Invest International

Bridging the Gap

Annual Report 2022

Contents

About this Report

This is the first Invest International Annual Report. It has been prepared as an integrated annual report with the goal of reporting transparently. In creating this report, we have applied the GRI Standards.

Scope of the Annual Report

This first Annual Report covers all the activities of Invest International B.V., including the consolidated entities as stated in note 1.1: Corporate information (see page 92) to the financial statements ('Invest International'). The report addresses the first extended financial year, for the period of 27 July 2021 to 31 December 2022 (unless stated otherwise). All financial and non-financial results of Invest International are integrated in this one report.

In addition to our direct financing activities, we also manage funds and funding arrangements on behalf of the Dutch government. The Management Report contains all projects, numbers and data of both the projects directly financed by Invest International and those financed from the different funds managed by Invest International on behalf of the Dutch government. However, the financial statements only relate to the activities funded from Invest International's core capital. The funds managed on behalf of the Dutch government are not included in the financial statements.

Presentation of information

The Annual Report of Invest International has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and with Title 9, Book 2 of the Dutch Civil Code. Invest International is subject to the statutory two-tier status (“structuurregime”). The Board Report as referred to in Part 4, Book 2 of the Dutch Civil Code, consists of the sections ‘At a Glance’, ‘Management Report’, ‘Corporate Governance’. Insofar that it relates to how Invest International manages and mitigates risks, the risk management section in the Financial Statements is also part of the Board Report from that perspective.

In this report, we try to be as transparent as possible about our strategy and the way we create value, and make an impact. Because we have only existed for a relatively short time and the fact that this is Invest International's first annual report, we will further improve our transparency and reporting quality in the coming years. Our impact reporting approach is described in further detail in the section 'How we measure impact'.

Audience

This report is intended to inform our stakeholders who are impacted by our activities. It aims to give both the general public as well as our stakeholders a balanced overview of our activities and our ability to make an impact.
Our stakeholders include employees, shareholders and other governmental stakeholders, customers and other financing parties, knowledge and research institutes, and NGOs.

At a Glance

Profile

Who we are

Invest International invests in Dutch solutions for global challenges. We offer tailor-made financing and project development expertise for international projects.

Invest International is a private company financed by public means. The company opened its doors in October 2021, in The Hague. Shareholders are the Dutch Ministry of Finance (51%) and Dutch Entrepreneurial Development Bank, FMO (49%); 75 employees joined from FMO and RVO and by the end of 2022, Invest International has now grown to 131 employees.

What we do

We exist to bridge a funding gap in the financial ecosystem; identifying and realising projects that are outside of the risk appetite of mainstream investors. Our business model enables us, on the one hand, to support international projects of Dutch companies or businesses with a Dutch connection and, on the other hand, to finance infrastructure projects in developing countries.

We provide capital solutions for companies and investment funds whose international activities contribute to realising the Sustainable Development Goals (SDGs). For governments in emerging economies, we make funds accessible for infrastructure projects. We also provide project development capacity. In combining these, we support projects at every stage of their maturity making use of all funding sources at our disposal.

Our funding sources

Invest International has several funding options to invest in Dutch solutions for global challenges. Depending on the project in terms of size, stage, type, and location, we aim to provide the most suitable solution for our clients. We distinguish between our own capital and funds we manage on behalf of the Dutch State.

Invest International's core capital

Investing with our own capital, we mainly focus on large corporates, export finance, and equity investments. Investments in innovative solutions by large corporates will often be characterised by complexity within a multi-stakeholder context. We support large corporates by co-designing tailor-made international financing arrangements. In doing so, we enable companies to realise a positive contribution to the SDGs, predominantly SDG 8 (Decent Work and Economic Growth) & SDG 13 (Climate Action), as well as contributing to the Dutch economy.

In addition to large corporates, we also team up with other financiers or investors, such as investment funds who seek a co-investor. By doing so, we contribute to leveraging capital for projects which fit our investment criteria. Investing in equity for such projects helps make complex investments feasible.

Funds managed on behalf of the Dutch State

Invest International manages several funds on behalf of the Dutch State. Each of these funds has its own investment focus. We concentrate on the following segments:

- Start-ups, SMEs and Mid-corps
- Public programs for infrastructure
- Project development

The *Dutch Good Growth Fund* and *Dutch Trade and Investment Fund*, support start-ups, SMEs, and mid-corps in every stage of their maturity. Our core expertise is in export finance, financing international investments and value chain finance. Our goal is to help Dutch businesses grow and increase the chance of success in their international activities. The Dutch Good Growth Fund also offers technical assistance to internationally-active Dutch organisations.

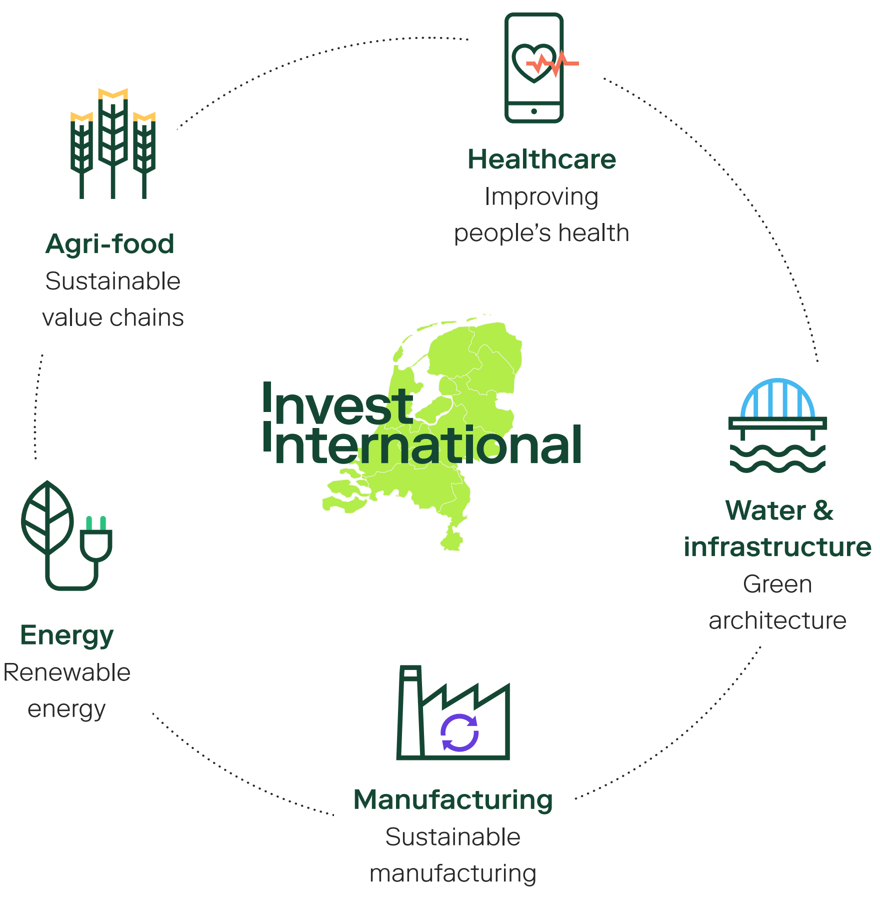
For infrastructure projects, we manage the following funds: *Develop2Build* and *Development Related Infrastructure Investment Vehicle* (and their predecessor, the ORIO program). With these funds, we offer financing solutions for public infrastructure projects to governmental organisations in emerging economies. These solutions are relevant for both the development and the implementation stage of public infrastructure projects. All stages of a project can be supported: during the development stage and also during the implementation stage, we can provide financing solutions, for instance through grants, guarantees or loans.

The *Development Accelerator* and *Partnership Development Facility* supports project development. Early-stage projects related to innovative solutions are often characterised by a substantial amount of risk. Through our project development services, we provide solutions which aim to make these types of projects financeable and/or to develop scalable, innovative business models. We help set up financing arrangements for every stage of a project or business maturity cycle. We support organisations to make investments feasible by strengthening the business case or model, and reducing uncertainties. We do so by providing a part of the required funding, or introducing experts from one of our partners.

Our focus sectors

Invest International's core activities focus on five sectors where Dutch expertise and innovation can be effectively utilised in an international context.

Our five focus sectors



/ **Profile**

Why we do it

1. To help Dutch businesses with their export activities and foreign investments.
2. To fill a funding gap for international projects in developing countries.
3. To create a positive impact by contributing to the SDGs.
4. To contribute to the Dutch economy and its future earning capacity.

If the world is to meet the UN Sustainable Development Goals, we need to find solutions that deliver real results and make a tangible difference.

These global challenges call for innovation, private entrepreneurship, and public leadership.

How we finance what we do

Our financial resources include:

- €1.2 billion grants for public infrastructure development in emerging economies
- €0.8 billion for capital investment & loans (for all segments and sectors)
- €0.3 billion for loans and/or guarantees specifically for the internationalisation of Dutch start-ups, SMEs and mid-corps
- €50 million for contributing to project development

Culture and organisation

Invest International has only recently been established. This has created a dynamic, energetic and exciting environment in which our people are united and motivated by a common purpose.

People are encouraged to take initiative and contribute to building the proposition, processes, procedures, and the culture of Invest International. This requires an agile, entrepreneurial and learning mindset.

People who work for Invest International can be described as knowledgeable, achievement-driven and with a common focus on creating impact.

People drivers

Our work is underpinned by our seven people drivers which permeate everything we do: impact first, collaboration, learning organisation, entrepreneurship & client focus, efficiency, diversity & inclusion and integrity. Read more about our people drivers in Our culture (see page 28).

Key Figures in our Portfolio

Our impact

Direct jobs supported globally

12,979

Of which: 6,495 (50.1%) for women

Indirect jobs supported globally

14,665

# of projects

232

Of which: 41 Project Development

% of portfolio contributing to SDG 8: Decent Work and Economic Growth*

60%

% of portfolio contributing to SDG 13: Climate Action*

66%

# of Dutch SMEs supported

140

Our investment portfolio

Export finance, investment loans & equity

274

cumulative € million

Committed to infrastructure projects in emerging economies**

875

cumulative € million

Dutch SME loans**

211

cumulative € million

* Based on our internal performance benchmarks.

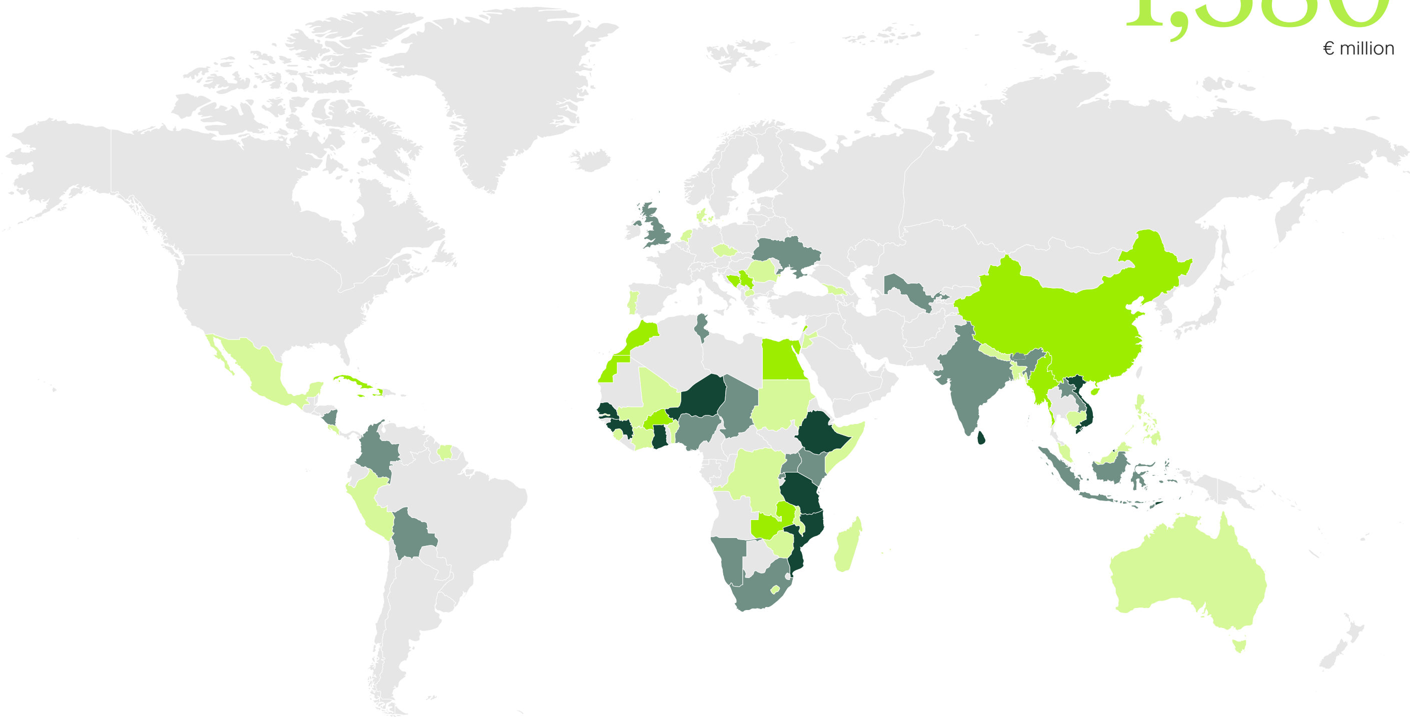
** Funds managed on behalf of the Dutch State.

Overview Committed Portfolio

Total committed portfolio*

1,380

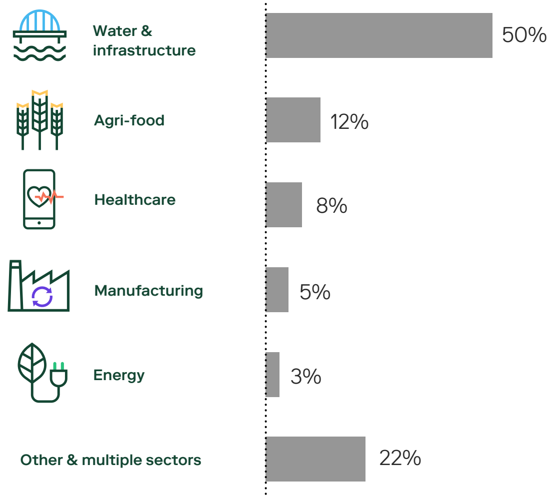
€ million



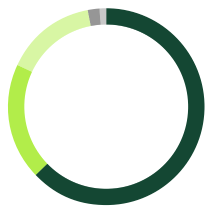
- Commitments €0 - €5 million
- Commitments €5 million - €10 million
- Commitments €10 million - €50 million
- Commitments between €50 million and €100 million

*Total committed portfolio consists of €274 million core capital and €1,106 million funds managed on behalf of the Dutch State.

Focus sectors

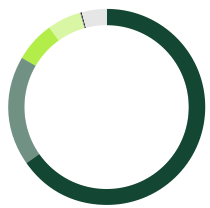


Funding sources



Public Sector	63.3%
Large Corporates & Structured Finance	18.8%
SME, Mid-Corporate & start-up	15.3%
Business Development	1.5%
Equity	1.1%

Geographical regions



Africa	65.3%
Asia	18.2%
South America	6.6%
Europe	5.6%
Australia	0.2%
North America	0.2%
Multiple regions	3.9%

Highlights

2021-2022

Despite Invest International's short existence, a lot has happened. Here we share our highlights: our most important moments, transactions and events since the start of Invest International.

2021

July

Incorporation of Invest International.

October

Invest International is officially open for business as a private company, led by CEO Joost Oorthuizen and CFRO Vanessa Hart. All projects and staff are transferred from RVO and FMO to Invest International.

November

First transaction closed: Invest International provides a loan to support the export of sustainable block and panel production technology from the Dutch firm Aircrete Europe.

2022

February

First Equity Investment in Karmijn Kapitaal Fund III to support Dutch SMEs in their international expansion, specifically into emerging markets.

March

Relocation to a new office at the Malietoren and celebration of the opening with colleagues and partners.

May

Approval of the Impact & ESG Policy, in consultation with more than 25 organisations, including NGOs, business associations and institutes.

June

Completion of the Tono Drinking Water project, a partnership between the Dutch and Ghanaian governments and executed by engineering company Denys, supported through Invest International. Thanks to this partnership, 400,000 inhabitants now have access to clean, safe and affordable drinking water.

July

Signing of the contract between the Ministry of Infrastructure and Transport in Guinea with Ballast Nedam for the building of five bridges.

/ Highlights

August

Signing of a loan agreement with Proton Ventures for a new green ammonia pilot plant in Morocco.

November

Launch of the Dutch Desk in Lagos, Nigeria, together with Access Bank.

Launch of the SDG Namibia One Fund, together with the Environmental Investment Fund of Namibia and Climate Fund Managers.

