



PRO₂GRESS REPORT

Strong heritage. Sustainable progress.

2020

A composite image featuring a wind turbine in the foreground on the left, a landscape of wind turbines and green fields in the middle ground, and a woman's hand reaching towards the right. The hand is positioned as if it is interacting with or starting one of the wind turbines.

Together,
we set something
in motion.



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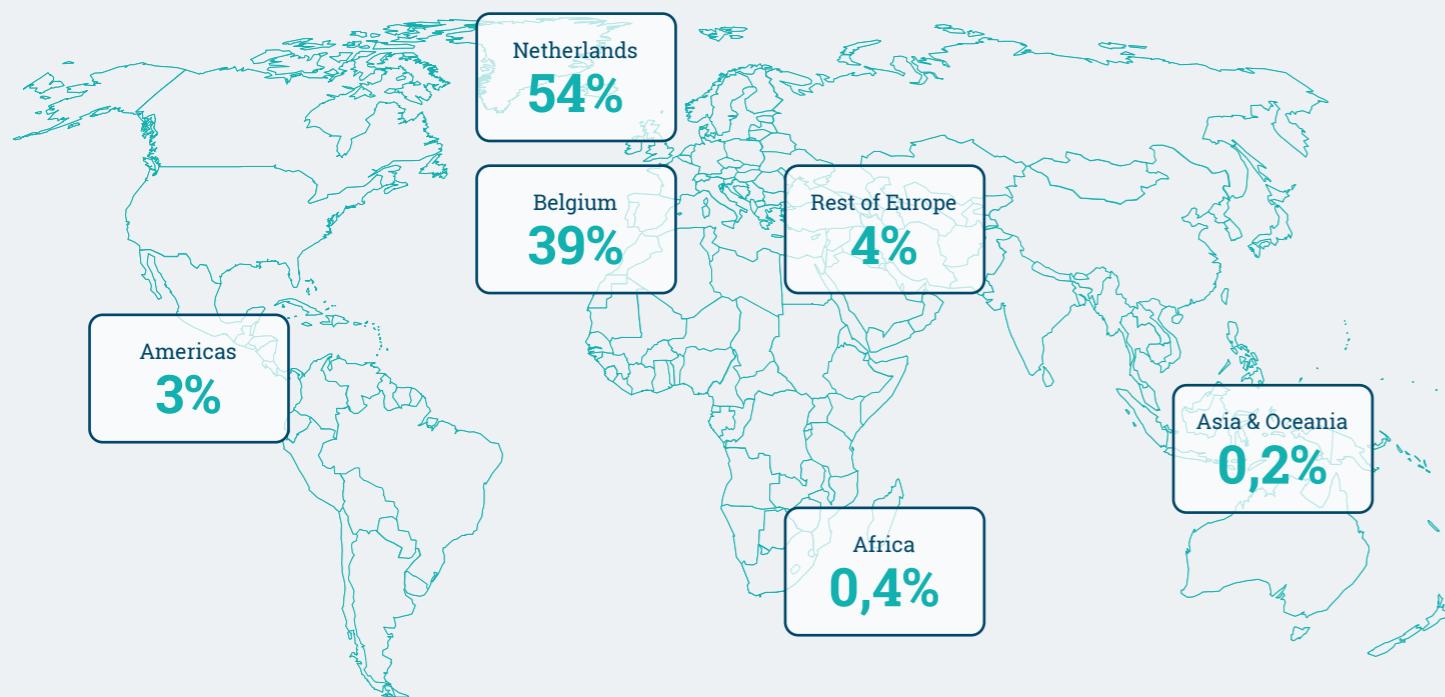
Who are we?

VP Capital is an actively engaged investor with a long-term vision. VP Capital invests its capital and engages its network towards sustainable progress for generations to come. We have an investment policy balancing risk, return and impact. VP Capital has a strong heritage portfolio, but also invests in a venture portfolio.

Our roots are in Sint-Niklaas, Belgium. 5 generations ago our great-great grandfather started the company HAVEP (workwear) in Goirle, the Netherlands. We still share his socially conscious vision of business. Today we are an investment company with about 50 investments mainly in Belgium and the Netherlands and we are active in 8 different investment domains. We invest both directly and through funds. Donations are also part of our policy.

As a family, we want to take responsibility for the planetary and societal challenges that are present today or foreseen for the near future. We see the need and commit to the solutions in order to become even more future proof.

Strong heritage. Sustainable progress.



Our family manifesto:

We believe in the power of progress.

In results where the environment and society also win.

As a family office, we have been doing this for 5 generations, for more than 150 years.

We invest our knowledge, experience and resources in progressive dreamers, daring and doers.

We encourage innovations with impact on the future.

We want to take responsibility. We accept challenges and do not shy away from risks.

We go for positive impact on people and planet.

We stand behind the partners we choose and the decisions we take together.

We persevere, determined, sometimes stubborn, often headstrong, but always loyal and focused.

Sustainability cannot be vague. We apply concrete criteria and always strive for structural success.

We avoid hypes and embrace diversification.

We are not interested in fame or glory.

We just do our work straightforwardly.

We want to move forward, together,
and we are committed to sustainable progress.

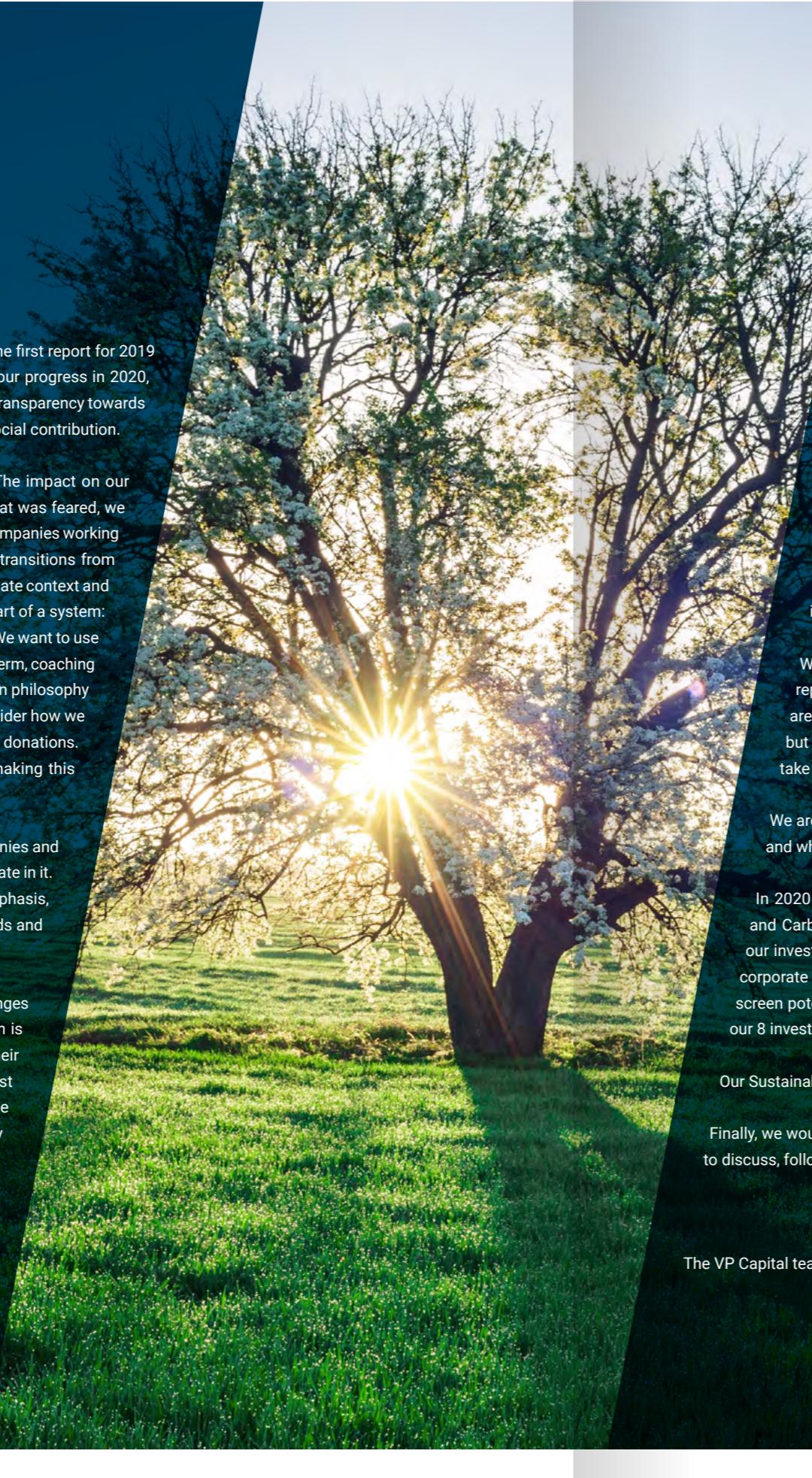
Preface

We are proud to present to you our second Progress Report. Whereas the first report for 2019 mainly focused on the methodology we used, this second report with our progress in 2020, goes deeper into a number of sustainability projects and provides more transparency towards the individual scores of portfolio companies, funds, charities and our social contribution.

Everybody knows that 2020 was a special year because of corona. The impact on our portfolio was very diverse, but the assets grew steadily. Contrary to what was feared, we see an acceleration in sustainability initiatives, legislative frameworks, companies working on solutions to today's and tomorrow's challenges, impact funds and transitions from existing companies to what progress is all about: working within our climate context and caring for society at large. We view ourselves as a family office that is part of a system: without a secure planetary context and social welfare, we are nowhere. We want to use our role as a shareholder in a broad way: active and involved, for the long term, coaching towards more future fitness. We invest more and more through a domain philosophy that starts with key challenges within our investment domains. We consider how we can contribute to solutions for these challenges with our investments or donations. It requires a completely different perspective, and we are therefore making this progression step by step.

Sustainability has become a regular topic of dialogue with all our companies and investments. The great thing is that almost everyone is happy to participate in it. We see differences in speed among organizations and differences in emphasis, but the progress we see is encouraging, both in Belgium, the Netherlands and internationally.

Whether that is enough to solve our biggest planetary and societal challenges is debatable. Unfortunately, we see that an ever-increasing acceleration is needed to save our planet from even more drastic problems with all their social consequences. The way to go is one where progress is not just incremental, but starts from what is necessary. That's why we took the initiative in 2020 to commit to Science Based Targets. We do not only look at how much CO₂ we can reduce, but start from the Paris Agreement and science to determine how big our reduction should be to limit global warming. In addition, we became an official Carbon Neutral company after an audit by CO2logic. We have created a planetary dashboard to track our progress.



The VP Capital team



Guus van Puijenbroek



Jeroen Heine



Michel Meerkerk

In terms of the economic system, we see the need for a more distributive economy. The path towards it is not as clear as on the planetary level. Therefore, we would like to become a B Corp certified company and take the next steps towards "multistakeholder thinking". The assessment was completed and we are still waiting for our screening. B Corp wants companies to be a Force for Good. Good for employees, suppliers, the local community and society as a whole and where shareholders take up their role to provide long-term capital to companies, fund innovations and govern soundly. With that in mind, we sought to better portray our contribution to society in 2020, including transparency on our taxes paid, the number of jobs created and a societal dashboard to track our progress.

We have refined the screening methodology of our investment portfolio. We now look at ESG management on the one hand and the impact of the business on society on the other hand. The key challenges and possible investable solutions in each investment domain have been identified.

We've just started exploring how we can take up a wider role. In the past year, we spoke to different family offices and representatives of entrepreneurial families about our approach. Where do we stand? What have we already learned? These are fascinating sessions with a lot of benevolent families at home and abroad. We also planned a round table on this theme, but unfortunately this could not take place due to corona. Fortunately, our sustainability day with our companies could still take place.

We are carefully going public, with first interviews in Belgian and Dutch media, to create more visibility for what we are doing and why. For a family office, this transparency is uncharted territory. We hope it inspires many other families.

In 2020 we conducted three external review exercises: B Corp (with Sustenuto), Science Based Targets (with Sustainalize) and Carbon Neutrality (with CO2logic). In addition, Sinzer defined key challenges, investable solutions and charities in all of our investment domains. MJ Hudson had a tough job to screen all our investments and charities on Environmental, Social and corporate Governance (ESG) and on the degree of contribution to solutions for tomorrow (Impact Score). They also continuously screen potential new investments for us. For our donations, we work with Telos Impact to make our donations more impactful in our 8 investment areas.

Our Sustainable Progress score improved considerably, which makes us happy.

Finally, we would like to thank everyone for cooperating so enthusiastically. It takes a lot of effort from our team and our investments to discuss, follow up and implement these steps. We are grateful. Sober but ambitious, we continue with our work.

Executive summary

As part of its commitment to progress, VP Capital has grouped its objectives into five pillars. For each pillar, a number of metrics has been selected to measure and manage progress. These five pillars are:

1. Commit our capital
2. Engage our network
3. Manage on sustainable progress
4. Contribute to solutions for planetary challenges
5. Contribute to solutions for societal challenges

As from 2018, VP Capital engages the specialized consulting firm MJ Hudson ESG & Sustainability ("MJ Hudson") to help develop a systematic screening of its portfolio and to monitor, drive and report performance on its objectives.

The VP Capital investment portfolio covers a broad spectrum of investments ranging from controlled participations in companies, investments in private companies and listed stocks, real estate, impact and PE funds and donations to charities. There is active involvement in 85% of VP Capital's invested assets. The approach to achieving Sustainable Progress is tailored to each of these investment categories individually, while maintaining consistency in methodology to track progress over the years. The scoring system consists of an ESG and an Impact score (contribution to solutions to key challenges), giving each investment a score on a scale of 2 to 10.

VP Capital's overall portfolio score (average weighted score of all investments) improved significantly in 2020; it increased from 6.0/10 in 2019 to 6.8/10 in 2020. The impact domain score was measured separately for each of our activities in the eight investment domains for the first time this year. The result was an average, weighted Impact score of 3.5/5. Invested capital that contributes to a planetary or societal challenge was also identified (76%).

VP Capital is actively engaged not only with the companies in which it invests directly and with a majority stake, but in terms of ESG and Impact also with its other investments and charities. After screening, VP Capital engaged with almost all of its investments (84% engagement) to discuss the scores assigned and the opportunities to improve these scores. In addition, we spoke with several family offices (>30) about this theme and how we can inspire each other and work together. The progress report will be produced first and foremost to enable VP Capital to visualize its impact and progress, but also to inspire our network to move forward together.

Over the past year, VP Capital has become a 'carbon neutral' company, an initiative that is part of our strategic pillar 'Contributing to planetary challenges'. VP Capital also initiated the process to qualify for certification as a B Corp, as part of the 'Manage on Sustainability' pillar, and as part of that process all of our own ESG policies were tightened (e.g. our code of conduct and training policy) and our Articles of Association were formally amended to embed multi stakeholder thinking into our decision-making process.

In 2020 we finally created a planetary and societal metric dashboard to monitor the progress of our portfolio. We included indicators such as energy, water and materials consumption, taxes paid, diversity, the number of jobs created and spending on training. A paragraph on included dividends during corona and transparency was also included. For the most part, the scores on these indicators seem to have improved, although comparison with last year is not possible everywhere due to the first time use of the dashboard. The dashboard is also likely to be further refined for 2021.



Our Sustainable Progress vision

We commit our capital and engage our network towards sustainable progress for generations to come

We contribute to solutions for planetary and societal challenges because we see the need, want to take responsibility and believe it's future proof thinking

Reduce negative impact & Increase positive impact

Commit our capital

Engage our network

Manage on sustainable progress

Contribute to solutions for planetary challenges

Contribute to solutions for societal challenges

Manifesto

**Purpose**

Our baseline is *Strong heritage. Sustainable progress*. This year we further refined our strategy house. Our purpose is a promise – to commit our capital and engage our network towards sustainable progress for generations to come.

Why

We do this because we see the need, feel the responsibility and believe it's future proof thinking. We want to contribute to solutions that are needed both on a planetary and societal level.

How

In doing so, we always look at both reducing the negative impact or effects with our businesses, investments, donations, innovations and increasing the positive impact of our portfolio.

Our 5 pillars

Our strategy consists of 5 pillars. We summarize these pillars here. We will discuss these pillars in more detail later in this report.

**Commit our capital**

We track the Sustainable Progress of our investments and donations by screening them on ESG and impact. All our investments and donations receive a comprehensive screening resulting in a Progress score out of 10 as well as an inventory of follow-up steps to improve that score. We receive this score both for VP Capital and for our investments and donations, on specific company level.

The main challenges and investable solutions are specifically determined for each of our investment and donation domains: agrifood, energy, smart industry, media, textile, health, real estate and water. A domain Impact Score reflects the degree of impact of a domain.

We consciously invest increasingly in impact companies, because these contribute intrinsically to solutions for the key challenges. We also invest in innovations because that is where the solutions for tomorrow emerge. Finally, we donate on several axes: within our domains and related challenges, with family members together, locally and to emergency aid.

Engage our network

We actively engage with all the investments and charities we contribute to. We share our assessments and insights in order to achieve acceleration in Sustainable Progress. This requires a lot of time from our team and our investments. We actively bring companies together around certain sustainability themes. In 2020 we discussed ESG policies, carbon, Science Based Targets and the approaching EU taxonomy together. We share our network with our investments and especially young startups can benefit a lot from this. We actively use our network to support companies.

With charities we discuss ESG screening and possible output and impact parameters. We also want to strengthen them with our network.

We actively engage in dialogue with other families and family offices. This takes place in all discretion and mutual openness. We share with each other where we stand, what we have learned, what mistakes we have made and what we find difficult or easy.



Manage on sustainable progress

Manage on sustainable progress

We screen our investments, but of course we also want to keep our own household in line. To do so, we wanted a way to assess ourselves in both width and depth, with a starting point and improvement actions covering employees, suppliers, the local community and our role as a shareholder.

B Corp

This year we have applied for a B Corp certification. We believe this is the Olympic Games in terms of ethics, responsible shareholding and Sustainable Progress. It helps us in our transition towards a "business as a force for good". B Corp will be an important guideline for us in the coming years.

Active ownership

We believe it is important to be actively involved. Too many shareholders are distanced from their investments. We want to be actively involved in at least 75% of our assets. That means we participate in supervisory boards, advisory boards and Investment Committees. We are doing this with a number of people from our VP Capital team and each of us will actively put sustainability on the agendas of our participations.

In addition, we want to add value to our investments on a legal, financial, strategic and sustainable level. We deploy knowledge, capital and our network to realize this added value within our companies.

Contribute to solutions for planetary challenges

Contribute to solutions for planetary challenges
We developed a planetary dashboard, with metrics like water consumption, sustainable material use, green electricity and other planetary metrics. This will be further refined over the course of next year.

We recalculated our carbon footprint and carbon reduction and obtained the Carbon Neutral company certificate. As a company, VP Capital has committed to Science Based Targets.

In addition, we have analyzed the number of companies across the portfolio contributing to solutions for planetary challenges. This is also monitored as a % of assets.

Contribute to solutions for societal challenges

Contribute to solutions for societal challenges
We developed a societal dashboard, which looks at metrics such as taxes paid, the number of jobs created, absenteeism and accidents and similar societal metrics. This will be further refined over the course of next year.

In addition, we have analyzed the number of companies across the portfolio contributing to solutions for societal challenges in our domains. This is also monitored as a % of assets.

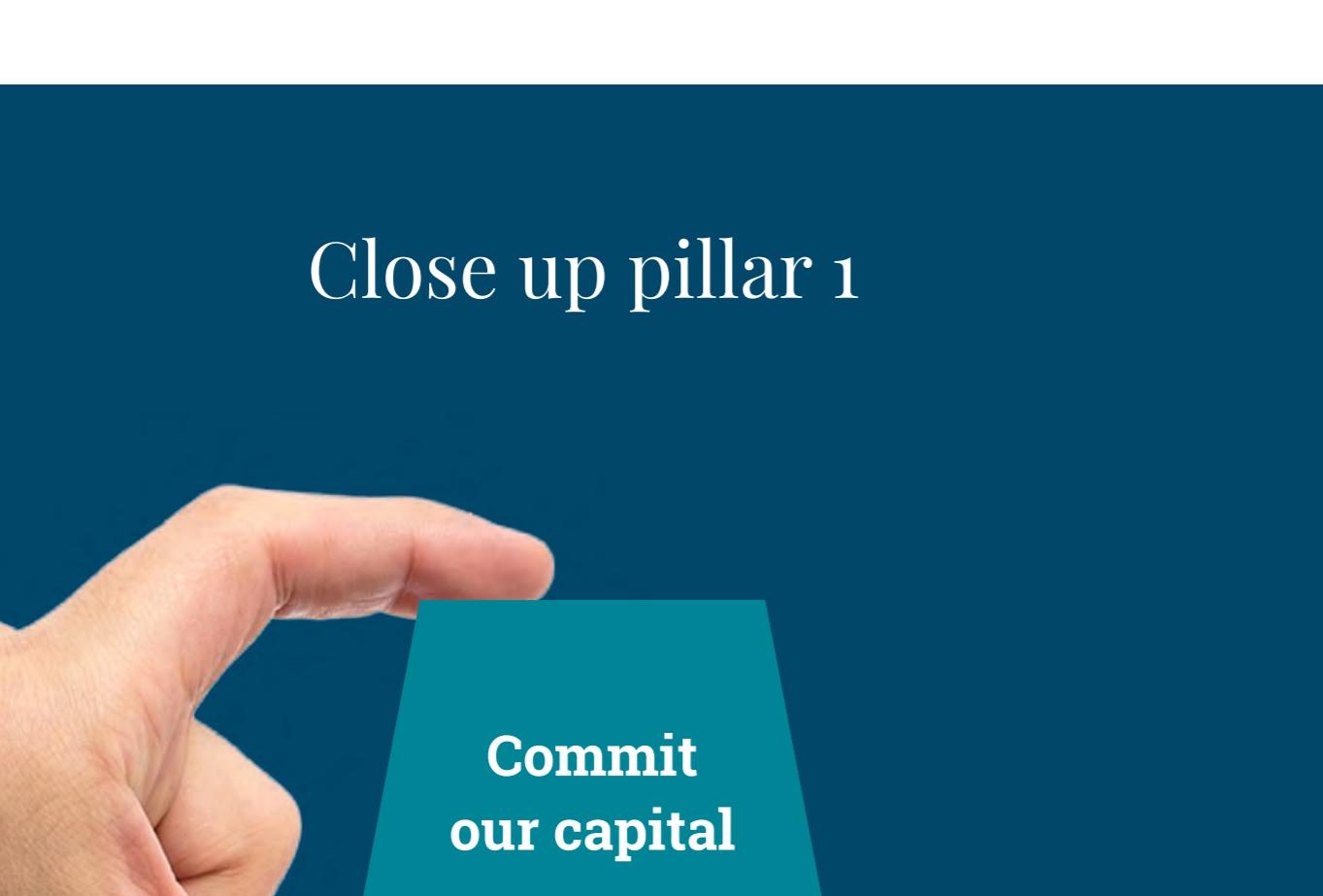
Our metrics & scope

| How we put our beliefs in practice | Current performance | Target 2023 | Status | Applicable to VP Capital's activities |
|--|--|-------------|----------|--|
| Commit our capital | Portfolio score | 6.8/10 | 8.0/10 |  VP DI FU RE PH |
| | Impact Score | 3.5/5 | > 3.5/5 |  VP DI FU RE PH |
| | Capital invested providing solutions for challenges | 76% | 80% |  VP DI FU RE PH |
| | Capital invested in impact investments | 34% | 45% |  VP DI FU RE PH |
| | Total donations | € 0.6M | € 1M |  VP DI FU RE PH |
| Engage our network | Dialogue with family offices | > 30 | > 50 |  VP DI FU RE PH |
| | Engage with our investments and philanthropy on ESG and Impact | 84% | 90% |  VP DI FU RE PH |
| Manage on sustainable progress | B Corp-score | n/a | > 80/200 |  VP DI FU RE PH |
| | Active ownership | 85% | > 75% |  VP DI FU RE PH |
| Contribute to solutions for planetary challenges | Companies providing solutions for planetary challenges | 42% | 50% |  VP DI FU RE PH |
| | Planetary metrics improved | 69% | 75% |  VP DI FU RE PH |
| | Carbon neutral certified | Yes | Yes |  VP DI FU RE PH |
| Contribute to solutions for societal challenges | Companies providing solutions for societal challenges | 45% | 50% |  VP DI FU RE PH |
| | Societal metrics improved | 50% | 75% |  VP DI RE PH |

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

Close up pillar 1

Commit
our capital



Our KPIs

| Portfolio score | Domain Impactscore | Capital invested in solutions for key challenges | Capital invested in impact investments | Total donations |
|-----------------|--------------------|--|--|-----------------|
|-----------------|--------------------|--|--|-----------------|

Portfolio score

Scope

The entire investment portfolio as well as a number of charities (as of a certain donation amount) are screened to determine the portfolio score. In 2020, this involved the following portfolio:

| I Direct investments | II Investments in funds | III Direct and fund real estate investments | IV Direct impact investments | V Investments in impact funds | VI Philanthropy |
|------------------------------|--|--|---------------------------------|---|--|
| MEDIAHUIS | CONVENT CAPITAL THE CIRCULAR INVESTORS | VP Capital properties | ACCSYS | RISE | Emilie van Heel-Fonds |
| batenburg Techniek | ACKERMANS & VAN HAAREN | REG Fund | AQUAPORIN | GREEN SAFARIS conservation foundation | ANNEKE VAN PUJLENBROEK SUSTAIN |
| HAVEP | Bolster. INVESTMENT PARTNERS | XL | vibers | PRINCEVILLE CAPITAL | |
| Q-LITE | LSP V | B aparthotels | VP Energie | LEAPFROG INVESTMENTS | |
| VP Landbouw | ALP INVEST | HC RE HEALTHCARE REAL ESTATE | | SET Ventures | |
| | Goldman Sachs CP VII | HC RE HEALTHCARE REAL ESTATE II | | AQUA SPARK | |
| | Textile Innovation Fund | Sensata Technologies | | goodwill invest with impact | |
| | NORDIAN CAPITAL PARTNERS | Frun Invest I | | pymwymic | |
| | COMMITTED ADVISORS | Light Industrial | | blue horizon ventures | |
| | LSP HEF II | | | inventures Impact venture capital funds | |
| | 747 CAPITAL | | | SHIFT INVEST | |
| | Goldman Sachs PCM | | | NXG Ventures | |
| | | | | rockstart. | |

Method

The score is based on 2 aspects: an **ESG score** and an **Impact score**. For all asset classes, a screening methodology has been developed in the form of a comprehensive ladder. In summary, this ladder looks as follows:

| Investment category | Sustainability maturity ladder | | | | | |
|---------------------|--------------------------------|------------------------------------|---|---|---|------------------------------------|
| | 1 | 2 | 3 | 4 | 5 | |
| I Direct | ESG Mgmt. | Lack of ESG integration | Visible intentionality of ESG integration | Demonstrable ESG integration | ESG fully integrated in processes | Best-in-class ESG integration |
| | Impact Score | Does cause harm | May cause harm | Acts to avoid harm | Benefits stakeholders | Contributes to solutions |
| II Funds | ESG Mgmt. | Lack of ESG integration | Visible intentionality of ESG integration | Demonstrable ESG integration | ESG fully integrated in processes | Best-in-class ESG integration |
| | Impact Score | Weighted average Impact Score <1.5 | Weighted average Impact Score ≥1.5 and <2.5 | Weighted average Impact Score ≥2.5 and <3.5 | Weighted average Impact Score ≥3.5 and <4.5 | Weighted average Impact Score ≥4.5 |
| III Real estate | ESG Mgmt. | Lack of ESG integration | Visible intentionality of ESG integration | Demonstrable ESG integration | ESG fully integrated in processes | Best-in-class ESG integration |
| | Impact Score | Weighted average Impact Score <1.5 | Weighted average Impact Score ≥1.5 and <2.5 | Weighted average Impact Score ≥2.5 and <3.5 | Weighted average Impact Score ≥3.5 and <4.5 | Weighted average Impact Score ≥4.5 |
| IV Direct impact | ESG Mgmt. | Lack of ESG integration | Visible intentionality of ESG integration | Demonstrable ESG integration | ESG fully integrated in processes | Best-in-class ESG integration |
| | Impact Score | Does cause harm | May cause harm | Acts to avoid harm | Benefits stakeholders | Contributes to solutions |
| V Impact funds | ESG Mgmt. | Lack of ESG integration | Visible intentionality of ESG integration | Demonstrable ESG integration | ESG fully integrated in processes | Best-in-class ESG integration |
| | Impact Score | Weighted average Impact Score <1.5 | Weighted average Impact Score ≥1.5 and <2.5 | Weighted average Impact Score ≥2.5 and <3.5 | Weighted average Impact Score ≥3.5 and <4.5 | Weighted average Impact Score ≥4.5 |
| VI Philanthropy | ESG Mgmt. | Lack of ESG integration | Visible intentionality of ESG integration | Demonstrable ESG integration | ESG fully integrated in processes | Best-in-class ESG integration |
| | Impact Score | Does cause harm | May cause harm | Acts to avoid harm | Benefits stakeholders | Contributes to solutions |

The **ESG score** looks specifically at how well ESG has been integrated into the policy of a company or fund. A high ESG score ensures that there are long-term commitments, that policies are drawn up, that progress is reported and that ESG in terms of responsibility is well embedded in an organization. A high ESG score is based on a best-in-class principle in a given sector. We do not only screen, but also draw up annual plans to become best in class with our direct investments and follow-up on actions regularly. ESG metrics are also a determining factor in the financial remuneration of management in most of our direct holdings.

We want to balance this score more explicitly with the actual contribution a company makes to solving a societal or ecological problem (**Impact score**). In doing so, we anticipate the EU rules to prevent green washing and only claim sustainability if the company or fund actually contributes to a solution for key challenges. In addition, companies are assessed on an axis from "causes harm" to "contributes to solutions". This is how an Impact Score is obtained. We also identified how many companies offer a solution to the specific domain challenges that were determined. These key challenges and solutions were compiled in our investment domains by Sinzer. MJ Hudson examined all our companies, funds and their underlying assets for their degree of contribution to solutions for these key challenges.

We have refined our screening methodology. Last year this score went up to 5 and included both an ESG and Impact component. This year, we decided to separate these components to provide more insight. It also makes it easier to assess the entire portfolio in a similar way and to enter into more grounded conversations with our investments about sustainability.

Our process for this year was therefore as follows:

I. ESG and Impact Inventory

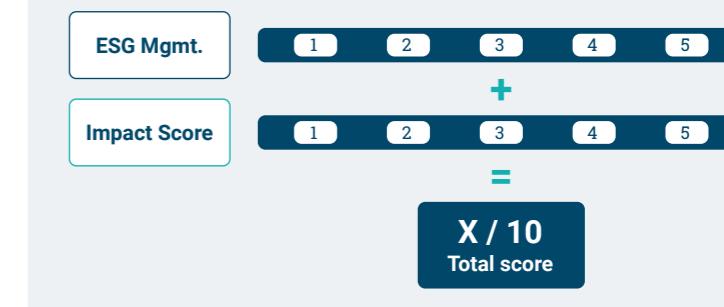
The Progress score is composed of 2 parts. All companies, funds and charities are screened on the extent to which they manage ESG and the extent to which the investment or donation contributes to solutions for planetary or societal challenges.

The points are awarded on the basis of completed questionnaires, supplied (impact, financial, sustainability) reports, dialogue and publicly available information.



II. Total score

We rank each investment's performance on ESG management and impact on a 5-point scale specific to each asset class. These scores are added together to give each investment an overall score out of 10.



