



BlueEarth
CAPITAL

Annual Impact Report

2022

Making a world of difference



TABLE OF CONTENTS

1	A Letter from the CEO	3
2	Our Impact Highlights	5
3	An Introduction to BlueEarth	7
	3.1 BlueEarth in Numbers	8
	3.2 Who We Are	9
	3.3 Our Funds and Mandates	10
	3.4 Portfolio Overview	11
	3.5 A Conversation with Our Investors: Perspectives on Impact Investing and BlueEarth as a Partner	12
4	Our Approach to Impact	15
	4.1 Our Impact Narrative	16
	4.2 Our Impact Measurement and Management	20
	4.3 Interview with Our Impact Specialists: Creating a Culture of Impact and Looking Ahead	23
	4.4 Our Approach to ESG Management	26
	4.5 Our Approach to Gender	28
5	Our Impact in 2022	29
	5.1 Inclusive Growth: Financial Access for Underserved Populations	31
	5.2 Access to Essential Services: Education, Healthcare and Affordable Housing	37
	5.3 Climate Action: Supporting the Net Zero Transition	43
6	The Team	49
	Appendix	51
	A Overview of the BlueEarth Portfolio	52
	B Impact Track Record	56
	C Impact Measurement Methodology	58

1 A Letter from the CEO

BlueEarth's mission is more relevant than ever and the many challenges the world faced in 2022 underlined this. We have remained committed to our core goal of delivering measurable impact at scale on social and environmental issues. During this past year, we deepened our investment strategies in pursuit of this goal.

We continue to believe that delivering measurable impact at scale requires a long-term perspective, rigorous investment processes, and deep partnerships with investee companies. Our core impact pillars of inclusive growth, access to essential services, and climate action drive all our investments. Through these investments, we have supported organizations and businesses that positively touched and improved the lives of individuals and communities by investing capital that enabled them to increase access to essential services, such as education and healthcare (see *Varthana* and *Quadria* case studies in this Report), created jobs, and supported initiatives that promoted equality and environmental sustainability. BlueEarth has now committed \$471m of capital to investee companies which generate social impact, and our platform has touched the lives of 4.8 million people across 42 countries.

BlueEarth expanded its investment strategies in 2022, deepening its focus on climate impact across all investment asset classes. BlueEarth has now committed \$96m in growth equity to help scale transformative technologies that are crucial tools for decarbonising the global economy such as green hydrogen (see our *Sunfire* case study in this Report).

In conclusion, BlueEarth's mission remained relevant in 2022, and its investment philosophy, grounded in the belief that financial returns and measurable impact go hand in hand, remained relevant as well. The company continued to deliver significant impact last year through its commitment to its core values and investment strategies, and we look forward to building on this success in the years to come.

Driven by impact

Impact isn't an afterthought at BlueEarth. It has driven our investment approach from the outset. Moreover, our unique structure with Blue Earth Capital AG 100%-owned by the Blue Earth Foundation ensures end-to-end impact: profits and performance-related fees are shared with the Blue Earth Foundation.

“Our investors are increasing their commitment to BlueEarth because they are proud to be our partner in the impact work we do.”

Back in 2020, we were one of the first impact investors to have our impact framework independently verified against the Operating Principles for Impact Management ('Impact Principles'). This year we engaged BlueMark to re-verify our impact framework against the Impact Principles, and we are pleased to be recognised on BlueMark's Practice Leaderboard,¹ comprising firms with top quartile ratings across all eight principles. This is testament to the strength of our impact management framework, the level of

¹ <https://bluemarktideline.com/practice-leaderboard/>



“Sitting on our investment committees, I am struck by my colleagues’ passion for what they do and the change that they help bring.”

integration of impact across everything we do, and the dedication of all our employees to deliver on this.

I am particularly proud of how our team has grown by a third in 2022, during my first year as CEO. And we have remained very active, screening over 900 investments, holding 49 investment committees, and making 18 new investments during this past year. But it isn't just the volume of work that I find impressive. Sitting on our investment committees, I am struck by my colleagues' deep expertise and strong judgement, and more importantly, their passion for what they do and the change that they help bring.

Making business sense

We don't shy away from difficult questions or confronting the many dilemmas that the impact space generates. A good example of the type of dilemma we grapple with is the potential trade-off between inclusive growth and climate action; how to expand and maximise a solution's social/development impact while minimising its environmental footprint? Impact measurement is not an exact science, and we

need to look at each investment from every angle. This means rigorously assessing and weighing an investment's positive effects against any unintended negative ones and, in any given context, seeking out a balanced solution.

Many of our investors, some of which have been with us from the very beginning, are increasing their commitment to BlueEarth because they are proud to be our partner in the impact work we do and the returns we target.

We were recently named one of the top 30 impact firms globally² and our goal is to continue to grow. I believe ten years from now impact will be a 'given'. Meanwhile, I see the impact industry moving towards more rigorous impact management methodologies and greater transparency around impact numbers, and BlueEarth is helping to lead the way.

As an investment firm that has always been focused on impact, our investees want to learn from us. I think that's a good sign, and why impact reports like this are important. I hope you enjoy the report.



Stephen Marquardt

CEO
Blue Earth Capital AG

2 Our Impact Highlights

■ Through our capital, BlueEarth touches millions of lives around the world...



4.8m lives touched

Total number of lives touched attributable to BlueEarth

Out of 138m total across underlying portfolio



42 countries

Total number of countries covered by BlueEarth

■ ... enabling our investees to provide financial services to underserved communities ...



225k individuals financed

Total number of clients provided with financial services including loans, savings and insurance products, attributable to BlueEarth

Out of 12.4m total across underlying portfolio



43k MSMEs financed

Total number of MSMEs provided with financial services attributable to BlueEarth

Out of 1.2m total across underlying portfolio

... and supporting a diverse range of beneficiaries across sectors



310k students

Total number of students supported attributable to BlueEarth

Out of 4.1m total across underlying portfolio



345k patients

Total number of individuals provided with healthcare services attributable to BlueEarth

Out of 12.3m total across underlying portfolio



4 breakthrough climate technologies

Total number of organisations provided with growth equity capital to scale transformative climate solutions (total \$96m)

A Note on Attribution

The numbers above are based on BlueEarth's attributable share of impact, considering the portion of capital BlueEarth invested compared to the total capitalization of the investee organization. By only reporting on the share of impact that is proportional to the amount we invested, we aim to represent the scale of our contribution to the organization's overall impact.

The impact numbers above are cumulative figures that capture the total impact delivered through BlueEarth's platform to date.

Unless specified otherwise, the metrics throughout the report refer to the data for BlueEarth's platform as per 31 December 2022 (i.e., consolidated data for all vehicles advised by Blue Earth Capital AG).

3 An Introduction to BlueEarth

- 3.1 BLUEEARTH IN NUMBERS
- 3.2 WHO WE ARE
- 3.3 OUR FUNDS AND MANDATES
- 3.4 PORTFOLIO OVERVIEW
- 3.5 A CONVERSATION WITH OUR INVESTORS:
PERSPECTIVES ON IMPACT INVESTING AND
BLUEEARTH AS A PARTNER



3.1 BLUEEARTH IN NUMBERS

USD 579 million committed

Total amount of capital committed

2021: 361 million



USD 877 million AUM

Total assets under management at the end of 2022

2021: 519 million

70 investments closed

Total number of investments closed since 2015

2021: 58 investments closed



4 offices

In Switzerland, UK, USA and Germany

2021: 4 offices

40 employees

2021: 27 employees

3.8k investments reviewed

Total number of investments reviewed since October 2015

2021: 2.9k investments reviewed

3.2 WHO WE ARE

Introduction

BlueEarth is a global, independent, specialist impact investment manager, headquartered in Switzerland and with operations in the US, the UK and Germany. We seek to address the world's most pressing social and environmental challenges by delivering measurable impact while aiming for attractive and sustainable financial returns. The firm operates dedicated private equity, private credit and fund & co-investment solutions with active, hands-on portfolio management, and together these complementary strategies allow us to back the right companies with the optimal solutions to help them maximise their impact. Without compromising on the delivery of market rate risk-adjusted financial returns for our investors, we are fully committed to putting positive impact for people and planet at the core of everything we do.

“Blue Earth Capital AG is wholly-owned by the Blue Earth Foundation, a Swiss not-for-profit organisation that protects our impact mission.”

Relative value investing

BlueEarth follows a global, integrated, relative value investment approach. As a top-30 global impact firm³ we actively source investment opportunities that are likely to offer high investment value and impact relative to other segments.

Unique ownership structure that generates end-to-end impact

BlueEarth has a unique governance structure which acts as a multiplier for the impact that we generate as a firm. Blue Earth Capital AG is wholly-owned by the Blue Earth Foundation, a Swiss *Stiftung* (not-for-profit charitable organisation) that protects the impact mission of BlueEarth and re-invests its share of the firm's operating profits and performance-related fees into its philanthropic activities. To date, the Blue Earth Foundation has committed all its charitable donations to the *elea Foundation*, a philanthropic impact investor that leverages the opportunities of globalisation to fight poverty through entrepreneurial means. As BlueEarth continues to grow over the coming years, the scale of impact created by this governance structure will likely increase exponentially.



3 New Private Markets, The Impact 30: 2022

3.3 OUR FUNDS AND MANDATES

BlueEarth provides access to its global impact strategies through funds and customized mandates

The integrated global impact strategy, focused on both emerging and developing markets, is BlueEarth's flagship strategy. The global strategy is broadly diversified and follows an integrated, multi-asset, relative-value investment approach with a strong focus on emerging markets. The strategy invests across multiple impact sectors and asset classes (equity, credit, mezzanine) through funds and direct investments. The strategy is predominantly invested in global emerging markets with the goal to create high positive impact where the need is highest while achieving competitive risk-adjusted financial returns. The mission is to support market-based solutions that (i) provide access to basic products and services and (ii) create jobs and economic growth, while (iii) tackling climate change and protecting the environment.

The Private Credit Impact strategy, focused predominantly on social impact in emerging markets, was formed with the dual mandate to achieve competitive financial returns while ensuring measurable positive social and environmental impact. The strategy follows a global, relative-value investment approach, investing across all impact sectors and the entire universe of credit-related instruments. Most of the investments are likely to be structured as senior secured debt with a portion of the portfolio in subordinated, mezzanine or equity-like debt. It has a strong focus on emerging markets with the goal of driving positive impact in underserved communities. The strategy has the following impact missions: (i) provide access to basic products and services, (ii) create jobs and economic growth and (iii) tackle climate change and protect the environment.

The Private Equity Climate Impact strategy, focused on developed markets, is BlueEarth's first climate-specific strategy, through which it seeks to establish a diversified private equity portfolio aimed at delivering positive environmental impact alongside competitive risk-adjusted financial returns. The strategy aims to accelerate the net zero transition, improve society's resilience to climate change, and promote a circular economy. The investment strategy provides growth capital and support to businesses that are developing, offering, and enabling climate solutions across the following key themes: (i) energy transition ecosystem, (ii) buildings and mobility, (iii) climate intelligence, (iv) production and consumption and (v) food and agriculture.

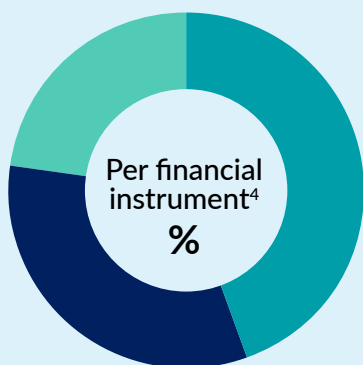
Bespoke solutions are BlueEarth's tailored capabilities that aim to better serve the unique needs and objectives of individual investors. The team of experienced investment professionals take a highly collaborative approach, working closely with the investors to craft separate managed accounts that are aligned with their impact horizon, risk tolerance and return expectations. Bespoke mandates leverage BlueEarth's deep industry expertise and extensive proprietary network in line with its global impact investment strategy and deployment opportunities, proposing a broadly diversified impact portfolio that can invest across multiple impact sectors (social and climate) and asset classes (equity, credit, mezzanine), regions (emerging & developed markets) and different transaction types (funds, co- and direct investments).