Signing of a loan agreement with La Joie de Hicha, a subsidiary of Agro Care to fund the construction of four highly innovative and energy efficient tomato greenhouses in Tunisia.

October

Signing of an agreement with the Government of Benin for the financing of three projects.

Launch of a new finance facility, in collaboration with fund manager OHV and export insurer Atradius Dutch State Business. This facility enables small export transactions for SMEs.

December

Signing of an Export Finance agreement with Naylor Nutrition.

A new share of capital, matched with a DGGF loan through Invest International for Healthy Entrepreneurs.

First 'Scale-up Import Finance' for the Coffee Quest. This new product is used to scale up the coffee trade activities and grow the business and impact.

Signing of the Develop2Build contract with Associated Medical Project Consultants B.V. to strengthen fourteen regional referral hospitals in Uganda by increasing the quality and quantity of healthcare services.

Interview with the Management Board

In this interview Joost Oorthuizen, Chief Executive Officer (CEO) and Vanessa Hart, Chief Finance & Risk Officer (CFRO) look back at the first year.

How do you reflect on the first year of Invest International?

Joost: I am delighted with the progress we have made. We have taken the first key steps towards fulfilling our mandate – to invest in Dutch solutions for global challenges. A huge amount of work has been done and the positive energy in the organisation has made a significant contribution to the successes we have had. For our clients trading overseas, access to finance for investments abroad and export finance is vital. As mainstream banks increasingly refrain from financing smaller tickets, it is satisfying to experience that we can bridge this gap especially for small and medium sized enterprises (SMEs).

Vanessa: It has been a very hectic but inspiring year, which I believe we can all be proud of. When I started, six months before we opened our doors, we only had a small project team and a blank sheet of paper. Although we had 75 people who came across from RVO and FMO, the majority of the CFRO division had to be set up from scratch. That meant that we not only had to recruit quite a few new staff members, but we also needed to define and implement our risk, compliance and finance frameworks, and our policies, not to mention design and implement our IT systems and temporary workarounds whilst they were being built. As Joost mentioned, I also believe that the positive vibe in the organisation coupled with

people who are committed and connected to our purpose were key factors in achieving the successes we have had in our first year.

In a nutshell, although we still have lots to do, we have made enormous steps forward in our first year.

What has been the most fulfilling thing about this first year?

Joost: It has been nice to have confirmation that there is a market for our offering. That we are needed and that we can operate additional to traditional market players. We have witnessed significantly more demand for our financing and project development solutions than we expected a year ago. We have delivered way above our initial targets in terms of new transactions and commitments which, when coupled with lower than projected costs, is clearly visible in our higher than anticipated net result. Our public infrastructure program for developing countries is also taking off nicely. It takes time for these projects to get off the ground and the full value of our work will only become apparent in the years to come. I'm grateful to everyone at Invest International for their focus and enthusiasm. It has been very fulfilling to see people coming together with a common purpose.

Vanessa: I believe there are two key things. The first, from my role as CFRO, was to ensure that everything that needed to be in place was in place before we opened our doors. We've successfully created a 40-people strong CFRO team with the key elements implemented to enable us to support the business. This was a big milestone for Invest International.

The second was the support and assistance we have had from our shareholders, stakeholders, and partners. The help from RVO and FMO, of course, but also from Invest NL, Atradius Dutch State Business, the Dutch ministries of Foreign Trade and Development Cooperation, Economic Affairs and Climate, and Finance was invaluable and much appreciated.

What have been the biggest challenges in the past year?

Joost: The mission we have set is not straightforward. We are trying to leverage Dutch innovation and expertise to tackle world problems, whilst at the same time contributing to our economy. We have had to put a new team in place, create a culture from scratch and set up robust structures and mechanisms to help us make the right investment decisions. We have made a really good start and are on the right track.

Vanessa: We have had quite a few and the biggest, at least initially, was the recruitment of staff for the various CFRO functions. This was a big challenge both in terms of numbers but also in terms of finding the right staff in a very competitive jobs market. The setup of the IT-systems in addition to finance, risk and compliance frameworks from scratch was also challenging. Implementation of such systems and frameworks takes time, so in addition to defining and implementing these, we also had to create workarounds to support our processes in the meantime. I believe that our pragmatic but prudent approach to tackling the challenges has created a solid foundation for the future.

What is your view of the market at the moment?

Joost: We are operating in a challenging external environment. The geopolitical challenges from the Ukraine war and the global economic downturn will have an impact on our operations. Governments in developing countries are getting into financial difficulties – we are seeing this in places like Sri Lanka and Ghana. Other countries are likely to join them. For our public infrastructure finance, which depends on those governments putting in money or taking loans, this is a real risk. Entrepreneurs operating in these markets are experiencing difficulties.

Vanessa: It is indeed challenging at the moment, and higher risks mean investments are more likely to fall outside of the risk appetite of mainstream financiers. That being said, Invest International bridges a gap in the market and participates when the traditional financing system cannot. With the economic situation deteriorating it means our risks will increase further, however we keep a critical eye and closely monitor projects and the countries we have invested in to ensure we remain within our risk appetite. It is also important to point out that the challenging market conditions offer opportunities for us where we can make riskier and impactful projects financeable. An example of such is Ukraine where we closely cooperate with Ministry of Foreign Trade and Development Cooperation as implementing partner to support investments in Ukraine.

Invest International is a creation of both public and private organisations. How has that worked out?

Joost: As an impact investor we aim to put our unique blend of capacity and expertise in public and private finance to good use. Our project management skills and capital fill a funding gap in the financial ecosystem. There are examples in this report that demonstrate how this blend of skills and resources have been effectively deployed. We are bringing financial solutions to Dutch entrepreneurs and concessional finance to governments in emerging economies. By combining public and private investment, we create impactful projects.

Vanessa: We are grateful that people were given the opportunity to choose between working for a government agency or for a dedicated financial institution, a niche player. That has led to people joining the team who really want to work in a purpose-driven financial institution operating internationally. Purpose is a central pillar of our culture and that has helped us put the building blocks in place to create a unique organisation that harnesses both the private and public sector expertise that we have.

> By combining public and private investment, we are helping make impactful projects a reality.

Looking ahead what are the priorities for Invest International?

Joost: Now we have laid the foundations I think we can go out with renewed energy to seek out the best investment opportunities. To a degree we have been quite reactive so far. Looking forward, we want to actively reach out to companies who are in the sweet spot of business and impact. It has taken time recruit the right people – now we need to go and find those innovative Dutch businesses with projects that match our profile and make them a reality.

Vanessa: Now that we have our foundations, the most important task in addition to our day to day business, is to build and optimise further. We are on the right track and it is important that we continue to do so whilst finding a healthy balance between the growth of our portfolio, managing the associated risks and keeping a close eye on costs.

Our Impact

With the projects we fund, we do everything we can to make as much impact as possible and contribute to a better world, the SDGs and the Dutch economy. To bring our impact to life, we have highlighted some of these projects and spread them throughout the report. Click on the case to read more about the specific projects.

How we support Dutch SMEs to make impact through export finance

Read more

How we support Dutch SMEs to make impact using funds from the Dutch Government

Read more

Dutch Desk: strategic partnership with Access Bank

Read more

How financing changes the Agri-food system

Read more

We finance impactful infrastructure projects

Read more

Stimulating transition to renewable energy by supporting green hydrogen projects

Read more

Working capital facility helps Damen customers build a greener fleet

Read more

Innovative solutions through project development

Read more

How we Add Value

Input

Financial
- €0.8 billion core capital for financing solutions
- €0.3 billion for SME and start-up financing in emerging economies
- €1.2 billion grants for infrastructure projects in emerging economies
- €50 million for project development

Human & intellectual
- The expertise, knowledge and skills of our 131 employees
- Our sector specific knowledge:

Agri-food

Healthcare

Energy

Water & infrastructure

Manufacturing

Social & relational
- We cooperate with our network of:
  - Business associations
  - NGOs
  - Government agencies
  - Business partners
  - Knowledge institutes and thinktanks

Added value

Why

- Helping Dutch businesses in realising their export activities and foreign investments
- Additional to the market: filling a funding gap for international projects which can be risky and are outside the remit of mainstream investors and lenders
- Creating impact through contributing to the UN Sustainable Development Goals
- Contributing to the Dutch economy's future earning capacity and employment

How

Project development
Invest International makes investments feasible and strengthens business cases with knowledge, expertise, network and development capital

Finance
Invest International provides finance solutions for companies, investment funds, and governments

We offer export finance, investment loans, equity, SME finance, start-up finance, and grants for infrastructure projects and project development in emerging economies

Impact & ESG Management
A prerequisite for Invest international is a solid Impact & ESG management

Output

Public and private actors successfully complete a higher number of viable, scalable, and impactful projects that have clear positive contributions to the Dutch economy and to the SDGs.

Our current portfolio

€259 million export finance & investment loans

€15 million equity investments

€199 million financing for SMEs*

€12 million financing for start-ups*

€875 million financing for infrastructural projects in emerging economies*

€20 million grants for project development*

*Funds managed on behalf of the Dutch State.

Impact

Contribution to the Dutch economy
- Businesses benefit from Invest International's solutions by realising their exports and foreign investments
- Creation of decent jobs
- Positive value to Dutch GDP and positive contribution to the Dutch economy's future earning capacity and the level playing field

Contribution to the SDGs

% of our portfolio contributing to:

8 DECENT WORK AND ECONOMIC GROWTH: **60%**

13 CLIMATE ACTION: **66%**

Percentages based on internal performance benchmarks

Secondary SDGs:

2, 3, 5, 6, 7, 9, 12

Other SDGs (in)directly benefitting from the added value of Invest International

Creating value
For our shareholders, the Ministry of Finance and FMO, and for the Ministry for Foreign Trade and Development Cooperation

Management Report

Trends and Developments

The World we Aim to Impact

The world we aim to impact is constantly changing. The ever-increasing pace of change means we are working in an environment that is volatile and evolving.

Climate change and energy transition

The global ambitions to achieve SDG 13 ***(Climate Action)*** are not on track[1]. No country is set to meet the goal set by world leaders to limit the planet's warming to 1.5 degrees Celsius or reach net-zero emissions, as required by the Paris Agreement. An estimated 3.5 billion people live in places that are highly vulnerable to climate change, and this is concentrated in developing countries. In these areas, governments are forced to find ways to adapt to climate change.

In terms of climate mitigation, expenditure on environmental policy is insufficient to meet the goals. The changing climate, and lagging climate action has resulted in more heatwaves, droughts, wildfires and floods. COP27 in November 2022 ended without an agreement on the phasing out of fossil fuel, and CO_2 emissions are expected to keep rising.

[1] Source: United Nations 2022 Progress Report on SDG 13.

Economic downturn, persisting inflation and government debt

In 2022, COVID-19 infection rates and deaths declined, while vaccination rates rose. The threat posed by the virus has, however, not diminished completely. Persistent inequalities in vaccine distribution leave many countries vulnerable to a virus resurgence. This slows down progress on SDG 10 (*Reduced inequalities*).

Inflation has become a worldwide phenomenon in part due to recovering consumer demand after the pandemic. Supply chains were slow to respond to the upsurge in demand at the end of the pandemic, and suffered from disruption and shortages. Energy and agri-food sectors continue to feel the impact of the pandemic and, more recently, the impact from the war in Ukraine. Increased prices have an adverse impact on economic development and on the feasibility of some of Invest International's projects. These put pressure on the chance of achieving the goals of SDG 8 (*Decent work and economic growth*).

In response to inflation, central banks have started quantitative tightening. Many countries continue to raise interest rates resulting in concerns about an impending recession. Higher interest rates have a dampening effect on investments, while banks and other commercial financiers focus on their core markets and key clients. This puts pressure on the availability of financing, especially in emerging economies.

Increasing global conflict and rising inflation have resulted in several countries going into default with several more at risk of doing so.

Geopolitical tensions and political instability

Geopolitical tensions and political instability are increasing. Rising state failure and conflict, the economic downturn and the way global challenges are tackled are just some of the factors driving risks. These risks have led to increasing volatility and uncertainty in many sectors.

Tensions in Europe mounted after Russia invaded Ukraine in February 2022. Both Russia and Ukraine are major energy and agri-food suppliers. This conflict has led to rising energy costs, as well as disruption to the global agri-food supply chain, resulting in higher prices.

Challenges and opportunities

The increasing volatility and uncertainty arising from these developments not only create challenges for Invest International, but also opportunities. We can bridge the gap. Higher risks have led other financiers to focus on their core markets, so our additionality becomes more apparent. We provide funding or other resources which others cannot. Our sector-based approach means we can maximise the efficiency and effective deployment of the resources we have at our disposal. By doing so, we are able to provide a positive contribution to SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Action).

Sector developments

At Invest International we focus on five sectors. We believe that our knowledge, network, skills, and financing propositions mean we can maximise our impact in these sectors, which in turn means we can make a positive contribution to the challenges and opportunities ahead.

Agri-food

A key challenge is ensuring food availability and food security in a world with a growing population and changing preferences. Overcoming this challenge is hampered by problems arising from the disrupted food supply chains and increasing energy and transport costs. Optimising agri-food output will be driven by technology, automation and artificial intelligence. Invest International supports investments which drive the transition of global food systems towards more sustainable, climate resilient and nature-inclusive agricultural systems that meet the needs of today and those of future generations. Areas supported include amongst others investments in plant based protein, biodiversity and reduction of food loss.

Energy

The world's energy supply is still heavily reliant on fossil fuels. Delivery is controlled by a limited number of suppliers. With energy prices peaking, and the increasing commitment to reducing emissions, a flywheel effect is visible in new investments in energy; the vast majority of new investments in the sector are focused on renewable energy. In addition, there is increasing interest in new technologies and the upscaling of proven technologies, such as green hydrogen. Invest International invests in projects which stimulate the transition towards carbon neutral economies including renewable energy initiatives such as green hydrogen projects.

Healthcare

The COVID-19 pandemic was a global health setback, putting public health systems under huge pressure, but it also provided an opportunity. Private and public co-operation was key in finding solutions for dealing with the pandemic. This is also opening doors for integrated healthcare, where science, technology, innovation, and digitalisation improve healthcare, including improved prevention and earlier detection. Mental health will become an integral part of healthcare systems. In line with other sectors, sustainability in healthcare is becoming increasingly important. We support investments which drive accessibility to healthcare for all.

Manufacturing

Sustainability, in terms of carbon neutral production and reliability of supply chains, is important for the manufacturing industry. Supply chain reliability will only be realised by spreading risks – reducing dependency on resources and broadening the concentration of knowledge. Increased material costs force manufacturers to focus on digitalisation, automation and robotics. This also redefines the role of workers, which is especially relevant where labour forces are declining due to an ageing population. We invest in sustainable manufacturing solutions which contribute to the development of circular economies and replacement of linear manufacturing which heavily impacts climate and the availability of resources.

Water & infrastructure

We see increasing gaps between required investments and actual investment levels. This development is aggravated by increasing project costs on the back of higher raw material prices. Increasing interest rates are also putting pressure on government finances. This especially applies in developing economies. Invest International supports sustainable water and infrastructure investments which deliver innovative nature-based and green infrastructure solutions.

Dilemmas

As an impact investor, we operate in a constantly changing environment. In the Trends & Developments section, we have identified the main developments affecting us. Both climate change and increasing global interest rates create dilemmas we have to deal with.

Climate change is affecting us globally and countries in emerging economies are often the most affected by this. Invest International has a solution to help address these problems. With our focus on realising large infrastructure projects, for instance on coastal protection or drinking water, we can help developing countries with the financing of projects to adapt to climate change. Here we can offer 100% financing by combining grants with loans to fully finance such projects. That being said, the problem is that the same countries that are hardest hit by climate change are also those suffering economically. Many of these countries struggle to repay loans or are no longer permitted by the International Monetary Fund (IMF) to borrow. The number of countries able to borrow is therefore limited and that number is decreasing as interest rates continue to rise. This leads to the dilemma that our solutions are becoming more important, but countries cannot access them.

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The developing countries that are hardest hit by climate change are also those suffering economically and most in need but cannot access our solutions.

How do we manage this?

Invest International is part of the solution. We can leverage on the fact that we can already do more than any other party due to our ability to offer grants. Our role is therefore becoming even more important. Although there is little we can do if a country is no longer permitted to borrow, we can contribute to possible solutions. We are investigating possibilities to still be able to finance these impactful projects by, for example, cooperating with the World Bank and developing financing structures where lending is possible such as those through Public Private Partnerships (PPP). These are partnerships between the government and private parties for the purpose of delivering a project traditionally provided by the public sector.

Stakeholders & Materiality

How we Engage with our Stakeholders

We deal with a broad range of stakeholders with different interests, needs and goals. Here we focus on our key stakeholders and the way that we engage with them.