III. Asset Weighing

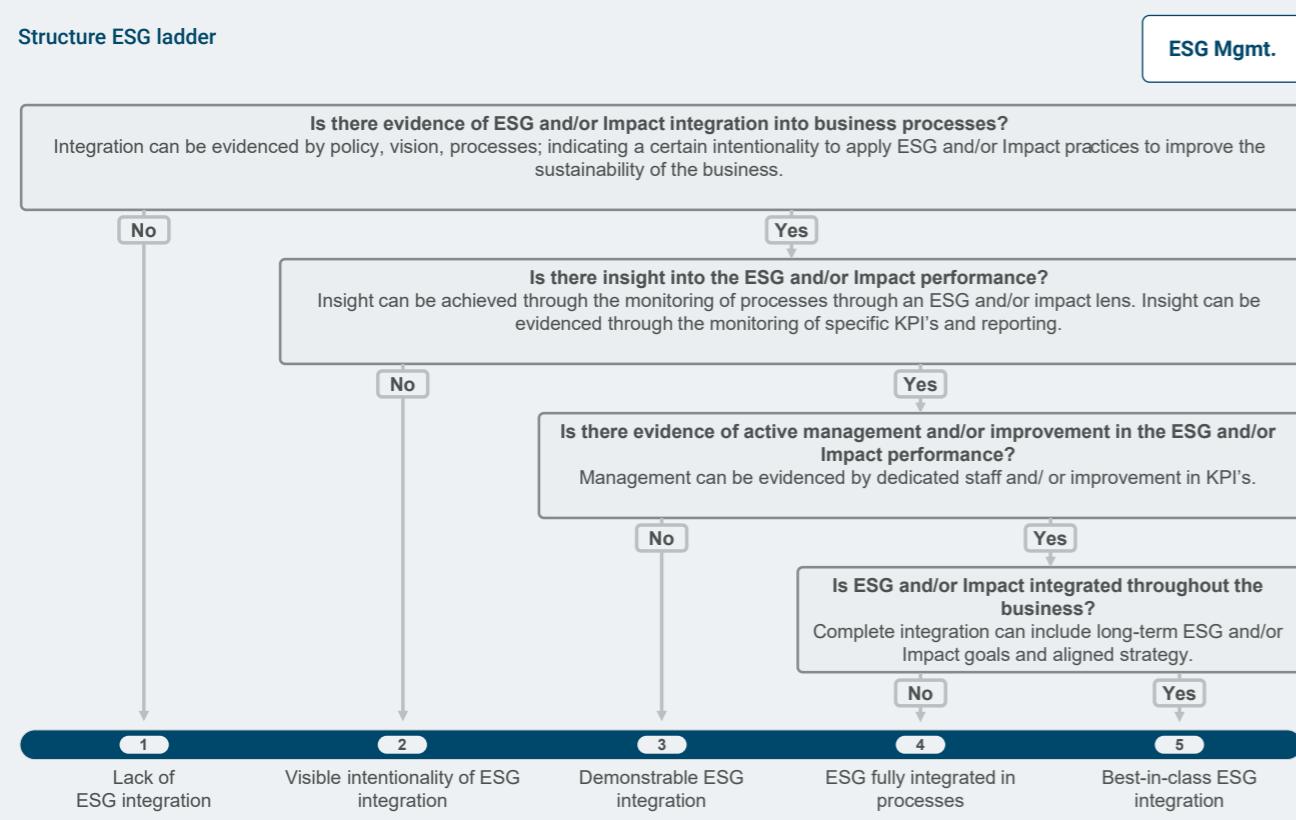
We weigh the scores of all our investments based on market value relative to total portfolio, resulting in an overall portfolio score. By measuring annually, we can monitor Sustainable Progress.



Difference in measurement method compared to last year

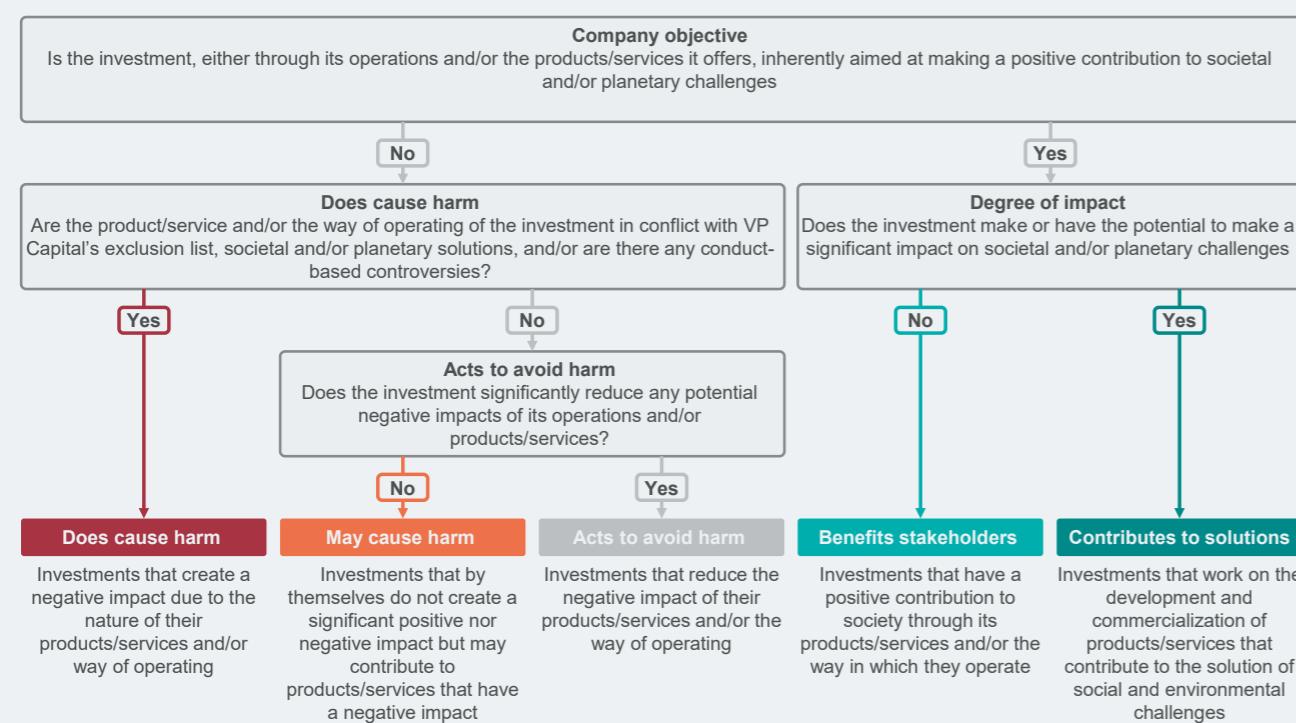
In our previous model we gave impact, donations and shared value extra points to express added value. We received a lot of questions about this. Why +5? Companies that do not have impact as an intention or purpose can indeed be impactful as well. That is why we chose to make the ESG part and the impact ladder more visible this time and to have them add up equally. As a result, all companies and funds get a score on a scale of 10; 5 points as a maximum on ESG and 5 points as a maximum on actual impact of a company or its services.

Structure ESG ladder



How is the Impact Ladder set up?

Impact is measured on the basis of an Impact Ladder. This reflects the extent to which a company, fund or charity contributes to "harm" or to solutions that actually help tackle the key challenges at play in a particular domain (more on this later in this report).



Result

The achieved portfolio score for 2020 is 6.8/10. The target for 2023 is 8/10.



Our assets made more progress in 2020 the year before. This is because our investments are actively engaged in sustainability and because we are working together in dialogue towards progress:

- Batenburg Techniek: ESG score increased from 3.33 to 3.66 and the Impact score increased from 3 to 4;
- Mediahuis increased its ESG score from 2.66 to 3.33. Q-lite and VP Landbouw slightly increased their ESG scores;
- In total, 7 of the 12 PE funds managed to improve their performance compared to last year. Ackermans & van Haaren increased its results both on ESG and on new impact business;
- Accsys Technologies managed to improve its performance from a 9 to a 10;
- Aquaporin also improved, resulting in an overall score of 8;
- Impact funds: overall, 3 of the 7 funds managed to improve their performance compared to last year. New investments include Inventures II, Blue Horizon I, ShiftInvest III, NextGen Ventures 2, and Rockstart Agrifood I;
- Disinvestments were made that had an average score of 5/10;
- Charities improved their Impact score.

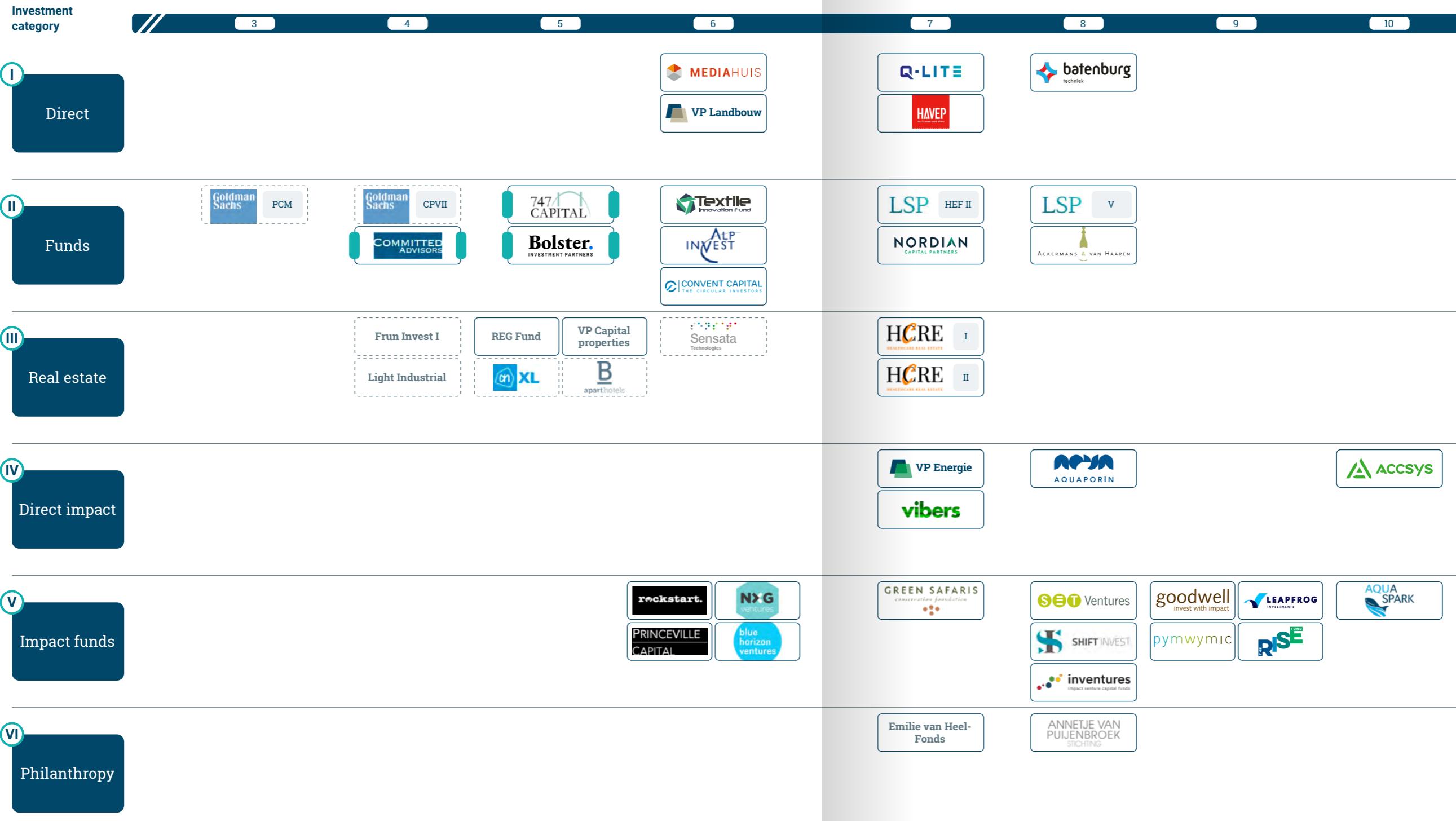
All funds, companies and their scores can be found in the following overview. For all funds, investments or charities, one pagers can be requested via our website's contact page.

With 87% of all investments and donations, there has been a dialogue about their results.

We realize that some of our portfolio companies do not yet have a high score, but we know from various conversations that they are working hard to improve and will achieve a higher score next year. They are indicated by  in the following overview.

 Engagement with management of investment on ESG
 No engagement with management of investment on ESG

Portfolio score overview



Domain Impact score

In each of our 8 investment domains different challenges and possible solutions are at play. For example, in Agrifood it is necessary to work towards healthier soils and in the media landscape independent journalism is important.

Method

The most important challenges and investable solutions were drawn up by Sinzer for each of our investment domains. All direct and indirect companies operating in our investment domains were screened according to an impact ladder. In the one pagers of companies and funds, the degree of contribution to solutions for key challenges was included. In this way, we obtain an overall Impact Score.

Overview of key challenges



Agrifood

- Operate within planetary boundaries
- Establish an adaptive and resilient food system
- Guarantee supporting livelihoods and wellbeing
- Access to nutritious food for all



Energy

- Renewable energy for everyone
- Reduce intermittency of renewable energy
- Develop (Digital) energy infrastructure
- Save and reduce energy use
- Manage downsides of renewable energy production



Health

- Costs and accessibility of healthcare and medicines
- Focus on prevention, diagnosis & early intervention
- Manage digitalisation
- Adverse health effects of climate change
- Improving (access to) mental healthcare



Media

- Erosion of accuracy & ethics
- Trust in media
- Political influence
- Environmental challenges



Real estate

- Contribution to climate change
- Shortage of affordable housing
- Waste and linearity of the sector
- Keeping existing real estate up to date
- Occupants' health and wellbeing



Smart industry

- Increased demand equipment and materials
- Environmental footprint of digital technologies
- Cyber security
- Impact of virtual services platforms
- Employment pressure due to robotics and technician shortage



Textile

- The industry's reliance on non-renewables
- Inefficient use of resources and massive waste
- Negative social impacts
- Industry and consumer awareness



Water

- Freshwater supply and river drought
- Clean water and sanitation provision
- Increasing drought & infertile arable lands
- Acid rain and ocean acidification
- Plastic soup (microplastics)



Overview of investable solutions

**Agrifood**

- Transition capital for conventional farmers wanting to convert to regenerative / agroforestry / holistic farming.
- Farmers that can ideally prove improvements in soil biology, local biodiversity, reduction of chemical inputs.
- Consulting firms for regenerative agriculture.
- Producers of regenerative / organic inputs or sustainable technologies.
- Large buyers (supermarkets) that focus on purchasing goods from sustainable farmers.

**Energy**

- Companies that provide renewable energy or clean alternatives to fossil fuels.
- Solutions that facilitate the energy transition, e.g. clean batteries, smart grids.
- Innovative advancements that reduce energy use.
- Reducing footprint of renewable energy by providing more sustainable alternatives or circular business models.

**Media**

- Solutions for media transparency.
- Innovative technology that fosters constructive discourse on media channels, e.g. automatic recognition of hate speech.
- Investing in organisations that responsibly manage their footprint and contribute to a more sustainable media domain.

**Smart industry**

- Invest in smart industry solutions increasing circularity, resource efficiency and extending the lifecycle of products.
- Innovations that decrease the energy demanded across the industry.
- Prioritize investments which have quantified their environmental and social impact.
- Invest in areas of the industry where human capital is expected to surge as a result of smart industry innovations.

**Health**

- Invest in technological solutions to predict and prevent diseases early.
- Improved organic diets and quality of hospital food.
- Algorithms and biomonitoring wearables.
- Next-generation sequencing (NGS).
- Other technologies beneficial to medical practices, e.g. 3D printing for body-parts imitations.

**Real estate**

- Developers of real estate projects that adopt circular design practices.
- Invest in companies that realize the sustainable transformation of already existing buildings.
- Companies that focus on energy efficiency in their building strategies.
- Investing in start-ups in the real estate sector for smart solutions.

**Textile**

- Invest in textile production that reduces input of resources and responsibly manages its footprint.
- Textile production that safeguards and improves working conditions of its labour force.
- Invest in textile production that addresses the challenge of overconsumption and excess waste in the industry.
- Textile production that ensures significant reduction of water use.

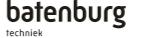
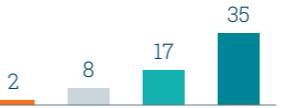
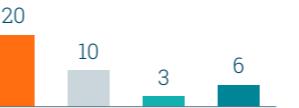
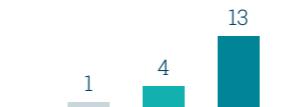
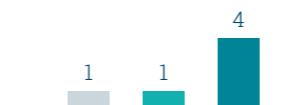
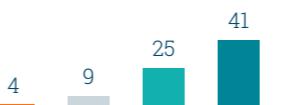
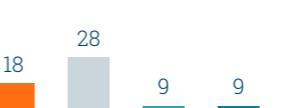
**Water**

- Invest in utility leaders championing regenerative business models and water cycle restoration.
- Companies producing water sustainability by producing the same product with less water use.
- Companies excluding microbeads in production process.
- Solutions mitigating GHG emissions or plastic waste in water use.



Investment domain overview

You can see the Impact score of the different domains in the following overview. The examples given on the right can be both direct and indirect investments. The impact score guides us in judging new investment opportunities.

| Investment domain | Invested capital (% of total) ¹ | # of companies/ assets ² | Weighted average Impact Score | Examples |
|-------------------|--|-------------------------------------|---|--|
| Water | 2,8% | 4 |  |  batenburg  AQUAPORIN  BioFishency AQUACULTURE OPTIMIZED |
| Health | 1,9% | 62 |  |  medikabazaar  zipline  Simplify Medical. |
| Smart industry | 18,8% | 39 |  |  batenburg  Q-LITE  White Ops |
| Energy | 14,7% | 18 |  |  VP Energie  batenburg  northvolt |
| Textile | 0,9% | 6 |  |  HAVEP  We Are SpinDye  norman NORMANHANGERS.COM |
| Agrifood | 4,4% | 79 |  |  VP Landbouw  DODLA DAIRY  MOSA Meat |
| Real estate | 14,8% | 64 |  |  extensa  Anima Care  crowd |
| Media | 35,7% | 8 |  |  MEDIAHUIS  infoplaza to the point  euro media group |
| Other | 6,2% | 108 |  |  Bank-Banque JVanBreda&C  Convertus  MFS Africa |

¹ Note that contributions to multiple domains are possible

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

Batenburg Techniek is active in various investment domains (Water, Smart industry, Agrifood, Energy). In the Energy (or Energy Transition) domain we zoom in further on the progress they have made.

Close up per investment domain

In this chapter we will discuss our 8 investment domains. For each domain, a more detailed **domain report** is also available on our website or can be requested as a printed copy. On our website you will find the key challenges and key solutions in both English and Dutch.

Here we provide the following for each investment domain:

- Key challenges
- Key solutions in which we can invest
- Domain Impact score (incl. overview of how many companies contribute to solutions for key challenges)
- Examples of portfolio companies and/or funds



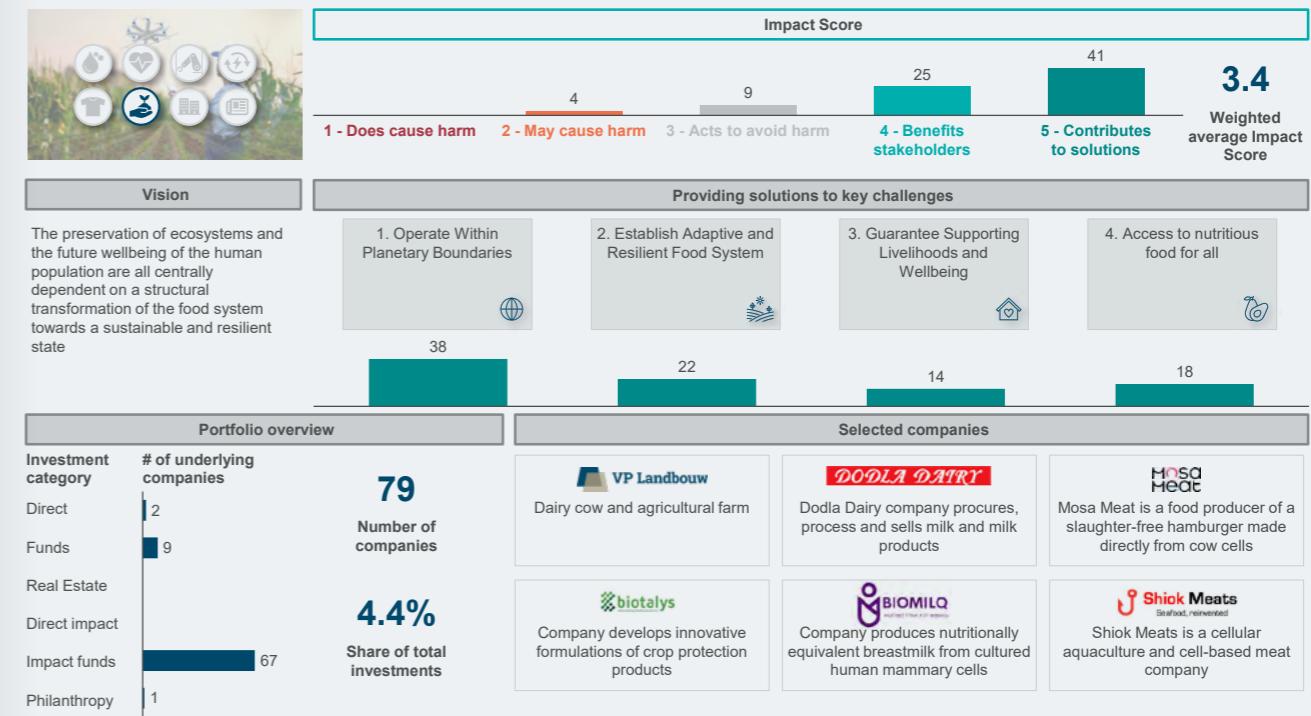
Key challenges

- Operate within planetary boundaries
- Establish an adaptive and resilient food system
- Guarantee supporting livelihoods and wellbeing
- Access to nutritious food for all

Key solutions

- Transition capital for conventional farmers wanting to convert to regenerative / agroforestry / holistic farming.
- Farmers that can ideally prove improvements in soil biology, local biodiversity, reduction of chemical inputs.
- Consulting firms for regenerative agriculture.
- Producers of regenerative / organic inputs or sustainable technologies.
- Large buyers (supermarkets) that focus on purchasing goods from sustainable farmers.

Impact score Agrifood domain



2 examples in the Agrifood domain

Example 1

VP Capital has been investing in the agricultural company VP Landbouw since the mid-1940s. Today it is a mixed company active in arable farming, dairy farming and forestry. In arable farming VP Agriculture mainly grows sugar beet, table and ware potatoes, spinach, peas, carrots, sliced carrots, beans, grains and grass and corn for its cows. VP Landbouw has long been resources efficient and works with precision technology to cut down on pesticides, antibiotics and water.

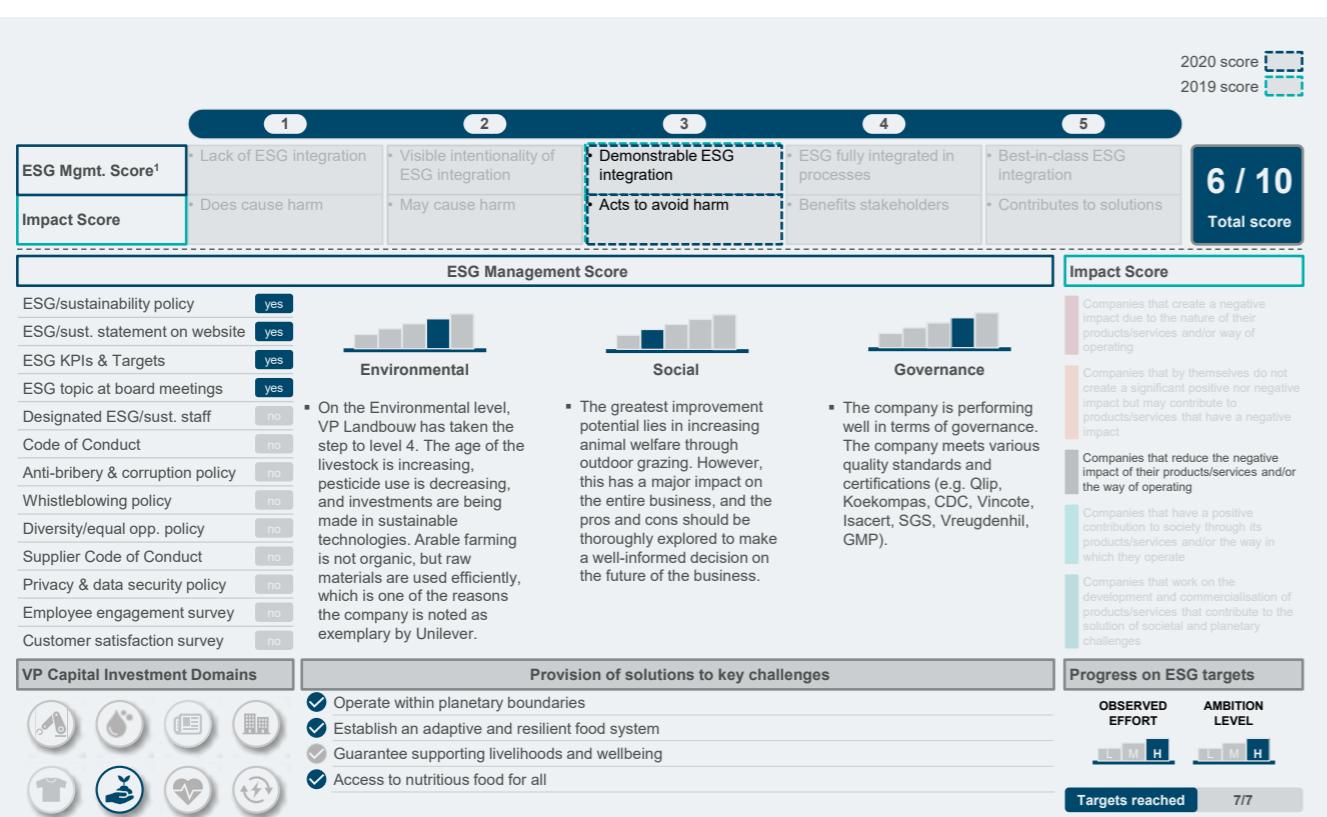
This year we have been further reflecting on the long-term place that VP Landbouw holds in our portfolio. Food supply is necessary, but unfortunately sometimes comes with negative impacts. The sprinkler system is frequently visited by other farmers interested in water efficiency. Buying soy from a faraway country to feed to cows here is not considered a good idea by VP Landbouw. There has already been

a switch to more "own grass" for the cows. Grains have also been grown mainly as fodder in recent years and the newly sown pasture has consisted entirely of grass-clover mixtures for the last two years.

Investments were made in better stables and the new office building, workshop and calf housing are being sustainability rebuilt.

VP Landbouw is gradually reaching the point of "avoid harm" and wants to reflect on what "doing well" means. In order to get a clear picture of that future, several scenarios are being worked out together with Metabolic/Fresh Venture. Food forests are being investigated and an experiment of strip farming was started to see what the impact is on crop yield, soil, biodiversity and labor requirements. We expect to be ready with possible scenarios in the course of 2021.

Results ESG screening VP Landbouw



¹As direct investments have a more detailed engagement process, the scoring reflects an average of the performance scores on Environmental, Social and Governance themes.

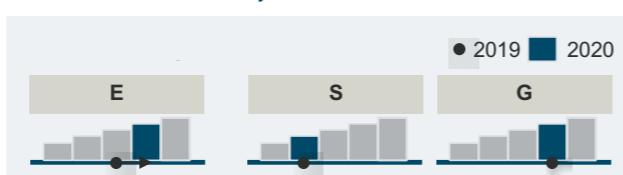
Summary

Relevance industry

Relevant ESG themes include animal welfare, biodiversity, greenhouse gas emissions, environmental pollution, fire safety, antibiotic use and the manure surplus.

Because of this variety of themes, the industry is often publicly under a magnifying glass. Companies in the industry are therefore subject to a lot of legislation and regulation, which is only expected to increase.

VP Landbouw ESG maturity ladder



In the Environmental area, VP Landbouw has made the step up to level 4. The livestock age is increasing, pesticide use is decreasing, and the company is investing in sustainable technologies. The arable farming is not organic, but raw materials are used very efficiently, and the company is noted by Unilever as exemplary partly because of this.

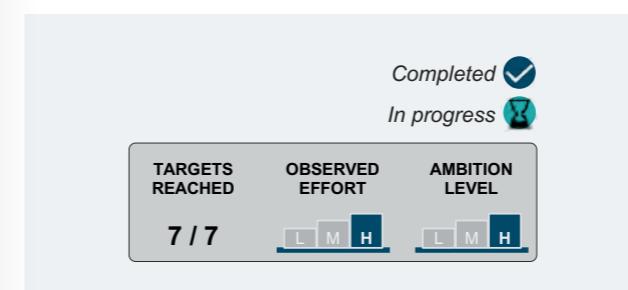
In the Social area, the greatest potential for improvement lies in increasing animal welfare through grazing. However, this has a major impact on the entire operation. The implications are being investigated.

In the Governance area, the company is performing well. It participates in many different monitoring initiatives. The next step here is to improve the Vreugdenhil score.

Roadmap actions (selection)

| Top themes | Current performance | Actions 2021 |
|--|--|---|
| Animal welfare and health | <ul style="list-style-type: none"> In 2020, follow-up sessions were held to discuss a strategy for the company, including the future of livestock farming Recommendations from Koekompas (e.g. installation of cow brushes) have been implemented | <ul style="list-style-type: none"> Start letting young cattle graze outdoors Attrition rate below 8% Antibiotic use per cow 5% lower than in 2018 |
| Ecosystem impact & greenhousegas emissions | <ul style="list-style-type: none"> Pesticide consumption per acre decreased by app. 8% compared to 2019 partly due to the dry summer Several solar installations are operational and a permit has been granted to construct a solar meadow on the Braacken parcel | <ul style="list-style-type: none"> Use of weather stations to reduce pesticide consumption Irrigation system fully electrified |
| Consumption of raw materials | <ul style="list-style-type: none"> Fat and protein content in milk increased by 5% and 4% respectively compared to 2018 Two livestock farms were visited to learn about new low-emission barn floors | <ul style="list-style-type: none"> Average fodder protein from own land at least 60% Substantially increase the proportion of clover in grassland |
| Transparency, compliance and fair business practices | <ul style="list-style-type: none"> The company complies with various quality standards and certifications (e.g. Qlip, Koekompas, CDC, Vincote, Isacert, SGS, Vreugdenhil, GMP). In addition, the company is regularly inspected by the Water Board, NVWA, and is a member of ZLTO | <ul style="list-style-type: none"> Circuit / Climate modules are reported in a dashboard format Implement improvement possibilities regarding age of cows (Vreugdenhil 11/12-score) |

Progress on objectives in 2020



A comprehensive KPI dashboard for VP Landbouw is available upon request.

The main KPIs are Pesticide use (a reduction of 18% was realized in 2020), Nitrogen purchased (has dropped by 3%), Animal day dosage (reduced by 9%) and Mortality rate (has dropped by 13%).