3.4 PORTFOLIO OVERVIEW

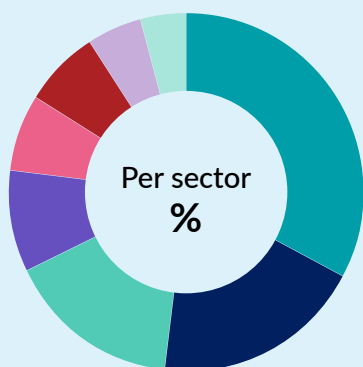
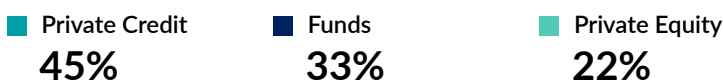
USD 579 million

Total amount of capital committed
[2021: 361 million]

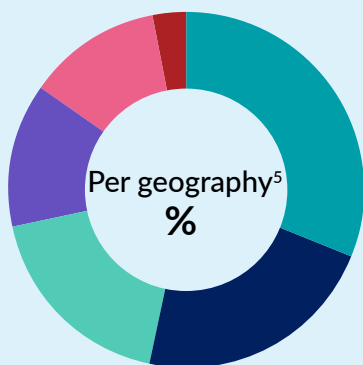
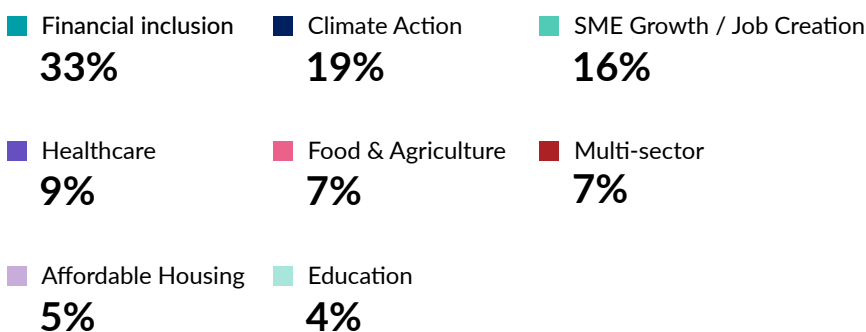
The total amount of capital committed by BlueEarth is \$579 million in 2022. The figures below show how the capital committed is distributed per financial instrument, sector and geography. A significant portion of our capital is allocated to credit and funds, primarily focusing on financial inclusion and an increasing focus on addressing climate change. Our capital is strategically deployed in both developed and developing markets.



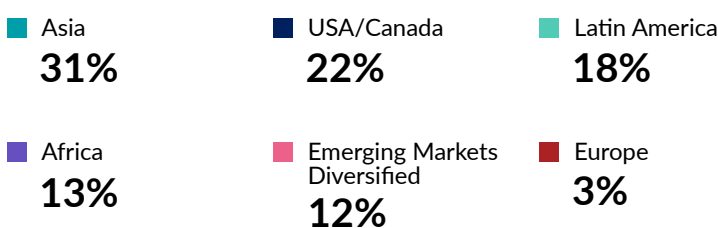
Capital committed (%) per financial instrument



Capital committed (%) per sector



Capital committed (%) per geography



⁴ Calculated across all strategies and products

⁵ Mexico is included in Latin America, and Puerto Rico is included in USA / Canada

3.5 A CONVERSATION WITH OUR INVESTORS: PERSPECTIVES ON IMPACT INVESTING AND BLUEEARTH AS A PARTNER

About Stella Vermögensverwaltungs GmbH

Stella Vermögensverwaltungs GmbH invests the liquid assets of the Thiele Family and has established a separate mandate with BlueEarth. The mandate started investing in April 2022 with a focus on social impact in emerging markets and protection of the environment, and in January 2023 has been increased in size and broadened to include BlueEarth's Private Equity Climate Impact strategy.

Julia Thiele-Schürhoff is a major shareholder of Stella Vermögensverwaltungs GmbH and thought leader behind Stella's impact investing strategy. She is committed to actively fostering social progress and contributing to sustainable economic development.



Christoph Schlegel is Chief Investment Officer at Stella Vermögensverwaltungs GmbH and responsible for Stella's investment portfolio in both traditional and alternative asset classes.



About Fondation Botnar

Fondation Botnar is a Swiss philanthropic foundation working to improve the health and wellbeing of young people living in cities around the world. The foundation has a bespoke mandate with BlueEarth, investing in social impact in emerging markets since 2020.



Sushant Sharma is the Chief Investment Officer of Fondation Botnar. Besides managing the foundation's endowment, he is developing Fondation Botnar's Asian Venture Philanthropy portfolio of purpose-related start-up investing.



How did you get involved with impact investing and what motivated you?

Julia: For me, impact investing is a logical extension of my personal and professional convictions. I've been involved in sustainability long before it became mainstream through my work at Knorr-Bremse, where I developed the firm's sustainability programme in my role as head of the sustainability department. Alongside this I have worked in philanthropy for almost two decades, wanting to use my wealth to create positive impact. However, there are areas that I believe can be solved more effectively through a private-sector approach, and that's where impact investing comes in.

Sushant: For us impact investing has been a logical extension of our approach to responsible investing and investment stewardship. I learned about BlueEarth's philosophy of impact investing, their processes, and diligence, and I was eager to learn from them and apply it to venture philanthropy.

Where do you see the greatest opportunities in impact investing? And the biggest challenges?

Julia: Personally, I believe that one of the greatest opportunities in impact investing right now is to lead by example and to mobilize private capital by encouraging others to invest. There is still a significant funding gap to fulfil the UN's Sustainable Development Goals (SDGs), and we need impact investing to become more mainstream.

Sushant: I agree with that. I see the greatest opportunities in emerging and frontier markets, particularly in equity and debt. There are a number of sectors that I believe hold significant potential for impact, some of which overlap well with BlueEarth's core investment themes, such as increasing access to quality healthcare, education and affordable housing, and promoting clean energy.

Christoph: In terms of challenges, impact and greenwashing is certainly something that could potentially undermine the sector if not addressed. I believe that the impact industry needs to become more professionalized and clearer in its messaging, with greater transparency and consistency in how impact is communicated. There also needs to be more honest conversations around where at- or above-market returns can realistically be achieved alongside high positive impact, and where a potential trade-off between risk-adjusted returns and impact will be necessary. While impact investing is currently experiencing a boom phase, it is still associated with philanthropy or concessionary financing in many people's minds. I think impact investing still needs to elevate its profile to the broader public.

“By identifying the impact topics that most resonate with (investors), they can establish an emotional connection and be more intentional.”

“We screened 20 managers globally and chose BlueEarth because of their professionalism and rigour.”

What is the main impact you hope to achieve through your investments with BlueEarth?

Sushant: For the Botnar foundation, our focus is on driving local solutions for local challenges that can potentially facilitate the transition from an informal economy to a formal one. We believe scaling impactful companies will provide better access and make services/products more affordable for lower-income families, especially in underserved communities. It's also important to show that investing in impact is a financially sound investment strategy: that by investing in impactful projects, you can achieve positive change while creating long-term financial value.

Christoph: I want to echo that. Impact investing is crucial in today's world, and it's time we start thinking beyond just financial returns and also focus on achieving positive social and environmental impact. With our investments, we specifically look for projects where the marginal dollar being invested has a high impact – additionality is important to us.

Julia: Environmental and social impact are both important to us, and we want to achieve positive impact in both areas, so we are particularly excited by investment themes that can achieve both in tandem. An example of this is sustainable agriculture, which has significant potential to benefit both people and the planet. Ecological agriculture not only promotes biodiversity and mitigates aridification of the soil, but by maintaining soil quality it also helps to increase productivity and therefore supports the livelihoods of farmers and improves access to food.

Why did you choose BlueEarth and how do you reflect on your experience of working with BlueEarth up to this point?

Christoph: We knew from the beginning that we wanted a mandate that would allow us to collaborate closely with the manager and decide how our capital is invested. We also wanted a multi-manager solution to get the breadth and diversification of impact that fund investments provide, alongside both direct and co-investments which enable us to get closer to the assets and the on-the-ground impact. On top of that, BlueEarth combines an emerging markets social impact strategy and a climate impact strategy in developed markets, which few managers can offer. I am very positively surprised by the diversity of impact and the tangibility of the impact of the investments presented to us. However, it's still too early to evaluate returns, as our mandate only began in February 2022.

Julia: In addition to the above, the other thing we were really impressed with was the institutional framework and rigour that BlueEarth brings to its investment processes. There are lots of impact managers out there with great ideas around impact, but only a few with the institutional frameworks and set-ups to deliver on this, and it's evident how BlueEarth has benefitted from its relationship with Partners Group.

Sushant: We screened 20 managers globally and chose BlueEarth because of their professionalism and rigour, which comes through in the way they have set up due diligence and investment processes and impact measurement and reporting. We have been able to learn from them in these areas, which has been very valuable to us.

“Impact investing is still associated with philanthropy or concessionary financing, and it needs to elevate its profile to the broader public.”



What advice would you give to investors wanting to start investing into impact?

Julia: It's crucial for investors to identify their personal motivations within the impact investing field. By identifying the impact topics that most resonate with them, and aligning them to global challenges, they can establish an emotional connection and make more intentional investments.

Christoph: Building on Julia's point, by selecting specific themes investors can develop deeper knowledge around specialist topics, and then focus on areas where their investments can have the greatest impact per dollar. But it's important to ensure that the selected themes are investable and provide attractive opportunities within the investor's parameters for both impact and their risk/return profile. Therefore an iterative process is required between forming impact target areas and assessing the investable universe.

Sushant: I agree with what's been said. It comes down to defining impact by looking at intentionality and additionality. There are challenges that come with impact investing and investors should be aware of them, in particular the potential of impact washing which Christoph touched on earlier in the conversation. There are, however, significant opportunities in this field, and we need private sector to be mobilized.

4 Our Approach to Impact

- 4.1 OUR IMPACT NARRATIVE
- 4.2 OUR IMPACT MEASUREMENT AND MANAGEMENT
- 4.3 INTERVIEW WITH OUR IMPACT SPECIALISTS: CREATING A CULTURE OF IMPACT AND LOOKING AHEAD
- 4.4 OUR APPROACH TO ESG MANAGEMENT
- 4.5 OUR APPROACH TO GENDER



4.1 OUR IMPACT NARRATIVE

At BlueEarth, we are proud of our reputation and track record as a leading global impact investor committed to creating positive change in the world. We look at returns and impact in parallel, and they are equally critical in a BlueEarth investment decision.

We have defined our purpose as the following: **We address the world's most pressing social and environmental challenges by delivering measurable impact alongside attractive and sustainable financial returns.**⁶ To guide us towards this purpose, we have considered three fundamental questions:

01 What we bring

End-to-end Impact

Experienced, diverse team

Entrepreneurial spirit, institutional rigour

Active ownership

Robust impact measurement

02 What we do

Direct investments

We invest in the growth of impactful enterprises through equity, mezzanine and credit structures

Fund investments

We select impact investment managers with deep sector and market expertise

03 What we achieve



Inclusive growth

Financial inclusion
Job creation
SME growth
Agriculture



Access to essential services

Education
Healthcare
Affordable housing



Climate action

Decarbonisation
Resilience and adaptation
Resource efficiency

The image above serves as a roadmap for our impact strategy, emphasizes our core competencies and values and guides our investment decision-making towards achieving specific outcomes.

⁶ There is no guarantee for future performance.

■ 01 What we bring

We are a global impact investor passionate about making a difference in the world. We aim to create positive change through our investments and take pride in our ability to leverage our experience and expertise to achieve this. We add value in the following ways:

End-to-end impact

BlueEarth has a unique governance structure that enables us to maximise our impact. As we are fully owned by the Blue Earth Foundation, Blue Earth Capital's operating profits and carried interest are shared with the Foundation, which aims to support concessionary 'deep impact' activities. This not only scales our impact beyond the commercial investment realm, but also truly aligns our values and mission with those of our partners.

Experienced, diverse team

Our people share a commitment to delivering outstanding work, united by our motivation to make a meaningful contribution to addressing the world's challenges. Over time, we have built a diverse, highly experienced team of top talent drawn from across the private capital industry. We have 40 investment professionals representing 18 different nationalities, based out of three office locations.

Entrepreneurial spirit, institutional rigour

Now an independent company for over seven years, we were incubated by Partners Group, one of the world's leading private equity investors. This means that we have the agility and passion of a young, entrepreneurial and standalone operation, built with the advice and expertise of a successful, long-standing institution.

Active ownership

We build enduring relationships with our investees. Flexible and creative, we are able to adapt to their financing needs and provide bespoke solutions across asset classes. We believe this makes us a different kind of partner, one that grows with our investees in the way that works best for them. At the same time, we actively drive impact and value-creation initiatives throughout the investment cycle, using our considerable network to develop and reinforce impact across our existing portfolio.

Robust impact measurement

We use our proprietary impact measurement methodology to help source, assess and engage with our investments. While we don't claim to have all the answers when it comes to the continuously evolving field of impact measurement, we do believe this is an area where, as a partner, we offer something unique. This is especially because of our determination to keep advancing and refining our work on impact measurement.

"Flexible and creative, we are able to adapt to their financing needs and provide bespoke solutions across asset classes."



■ 02 What we do

As a financial platform, we cover a unique range of asset classes which set us apart from the rest of the market. This allows us to connect investees with our many different in-house financing options and tailor that offering to their specific needs.

The interdependence of the world's challenges requires a variety of financing solutions. That's why at BlueEarth we have complementary private credit, private equity and fund & co-investment strategies across both developed and developing markets. This breadth of investment strategies provides sufficient flexibility to deploy bespoke solutions when needed. Our approach to investment is based on two main strategies:

Direct investments

We invest flexibly through both private equity and credit structures, including mezzanine facilities. Our aim is to invest in the growth of attractive enterprises with a proven business model, high development potential and scalable social and/or environmental impact.

Fund investments

We complement our direct investments with commitments to impact investment managers which we carefully select based on their expertise in specific impact themes and regions, allowing us to leverage their local knowledge and foothold.