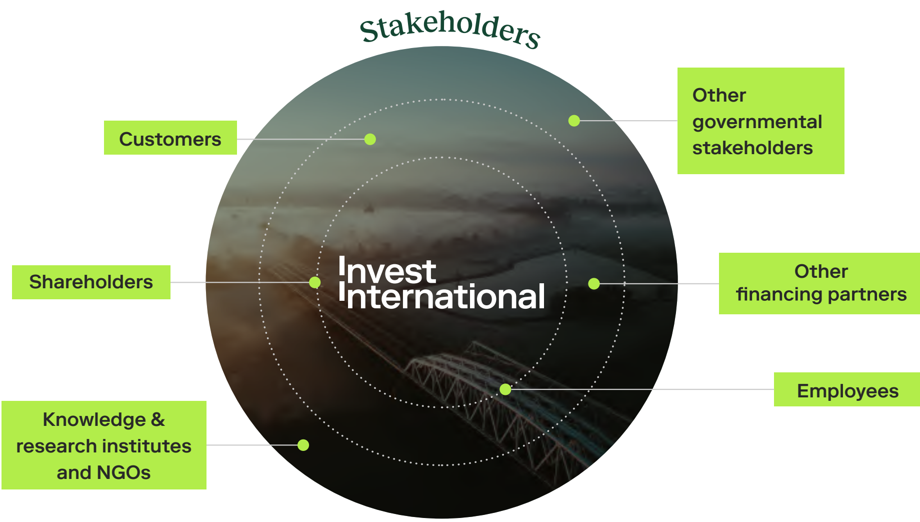
Our stakeholders

Customers
We work with a varied group of customers. These can be public as well as private, newly established organisations or ones with a long track record; small organisations to large corporates and governments. What we share with our customers is a commitment towards sustainability and impact. We are building long-term relationships with our customers and getting to know them in order to better understand their needs in addition to fulfilling our legal and regulatory obligations.

Employees
Our success is to a large extent determined by our employees – all internal and external staff. As a young organisation bringing together two different cultures – FMO (the Dutch Development Bank) and RVO – as well as welcoming many new employees, our focus has been on establishing an Invest International identity and culture. We aim to be a flat-structured organisation with an open culture and short lines of communication. Integrity is very important to us and employees are expected to swear the 'Invest International Personal Oath' to underpin this. Diversity and inclusion are also central to our identity, and awareness of its importance is embedded in our daily business, and reinforced in meetings and workshops. Innovation is supported by being open-minded about new products, ideas or other solutions that can improve our operations.

Shareholders
Our shareholders are The Ministry of Finance and FMO. The Ministry of Finance provided the capital for Invest International Capital BV. FMO has provided us with resources needed for the creation of Invest International as well as operational support. Although our investment focus is different from that of FMO, our strategies are closely aligned as we both support organisations in fulfilling international environmental, social and governance (ESG) standards.

Other governmental stakeholders
This group consists of a variety of national and international governmental bodies. An important governmental stakeholder is the Ministry for Foreign Trade and Development Cooperation (part of the Ministry of Foreign Affairs). Many of the public programmes managed by Invest International are done on behalf of the Ministry of Foreign Affairs. RVO (Netherlands Enterprise Agency) is another important governmental stakeholder.



Dutch embassies are key stakeholders as they are the eyes and ears on the ground in the different regions where Invest International is active. We liaise directly with a variety of foreign governmental bodies, both central and local. In some cases, they are also our customers when they receive grants and subsidies. In other cases, they are stakeholders in projects we are involved in.

Other financing partners

This group includes commercial banks, (impact) investors, (credit) insurers in general and more specifically Atradius Dutch State Business, development finance institutions and multilateral development banks like the World Bank and the European Investment Bank. To maximise our impact, it is important to mobilise both public and private capital. Therefore, we work with various groups of co-financiers. We partner with investors focusing on financial return and achieving impact sustainably.

Knowledge & research institutes and NGOs

Another stakeholder group is made up of knowledge and research institutes, and NGOs. We liaise with both Dutch and international knowledge and research institutes, and NGOs that share our mission and vision.

Engaging with our stakeholders

Customer engagement

We are in continual contact with our clients. In addition to periodic progress reporting, there is regular operational contact. During the pandemic, contact was mainly digital but since early 2022 we have started visiting our clients again, both in The Netherlands and abroad. As not all customers may be satisfied with our work, a complaint mechanism is in place.

Employee engagement

In our daily business, most communication is informal. In addition, we keep our employees informed and aligned via our internal newsletter, surveys, and periodic meetings. There is a works council, and several internal and external confidential advisors are also available.

Shareholder engagement

We keep in close contact with our shareholders. In addition to the Annual General Meeting of shareholders, we inform and involve them via periodic meetings. These meetings cover operational progress, performance and co-operation.

Engagement with governmental stakeholders

In addition to regular formal meetings, predominantly addressing project KPIs, we have operational contact at different levels within the ministries. Our periodic reporting updates the ministries on our progress and results. Contact with the embassies primarily focuses on projects in the relevant countries or regions. We also have scheduled meetings and events, such as the visit of the Heads of Economic Affairs from the Dutch embassies around the world to our office in

October 2022. Contact with foreign governmental bodies are typically focused on specific projects and therefore tend to be ad hoc.

Engagement with other financing partners

Contact tends to concentrate on specific projects and on a more strategic level when we connect with other financing partners. An example is the opening of the Dutch Desk in Nigeria. This is a strategic collaboration between Invest International and Access Bank Plc, the largest bank in Nigeria. The aim of this collaboration is to support Dutch businesses which are active there, and to optimise market opportunities in key sectors in the Nigerian economy. We co-operate closely with Dutch commercial banks involving export and infrastructure project finance. Banks refer companies to us when they cannot provide the financing themselves. We work together with these banks to organise financing for infrastructure projects in emerging economies. We provide financial solutions through a combination of our grants and loans, and a loan provided by a commercial bank. By doing so, we mobilise commercial finance and steer private capital towards impactful projects in emerging economies.

Engagement with knowledge & research institutes and NGOs

This is a group we predominantly engage with on an ad hoc basis, for example during stakeholder consultation on our ESG policy.

Materiality analysis

A materiality analysis helps us to identify and prioritise the most important topics for both ourselves and our stakeholders. This serves as a key input for the execution of our strategy.

As Invest International started in 2021, a detailed materiality analysis has not been performed. However, regular contact with our stakeholders gives us a good insight into what the important topics are for them. This coupled with our commitment to continuous improvement ensures that a materiality assessment among stakeholders will be on our agenda as we grow.

Based on regular dialogue with our stakeholders in 2021/2022, we believe that the key material topics are closely aligned with our impact goals and their expectations. Specifically:

- Helping Dutch businesses in their export activities and foreign investments, which in turn contribute to the Dutch economy, its future earning capacity, employment and creating a level playing field for access to finance
- Our contribution to the SDGs, with a focus on SDG 8 (Decent work and economic growth) and SDG 13 (Climate action)
- Creating added value for our shareholders, and for the Ministry for Foreign Trade and Development Cooperation

Our Strategy

Vision
Together we build the sustainable markets of tomorrow

Mission
We invest in Dutch solutions for global challenges

Strategic goal
Realise projects contributing to the Dutch economy, emerging economies' infrastructure, and SDGs worldwide

Immediate goals
- Grow business
- Embed customer centric approach
- Grow client base

How we do it
- Project Development for finance
- Financing additional to the market

Our focus and choices

Our focus sectors:
- Agri-food
- Water & infrastructure
- Energy
- Manufacturing
- Healthcare

Our SDGs:
- 8 Decent work and economic growth
- 13 Climate action

Secondary SDGs: 2, 3, 5, 6, 7, 9, 12

Our foundation
- Our people
- Impact & ESG management
- Our funding sources
- Risk Framework

Breakthrough solutions are needed to address the global challenges we face today. Some of these solutions can be found where private and public interests intersect.

Global challenges call for innovation, private entrepreneurship and public leadership. Although The Netherlands is a small country, according to the World Bank it has the 17th largest economy in the world. It is an economy that thrives on innovation and sustainable international trade. Companies contributing to the Dutch economy have a lot to offer in using smart solutions to make the world a better place. It is Invest International's purpose to nurture these solutions and make them feasible for investment.

Our foundation

Our strategy is built on four pillars:

1. **Our people:** a group of 131 ambitious professionals with the right expertise, knowledge and skills
2. **Our funding sources:** our investment capital and the funding facilities we manage on behalf of the Dutch State, provide us with the opportunity to deliver higher-risk financial structures, equity investments, project finance, export finance and project development
3. **Impact & ESG management:** as an impact investor, solid IESG management is the cornerstone of what we do
4. **Risk management framework:** given our high risk profile, our risk management framework is fundamental to the adequate monitoring and management of our portfolio

Our focus and choices

By bringing public and private partners together we can make the more complex and high risk investments in innovative solutions financeable.

We focus on making an impact on the Sustainable Development Goals (SDGs). We embrace them all but we strategically focus primarily on SDG 8 – decent work and economic growth, and on SDG 13 – climate action.

Our business is focused on five sectors in which the Netherlands is able to add value by bringing smart solutions for a more sustainable world: Agri-food, Water & infrastructure, Healthcare, Manufacturing and Energy.

How we do it

Invest International aims to support Dutch and Dutch-linked companies and developing country governments in activities that create an impact on the SDGs. We exist to explore and facilitate project development and investment arrangements that aim to encourage new business opportunities. We convene, connect, and challenge. We do not compete, we are additional to the market and bridge the gap through close co-operation with different partners. Our potential for success will rely on our ability to engage with the whole global ecosystem.

Our immediate goals

While our ultimate ambition is to create impact on SDGs, right now we are concentrating on three more immediate goals.

Growing the business

By creating a wide portfolio of loans and transactions.

Growing our client base

To include more and different types of clients.

Customer centric approach

Offer tailor-made solutions that suit the client's needs and ambitions.

Our strategic goal

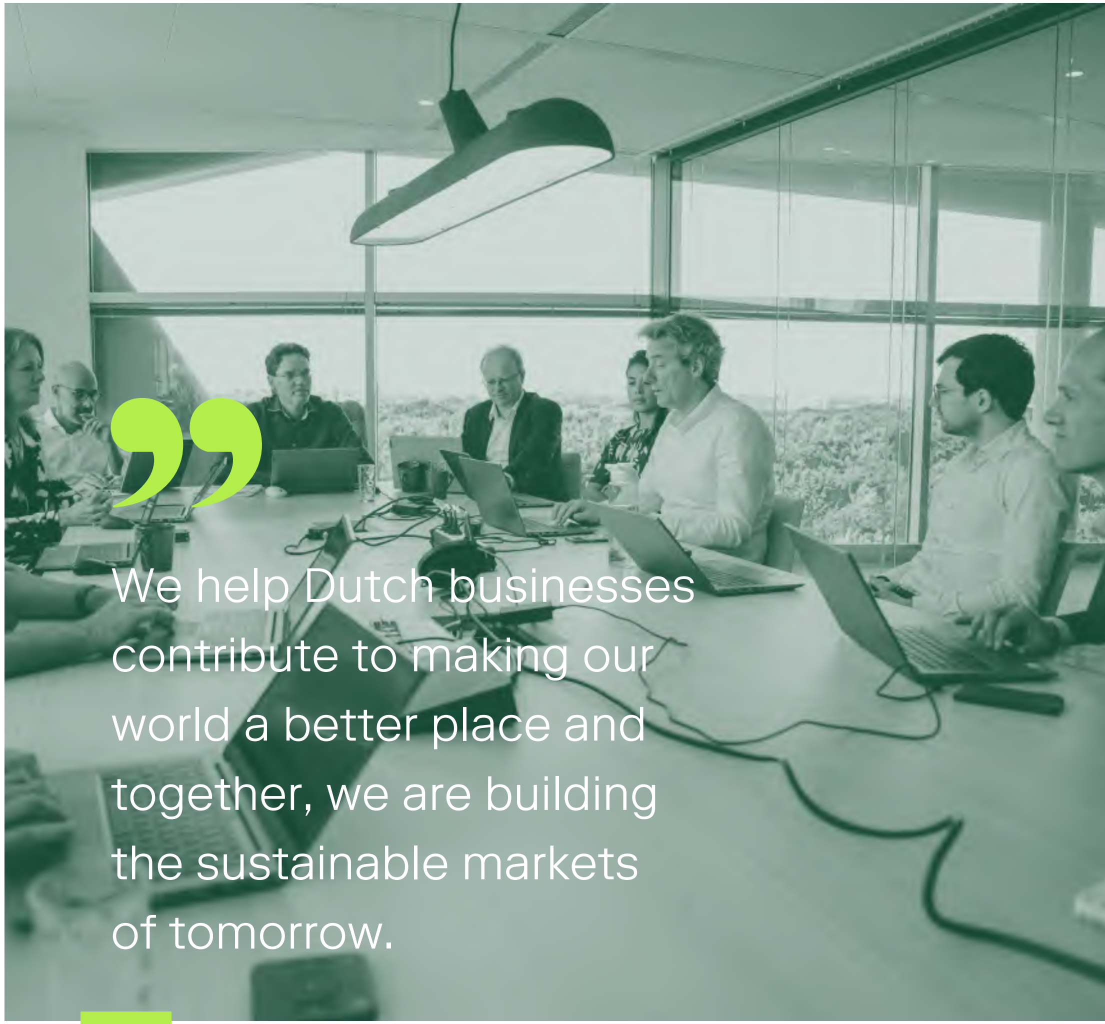
All of this will help us reach our strategic goal – to successfully complete more impactful international projects which contribute to the Dutch business community, to the infrastructure of emerging and developing countries, and to the SDGs worldwide.

Our mission

Dutch and Dutch-linked start-ups, SMEs and large corporates, as well as ambitious governments, who want to help solve global challenges, are all pioneers in the true sense of the word. Our mission is to harness this pioneering spirit by investing in Dutch solutions for global challenges.

Our vision

The Netherlands is a trading nation. Dutch and Dutch-linked businesses are very ambitious about what they can achieve by 2030, 2050 and beyond. This is where we have a role to play. This is where we can make a difference. We are working with these Dutch operators to help them contribute to making our world a better place to live . Together, we are building the sustainable markets of tomorrow.



Our Culture

Our activities are supported by a set of people drivers, which shape the way we behave and how we work. We are a new organisation and are continuously developing. It is important that our employees are aligned with our mission, our drivers, and the behaviour associated with them.

Seven people drivers

Seven people drivers define the way we work. We consider these our guiding principles.

1. Impact first
We are impact investors in Dutch solutions for global challenges. We take the international financing of high-risk, innovative solutions to the next level. We support governments and companies by providing capital as well as project development capacity. We help to make the more difficult investments in innovative solutions financeable. Yet, in everything we do we live 'impact first'. We can only achieve this with people who feel motivated by our mission.

2. Collaboration
We bring together, we connect, and we challenge. We know how to collaborate externally with our partners and internally with our colleagues. We bring people together to leverage their skills, talents, and knowledge to achieve our purpose. We value openness and sharing of ideas.

3. Learning organisation
We are agile, co-create and learn as we move forward. We learn both as an organisation and as individuals. As a young, ambitious private organisation working in a highly complex context, we need people who are curious, dare to make mistakes, learn and who are committed to continuous improvement.

4. Entrepreneurship & client focus
We focus our efforts on discovering and meeting our client's needs. Our people constantly assess the potential of an innovative idea, solution and know how to match the underlying need of the client to the available solutions, services and deal opportunities.

5. Efficiency
Our processes and procedures are designed to make us work efficiently. Problems are spotted quickly and easily corrected. We aim to be cost aware and efficient. Our people are geared towards the constant upgrading and optimisation of professional work processes in order to improve our performance.

6. Diversity & inclusion
At Invest International, we believe in the power of diversity and that people with different backgrounds and qualities motivate and inspire each other. We want to be a reflection of society. We have room for everyone regardless of gender, sexual preference, origin, age or disability. We strive for a balanced employment relationship between our employees and Invest International as an employer.

7. Integrity

We value people who are trustworthy, honest and authentic. We are perceived as a credible trustworthy business partner for others to rely on. Our partners and shareholders can count on us to deliver and to look after their best interests. We say what we do and we do what we say. We don't talk about each other, but with each other. We treat others as we want to be treated ourselves.

Our focus in 2022

What unites the team at Invest International is a sense of purpose. Colleagues share this intrinsic motivation also because we have actively recruited people who share our value system – and the desire to make an impact.

In 2022 we have launched many initiatives including: performance dialogues, connect & learn sessions, Insights Profiles sessions, onboarding programme, set up of the Diversity & Inclusion project, feedback training, 360 leadership assessments for managers and regular gatherings for all staff.

The focus for 2022 was getting to know each other and ourselves, creating open communication, mutual understanding and interpersonal connections, where information and knowledge were openly shared. Our focus during the year was therefore on the people drivers 'collaboration' and 'learning organisation'.