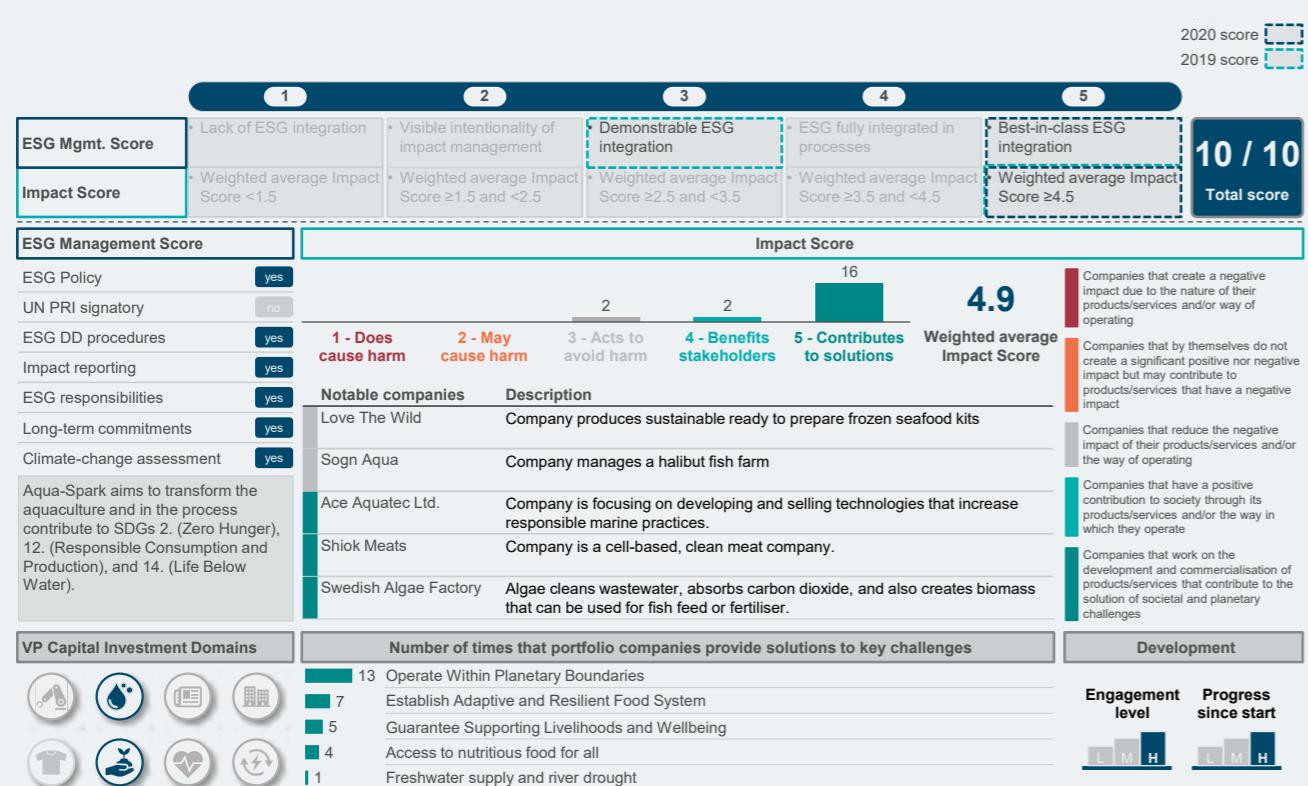
CLOSE UP PILLAR 1: COMMIT OUR CAPITAL

Example 2

Another participation in our Agrifood domain is Aqua-Spark. They achieved a 10/10.

Aqua-Spark's mission: "Our mission is to move the aquaculture industry towards healthy, sustainable, affordable production."

For funds, we look at the underlying portfolio companies within the domain, the impact ladder and the ESG ladder to arrive at a total score. In addition, all the underlying portfolio companies are assessed for their contribution to solutions for key challenges.



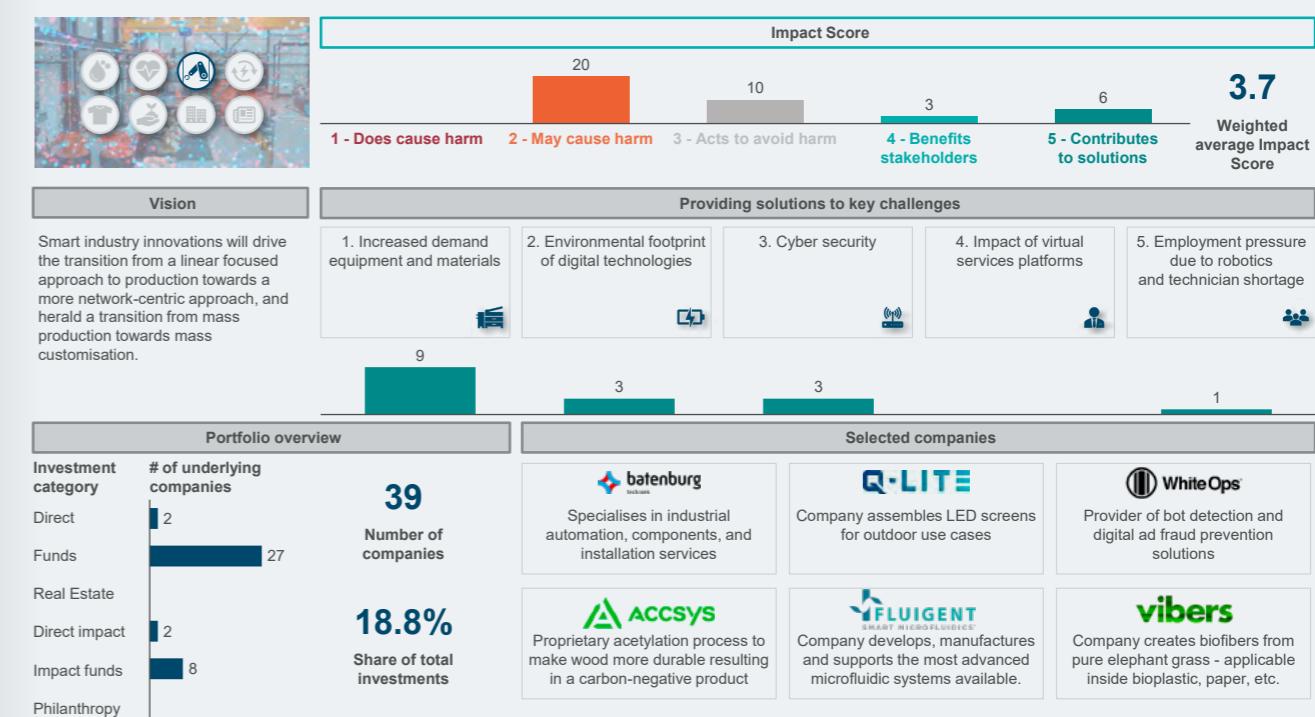
Key challenges

- Increased demand equipment and materials
- Environmental footprint of digital technologies
- Cyber security
- Impact of virtual services platforms
- Employment pressure due to robotics and technician shortage

Key solutions

- Invest in smart industry solutions increasing circularity, resource efficiency and extending the lifecycle of products.
- Innovations that decrease the energy demanded across the industry.
- Prioritize investments which have quantified their environmental and social impact.
- Invest in areas of the industry where human capital is expected to surge as a result of smart industry innovations.

Impact score Smart industry domain



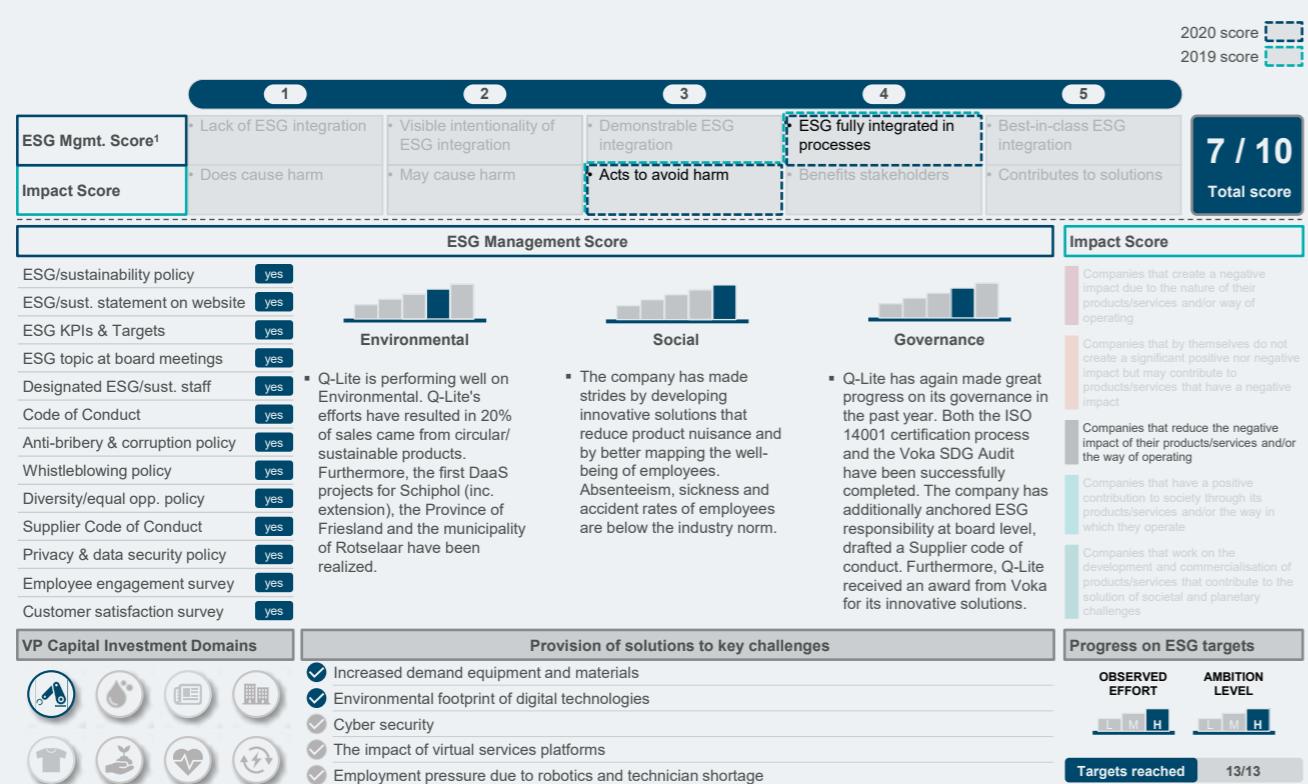
2 examples in our Smart industry domain

Example 1

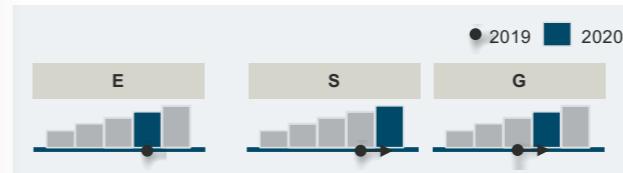
Q-lite is a service organization in digital display solutions and associated software. The company designs, manufactures, sells, installs and services digital displays primarily in LED and LCD. Examples include pharmacy crosses, municipal information screens, parking guidance, scoreboards and LED poles. In 2020, Q-lite acquired competitor Ledyears. Since the merger, the company has locations in Baarle-Hertog/Nassau (on the border of NL & BE), Alblasserdam (NL), Alkmaar (NL), and Kortrijk (BE).

Q-lite achieved a good ESG score and tries to avoid as much "harm" as possible by acting circularly. In addition, products and services that make a societal contribution such as improvement of safety around schools or spreading of cars in cities were introduced to the market.

Results ESG screening Q-lite



Q-lite ESG maturity ladder



In the Environmental area, Q-lite made quite a progress within Level 4. Q-lite's efforts resulted in 20% of sales coming from circular/sustainable products. Q-lite is now generating so much renewable electricity themselves that they have become a net electricity supplier – the return of green electricity to the grid is larger than their own electricity consumption. If Q-lite keeps up with the good work, level 5 will soon be in sight.

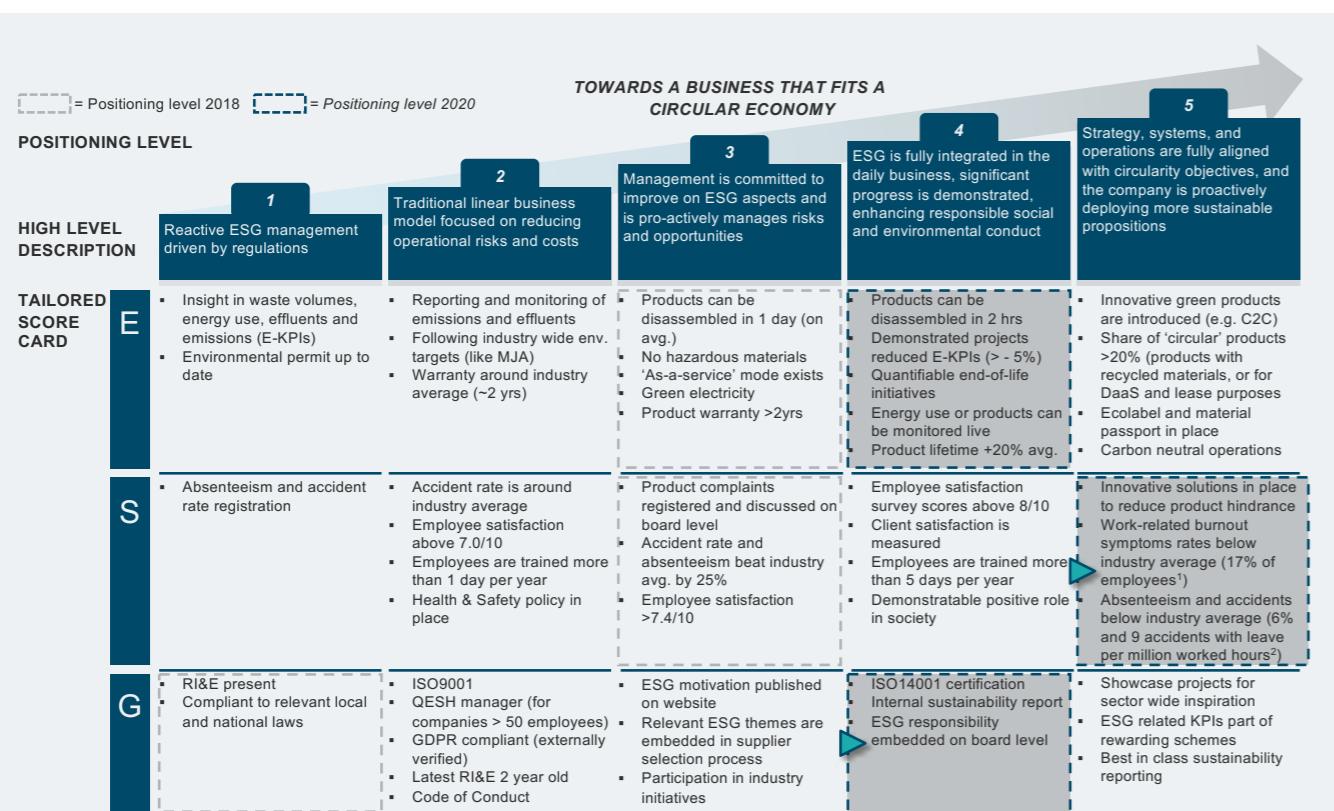
Roadmap actions (selection)

| Top themes | Current performance | Actions 2021 |
|---|--|--|
| Quality of reporting, certificates, data security | <ul style="list-style-type: none"> Both the ISO 14001 certification process and the Voka SDG Audit successfully completed Turnover from circular/sustainable products is monitored in 2020 (20%) Received award from Voka for innovation Supplier code of conduct drawn up | <ul style="list-style-type: none"> Use the Supplier Code of Conduct for selection and/or verification purposes Publish sustainability reporting online |
| Energy consumption products | <ul style="list-style-type: none"> The implications of EU energy efficiency regulations have been assessed and the methodology of the Barco eco-label has been examined | <ul style="list-style-type: none"> Continuously implement energy-saving solutions/innovations in products |
| Recyclability products | <ul style="list-style-type: none"> The first DaaS projects for Schiphol Airport (incl. extension), the province of Friesland and the municipality of Rotselaar realized Local partners to exchange waste streams and dismantle power supplies in social workshop | <ul style="list-style-type: none"> Continue to roll out DaaS business model Identify percentages of recycled materials in products |
| Carbon footprint | <ul style="list-style-type: none"> Project managers and account managers with leased cars now drive electric. Electric charging stations have been installed at the Baarle-Hertog, Alblasserdam and Alkmaar locations | <ul style="list-style-type: none"> Continue with greening the vehicle fleet Purchase of green electricity for Alkmaar and Alblasserdam branches |
| Other | <ul style="list-style-type: none"> An employee satisfaction survey was conducted again Learning process circular business transformation has been brought to the attention of sustainability platforms | <ul style="list-style-type: none"> Continue to bring further attention to learning process circular business transformation |

In the Social area, the company made progress by developing innovative solutions that reduce product nuisance and by better mapping out the well-being of employees. Employee absenteeism, sickness and accident rates are below the industry standard. As a result, the rating has risen to level 5.

In the area of Governance, Q-lite has made serious progress as well. Both the ISO 14001 certification process and the Voka SDG Audit were successfully completed. The company has also anchored ESG responsibility at board level. As a result, its rating has risen to level 4.

Position in roadmap to 2023



Source: RIVM (1), CBS, sector Industry 2020 benchmark (2)

Some of Q-lite's projects in the spotlight:

VOKA Charter Duurzaam Ondernemen (Sustainable Business)

In 2020, Q-lite received the VOKA Charter for Duurzaam Ondernemen / Sustainable Business (VCDO). When a company joins VCDO, it commits to the following basic principles:

- Integrate sustainable business proactively into company policy
- Formulate objectives and concrete actions in line with the SDGs formulated by the UN
- Report on the results achieved to an evaluation committee
- Communicate externally about the implemented actions



In addition, Q-lite was also privileged to receive a VOKA Award based on the following criteria:

- Audacity and ambition in our entrepreneurship**
At the beginning of 2020, Q-lite acquired Ledyears, doubling its capacity and enabling them to focus even more on innovation, sustainability and the evolution into a full-service company. In addition, they are fully committed to the growth of their own local production.

- Innovativeness**
The focus has shifted to circular production. In addition, they are always trying to innovate by releasing innovative products. For example, they recently developed transparent LED screens.

- Distinctive corporate and HR culture**
An internal employee satisfaction survey is conducted annually. For several years in a row the average score has been higher than 8 out of 10. Q-lite is very happy with this result and continues to strive for maximal employee satisfaction.

- Sustainable and sound governance**

- International Business**
From Dubai to the Benelux: Q-lite's portfolio includes both local assignments and projects around the world.



Rotselaar is the first Belgian municipality to use the circular 'Display as a Service' model.

After Schiphol (NL) and the province of Friesland (NL), the municipality of Rotselaar (BE) is also going to use Q-lite's circular LED screens. It will be the first municipality in Belgium to do so via the circular 'Display as a Service' concept. The 'Display as a Service' contract has been concluded for a period of 6 years. At the end of this period, Rotselaar has the option to extend the contract for a second term of 6 years with Q-lite immediately upgrading the LED boards and power supplies, so that the resolution is almost doubled and the energy consumption is reduced. All other components will be retained for this upgrade.

At the end of the 6- or 12-year contract period, Q-lite will take care of the dismantling, recycling and reuse of the complete installation. If Rotselaar does not extend the contract after 6 years, Q-lite can reallocate the display to another customer.

Safety Safe concept: using products to improve living conditions

25% less speeding drivers in the neighborhood? The Safety Safe concept stimulates drivers in a positive way to drive slower.

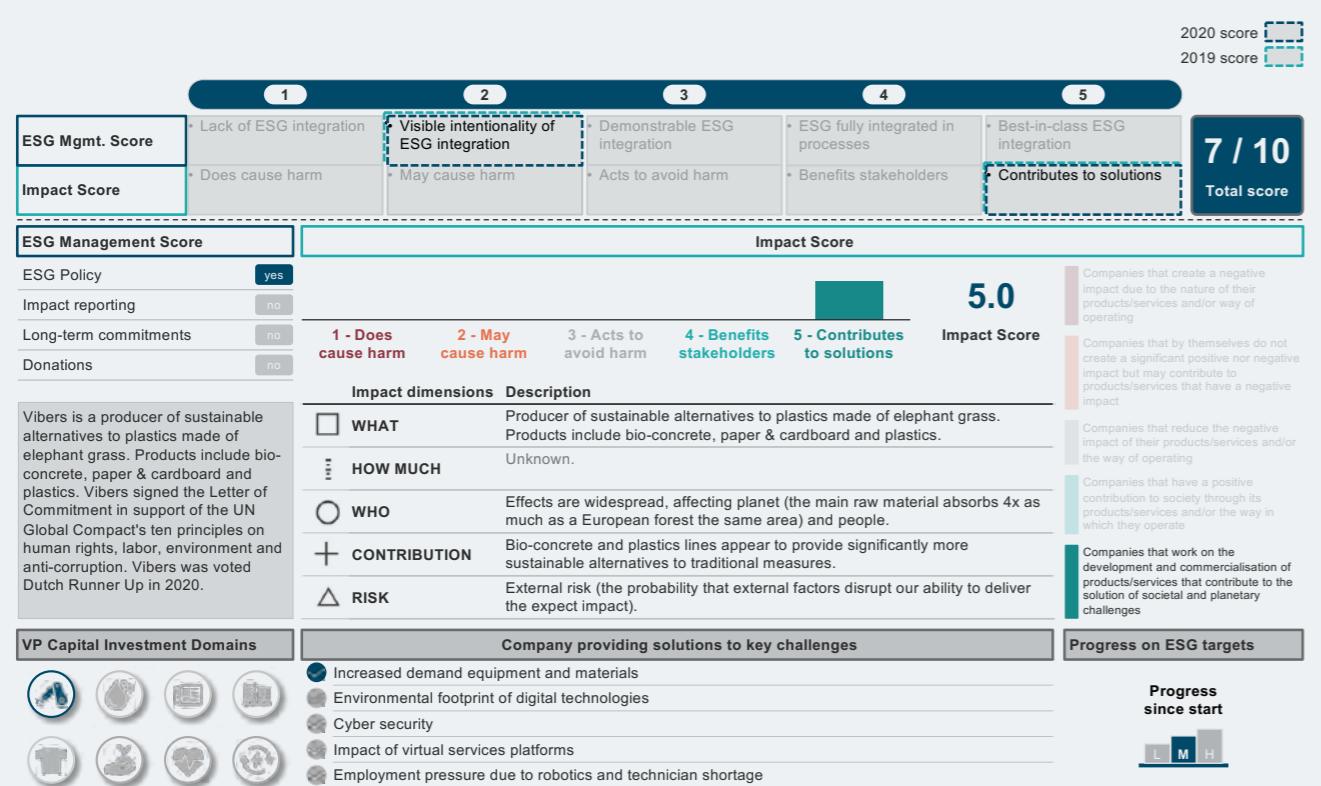
Reducing the speed of traffic and strengthening the sense of community in a neighborhood or street is the purpose of Safety safe, also known as the speedometer piggy bank. Everyone who respects the speed limit on a selected road ensures that money is credited to a digital piggy bank. That saved amount is then spent on a community cause chosen by the residents. Provinces, municipalities and cities can use the Safety safe to increase road safety and strengthen social cohesion.

In 2018, Q-lite installed the first Safety Safe project in collaboration with XTNT and Keijzer. In 2020, the concept was applied throughout the Netherlands while Bonheiden became the first Belgian municipality to use it. Minister Lydia Peeters hopes this concept will also be used in other municipalities, especially near schools.

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Example 2

Vibers is one of VP Capital's direct impact investments. Vibers develops alternative materials such as plastic, concrete and paper made from elephant grass.



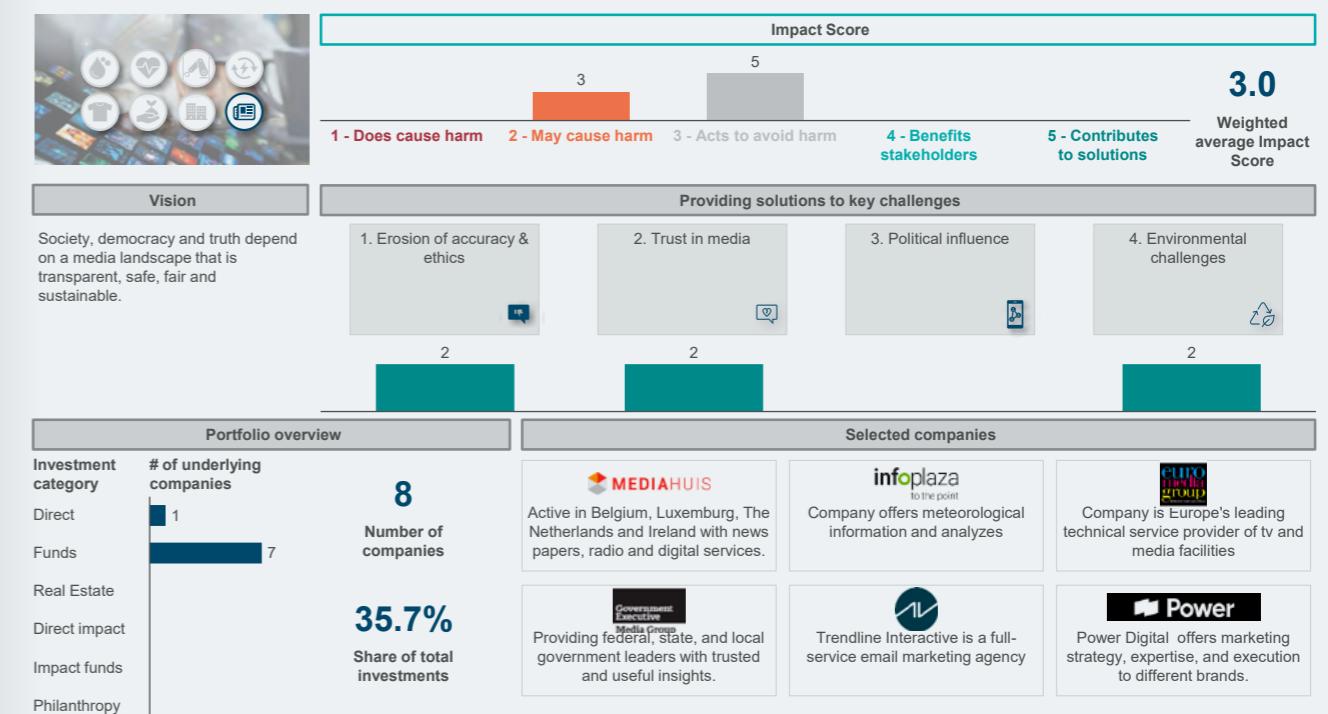
Key challenges

- Erosion of accuracy & ethics
- Trust in media
- Political influence
- Environmental challenges

Key solutions

- Solutions for media transparency.
- Innovative technology that fosters constructive discourse on media channels, e.g. automatic recognition of hate speech.
- Investing in organisations that responsibly manage their footprint and contribute to a more sustainable media domain.

Impact score Media domain



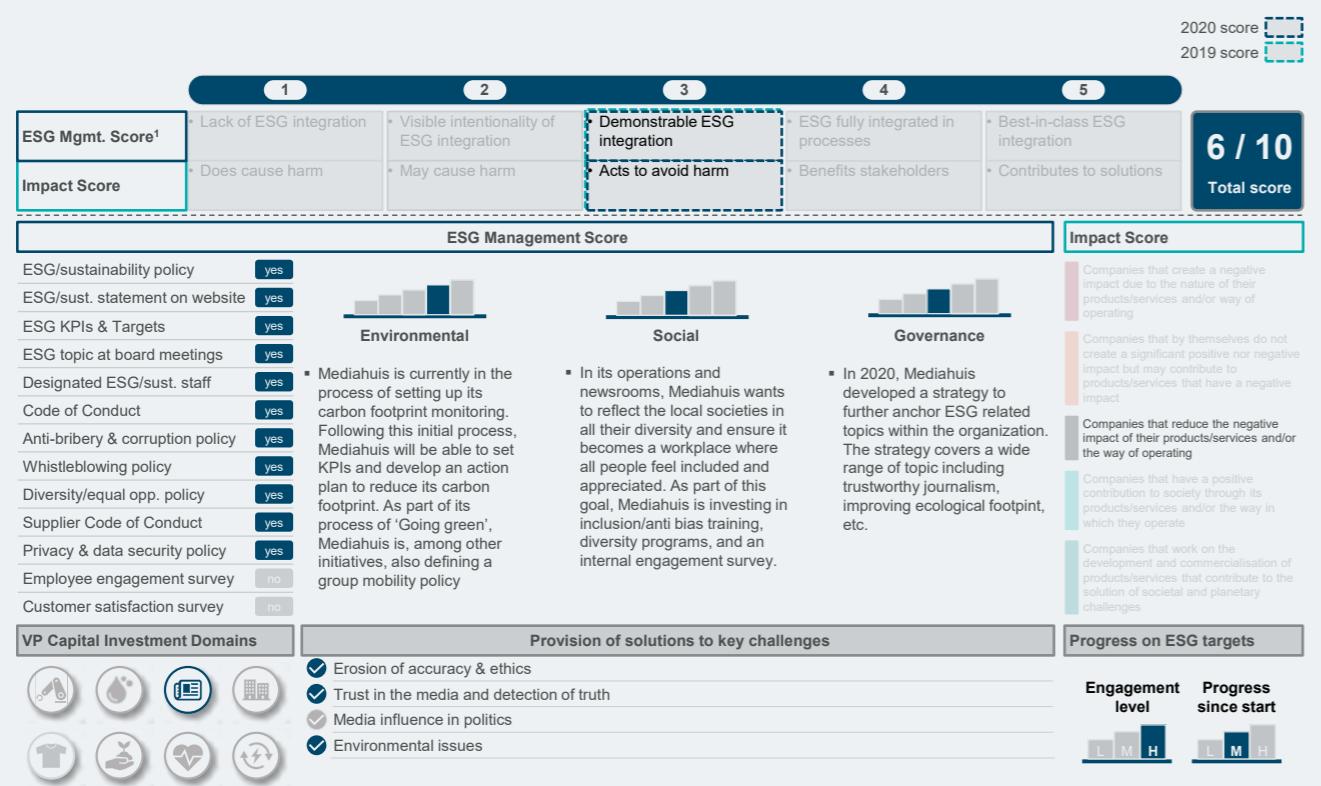
1 example in our Media domain

Mediahuis operates in Belgium, the Netherlands, Ireland and Luxembourg and has built a strong portfolio of cross-media brands since its founding in 2014. Mediahuis operates as a publisher of news and information through newspapers, radio, (local) tv and digital platforms. A total of 4.545 people work for Mediahuis.

Mediahuis actively contributes to a sustainable society with equal opportunities for all and respect for nature. Various news brands independently support good causes. At a corporate level, Mediahuis cooperates with De Genereuzen, Kom op tegen Kanker and YAR, and devotes attention to caring for the planet, for example by setting a significant carbon reduction target and purchasing 100% of its paper FSC certified.