By bridging emerging and developed market perspectives on impact, our investment strategy allows us to be a truly global impact investor that sets new standards for the industry.



03 What we achieve

With our investments in our three impact pillars, and our approach to investment, we aim to create positive social and environmental change, generate financial returns for our investors and shape our industry through thought leadership and innovation.

BlueEarth has three key impact pillars:



Inclusive Growth



Access to Essential Services



Climate Action

Every one of our investments aims to achieve specific outcomes in one or more of these pillars. And within each pillar, we have defined a set of indicators to measure impact (see indicator list in [Appendix C](#)). In the real world, though, clear dilemmas appear between the impact areas. For example, even the most inclusive economic growth and jobs creation initiatives can lead to increased resource consumption, which can conflict with climate action efforts. The challenge, which we embrace at BlueEarth with every single investment that we make, lies in fully understanding these dilemmas, and then balancing them in ways that facilitate the most positive possible overall outcome.

Please refer to Section 5 of this report for more details on our investment themes.

How we measure impact

Developing an impact narrative is only the first step; bringing it to life entails measuring and reporting on metrics that reflect our impact objectives. Below is a summary on how we measure impact across our three impact pillars. Please refer to the 'Our Impact management and measurement' section of this report for more information on our processes.

Inclusive Growth



Beyond considering **increases in revenues/profits** over the lifetime of an investment, which is important for sustained impact, we look at **total jobs supported** by BlueEarth's capital, as well as the quality of those jobs. At an investee-level, we look at indicators such as the **gender balance of our investee company's workforce, overall and at senior management level**.

To measure the reach of our capital in providing beneficiaries with basic financial services, we collect data on the **number of low-income individuals that received financing**, as well as the **number of rural/female clients** that our investee organizations have reached and the **number of farmers supported**.

Access to Essential Services



Beyond looking at the reach of our investments in terms of beneficiaries (i.e. **the number of patients /students**), we also measure **rural reach**, as we believe that rural populations are significantly more underserved than their urban counterparts, and **number of female beneficiaries** reached.

Climate Action



With the primary focus of our climate strategy on decarbonisation, **avoided GHG emissions (tCO₂e)** is the core metric measured consistently across our climate portfolio. This is done by assessing the climate impact of our investee's products or services against the appropriate 'business as usual' baseline. Additional metrics are specific to each investment and include a range of resource efficiency metrics such as: **waste avoided (tonnes); materials recirculated (tonnes); water saved (litres); energy saved (MWh); and area of land protected (acres)**. Measurement of climate resilience and adaptation is specific to each investment and can include: **number of climate resilient products** and **number of beneficiaries with improved adaptive capacity**. We also measure the **number of green jobs created** across our climate portfolio.


4.2 OUR IMPACT MEASUREMENT AND MANAGEMENT

Background

The discipline of impact measurement and management (IMM) is still relatively new, and impact investors continue to learn how to improve their IMM practices. As a result, we are seeing the impact industry move towards more rigorous impact measurement methodologies, where transparency, harmonisation and accountability will be increasingly important.

With this in mind, we have tried in this section to provide as much transparency and accountability as we can around our impact methodologies and processes. Most importantly, we want to be open about our challenges and share the learnings we have picked up along the way. While at BlueEarth we certainly don't claim to have all the answers, we do want to help move the impact industry towards greater accountability and transparency, and hope others can learn from us.

Impact is at the core of what we do at BlueEarth, and our approach to IMM is a key differentiator from our peers. Whilst most impact investors typically have either a centralised impact function or rely on their investment teams to lead on impact, we take a 'best-of-both' approach which leverages dedicated impact expertise that is fully incorporated within each of our investment teams. We have established an Impact & ESG Committee, comprising representatives from each investment team plus our Client Solutions team, who are collectively responsible for the implementation and ongoing improvement of BlueEarth's impact and ESG framework. The Committee also ensures all investment team members have the expertise and support to apply impact considerations at every step of the investment process.



“Our approach to IMM is a key differentiator... we take a ‘best-of-both’ approach, which leverages dedicated impact expertise that is fully incorporated within each of our investment teams.”

Impact in practice

To establish impact at the heart of all our decision-making processes, BlueEarth integrates impact considerations throughout the investment process, from deal sourcing all the way to exit. In doing so, we have aligned our operations with several industry frameworks, including the Operating Principles for Impact Management (OPIM), the Impact Management Project (IMP), IRIS+, the UN Principles for Responsible Investment (PRI) and the UN Sustainable Development Goals (SDGs).

“The results of impact assessments performed during due diligence are considered by the Investment Committee and are one of the key factors in deciding whether or not to invest.”

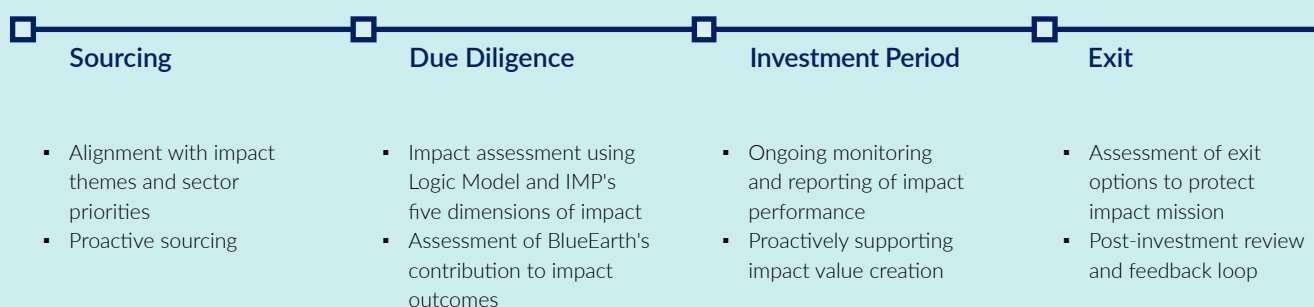


Figure 1 ■ Impact lens integrated throughout the investment process

The process starts with active *sourcing* of impact investment opportunities by leveraging BlueEarth's global network. BlueEarth sources on the basis of investment themes, which are in turn defined in terms of the UN's SDGs and sector-specific theories of change.

BlueEarth has a rigorous *due diligence process* that determines the potential impact of investments. To ensure alignment with the SDGs, we develop a logic model for each investment that links the investments to potential outputs, outcomes and ultimately impacts. During this phase, a comprehensive impact assessment is also undertaken, which is underpinned by the Five Dimensions of Impact developed by the

Impact Management Project (IMP) and integrated into a proprietary scoring tool. This tool assigns weightings to various impact attributes and helps us maintain objectivity when comparing investments across different sectors.

A separate proprietary assessment of BlueEarth's own contribution to impact outcomes is also completed, which incorporates the importance of BlueEarth's capital contribution, the strategic and operational value-add that BlueEarth provides, and our contribution to best practice corporate governance. The results of impact assessments performed during due diligence are considered by the Investment Committee and are one of the key factors in deciding whether or not to invest.

Once an investment has been made, the impact performance of the investment is monitored throughout the *investment period*. We collect and review key impact metrics quarterly or annually (depending on asset class), and actively drive conversations around impact value creation with our investees. For example, we have worked closely with a number of our investee funds to develop their own IMM frameworks; we have incorporated key impact covenants and milestones within many of our credit agreements to help catalyse additional impact for investees during the life of a loan; and we work closely with the management teams of our direct equity investees to develop and enhance their impact strategies through the life of our investment.

At *exit*, BlueEarth works to protect the impact mission by assessing the implications on impact for each exit strategy. For each asset class, before an exit decision is presented to the Investment Committee, the investment team uses a proprietary impact risk framework to assess potential exit options from both an impact and a commercial perspective. Additionally, for direct equity investments, ahead of exit, BlueEarth helps prepare portfolio companies to meet any ESG/ impact-related requirements including, where relevant, IPO readiness.



Recognised Practice Leader in Impact Management

The Operating Principles for Impact Management ('The Impact Principles') is the industry leading standard for impact management practices, providing investors with a framework for fully integrating impact considerations across the investment lifecycle. BlueEarth has been a signatory of the Impact Principles since 2020, with external verification by leading third-party verifier BlueMark.

This year, BlueEarth commissioned BlueMark to conduct a re-verification of our impact framework against the Impact Principles. We are pleased to be named a 2023 "Practice Leader" in BlueMark's fourth annual Making the Mark report, Benchmarking Impact Management Practice. The latest report highlights the 10 BlueMark clients that scored in the top quartile of BlueMark's 84 aggregated verification ratings across all of the Impact Principles.

This is a reflection of how well integrated impact is across the full end-to-end investment lifecycle, and the ongoing focus we have as a firm to align everything we do with impact best practices.



Operating Principles for
Impact Management



Disclaimer: Third-party awards, verifications, rankings and recognition should not be construed as a client endorsement or as an indication of future performance. Generally, awards, verifications, rankings and recognition are based on information prepared and submitted by BlueEarth. Please see BlueMark's approach to impact verification here: [Impact Verification for Impact Investors - BlueMark](#). For more information on BlueMark's Making the Mark report, please visit their [website](#).

4.3 INTERVIEW WITH OUR IMPACT SPECIALISTS: CREATING A CULTURE OF IMPACT AND LOOKING AHEAD

In this interview, Marc Williams and Clara Sanchez from BlueEarth reflect on the organization's impact journey so far, which has culminated with BlueEarth being recognized as Practice Leader in Impact Management by BlueMark. They also reflect on the challenges they have faced as an organization and how they have overcome these, and discuss the ambitions of BlueEarth for the future.



Marc Williams

Principal, Head of Climate Impact



Clara Sanchez

Director, Head of Social Impact
and Head of Latin America Credit

Impact is deeply embedded in BlueEarth's culture, and fully integrated within the investment teams and investment processes. How did this come about?

Clara: BlueEarth's mandate is very clear: to achieve attractive financial returns while delivering a positive impact on society. Over the last seven years, we've very intentionally developed strategies around priority sectors that we believe have the highest potential to reduce social inequalities and combat climate change. Because of this, we find impact outcomes are often closely interlinked with a portfolio company's business model, and ultimately its financial success.

We were early adopters of industry best practices, such as IMP and IRIS+ frameworks, and I suggested bringing in BlueMark (then Tideline) in 2020 to conduct an independent review of our IMM processes. That dialogue led us to better document some of our existing practices and upgrade our ESG risk management tools. As a manager who invests across diverse regions, sectors and asset classes, it's not always easy to compare impact across multiple dimensions, but I find that using a consistent starting point allows us to challenge our thinking and have open, honest discussions at our Investment Committee meetings.

Marc: When I joined BlueEarth 18 months ago, I was really struck by how well impact is integrated into everything we do. And as an impact and ESG specialist, it's quite unusual to sit within the Private Equity investment team rather than as a central support function. It's one of the things I particularly love about my role, as it means I'm closely involved in aligning our team's sourcing strategy to the highest impact sectors, I'm pulled into discussions on potential investment opportunities much earlier in the process and I get to work very closely with our investee company management teams. All of this helps ensure that impact is fully integrated across each step of the end-to-end investment lifecycle.



How do you ensure your impact and ESG frameworks continue to evolve in line with developing best practices? What are some of the challenges?

Clara: The impact industry is still evolving, and while we're heartened by the conversations that are taking place, we don't have the same level of standardisation in reporting standards we have on the financial side. The onus is therefore on us to try and contribute to best practices and challenge ourselves.

Take impact attribution as an example: we're one of the few firms that attempts to quantify the impact generated by our portfolio based on the size of our BlueEarth capital contribution, rather than only reporting on the total impact generated by our underlying portfolio. Still, there are some significant challenges to doing this robustly, and we continue to evolve our approach. More recently, we've also rolled out a framework to assess our ex-ante potential for non-financial contribution for each new investment, and going forward we'd like to collect relevant data to assess actual BlueEarth value-add during the investment period.

Marc: It's interesting to draw parallels between the impact investing space and the broader ESG space. While there have been positive steps towards more consistency and transparency in IMM practices in recent years, for example through the Impact Principles and IRIS+, these remain voluntary initiatives that aren't regulated. The broader ESG space is on the whole more evolved and now shifting towards a more highly regulated environment that's bringing more consistency and transparency to the wider market. The impact sector will inevitably head in the same direction, and in the meantime it's up to us working in the impact space to be transparent and accountable, embrace and promote the voluntary initiatives and frameworks already available, and set a high bar for ourselves. That's what we hope to do with this report, and with the continuing evolution of our IMM framework.

"It's up to us working in the impact space to be transparent and accountable and set a high bar for ourselves."

What are the inherent trade-offs/dilemmas to your impact vision, and how does BlueEarth approach these?

Marc: For our climate focused investments, we have three strategic impact objectives – decarbonisation, climate adaptation and broader resource efficiency. When we assess and weigh different investment opportunities, it can be challenging to compare across these – for example, how do you compare avoided GHG emissions of 1m tCO₂e vs 0.5m tonnes of waste diverted from landfill vs 100,000 tonnes of climate resilient crops?