SME/Export finance

How we support Dutch SMEs to make impact through export finance

From left to right: Jacco Vonhof (MKB-Nederland), Joost Oorthuizen (Invest International), Erik Bakker (OHV), Rein Steeman (Value Maritime), Wampie Libon (Dutch Ministry of Foreign Affairs) and Stephan Naber (Atradius Dutch State Business). Photo: ©Wilmar Dik.

New finance facility also enables smaller export transactions for SMEs

On 20 October 2022, in collaboration with fund manager OHV and export insurer Atradius Dutch State Business, Invest International launched a new facility for export financing as part of the strategy to help Dutch businesses grow. The initiative focuses on enabling smaller export transactions that are normally cut off from traditional financing channels.

Read more

Facts & Figures

Initial facility size
€20 million

Deals closed in 2022
4
Read more about the 4 deals

Transaction type
Small transactions starting at
€100,000

Value Maritime: first to make use of the facility

Value Maritime is the first SME to make use of the new financing facility. The young, innovative company with its headquarters in Rotterdam has been helping shipowners and operators to achieve valuable emission reductions and financial savings since 2017. They developed "Filtree", a unique system that cleans both air and water from all ship types and includes an integrated carbon capture feature making today's fleet sustainable today and future proof for tomorrow.

Photo: © Value Maritime.

Performance on Strategy and Impact

Our strategic goal is to complete impactful projects worldwide, which contribute to both the Dutch business community and economy, and to the realisation of the SDGs. We are proud to have supported many projects in the period from October 1st 2021 to December 31st 2022. In doing so, we have laid the foundation for building and expanding our project portfolio, in order to achieve more impact in the future.

Committed portfolio

	Target	Actual	RVO/FMO[1]	Total
Funding sources	**2021-2022 (€million)**	**2021-2022 (€million)**	**(€million)**	**(€million)**
Investment capital	110	257	17	274
Start-ups, SMEs & mid-corps[2]	30	38	173	211
Infrastructural projects[2]	94	127	748	875
Project development[2]	6	4	16	20
Totals	**240**	**426**	**954**	**1,380**

1 Existing projects and commitments taken over from RVO and FMO per October 2021.

2 Managed on behalf of the Ministry of Foreign Affairs.

Number of projects

	2021 - 2022	Total
Funding sources	**New projects (#)**	**Total projects (#)**
Investment capital	10	11
Start-ups, SMEs & mid-corps[1]	38	93
Infrastructural projects[1]	15	87
Project development[1]	11	41
Totals	**74**	**232**

1 Managed on behalf of the Ministry of Foreign Affairs.

Performance on strategy

Although we still have a lot of work to do, we have made significant progress since Invest International started its operations in October 2021. It has been confirmed that there is a need for the funding and other resources that we have at our disposal; there is indeed a gap that we can bridge. We have demonstrated our additionality to the market and our ability to address market failure.

New projects and financial commitments

As explained in the Trends and Developments (see page 18), the world we aim to impact is constantly changing, and the circumstances we are facing can be challenging. Despite this, our total new commitments exceeded the combined targets, in which we take pride. Funding ranges from smaller technical assistance grants, to loans for start-up companies, grants for infrastructure projects in emerging economies, and export finance transactions for large corporates.

Our portfolio

These tables provide insight in the committed portfolio and in the number of projects we have supported. In addition to the newly executed projects and commitments in the period October 2021 to December 2022, Invest International also took over the existing projects and commitments from the portfolios of FMO and RVO.

The total committed portfolio of Invest international, including the funds managed on behalf of the Ministry of Foreign Affairs, over all client segments amounted to €1.38 billion (of which disbursed: €611 million), over a total of 232 projects.

Investment capital (including equity investments)

The portfolio funded from our core (investment) capital consists of export financing to large corporates, structured finance propositions, and equity investments. The number of new projects supported in the period October 2021 to December 2022 is at target, but the total financial commitments were substantially higher than target, which is due to several relatively large transactions.

Atradius Dutch State Business is our close partner for structuring the export financing projects and providing the necessary insurance cover. Atradius has also been our partner in structuring a new facility together with fund manager OHV for export financing of smaller tickets targeted specifically at SMEs.

Start-ups, SMEs and mid-corps

In the market for small and medium-sized enterprises, we support companies during all stages in their lifecycle, via the funds we manage on behalf of the Ministry of Foreign Affairs. We provide technical assistance to SMEs with a development need. In the initial phases of new businesses, a company may have a short-term funding requirement for import activities, for which we can accommodate by providing a prefinance facility. For start-up and scale-up companies with a funding requirement for investments abroad, we provide longer-term financing by means of dedicated start-up loans.

We have also successfully introduced a new product, the Scale-up Import Finance proposition, a new working capital financing solution for scale-up companies. Lastly, for SMEs and mid-corps with a longer track record and a larger funding need, we provide loans and/or guarantees for their foreign investments. The number of new commitments was in line with the target (set at 40 projects). The total new financial commitments exceeded the target.

Infrastructure in developing economies

Invest International manages the D2B (Develop2Build) and DRIVE (Development Related Infrastructure Investment Vehicle) programmes on behalf of the Ministry of Foreign Affairs. The funds for these programmes are available for the development and the implementation of infrastructure projects in emerging economies. Both D2B and DRIVE commitments were above target: the Ministry of Foreign Affairs has set the goal for annual new commitments for Infrastructural projects in the range of €63 to €94 million, which was exceeded.

Project development

This portfolio consists of the Development Accelerator (DA) and Partnership Development Facility (PDF) projects, managed by Invest International on behalf of the Dutch State. Both DA and PDF co-finance the development of early-stage high-impact projects with a Dutch interest in the health, agri-food, water, renewable energy, and manufacturing sectors in emerging markets.

An important goal of the project development portfolio is to help get projects ready for the next phase and, very importantly, to ensure that they are not only financeable but also that the necessary funding is made available for this next upscaling phase. As a result, a flywheel effect is also achieved with regard to the creation of impact.

Although the number of new projects was in line with the target of 10-12 new projects, total commitments were lower than budget. This was mainly due to a lower-than-expected headcount in the project development team, as well as to a relatively smaller average transaction size.

Agri-food

How financing changes the Agri-food system

Photo: © Naylor Nutrition.

Naylor Nutrition turns cabbage waste into protein

Family-owned UK-based business Naylor Nutrition combines farming and science to create innovative products. With the help of two Dutch scientists, CEO Simon Naylor discovered that cabbage trimmings surplus from the coleslaw production from the Naylor farm can be turned into something truly valuable: sustainable protein. With financing through Invest International an eco-conscious, state-of-the-art factory will be constructed by Dutch manufacturer company Colubris. The first of its kind, the factory is a major step towards reducing the amount of food that goes to waste and creating a more sustainable, plant-based food system.

Read more

Creating impact

SDG 8: Decent Work and Economic Growth
Creation of extra jobs, both in the Netherlands and UK.

SDG 12: Responsible Consumption and Production
Zero waste. All cabbage crop is used.

SDG 13: Climate Action
The cabbage-based protein is a substitute for meat protein which is a far less efficient use of land and resources.

Financing Bontrup gives social and economic boost to agriculture and villages in Ukraine

Dutch family business Bontrup has built up a thriving agricultural business in the northeast of Ukraine. With financing from Invest International they purchased new machines and silos for storage. Due to the ongoing war, grain transport is complex and more storage capacity is desperately needed. Bontrup wants to be ready for the expected growth from the investment they have made in developing more hectares. Growth provides additional jobs and in the long run more food.

Read more

SDG 2: Zero Hunger
Food security worldwide.

SDG 8: Decent Work and Economic Growth
Creation of 400 permanent jobs.

SDG 13: Climate Action
The new machines enable precision farming, which is better for the environment.

Performance on impact

Impact Results against our KPIs

This section outlines our impact results against our KPIs in 2022. For the Impact Measurement Methodologies we have used, please refer to How we measure impact (see page 141).

Portfolio contribution to SDG 8 and 13

In 2022, we developed a framework for assessing our portfolio's and managed funds' contribution to SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Action) based on internal performance benchmarks. We have committed to ensuring that 66% of our portfolio and managed funds contribute to SDG 8 and SDG 13 by 2025.

Contribution to the SDGs*

% of our portfolio contributing to:

60% | 66%

* Based on our internal performance benchmarks.

Decent jobs supported

Our results for the jobs supported is reported in direct and indirect jobs. To ensure decency of the jobs supported, Invest International tries to make sure that the workers receive at least a living wage and enjoy good working conditions.

Direct jobs

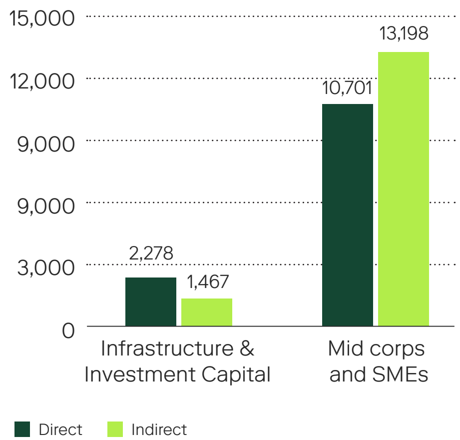
Direct jobs refer to the number of full-time equivalent (FTE) employees working for the company or project in which Invest International has invested. In 2022, Invest International supported 12,979 Jobs of which 50.1% (6,495) were for women.

Indirect jobs

Indirect jobs refer to those that are supported by our customers through supply chains, the spending of wages, and economy-wide employment enabled by our lending. In 2022, Invest International supported 14,665 indirect Jobs.

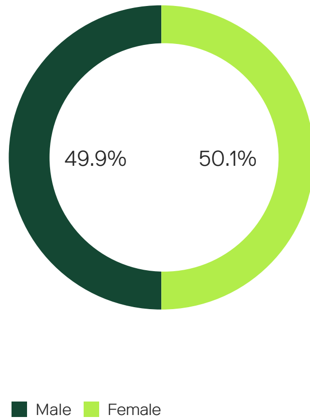
Direct and indirect jobs in 2022

number per programme portfolio



Direct and indirect jobs in 2022

% female vs male



Financed and avoided greenhouse gas (GHG) emissions

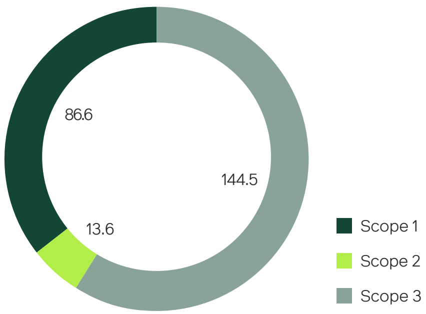
In 2022, our focus was on measuring the emissions from our financed projects. In 2023, we will expand our measurement to also include avoided emissions for these projects. With support of consultants Steward Redqueen and based on estimations with the Joint Impact Model (JIM), Invest International's baseline for financed projects and investments (full year 2021) scope 1, 2 and 3 upstream amounted to 245 thousand tonnes of CO_2 equivalent.

Reporting of these numbers is based on Partnership for Carbon Accounting Financials (PCAF) standards. In 2022, 29.8% of our committed portfolio and managed funds also met the criteria for Green Label according to Atradius Dutch State Business Green methodology.

For a definition of scope 1, 2 and 3 emissions please see Glossary (see page 148).

Financed GHG emissions by scope

in thousands of tonnes CO_2 equivalent



Other SDGs

SDG 2

Our portfolio and managed funds as at 2022 is estimated to support 7,350 of smallholders with better agricultural practices and improved livelihoods.

SDG 3

In 2022, Invest International's portfolio and managed funds is estimated to reach 9.8 million users who will have access to healthcare services and infrastructure.

SDG 5

50.1% (or 6,495) of our direct supported jobs were held by women in 2022.

SDG 6

Invest International's portfolio and managed funds as at 2022 is estimated to reach 5.4 million users who will have access to affordable and good-quality water and sanitation.

SDG 7

Our portfolio and managed funds in 2022 reached 391,000 users who will have first-time access to energy (including renewable energy).

SDG 9

Our portfolio and managed funds in 2022 reached 9.2 million users of public infrastructure projects in terms of feeder roads, bridges, flood risk and coastal protection.

SDG 12

Will be reported from 2023.

Contribution to the Dutch Economy

In 2022, we developed a methodology for estimating our contribution to the Dutch economy in terms of jobs supported and value addition to the GDP. We did this together with consultant Ecorys. The methodology is based on the input-output economic model, covering direct, indirect, induced and forward effects.

Invest International as an organisation has contributed to the Dutch economy in 2022. While we do not have the complete data for our full portfolio including managed funds yet, we do have the data for the transactions which are financed from our core investment capital. This accounts for approximately 20% of our total committed portfolio.

From the outstanding amounts per year-end 2022 funded from our core investment capital (€94 million), the added value to the Dutch GDP is €17 million. In addition, 98.5 new FTEs were created. In 2023, this methodology will be applied on our full portfolio including managed funds.

KPI and reporting framework

We are still in the process of developing our KPI and reporting framework so not all data which would like to share is available. In the sections Performance on strategy and Performance on impact we have done our utmost to share our progress on our performance since the start of Invest International. In 2023 we will further develop our KPI and reporting framework.

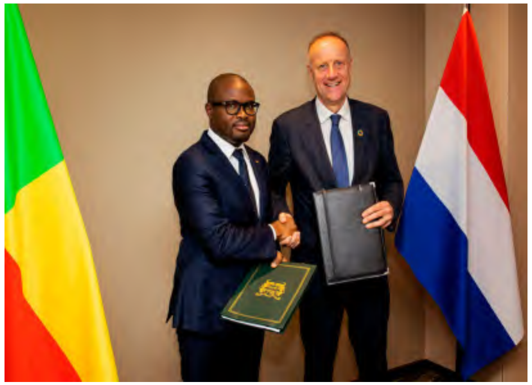
Infrastructure

We finance impactful infrastructure projects

Five bridges improve life, work and mobility in Guinea

The construction of five bridges in Conakry, the capital of Guinea, will improve access to and from city districts. It will make travel safer and faster, improve the quality of life for inhabitants in the port city, and create more and fairer opportunities for work and income. This was made possible through the collaboration between the Dutch and Guinean governments and Dutch companies, and the private and public financing of Invest International.

Read more



Development of vital public infrastructure in Benin

With the signing of three agreements with the Government of Benin, Invest International provides financing for three important infrastructure projects: A drinking water project in six towns in the North of Benin, the development of the Artisanal Fishing Port of Cotonou and the rehabilitation and development of Lac Nokoué and the Lagune de Porto-Novo. All these aim to contribute to the development of vital public infrastructure, which will benefit Benin's economy and the local communities. Financing consists of both grants and loans. This means the projects can be 100% financed by public and private resources.

Read more

Creating impact

SDG 8: Decent Work and Economic Growth
Improving access to jobs and markets.

SDG 9: Industry, Innovation, and Infrastructure
Making travel safer and faster by improving critical infrastructure and reducing traffic on existing roads.

SDG 10: Reduced Inequalities
Access to the economic heart of Conakry for residents of the city's outer areas and surrounding countryside.

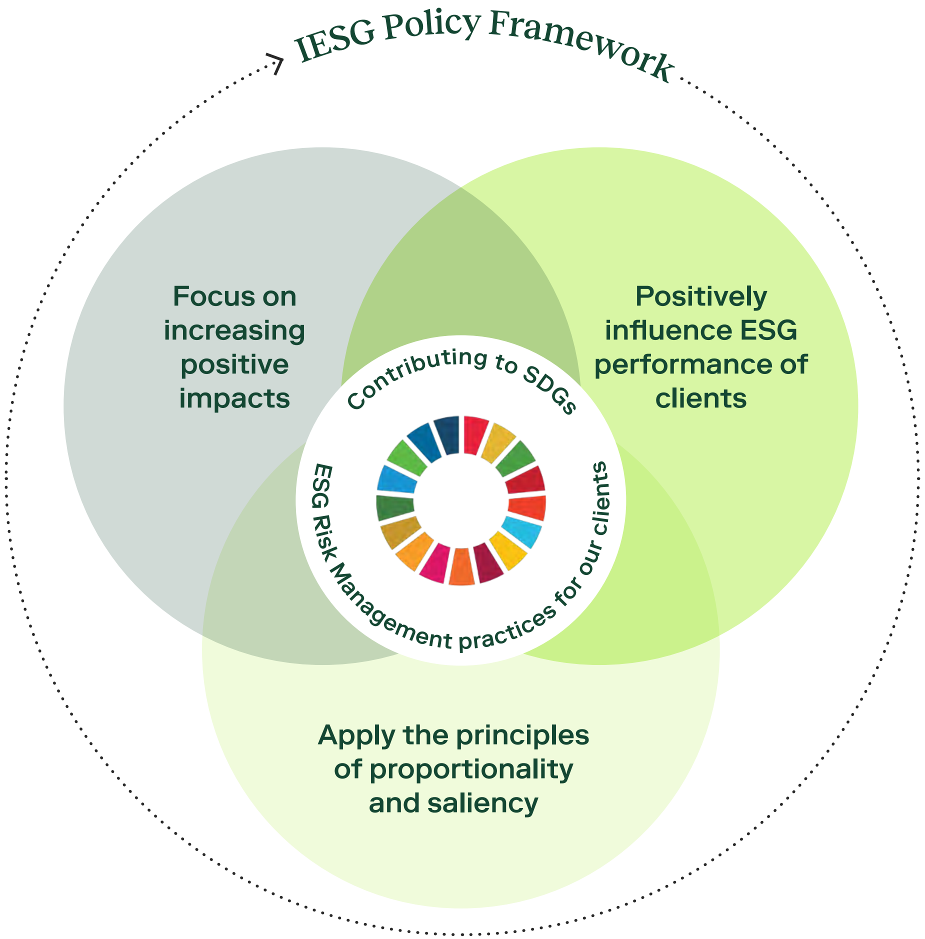
SDG 6: Clean Water and Sanitation
Access to clean and safe drinking water for at least 270,000 people.