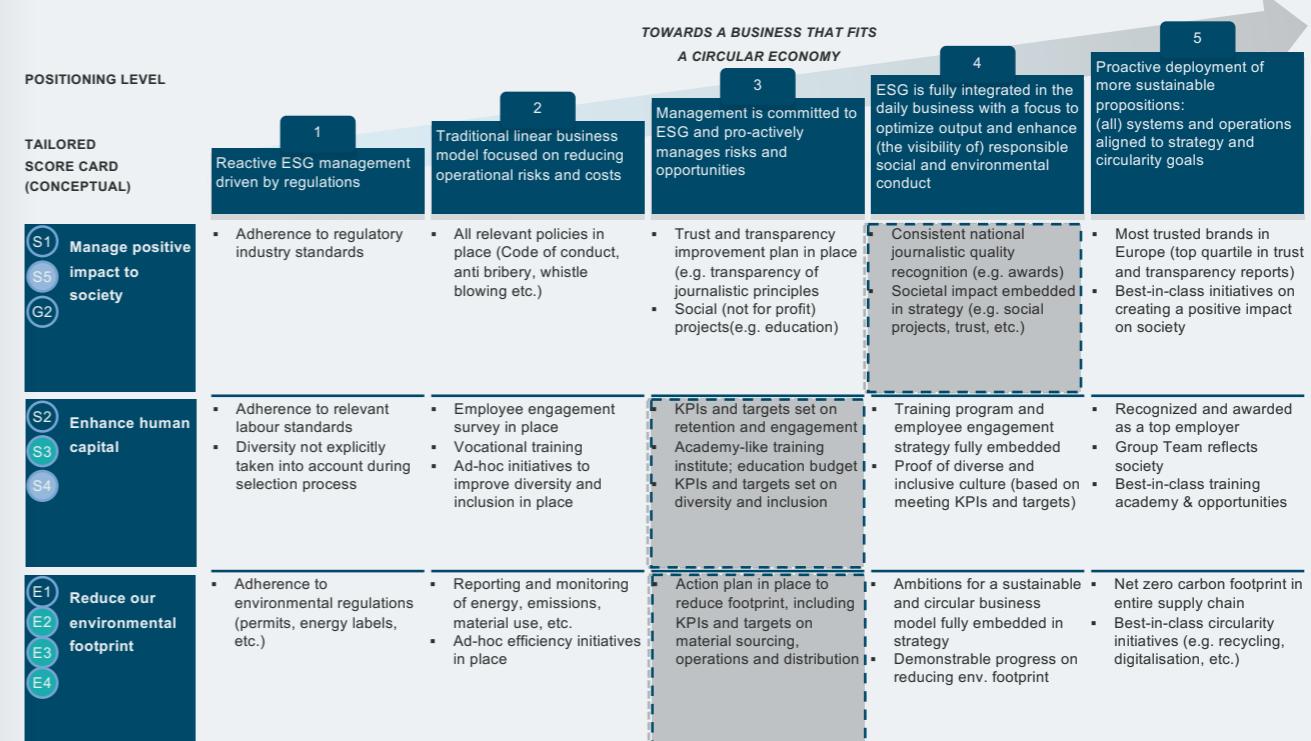
We expect to see a higher score over 2021, based on sustainable projects that were started during 2019 and 2020, but still need a longer lead time. But initial progress is already visible in 2020. In Environmental, a higher score is the result of the acceleration of carbon footprint reduction plans and green mobility initiatives. In the Social area, preparatory steps have been taken around inclusion and diversity. Within the Governance area, "trustworthy journalism" and ESG integration throughout the company have been strategically anchored in 2020.

Mediahuis contributes to a number of solutions for key challenges within the Media domain. Ethics, accuracy and trust are seen as social challenges to which Mediahuis contributes positively. There is an increased level of effort and ambition within Mediahuis.



¹As direct investments have a more detailed engagement process, the scoring reflects an average of the performance scores on Environmental, Social and Governance themes.

We are looking at what a "fully sustainable business" could look like and what the possible next steps could be for Mediahuis to improve the Sustainable Progress Score:



= Positioning level 2018 = Positioning level 2020

Some of Mediahuis' sustainable projects in the spotlight:

Green Transition pillar: Belgian Alliance for Climate Action

Mediahuis Belgium has become a member of the Belgian Alliance for Climate Action. Together with no less than 50 other Belgian companies and organizations, they are committed in this way to achieving ambitious climate objectives, within the framework of the Paris Climate Agreement.



Pillar: "Journalism matters"

Deontology

Mediahuis strives to be recognized for the highest and most consistent level of journalistic deontology. Therefore, they have an editorial governance on journalistic principles and training of (new) employees. Mediahuis has continued to work on this through a deontological preamble, knowledge sharing, a Mediahuis School of Journalism and a festival of journalism.

Plurality

Media House actively promotes plurality in its operations, within its newsrooms and in journalism. This includes ensuring diversity in newsrooms. They have continued to work on this through diversity and inclusion recruitment initiatives and impartial training.

CLOSE UP PILLAR 1: COMMIT OUR CAPITAL

Reliability & transparency

Mediahuis' brands are accountable for providing reliable and transparent reporting. This is reflected in research they initiate and in facilitating initiatives to ensure transparency. For example, they do an annual research on Trust in collaboration with Reuters and report on transparency.



Pillar: "Unlock Talent"

In its operations and newsrooms, Mediahuis aims to reflect local society in all its diversity and to ensure that everyone feels engaged and valued in the workplace and that people with potential are helped to realize their potential. Within this theme, work is being done on: diversity and inclusion.

Mediahuis reflects the local society in which it operates, therefore they aim for 50% female leadership (MH United Group, MTs) by 2030. Through various recruitment practices and a promotion policy, they aim to become an inclusive organization.

In addition, they invest in personal development and an increase in employees' sense of vitality.

Fighting fake news

Mediahuis teaches young people what the criteria are for quality journalism and what fake news is. They see it as their task to train young people in this, but also to facilitate the tools and technology for this. For example, they are working on specialized technology to spot major fakes and on a European training program.



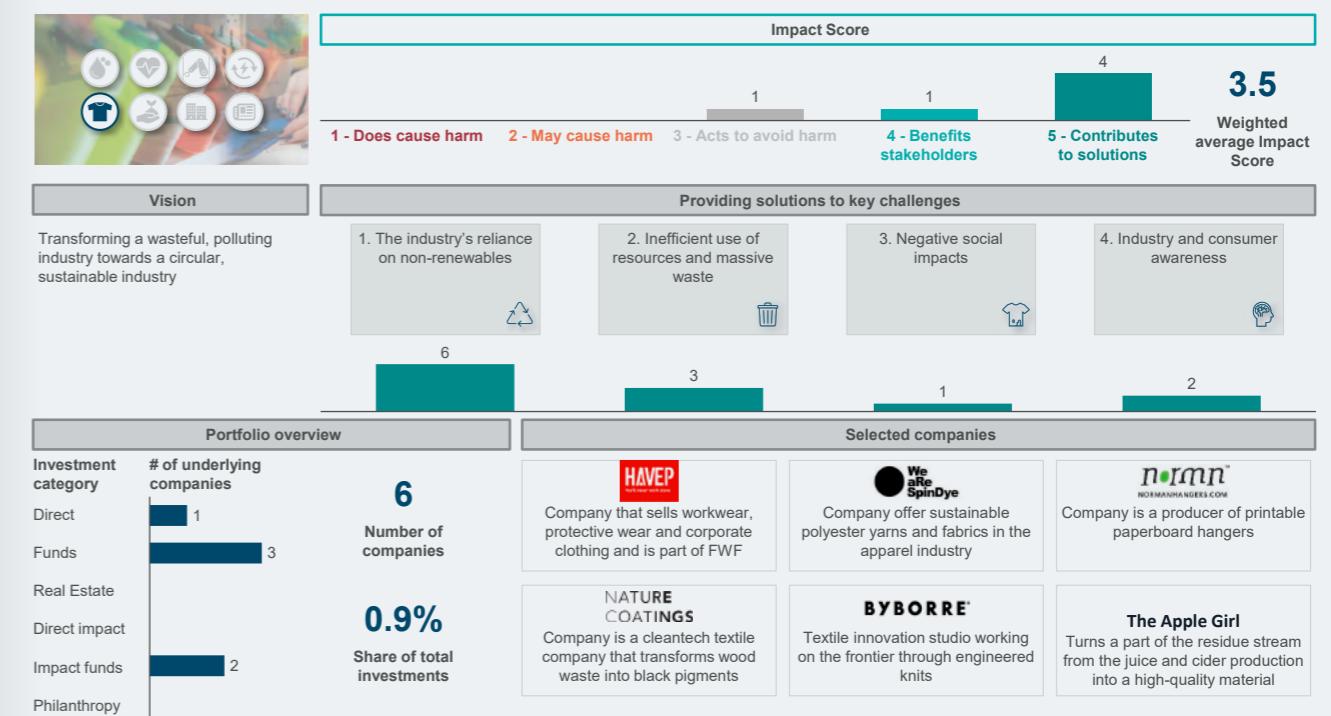
Key challenges

- The industry's reliance on non-renewables
- Inefficient use of resources and massive waste
- Negative social impacts
- Industry and consumer awareness

Key solutions

- Invest in textile production that reduces input of resources and responsibly manages its footprint.
- Textile production that safeguards and improves working conditions of its labour force.
- Invest in textile production that addresses the challenge of overconsumption and excess waste in the industry.
- Textile production that ensures significant reduction of water use.

Impact score Textile domain



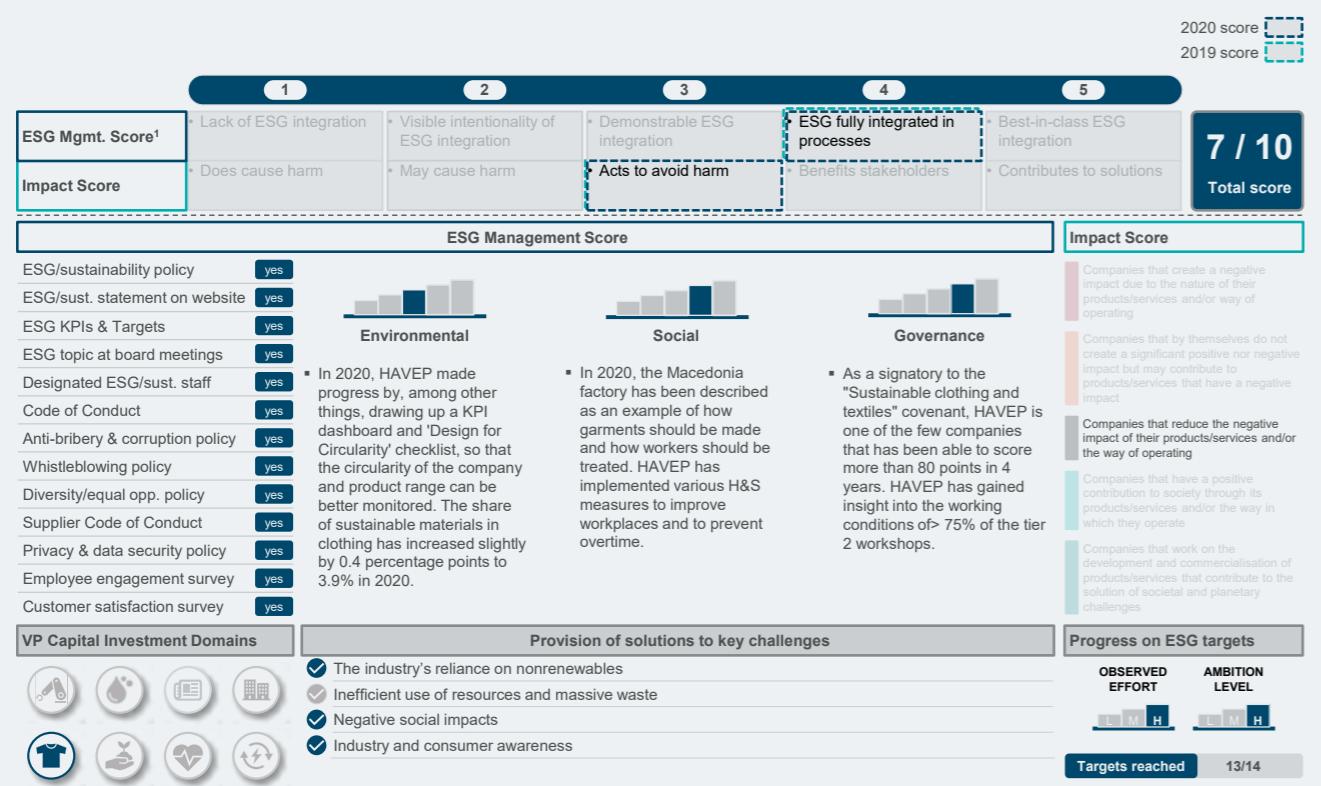
2 examples in our Textile domain

Example 1

HAVEP was founded as a textile factory in 1865 by Hendrik van Puijenbroek. For over 155 years, royal family company HAVEP has been providing workwear.

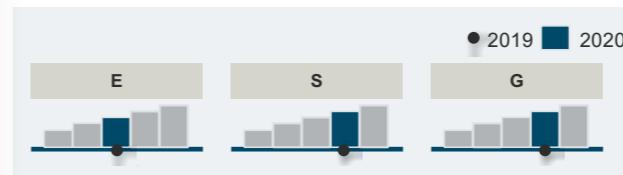
The clothing industry has a high ESG impact. A lot of water and chemicals is used in the production of materials. In addition, working conditions are often poor. Within the industry there are many certifications and regulations to monitor the above issues. In addition, clothing is not used in a circular way: its use is short and it is difficult to recycle.

Results ESG screening HAVEP



¹As direct investments have a more detailed engagement process, the scoring reflects an average of the performance scores on Environmental, Social and Governance themes.

HAVEP ESG maturity ladder



In 2020, HAVEP has taken a step within level 3 by, among other things, creating a KPI dashboard and 'Design for Circularity' checklist that will enable better monitoring of the circularity of the company and product range. The share of sustainable materials in clothing has increased slightly.

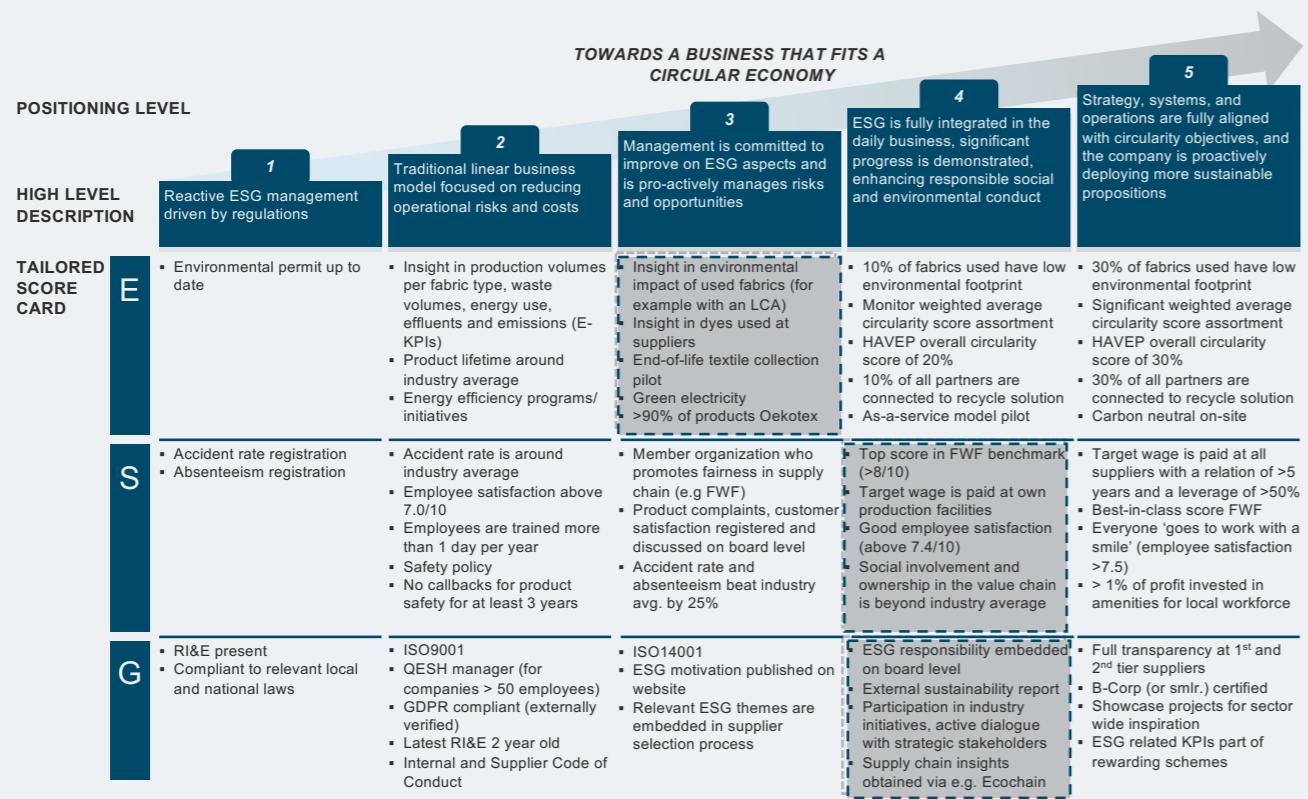
Roadmap actions (selection)

| Top themes | Current performance | Actions 2021 |
|---|--|--|
| Increase circularity | <ul style="list-style-type: none"> A circularity KPI dashboard has been developed together with 2B Honest A 'Design for Circularity' checklist was created to calculate the % circular design for the product collection | <ul style="list-style-type: none"> 10% of all partners are part of HAVEP's recycling solution Start with the sustainability of the product line 'Attitude' |
| Reduce waste and toxins | <ul style="list-style-type: none"> A new disposal route for the cutting waste has been found via Frankenhuus Monitoring of the amount of internal production waste is in progress 10 tons of fabrication was collected via CVB Ecologistics | <ul style="list-style-type: none"> 90% of textile production waste is reused or recycled into new fabrics Reduce the environmental cost indicator (Ecochain) per unit of sales by 10% vs. '18 |
| Improve social conditions in value chain and own operations | <ul style="list-style-type: none"> The FWF audit in Macedonia states that the Macedonia factory is one of the best examples of how workers should be treated. HAVEP absenteeism in the Netherlands and Macedonia in 2020 was 4.99% and 11%, respectively | <ul style="list-style-type: none"> 60% of tier 1 suppliers pay target wages Bring absenteeism <5% Employee satisfaction >7 Achieve FWF 'Leader' |
| Create comprehensive ESG policy | <ul style="list-style-type: none"> HAVEP gained insight into the working conditions of > 75% of Tier 2 workplaces Part of Covenant Steering Committee and Complaints and Disputes Committee, among others, in addition to regular consultations with NGOs and FWF | <ul style="list-style-type: none"> Integrate activities into holistic ESG program Continue ESG KPI monitoring system Start B Corp certification |
| Other | <ul style="list-style-type: none"> Excellent net promoter score of 8/10 Tender Renewi obtained based on sustainability performance Improvement of complaint registration policies and procedures underway | <ul style="list-style-type: none"> Interaction customer focus groups on improvement opportunities HAVEP CO₂ neutral Explore procurement of green electricity for Macedonia |

Also in 2020, the Macedonia factory has been labeled as an example of how garments should be made and how workers should be treated. HAVEP has implemented various measures around H&S (Health and Safety Plan) to improve workplaces and prevent overtime.

HAVEP, as a signatory of the 'Sustainable clothing and textiles' covenant, has been one of the few companies able to score more than 80 points in 4 years. HAVEP has gained insight into the working conditions of more than 75% of tier 2 workshops. Furthermore, HAVEP participates in a Covenant Steering Committee and Complaints and Disputes Committee and has regular consultations with NGOs and FWF.

Position in roadmap to 2023



Some of HAVEP's projects in the spotlight:

People Friendly Fashion – in collaboration with Fair Wear Foundation

At HAVEP they consciously attach great value to sustainability, such as good and fair working conditions for the people who make the clothing. Therefore, they have been a member of the Fair Wear Foundation (FWF) for many years.

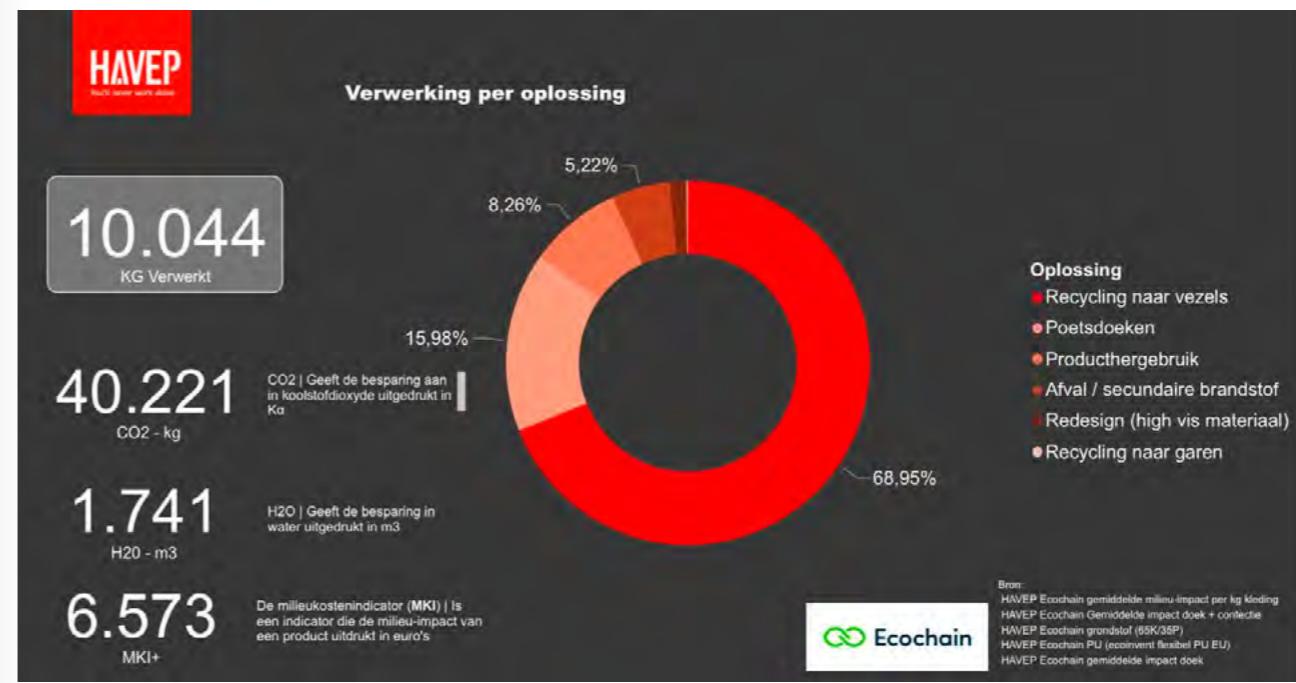
From FWF they received a very nice compliment: *"In the end, it is worth to mention that the HAVEP Macedonia factory is one of the best examples of how the garment should be established and how it should treat its employees. We as auditors praise such commitment and recommend it as a good example."*

This makes HAVEP proud, but above all motivated to go further in terms of positive impact. In 2020, HAVEP participated once again in the People Friendly Fashion campaign of the FWF. During this campaign, the FWF, together with affiliated members, aims to draw attention to the craziness surrounding Black Friday and to call on consumers to buy clothes more consciously.



HAVEP® Collect & Recycle service takes off

In 2020, HAVEP, together with the partners affiliated with the collect & recycle program, gave no less than 10,000 kilos of workwear and PPE (Personal Protective Equipment) a new destination.



Shift collection – Bluesign certified

HAVEP is working on projects to reduce the amount of chemicals within the entire clothing chain. HAVEP's detox program is a logical next step considering their sustainable ambitions. They choose fabric off which it is certain that no harmful chemicals were used in the production process. These garments are labeled by BLUESIGN.

The BLUESIGN label covers various facets of textile production. It monitors the use of harmful substances, energy and water consumption during the production process. In addition, there are social criteria based on the ILO Conventions for textile processing.

SGS, an independent organization, carries out regular unannounced audits to ensure the quality of the label.

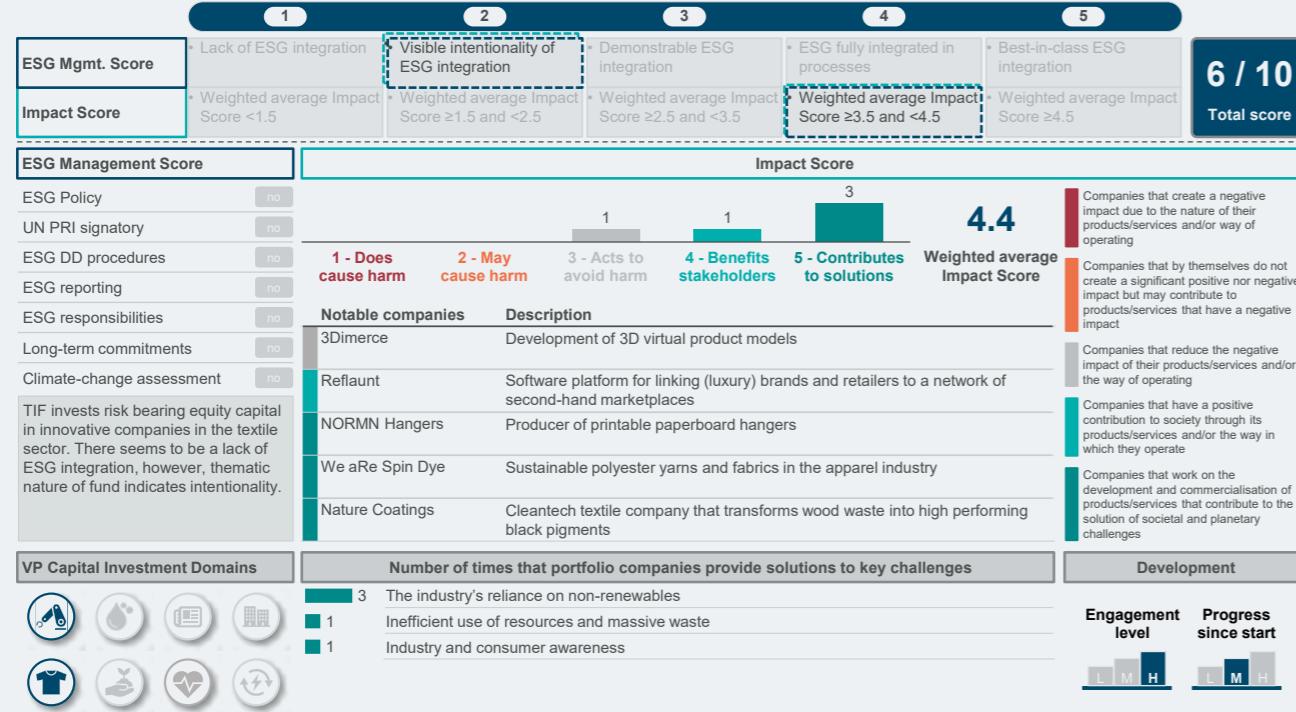
Apart from the BLUESIGN label, there are several other environmental labels that focus on the textile sector. However, at HAVEP they have chosen to work only with globally recognized systems, such as Cradle to Cradle, BLUESIGN and Oekotex.



CLOSE UP PILLAR 1: COMMIT OUR CAPITAL

Example 2

Textile Innovation Fund (TIF) was established years ago by VP Capital. This fund is externally managed and recently the management was passed on to Fashion for Good. They will scale up the fund and further professionalize it. In doing so, more attention will be given to ESG management. The investments are innovations needed in the Textile domain to reduce negative impact and increase positive impact.



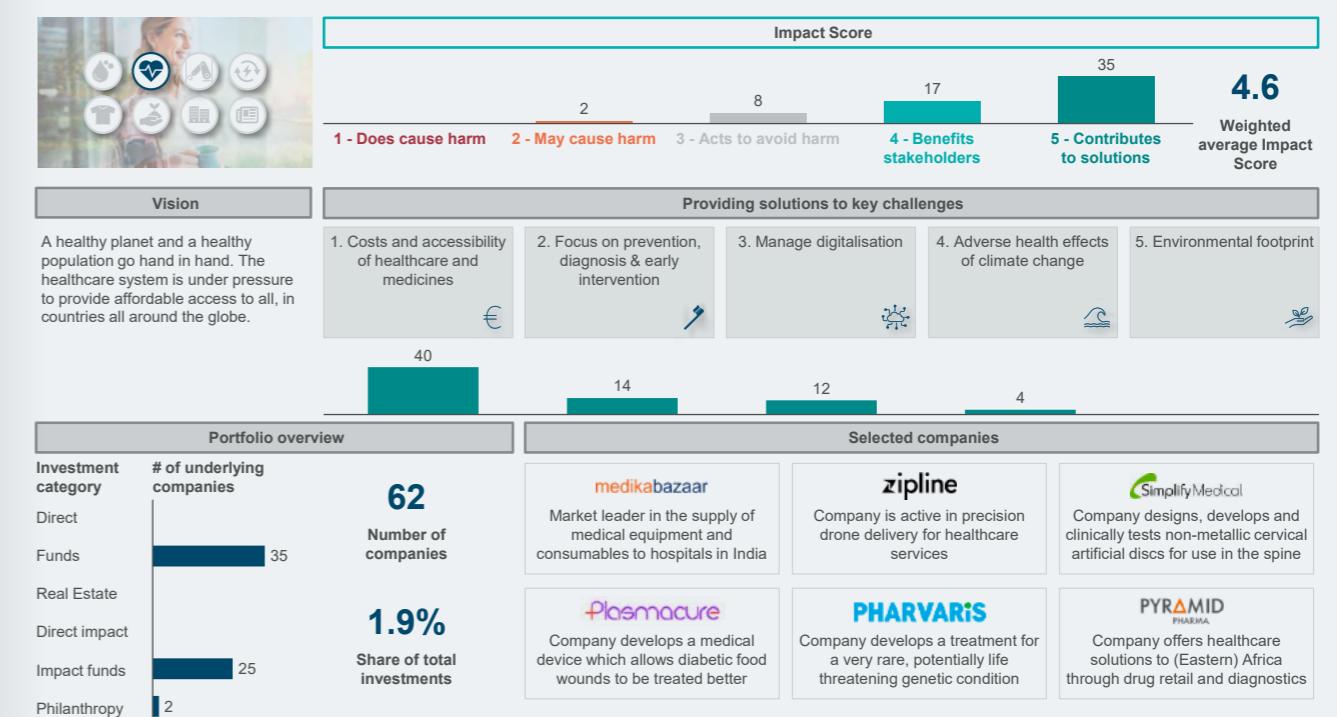
Key challenges

- Costs and accessibility of healthcare and medicines
- Focus on prevention, diagnosis & early intervention
- Manage digitalisation
- Adverse health effects of climate change
- Improving (access to) mental healthcare

Key solutions

- Invest in technological solutions to predict and prevent diseases early.
- Improved organic diets and quality of hospital food.
- Algorithms and biomonitoring wearables.
- Next-generation sequencing (NGS).
- Other technologies beneficial to medical practices, e.g. 3D printing for body-parts imitations.