Clara: There's also the question of potential trade-offs arising between climate and social objectives. For instance, we might come across an investment that has the potential to deliver high social impact, but that poses potential environmental risks (or vice versa). It's not always black and white, so it's important that we fully assess and understand the risk of unintended consequences, weigh these up against the intentional positive impacts, and then use our judgment to arrive at the best possible solution. Through our integrated approach, we've often found opportunities to engage with companies on both social and environmental impact targets.

What other challenges are there in terms of implementing your IMM? What has been the reaction from your investees?

Marc: There is always a tension between wanting high quality, comprehensive and granular impact data, whilst also needing to be pragmatic about the burden that data collection places on our investees. This is particularly relevant given the profile of our investee companies, many of which are small organisations with limited resources. The onus is on us to demonstrate the business case for collecting this data, and we typically find our investees are eager to leverage our in-house expertise to support them in developing impact measurement methodologies.

Clara: I'd echo that. Rather than try and push for more impact and ESG data, it's really important to strike the right balance with our investees. We need to ensure that we're focusing on the most meaningful areas, collecting data that has strategic use for both us and our investees, and that considers the business context so we can ensure that it is being interpreted correctly.

Another challenge that is particular to BlueEarth is the breadth of impact strategies that we have and finding the right balance between an overarching firm-wide IMM that can ensure best practice is applied consistently across all our products, whilst also retaining the adaptability to ensure our framework remains fit-for-purpose to each different asset class, impact strategy and product.

Clara: We are proud of what we have achieved so

“We're one of the few firms that attempts to quantify the impact generated by our portfolio based on the size of our BlueEarth capital contribution”



So, what's next?

far with our impact framework. However, we aren't sitting still. We know there is always more that we can do. We engaged BlueMark to reverify our IMM this year following our first verification with them three years ago, and while we continue to compare favourably to our wider peer group, we are planning to update our IMM during 2023 based on some of their recommendations. One area that I'm particularly excited about is assessing our BlueEarth contribution ex-post, given the many ways that we've historically set out to add value across our investment portfolio, whether on the credit, equity or funds side. Now that we've exited a number of investments, we also plan to ensure more frequent feedback loops, so that these ex-post impact reviews inform operational and strategic decision-making.

Marc: There's a strong commitment to continuous improvement and striving for leadership. It's part of the culture here at BlueEarth. In addition to the points Clara has set out, some of the other developments I'm most excited about for the coming 12 months include: further expanding our climate impact strategies across funds and private credit; continuing to evolve our impact reporting methodology in line with emerging best practices; and continuing to enhance our portfolio-wide engagement on GHG emissions and diversity, equity & inclusion. Achieving these goals will help us raise the bar on our IMM practices and meet the ambitious goals we've set ourselves.

4.4 OUR APPROACH TO ESG MANAGEMENT

Here at BlueEarth we consider the integration of Environmental, Social and Governance (ESG) topics as something distinct from impact, albeit that the two are complementary and often overlap. We see ESG as having a wider focus, beyond the core impact focus area(s) that are the intentional objective of each investment.

The core focus of our ESG strategy and management framework is to ensure our investment activities don't cause harm (i.e. don't have any unintended negative ESG consequences). But it's also about more than just downside protection. A comprehensive ESG strategy can provide significant upside opportunities, for companies and investors alike. For example, a company that reduces its energy consumption and greenhouse gas (GHG) emissions will also save on costs, while a strong Diversity, Equity & Inclusion (DE&I) programme can support talent acquisition and retention, and a more diverse leadership team can improve strategic decision-making.

Strong ESG management is an essential component of BlueEarth's investment strategy. We are a signatory to the PRI, and ESG is fully integrated through the entire investment lifecycle. We undertake a comprehensive ESG assessment of every investment as a dedicated due diligence workstream, with our approach tailored to each investment strategy, and underpinned by proprietary ESG Due Diligence (DD) tools and in-house ESG expertise.

Private Equity – we employ an ESG DD tool that we developed in collaboration with Partners Group's ESG team and that is underpinned by the Sustainability Accounting Standards Board (SASB) framework, in conjunction with an ESG questionnaire for management, follow-up engagement with management and third-party subject-matter specialists, as required.

Private Credit – we assess each credit investment against our proprietary Environmental and Social Management System (ESMS). Our ESMS incorporates IFC Performance Standards, the ILO conventions, and the full breadth of potential material ESG risks with each transaction. If needed, corrective action plans are then developed, setting out key requirements that need to be addressed prior to disbursement of funds.

Funds – we have developed a proprietary fund rating tool to assess prospective fund managers on their ESG frameworks, implementation resourcing and consistent application during investment processes.



Post-investment, we continue to engage actively with our portfolio on material ESG issues. Our engagement approach is again tailored to each asset class and reflects the level of influence we have on our investees.

Private Equity – we partner with our investees and co-investors to help identify material ESG issues and develop and implement their ESG strategies and programmes. We use our Board and/or Board Observer representation to influence management’s approach to priority ESG topics. As a signatory to the ESG Data Convergence Initiative, we monitor and report against a core set of ESG metrics drawn from leading frameworks.

Private Credit – we ensure commitment to ESG issues by incorporating priority ESG requirements as conditions precedent to disbursement, establishing ESG-related milestones that dictate volume and/or terms of the facility and setting covenants and exclusion policies that enable BlueEarth to take action in the case of material non-adherence.

Funds – we undertake ongoing monitoring activities across all our investees, actively engaging with managers on priority ESG topics. We are members of the Limited Partner Advisory Committee (LPAC) on approximately half of our fund investments, which provides us with additional influence and opportunities to engage with our investees on important ESG topics.

While material ESG risks and opportunities vary greatly between sectors, geographies, and asset classes, we have identified **GHG emissions** and **DE&I** as our two highest priority ESG topics for cross-portfolio engagement, as they are the two core issues with most relevance to all investees on a portfolio-wide basis.

On GHG emissions, we measure our own corporate Scope 1-3 emissions, as well as our financed emissions. Our corporate footprint is minor, with Scope 1 and 2 emissions of 18 tCO₂e relating to office energy use, and Scope 3 emissions (excluding financed emissions) of 163 tCO₂e which predominantly relate to business travel.

As is typical for an investor, our largest source of GHG emissions relates to our financed emissions associated with our underlying investment portfolio. We assess our financed emissions based on activity data collected from our investees where available, and using the Joint Impact Model to model emissions where activity data isn’t available. This analysis helps us to identify emissions hotspots within our portfolio, and better inform our approach to engaging our investees on GHG management.

Our approach to gender is summarised in the following section.



4.5 OUR APPROACH TO GENDER

Gender has always been a significant consideration in our investment strategies. We believe that inclusive growth and gender equality are closely linked and many of our investment strategies focus on providing women with access to essential services and promoting financial inclusion for women clients. At the same time, we make a concerted effort to collect gender data accurately and consistently, and this year we took the extra step of conducting a baseline assessment of our direct investees' alignment with the 2X Challenge criteria, which is a leading industry standard for assessing gender impact.

The 2X Challenge defines sector-specific thresholds that account for different starting points for each sector in achieving gender equality in the workforce. For example, the financial services sector is expected to have a representation of 40%, while companies in the manufacturing sector are expected to have 30%. These thresholds provide a useful indicator for benchmarking good performance on gender diversity across different sectors, helping us to better understand where existing or potential investees are performing strongly, and where there are the most significant opportunities for improvement.

The results from this assessment represent a strong baseline for our existing portfolio, but we are committed to working with our investees to further improve on this. Gender issues are complex and vary based on the specific context such as location and sector, and we therefore tailor our approach in how and when we engage with our portfolio to promote gender equality.

46%*

Of our direct investees meet 2X criteria for senior leadership (>30% of women)

**Out of the 73% of our direct investees that reported on the number of women in senior leadership roles (senior management/board of directors)*



39%*

Of our direct investees meet 2X-defined women in workforce thresholds

**Out of the 86% of our direct investees that reported on jobs for women*

50%*

Of our BlueEarth team consists of women

**Compared to a global average of 38% for the financial services industry (WEF, 2020) and 2X Challenge threshold of 30%*



Gender equality at BlueEarth

Gender equality is also something we focus on in our own organization. We believe that promoting diversity and inclusion within our team is both a smart business decision - as companies that prioritize inclusion tend to outperform their peers and be more resilient in times of crisis - as well as an ethical imperative. Therefore, we make a conscious effort to create a work environment that values and supports all team members, regardless of their gender or background. We believe that diverse perspectives and experiences lead to better decision-making, more innovative ideas and ultimately, better outcomes for our clients and stakeholders.

5 Our Impact in 2022

5.1 INCLUSIVE GROWTH: FINANCIAL ACCESS FOR UNDERSERVED POPULATIONS

5.2 ACCESS TO ESSENTIAL SERVICES: EDUCATION, HEALTHCARE AND AFFORDABLE HOUSING

5.3 CLIMATE ACTION: SUPPORTING THE NET ZERO TRANSITION



Our Impact in 2022

We are proud to have continued scaling our impact in 2022. Our committed capital to date has increased from USD 361 million in 2021 to USD 579 million. We have added 12 new investments to our portfolio, and now support beneficiaries across 42 countries. Meanwhile, our existing portfolio continues to thrive and expand its year-on-year impact.

As a result, BlueEarth's impact footprint, as measured by the total number of Lives Touched by BlueEarth's platform, has increased by 21.9% to 4.8 million people worldwide.⁷

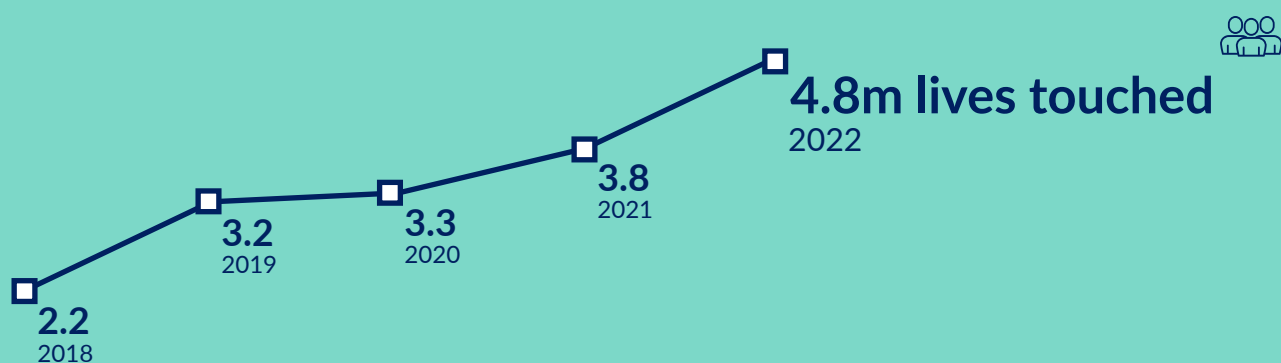


Figure 2 ■ Lives touched (Total) by BlueEarth investees

The remainder of this section looks at the impact we have delivered in more detail across our three impact pillars:

Inclusive growth

Access to essential services

Climate action

⁷ This is cumulative impact achieved by the BlueEarth platform to date, and attributable to BlueEarth based on the proportion of our capital compared to the total capitalisation of each investee business.



5.1 INCLUSIVE GROWTH: FINANCIAL ACCESS FOR UNDERSERVED POPULATIONS

We believe economic growth is essential for building a more sustainable future - but only if this economic growth is distributed fairly across different segments of society and doesn't cause harm to the planet.

We promote inclusive growth by investing in solutions to **four critical areas**:

Financial inclusion

The World Bank estimates that 1.7 billion adults remain unbanked worldwide, meaning they lack access to basic financial services that could lead to improved financial health and stability.⁸ These individuals are often women, poorer, less educated, and/or living in rural areas, and can be difficult to reach because of difficulties in building up infrastructure, amongst other reasons. Financial inclusion is essential for individuals to access economic resources like savings, credit and insurance, which helps them to invest in productive assets, smooth income fluctuations, protect against unforeseen events and accumulate wealth over time. We invest in microfinance institutions to extend affordable financial services to underserved populations (such as micro-entrepreneurs, low wage employees or smallholder farmers). Next to this, we invest in companies applying technology to traditional business models and helping to broaden access to financial services and reduce transaction costs. Finally, a number of our investments provide specialty financial services, such as pension schemes, savings, investment and insurance services.

MSME growth

Micro, small and medium-sized enterprises (MSMEs) serve as the backbone of the global economy, contributing to job creation, innovation and overall economic development. Nevertheless, over 40% of formal MSMEs in developing countries lack access to formal credit; the share is even larger if we consider informal MSMEs. We look for investments that address this gap and partner with specialist lenders that serve MSMEs that are shut out of traditional financial markets.

Agriculture

Agriculture is a significant contributor to gross domestic product, employment and economic growth in many emerging economies. Smallholder farmers' contributions to the food supply varies widely between emerging markets, and many smallholders face difficulties growing enough food to feed their families and lack access to best practices, technology and capital.⁹ We invest in inclusive agriculture businesses that provide transparency and income stability to smallholder farmers and that help reduce the yield gap through know-how transfer, education and provision of inputs, such as seeds and nutrients. Efficiently run agri-businesses can also lower resource intensiveness, reduce food waste and promote regional trade.

