRESB).
Impact	The change that an intervention, project or policy brings to stakeholders or to society as a whole. This can be intentional or unintentional, positive or negative, and additional or equal in quantity.
Impact investing	An investment strategy that aims to generate a (measurable) positive social and/or environmental impact or to reduce a (measurable) negative social and/or environmental impact, and that can simultaneously generate a financial return.
Impact score	The impact score reflects the weighted average impact of the underlying companies/assets in a fund. The underlying companies are scored based on publicly available information (e.g. company website, news articles), quarterly reports and - where possible - active dialogue. The individual score is then weighted against the estimated value of the investment (if available in the quarterly report). The impact score gives an indication of the contributions needed to solve social or environmental problems.
Impact Management Project (impact dimensions)	A forum for organisations that want to reach a consensus on how to measure, compare and report the effects on environmental and social issues. The IMP has defined five impact dimensions to express impact: <ul style="list-style-type: none"> • <i>What</i> – What outcome(s) does the impact relate to, and how important is it to the people (or planet) experiencing it? • <i>How much</i> – How significant is the effect that occurs in the time period? • <i>Who</i> - Who experiences the effect and how underserved is this group in relation to the outcome? • <i>Contribution</i> – How does the effect relate to and contribute to what is likely to occur anyway? • <i>Risk</i> – What risk factors are essential and how likely is it that the effect will deviate from expectation?
Impact reporting	Report describing the impact of one or more investments, often addressed to investors. The report may concern output or outcome effects. Output refers to the activities undertaken, outcome to the effect these activities have had.

Lexicon / Glossary

Term	Definition
Investment domain	VP Capital has defined eight investment domains, which are the focus of our investments. The eight domains are: Agrifood, Energy, Health, Media, Smart Industry, Textile, Real Estate and Water.
Key challenges	VP Capital has selected four to five challenges for each investment domain that we consider key on a planetary or social level.
Key solutions	For each investment domain, we have determined the most important solution pathways for our key challenges. These are, on the one hand, investable solutions and, on the other hand, philanthropic solutions.
Materiality	The relevance of an ESG issue to a company. This relevance is indicated by the friction between the current and desired future sustainable state of the factor. Material ESG issues can have a significant impact - both positive and negative - on a company's business model and/or value drivers, such as revenue growth, margins, capital requirements and risk. Material ESG issues are typically identified through comprehensive frameworks and standards, such as GRI and SASB.
Net zero targets	Net zero means that the total greenhouse gas emissions of a company (or a city, country ...) are less than or equal to the emissions it removes from the atmosphere. At that point, global warming should stop. Different definitions and standards have been developed to reach net zero. VP Capital follows the standard of the Science Based Targets initiative.
Principal Adverse Impacts (PAIs)	Negative material or potential material consequences for sustainability factors arising from, aggravated by, or directly related to investment choices or investment advice provided by a legal entity. Examples are greenhouse gas emissions and air and water pollution.
Planetary challenge	Planetary challenges are problems with the planetary systems (air, water, soil, etc.) that have arisen as a result of human intervention or abuse of the planet.
Progress score / Portfolio score	The ESG management and impact scores of all our investments are weighted against the invested capital for each investment, resulting in an overall progress score of 2-10.
Positive / negative outcomes	This refers to the outcomes that occur as a result of a product, service, business or other activity. As indicated, outcomes can be both positive and negative. All outcomes together constitute the effect that an intervention, project or policy has.
Principles for Responsible Investment (PRI)	<p>The PRI is the world's leading advocate of responsible investment and was founded in 2006 on the New York Stock Exchange. The organisation is the result of an initiative by the then Secretary-General of the United Nations, Kofi Annan. In early 2005, he decided to invite a group of the world's largest institutional investors. Together with experts from intergovernmental organisations and civil society, they started a process to develop the Principles for Responsible Investment.</p> <p>As an independent organisation, PRI acts in the long-term interests of its signatories, the financial markets and economies in which they operate, and ultimately the environment and society. Signatories must adhere to PRI's six guiding principles:</p> <ol style="list-style-type: none"> 1. We will incorporate ESG issues into investment analysis and decision-making processes. 2. We will be active owners and incorporate ESG issues into our ownership policies and practices. 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest. 4. We will promote acceptance and implementation of the Principles within the investment industry. 5. We will work together to enhance our effectiveness in implementing the Principles. 6. We will each report on our activities and progress towards implementing the Principles.
Science-based targets (SBT)	Science-based targets are goals that companies set to reduce their greenhouse gas emissions. An emission reduction target is defined as 'science-based' if it corresponds to the reductions needed to keep global warming below 2°C (compared to pre-industrial levels).
Scope 1, 2, 3 emissions	<p>A classification of greenhouse gas (GHG) emissions based on the source, as defined by the GHG Protocol:</p> <ul style="list-style-type: none"> • Scope 1: direct emissions from owned or operated sources (e.g. emissions from a natural gas boiler). • Scope 2: indirect emissions from purchased energy generation (e.g. emissions from purchased fossil fuel electricity). • Scope 3: all indirect emissions that occur in the value chain of the reporting company (e.g. emissions from flights or leased vehicles).