Impact score Health domain

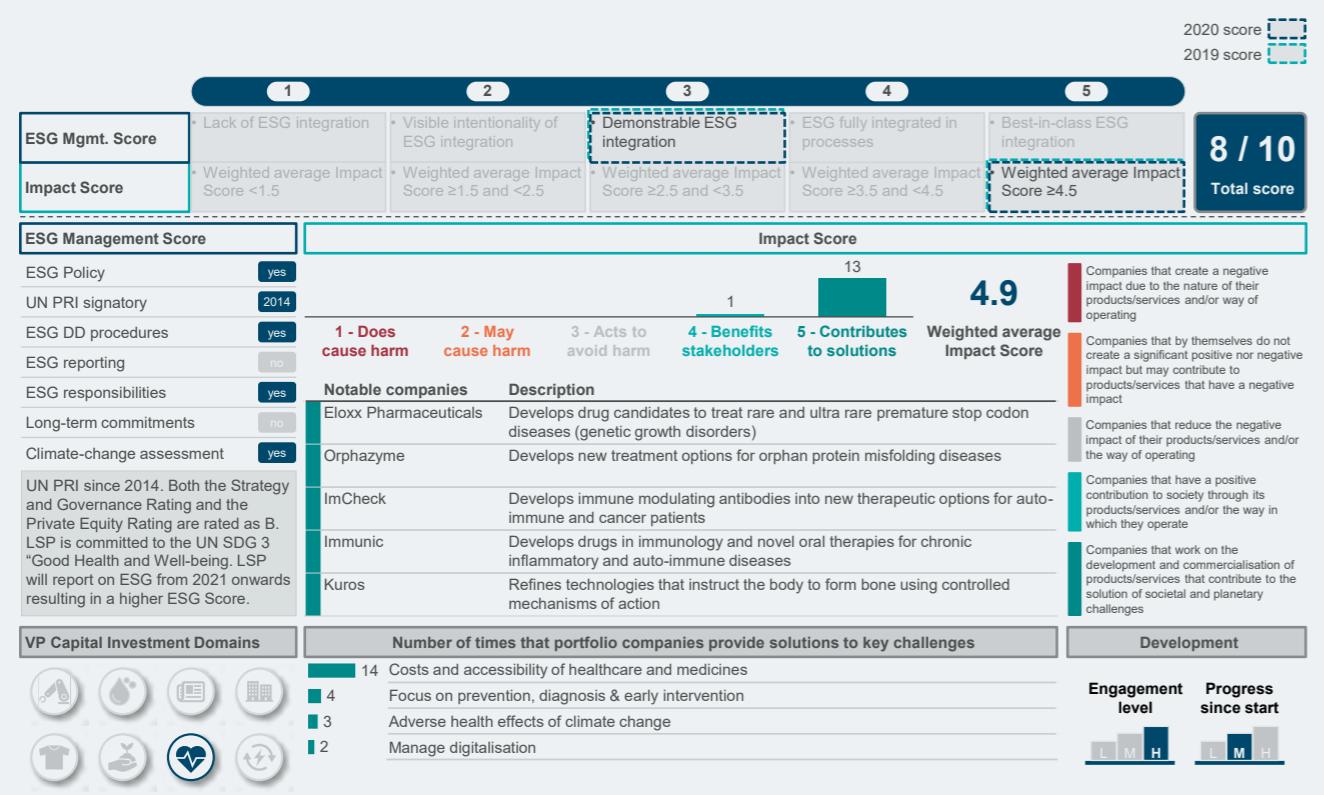
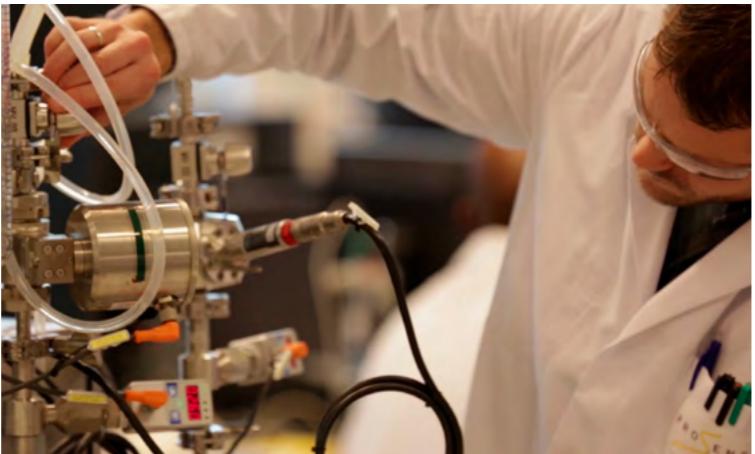


CLOSE UP PILLAR 1: COMMIT OUR CAPITAL

1 example in our Health domain

LSP V is an example of a fund that is primarily active in the Health domain. With more than 30 years of experience, they have built an investment house dedicated to only one task: to seek, nurture and grow investment opportunities in healthcare with the potential to make a positive impact on society.

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



Within our Health domain, we would like to grow. We already made some investments in 2021. They will be included in our next Progress Report.



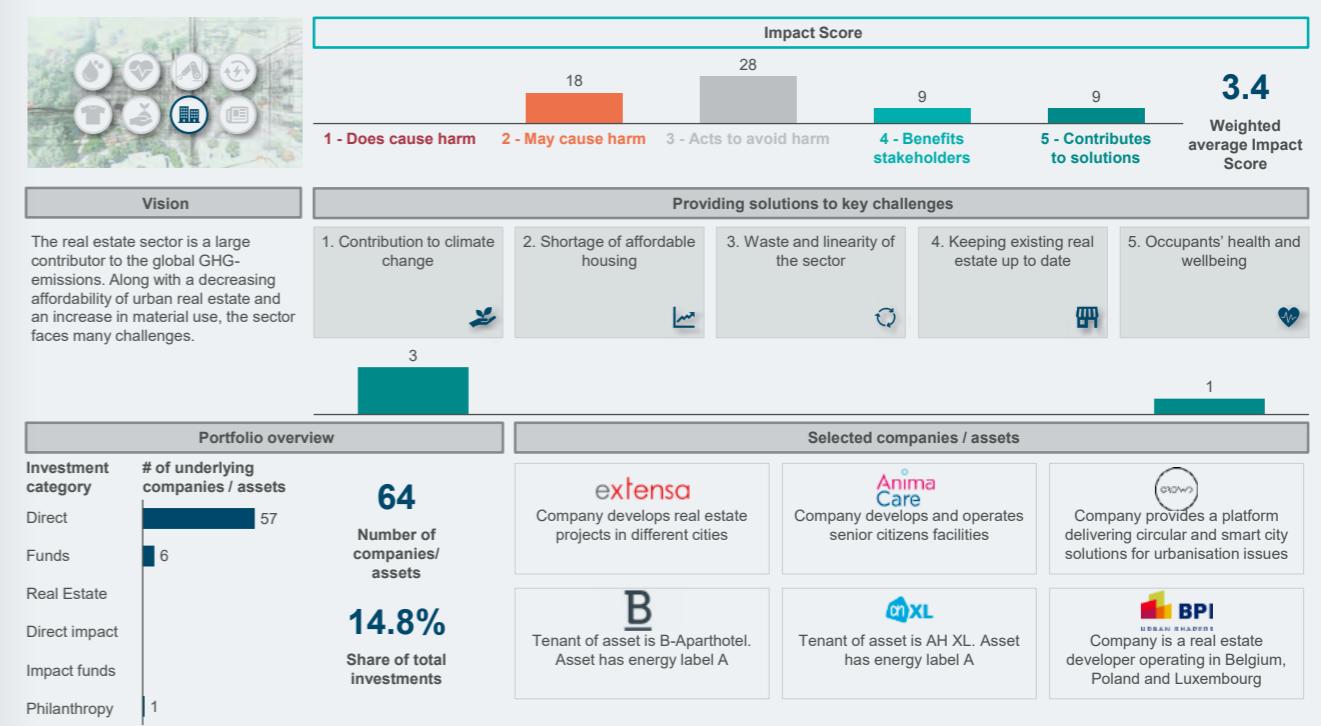
Key challenges

- Contribution to climate change
- Shortage of affordable housing
- Waste and linearity of the sector
- Keeping existing real estate up to date
- Occupants' health and wellbeing

Key solutions

- Developers of real estate projects that adopt circular design practices.
- Invest in companies that realize the sustainable transformation of already existing buildings.
- Companies that focus on energy efficiency in their building strategies.
- Investing in start-ups in the real estate sector for smart solutions.

Impact score Real Estate domain



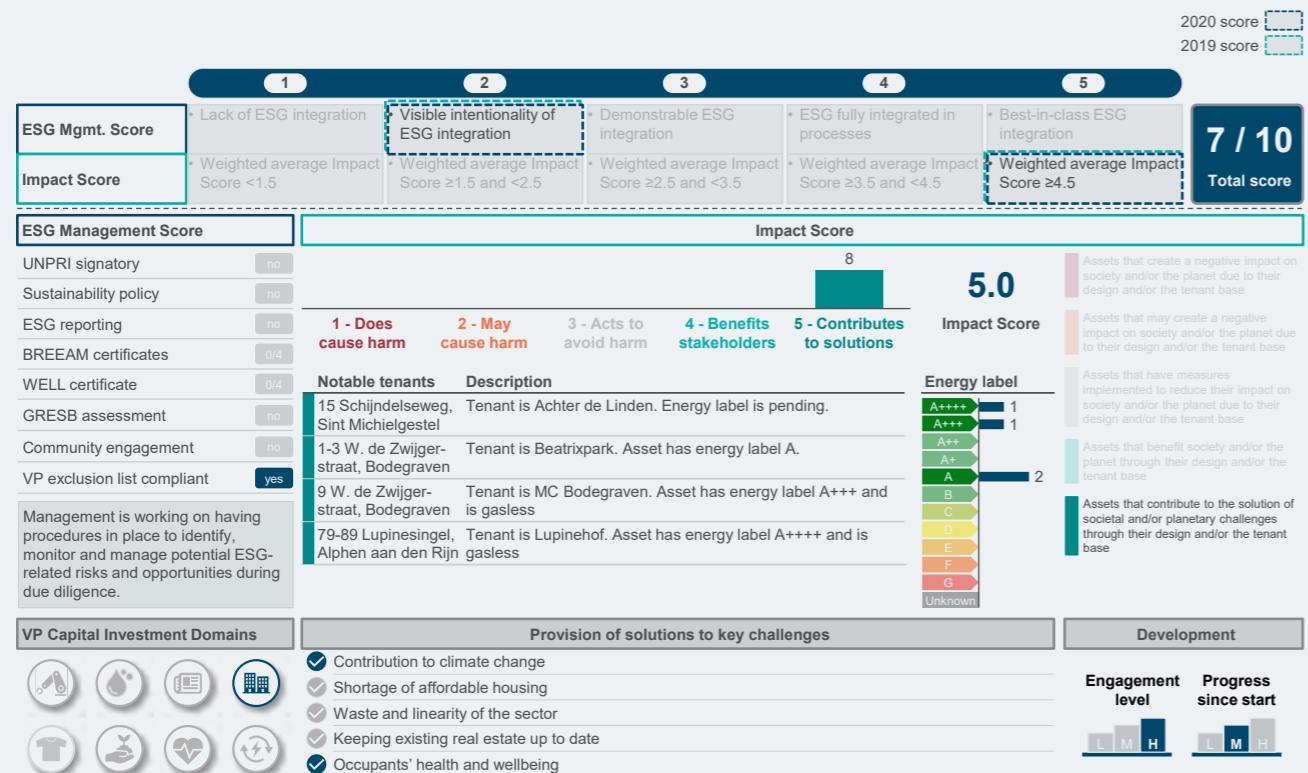
CLOSE UP PILLAR 1: COMMIT OUR CAPITAL

In real estate, we look at both ESG and impact. We'll explore real estate further in 2021. We'll check whether funds have ESG policies and ESG reporting, whether buildings have certificates such as BREEAM or WELL, how the underlying properties score in terms of energy label and who the tenants of the properties are. In 2021, we will also start to map the carbon footprint of our real estate investments with CO2logic. There will be an increasing focus on key challenges with material use and energy efficiency matters. Affordable housing will also become a more important in our portfolio.

1 example in our Real estate domain

HCRe I develops, manages and invests in healthcare real estate in the Netherlands. They've got more than 20 years of experience in healthcare real estate and are a real estate partner to more than 70 healthcare providers. These care providers are active in the cure and care sector: from general practitioner to psychologist, from GGZ institution to private residential care.

For real estate funds, we look at the underlying portfolio assets within the domain, the impact ladder and the ESG ladder to arrive at an overall score.



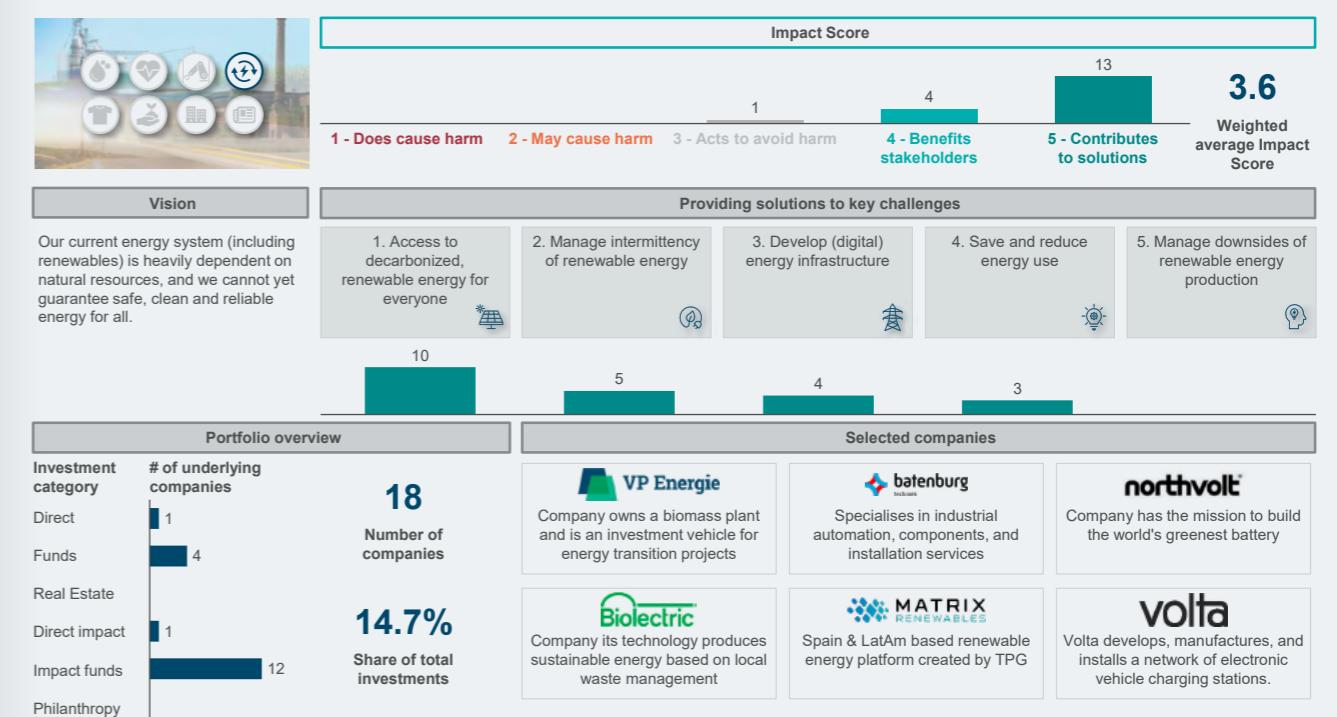
Key challenges

- Renewable energy for everyone
- Reduce intermittency of renewable energy
- Develop (Digital) energy infrastructure
- Save and reduce energy use
- Manage downsides of renewable energy production

Key solutions

- Companies that provide renewable energy or clean alternatives to fossil fuels.
- Solutions that facilitate the energy transition, e.g. clean batteries, smart grids.
- Innovative advancements that reduce energy use.
- Reducing footprint of renewable energy by providing more sustainable alternatives or circular business models.

Impact score Energy domain



2 examples in our Energy domain

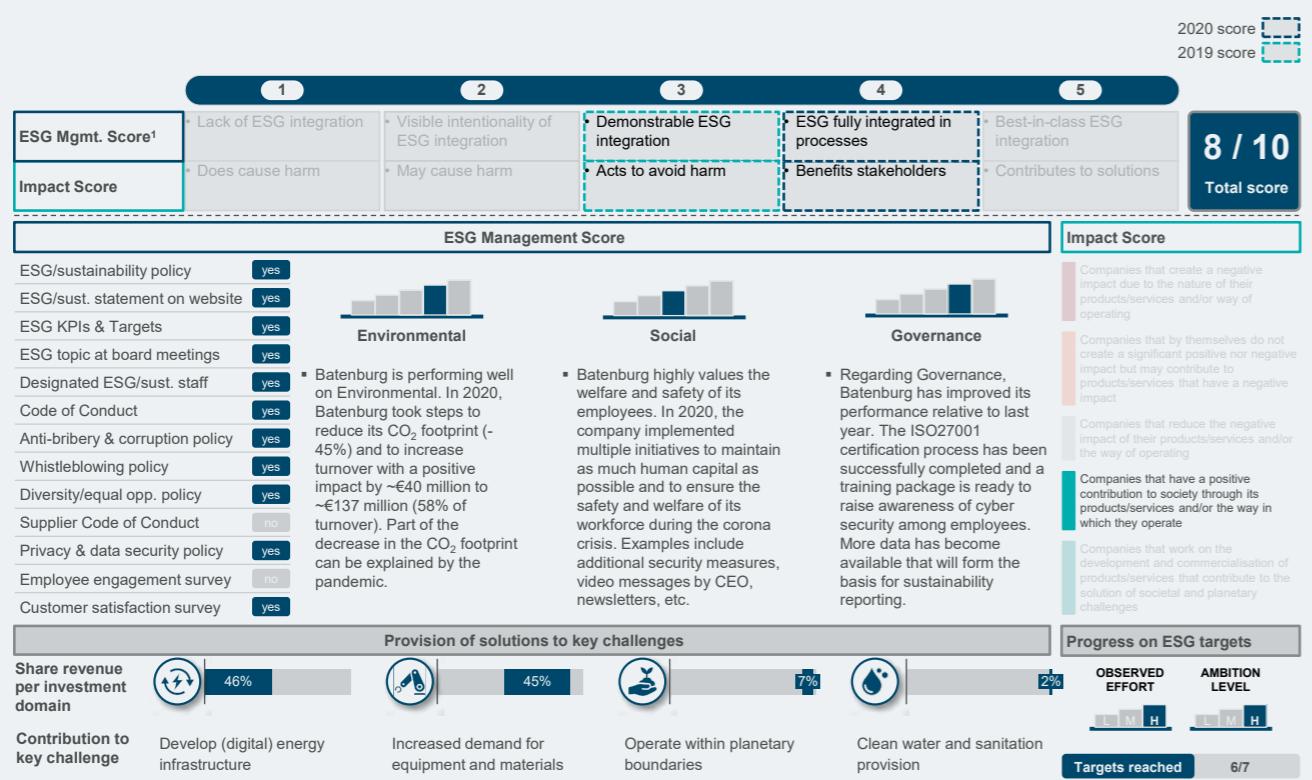
Example 1

Batenburg Techniek operates as a technical service provider and employs more than 1,100 specialists in industrial automation and supply industrial components. Batenburg Techniek operates from three divisions (Batenburg Industrial Automation, Batenburg Industrial Components and Batenburg Installation Technology) in five markets (horticulture, industry/infrastructure, utilities, energy and manufacturing). Batenburg Techniek is also active in the domains of Smart industry, Agrifood and Water, we present the complete results here.

Batenburg Techniek achieved an improvement in its Sustainable Progress score, by improving both its ESG and Impact scores.



Results ESG screening Batenburg

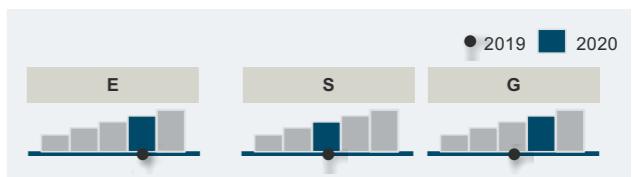


¹As direct investments have a more detailed engagement process, the scoring reflects an average of the performance scores on Environmental, Social and Governance themes.

Summary

Relevance industry

As a technical service provider, Batenburg Techniek helps clients in industry and infrastructure to automate and streamline business processes with smart components. For example in making the living environment more sustainable, food production, climate transition and energy transition. Together with clients, they create environmental benefits through innovation and practical application of technology. Within their own operations, relevant themes are welfare and safety of employees, environmental footprint of production & operations and emissions from travel & logistics.



Batenburg Techniek is committed to the welfare and safety of its employees. In 2020, the company made multiple efforts to preserve as much human capital as possible and ensure safety despite the corona crisis.

Batenburg ESG maturity ladder

Batenburg Techniek is performing well in the environmental area. The company has made progress by reducing its carbon footprint (-45%) and by increasing billed revenue with a positive impact by €40 million to €137 million (58% of turnover).

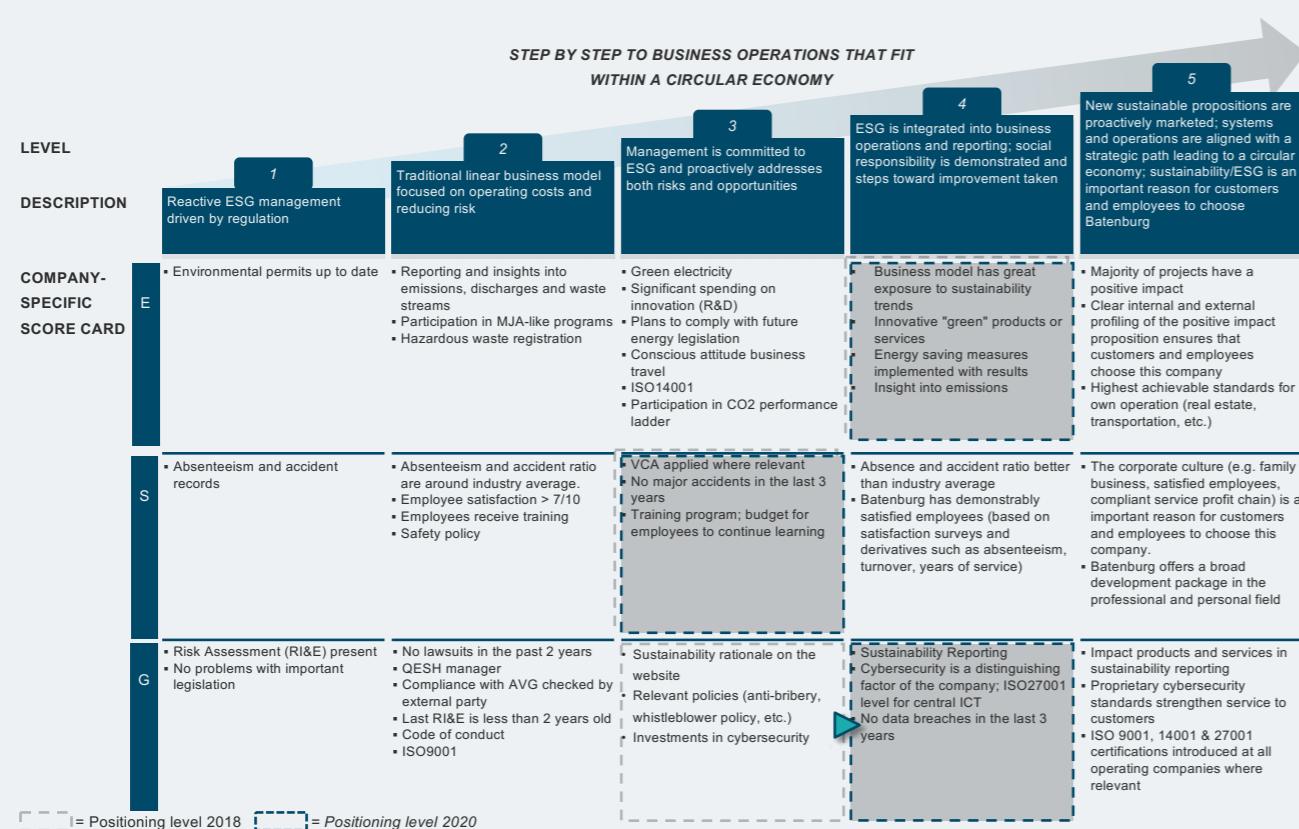
The company also made progress in terms of Governance. The ISO27001 certification process has been successfully completed and a training package is ready to increase awareness of cyber security among employees. More data is also becoming available as a basis for sustainability reporting.

Roadmap actions (selection)

| Top themes | Current performance | Actions 2021 |
|---------------------------------------|--|---|
| Going beyond 'License to operate' | Growth business activities with positive impact <ul style="list-style-type: none"> Revenue with positive impact increased by ~€40 mln to ~€137 mln. (58% of revenue) in 2020 compared to 2019. The increase is mainly due to the increase in revenue billed under the SDGs 'Sustainable Cities and Communities' (+€17 mln) and 'Affordable and Clean Energy' (+€12 mln). | <ul style="list-style-type: none"> Research involvement 'Sustainable Batenburg Story' among staff and clients to improve staff involvement and profiling in relation to (potential) clients and talent |
| | Reduce footprint on the environment <ul style="list-style-type: none"> The total carbon footprint has decreased by approximately 45% compared to 2019 (driven in part by the Corona crisis) The number of diesel cars in the fleet has been further reduced by 101 to 268 by 2020 CO₂ offset for gas consumption Central procurement of green wind power | <ul style="list-style-type: none"> Start implementing action plan on property and transportation to further reduce emissions |
| | Strengthen human capital and security <ul style="list-style-type: none"> ISO27001 certification process successfully completed A package (Know4Be) of cyber security awareness training was selected for all staff | <ul style="list-style-type: none"> Determine the usefulness and necessity of possible additional ISO 27001 certifications within Batenburg Roll out cyber security awareness trainings |
| | Become a forerunner in cybersecurity and broaden reporting <ul style="list-style-type: none"> ISO27001 certificeringstraject is succesvol afgerond Er is een pakket geselecteerd (Know4Be) met awareness trainings op het gebied van cyber security voor het voltallige personeel. | <ul style="list-style-type: none"> Bepaal nut en noodzaak van mogelijke aanvullende ISO 27001 certificeringen binnen Batenburg Uitrollen awareness trainings cyber security |

The performance in perspective

There is room for improvement relative to a 100% sustainable business



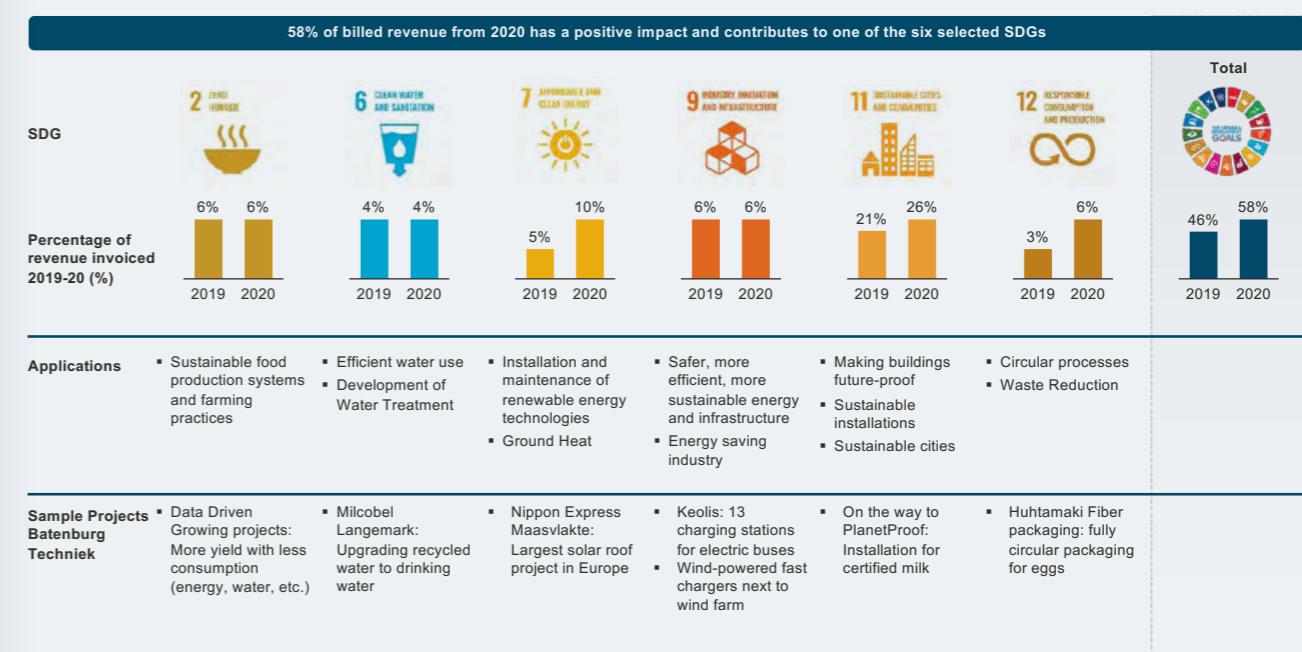
Positive impact projects

Batenburg Techniek is active in various sectors. Positive impact is achieved through projects at clients. The company mapped these projects for various SDG targets. Here are a number of examples.

Impact of products and services

Batenburg has taken a step forward by increasing invoiced revenue with a positive impact by 12%-point (~€40 mln) to 58% (~€137 mln) in 2020.

Grow our business activities with positive impact



A few projects of Batenburg Techniek in the spotlight:

Project Milcobel

In the context of sustainability, more production companies are working on energy and water savings. Dairy cooperative Milcobel is one of them. Batenburg Techniek is helping them to save both energy and water. To achieve this, Batenburg Techniek modified the existing control software. Now the heat from the CHP installation can be reused in various processes. A new drinking water installation was also built and linked to existing processes and infrastructure. The surplus water from milk/pasture can now be upgraded to drinking water quality.



Parking under solar panels in 'sun park' Airport Bloemendaal

Two parking lots near Bloemendaal aan Zee were covered with a total of 10,000 m² of solar panels just before the summer of 2020. They will generate 2 million kWh per year. Both the surrounding beach cafes and the parked electric cars – there are now 30 charging points – can benefit from this clean energy.



Charging station for electric Albert Heijn trucks

In cooperation with ABB, Batenburg Techniek Installation Technology has placed and installed fast chargers for the regional distribution center of Albert Heijn in Delfgauw. On October the 7 of 2020, the charging station was put into operation by the first fully electric truck from Mercedes-Benz in the Netherlands. This eActros has been used by regular carrier Simon Loos to supply Albert Heijn supermarkets since the end of July.

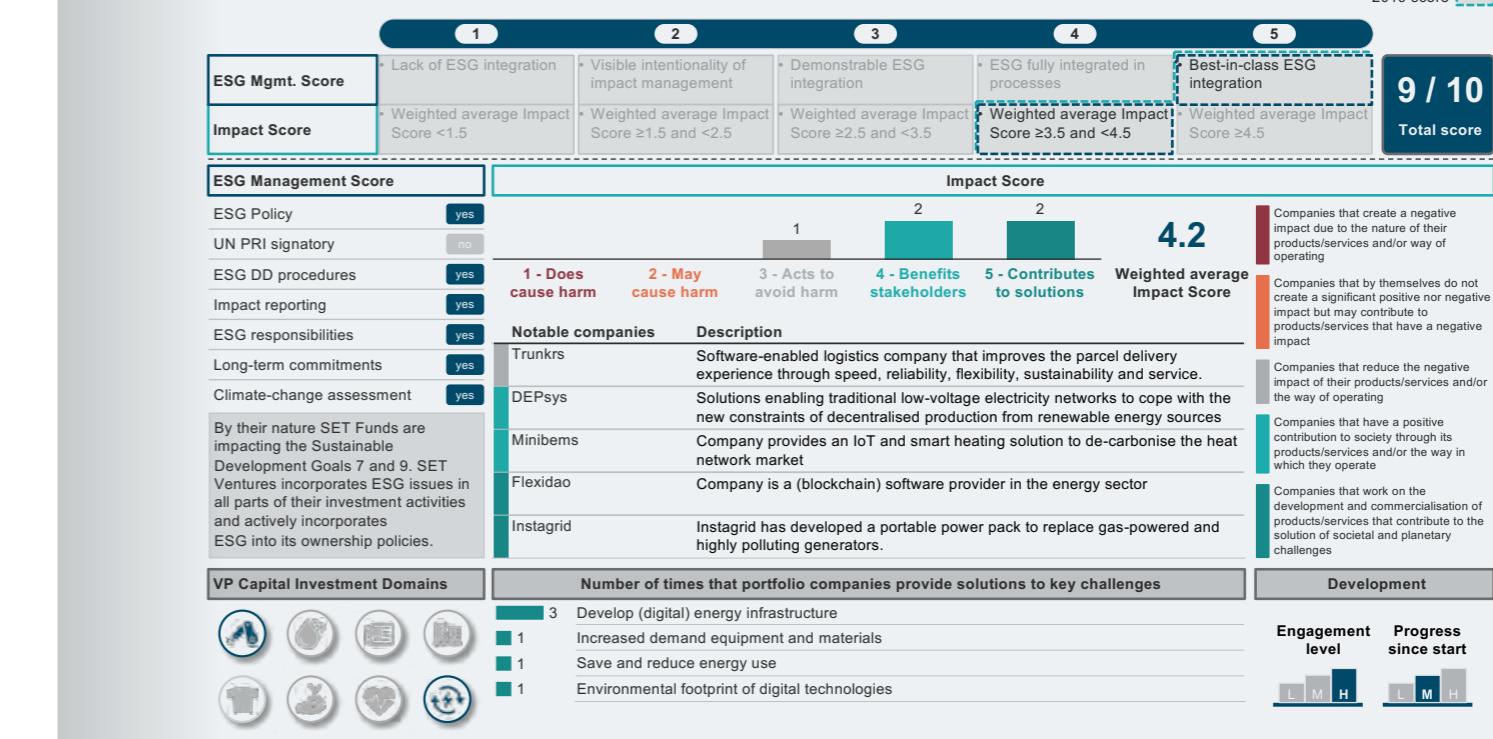
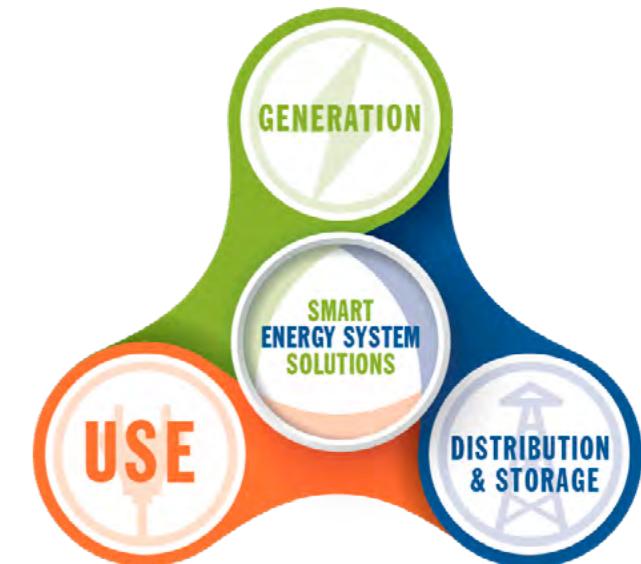


The realization of fast charging infrastructure for electric trucks is a challenging discipline with multiple complex angles due to the high-power demand. Thus, an important step has been taken towards emission-free transport.