Job creation

At BlueEarth, we prioritize quality job creation, promoting opportunities that support fair pay, gender equality, on-the-job training, upskilling and employment conditions that prioritize workers' well-being. Our ESG diligence process also ensures that our portfolio companies have robust labour policies, equitable compensation structures and appropriate occupational health and safety measures.

⁸ <https://www.worldbank.org/en/news/feature/2022/07/21/covid-19-boosted-the-adoption-of-digital-financial-services>

⁹ <https://www.fao.org/news/story/en/item/1395127/icode/>



Delivering Inclusive Growth - Our Impact Results

In 2022, we significantly expanded our outreach in providing financial services to individuals and MSMEs in underserved communities, with a total 224,714 individuals (141,854 in 2021) and 2,778 MSMEs (16,469 in 2021) provided with financial services that can be attributable to BlueEarth's platform to date. Whilst some of this growth is attributable to new investments made in 2022, including the majority of increased MSME financing, it is the expansion of activities within our existing portfolio that has driven the majority of growth in individuals financed.

Our investment in Amret, a microfinance institution with a core focus on smallholder farmers in Cambodia, has been a key driver in scaling the number of farmers we support, with a total of 7,842 now attributable to BlueEarth's capital (773 in 2021). And we continue to grow the number of jobs that our platform supports, with 2,401 jobs directly attributable to BlueEarth's capital, out of a total of 70,453 jobs supported across our underlying portfolio.

225k individuals financed



Total number of clients provided with financial services including loans, savings and insurance products, attributable to BlueEarth, out of **12.4m total**

2.4k jobs



Total number of local jobs supported attributable to BlueEarth, out of **70.5k total**

524k rural clients



Total number of rural clients supported by BlueEarth's investees,* out of **10.5m total**

*as reported by 37% of our portfolio

7.8k farmers



Total number of farmers supported attributable to BlueEarth, out of **301k total**



Delivering Inclusive Growth - Our Impact Stories

The following case studies showcase two of our investees operating in the inclusive finance space and provide a good illustration of how BlueEarth and its portfolio are delivering inclusive growth around the world.



QUONA

Quona Accion Inclusion Fund III

Geography

Emerging markets

Date of BlueEarth Investment

December 2021

Amount invested by BlueEarth

USD 18 million

Sector

Fintech/Inclusive finance

Asset class

Primary, Equity

Impact created to date

- 215,000 MSMEs financed
- 1.9m individuals financed
- 3,400 employees

Background

Quona Accion Inclusion Fund III ("Quona III") is a venture capital fund managed by Quona Capital Management ("Quona") focused on investing in companies employing innovative technology-enabled business models to increase financial inclusion in emerging markets.

Company vision

Quona believes that fintech solutions, as an affordable and scalable form of financial services, have the power to support economic growth and enhance the wellbeing of underserved individuals. "We see financial inclusion as a pivotal tool to support marginalised communities to build their economic position and

meet basic needs," explains Monica Brand Engel, Co-founder and Managing Partner at Quona.

Since 2015, Quona has invested in over 70 companies across 15 countries. It focuses on supporting small businesses and individuals, and operates in Latin America, India and Southeast Asia, Africa and the

Quona Accion Inclusion Fund III

Middle East. Example Quona III investees include Hijra, a P2P lender targeting underserved rural MSMEs in Indonesia, and Onsurety, an insurtech platform focused on providing health insurance to underserved MSMEs and their employees in India.

Quona differentiates itself from its peers in three main areas:

- **"Global/local" approach:** local teams around the world (USA, India, South Africa, Nigeria, Kenya, Dubai, Brazil, Mexico and Indonesia) provide on-the-ground knowledge and presence, while global, sector-expert knowledge and best practices are shared across the platform;
- **Impact:** Quona is a genuine impact investor, upholding high standards and meeting best-practice requirements, including becoming a signatory to The Impact Principles and fully integrating impact measurement – aligned with leading frameworks and standards such as IMP, IRIS+ and the SDGs – into its investment process;
- **Feedback loop:** Quona invests resources in educating portfolio companies in maximising their positive impact. This provides insights they then use for product development – particularly around financial services products – as well as client engagement, strategy development and impact measurement.

Quona sees clear alignment with BlueEarth in the level of commercial and impact excellence at which both organizations operate and values the mutual trust and respect between the two organisations.

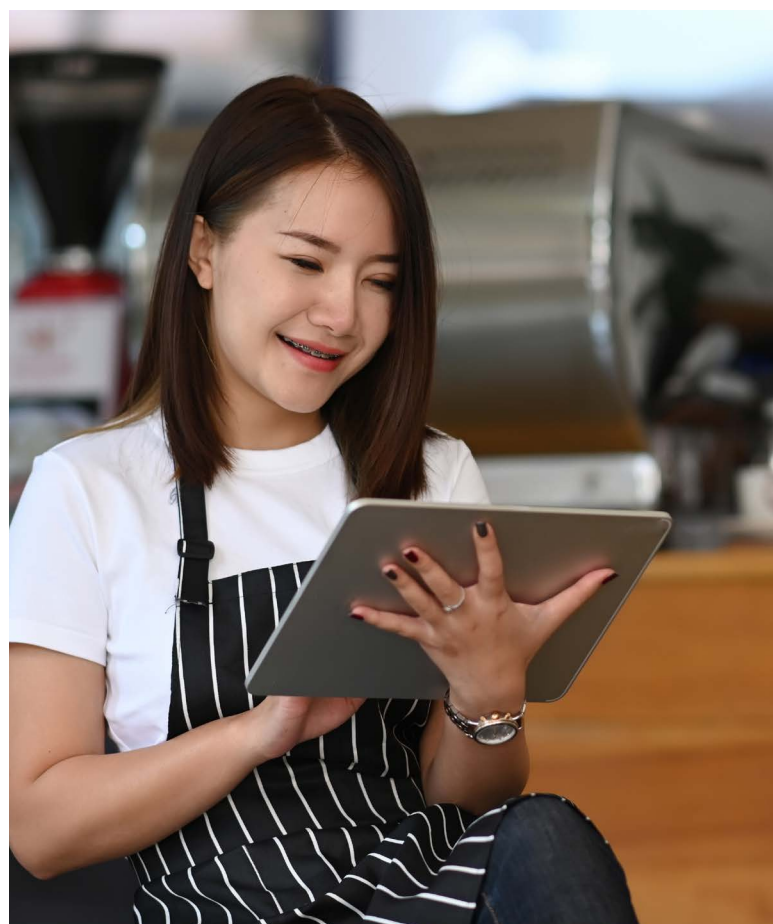
“We see financial inclusion as a pivotal tool to support marginalised communities to build their economic position and meet basic needs.”

Monica Brand Engel, Co-founder and Managing Partner - Quona

Impact results

In 2022, the fund's investee companies served 215,000 MSMEs and 1.9m individuals and provided direct jobs to 3,400 full time employees.

In 2021, Quona partnered with data provider 60 Decibels to launch a pilot project with three portfolio companies. The aim was to obtain and assess the value of outcome-level data collected from customers and better understand the impact of embedded finance models within Quona's portfolio. Building on the success of the pilot, which delivered valuable impact and strategic stakeholder insights to participating companies and to Quona, the firm launched an expanded group of customer insights projects with select Quona Fund II and Fund III portfolio companies in 2022. This project shows Quona's commitment to understanding the underlying impact of beneficiaries.




 insotec

Geography

Ecuador

Date of BlueEarth Investment

July 2022

Amount invested by BlueEarth

USD 10 million

Sector

Financial Inclusion/Agriculture

Asset class

Private Credit

Impact created to date

- 29,000 clients reached, of which 70% in rural areas
- 600 direct jobs supported

Background

Founded in 1980, INSOTEC provides financial services, technical assistance and advisory services to microentrepreneurs in Ecuador. It currently operates 24 branches, serving close to 30,000 clients, with a strong focus on rural areas and the agriculture sector (around 40% of its customers work in this sector and 70% are in rural areas). The company also has a strong focus on women, who make up 50% of its client base. The institution has a long track record of maintaining multi-generational relationships with its clients, helping thousands of family businesses flourish. In 2022, INSOTEC acquired 100% ownership of "Banco para la Asistencia Comunitaria FINCA" – Ecuador. The acquisition will make it possible to provide INSOTEC customers with savings accounts.

Company's vision

"We want to solve the problem of poverty: our goal is to help our clients grow their businesses and create jobs and, through this, support their local communities," says Carlos Andrés Holguín, CEO of INSOTEC.

Farmers in rural areas often have very limited access to loans and will rely on short-term, high-premium loans to purchase supplies, commonly known as *'chulcos'*. To address this issue, INSOTEC provides loans to farmers specifically targeted to growing their business, namely by purchasing new assets (tools and other supplies).

In addition, INSOTEC provides technical assistance to their clients, with a particular focus on increasing access to markets. INSOTEC helps forge connections for small producers with large companies, allowing

these producers expanded reach and access of new opportunities. This has included partnerships with agro-industrial companies such as Pronaca, and local associations including milk and cocoa associations.

A further differentiator in their approach is that INSOTEC has established a network of suppliers, offering their clients access to affordable lines of credit which can be used to purchase agricultural inputs and supplies in-store. By doing this, INSOTEC can ensure that the funds are being invested directly into improving a business's operations.

Lastly, INSOTEC's loan officers cover a wide geographic area: "The private banks are not in rural areas; our loan officers travel up to two hours from a branch, so that's the kind of gap we cover," Carlos Andrés Holguín explains.

INSOTEC

Maximising impact potential

INSOTEC saw potential to expand on its impact as its client base grew. Noticing that access to healthcare in rural areas was extremely limited and expensive, INSOTEC decided to develop an affordable healthcare system for their clients. As a result, for just \$10 per month, INSOTEC clients and their families can access basic healthcare services, including specialized women's healthcare such as breast cancer screenings and infant care.

On top of this, the acquisition of Banco Finca, recently renamed "AMIBANK S.A." (May 2023) will further maximize impact, with AMIBANK providing loans and savings accounts to improve clients' productivity and access to markets.

"We want to solve the problem of poverty: our goal is to help our clients grow their businesses and create jobs and, through this, support their local communities."

Carlos Andrés Holguín - CEO of INSOTEC



Challenges

Climate change effects, production challenges, and commodities pricing are some of the challenges that INSOTEC clients face. By offering on-demand technical assistance (including a call centre to respond to client's calls on issues ranging from how to deal with crop related pests to discussing the financial conditions of the loans), INSOTEC can leverage the local knowledge it has built over the last 40 years and pre-emptively mitigate these issues.

Impact

INSOTEC's focus on financial inclusion, technical assistance and affordable healthcare has helped promote economic development in rural areas and improve the lives of their clients. They have been able to reach close to 29,000 clients, of which half are women, and with an uptake of healthcare insurance of 98% across their clients. The company also directly supports close to 600 jobs.

BlueEarth as a partner

INSOTEC's partnership with BlueEarth is based on the fact that both share similar values and impact intentionality. BlueEarth provided credit financing at a transformational time, just as INSOTEC looked to evolve into a regulated bank. INSOTEC also sees the partnership as an opportunity to develop projects with a climate impact, and the company is keen to develop their in-house skills on the environmental and climate side, to better serve their clients.





5.2 ACCESS TO ESSENTIAL SERVICES: EDUCATION, HEALTHCARE AND AFFORDABLE HOUSING

We believe it should be a fundamental right for everyone to have access essential services such as healthcare, education and housing. We focus on solutions that can help provide these three critical services to underserved communities that currently struggle to access them.

Education

When people can't get an education, it not only stops them from breaking out of poverty but also puts the growth of entire countries at risk. Access to education in low-income countries is often hindered by a lack of resources and inadequate infrastructure. According to UNESCO, at least 244 million children and youth were not attending school in 2021. We believe the private sector can play a significant role in improving access to education. For example, by financing educational infrastructure, offering low-cost loans to students and families who struggle to afford it and utilizing technology to enhance the quality of education.



Healthcare

Access to healthcare is a major global issue, with the World Health Organization (WHO) estimating that over half of the world's population lacks access to essential health services. Even for those who have access to healthcare, the WHO reports that over 100 million people are pushed into extreme poverty every year due to high medical costs. Early access to healthcare, including diagnostics and prevention, can save lives. The private sector can help improve healthcare access by developing infrastructure, implementing innovative technologies and expanding coverage to underserved populations through financial resources.

Affordable housing

The problem of affordable housing affects billions of people worldwide, as inadequate housing and slums are prevalent in both developing and developed countries. Unfortunately, this problem is expected to worsen as the urban population continues to grow. This means there is a significant need for homes that people can afford, and the private sector can help by investing in affordable housing development and offering innovative financing options to address this issue.



Providing Access to Essential Services - Our Impact Results

In 2022, our portfolio has enabled us to support more people around the world with education, healthcare and housing, including providing healthcare services to 344,790 individuals and supporting 310,287 students (attributable to the BlueEarth platform). In both cases the growth in attributable impact during this last 12 months has been largely driven by our existing portfolio of investees. Households electrified has remained the same as this relates to an exited investment, and therefore cumulative impact attributable to the BlueEarth platform will not continue to increase unless further investments in energy access are made.