SDG 8: Decent Work and Economic Growth
Broader opportunities and better living wages standards for fishery sector and population around the projects.

SDG 13: Climate Action
Better environmental conditions, essential for the socio-economic development of the country.

Our Impact and ESG Policy

While realising our impact, we are committed to managing Environmental, Social and Governance (ESG) risks. This section describes our IESG policy and commitments, and how they are an integral part of our investment process, our projects and internally.



Our IESG policy

We have developed an Impact & ESG Policy which sets out clear goals and guidelines on how we plan to deliver on our mission – to invest in Dutch solutions for global challenges.

At the heart of our IESG Policy is our focus on contributing to the UN's Sustainable Development Goals (SDGs) and supporting our clients with good Environmental, Social and Governance (ESG) risk management practice, in line with international standards.

Our policy is based on the following overarching principles:

1. **Focus on increasing positive impact** and avoiding, minimising, or mitigating adverse impacts
2. **Positively influence ESG performance of clients** and encourage working towards full implementation of international standards through continuous improvement steps
3. **Apply the principles of proportionality and saliency** (prioritising the most salient risks) in what is expected from clients with regards to ESG

In all, more than 25 organisations, including NGOs, business associations and institutes provided feedback during the consultation rounds of the IESG framework and policy. We are grateful for their valuable input, which enabled us to bring this policy to fruition.

ESG in our investment process

Before and during the investment process, we always assess the ESG risks and opportunities of an investment. We analyse the potential negative effect of the investment on the environment and society, while also considering potential future financial risks for the investment arising from certain social and environmental risk factors. We also consider the extent to which clients or funds are exposed to ESG risks and whether they have taken mitigating actions in this respect.

Invest International reviews compliance of its activities and investments against the following international guidelines:

- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- International Finance Corporation (IFC) Performance Standards
- UN Guiding Principles on Business and Human Rights

Invest also endorses the following additional standards/guidelines:

- International Labour Organisation (ILO) Fundamental principles and rights at work
- Partnership for Carbon Accounting Financials (PCAF)

Invest International implements ESG risk management in its entire investment cycle, from selection until exit. More details can be found on the next page and in Risk and Opportunity Management (see page 57).

ESG risk assessment

ESG assessment at Invest International is done based on the three overarching principles as described earlier, and a set of investment criteria. The process involves determining the key ESG risks, impacts and opportunities of a transaction, considering the client's or project's characteristics. Invest International's ESG criteria apply to corporate loans, government grants, project development activities, and financing to financial intermediaries and private equity funds. The set of criteria were developed based on FMO and RVO ESG Investment Criteria. The principle of proportionality and the 'comply or explain principle' are applied when enforcing our ESG criteria, especially for start-ups and SMEs.

> Our IESG policy is based on three principles: Focus on increasing positive impact, Positively influence ESG performance of clients, and Apply the principles of proportionality and saliency.

/ Our Impact and ESG Policy

Impact and ESG in our Investment Process

Investment Selection

- Fit with Invest International's Strategy and Impact Priorities.
- Assessment against Exclusion List, Invest International's ESG Criteria and other Programme requirements.
- Preliminary ESG Category.
- IESG due diligence for Start-ups, SMEs and some Midcorps may already be necessary.

Engagement Commitee (EC) Approval

- Define Impact narrative on SDG 8 & 13 indicators, as well as indicators for other applicable SDGs.
- Assessment of E&S risks based on OECD or IFC PS. Including contextual risk, BCS check, FPIC check, legacy issues check, and human rights assessment (as required). This should include local multi-stakeholders.
- For high-risk projects, a full ESIA is commissioned. For medium-risk projects, an ESIA with a limited scope or a strategic environmental and social assessment (SEA) may be commissioned.
- Where applicable, IESG provides input to Letter of Intent (LoI), Indicative Term Sheet (ITS), Project Development proposals, and Technical Assistance (TA) proposals, Initial Investment proposals.
- Ex-ante disclosures (only applicable to High-risk category projects after EC approval. For other categories, ex-ante disclosure is subject to regulatory requirements).

Due Dilligence

- Full site visit (where necessary) for due diligence against ESG Investment Criteria. Virtual ESG due diligence may be applied in certain circumstances. For High-risk projects, a specialist consultant/ local consultant is commissioned to conduct the ESG due diligence. This should include local multi-stakeholders.
- Review ESIA or SEA where applicable
- Confirm or Change ESG Category, based on due diligence outcomes.
- Collect baseline Impact data on SDG 8 & 13 indicators, as well as indicators for other applicable SDGs (where available).
- For high-risk projects, verify/confirm no negative contextual risk, BCS, FPIC and legacy issues (where applicable), during ESG due diligence.
- Define ESG Contractual Conditions and E&S Action Plan (ESAP) items.
- Assess the Governance of E&S based on Questionnaire and develop Action Plans for High and Medium Risk categories.
- Register client's baseline ESG performance in IESG tracking system

Investment Commitee (IC) Approval

- IESG 2nd Line Opinion including conditions and/or recommendations.
- IESG input to investment proposals for Government, Largecorps, and Midcorps, as well as SMEs investment proposals.

Contracting

- Finalize ESG Contractual Conditions and E&S Action Plan (ESAP) items in Client's contract.
- Finalize Governance Action Plan items in Client's contract.
- ESG Reporting Template and other ESG legal building blocks in Client's contract.
- Ex-post disclosure.

Disbursment

- Verify the fulfilment of IESG conditions for disbursement, as contained in ESAP, Governance Action Plan and other IESG covenants.

Monitoring & Exit

- Prepare IESG reviews based on client periodic progress or monitoring reports, impact reports, and/or other relevant data provided and update client performance in IESG tracking system.
- IESG 2nd Line checks the prepared reviews.
- IESG input to exit memo and ending notices.

For High and Medium Risk Investments
Mostly applies to Midcorps, Largecorps, Governments and Funds

For High, Medium & Low Risk Investments
Mostly applies to Start-ups, SMEs, Midcorps, Largecorps, Government and Funds

For High Risk Investments
Mostly applies to Midcorps, Largecorps, Governments and Funds

ESG themes in the projects we finance

Given our strategy and goals, ESG performance is an important element for Invest International, both internally as well as externally. In line with our IESG policy, we focus on assessing a potential project's ESG performance based on ESG-related themes, some of which are further explained in the paragraphs below.

Gender equality

Our role as a finance institution also means that our focus is primarily on equality and economic empowerment for women and girls. Through the projects we invest in, we support the economic position of women. We realise that as a finance institution, our policies can have a great impact on achieving gender equality by influencing the clients we are financing. Therefore, we aim to make women's as well as men's equal position criteria an integral dimension of all our client assessments.

Living wage

In addition to contributing to decent work through SDG8, we believe that a living wage is a salient human right that requires urgent attention from companies worldwide. We also believe that a company that is not paying living wages has a negative impact on long-term business success. Private sector development is key. By only providing finance to companies that respect the human right of a living wage, or commit themselves to doing so, we want to demonstrate that decent jobs and pay are compatible with competitive business models – leading to market transformation and normalising respect for labour rights as standard terms of business.

Human rights

Respecting human rights forms the basis of our IESG Policy, because human rights can be linked to both social and environmental issues. Similarly, all of the SDGs, in one way or the other, link or directly refer to human rights. Invest International has a responsibility to uphold the fundamental principles of human rights both as an employer and as an investor. We support both public and private sector clients in respecting human rights and contributing more directly and effectively to sustainable development. When stimulating development through our investments, Invest International and its clients will respect all human rights.

Climate and fossil fuels

Invest International actively supports the transition from fossil fuels to renewable energy. We therefore exclude financing of coal projects or the exploration and development of oil and gas reserves.

Biodiversity

Invest International takes ecosystem services as the starting point for defining and understanding the relationship between biodiversity and the financial sector. Invest International recognises its potential negative impact on biodiversity and ecosystem loss (and its related carbon emissions) by our investments in each of our five focus sectors. At the same time, we recognise the chance we have to change this for the better, especially in our role as a financial institution.

Animal welfare

We envision a world where animals enjoy freedom from hunger and thirst, discomfort and pain, injury and disease, freedom to express normal behaviour and freedom from fear and distress as described in The Five Freedoms of Animal Welfare, the World Organisation for Animal Health (WOAH, previously known as OIE), the International Finance Corporation's (IFC) Performance Standards on Animal Welfare Good Practice Note, and several others. We therefore expect our agri-related investments to develop an animal health and welfare plan in line with these standards.

Land governance

In some of the markets, ownership or tenure of land is not always clear or sufficiently protected; this can increase the risk of land conflicts and adverse effects on the wellbeing of the people who depend on the land for their livelihood. Invest International qualifies the social risk as 'high' if an investment requires land acquisition and resettlement of individuals or communities. Improper land acquisition and involuntary resettlement can adversely impact human rights and, as such, we see it as our responsibility to make sure our clients protect the rights of individuals, families and communities affected.

Defence
The defence sector is a highly sensitive sector characterised by significant levels of risk. Weapons and munitions when misused can have severe and long-lasting negative impact on people and the planet. This is especially the case when they are used in violation of human rights, international humanitarian, or environmental law and/or by repressive regimes and armed groups. Therefore, as expressed in our exclusion list, Invest International adheres strictly to regulations that prohibit the involvement, production and trade in controversial weapons, arms and munitions.

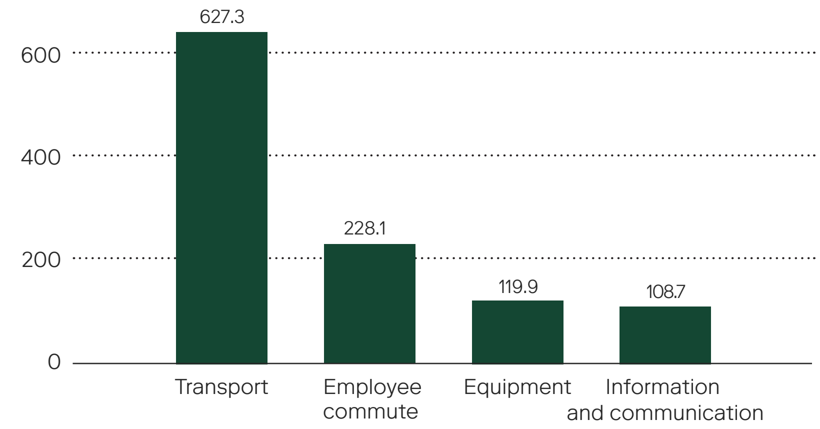
Responsible mining of minerals and critical materials
Investments that support the transition to a low-carbon economy must be accompanied by emphasis on responsible mining practices and the securing of opportunities for circularity of metals, minerals and critical raw materials. Invest International is committed to this.

Sustainability within Invest International

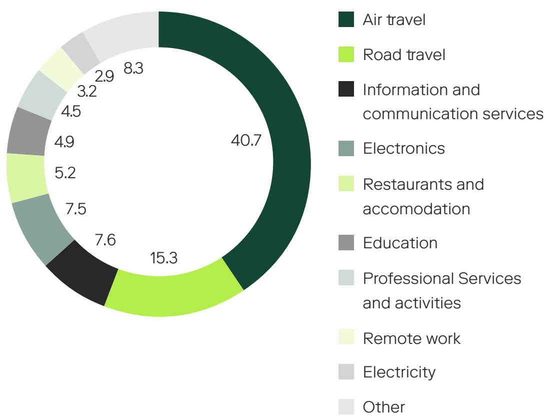
In 2022, Invest International started developing its sustainability policy which will be finalised in 2023. It is expected to include: our principles and commitments towards sustainability, internal environmental management, employee welfare, diversity & inclusion policy, sustainable procurement policy, business ethics, corporate social responsibility and disclosure.

Our internal carbon footprint
In 2022, together with consultant Climax, we measured our own GHG emissions footprint which amounted to 1,436 tonnes of CO_2 equivalent emitted in total, with about 10 tonnes CO_2 equivalent emitted per employee. Scope 3 emissions (supply chain) account for 95% of our corporate emissions, which is made up largely of services from transport and employee commuting.

Total emissions
impact in tonnes CO_2e



Total emissions
by subcategory in %



Public transport

Invest International contributes to the promotion of public transport and travelling by bicycle. Invest International therefore offers all employees a NS Business card, stimulating our employees to make all work-related trips within the Netherlands using public transport.

International travel

We ask our employees to take a responsible approach to international travel such as whether a trip is strictly necessary and whether they can incorporate multiple activities in the region. By doing so, we reduce the number of journeys in the organisation, and its impact on the environment.

CO_2 compensation

Having sustainability at the core of our identity, CO_2 compensation is an important topic. Hence, for 2022 we compensated for all of the emissions of the company.

How impact and ESG are managed

The ultimate responsibility for impact and ESG matters lies with the Management Board, under supervision of the Supervisory Board. Sustainability, impact and ESG are embedded into their decision-making and long-term strategy. Impact and ESG are fixed and recurring topics in the approval process for all our investments and grants.

Invest International implements a three lines governance and risk management model, as part of its overall risk management system. IESG is integrated in Invest International's investment cycle and as a general principle, each of the three lines include ESG expertise.

In 2022, IESG capacity was expanded to 13 FTE and is expected to grow to 17 FTE in 2023. The first line IESG is under the Business Development, Strategy and IESG Unit, while the second line IESG is under the Risk and Compliance department.

ESG in the Three Lines Risk Model and Decision Making

1st Line
Risk Ownership

IESG experts in the 1st line ensure that investments are in accordance with Invest International's IESG policy and risk appetite. They focus on creating value added for Invest International's clients through ensuring efficient ESG risk management and providing advice in structuring high impact deals to deliver on the SDGs.

2nd Line
Risk Control & Compliance

Invest International works with engagement and investment committees, in which IESG experts in the 2nd Line are present. They challenge the 1st line and provide their risk advice. IESG 2nd Line advice is prepared and taken into consideration by the Investment Committee.

3rd Line
Risk Assurance

Internal Audit assures that the processes as described in the IESG policy are followed by the 1st and 2nd line departments. Periodically, Internal Audit conducts audits on IESG processes in the investment cycle.

Green hydrogen

Stimulating transition to renewable energy by supporting green hydrogen projects

In the battle against climate change, green hydrogen is seen as an important solution. Invest International wants to facilitate and stimulate the transition to renewable sources of green energy. This gives Dutch companies which are involved in green hydrogen the opportunity to join international projects and share their expertise.

Financing for Proton Ventures' green ammonia pilot plant in Morocco

Ammonia is seen as a perfect energy carrier, because it can store and transport large amounts of energy efficiently. Proton Ventures makes ammonia from clean energy sources with its innovative technology. Invest International provided a loan facility to Proton Ventures for the construction of a new green ammonia pilot plant (GAPP) in Morocco.

Read more

SDG Namibia One Fund: developing a green hydrogen economy in Namibia

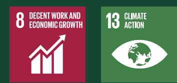
Namibia has world-class conditions for generating renewable electricity through solar and wind power, which are key drivers to reduce the production cost of green hydrogen. Therefore, the Namibian Government commissioned Invest International and Climate Fund Managers to set up a dedicated fund to channel all renewable hydrogen financing in Namibia on behalf of the government. That resulted in the SDG Namibia One Fund, launched in November 2022. Invest International provided initial development capital of €40 million.

Read more

Creating impact

SDG 8: Decent Work and Economic Growth
Creation of extra jobs, both in the Netherlands and Morocco.

SDG 13: Climate Action
Contribution to the green energy transition by converting hydrogen to ammonia, which makes transport and storage easier and more efficient.