Example 2

SET Ventures is an impact fund primarily active in the Energy domain. Since 2007, SET Ventures has been investing in European technology companies that have an impact on the future of the energy system. They generally focus on innovative energy generation, energy distribution and storage and energy efficiency.

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





Key challenges

- Freshwater supply and river drought
 - Clean water and sanitation provision
 - Increasing drought & infertile arable lands
 - Acid rain and ocean acidification
 - Plastic soup (microplastics)

Impact score Water domain

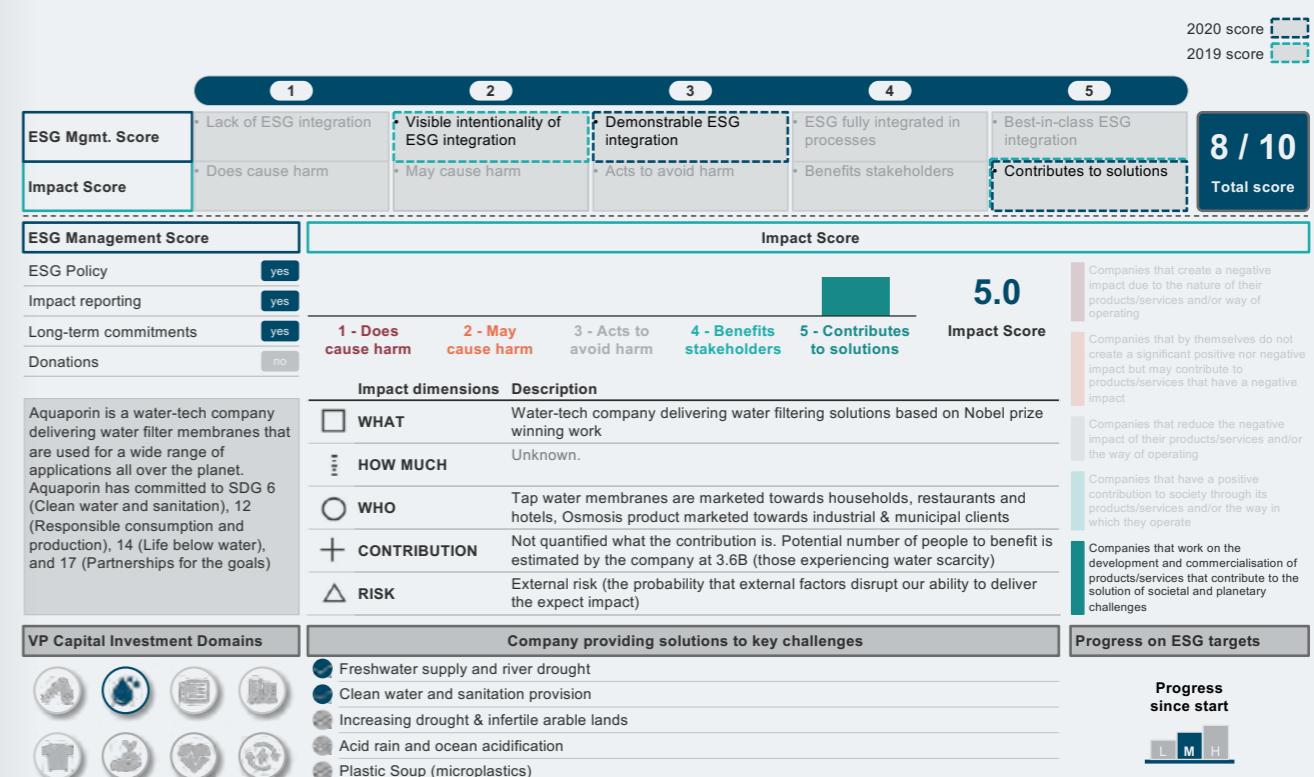
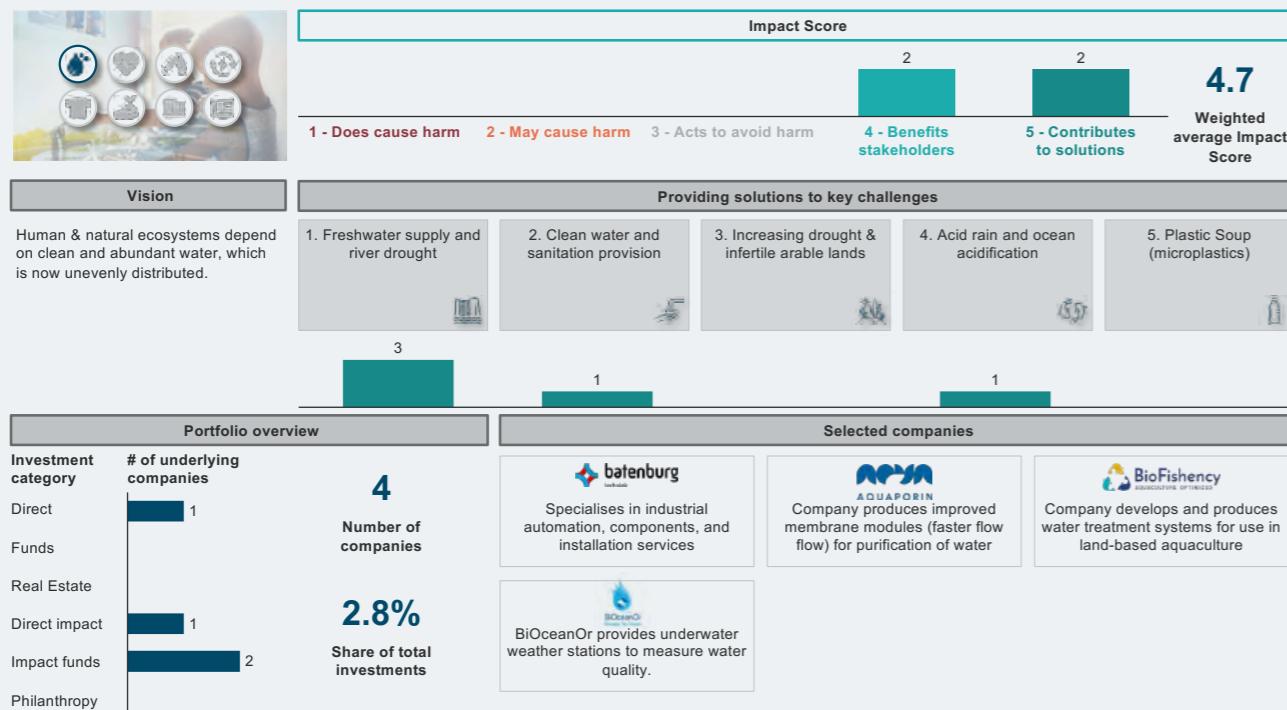
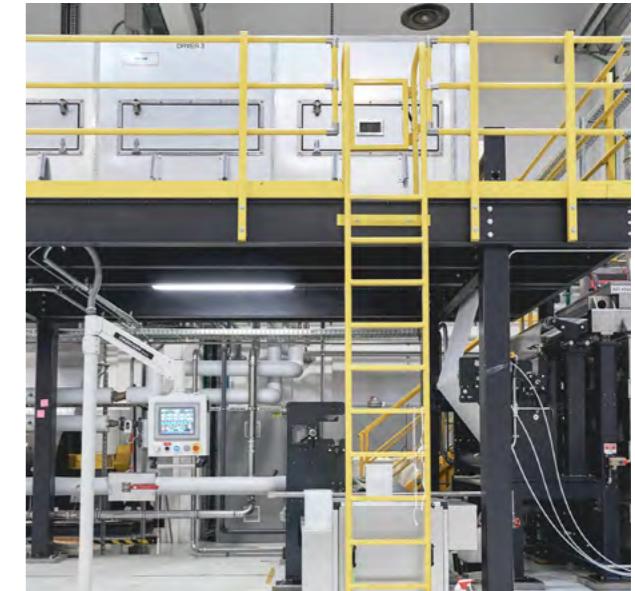
Key solutions

- Invest in utility leaders championing regenerative business models and water cycle restoration.
 - Companies producing water sustainability by producing the same product with less water use.
 - Companies excluding microbeads in production process.
 - Solutions mitigating GHG emissions or plastic waste in water use.

1 example in our Water domain

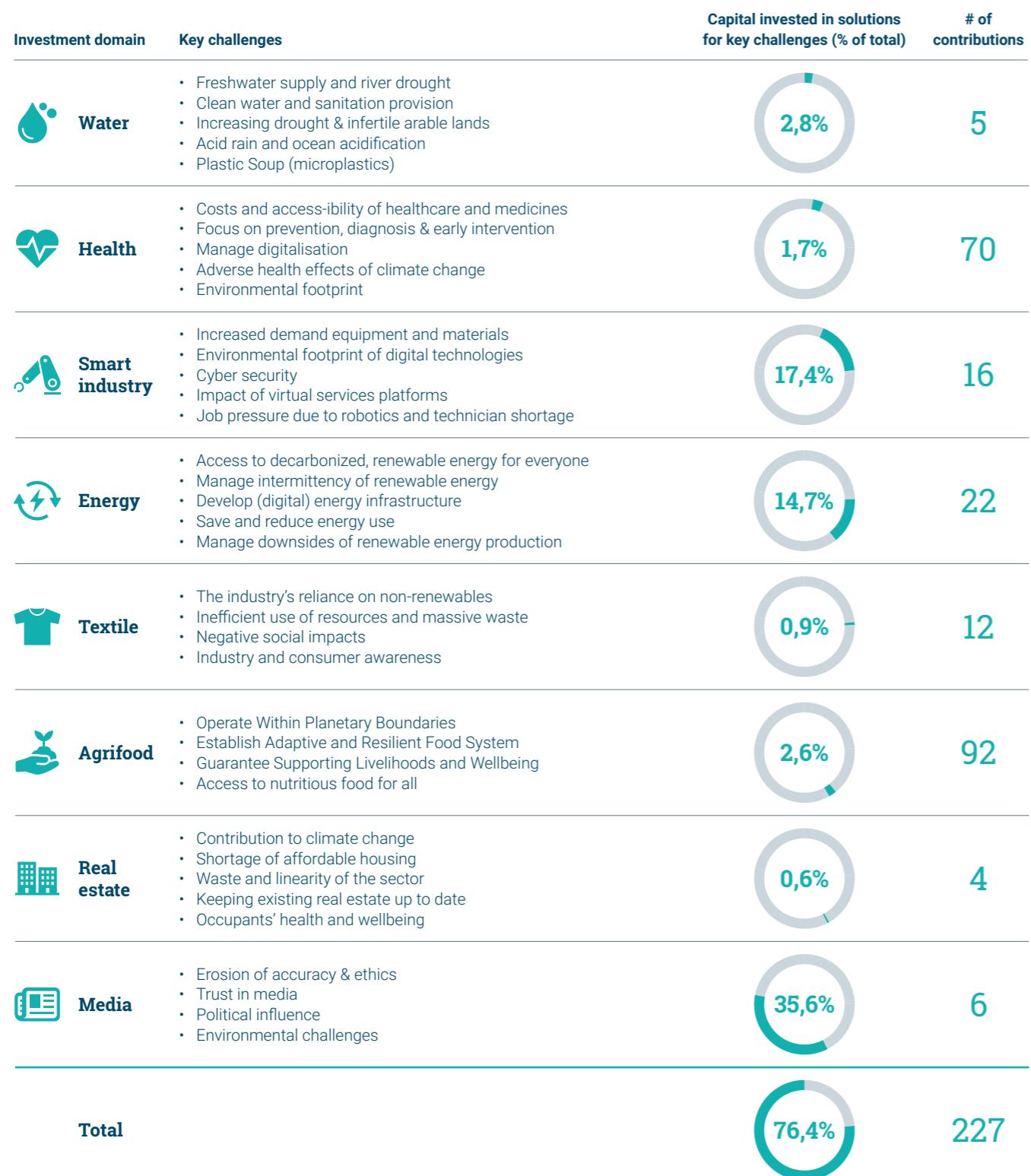
Aquaporin is a Direct Impact company active in the Water domain. Aquaporin's main objective is the development of the Aquaporin Inside™ technology - capable of separating and purifying water from all other substances. They are using biotechnological fundamentals in a technological context that is a new emerging area with great commercial prospects.

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



Capital invested in solutions for key challenges

We have already discussed in detail the challenges of our domains. This KPI gives an indication of the percentage of capital invested in funds or companies contributing to at least one solution for key challenges.



Capital invested in impact

Defining impact is tricky. At first, we defined impact companies as companies or funds that were founded with the intention of making an impact. However, we see that more and more companies that were not initially set up to make an impact, do contribute to the Key Solutions.

For example, we think that a roof membrane that generates energy is impactful, but the entrepreneur himself is not driven by social progress. He is driven by the joy of a new technical invention. If he had made this invention with the intention of reducing carbon, we would consider it impactful, but not otherwise. This is where a dilemma in definition arises. We increasingly define impact itself as "contributing to solutions for Key Challenges".

We currently count funds that call themselves impact funds as impact investments. In addition, we add business that contributes to solutions. We want to be vigilant about 'impact washing'. But on the other hand, we want to be able to assess more objectively in which case we consider something to be impactful and in which case not. We determined that companies achieving 4 or 5 on the impact ladder have a positive impact. We are going to use these metrics from now on.

The impact funds or impact companies we invested in achieve this Impact Score of 4 or 5 easily. In addition, the category of impact investments is expanded with companies that may not have been intentionally founded for "impact", but in the meantime do contribute to tomorrow's solutions. This brings our total of impact investments

to 34% of assets and we want to reach at least 45%. This year we invested in Blue Horizon Ventures, Rockstart AgriFood, NextGen Ventures and SHIFT Invest. Sometimes we start modestly and increase investments later.

For our impact funds, we track a number of impact metrics. In the impact world there is still a great variety in methods, data and definitions (impact, outcome, output). We selected some of the KPIs that the impact funds selected themselves. We hope that one day all our data will work together towards the same challenges and that we will report impact from direct investments, donations and impact funds on the same basis and consequently be able to aggregate them much better. We considered bringing all impact data to the same denominator (euros), but this method is still subject to so many hypotheses that we have chosen to track the reported output KPIs instead.

The data we use are from impact reports at the time our Progress Report is produced. This means that the data mentioned are usually from 2020, but sometimes from 2019. We receive many impact reports very late in the year.

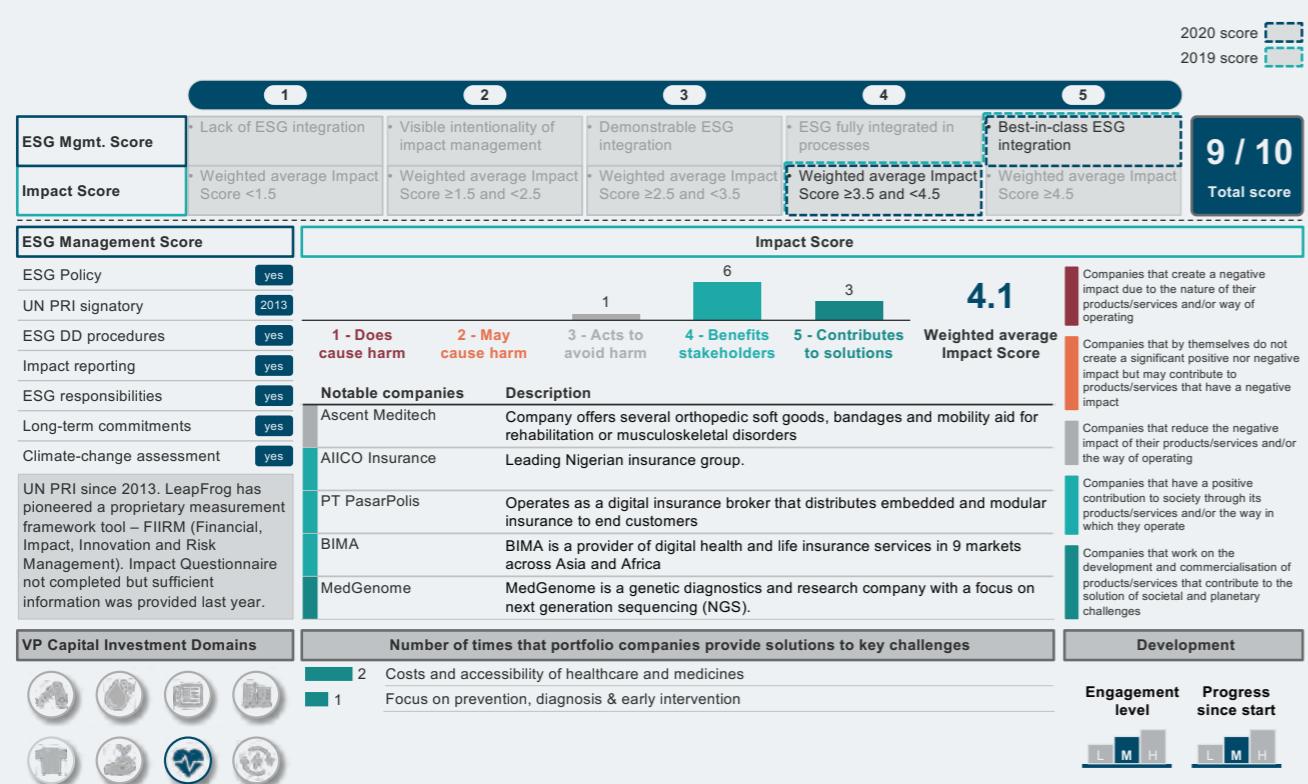


2 examples of impact funds and their one pager with their score

For funds, we look at the underlying portfolio companies within the domain, the impact ladder and the ESG ladder to arrive at a total score.

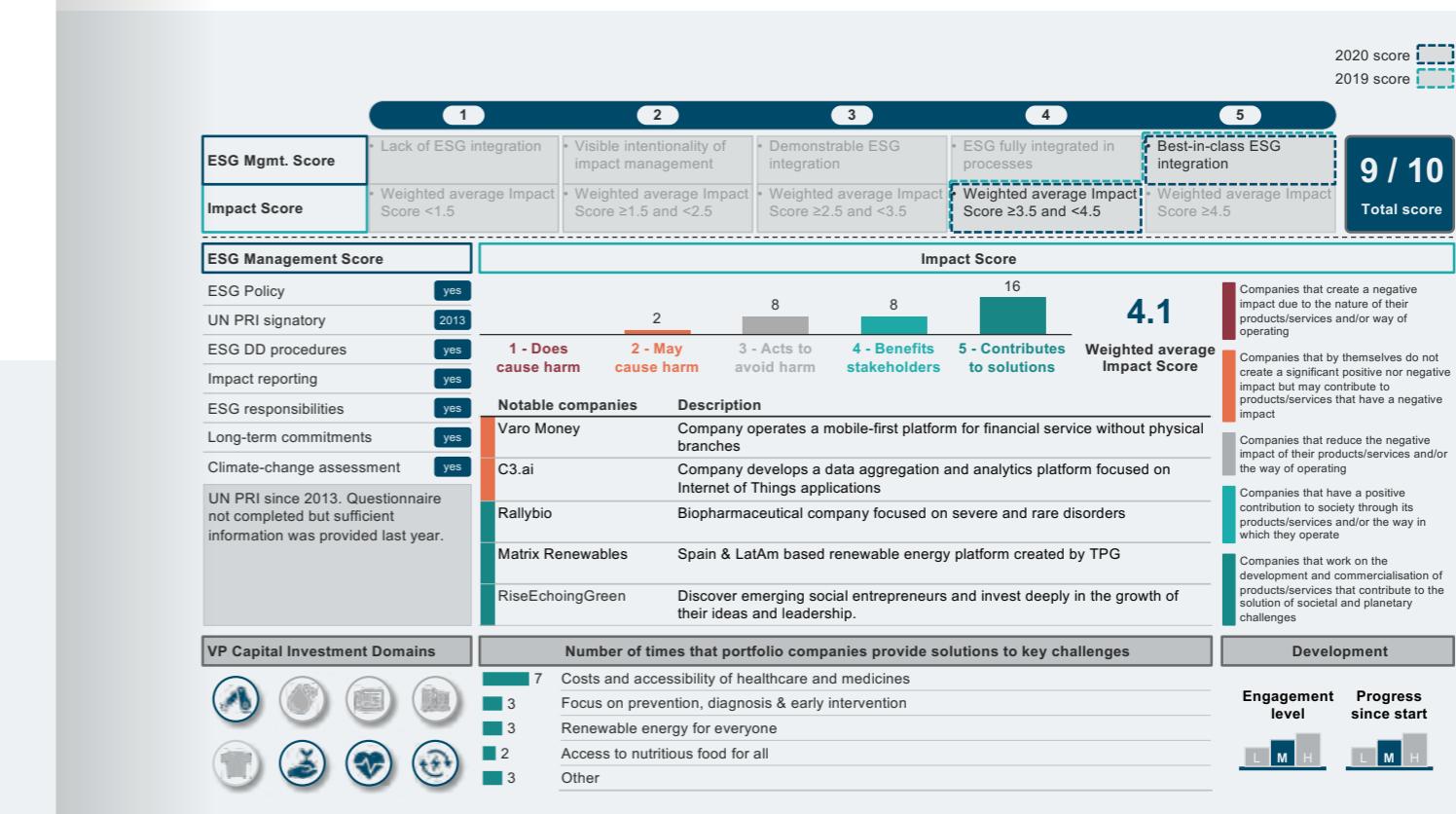
Example 1

LeapFrog Investments is an impact fund that is primarily active in the Health domain. Leapfrog invests mainly in Asia and Africa and combines growth with impact.



Example 2

The Rise Fund from San Francisco is an example of an impact fund that operates in multiple domains, but primarily in the Health domain.



Capital invested in innovation

Our goal is to invest at least 5% of our assets in innovation. Our score went from 3.74% in 2019 to 4.75% in 2020. Innovations are defined as companies or funds working on (yet to be developed) technology or ideas. Usually, they are still in the start-up phase and the (underlying)

companies still have negative ebitda. In innovations, we often see the seeds of tomorrow's business and solutions. In our next Progress Report we will explain Innovation in more detail.

Total donations

Our heritage in philanthropy

Long time ago, our grandmother "Grandma Tuut" visited textile suppliers in India and started an NGO to provide education to children in India. SLO is small, but still active and works mainly with the charity organization WE on projects in Africa. Two members of our family serve on the board of this charitable organization. A small amount of **€ 7K** has been donated in 2020 (€ 25K in 2019).

Our current philanthropic activities

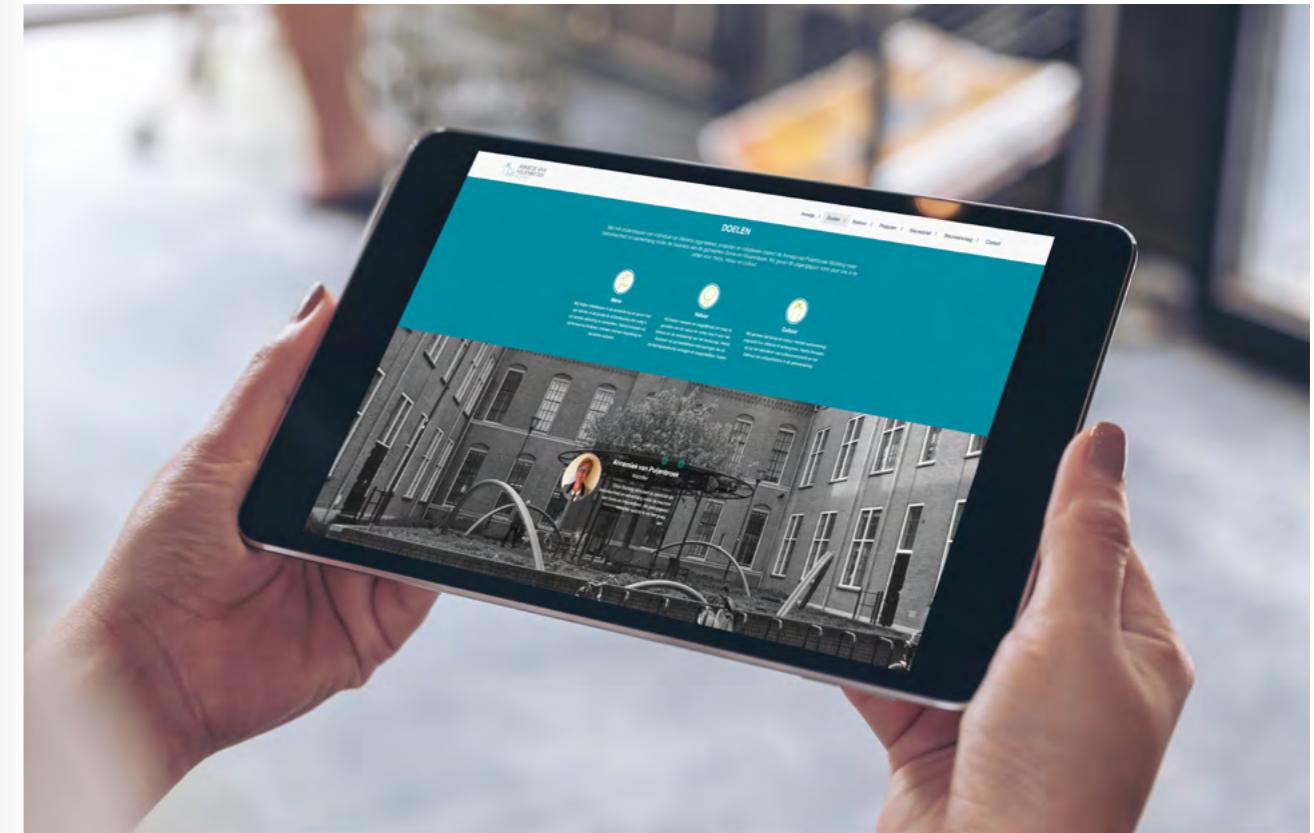
In recent years, our philanthropic activities have expanded. We have established our own charitable foundation, selected specific causes and all family members have their own annual donation budget. We see that these activities connect generations internally. We still have some strategic steps to take and we consider this our next step.

The **Annetje van Puijenbroek Foundation** was founded in 2015 to give something back to the local community in Goirle and Hilvarenbeek, where the cradle of our family business lies. We support initiatives that build social cohesion, whether through cultural, environmental or social cohesion projects. We have been supporting small initiatives for many years. Every year we donate at least **€ 100K**, with the aim of using these resources locally. In this way, our company is "designed to give" to our local community. Three **members of our family** are part of the board of this charity.

A few years ago, a family member was faced with a lung transplantation. The follow-up of the medication was intense: many weeks in a hospital to receive medication, at a time when the need to be at home was high. After her death, the charity **Emilie van Heel fund for lung transplantation** was set up together with the Katholieke Universiteit Leuven (KUL) to give transplant patients access to medication at home and to enable research into organ rejection after transplantation. A **family member** is closely involved in the succession of this fund. Annually we donate **€ 250K** to this charity. This contribution will be evaluated in five years' time, but as a founding family we wish to **continue our support in the long term**.

A few years earlier, we started with a **fixed amount that each family member** can donate. Each family member can donate through VP Capital to their own favorite charitable organization or can choose between pre-selected charities. Of course, all family members donate *personally*, *this is not included in VP Capital's donation budget*. We introduce giving to our children through workshops starting at the age of 6, *where they learn about doing good and taking responsibility*. The budget from the age of 6 is **€ 6K** for each family member per year. In 2020, the budget has been allocated to various corona-related causes such as food banks, local production of masks, laptops for those who cannot afford one in order to take online classes and access to mental health services for youth and children in poverty. Annually, we donate minimum **€ 150K**, selected by family members.

Within our textile company HAVEP, an initiative called **Button-up** was supported. Its goal is to give refugees or vulnerable people access to training in sewing to develop their skills while making circular products. VP Capital donated a budget of **€ 45K** to start this initiative with a partner. A **family member** is closely involved in the build-up of this initiative.



Our Next Step in Philanthropy

Over the past year, we have been working on a more strategic vision for philanthropy. It is now part of VP Capital's overall strategy. We have also set goals on how much more we want to give, on top of our current philanthropic initiatives.

Objectives

The following objectives have been anchored:

Donate to

- solutions for key challenges in each of our investment domains (planetary/societal)
- existing charity partners:
 - locally to strengthen local cohesion
 - In the domain "Health"
- emergency aid

Dialogue with

- charities in terms of ESG and output-outcome impact
- family members about their personal donation budget
- family members about their involvement

Our how

With Sinzer, we have been working on identifying the key challenges in our investment domains. Based on these key challenges, we have identified investable solutions and philanthropic solutions. Our influence and knowledge are embedded in our investment domains. We foresee that investments will go to solutions for the key challenges in our investment domains. We realized that there are also many philanthropic initiatives in these domains.

Overview of philanthropic solutions



Agrifood

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



Health

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



Real estate

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



Textile

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



Energy

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



Media

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



Smart industry

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



Water

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

With these philanthropic solutions in mind, we created a list of 32 charities that fit into our domains.

We asked professional impact organization Telos Impact (third party) to help us creating a shortlist based on extensive due diligence of impact/management & governance, financials, operations and a charity action plan.

By 2021, all charities in the domains will be selected and we will increase our donation budget. In this way, we invest and donate in the same solutions. Philanthropy can accelerate the development of solutions.