310k students

Total number of students supported attributable to BlueEarth, out of **4.1m total**



344k patients

Total number of individuals provided with healthcare services attributable to BlueEarth, out of **12.3m total**



501k households electrified

Total number of households electrified attributable to BlueEarth, out of **9.4m total**





Providing Access to Essential Services – Our Impact Stories

The following case studies focus on two of BlueEarth’s investments in healthcare and education solutions, and demonstrate how our capital can be used to increase the impact of these interventions.

QUADRIA CAPITAL

Quadria Capital Fund II

Geography	South and Southeast Asia
Date of BlueEarth Investment	March 2019
Amount invested by BlueEarth	USD 17 million
Sector	Healthcare
Asset class	Primary, Equity
Impact created to date	<ul style="list-style-type: none"> ▪ 7m patients served ▪ 19,000 SKUs ▪ 280,000 subscribers on a digital healthcare platform ▪ 36,000 jobs provided

Background

Quadria Capital Fund II ("Quadria II") is a private equity fund managed by Quadria Capital ("Quadria") providing growth equity capital to healthcare companies in South and Southeast Asia across a range of subsectors, including healthcare delivery, life sciences, healthcare services and medical devices. BlueEarth’s impact thesis for the investment focuses on the significant healthcare demand-supply imbalance in the region and the need for private capital to help address this. Quadria was founded by a doctor, Amit Varma, and an investor, Abrar Mir, who combine their experiences in healthcare operations and private equity to partner with and grow healthcare companies across the region.

Company vision

“Healthcare in the region isn’t the fundamental right it should be,” explains Shivani Sahai, Quadria’s Head of Impact & ESG. “It’s expensive, inaccessible and low quality, with governments spending less than 5% of GDP on healthcare.” Quadria believes significantly more healthcare provisioning is required and seeks to address this via its investments.

Before investing in a company, Quadria’s investment committee assesses the performance of each investment across four healthcare impact criteria: accessibility, affordability, awareness and quality, and sets targets for improvement against these metrics over the life of the investment.

Quadria

Key Focus Areas

Quadria is particularly focused on helping its investees with less developed impact measurement practices to improve their impact data collection and reporting. Quadria takes time to explain the rationale for impact monitoring and ESG due diligence where its investees are less familiar with such topics, and the firm uses what it has learnt from BlueEarth to demonstrate the importance of a robust approach to impact measurement.

Impact results/testimonials

Quadria's Fund II portfolio companies served over 7.2 million patients in 2022. The pharmaceutical investees have manufactured over 19,000 different types of generic drugs, which are considerably cheaper than their branded counterparts, thus democratizing access to critical drug treatment. Investee companies provided over 36,000 direct jobs during 2022.



BlueEarth as partner

Quadria partnered with BlueEarth because they had similar philosophies regarding social impact. As the fund has evolved, BlueEarth has supported Quadria with its impact management, by both demonstrating the importance of impact measurement and sharing industry best practices such as standardised data collection templates. As Quadria continues to grow, it will continue to look to BlueEarth for guidance on its impact approach.

“Healthcare in Southeast Asia isn’t the fundamental right it should be.”

Quadria has invested in Hermina, a chain of multi-speciality hospitals in Indonesia that have been early adopters of government programming to provide free healthcare services. Hermina has 45 hospitals in Indonesia serving ~7.2 million patients annually, of which over 50% are deemed low income and covered by the Indonesian Government’s national healthcare JKN Scheme.

Quadria facilitated a partnership between two of its current / former portfolio companies, FV Hospital, a leading multi-speciality hospital in South Vietnam, and HCG, the largest oncology provider in India, to support the upgrade of the Hy Vong Cancer Centre. Under the partnership, HCG has provided support on business development, sharing of clinical and operational knowhow, training for staff and weekly clinical reviews of complicated cases. FV Hospital has also undertaken initiatives with AIG Hospital, a leading gastroenterology hospital in India, former Quadria portfolio company and former BlueEarth direct equity investee. These have included several doctors from the FV Hospital’s Gastro and Cardiology departments: (1) visiting AIG Hospital and (2) also hosting a symposium on Electrophysiology and Liver Transplant, with the participation of leading doctors from AIG, which was attended by over 300 doctors from major hospitals across Vietnam. By encouraging such collaborations between investees, Quadria increases its positive impact across the region.


 varthana

Geography

India

Date of BlueEarth Investment

December 2019

Amount invested by BlueEarth

USD 8.0 million

Sector

Education

Asset class

Private Credit

Impact created to date

- 6,400 schools served
- 4.1m students served
- 139,000 teachers employed

Background

Varthana Finance Private Limited (“Varthana”) is a non-bank financing company that lends to affordable private schools in India. Founded in 2012, Varthana aims to improve access to quality education in low-income communities. To date, Varthana’s loans have supported over 6,400 schools teaching 4.1 million students and employing nearly 140,000 teachers.

Company vision

India has experienced tremendous social and economic growth over the past few decades. India is now home to the largest school-aged population in the world; however, the country’s public school system has struggled to keep pace with that speed of development. Instead, an entrepreneurial sector of private schools delivering high-quality education at affordable prices has emerged to meet the growing needs of over 270 million students. These schools often face difficulties in accessing financing to scale their operations.

To increase the capacity and resources at these good-quality affordable schools, Varthana provides financing solutions tailored specifically for these institutions – this allows the Varthana-financed schools to invest in technology, new classrooms, and even transportation

“In addition to the financial support, Varthana has provided the school necessary academic support in terms of academic analyses and student assessment. Varthana academic products have improved digital learning and English communication in the classrooms.”

School Owner - Green Valley Public School

to help students get to school. This not only impacts students attending Varthana-financed schools, but also increases competitive pressure in the wider private school market, which drives a systemic improvement to the quality of education.

Varthana

Varthana works towards two main goals:

- **Broaden access to quality education in low-income communities in India:** Varthana's client schools specifically cater to the lower end of the socio-economic spectrum, charging fees of USD 5-40 per month to students
- **Increase capacity and resources at affordable private schools:** Varthana's financing solutions allow client schools to expand their infrastructure, invest in teacher training and introduce new learning methods into their classrooms

"WhatsApp content was very beneficial for all classes. We're grateful for everything Varthana is doing for us. Varthana has taken into account our challenges and what we wanted, and given us solutions."

Balveer Singh, School Leader -
Radhika Public School, on Varthana's support during the pandemic

Challenges and solutions

Given the severity of government-imposed lockdowns in India, widespread school closures during the COVID-19 pandemic materially hindered access to education: the number of out-of-school 6-10-year-old children tripled between 2018 and 2020 – a trend particularly apparent in low-income rural areas. School closures have led to decreased learning levels: 90% of children between grades 2 and 6 have lost at least one language ability, while 80% have lost at least one math skill from the previous year. The widening learning gap has been exacerbated by the varying levels of digital access.

To support schools in an environment where tuition has been largely limited to online channels, not widely used by Varthana's client base, Varthana launched several initiatives:

- **Digital Content Solutions:** Varthana partnered with e-content providers such as Khan Academy and Toppr to provide over 1,250 schools with materials for weekly classes via WhatsApp.
- **Digital Solution Suite:** Varthana developed a certification course to help teachers adapt to online teaching and launched a five-week multilingual parent engagement campaign to raise awareness of remote learning WhatsApp content.
- **Unlock School Programs:** Varthana developed an in-house content solution to physically deliver printed workbooks to schools without adequate digital infrastructure.

"Our financial partnership with Varthana has helped us complete the construction of the school building and build stable classrooms. Academic support from Varthana has enhanced the development of teachers and students."

School Owner - Aakash Vidhyalaya School



5.3 CLIMATE ACTION: SUPPORTING THE NET ZERO TRANSITION

Climate action remains a global priority, now more than ever. 2022 saw another year of record-breaking heatwaves, floods and droughts across the world. Tens of millions of people suffered loss of livelihoods, displacement and increased food insecurity, and billions of dollars in loss and damage. With the 1.5C target seemingly slipping away, some degree of climate breakdown is now likely.

However, the world's future remains in our collective control. We have all the tools necessary to avoid the worst impacts of climate change, and the clear signs that global momentum is finally building to set the world on the pathway towards net zero. The US Inflation Reduction Act is spurring a regulatory 'race to the top,' with the EU and other regions rushing to respond with their own incentives to catalyse local investment into net zero industries.

One of the biggest barriers remaining is the considerable capital requirement to deliver the net zero transition, and a critical aspect of this is a lack of growth capital necessary to rapidly commercialise and scale the most promising new solutions. This is where BlueEarth comes in, providing capital and expertise to support companies that generate tangible impact across one or more of the following impact priorities:

Decarbonisation

We invest in companies that deliver measurable GHG emission reductions through products and services with materially lower carbon intensity than existing technologies, and in key enabling solutions that help to catalyse the net zero transition.

Resilience and Adaptation

As the time window for avoiding significant impacts of climate change decreases, it is becoming increasingly clear that we need to focus on building society's resilience to the physical impact of climate change. The effects of climate change are already being felt today and will likely worsen in coming decades, making resilience and adaptation efforts critical to help communities cope. We invest in companies that help improve society's resilience and adaptive capacity.

Resource efficiency

We seek out investments in companies that deliver broader resource efficiency impacts alongside climate impacts, with a focus on solutions that optimise use of resources, avoid waste, protect biodiversity and support the transformation from linear business models towards a circular economy.



Driving Climate Action – Our Impact Results¹⁰

Via BlueEarth's Climate Growth Strategy we have to date supported four companies, some of which have developed innovative climate solutions that will help decarbonise some of the most carbon intensive sectors. In 2022 these companies delivered GHG emission reductions of 225,000 tCO₂e,¹¹ a figure we expect to increase exponentially over the coming years as BlueEarth supports these companies to fully scale.

We also look to support aspects of society in becoming more resilient to the physical impacts of climate change. For example, our investee company 80 Acres grows leafy greens and other produce in controlled environments that are resilient to climate impacts such as droughts, heatwaves and wildfires.

Some of our investees also deliver significant resource efficiency benefits across a broader range of environmental aspects. In 2022 our underlying portfolio avoided 150 million litres of freshwater consumption, and diverted 54,000 tonnes of materials from landfill.

225,000 tCO₂e avoided

Total amount of GHG emissions avoided in 2022 by investee products and services, compared to a 'status quo' baseline

150m litres of freshwater conserved

Total quantity of water saved from the improved resource efficiency of investee products

54,000 tonnes diverted from landfill

Total quantity of recovered materials that would otherwise have ended up in landfill

¹⁰ All figures reported in this section relate to the total underlying performance of investee companies, i.e. not the pro-rata share attributable to BlueEarth's capital contribution

¹¹ Calculated based on the concept of additionality, i.e. the degree to which investee climate solutions caused GHG impact that would not have otherwise happened in a no-intervention baseline scenario. Without applying this strict lens of materiality, the total avoided GHG emissions associated with the Fund's investee products and services is 1.15m tCO₂e.



Driving Climate Action – Our Impact Stories

We profile two of the breakthrough climate technologies we have backed over the next few pages.



<p>Geography</p> <p>Date of BlueEarth Investment</p> <p>Amount invested by BlueEarth</p> <p>Asset class</p> <p>Impact highlights</p>	<p>USA</p> <p>April 2021</p> <p>USD 35 million</p> <p>Private Equity</p> <ul style="list-style-type: none"> ▪ Avoided GHG Emissions - 22,000 tCO₂e (2022) ▪ Energy Saved - 62,500 MWh (2022) ▪ Total Households – currently installed in 100,000 homes, with contracts in place for >3.3m homes over the next four years ▪ Green Jobs Supported - 127 (direct FTEs)
--	---

Background

Sense Labs ('Sense') is a residential energy data company with unique load disaggregation technology, enabling users to: track and better understand their home energy usage; reduce energy consumption; and participate in demand response programmes. Once the technology is installed in their home's electrical panel or smart meter, consumers use an app to track their energy consumption, identify which appliances are "energy hogs", and adapt their habits to shrink their energy costs and carbon footprint.

Company vision

"I wanted to use my background in machine learning and consumer technology to address the issue of decarbonisation with a consumer-facing solution," explains co-founder and CEO, Mike Phillips.

There are three core focus areas for Sense's technology: (i) enabling households to directly reduce their own energy consumption; (ii) providing real-time

visibility and analytics into the edge of the grid at the neighbourhood level; and (iii) acting as a gateway for participation in demand response programmes. Demand response programmes are an essential component for enabling greater penetration of renewables in the grid, with participating households scheduling energy-intensive activities outside of peak hours, and thereby reducing the need for carbon-intensive peaker plants.

Sense

The technology has other uses, such as safety. For example, alerting users if an appliance such as an oven or iron has been left on unintentionally, or as a non-intrusive way of monitoring activities of an elderly relative.