Why this fund?

- To exploit and benefit from the green hydrogen potential in Namibia
- To empower the Namibian government to play a key role in the green transition
- To contribute to the development of the country in terms of economic growth, creation of jobs and local use of green hydrogen

Our People and Organisation

Empowered to Make an Impact

Invest International is a professional organisation, where our people are our most important asset. We brought people together from RVO and FMO, and extended the team with more than 70 new joiners from diverse backgrounds since the start.

The mission of HR is to ensure that we have the right people who feel engaged and empowered to make impact. Our HR policy aims to facilitate our seven people drivers (see page 28), particularly collaboration, learning, and creating an entrepreneurial culture.

HR in figures

Number of employees at year-end[1]

131

Female-male ratio

49.6% female

50.4% male

Number of permanent contracts[2]

73 employees

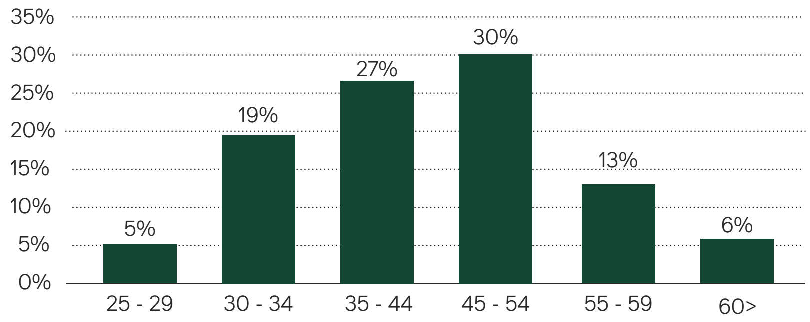
Number of fixed-term contracts[2]

50 employees

Absenteeism

3.5%

Employees by age category[2]



[1] Including external contractors. [2] Excluding external contractors.

Equality, diversity and inclusion

Diversity & Inclusion is one of our seven people drivers and a critical focus area. At Invest International, we are committed to – and believe in – the power of diversity. We strive for a balanced employment relationship between each employee and Invest International as an employer. We strive to be a reflection of society.

We have room for everyone regardless of, among other factors, gender, sexual preference, origin, age, or disability, and we believe that people with different backgrounds and qualities not only motivate but also inspire each other.

In our recruitment process we take gender and Dutch/non-Dutch balance into account. This is underpinned by the 50-50 split of male and female employees. This 50-50 division also applies to our Management Board, as well as to our Management Team.

In 2022, a project team was established to further support diversity and inclusion. A survey was conducted amongst employees, which provided very useful feedback. Our employees expressed their appreciation for diversity and inclusion at Invest International. To further improve our performance on this topic, several workshops were subsequently organised based on the input received. This has led to the following diversity and inclusion focus themes for 2023:
- Collaboration and social inclusion
- Gender equality and cultural diversity

Sustainable employability

Invest International wants to provide a safe and pleasant working environment for all employees. We aim to build an environment that encourages people to be authentic, where everyone has equal opportunities and can unleash their full potential, regardless of gender, race, ethnicity, age, religion, sexual orientation, physical abilities, socio-economic status, political beliefs, or ideologies. We do not tolerate unlawful discrimination, sexual intimidation, bullying, aggression, or other undesirable behaviour.

In addition to the seven people drivers, Invest International has a Code of Conduct which sets out how we expect people to treat colleagues, our clients, and the company property. It describes the principles that guide our behaviour: integrity, transparency, respect, and professionalism. It is important that people can be held accountable. We expect colleagues to speak up if they feel that our organisational principles are potentially under pressure or are being violated, or if they suspect that such a situation could arise. The Code of Conduct underlies our policies, guidelines, and processes.

Whistleblower procedure

Invest International has a whistleblower procedure to provide the opportunity for reporting of any potential or suspected irregularities with regard to Invest International. It is understood that such irregularities must be reported in good faith and may not be used as a mechanism for raising malicious or unfounded allegations against colleagues.

Key principles of the whistleblower procedure include:
- Reporting under this whistleblower procedure is taken seriously
- The protection of confidentiality
- The prevention of victimisation, and non-retaliation
- Anonymous reporting
- Reporting in good faith
- Protection of accused persons

Invest International has appointed two internal and two external confidential advisors to guide and support employees with respect to issues on undesirable behaviour such as intimidation, physical violence, bullying, sexual harassment, and discrimination. In 2022, three individuals approached the confidential advisors. They did not lead to official complaints.

Employee participation and engagement

Invest International is a young organisation where employee participation and engagement is of the utmost importance. Since Invest International started up, a number of processes and initiatives have been instigated. These include, among others, our onboarding process, oath signing ceremony, and diversity and inclusion project. Employees are actively involved, often initiating and/or leading events such as our periodic 'Lunch 'n Learn' sessions where employees determine the agenda and present at the event.

In March 2022, we started working together from our new office in the Malietoren and after a few months, approximately 80 employees provided their feedback on our working environment and way of working in a survey. Results of the survey showed that employees are happy with their working environment and enjoy going to the office.

In 2023 Invest International will continue its efforts to promote and facilitate employee participation and engagement.

Works Council

A works council is a representative board of employees promoting and protecting the interests of employees as stakeholders of the company. Shortly after the launch of Invest International, a Works Council was set up, consisting of seven members. The council formulated its own vision and ambitions within Invest International and started work at the beginning of 2022.

Throughout the year, the members organised monthly meetings, as well as five so-called ‘Consulting Assemblies’ with the CFRO in her role as ‘Senior Executive’, representing the Management Board. In May 2022, the first General Assembly with all staff members was organised. During this meeting a presentation was given on the roles and duties of the Works Council, the topics being dealt with and priorities for the remainder of the year.

In November 2022, the Works Council was invited to an informal meeting with the Supervisory Board, to present the topics it had been working on so far and discuss priorities for the future. During 2022, the Works Council interviewed candidates for two new seats on the Supervisory Board and nominated a preferred candidate for one of the open positions. The Works Council further engaged with the Management Board and members of the Management Team on various topics including policies on privacy, private investments, undesirable behaviour, place and time conscious working, and rewards.

Training and development

Invest International is committed to supporting employees in their professional development ambitions. In addition, all employees have to complete mandatory training for Cyber security, Know Your Customer (KYC), and General Data Protection Regulation (GDPR).

Being a learning organisation is one of our seven people drivers which means that we are agile, we co-create, and we learn as we move forward. We learn both as an organisation and as individuals.

As a young, ambitious private organisation working in a highly complex environment, we need people who are curious, dare to make mistakes, continuously learn, and improve.

Performance progress and development is regularly discussed and is supported by a simple and efficient performance management process and tool that focuses on a good dialogue in which the employee is in the lead and peer feedback is included.

Agenda for 2023

For 2023 the focus will be on:

- Further improvement of HR administration, management information and focus on people cost control
- Further supporting an open feedback culture with cross-departmental knowledge sharing and collaboration whilst developing a more result-driven/ entrepreneurial culture
- Retention of our people by providing them with necessary development opportunities

Project Development

Innovative solutions through project development

Identifying high-risk pregnancies in Uganda

VIYA platform in Uganda brings together information, products and services and provides a safe space for women to connect on topics around sexual reproductive health. This platform has been launched by Population Services International (PSI). Part of the offering is the BabyChecker, an artificial intelligence based tool to identify high risk pregnancies, developed by Dutch company Delft Imaging Systems. BabyChecker is an early alternative to more expensive and therefore less accessible ultrasounds. Invest International is co-financing the roll out of BabyChecker to twenty midwifes under the VIYA platform, to provide information on the use of Babychecker, while at the same time allowing PSI to launch VIYA in Uganda. The outcome of this pilot will determine potential roll-out of the BabyChecker service in other countries with a VIYA platform.

Hybrid potato breeding in Eastern Africa

Solynta (Florere B.V.) is a Dutch potato seed and breeding company. It's the first company worldwide to successfully demonstrate the benefits of hybrid potato breeding. Solynta develops hybrid potato varieties with superior traits and performance more quickly than by traditional breeding. This enables a seed-based supply chain using seeds as starting material instead of kilos of tubers. Invest International has financed a two-year project in Rwanda, Kenya, Tanzania and Uganda. This will primarily contribute to local testing and demonstration, business development, scaling-up the production of seeds, and agronomic capability building. The goal of this preparation phase is commercial rollout of the potato seeds through distribution partners.

Creating impact

SDG 3: Good Health and Well-Being
Reducing maternal and child mortality. Ensuring universal access to sexual and reproductive healthcare services, and information and education about family planning. Integration of reproductive health into national strategies and programs.

SDG 8: Decent Work and Economic Growth
Improving the health of the population and therefore the workforce. The Babychecker solution provides employment opportunities for midwifes.

SDG 1: No Poverty
Solynta hybrid potato seeds allow for variety development and commercialisation in three years instead of 30 and allows for tripling yields per hectare in the long term.

SDG 8: Decent Work and Economic Growth
The preparation phase provides employment opportunities for local testing (i.e. in the field on location).

SDG 12: Responsible Consumption and Production
Seeds are more disease resistant than seed tubers, leading to lowering pesticide use by 80%.

Financial Performance

2022 was the first – extended – financial year for Invest International, in which we made a start with our investment and development activities.

Total income 2022 (x € million)	Operating expenses 2022 (x € million)	Net result 2022 (x € million)
23.0	26.5	-4.9

Investment activities

The on-balance investment activities are related to the entity Invest International Capital B.V. Invest International has committed €274 million to a total of 11 investments as of year-end 2022. €86 million of this concerns the commitments to two clients. Over €92 million of this €274 million was paid out as investment loans at year-end 2022. Furthermore, Invest International holds a loan portfolio of 'bills of exchanges' of €4.3 million with a third party portfolio manager and an equity investment of €1.7 million as of year-end 2022.

Development activities

The development activities are related to the entities Invest International Public Programmes B.V. and Invest International Development B.V. The funds in both entities are managed and accounted for on behalf of the Ministry of Foreign Affairs and are therefore not recognised on the balance sheet of Invest International. This includes not only grants and subsidies to governments and non-governmental bodies, but also development capital to SME companies and start-ups.

Invest International Public Programmes B.V. ended 2022 within with the overall agreed cost level with Ministry of Trade and Development (MoTD). The positive result of €1.2 million of Invest International Public Programmes B.V. due to lower than budgeted spending in the extended financial year will be settled with MoTD in 2023.

Invest International Development B.V. faced some difficulties in staffing the Business Development and IESG teams and therefore the staff costs and reimbursement expenses from the Development Accelerator and Partnership Development Facility funds were much lower in the extended financial year which lead to an overall result of €0.1 million.

Consolidated result

The consolidated net result for Invest International over its first financial year was a loss of €4.9 million, while the consolidated net result was budgeted to be a loss of €8.5 million. This result is in line with the expectation that Invest International will be loss-making for a number of years before the investment portfolio in the Invest International Capital B.V. can generate sufficient positive income from interest and fees on the portfolio.

Consolidated result

in €1,000	27 July 2021 - 31 December 2022
Income	
Net interest income	2,293
Net fee income	21,220
Other income	-459
Total income	**23,054**
Expenses	
Operating expenses	-26,456
Total impairments	-1,485
Total expenses	**-27,942**
Profit / (loss) before taxation	-4,888
Taxation	-46
Net profit / (loss)	**-4,934**

Net interest income amounting to €2.3 million was recognised. The interest income was higher than expected due to higher interest rates in 2022 and more fees than expected. Net fee income consists of fees relating to investments of €0.7 million and the reimbursement expenses related to development activities of Invest International Public Programmes B.V. and Invest International Development B.V. of €20.5 million.

The other income was caused by exchange differences on loans and banks (a loss of €0.1 million) and unrealised losses on the equity investments (€0.3 million) which was explained by withdrawals from the fund manager for costs incurred.

The net result (a loss of €4.9 million) is caused by the operating expenses of €26.5 million and impairment on financial assets of €1.5 million. The costs mostly consisted of staff expenses (€20.3 million) and administrative expenses, including ICT costs, (€5.5 million). The staff expenses were lower than expected primarily due to open vacancies.

The impairments are calculated based on the Expected Credit Loss (ECL) model which is applied to financial assets measured at amortised cost and off-balance sheet commitments, such as irrevocable loan commitments. Further details as to how Invest International determines the ECL are provided in the consolidated financial statements.

Invest International values loans at amortised cost. At year-end 2022, all the instruments passed the SPPI test. The equity investments of Invest International are calculated at fair value through profit or loss. No material changes in value were recognised during the financial year, as most of the investments have existed for a very short period and moreover concern early-phase investments. It will only be possible to determine the development of value after a longer period on the basis of business developments. Further details as to how Invest International determines the value of its investments are provided in the consolidated financial statements.

Michel Deelen (Consul General), Edwin van Veenhuizen (Invest International) and Roosevelt Ogbonna (CEO Access Bank) at the opening of the Dutch Desk.

Dutch Desk

Dutch Desk: strategic partnership with Access Bank

How the Dutch Desk in Nigeria helps Dutch businesses

Business Developer Edwin van Veenhuizen, in collaboration with Access Bank Plc, Invest International, has opened the very first 'Dutch Desk' in Lagos, Nigeria. The Desk, which started in November 2022, helps Dutch entrepreneurs who want to do business in Nigeria with financing. Edwin is excited: "The Dutch Desk is the missing piece of the puzzle that gives entrepreneurs easy access to local and international financing options in Africa's largest economy."

Read more

About the Dutch Desk

Why do we do it?

To create easier access to financing solutions for Dutch businesses in the region.

For who?

Everyone: from start-up to large corporates.

What do we offer?

Full service, tailormade (local) solutions and valuable network.

Outlook for 2023

Together we build the sustainable markets of tomorrow

In 2023, we will continue to finance innovative, impactful projects by bringing together public and private expertise to offer governments and companies case-specific financing arrangements and project development capacity. Our five-year strategy is in place, our teams are almost complete, the ambitions are clearly established, and the portfolio is being filled; we will continue on this course in 2023.

Our aim is not only to create impact and to contribute to climate resilience worldwide, but also to create direct and indirect benefits for the Dutch economy and society. We intend to grow the business by developing and financing viable and high-impact projects. We will do this by being client focused – supporting them throughout the project lifecycle and using our entrepreneurial mindset to act as a guide in the complex finance ecosystem. We will embed this through ongoing employee development, to drive improvement in our expertise and operational capabilities.

Invest International Capital B.V. has forecasted a higher expected revenue for 2023 compared to 2022. Invest International Public Programmes B.V. has received an additional €215 million from the Ministry of Foreign Affairs to use for concessional finance for impactful infrastructure via the DRIVE and D2B funds, which leads to a total facility of €1.2 billion for the coming five-year period. Both are reflected in an increase in the expected commitment and disbursement amounts. Invest International Development B.V. received €50 million from the Ministry of Foreign Affairs for the coming five-year period to further fund and develop impactful and innovative early stage projects in the private sector.

Plans for growth are taking shape

More and more companies are now finding their way to Invest International. Growth strategies for each sector have been developed for the various focus areas. Collaboration with banks will also be intensified to:

1. Provide entrepreneurs with the best possible service and,
2. Ensure that we make optimal use of public financing in addition to private financing.

Building our portfolio is going faster than expected and there is increasing demand for our products and services. In 2023, we will assess our options to optimise balance sheet growth. The framework for impact measurement and reporting will take further shape as we work to towards our target of 66% of projects contributing to SDG 8 and SDG 13 by 2025. Another important outlook in 2023 will be our involvement and contribution to the hydrogen and the Africa strategies of The Netherlands.

The following major projects will start in 2023:

1. Developing a strategy to further embed CO_2 pricing in business operations and portfolio management.
2. Developing and implementing an internal Corporate Social Responsibility (CSR) and Impact management system.
3. Measuring the contribution of our committed portfolio to the Dutch economy.

In addition to business as usual and planned major projects, we also have the following internal objectives:

- Improving processes and IT
- Further development of our KPI and reporting framework
- Attracting new colleagues
- Training existing colleagues in new skills
- Taking a critical approach to managing costs

Invest International's general expenses for 2023 are projected to increase by €1.8 million compared to 2022, largely driven by IT costs; however, the increase in total income, driven by the increase in interest/fees income in Invest International Capital B.V. and the higher cost reimbursement from the Ministry of Foreign Affairs for Invest International Public Programmes B.V. and Invest International Development B.V., still means the operational result is forecasted to improve.

Investing in Dutch solutions for global challenges will continue to be our inspiration in 2023.

Key objectives for 2023

Grow the business

In 2023, we will continue to grow the portfolio by providing finance & development solutions for global challenges. With our activities we create direct and indirect benefits for the Dutch economy and society. Therefore, we will strengthen our account management and pipeline development with Dutch business for DRIVE projects.