Engaging with our charity partners on governance and impact

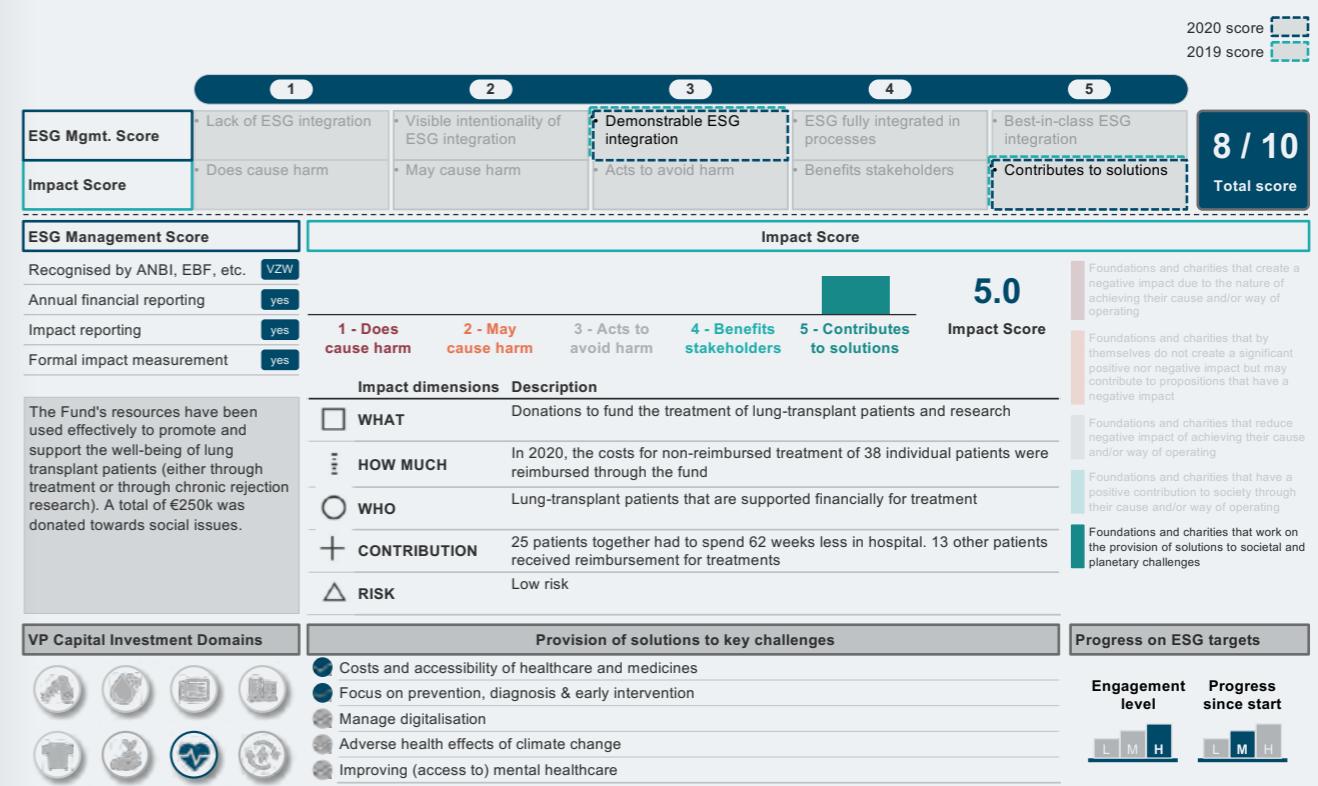
In 2021, we engaged with charities on ESG topics and 2020 output and **impact data**. All charities receiving more than € 100K are reviewed by **MJ Hudson** and are included in VP Capital's Sustainable Progress score. We have conversations with the charities about possibilities to improve their score.

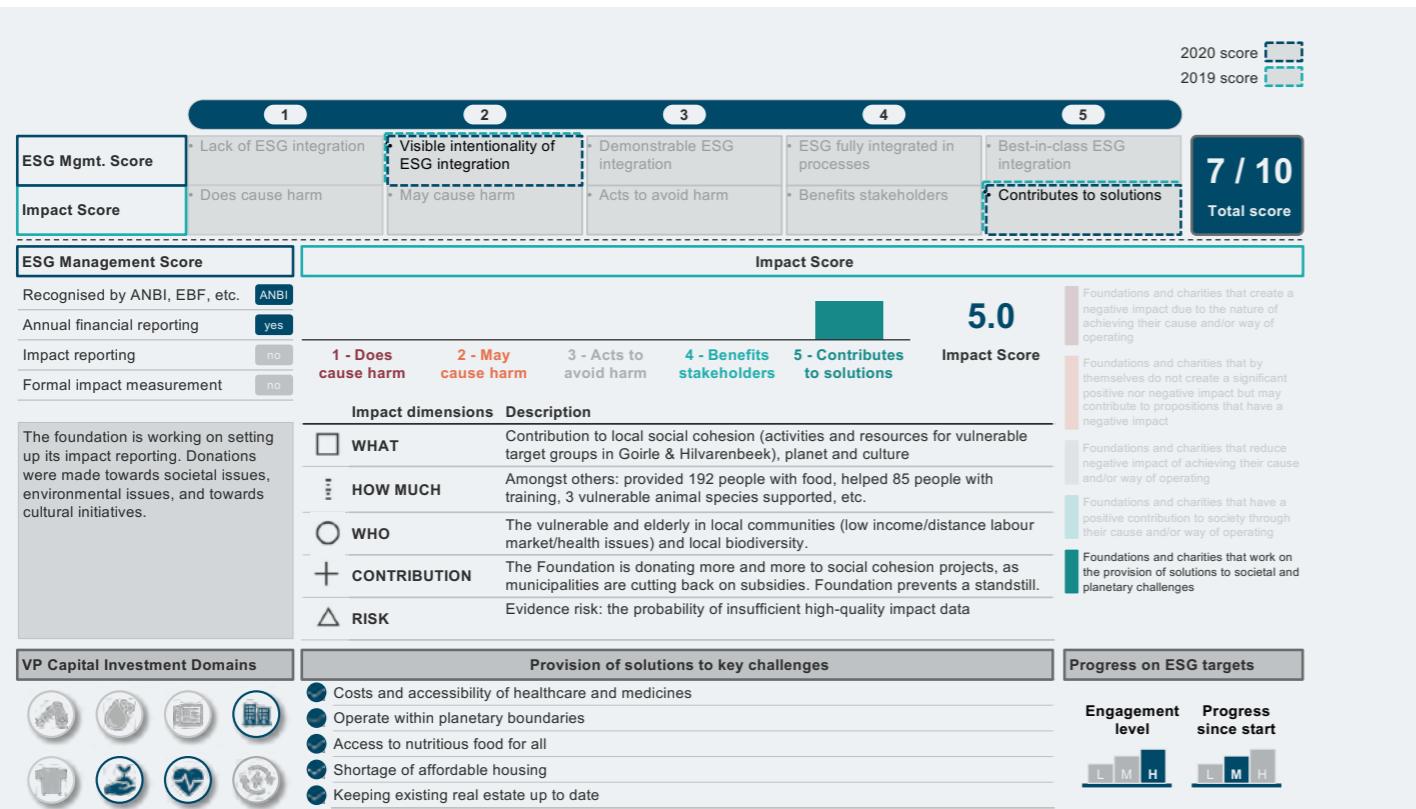
2 examples of charity one pagers.

These show their score and contribution to solutions for key challenges.



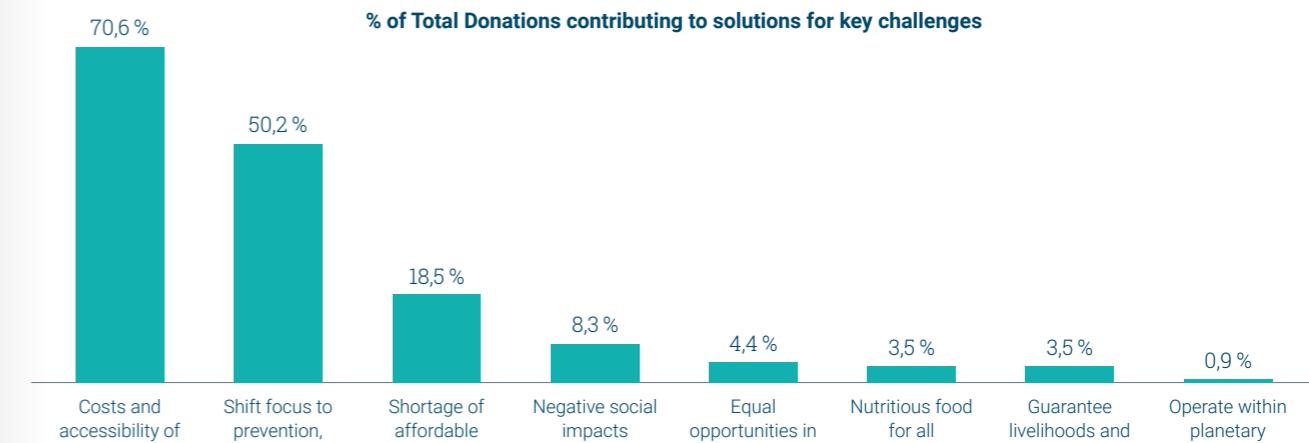
EMILIE VAN HEEL FONDS



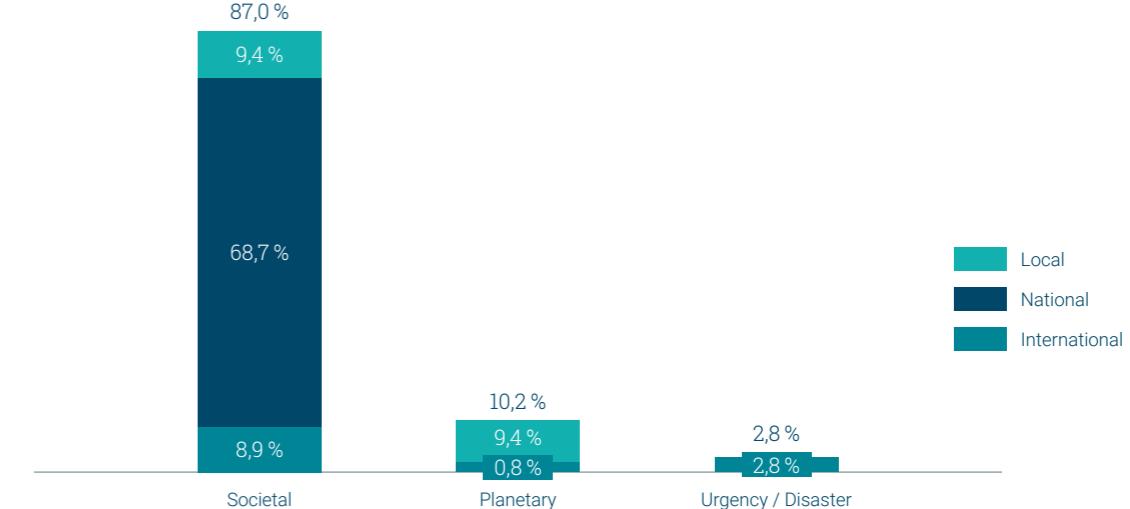


We also want to track indicators on how much is donated towards solutions for societal and planetary challenges and how much is donated towards emergencies such as corona on a **local**, national or international level and where we stand in terms of donations in our investment areas.

Some overviews as examples:



Donations per 'Share the Success' challenge classified according to geographical scale² (% of total donations)



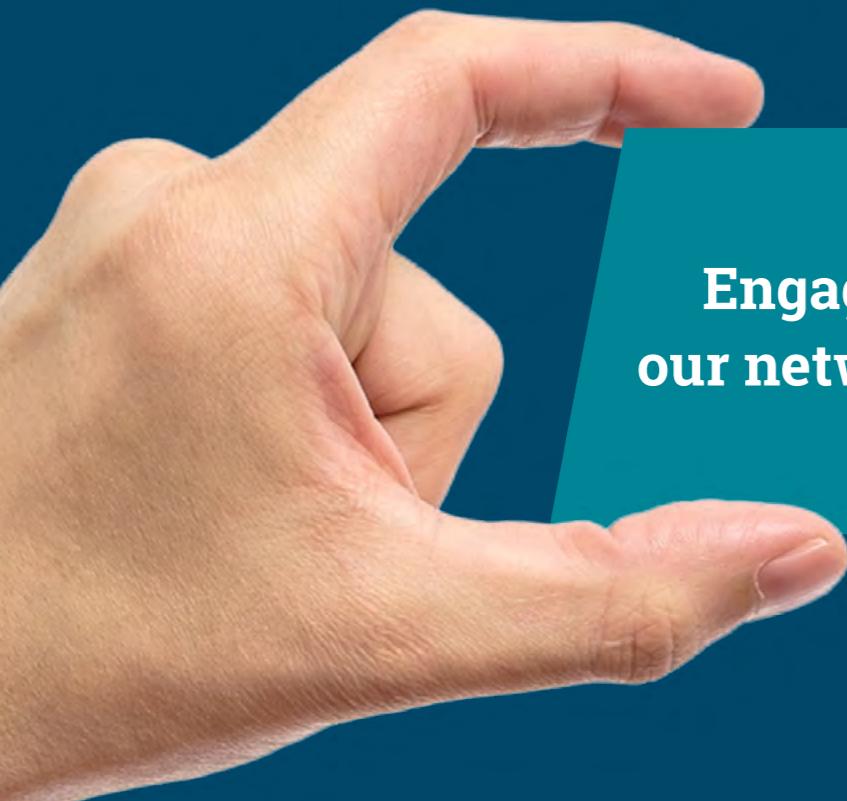
¹ Donations can contribute to multiple challenges
² €20k in donations does not fit in framework

Our budget

We donate an increasing % of our wealth. With charities, we prefer to work with long-term agreements and fixed annual amounts. We consider a percentage of our wealth to be the best indicator. We expect to donate about € 1 million annually over the next few years. In 2020, this was about € 600K. It must be said that we aimed higher for 2020, but due to the cancellation of many social cohesion projects and meeting events that could not take place due to Corona, the

actual spend of € 600K is lower than committed. In 2021, the effective amount given will be increased. We do not count our carbon offset as donation projects, as we see this as compensation (part of the business) and not as a donation. The amount spent on tree planting was about € 60K in 2020. We don't incorporate donations made by our investments.

Close up pillar 2



Our KPIs

Dialogue with family offices

Engage with our investments and philanthropy on ESG and Impact



Dialogue with family offices

Dialogue with family offices

In several investments, we share the ownership with other families. We think co-ownership is a good model for having a diverse perspective. We therefore often make our sustainable progress together with others. We actively engage in conservation on topics such as transparency, our role in society and long-term thinking.

A lot of families and family offices are active in the donation and impact world and strive to make their investment portfolios and businesses more sustainable. Often this is driven by the younger generation, but definitely not in every case. We organize moments of consultation with and between these families. We actively share our learnings, knowledge about sustainability partners and we help family offices that want to start on this path. We do this not because we think we have so much knowledge, but because we think we can set something in motion that way. We ourselves can always learn from others and we find it particularly rewarding when other families can build on work that we ourselves sometimes had to pioneer. Discretion is important in this dialogue, but cooperation on this matter is even more important.

We therefore actively participate in organizations that organize trainings on Sustainable Progress for families or family offices. In the meantime, quite a few families have already started working with this theme. We meet about 30 family offices a year and organize a round table for a number of families. It is striking that sustainability is increasingly getting to the heart of the matter. It is no longer something that takes place in the margin, but something that becomes inherently intertwined with your DNA, the future, the family bonding, new investment opportunities and with the transformation of existing business and reporting.

We consider it an honor to be seen as a forerunner by other families in this area. They should all be a little more proud of their work, thinking and investments towards Sustainable Progress. We set a KPI to engage with at least 50 families and family offices annually by 2023.

Engage with our investments and philanthropy on ESG and Impact



Engage with our investments and philanthropy on ESG and Impact

With a large group of investments, a dialogue was initiated. We make a preliminary one-pager based on information obtained (quarterly reports, annual reports, impact reports). We enter into dialogue about this one-pager. What is already going well? Where do we still see opportunities for improvement? Additional questions are asked or documents are sent. Giving our investments a grade makes it easy for us to steer. Of course, a grade does not say everything, regularly we see beautiful initiatives or visions that are valuable but do not yet get the "check-the-box" approval.

We bring our companies together at our annual sustainability day, actively talk to management and sustainability managers about possible steps and put sustainability high on the board agenda of our investments.

The following figure indicates the number of investments and charities we have actively engaged with.

Improvement levers

Engage with current portfolio



Description

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

Specific opportunities

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

Selected metrics

38 / 45

of managers we engage with to discuss ESG

Close up pillar 3



Our KPIs

B Corp-score

Active ownership



B Corp score

We screen our investments, but of course as VP Capital we also want to set a good example. As an organization we want to be as sustainable, ethical and socially responsible as possible. Because we want to keep growing in this respect and want to 'measure' better where we stand in this area as well. We have been working on getting ourselves certified for B Corp ('Benefit' corporation) in the past year.

The B Corp label can be seen as a high-level certification. To earn this label, companies must demonstrate in their decisions how they incorporate all their stakeholders: employees, customers, suppliers, the community and the environment. It is therefore about ethical practices, in every aspect of the business, to build a more inclusive and sustainable economy. Together, B Corp-labeled companies form a community of frontrunners and leaders of a global movement for 'business as a force for good'. At VP Capital, we think it is important to be part of this.

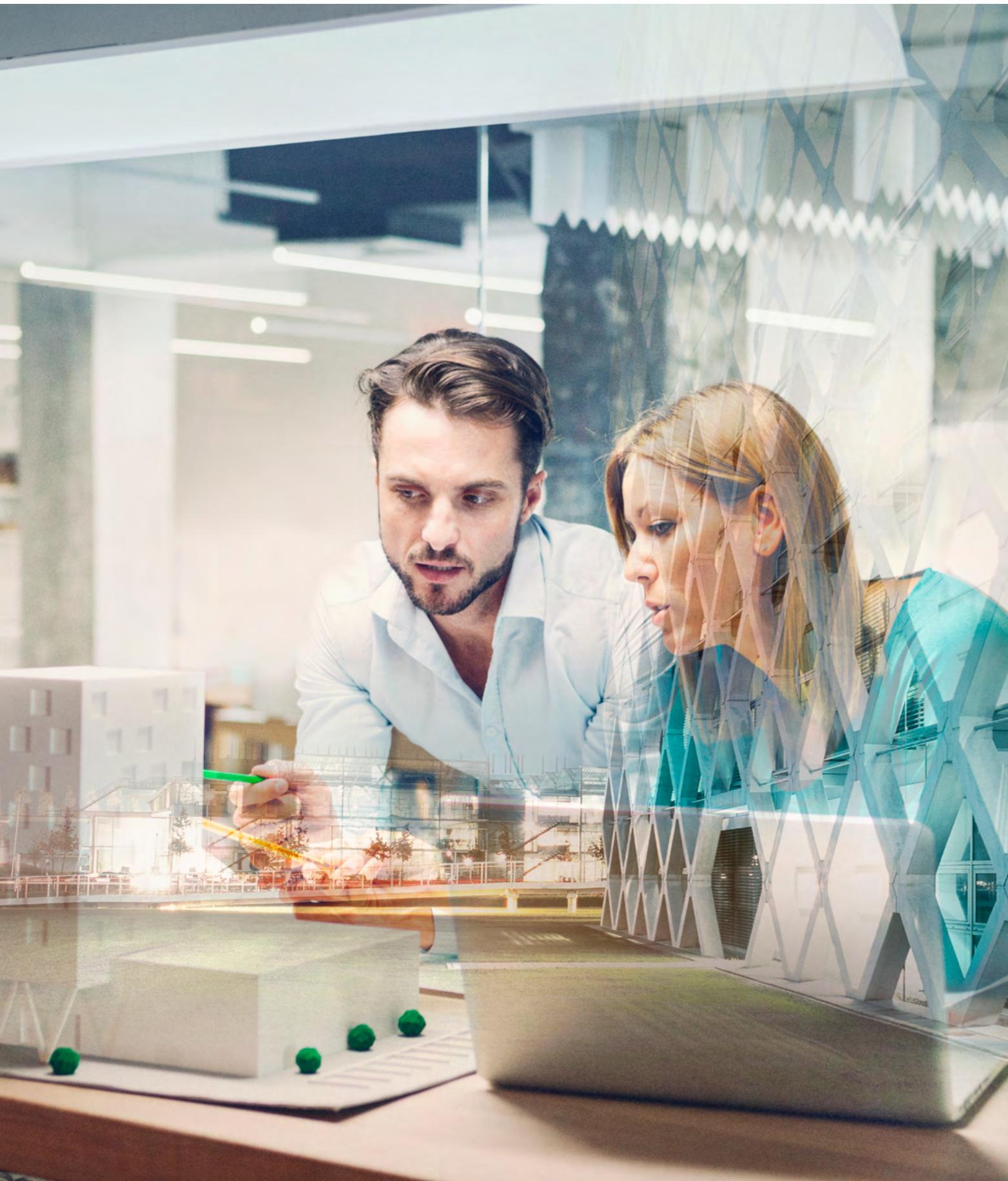
In November, we began the 'B Corp self-assessment'. This is a questionnaire of approximately 200 company-specific questions covering all stakeholders and virtually all business aspects. The methodology works in such a way that a company can complete the entire questionnaire and decide for itself when to send in the answers for assessment. It is also useful that the questionnaire provides many pointers for possible improvements in the organization.

We have been working on sustainable progress for a long time, but these pointers allowed us to improve many more things. For example,

we have explicitly defined a number of policy matters where this was sometimes only implicit up until now. This applied, for example, to the training policy for our employees, but also to our investment policy. In this policy we indicate how we balance risk, return and impact in our investment decisions. We have also drawn up an explicit code of conduct, both for ourselves and for our business relations. We also drafted policy statements regarding whistleblowers, anti-intimidation, anti-discrimination and the handling of complaints right away. Finally, the questionnaire prompted us to strengthen our donation policy and increase our ambitions in this area.

In April 2021, after extensive preparation, we finally submitted our answers to the questionnaire. Since then we have been in the process of becoming certified. An audit will assess whether VP Capital achieves the minimum of 80 points (on a scale of 200 points). We are curious whether we will achieve this or whether it will be necessary to make more improvements first. We have already fulfilled one of the requirements, namely the amendment to the articles of association required by B Corp. In our articles of association the social purpose of the company has now been adjusted so that the impact of our actions on all our stakeholders is considered.

Whether we make it or not, we will continue to work hard in the coming year on organizational improvements that reflect a higher B Corp score. Even if a company is B Corp certified, continued development is an important condition and periodic recertification an obligation.



Active ownership

We believe it is important to be actively involved in our investments. Too many shareholders are distanced from their investments. We want to be actively involved in at least 75% of our assets. Actively involved means that we participate in boards of directors, supervisory boards, advisory boards and ICs. We do this with a number of people from our team at VP Capital and each of us will actively put sustainability on the agendas of our investments.

Results 2020

In 2020, we have taken an active role with companies that collectively represent more than 85% of our assets. We actively take up our role to put sustainability and impact on the agenda:

Investment portfolio

- **Guus van Puijenbroek**
 - Board: Batenburg Techniek, Mediahuis
- **Michel Meerkerk**
 - Board: HAVEP, Beleidscommissie VP Landbouw
- **Jeroen Heine**
 - Board: Q-lite
 - Advisory Board: REG fund, SHIFT Invest III
 - Advisory Committee: Bolster Capital Partners, 747 Capital, SET Ventures III.
 - IC: Convent, HCRE, TIF
- **Astrid Leyssens** (VP Capital partner)
 - Board: Pymwymic
- **1 family member**
 - Board: HAVEP

Donation portfolio

- 1 family member
 - Board: Emilie van Heel Fonds
- 3 family members
 - Board: Annetje van Puijenbroek Stichting

These are our "own people". In addition, we also delegate people who take on board roles on behalf of VP Capital. They are counted as "active ownership".

In addition, we want to offer **added value** to our investments in the legal, financial, strategic, communication and sustainability areas. We deploy knowledge, capital and our network to realize this added value in our companies.

Close up pillar 4



Our KPIs

Companies providing solutions
for planetary challenges

Planetary metrics
improved

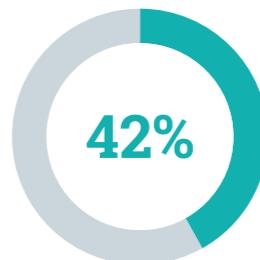
Carbon neutral
certified

Invested in companies that provide solutions for planetary challenges

A leading indicator of the positive impact we seek to make as VP Capital is the number of companies that actively contribute to solutions for the identified planetary challenges (viewed across the investment portfolio). As part of the screening of our portfolio, this was assessed on a company-by-company basis. The slide below shows how many of the companies we invest in are making a positive contribution.



Contribute to solutions for planetary challenges



114
companies

Examples

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

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

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

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

The amount of companies is a relatively simple indicator, but of course it does not say everything. One company may have more impact than three others added together. Also, the share and amount of VP Capital's investment, and thus the impact attributable to VP Capital, is not captured in this way. Therefore, the percentage of capital invested is also tracked.

Carbon neutral certified

The carbon footprint, one of the planetary metrics, deserves extra attention. Three years ago we started our journey towards a carbon neutral VP Capital. Although this journey is far from finished, we have succeeded: VP Capital has become an officially certified CO₂ neutral company, as have our portfolio companies HAVEP, Q-lite, VP Landbouw and Batenburg Techniek.

What does this mean and how did we go about it?

Calculation of emissions

In order to become a carbon neutral company, first of all you need to know what emissions you are responsible for as a company. That starts with measuring and collecting data. In 2018, we therefore began tracking data related to leased cars, commuting, energy consumption, business air travel, paper consumption and so on. As part of our ESG scans, emissions data from our direct (>50% owned) investments are also tracked from 2018 onwards.

For the 2019 data, we asked accredited specialist CO2logic to audit the facts and figures to make sure we made no mistake. After all, it is a quite complicated matter.

A company's CO₂ emissions are generally divided into three 'categories':



SCOPE 1

The direct emissions from company sources: the combustion of gas for heating, the leakage of coolant from air conditioners, the combustion of gasoline and diesel in company cars and the emissions from any production processes (such as VP Energie's biomass plant).

SCOPE 2

The indirect emissions from company sources: the emissions caused by the use of electricity or heat (the company has a direct influence on this through the consumption, but the actual emissions take place at the power plant).

SCOPE 3

All indirect emissions elsewhere as a result of the business activities: this includes all emissions as a result of, for example, business travel, commuting, waste, products and services purchased from suppliers, but also activities made possible at customers' premises.

In general, the emissions for scope 1 and 2 can be calculated quite well, but for scope 3 it is more difficult because it may include a lot of things. In addition, it is not realistic to include all scope 3 emissions.

For VP Capital, by far the largest part of its emissions are in scope 3, namely the (scope 1+2) emissions of all companies in the investment portfolio, at the level of our participation. It is our ambition to calculate and include these scope 3 emissions as completely as possible. At the moment we are still missing the emissions of our real estate portfolio and of the companies and funds in which we invest with a minority stake. We have already made a first rough calculation for real estate and are working on refining it.

Offsetting emissions

Once the emissions are known, you can decide to offset them, by contributing to projects that provide a reduction of CO₂ in the atmosphere equal to that of the increase due to business activities. This is what VP Capital has chosen to do.

For 2018, we have offset our emissions by planting trees through WeForest. Since 2018, this has been done in various projects around the world. We've planted for example 80,597 trees at a project in Zambia and 5,333 trees at a project in Brazil. The counter now stands at over 170,721 trees planted through WeForest!

Planting trees is of course a very positive thing (and we intend to continue doing so), but this does not mean that a company can call itself carbon neutral via this compensation. For this it is necessary to compensate by purchasing certified 'carbon credits', for example Verified Carbon Standard (VCS) credits. These credits are subject to very strict requirements and conditions, in order to guarantee they actually contribute to a decrease in CO₂-concentration in the atmosphere.

In order to be officially recognized as a 'carbon neutral company', VP Capital decided to partly switch from planting trees to purchasing carbon credits. For 2019, our compensation still consisted of a combination of planting trees and purchasing (VCS) carbon credits through WeForest. Our companies made their own choices in this; HAVEP and Q-lite opted for carbon credits and therefore already received the carbon neutral certificate for 2019.

For 2020, all emissions were offset by purchasing (VCS) carbon credits through CO2logic. These credits originate from a project for agroforestry (combination of forest management with agriculture) and forest protection in Zambia. This means that from now on, in addition to VP Capital, HAVEP and Q-lite, VP Landbouw and Batenburg Techniek can also call themselves certified 'carbon neutral' companies.



Reduction of emissions

The goal of the journey is not to offset our carbon footprint, but to reduce it. Many initiatives to this end are already underway across our portfolio and we are working hard to make it happen.

Fully in line with our targets, our CO₂-emissions in 2020 have dropped compared to 2019, overall by as much as 20%. This reduction is an average of the results across the different companies, as shown in the table below.

NOTE. We are, of course, aware that the Covid pandemic probably contributed significantly to this reduction, particularly since it caused a large reduction in mobility. Covid will still have a significant impact on the 2021 emissions as well.

| Company | Emissions 2019 (tons CO ₂ -eq.) | Emissions 2020 (tons CO ₂ -eq.) | Difference (%) |
|---|--|--|----------------|
| VP Capital (excl. investments, incl. other scope 3) | 55 | 34 | -38% ▼ |
| VP Landbouw | 3.212 | 3.349 | +4% ▲ |
| Batenburg Techniek | 3.651 | 2.044 | -44% ▼ |
| HAVEP | 209 | 178 | -15% ▼ |
| Q-lite | (belang VPC: 177) 204 | (belang VPC: 217) 250 | +23% ▲ |
| VP Energie | 17 | 16 | -7% ▼ |
| VP Capital TOTAL | 7.322 | 5.839 | -20% ▼ |

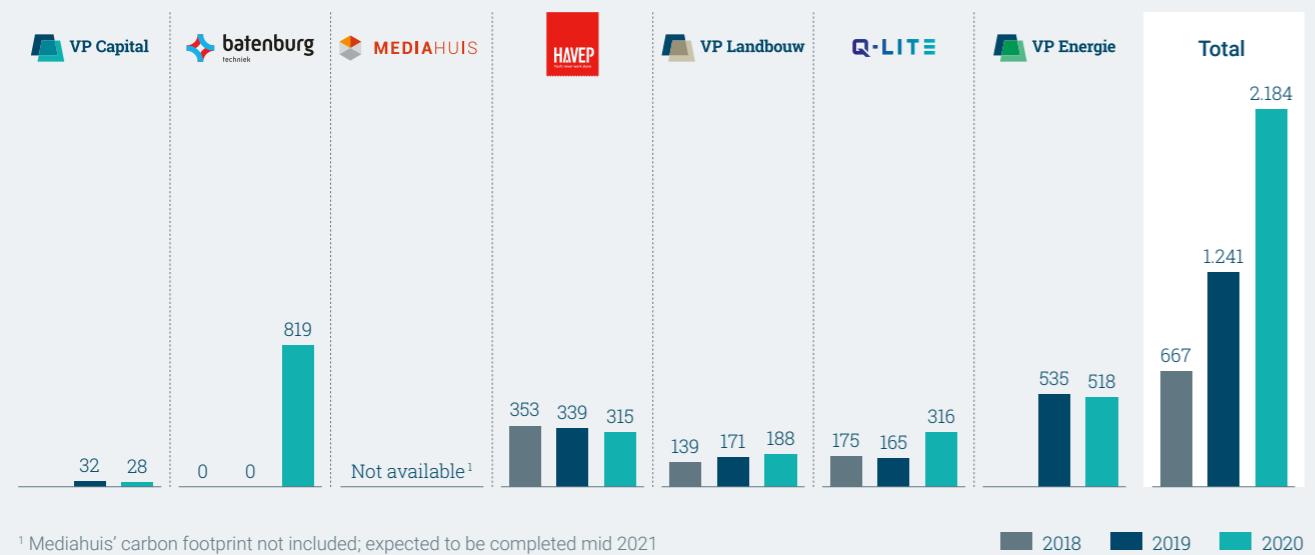
Absolute emissions in 2019 versus 2020

The figures in this table indicate *absolute* emissions and do not take into account, for example, a growth in business activities. The increase at Q-lite, for example, can be explained by an acquisition, which resulted in growth of the company. Its *relative* emissions (emissions per € mio revenue) have decreased by 21%.

| Company | Emissions 2019 (tons CO ₂ -eq.) | Emissions 2020 (tons CO ₂ -eq.) | Difference (%) |
|---------|--|--|----------------|
| Q-lite | 24 | 19 | -21% ▼ |

Relative emissions in 2019 versus 2020

We also track the "carbon avoided". This is expressed as t CO₂eq.