Sense currently sells its units in the United States and Canada, and plans to expand into Europe and other geographies in the future through partnerships with international meter manufacturers. Sense recently signed contracts to be the exclusive provider of energy data software and services to some of the world's largest electrical panel and meter companies, including Schneider Electric, Landis+Gyr and Itron.

Impact results/testimonials

Sense's technology is currently in 100,000 homes across the US and Canada, resulting in energy savings of 62,500 MWh and avoided GHG emissions of 22,000 tCO₂e annually. Contracts in place with leading meter and panel manufacturers combined with commitments from utility companies to install >3.3m smart meters and panels based on Sense software validates the opportunity to scale across millions of additional homes which would materially scale the level of climate impact over the coming years.

“Sense Labs addresses the issue of decarbonisation with a consumer-facing solution.”



BlueEarth as partner

Sense chose to partner with BlueEarth because of a shared alignment on values of and vision for the business. Sense was drawn to BlueEarth's ability to provide hands-on support for growth, and an ability to help scale impact beyond just its capital contribution. Sense also views BlueEarth as an ideal partner for its growth aspirations beyond its core US market, with the opportunity to leverage BlueEarth's extensive international network.

BlueEarth acted as lead investor in the Series C funding round, helping to catalyse other sources of equity capital for the business. This round was Sense's largest financing to date, and BlueEarth supported the process through sharing due diligence materials with co-investors covering financial & tax, technical, regulatory, impact & ESG, commercial and legal due diligence. BlueEarth via its board and board committee participation plays a hands-on role in helping shape Sense's overall growth strategy.

To date, BlueEarth has assisted Sense with various aspects of both its impact and ESG programmes including supporting the quantification of the company's Scope 1 and Scope 2 GHG emissions and playing a leading role in driving collaboration amongst co-investors and Sense to align on the climate impact calculation methodology. BlueEarth has worked with Sense's management to shape the company's broader sustainability programme, identifying priority focus areas including supply chain risk management and DE&I. BlueEarth will continue to partner with Sense as it builds out its impact and ESG management and reporting programmes.



Geography

Germany

Date of BlueEarth Investment

April 2022

Amount invested by BlueEarth

USD 15 million

Sector

Decarbonisation

Asset class

Private Equity

Impact highlights

- On track to build a gigawatt-scale value chain for alkaline electrolyzers, reaching 250MW of capacity during 2022
- Delivery of the world's largest next generation high-efficiency electrolyser
- Green Jobs Supported - 466 (direct FTEs)

Background

Sunfire is a global leader in industrial electrolysis solutions for the production of green hydrogen. Green hydrogen is widely recognised as a core pillar of the net zero transition, helping to decarbonise hard-to-abate sectors including: industrial processes such as steel production and chemicals manufacturing (Sunfire's current core focus); heavy transportation including long-distance road haulage, shipping and aviation; and as an energy storage medium that will be a key enabler for renewables-based electricity grids.

Impact at Scale

Sunfire is one of the main manufacturers of alkaline electrolyzers, the more established electrolysis solution in the market. It is also a frontrunner in developing solid oxide electrolyzers, which have the potential to generate green hydrogen at a much higher efficiency than existing technologies.

Sunfire is backed by leading strategic investors including Neste and SMS Group – global leaders in renewable fuels and steel.

In the past year, Sunfire has reached several important milestones on its journey to fully commercialising and scaling the deployment of its technologies. Highlights include:

Sunfire

- Delivering large-scale alkaline electrolyser projects, including a 20MW project for P2X Solutions which will produce Finland's first green hydrogen.
- Scaling production capacity and becoming one of the first companies to start series production of electrolyzers. Sunfire reached 250MW capacity in 2022, and is on track to increase annual production capacity to 500 MW before the end of 2023, on its journey towards building a gigawatt-scale value chain.
- Delivering the world's first multi-megawatt high-temperature solid oxide electrolyser, a 2.6 MW system installed at Neste's renewable products refinery in Rotterdam.
- Inducted into the Global CleanTech 100 Hall of Fame, having been recognized for seven straight years in the Global CleanTech's list of 100 most innovative and promising companies contributing to the net zero transition.

"BlueEarth's expertise in the climate space and in helping companies achieve global scale are instrumental in Sunfire navigating and capitalizing on our transformational growth."

Nils Aldag, Sunfire CEO and co-founder



BlueEarth as partner

Though green hydrogen is now widely acknowledged as being critical to the net zero transition, the sector is still relatively nascent and significant challenges remain to scale the industry at the pace required. "BlueEarth's investment in Sunfire is about more than just capital. In particular, BlueEarth's expertise in the climate space and in helping companies achieve global scale are instrumental in Sunfire navigating and capitalizing on our transformational growth," explains Nils Aldag, Sunfire CEO and cofounder.

BlueEarth, via its board observer participation, has been active in supporting the commercial success and growth of the business. This has included advising on the company's strategy, senior hiring decisions, financing choices and sustainability programme (more on which below).

As a global champion in a strategically critical sector, Sunfire fully understands the importance of impact and sustainability. "We are building an ambitious sustainability programme, and we value the guidance and support that BlueEarth has provided us. Not only is sustainability core to our own values, but it's also important to our customers and other partners that we work with," says Head of Sustainability Tilo Suckow.

BlueEarth has worked closely with Sunfire as part of a sustainability working group with other co-investors to help develop the company's sustainability strategy and provide ongoing implementation support, including through an on-site workshop and regular engagements. Key focus areas of the programme have included the company's climate impact measurement methodology, lifecycle assessment of Sunfire's alkaline electrolyser technology, enhancing the supply chain risk management programme and aligning the company's ESG reporting to market best practices.

6 The Team

We are proud of our team of hardworking professionals who work to execute BlueEarth's vision. Here they are:

Investment team

Amy Wang, *Head of Private Credit*
 Kayode Akinola, *Head of Private Equity*
 Nicolas Muller, *Head of Funds & Co-Investments*
 Benjamin Hogan, *Director*
 Clara Sanchez, *Director*
 Claude Kamga, *Director*
 Rohan Ghose, *Director*
 David Moore, *Principal*
 Imar Nandha, *Principal*
 Marc Williams, *Principal*
 Calum Ruddock, *Vice President*
 Charles Feutray, *Vice President*
 Espen Ugland Haugen, *Vice President*
 Inês Amorim Rocha, *Vice President*
 Nadya Menshikova, *Vice President*
 Thomas Lee, *Vice President*
 Christiane Tan, *Associate*
 Lien Vo, *Associate*
 Will Attwood, *Associate*
 Angélique Wernli, *Analyst*
 Constantin Wedekind, *Analyst*
 Cordelia Peters, *Analyst*
 Eleonore Krawczykowski, *Analyst*
 Fabio De Pascale, *Analyst*
 Luvina Yao, *Analyst*
 Nicole Lopez, *Analyst*

Members of the Investment Committees

Urs Wietlisbach, *Co-Founder and Chairman*
 Melissa Cheong
 Michael Barben
 Nan Leake
 Sandra Pajarola
 Scott Essex
 Stephen Marquardt, *CEO*
 Tilmann Trommsdorff

Client Solutions

David Keel, *Head of Client Solutions*
 Julia Wicklein, *Senior Client Relationship Manager*
 Fabian Hess, *Associate*
 Matthias Daum, *Analyst*
 Shea Weiss, *Analyst*

Operations

Samuel Hopkins, *Senior Manager*
 Jenna Espley Jones, *Finance and Business Associate*
 Christina Mueller, *Senior Legal Counsel*
 Katie Manescu, *Portfolio Manager*
 Emer O'Farrell, *Senior Assistant*
 Claudia Hunter, *Executive Assistant & Office Manager*
 Jacqueline De Biasi, *Executive Assistant & Office Manager*
 Sophia Xu, *Investment Operations Assistant*

BlueEarth Capital AG Board of Directors

Urs Wietlisbach, *Co-Founder and Chairman*
 Andreas Kirchschräger
 Sandra Pajarola
 Tilmann Trommsdorff

BlueEarth Capital (Guernsey) GP Ltd. Board of Directors

John Hallam
 Rupert Dorey
 Justin Sykes
 Stephen Marquardt, *CEO*

BlueEarth Capital (Luxembourg) GP Sarl. Board of Directors

Claude Noesen
 Robert Brimeyer
 Stephen Marquardt, *CEO*



Amy Wang



Angélique Wernli



Benjamin Hogan



Calum Ruddock



Charles Feutray



Christiane Tan



Espen Ugland Haugen



Claude Kamba



Constantin Wedekind



Cordelia Peters



David Moore



Eleonore Krawczykowski



Clara Sanchez



Fabio De Pascale



Imar Nandha



Inês Amorim Rocha



Kayode Akinola



Lien Vo



Luvina Yao



Marc Williams



Nadya Menshikova



Nicolas Muller



Nicole Lopez



Rohan Ghose



Sophia Xu



Thomas Lee



William Attwood



David Keel



Fabian Hess



Julia Wicklein



Matthias Daum



Shea Weiss



Christina Mueller



Claudia Hunter



Emer O'Farrell



Jacqueline De Biasi



Jenna Espley-Jones



Katie Manescu



Samuel Hopkins



Michael Barben



Nan Leake



Melissa Cheong



Sandra Pajarola



Scott Essex



Stephen Marquardt



Urs Wietlisbach



Tilmann Trommsdorff



Appendix

- A OVERVIEW OF THE BLUEEARTH PORTFOLIO
- B IMPACT TRACK RECORD
- C IMPACT MEASUREMENT METHODOLOGY



Appendix

A

OVERVIEW OF THE BLUEEARTH PORTFOLIO

As at 31st December 2022

Private Credit Investments

Investee	Investee Overview	Sector	Region
Acceso Crediticio	Provides loans to self employed taxi drivers, MSMEs and bus route operators to purchase energy efficient vehicles	SME Growth / Job Creation	Latin America
Acrecent	Provides financing for underserved MSMEs in Puerto Rico in sectors such as healthcare, commercial real estate and hospitality	SME Growth / Job Creation	USA / Canada
Amret	Provides financial services for underserved low-income individuals and MSMEs, particularly in the agricultural sector in rural areas	Food & Agriculture	Asia
Banco Pichincha	Provides a broad suite of affordable financial products and services to underserved populations	Financial Inclusion	Latin America
Bayport Colombia	Provides lending to underserved individuals who are typically unable to access financial services due to income constraints and limited credit history	Financial Inclusion	Latin America
Bayport Management	Provides productive use payroll-lending solutions to underserved public sector employees and the formally employed mass market	Financial Inclusion	Africa
Bayport Mexico*	Provides lending to public sector employees and pensioners who are typically unable to access financial services due to income constraints and limited credit history	Financial Inclusion	Latin America
CAPEM	Provides financial services and strategic consulting support to underserved MSMEs across Mexico	SME Growth / Job Creation	Latin America
Cooprogresso*	Offers financial products and services to support economic development of its members, largely microentrepreneurs and communities	Financial Inclusion	Latin America
Covalto	Technology enabled financial services company providing affordable products to the underserved and rapidly growing MSME market	Financial Inclusion	Latin America
First Finance	Improves access to home ownership through financing to low and middle income households with little to no access to formal housing financial services	Affordable Housing	Asia
Greenlight Planet*	Delivers affordable energy by designing and distributing "Sun King" solar products to the world's one billion under electrified consumers	Energy Access	Emerging markets diversified
i-Finance Leasing	Provides affordable leases to low income individuals and MSMEs to purchase productive assets such as motorbikes, cars, appliances and equipment	SME Growth / Job Creation	Asia
INSOTEC	Provides financial services to underserved MSMEs, with a particular focus on rural microentrepreneurs and smallholder farmers	Financial Inclusion	Latin America
Laudex	Provides education loans to improve low and middle income students' access to higher education	Education	Latin America

* Starred investments have been exited.

Appendix

A

Continued

LOLC Cambodia	Provides a diverse suite of financial products to underserved households living in peri urban and rural areas	Financial Inclusion	Asia
Lulalend	Provides quick turnaround, uncollateralized online working capital loans to underserved owners of small to medium-sized enterprises	SME Growth / Job Creation	Africa
PACE Equity	Provides financing for energy efficiency and renewable energy projects	Climate Action	USA / Canada
ProCredito	Provides loans and leases to underserved MSMEs with the aim to make public transportation greener and agriculture more sustainable	SME Growth / Job Creation	Latin America
Pursuit	Offers technology focused training, workforce development programs and holistic employment mentorship to low income individuals from underserved communities	Education	USA / Canada
Tropical Landscape Finance Facility*	Provides long term financing to an operator of a sustainable rubber plantation, which provides steady, fair wages to low-income farmers	Food & Agriculture	Asia
True Finance	Provides financing for underserved rural and semi-urban MSMEs and individuals to purchase income generating productive vehicles	SME Growth / Job Creation	Asia
Tugende	Provides lease-to-own financing, which enables financially underserved individuals to own motorcycle taxis and other income-generating assets	SME Growth / Job Creation	Africa
Varthana	Provides loans to affordable private schools to increase access to quality education in low income communities	Education	Asia

Fund Investments

Investee	Investee Overview	Sector	Region
Accion Frontier Inclusion Fund	Investing in innovative companies that expand access to financial services for underserved consumers and businesses in emerging markets	Financial Inclusion	Emerging markets diversified
Accion Quona Inclusion Fund	Investing in innovative companies that expand access to financial services for underserved consumers and businesses in emerging markets	Financial Inclusion	Emerging markets diversified
African Development Partners III	Investing in a diversified pan-African portfolio of investments in established and growing companies, promoting job creation in the region	SME Growth / Job Creation	Africa
Apis Growth Fund II	Investing in growth-stage companies promoting access, quality and affordability of financial services for financially excluded MSMEs and emerging consumers in Africa and Asia	Financial Inclusion	Emerging markets diversified

* Starred investments have been exited.