Make the business more impactful

One of our key objectives is to contribute to the economic growth (SDG 8) and climate resilience (SDG 13) of developing and emerging economies by developing and financing viable and high-impact projects. Therefore we guide private and public clients in the catalysation and execution of impactful projects resulting in bankable projects that facilitate the transition needed to achieve the SDGs.

Invest International measures and reports on the contribution to SDG 8 (decent work and economic growth) and SDG 13 (climate action). The ambition is that 66% of its total committed portfolio contributes directly to these two SDGs.

Client Focus

We differentiate ourselves in the market by our ability to support all clients (starters, SMEs, large corporates and governments) at every stage of the project life-cycle. We take a customer-centric approach and help solve their issues or, if we can't, point them to a partner who can. We align our financial instruments as much as possible with Dutch private sector partners and Dutch knowledge-hubs, so we can better serve our clients.

Create an entrepreneurial culture

In 2023, we will continue to support companies and governments with our entrepreneurial mindset, network of relevant players, familiarity with legislation and understanding of the operational hurdles of doing international business. By acting as a guide in this complex ecosystem, we aim to bring parties together and help clients initiate or expand their international business aspirations.

Develop competences of employees

In 2023, we continue to deploy and improve the combined expertise in country, market, client, financial and project development to create an integrated team that allows space to share skills and build competence. We will capitalise our joint expertise by sharing this through Invest International's employees, so we become a growing, entrepreneurial organisation that puts the client first.

Operational excellence

Efficient harmonisation and handling of processes to avoid unnecessary administrative steps is very important. We will continue to be committed to strong cost management throughout the organisation in 2023. Invest International aims to be increasingly visible in online media, seminars and congresses: we will be active in sharing our knowledge of impact and experience of investing.

Large corporates

Working capital facility helps Damen customers build a greener fleet

Damen Shipyards Group is a Dutch family company that has grown into a major international maritime player in its over 95 years history. Damen's ambition is to become the world's most sustainable shipbuilder. Geert de Jong is Commercial Director at Damen. "We try to embed this ambition in our organisation, but certainly also in the design of our ships. For instance, we have made several ship types suitable for hybrid or fully electric propulsion."

Pre-financing green working vessels

Geert adds: "In the market, we notice that there is a demand for new, green vessels. We are at the forefront of green technology and building hybrid and fully electric workboats. The technology to make ships sustainable still requires additional investments compared to conventional ships. Moreover, by doing so, we anticipate working with other types of customers and investors who cannot finance a vessel until delivery. This explains our need for pre-financing. Especially for the pre-financing of sustainable working vessels. We have agreed a working capital facility of €60 million with Invest International, with insurance cover from Atradius Dutch State Business. This facility helps us serve our customers better as we now have a fleet of sustainable workboats available. These include hybrid 'crew transfer vessels' that transport personnel to offshore wind sites. This way, we create predictability and certainty in our offering and can sell our green products to our customers in a better way."

Read more

Crew transfer vessel. Photo: © Damen.

Geert de Jong -
Commercial Director
Damen Financial Services

Creating impact

SDG 8: Decent Work and Economic Growth

Create additional jobs and realise knowledge transfer in Vietnam and Turkey where Damen builds workboats.

SDG 13: Climate Action

Better marketing of hybrid or fully electric workboats that lead to reductions in emissions.

Risk and Opportunity Management

Risk management is a critical function at Invest International that is being continuously developed. As risk is an integral part of our business – which is funded by public capital – we take a prudent approach to managing it.

Risk profile

Invest International's objective is to invest in Dutch solutions for global challenges. We are additional to the market, and our mandate implies a focus on projects with a positive impact on the SDGs and with insufficient access to existing financing. This means that our risk profile is atypical. Firstly, the different legal entities have different levels of risk appetite. Secondly, our projects in developing economies by nature have higher risk profiles, uncertain risk-return ratios and long tenors compared to market standards.

Risk Management framework

In order to manage the risks related to the execution of Invest International's strategy, we have created an internal Risk Management Framework. This is a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and improving risk management. Developments in our Risk Management Framework also take into account the developments in relevant legislation and regulation. The Risk Management Framework is agreed upon by the Supervisory Board. This framework also includes the risk management process.

Strategy

Invest International Strategy

Risk frameworks

Risk Appetite & Risk Governance

Types of risk

Financial risks			Business risks	Non-financial risks
Investment risk: Counterparty (redit) risk Indirect Counterparty risk Equity risk Concentration risk Country risk	**Market risk:** Interest rate risk Currency risk Indirect currency risk	**Liquidity risk**	ESG risk Regulatory risk Business model risk	Strategy execution risk Legal risk Tax (integrity) risk Operational risk Compliance risks Competent authority risk Development goals risk Model risk Reputational risk

Risk process

1. Risk indentification → **2. Risk analysis** → **3. Risk prioritisation** → **4. Risk mitigation** → **5. Risk monitoring**

Risk appetite

Invest International actively takes risks inherent in the realisation of the impact objectives because the potential rewards contribute directly to Invest International's strategy. Invest International's risk appetite in general can be expressed as 'cautious', which means that we prefer safe options, and high levels of residual risk are not tolerated.

Our Risk Appetite Framework defines the types and levels of risk that Invest International considers acceptable in pursuit of our strategic objectives. Since the risk appetite can change over time and could be impacted by, for example, the strategic objectives of the organisation as a whole, or of one or more of its subsidiaries, the risk appetite will be annually reviewed by the Management Board, approved by the Supervisory Board and presented to the shareholders.

In our risk taxonomy, we identify several main risk categories: financial risk, business risk, and non-financial risk. The business risks include ESG risks for which a separate Impact & ESG Policy has been created.

The risk taxonomy further defines these main risk types and their respective subcategories, thereby providing structure for risk management and internal control.

For each type of risk a risk appetite level has been determined, based on the following scale:

Averse
Exposure to this type of risk must be avoided and tolerance for uncertainty is extremely low. ●○○○○

Minimal
Exposure to this risk cannot be avoided but the risk is treated with priority to a level 'as low as reasonably possible'. ●●○○○

Cautious
Exposure to this risk cannot be avoided but is accepted in view of the impact purpose but there is no tolerance for high residual risk. ●●●○○

Open
Exposure to this risk will be taken actively in view of the objectives, but with some uncertainty and variation is expected; the Impact of this risk will be monitored and mitigated where possible. ●●●●○

Active
Exposure to this risk will be taken actively in view of the objectives and uncertainty is fully anticipated. ●●●●●

The risk appetite differs per Invest International entity due to the difference in investment characteristics. If the risk appetite of one or more underlying entities differs from the other entities, for the purpose of transparency, the risk is indicated as being between two risk categories on the scale. This is included in the following tables.

Risk Type	Definition	Risk Appetite
Investment Risk		
Counterparty (credit) risk	The risk that Invest International will suffer an economic loss because an obligor fails to meet its obligations.	●●●●◐
Indirect counterparty risk	The risk that Invest International will suffer an economic loss because the counterparty of the obligor fails to meet its obligations.	●●●●○
Equity risk	The fair value of an equity investment decreases, and/or our stake cannot be sold for a reasonable price in a sufficiently liquid market.	●●●○○
Concentration risk	The risk that exposures are unevenly distributed over countries, regions and/or sectors.	●●●◐○
Market Risk		
Interest rate risk	Interest rate risk is the risk of potential loss due to adverse movements in interest rates.	●●○○○
Currency risk	The risk of potential loss due to adverse movements in the foreign exchange rate.	●●●◐○
Indirect currency risk	The indirect risk of a loss due to adverse movements in the FX-rate (e.g. taken by the counterparty of the obligor or a local government).	●●●○○
Financial Risk		
Liquidity risk	The risk of Invest International not being able to fulfil its financial obligations due to insufficient availability of liquid means.	●●○○○

Risk Type	Definition	Risk Appetite
Business Risk		
Business model risk	The risk of a non-viable business model or strategy in view of (i) impact objectives and/or (ii) financial objectives.	●●○○○
Non-Financial Risk		
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events (a.o. people risk, information and cyber security risk, data management risk).	●●○○○
Compliance risks	The risk of impairment of our reputation, integrity or financial conditions resulting from the failure to comply with laws, regulations, internal policies and procedures, regulatory guidelines and established, generally accepted industry standards and/or practices.	●●○○○
Competent authority risk	The risk related to local government in "receiving" country not acting competently.	●●○○○
Development goals risk	The risk of global changing sustainability and impact goals.	●●○○○
Reputational risk	The risk of a material negative impact on our reputation. This risk can not only materialise by itself, but is also related to other risks. The materialisation of this risk can affect our reputation in a negative manner, potentially impacting the ability to meet our strategy and/or goals. It also may reflect on shareholders and/or other stakeholders.	

Tax risk management

Tax risk management is explicitly included in our risk appetite framework. Our tax risk appetite is '*Averse*', so we want to avoid exposure to this type of risk. In fact, this is the only risk type for which we have an 'Averse' risk appetite, emphasising our extremely low tolerance for uncertainty on this type of risk. We aim to be fully compliant with tax laws and regulations in all respects, and expect our clients to do the same (and formally commit them to do so). We adhere to our policy on countering the risks of tax evasion and avoidance by our counterparties.

Risk governance

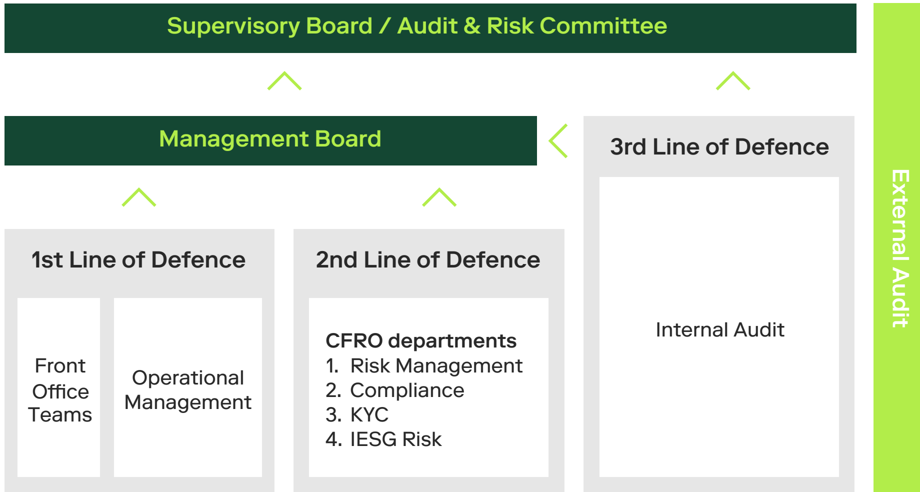
Every employee of Invest International is involved in addressing and managing risks daily. Risk governance is the establishment of roles, responsibilities and accountabilities for risk management. It defines the responsibilities for setting policy, decision-making authority, the required risk information and reporting flows. In this way, those charged with the oversight, management and assurance of risks can adequately do so. Having strong risk governance reassures stakeholders that Invest International has appropriate risk management structures and controls in place. Effective risk management requires clear roles and responsibilities, clear lines of reporting and segregation of duties. For example the Engagement Committee and the Investment Committee, each have their respective charters.

Management Board

The Management Board is responsible for statutory obligations including ensuring compliance with relevant legislation and regulations. It also has ultimate responsibility for Invest International's business objectives, strategy and culture and is responsible for overseeing the day-to-day operation of the business. The Management Board sets the organisation's risk appetite and establishes governance structures and processes to best manage the risks involved. Although the government instruments are executed on behalf of, and for the account of the Ministry of Foreign Affairs, the Management Board is accountable for the proper execution of the government instruments.

Three Lines of Defence

Invest International has adopted the Three Lines of Defence model. External audit forms the fourth line of defence.



First line of defence

Consists of front office teams in the different client segments. In addition, operational management is also part of the first line. This is because controls are designed into systems and processes under their guidance. Managerial and supervisory controls are in place to ensure compliance with policies and procedures and to highlight lack of control, inadequate processes or unexpected events.

Second line of defence

Consists of the departments under the responsibility of the CFRO: the Risk Management department, the Compliance department (including KYC) and the IESG Risk department. The second line is responsible for developing, implementing, and maintaining the risk management framework (policies, standards, procedures, models, tools and systems) and ensures that it is understood and used correctly by the first line. Also, the second line Risk, IESG and Compliance department plays an important role in the entire investment process, including the monitoring of the existing project portfolio. All new investment proposals, as well as all reviews of existing projects, are assessed by the Risk, IESG and Compliance department. The CFRO is the Chair of the Investment Committee, and the Director Risk, IESG and Compliance department is one of the voting members in the Investment Committee. The Risk, IESG and Compliance department is also represented in the Engagement Committee.

Third line of defence

Internal Audit is responsible for providing an independent assessment on the design and operating effectiveness of Invest International's processes including internal controls. Audit performs (internal) audits on processes and provides independent assurance on the effectiveness of the first and second lines. During 2022, the role of internal auditor was performed by PricewaterhouseCoopers Accountants N.V. (PwC). Over the course of 2022, 13 audits on various topics have been performed (none in 2021). For each audit a separate classification is determined, ranging from 1 (highest risk) to 4 (lowest risk). Dependent on the category, the time for taking actions is determined; category 1 risks require immediate action, whereas category 4 risks can have longer timelines before being solved (>6 months). Of the 13 audits, 1 item concerned a category 1 risk (reported in Q1 2022) and as such was dealt with in a timely manner. 4 category 2 risks were noted, the remaining 8 items fell within categories 3 and 4. Per year-end 2022, one issue remained open (category 3 risk) as evidence still was to be provided. This issue was closed by Internal Audit per 19 January 2023, so there are no open audit items.

External Auditor

External auditors have an important control and steering role in the organisation's overall governance and control structure. They also set requirements intended to strengthen the controls in the organisation. Ernst & Young Accountants LLP (EY) is the external auditor for Invest International.

> Having strong risk governance reassures stakeholders that Invest International has appropriate risk management structures and controls in place.

Risk monitoring

Invest International continuously monitors (the development of) the relevant risks. After each quarter, the Risk, Compliance and IESG department drafts an integral Quarterly Risk Report. This is presented to the Management Team, and subsequently to the Audit & Risk Committee, and to the Supervisory Board.

Operational Risk Management:

Incidents are reported, tracked, solved and monitored in the Quarterly Risk Reports which are presented to the Management Team and Supervisory Board. A limited number of incidents were reported internally. These were not fraud related and did not lead to any costs or losses. No fraud cases have been detected.

Risks and opportunities in 2021 - 2022

As of October 2021, Invest International took over the responsibility for the respective client/project portfolios from FMO and RVO. Not all client files were yet assessed in line with Invest International's new Know Your Customer (KYC) policy. Therefore, a KYC remediation project was started in 2022. This project was completed before year end 2022.

To further facilitate and enhance the risk management processes, several improvements have been made:

- Invest International has established a policy framework. In 2021-2022, significant progress has been made on the development of new policies: 43 internal policies and procedures have been drafted and these are incorporated in our way of working. These policies cover a broad range of topics (e.g. compliance, ESG, KYC, IT, and privacy).
- The decision-making processes for the Engagement Committee (EC) and the Investment Committee (IC) structure was further clarified and improved. The EC and IC charters have been updated accordingly.
- Moody's Risk Calc, an external credit risk rating tool, is being implemented after several rounds of testing; this enables Invest International to do more precise 'Probabilities of Default' (PD) and 'Loss given Default' (LGD) calculations on the lending portfolios, and improved insights in the resulting 'Expected Credit Loss' (ECL). Per year-end 2022, PDs and LGDs for the total lending portfolio have been calculated, both for the on-balance lending portfolio as for the lending portfolio managed on behalf of the Dutch State.
- Intensified monitoring on developments in several countries/geographical regions was established to improve oversight, as several countries are in default, and a growing number of countries are facing financial difficulties. On the topic of intensified monitoring, a policy for financial restructuring and recovery was created, giving uniform rules and guidelines for intensified monitoring of projects with operational and/or financial challenges.
- Ethical walls (separating Equity, Public, and Private) have been set up and these are being implemented in the new IT systems and associated processes.
- Completion rates for mandatory training was successful: training completion, VOG collection, oath completion, and compliance form collections are all at or close to 100%.
- Invest International logs incidents in an incident register. In line with our open culture, we encourage all employees to communicate any incidents to the Risk, Compliance and ESG team for proper registration. Over the course of 2022, six incidents were logged in the incident register. None of these incidents met the internal criteria for escalation to the Management Team (or beyond), and the incidents have all been processed internally and have been closed. No material audit findings were reported by our internal auditor.

In-control Statement

From the start of Invest International in October 2021, the Management Board has taken the necessary steps to set up the internal risk management and control systems for the primary processes, and the monitoring thereof. Looking to the future, the Management Board aims for continuous improvement and optimisation of internal risk management and control systems.