Term	Definition
Sustainable Finance Disclosure Regulation (SFDR)	The SFDR provides transparency on how sustainability risks and opportunities in the financial market are integrated into investment choices and recommendations. The initiative introduces a rating system with disclosure requirements for investment products.
Social	In the abbreviation ESG, the S stands for Social. The term covers a range of social challenges and opportunities, such as employee engagement and development, working conditions and fair labour practices, human rights, product safety and consumer protection (privacy) and community responsibility.
Societal challenges	Societal challenges cover a wide range of topics, including health, welfare, food security and safe societies.
Stakeholders	Stakeholders or interested parties are people, groups and/or companies who have an interest in something related to a change that takes place. They therefore experience the consequences of the change, either positive or negative. The stakeholders of a company include its employees, customers, suppliers, shareholders, competitors and neighbours, but also the community and the environment in a broader sense.
Sustainability maturity ladder	We have defined a five-point sustainability performance ladder for each investment domain. The position of an investment on the ladder illustrates its level of ESG management. The scores range from 'lack of ESG integration' to 'future-proof'. Between these two stages, we have defined three steps to improve the level of ESG management.
Sustainability performance	The sustainability performance illustrates the position of an investment (manager) on the relevant sustainability performance ladder. It is an indication of the level of ESG integration.
Sustainability performance metric	Direct investments undergo extensive annual reviews, with specific ESG KPIs selected and monitored. The sustainability performance indicator is a selected ESG KPI.
Taxonomy-aligned	This means that an activity meets the requirements specifically listed for that activity in the EU Taxonomy.
UN Global Compact	The UN Global Compact was officially established by the United Nations in 2000. Its purpose is to encourage companies to adopt socially and environmentally responsible policies. The Compact consists of 10 principles relating to the support of human rights; the elimination of forced labour, child labour and discrimination; environmental stewardship; and the fight against bribery and corruption.
Underserved communities	Communities that face barriers and difficulties in accessing and using various resources (education, employment, health, etc.). The barriers may be due to a variety of factors, such as socio-economic disadvantages, extreme poverty, geographical isolation, religion, sexual orientation, gender identity, race and ethnicity.
Urgency of need	<p>Urgency of need indicates the urgency of the societal or environmental challenge that a company wants to solve with its products and/or services. The term takes into account the extent to which this need is not currently being addressed and/or met by markets and/or governments.</p> <ul style="list-style-type: none"> • No/Low: doubtful whether the product really meets a real social or environmental need. E.g. production of cars, products that do not meet immediate food needs, a productivity increase in the agricultural sector in high-income countries. • Medium: meets a need that is already being met by other parties but is not yet fully satisfied. E.g. solar panels for rural Africa, use of alternative materials that reduce the need for fossil fuel-based products. • High: product meets an immediate societal or environmental need. E.g. reduction in the use of antibiotics in the food sector or development of a medicine for a rare disease.
WELL	Method to assess, classify and certify the sustainability of buildings, based on the belief that the health and well-being of people should be at the centre. Seven concepts are integrated into the WELL building standard: Air, Water, Food, Light, Fitness, Comfort and Spirit. Once assessed, the building can receive certification depending on its performance. Three levels are available: Silver, Gold and Platinum.

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