Reduction target: Science Based Targets

We want to keep reducing our emissions, but what level of emissions should be the target? The Science Based Targets initiative (SBTi) can answer this question.

As part of its Sustainable Progress vision, VP Capital signed the SBTi's 'commitment letter' in April 2021. By doing so, VP Capital commits to the carbon reduction targets that are necessary - scientifically substantiated - to meet the Paris Climate Agreement commitments to limit global warming. These targets will be formulated for both the short (5 years) and long term (2040) and relate to:

- the emissions of VP Capital itself;
- the companies in which VP Capital directly invests (>50% shareholding);
- the real estate portfolio of VP Capital.

On the topic of Science Based Targets, VP Capital has been advised and guided by Sustainalize.

Next steps

As of 2019, VP Capital is a carbon neutral company. We are very happy about that! However, we continue to move forward. We are working towards higher reduction targets, because we realize that incremental reduction is nice, but much more CO₂-reduction is needed.

We continue to measure and offset our carbon emissions each year. Now that we have gone through the process several times, this will become easier and easier. We will gladly continue to work with CO2logic, who has guided us well in this process. For the near future, our aim is to further expand the scope of our calculations, and also to include real estate and other investments. For real estate, we have already taken the first steps in this direction.

- When it comes to reduction, we still see plenty of opportunities:
- where this is not yet the case: switching to 100% green energy;
 - continuing the conversion to electric vehicles;
 - switching from gas to sustainable alternatives such as heat networks or heat pumps;
 - energy savings;
 - working from home more often on a structural basis;
 - fewer business trips by plane.

We will continue to work on this until we have reached at least our Science Based Targets, and preferably more!

Planetary metrics

In order to structurally monitor our performance in terms of contributing to solutions for planetary challenges, we have developed a dashboard with six environment-related indicators for ourselves and our largest direct holdings.

The overview of planetary metrics 2020.

| Planetary impact | | | | | | |
|---|--------------------|-----------|------------------|-------------|---------|---------|
| VP Capital | batenburg techniek | MEDIAHUIS | HAVEP | VP Landbouw | Q-LITE | |
| Energy consumption MWh | 199 ▼ | 10,154 ▼ | n/a | 1,683 ▼ | 1,779 ▲ | 1,304 ▼ |
| Positive Impact % | 42 | 58 ▲ | n/a | n/a | n/a | 20 |
| Green electricity procured % | 100 | 87 ▲ | n/a | 74 ▲ | 37 | 80 ▼ |
| CO ₂ footprint t CO ₂ -eq | 17.9 ▼ | 2,044 ▼ | n/a | 178 ▼ | 3,349 ▲ | 250 ▲ |
| Water consumption m ³ | 1,786 ▲ | n/a | n/a | 2,019 ▼ | n/a | n/a |
| Sustainable input materials % | n/a | n/a | 100 ¹ | 3.9 ▲ | n/a | n/a |

¹ Concerns the use of paper

- 'Energy consumption (MWh)'**: the total annual energy consumption. This includes consumed electricity, gas, energy from heat networks and from fuels such as gasoline and diesel, regardless of the source of the energy and whether it is 'green' or not.
- 'Positive impact (%)'**: the percentage of turnover that can be linked to a positive contribution to solutions for planetary challenges (broadly defined). This is measured differently for each company: at Batenburg Techniek, for example, it concerns revenue that contributes to the Sustainable Development Goals, at Q-lite it concerns revenue from circular products, et cetera.
- 'Green electricity procured (%)'**: the percentage of total electricity consumption that is generated from renewable energy sources such as solar, wind or biomass.
- 'CO₂ footprint (t CO₂-eq)'**: the total, annual direct emissions of greenhouse gases. This includes all emissions falling under scope 1 and 2.
- 'Water consumption (m³)'**: the total annual water consumption.
- 'Sustainable input materials (%)'**: the percentage of total material consumption that comes from sustainable sources, such as paper to make a newspaper or sustainable cloth to make clothing.

We have collected the available data for these indicators for both VP Capital itself and its direct participations. Because the dashboard for this year is new, not all the desired data was available yet. By keeping track of this every year from now on, we will bring the progress for these specific indicators into focus. Next year we aim to gain more

insight, increase the completeness of data and, if necessary, further refine the dashboard. A next step is to set goals/standards and create steering tools for companies to actually steer using this dashboard. We present the current state in this area, but will still be giving a lot of attention in 2021 to getting this dashboard to the desired level.

Close up pillar 5



Our KPIs

Companies providing solutions for societal challenges

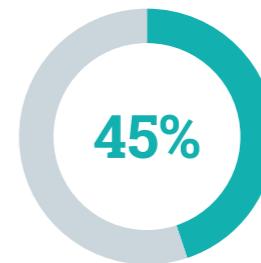
Societal metrics improved

Invested in companies that provide solutions for societal challenges

A leading indicator of the positive impact we seek to make as VP Capital is the number of companies that actively contribute to solutions for the identified societal challenges (viewed across the investment portfolio). As part of the screening of our portfolio, this was assessed on a company-by-company basis. The slide below shows how many of the companies we invest in are making a positive contribution.



Contribute to solutions for societal challenges



171
companies

Examples

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

Company is active in precision drone delivery for healthcare services

Company produces improved membrane modules (faster flow flow) for purification of water

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

NB. The *amount* of companies is a relatively simple indicator, but of course it does not say everything. One company may have more impact than three others added together. Also, the share and amount of VP Capital's investment, and thus the impact attributable to VP Capital, is not taken into account in this way. Therefore, the percentage of capital invested is also tracked.

Societal metrics

In order to structurally monitor our performance in terms of contributing to solutions for societal challenges, we have developed a dashboard with eight societal indicators.

The overview of societal metrics 2020:

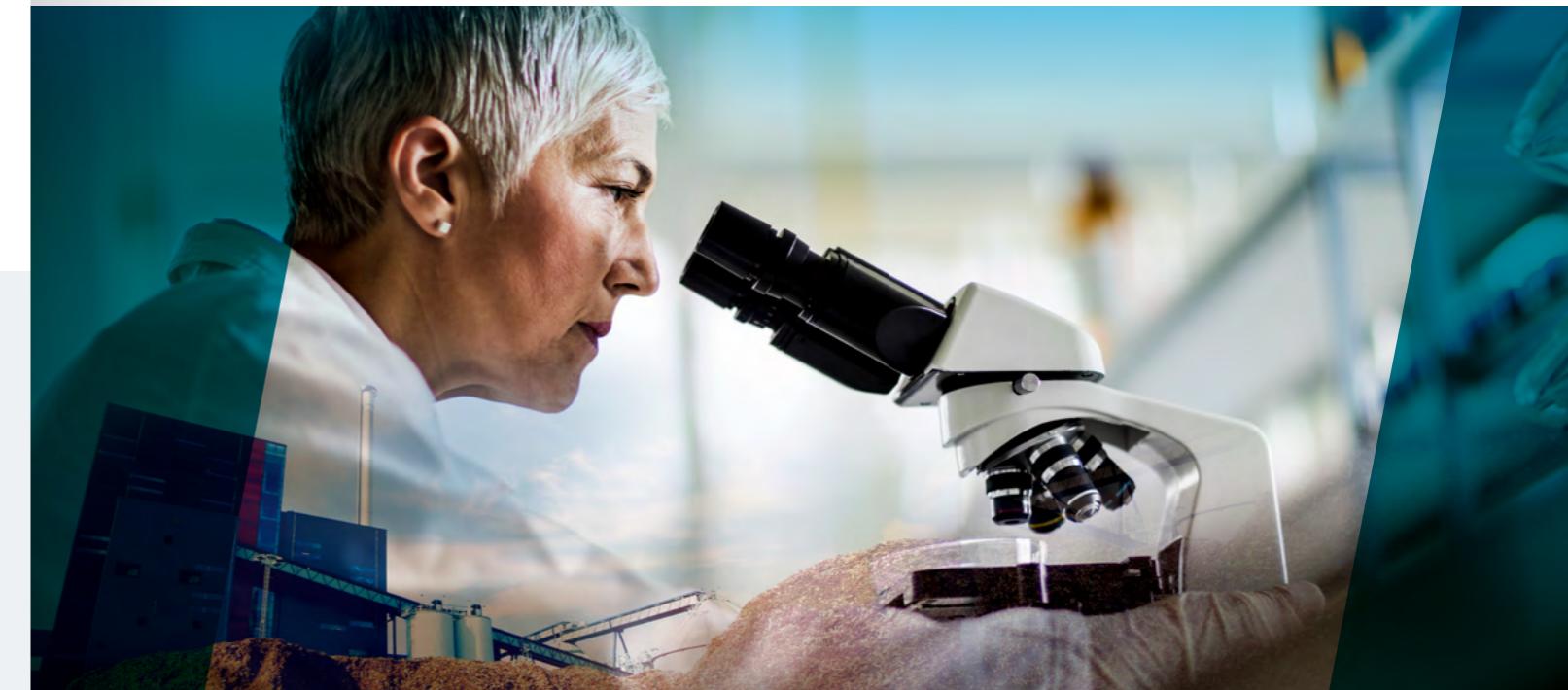
| Societal impact | | | | | | | |
|------------------------|-------|---|---|--|--|--|--|
| | | VP Capital | batenburg Techniek | MEDIAHUIS | HAVEP | VP Landbouw | Q-LITE |
| Absenteeism | % | 0 | 3.7 ▼ | 2.8 | 8.7 ▲ | 1.0 | 2.7 ▲ |
| Diversity | %M/%F | 67/33 | 86/14 | 62/38 | 43/57 | 90/10 | 68/32 |
| People employed | # | 15 | 1,162 ▲ | 4,540 ▲ | 299 ▲ | 10 | 85 ▲ |
| Donations | € | ~600 K | 90 K ¹ | 148 K ▼ | 5 K ▼ | n/a | n/a |
| Distance labour market | # | 0 | n/a | n/a | 1 | n/a | 1 |
| Accidents with leave | # | 0 | 8 ▲ | n/a | 2 | 0 | 1 ▲ |
| Tax paid | € | 98 K ▲ | 13.2 M ▲ | 48.8 M | 917 K ▲ | 111 K ▼ | 1.1 M |
| Training and education | € | 15 K | n/a | 1.9 M | 67 K ▲ | n/a | 15 K |

¹ Concerns only donations by Hoogendoorn Growth Management

- **'Absenteeism (%)':** the absenteeism rate, the proportion of working time lost due to illness within the organization.
- **'Diversity (%M / %F)':** the male/female ratio within the organization.
- **'People employed (#)':** the number of employees in service.
- **'Donations (€)':** the total annual amount of money donated to charities.
- **'Distance labour market (#)':** the number of employees employed with a distance to the labor market.
- **'Accidents with leave (#)':** the number of accidents within the organization that have led to sick leave.
- **'Tax paid (€)':** the total amount paid in corporate income tax and tax on labor (employer's share).
- **'Training and education (€)':** the total annual amount of money spent on education and training for employees.

We have collected the available data for these indicators for both VP Capital itself and its direct participations. Because the dashboard for this year is new, not all the desired data was available yet. By keeping track of this every year from now on, we will bring the progress for these specific indicators into focus. Next year we aim to gain more

insight, increase the completeness of data and, if necessary, further refine the dashboard. A next step is to set goals/standards and create steering tools for companies to actually steer using this dashboard. We present the current state in this area, but will still be giving a lot of attention in 2021 to getting this dashboard to the desired level.



Taxes paid and government support

Our view on taxes? We are not looking for tax havens to pay less taxes, but rather we see taxes as an important building block in the redistribution of wealth. In 2020, for the first time, we have tried to list the amount of taxes paid by VP Capital and our major investments.

We also attempted to report on the use of special government support under the corona measures in this particular year:

- Due to a reorganization and an exceptionally difficult business situation, HAVEP has used the NOW scheme and the right to defer tax payments;
- Mediahuis and Q-lite had to deploy technical unemployment for certain profiles during corona. NDC (part of Mediahuis) initially received support through the NOW scheme, but later refunded it;
- VP Capital, VP Landbouw and Batenburg Techniek did not make use of government support.

Dividends and reliefs in corona times

Financial data ends up in our annual financial report and not in our Sustainable Progress report. However, whether or not to pay dividends is a social issue in these corona times. Our view is that companies that do well in corona times can also pay dividends. On the other hand, companies that are struggling should keep their resources in the organization and not pay dividends. In 2020, companies in which we are the main shareholder and that have used government support have not paid any dividends.

Furthermore, we have granted deferment of payment / remission of rent to investments in real estate in hospitality, tourism and retail.

Employment

We see employment as an important responsibility. In addition to the people who work for our direct companies, we track the number of jobs created through our impact investments KPI's. These are usually jobs for vulnerable groups or in vulnerable regions such as Africa.

One of our historic companies, HAVEP, has had a particularly difficult period in corona times. A number of people lost their jobs. A reorganization was necessary, in which we ensured a good social plan that includes above-legal compensation and funds for training. A number of HAVEP employees have moved on to work for VP Capital. VP Capital is financing the new circular company building that is currently being built to ensure a sustainable future.

Conclusion & next steps

We are satisfied with both the progress we made and the refinement of our methodology. Sustainable Progress is not something you “just do”. It is a view, a vision from which you start. The more actively you work on it, the more you realize how much progress is possible and how complex and time-consuming it can be. In the coming years, there will be many options for improvement on the table as well. It is good to see that our employees, investments and family members are all very involved. We are proud that we are able to make progress with our assets and that we are able to get things moving. Through new investments in social real estate, water technology, impact funds and by improving the current investment portfolio, we expect to achieve an even better score in the near future.

In 2021 we have already had and still have planned quite a few meetings with other family offices and we expect to be able to continue these meetings physically from September onwards. Something is moving within families; we see a great acceleration in terms of more integrated thinking. We hope that families will dare to step into the foreground more often and that we will get more people to join in the movement towards more transparency about everyone's social contribution. We hope that we can support each other in this acceleration and at the same time learn from each other's remarks and examples.

Within our real estate domain we still have work to do to find out how we can make it more sustainable. Many things in the real estate domain are beyond our control, such as the type of tenant that comes into a building, the amount of electricity this tenant uses and whether this electricity is green or gray. Because our investments in this domain will possibly expand, we would like to know even better how we can really steer here. For new investments, social real estate and healthcare real estate are a starting point for us, but for existing real estate we are still looking for ways to actively set sustainability in motion more quickly.

We can make our donations, heritage companies and impact investments work together even better to meet the challenges in our eight investment domains. We would like to know our true impact even better. Our donation exercise with Telos Impact is already looking well-grounded and we are looking forward to taking this a step further and being able to share this in our next progress report. We are going to further refine our planetary and societal dashboard. Themes such as diversity and inclusion are still relatively new to VP Capital and we will explore them in more depth. We want to sharpen the definitions of metrics and use them to request more accurate data, so that we have a better overview. The ultimate goal is of course that this dashboard helps us as a steering tool to work on improvements.

In addition, we plan to more actively identify climate risks and further broaden our carbon footprint. We have already started with the carbon calculation of our real estate portfolio in 2021, but we also want to include some of our investments in listed companies in our carbon footprint. The scope 3 calculations of our portfolio companies is also a topic. Within the Science Based Target project we will have our carbon targets validated. As for our agricultural company, we want to help it make the move to regenerative; we will continue to work on this in 2021. If our B Corp certification succeeds, we would like to see if we can also help other companies in our network with this exercise, as we did for the Carbon Neutral company certification.

Finally, many companies and investments have good intentions, but the pressures of day-to-day business sometimes gets in the way. We would like to offer more support ourselves to unburden our investments in some Sustainable Progress areas, and will think about how best to achieve that.

Fortunately, the world around us is not standing still. Matters such as the EU taxonomy, the Green Deal and new guidelines for non-financial reporting and supply chain responsibility will also be followed closely in 2021 and integrated into our Sustainable Progress policy.

Shortcomings

On the one hand, we like to be transparent. On the other hand, however, we continue to find it difficult to become more transparent about the exact size of our wealth. This feels like part of family privacy. Moreover, it also increases the security risks of family members. For these reasons, we do not want to give transparency on this matter. That makes it more difficult for our readers to estimate ratios between parameters, such as taxes paid or donation amounts.

For the planetary metrics, it is easier to take into account our context through Carbon Neutral and Science Based Targets initiatives. This is harder for the societal metrics. We present our contributions, but find it more difficult to set targets for ourselves, based on desirable

change. Ultimately, this report reflects our progress and it would be desirable for all investments to know the desired end point on social and planetary issues to benchmark our progress.

We could think even more systemically about our role in society. In doing so, we would like to show initiative and move forward, but prefer not to be concerned with policies, although we could perhaps adopt a more active voice there.

We have established planetary and societal metrics, but do not yet have concrete improvement actions on a number of metrics.

Thanks to

To begin with, we would like to thank the van Puijenbroek family, who have considered social engagement important since the beginning and are taking steps to see this as an integral direction for future generations and who have always supported us at VP Capital in this direction.

We thank all sustainability managers and CEOs of our direct participations who work hard with us towards more progress and positive impact business. They make a lot of time to keep track of all the

data to report on ESG factors and to work their business towards more positive impact. We thank all fund managers and charities who took the time last year to complete questionnaires and engage in conversations with us about their results and opportunities for improvement. We thank our staff who have all integrated sustainability into their jobs. From donation statements to details on air conditioning cooling, at the end of the day everyone is working hard to strengthen our organization.

Our partners

To arrive at this Progress Report, we have worked with several partners, whom we would like to briefly introduce here. Everyone has contributed to our Progress Report with great enthusiasm and speed. Without them we would not be able to do this. Thank you!



Astrid Leyssens

Astrid Leyssens has been our permanent partner for several years and works as Head of Sustainable Progress for VP Capital. She elaborates the Sustainable Progress strategy and works on our Progress measurement and reporting. She initiates new sustainability projects such as our B Corp certification, strategic giving and actively engages with our investments on ESG and impact. She coordinates the collaboration with our sustainability partners. In addition, she collaborates on the communication around the Sustainable Progress we are making. Astrid is also active as a board member and advisor in other impact initiatives. Contact: astrid@vpcapital.eu



Mark Schravesande

Mark Schravesande works closely with Astrid Leyssens on a number of sustainability projects. In the past year he has mainly focused on preparing and submitting the application for B Corp certification and the tracks for certification of VP Capital as a carbon neutral company, for the carbon data of both 2019 and 2020. Mark is also involved in the Science Based Targets commitment and the follow-up actions that result from this. Contact: mark@vpcapital.eu

MJ Hudson

MJ Hudson (formerly Spring Associates) has been involved in the creation of VP Capital's Sustainable Progress report for several years. They have helped develop the methodology and assist with the data collection and drafting of the report as well as with the roadmaps to increase progress at VP Capital and our direct participations. MJ Hudson's ESG & Sustainability Team supports investors in integrating ESG and impact into their investment processes. They work on topics such as policies, meeting sustainable standards, ESG strategy, data collection, engagement and reporting.

CO2logic

CO2logic is a specialized consultancy firm in the field of environment and CO₂. They have guided VP Capital in achieving the CO₂ Neutral® label and will continue to do so annually, by validating source data, calculating emissions and purchasing carbon credits linked to certified projects. They also help us by identifying further reduction opportunities.

Sinzer

Sinzer assisted VP Capital in defining the key challenges, investable solutions and opportunities for our donation policy in each investment domain. Sinzer is an expert in helping organizations transform to the new economy and manage and report on broader social values.

Sustainalize

Sustainalize helps companies with a wide range of sustainability challenges. They believe that successful future-proof organizations today are concerned with shared value creation: value for people, the environment and society. They have assisted VP Capital in creating a strategy model, in which our sustainability vision is translated into clear strategic pillars and measurable KPIs. Sustainalize also supported and advised us on the topic of Science Based Targets.

WeForest

We have been working with WeForest for several years to plant trees and offset our carbon footprint. WeForest works with scientists to protect, restore and plant trees and natural areas worldwide. Local communities are actively involved and strengthened by generating an alternative income to logging.

Telos Impact

Telos Impact helps us to be more impactful with donations in our 8 investment domains. Telos Impact is the companion de route of investors and philanthropists who want to give meaning to their patrimony by supporting societal innovation. Telos Impact does extensive due diligence of new charities that fit the challenges in our investment domains.

Metabolic / Fresh Ventures

Metabolic and Fresh Ventures are working with VP Capital and VP Landbouw to develop future scenarios for VP Landbouw in 2021. Metabolic and Fresh Ventures are known for their systemic thinking. After all, within the Agrifood domain everything is linked: legislation, animal welfare, biodiversity, water, land, farmer's income, food supply, health..., while the economic business model for the farmer is far from ideal.

Lexicon

| Term | Definition |
|--|--|
| B Corp | B Corp is an abbreviation for Benefit Corporation. The label B Corp was set up in 2006 by the American non-profit organization B Lab. The goal of B Corp is to ensure that companies, in addition to making a profit, are also concerned with making a positive impact on the environment and society. |
| Building Research Establishment Environmental Assessment (BREEAM) | Method of assessing, rating, and certifying the sustainability of buildings. Five certificates are possible: New construction, International new construction, In-Use, Refurbishment and Communities. Once assessed the building can receive a certification depending on its performance. Five levels are available: Pass, Good, Very Good, Excellent and Outstanding. |
| Carbon Neutral / climate neutral | Net zero carbon footprint. This can be achieved either through reducing all emissions (Scope 1, 2 en 3) to zero, or offsetting emissions. The terms carbon neutral and climate neutral are used interchangeably and actually mean the same thing. |
| Carbon footprint | The amount of (scope 1, 2 and 3) carbon and other greenhouse gas emissions released into the atmosphere as a result of the activities of a particular company. |
| Contribution | This is a classification assigned to organizations that not only make a positive impact whilst dealing with a societal or environmental challenge, but with their product or service directly contribute to solving the challenge. This is assessed on a scale, for the cut-off values are not clear-cut and both ways of making impact are not mutually exclusive. Meaning that a valuation of the contribution and the solution are taken into account. As an example: buying one solar panel would not be considered a solution to the world's fossil fuel dependency, for its contribution is too small, whereas a newly developed form of affordable green energy generation would. |
| CSR activities | Corporate social responsibility or CSR means taking responsibility for the impact of your business' operation on man, the environment and society. With CSR activities we refer to the type and impact of CSR activities undertaken by a company, apart from its core business, such as community or volunteering projects. |
| Direct emissions | CO ₂ e (CO ₂ or equivalent greenhouse gases) emissions released directly into the atmosphere (such as from the combustion of a liter of diesel) |
| Indirect emissions | CO ₂ e (CO ₂ or equivalent greenhouse gases) emissions from the upstream processes (such as the extraction and transportation of a liter diesel) |
| Engagement | Active dialogue. |
| Engagement level | The engagement level reflects the quality and quantity of the information provided by the management of the investment and the intensity of dialogue between investor and investee. |
| Environmental | This is the "E" of the term "ESG" and deals with the challenges and opportunities concerning the environment, including aspects such as climate impact, energy consumption, biodiversity, ecosystem, waste management, natural resource use and circularity. |
| Environmental challenges | Refers to the issues that pose a challenge for people and/or planet, such as issues related to climate change, inequality, disease or food scarcity. They can be present in a specific area or applicable to everyone and might be compared to the UN Sustainable Development Goals. |
| (Environmental) Sustainability | The potential to produce and consume within the regenerative capacity of the earth. Sustainability is a system's state, and companies are challenged to adapt to that new system. In practical terms we often ask the question "can a company operate sustainably?" thereby only using resources that the eco-system can regenerate in a reasonable amount of time. |
| ESG | "ESG" is an abbreviation of 'Environmental', 'Social', 'Governance', the three main categories used when considering the sustainability and ethical aspects of an investment. ESG is the dominant acronym (and almost exclusively used) in the financial investment or asset management industry. |

| Term | Definition |
|--|---|
| ESG integration | The integration of ESG processes into investment processes, which can differ per type of investor but typically entails: |
| | 1. <i>Policy</i> – A statement on the commitment and strategy towards ESG, and a framework to identify opportunities and monitor progress (see ESG policy) |
| | 2. <i>Due diligence & monitoring</i> – (Annual) ESG assessments of asset managers, investment funds and/or portfolio companies, focused on risk exposures, value creation and impact |
| | 3. <i>Reporting</i> – Reports for communication to investors and for internal discussions, providing transparency to all stakeholders |
| | 4. <i>Knowledge & training</i> – Team engagement through trainings and workshops; build knowledge and viewpoints through research and events. |
| ESG policy | A policy that Private Equity fund managers and their portfolio businesses can implement. A good policy will outline, define and commit to the adherence to sustainable processes and business operations that safeguard ESG factors, and ensuring that their business operations aim to maximize positive ESG impacts. |
| ESG reporting | Reports often addressed to investors describing the ESG performance of the investment(s). |
| ESG Management Score | The ESG Management Score reflects the extent to which ESG is integrated in the management of the investment |
| Governance | This is the "G" of the term "ESG" and deals with the governance challenges and opportunities concerning management structure, board accountability and independence, executive compensation, diversity, transparency, audits and internal controls, shareholder rights, tax avoidance, anti-bribery and corruption and cybersecurity. We consider the governance on E and S principles being part of good governance. |
| Impact | The change for stakeholders or society as a whole, as a result of an intervention, project or policy. This can be either intentional or unintentional, positive or negative and additional or in the same quantity. |
| Impact investing | An investment strategy that aims to generate a measurable and positive social and/or environmental impact, while generating a financial return. Impact investments are made with the purpose and intent to achieve progress on a social or planetary challenge. |
| Impact Score | The Impact score reflects the weighted average impact of the underlying companies/assets in a fund. The underlying companies have received a score based on publicly available information (e.g. company website, news articles), quarterly reports and, where possible, ESG reports. The individual scores are then weighted against the estimated value of the investment (if available from quarterly reporting). |
| Impact Management Project (Impact dimensions) | A forum for organisations to build consensus on how to measure, compare and report impacts on environmental and social issues. The IMP has defined five impact dimensions, through which impact can be expressed: |
| | <ul style="list-style-type: none"> • <i>What</i> – What outcome(s) does the effect relate to, and how important are they to the people (or planet) experiencing it? • <i>How much</i> – How significant is the effect that occurs in the time period? • <i>Who</i> – Who experiences the effect and how underserved are they in relation to the outcome(s)? • <i>Contribution</i> – How does the effect compare and contribute to what is likely to occur anyway? • <i>Risk</i> – Which risk factors are material and how likely is the effect different from the expectation? |
| Impact reporting | Report often addressed to investors describing the Impact of the investment(s). The report can specify output or outcome impact, where the former relates to the activities undertaken and the latter to the effect the activities have had. |

Lexicon

| Term | Definition |
|---|--|
| Investment domain | Proprietary VP Capital domains that form the focus of the investments. The eight domains are: Energy, Agrifood, Media, Smart industry, Real estate, Health, Water and Textile. |
| Key challenges | Per investment domain, VP Capital has selected 4 to 5 challenges which it deems key. |
| Key solutions | The main solution directions for the key challenges identified for each investment domain. These can be 'investable solutions' or 'philanthropic solutions'. |
| Materiality | The relevance of an ESG topic, indicated by the friction between the current and desired future sustainable state of the factor, for a company. Material ESG topics can have a significant impact – both positive and negative – on a company's business model and/or value drivers, such as revenue growth, margins, required capital and risk. Material ESG topics are generally identified using comprehensive frameworks and standards, such as GRI and SASB. |
| Planetary challenge | Planetary challenges are problems with the planet's systems (air, water, soil, etc.) that have developed as a result of human interference or mistreatment of the planet. |
| Portfolio score | The ESG Management and Impact scores of all our investments are weighted against the invested capital for each investment, resulting in an overall portfolio score of 2-10. |
| Positive / negative outcomes | This component refers to the outcomes that occur as a consequence of a product, service, business operations or other activity. As indicated they can be either positive or negative and all the outcomes together compose the impact an intervention, project or policy has. |
| Principles for Responsible Investments (PRI) | The PRI is the world's leading proponent of responsible investment, established in 2006 on the New York Stock Exchange. A result from an initiative by the then United Nations Secretary-General Kofi Annan, in early 2005, to invite a group of the world's largest institutional investors - supported by experts from the intergovernmental organisations and civil society - to join a process to develop the Principles for Responsible Investment. As an independent organisation, it acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. Signatories must abide by the PRI's six guiding principles: <ol style="list-style-type: none">1. We will incorporate ESG issues into investment analysis and decision-making processes.2. We will be active owners and incorporate ESG issues into our ownership policies and practices.3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.4. We will promote acceptance and implementation of the Principles within the investment industry.5. We will work together to enhance our effectiveness in implementing the Principles.6. We will each report on our activities and progress towards implementing the Principles. |
| Responsible Investing | Responsible investing reflects a philosophy and practice that incorporates ESG factors into investment analysis, portfolio structuring and the monitoring of progress while driving long-term performance, which can be applied across asset classes. |
| Science Based Targets (SBT) | Science-based targets are a set of goals developed by a business to provide it with a clear route to reduce greenhouse gas emissions. An emissions reduction target is defined as 'science-based' if it is developed in line with the scale of reductions required to keep global warming below 2C from pre-industrial levels. |

| Term | Definition |
|---|--|
| Scope 1, 2, 3 emissions | The categorisation of Greenhouse gas (GHG) emissions based on the source as defined by the GHG protocol: <ul style="list-style-type: none">• Scope 1: direct emissions from owned or controlled sources (e.g. emissions from a natural gas boiler)• Scope 2: indirect emissions from the generation of purchased energy (e.g. emissions from purchased fossil fuel based electricity)• Scope 3: all indirect emissions that occur in the value chain of the reporting company (e.g. emissions from flights or leased vehicles). |
| Social | This is the "S" of the term "ESG" and deals with the social challenges and opportunities such as employee engagement and development, labour conditions and fair employment practices, human rights, product safety and consumer (privacy) protection and responsibility for the community. |
| Societal challenges | Societal challenges include a wide range of issues, including, among others, health, wellbeing, food security, and secure societies. |
| Stakeholders | The people, groups of people and / or companies that have stakes in anything related to the change which is taking place. Therefore they are affected by the change, either positively or negatively. The stakeholders of a company are, for example, the employees, customers, suppliers, shareholders, competitors, local residents but also the community and the environment in a broad sense. |
| Sustainability Accounting Standards Board (SASB) | The Sustainability Accounting Standards Board (SASB) is a non-profit organisation that sets financial reporting standards. SASB was founded in 2011 to develop and disseminate sustainability accounting standards. SASB offers financial and industry-specific standards to help business and their investors identify, manage and report on material sustainability topics. SASB has developed 70+ industry standards that identify the minimum set of financial material related sustainability topics and their associated metrics for a typical company operating in that industry. |
| Sustainability maturity ladder | For each investment category a five-point sustainability maturity ladder has been defined. The position of an investment (manager) on the ladder illustrates the level of ESG management. The ladder conveys the journey starting at no ESG integration to a future-proof state. Between these two states, three stepping stones are defined that relate to improving levels of ESG management. |
| Sustainability performance | The sustainability performance illustrates the positioning of the investment (manager) on the relevant sustainability maturity ladder. It serves as an indication of the level of ESG integration. |
| Sustainability performance metric | Direct investments undergo extensive annual assessments, during which specific ESG KPIs are selected and monitored. The sustainability performance metric is a selected ESG KPI. |
| UN Global Compact | The UN Global Compact was officially established by the United Nations in 2000 in New York. The UN's Global Compact aims to encourage businesses to adopt socially and environmentally responsible policies. The pact consists of ten principles, covering the support for human rights, elimination of compulsory labour, child labour, and discrimination. Environmental stewardship, and working against bribery and corruption. |
| WELL | Method of assessing, rating, and certifying the sustainability of buildings, focused around the belief people's health and wellness should be at the centre of building design. Seven concepts are integrated in the WELL building standard: Air, Water, Nourishment, Light, Fitness, Comfort and Mind. Once assessed the building can receive a certification depending on its performance. Three levels are available: Silver, Gold and Platinum. |



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