Appendix

A

Continued

BlueOrchard Microfinance Fund*	Investing in socially responsible microfinance institutions, which predominantly provide loans for productive activities including trade, agriculture and services	Financial Inclusion	Emerging markets diversified
Bridge Workforce and Affordable Housing Fund I and II	Providing quality and affordable housing to cost burdened households, and supporting tenant well-being through investments in social services and community spaces	Affordable Housing	USA / Canada
Cheyne Social Property Impact Fund	Investing to provide decent affordable housing to households in need, in partnership with social sector organizations, in the United Kingdom	Affordable Housing	Europe
Creation Investments Social Ventures Fund V	Invests in high growth companies that provide access to financial services for low-income individuals and MSMEs in Asia and Latin America	Financial Inclusion	Emerging markets diversified
Ethos Mezzanine Partners III	Investing in mid-market companies operating in East and Southern Africa via a broad spectrum of mezzanine financing instruments	SME Growth / Job Creation	Africa
Growth Catalyst Partners (Lok III)	Investing in growth stage businesses that use entrepreneurial solutions to improve the lives of low-income households in India	Multi-sector	Asia
International Housing Solutions Fund II	Investing in affordable green housing for lower and middle income families in South Africa	Affordable Housing	Africa
LeapFrog Emerging Consumer Fund III	Invest in financial services and healthcare businesses that provide quality, relevant and affordable products to the two billion (and rising) underserved emerging consumers.	Multi-sector	Emerging markets diversified
Lok Capital Growth Fund IV	Invests in high growth, technology-driven companies across the financial inclusion, healthcare, agriculture, and climate sectors in India	Multi-sector	Asia
Lombard Asia V	Provides growth equity to companies in Southeast Asia, with a focus on promoting quality job creation and gender equality	Multi-sector	Asia
Northern Arc India Impact Fund	Providing debt finance to MSMEs in India, and promoting financial inclusion	Financial Inclusion	Asia
Quadria Capital Fund II	Invests in high potential healthcare companies in Asia, increasing access to affordable, high quality healthcare to Asia's underserved populations	Healthcare	Asia
Quona Accion Inclusion Fund III	Investing in innovative companies that expand access to financial services for underserved consumers and businesses in emerging markets	Financial Inclusion	Emerging markets diversified
Tata Capital Healthcare Fund II	Invests in growth stage companies that improve access to quality, affordable healthcare in India	Healthcare	Asia

* Starred investments have been exited.

Appendix

A

Continued

Private Equity Investments

Investee	Investee Overview	Sector	Region
80 Acres	A controlled environment agriculture company producing a range of salad and herb products in resource efficient and climate resilient vertical farms	Climate Action	USA / Canada
AMP Robotics	Pioneer in artificial intelligence (AI), robotics, and infrastructure for the waste and recycling industry, helping to improve recovery rates, reduce waste and avoid GHG emissions	Climate Action	USA / Canada
Asia Institute of Gastroenterology*	Provides quality healthcare to underserved and low-income patients in India through a unique cross-subsidization model and the reservation of bed capacity for low-income patients	Healthcare	Asia
BroadReach	Supports other organizations to deliver better health outcomes through harnessing health technology and innovation	Healthcare	Africa
Goodlife	East Africa's leading pharmacy chain, increasing access to affordable high-quality medicines	Healthcare	Africa
NeoGrowth	Provides unsecured financing to underserved MSMEs in India, underwritten by digital payments and customer transactions	Financial Inclusion	Asia
Runa	Owns and operates the world's only supply chain of Guayusa, working in close partnership to improve the livelihoods of indigenous farming families in the Amazons	Food & Agriculture	Latin America
Sense Labs	Supports homeowners to reduce energy consumption by providing real-time home energy intelligence	Climate Action	USA / Canada
Shared-X	Produces and commercializes specialty and organic crops alongside smallholder farmers using regenerative agricultural practices.	Food & Agriculture	Latin America
Sunfire	Develops and manufactures industrial electrolyzers for the production of renewable hydrogen.	Climate Action	Europe

* Starred investments have been exited.

Appendix

B

IMPACT TRACK RECORD

Impact Attributable to BlueEarth

The impact numbers below are cumulative figures that capture the total impact delivered through BlueEarth's platform to date. It is based on BlueEarth's attributable share of impact, considering the portion of capital BlueEarth invested compared to the total capitalization of the investee organization. By only reporting on the share of impact that is proportional to the amount we invested, we can more accurately report on our contribution to the organization's overall impact.

Impact metric	2020	2021	2022
Lives touched	3,291,740	3,766,517	4,788,134
Local jobs provided	1,399	1,802	2,401
Clients financed/served	60,632	141,854	224,714
MSMEs financed/served	17,528	16,469	42,778
Farmers supported	1,177	773	7,842
Households electrified	500,553	500,553	500,553
Housing units financed	409	607	535
Healthcare services provided	168,720	229,965	344,790
Students served	190,834	244,534	310,287
Female clients	7,956	12,365	58,280
Rural clients	505,521	507,735	524,243
Low-income clients	n.a.	5,946	43,224

Appendix

B

Continued

Underlying Portfolio Figures

The impact numbers below are cumulative figures attributable to all BlueEarth investees. Unlike the table above, these numbers include impact created by investees that is not attributable to BlueEarth. We include these numbers to demonstrate the overall impacts that our portfolio companies create around the world.

Impact metric	2020	2021	2022
Lives touched	78,485,809	103,667,106	137,846,848
Local jobs provided	41,749	57,723	70,453
Clients financed/served	4,240,577	8,813,976	12,350,230
MSMEs financed/served	304,854	359,242	1,175,496
Farmers supported	14,209	16,721	301,344
Households electrified	9,410,490	9,410,490	9,410,491
Housing units financed	21,122	27,126	34,632
Healthcare services provided	7,225,107	9,739,058	12,252,563
Students served	3,858,893	3,885,889	4,126,560
Female clients	572,199	756,264	1,866,088
Rural clients	9,875,535	9,938,564	10,504,454
Low-income clients	n.a.	376,160	1,221,091

A Note on Attribution

Unless specified otherwise, the metrics throughout the report refer to the data for BlueEarth's platform as per 31 December 2022 (i.e., consolidated data for all vehicles advised by Blue Earth Capital AG). Following receipt of additional data in 2022, 2021 metrics are re-stated to ensure better comparability, and thus do not necessarily reconcile with BlueEarth Annual Impact Report 2021.

Appendix

C

IMPACT MEASUREMENT METHODOLOGY

Data sources

BlueEarth leverages internal and external data sources to measure the impact reported in the Annual Impact Report. Investee impact metrics included within the Annual Impact Report are based on information provided by the portfolio companies or calculated using reasonable internal estimates by BlueEarth. Most investee data is self-reported, through custom or standard reporting required by the legal documentation. Portfolio companies utilize estimation techniques and proxy indicators where appropriate and in accordance with best practices. BlueEarth's own corporate Scope 1 to 3 GHG footprint has been measured based on actual activity data. We assess our Scope 3 financed emissions based on activity data collected from our investees where available, and using the Joint Impact Model to model emissions where activity data isn't available. As output metrics aim to reflect performance in the investees' calendar year 2022, the majority of the data is as of 31 December 2022. However, some metrics presented are based on the latest information available at the time of publication or reasonable extrapolations by BlueEarth.

Portfolio impact

Although the contribution approach (e.g. an investor holds 10% stake in an SME lender that makes financial services accessible for 10'000 SMEs – therefore, the investor states that through its intervention it supports 10'000 SMEs) is a common practice in impact investing, BlueEarth believes that this methodology

does not fairly reflect the actual impact generated by the investor's capital and it leads to overstating of the results. Therefore, BlueEarth calculates the pro-rata impact that is attributable to its share of capital invested relative to each investee's total capitalization. Of note, for fund investments, BlueEarth calculates its attribution on a "look-through" basis (i.e. tracking impact KPIs on a portfolio company basis). While the funding provided by BlueEarth represents a crucial portion of the portfolio companies' financing, it is important to note that this impact was not financed solely by BlueEarth's capital and BlueEarth does not "take credit" for the full impact reported in this report.

Data presentation

Unless specified otherwise throughout the report, the impact metrics attributable to BlueEarth refer to the data for BlueEarth platform (i.e. consolidated data for all vehicles managed by Blue Earth Capital AG). Following receipt of additional data in 2022, historical metrics are re-stated and thus do not reconcile with the previous Annual Impact Reports.

Limitations

The majority of impact KPIs are presented at a given point in time – this approach is not fully reflective of the impact generated overtime. The impact reported on behalf of BlueEarth's portfolio companies is not a full picture of the impact they had on the environment, in the communities they serve, and in the markets they operate in.

Appendix

C

Continued

Impact indicator	IRIS+	Definition	Data source
Lives Touched	n/a	Number of clients served multiplied by regional household size estimates.	Modelled
Local Jobs Supported	PI4874	Number of full-time equivalent employees working for enterprises financed/supported by the organization financed by BlueEarth, as of the end of the reporting period, plus the employees working at the organizations directly financed by BlueEarth.	Reported data
Women Jobs Supported	n/a	Number of full-time equivalent women employees working for enterprises financed or supported by the organisation financed by BlueEarth, as of the end of the reporting period, plus the women employees working at the organizations directly financed by BlueEarth.	Reported data
Women in Senior Management/ Board of Directors	n/a	Number of women in senior management roles/represented in the board of directors in the organisations being financed by BlueEarth.	Reported data
Individuals Financed	PI4060	Number of unique individuals who received financing or other products/services from the organisation directly financed by BlueEarth during the reporting period.	Reported data
Individuals Financed (Women)	PI8330	Number of unique women who received financing or other products/services from the organisation directly financed by BlueEarth during the reporting period.	Reported data
Individuals Financed (Low-income)	PI7098	Number of unique low-income individuals who received financing or other products/services from the organisation directly financed by BlueEarth during the reporting period.	Reported data
Individuals Financed (Rural)	PI6652	Number of unique individuals residing in rural areas who received financing or other products/services from the organisation directly financed by BlueEarth during the reporting period.	Reported data
MSMEs Financed	PI4940	Number of micro, small and medium-sized enterprises (MSMEs) that were clients of the organization directly financed by BlueEarth during the reporting period.	Reported data
Households Electrified	n/a	Number of households provided with access to electricity by the organization directly financed by BlueEarth during the reporting period.	Reported data
Patients Treated	n/a	Number of patients provided with healthcare services by the organization directly financed by BlueEarth during the reporting period.	Reported data
Students Supported	PI2389	Number of students enrolled as of the end of the reporting period, both full- and part-time, with each discrete student counted once regardless of their number of courses.	Reported data
Farmers Supported	PI6372	Number of unique smallholder farmer individuals who were clients of the organization directly financed by BlueEarth during the reporting period.	Reported data
Housing Units Financed	PI5965	Number of housing units projected to be constructed or preserved as a result of investments made by the organization directly financed by BlueEarth during the reporting period.	Reported data

Appendix

C

Continued

Important Information:

This material has been prepared solely for purposes of illustration and discussion and is being furnished to provide preliminary summary information regarding Blue Earth. This information is not an offer to sell or solicit an offer to buy an interest in a fund. It is not intended that it be relied on to make any investment decision.

No regulatory authority has passed upon the accuracy or adequacy of this presentation or any of the information contained herein. Any representation to the contrary may be a criminal offense under U.S. law. Certain information contained herein has been obtained from sources Blue Earth believes to be reliable. Blue Earth does not undertake to update any information contained in this Impact Report. Any forecasts provided herein are based upon Blue Earth's opinion of the market and are subject to change at any time. Recipients should bear in mind that there is no guarantee for any future returns. There can be no

assurance that any strategy or investment will achieve its targeted results (if stated) or that a stated investment strategy will occur. Certain information contained herein constitutes forward-looking statements. Due to various risks and uncertainties, actual events or results or actual performance of a strategy or of an investment may differ materially from those reflected or contemplated in such forward-looking statements.

Material notes to investors based in the United States of America. The information provided herein by Blue Earth Capital AG and its affiliates is not intended to be, and should not be regarded as, "investment advice" or a "recommendation" within the meaning of 29 C.F.R. § 2510.3-21. All of the information provided herein is intended to be pure information on Blue Earth.

This material is communicated by Blue Earth Capital AG.



Blue Earth Capital AG
Neuhofstrasse 4
6340, Baar-Zug
Switzerland
www.blueearth.capital