In accordance with the Dutch Corporate Governance Code, we have assessed the operational effectiveness of our Risk & Control framework. Based on the activities performed during 2021 and 2022, the Managing Board of Invest International declares that:

- This report provides sufficient insights into the effectiveness and shortcomings in the operation of the internal risk management and control systems
- The risk management and control systems provide a reasonable degree of assurance that the financial reporting contains no material misstatements or inaccuracies
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis
- The report includes the material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of this report
- The financial statements for 2022 provide, in accordance with IFRS as endorsed by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2022, and of the 2022 consolidated income statement of Invest International B.V.
- The annual report provides a true and fair view of the situation as at December 31, 2022, and the state of affairs during the financial year 2022, together with a description of the principal risks faced by the company

In accordance with the Dutch Financial Supervision Act, section 5.25c, the Managing Board declares that, to the best of its knowledge:

- The financial statements for 2022 provide, in accordance with IFRS as endorsed by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2022, and of the 2022 consolidated income statement of Invest International B.V.
- The annual report provides a true and fair view of the situation as at December 31, 2022, and the state of affairs during the financial year 2022, together with a description of the principal risks faced by the company

The Hague, 31 May 2023

Management Board

Joost Oorthuizen

Vanessa Hart

SME/Dutch funds

How we support Dutch SMEs to make impact using funds from the Dutch Government

Entrepreneurs doing business in emerging markets and developing countries, often contribute to economic and social improvements in these countries. The Ministry of Foreign Affairs encourages this. Dutch companies that want to invest abroad but are unable to raise the funds they need through traditional channels can apply for financing of up to €15 million through the Dutch Good Growth Fund (DGGF) or the Dutch Trade and Investment Fund (DTIF). Invest International manages both funds on behalf of the Ministry of Foreign Affairs.

Johnny Cashew: sustainable cashews without a detour

Of all the African cashew nuts we eat in Europe, 90 percent are shelled in Asia. A detour of 12,000 polluting kilometers. Johnny Cashew, a start-up founded by three entrepreneurs teamed up with Mama Cashew in Tanzania and started a local cashew hull factory. This not only lowers CO_2 emissions, but also means cashew farmers in Africa are paid a fair price. With the start-up financing through the Dutch Good Growth Fund (DGGF), Johnny Cashew could not only investigate the idea and feasibility as a starting point to set up the business, but actually get this off the ground. This gave them the necessary springboard for success.

Read more

Creating impact

SDG 1: No Poverty
Living wage for cashew peelers and farmers.

SDG 8 : Decent Work and Economic Growth
Creation of 600 jobs, mostly for women.

SDG 13: Climate Action
Reducing CO_2 emission by avoiding transport to Asia but by peeling the cashews on the spot.

Healthy Entrepreneurs gives access to health in rural Africa

Dutch social enterprise Healthy Entrepreneurs operates an innovative franchise network of micro–Community Health Entrepreneurs in Sub-Saharan Africa. Providing families with basic health care products and primary health services in areas that otherwise would be difficult to access. A DGGF loan through Invest International is boosting the network growth and accompanying impact.

Read more

SDG 3: Good Health and Well-Being
Better health in rural areas in Africa with an innovative healthcare delivery model.

SDG 5: Gender Equality
Additional income for people, mostly women, who start to work as Community Health Entrepreneur.

SDG 8: Decent Work and Economic Growth
Generating local jobs at an office level.

Governance & Leadership

Corporate Governance

General

Invest International is organised as a holding company with three subsidiaries:

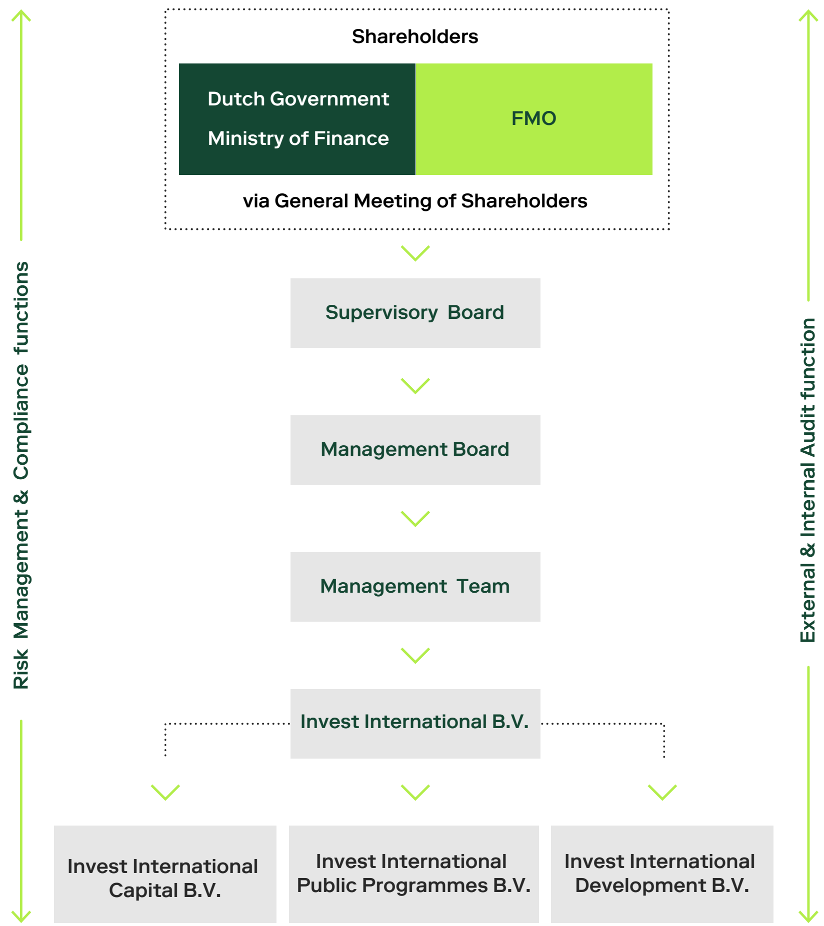
- Invest International Capital B.V.
- Invest International Development B.V.
- Invest International Public Programmes B.V.

The holding company is a private limited company. Of the shares, 49% are held by FMO and 51% by the Ministry of Finance on behalf of the State of the Netherlands. Invest International's core capital is provided by the Ministry of Finance. The Ministry of Foreign Affairs is the owner of the policy schemes which are legally part of the Invest International Public Programmes B.V., and is owner of the budget which is used for business development. The Ministry of Foreign Affairs acts as the policy owner for the holding company.

Invest International Public Programmes B.V. offers governmental organisations in developing countries financing solutions for public infrastructure projects. These solutions, powered by the Dutch Ministry of Foreign Affairs, are for the development and implementation stage of public infrastructure projects. In addition to this, the SME schemes – Dutch Good Growth Fund and the Dutch Trade and Investment Fund – are managed by this B.V. on behalf of the Ministry of Foreign Affairs.

Invest International Capital B.V. provides a range of capital solutions for Dutch businesses, Dutch-linked businesses and projects that add positively to the future of Dutch earning capacity. For governments in developing countries, Invest International Capital B.V. can provide financing for infrastructure projects, provided that there is a Dutch link. By combining these two, the Dutch State is able to offer a 100% concessional finance solution for development-related infrastructure provided it adds to the SDGs.

Our Governance Structure



Invest International Development B.V. provides project development services such as, but not limited to, co-financing with the aim of making impact projects and business models financeable. The development services are funded via a subsidy from the Dutch government, via the Ministry of Foreign Affairs, to Invest International Development B.V.

The assignment of Invest International in the statutory framework is described in the 'Machtigingswet oprichting Invest International' (in Dutch) and is the guiding principle in our strategic decisions and operational activities.

Invest International complies with Dutch legislation and regulation, guidelines from relevant supervisory bodies, and internal guidelines. As a state owned enterprise, Invest International is bound by the principles and best practices of the Dutch Corporate Governance Code. In our reporting on this code, we apply the 'comply or explain' principle. Since the State of the Netherlands is our shareholder, the Government Participation Policy also applies.

Governance structure

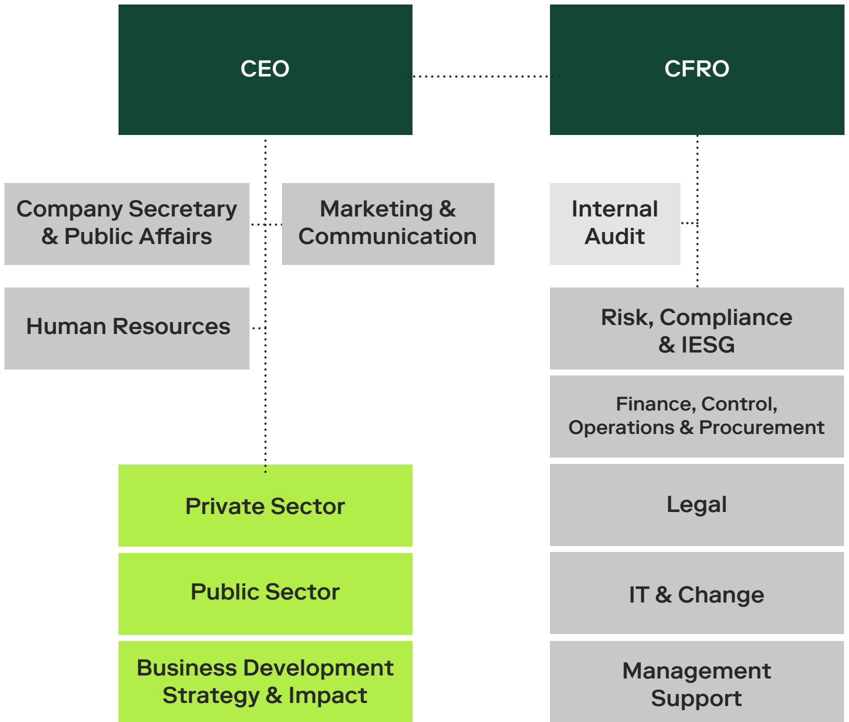
Good corporate governance at Invest International is crucial for two reasons. Firstly, we believe that in order to carry out our mission, we should adhere to a high standard of corporate governance ourselves. Invest International governance is based on the structure regime, with a two-tier board structure.

Secondly, our own governance, structure, and reporting lines must be both sound and transparent. Governance structure at Invest International is based on the premise that Invest International, even as a recently established company, aims to use a solid and proven concept of governance. As an organisation, we wish to build long-term partnerships with our stakeholders who, directly or indirectly, influence or are influenced by the achievement of our objectives.

Our stakeholders include customers and partners, the Dutch State (especially the ministries of Foreign Affairs, Finance, and Economic Affairs and Climate), FMO, employees, partner banks and other partner institutions, NGOs, and local communities in the countries where we work. We are expected to take the interests of all stakeholders into account at all times.

In governance terms, this expectation is expressed through the responsibilities and accountability of the Management Board and Supervisory Board with regards to our shareholders and other stakeholders. Invest International's Supervisory Board supervises and advises the Management Board.

How we are organised



Management Board

The Management Board consists of two statutory directors: Joost Oorthuizen, the Chief Executive Officer (CEO), and Vanessa Hart, the Chief Finance and Risk Officer (CFRO). They are formally and ultimately responsible for fulfilling the statutory requirements. Invest International's Management Board is appointed by the Supervisory Board for a term of four years with the possibility of reappointment for a further four years.

Management Team

The Management Team of Invest International is the collective consultation body in which the management decisions with respect to Invest International are discussed. In addition to the CEO and the CFRO, the Management Team consists of the following directors: Private Sector, Business Development Strategy & Impact, Public Sector, Finance Control & Operations, Risk and Compliance & I-ESG, Human Resources, and the Company Secretary; all of these roles are appointed by the Management Board.

The Management Team is responsible for daily management, facilitating the Management Board with its ultimate responsibility for strategy, the realisation of targets, the development of results, and compliance with relevant legislation, regulation, and risk management. The consultation structure, tasks, and authorisations of the Management Team are established in the Management Team regulations. The Management Team prepares a strategic plan for a period of at least four years that is approved by the Supervisory Board after General Meeting of Shareholders consultation.

Please also see the Management Board biographies (see page 71).

Supervisory Board

Invest International's Supervisory Board supervises and advises the Management Board.

The Supervisory Board supervises the policies of Invest International, the general state of affairs of Invest International, performance against the strategy, and the performance of the Management Board in general. In the performance of their duties, the Supervisory Board focuses on the interests of Invest International and its stakeholders.

New members of the Supervisory Board are appointed by the General Meeting of Shareholders (AGM), on the nomination of the Supervisory Board, for a maximum term of four years. A Supervisory Board member stepping down according to the rotation can be reappointed for an additional term, with a maximum of two terms, unless the AGM determines otherwise.

Please also see the Supervisory Board biographies (see page 72).

Committees of the Supervisory Board

In carrying out its supervisory role, the Supervisory Board takes advice from the Audit & Risk Committee. For the moment, this is the only specific committee within the Supervisory Board.

The tasks and responsibilities of this committee are established in the Supervisory Board rules.

Audit & Risk Committee

The Audit & Risk Committee performs the preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting and the effectiveness of the company's internal risk management and control systems. Among other things, it focused on monitoring of the Management Board with regard to:

1. Relations with, and compliance with, the recommendations and the following up on comments by the internal and external auditors.
2. The funding of the company.
3. The application of information and communication technology by the company, including risks relating to cybersecurity.
4. The company's tax policy and compliance with legislation and external and internal regulations.

The meetings are attended by two members of the Supervisory Board, the CFRO, the Director Finance Control & Operations, the Director Risk Compliance & I-ESG, and the Company Secretary. The manager of IT & Change, the internal auditor and, since their appointment, the external auditor, are invited to discuss specific agenda topics.

The committee prepares for Supervisory Board resolutions with respect to:

- The design and operation of the internal risk management and control systems
- The internal and external audit process
- Material considerations relating to financial reporting
- The material risks and uncertainties of the company and its affiliated companies
- The structure of the financial and other risk management organisations of the company and its affiliated companies
- The mitigation of all the various risks and risk areas in their interrelationship
- Monitor the performance and advice of the internal auditor (during 2022, the role of internal auditor was executed by PwC)

Developments involving financial and other risks are discussed by this committee on a quarterly basis.

Independence and conflicts of interest

To ensure that the Supervisory Board takes a position of independence, the principle is that any form or appearance of a conflict of interest between the company and its Supervisory Board members must be avoided. Should a conflict of interest, or the appearance thereof, occur, the Supervisory Board member concerned will inform the Chair of the Board of this immediately and provide all relevant information.

If there is an actual or potential conflict of interest involving the Chair of the Supervisory Board that is materially significant for the company and/or the Chair, the Chair will inform the other Supervisory Board Members and provide all relevant information.

Compliance by Supervisory Board members, Management Board members, and all other employees with Invest International's regulations on private investments and ancillary activities is addressed regularly.

There were no issues in 2022 concerning the independence of or a conflict of interest involving Supervisory Board members.

Diversity Management Board & Supervisory Board

In the formulation of our governance structure, we devoted specific attention to gender, background, age, knowledge, and experience. As a team, the members of the Management Board possess a wide range of knowledge in the fields of finance, innovation, and transition issues in both the public and private sectors. They have previously worked as directors, policymakers, and investors.

The Management Board consists of two members, of which one is a woman, and the Supervisory Board consist of five members, of which three are women. Both bodies therefore meet the target ratio of at least 30% women, as set in the Balanced Distribution of Seats on Management and Supervisory Boards Act.

General Meeting of Shareholders

The Annual General Meeting of Shareholders is held within six months of the end of the financial (calendar) year and will be held for the first time on June 2, 2023.

The permanent items on the agenda for this meeting include adoption of the financial statements and the discharge of liability of the members of the Management Board for the conduct of their management in the preceding financial year.

Compliance to Dutch Corporate Governance Code

Invest International complies with Dutch legislation, regulation, and internal guidelines. As a state entity, we are also bound by the principles and best practices of the Dutch Corporate Governance Code. In our reporting on this, we apply the 'comply or explain' principle when applicable. The applicable principles and best practice provisions of the new Corporate Governance Code have been implemented with the exception of the following which can be explained as follows:

2.3.2 Establishment of committees

The Supervisory Board has a separate Audit & Risk Committee. The Supervisory Board does not have a separate remuneration, selection, and appointment committee since the remuneration is fixed and capped by the remuneration policy predetermined by the shareholders.

2.3.10. Company Secretary

The appointment of the Company Secretary was approved by the Management Board instead of the Supervisory Board.

2.8.1-2.8.3. Stipulations on takeover bids

Stipulation on takeover bids are not implemented given our stable majority shareholder, the State of The Netherlands.

3.1.2. Remuneration policy

The remuneration policy is prescribed by the State of the Netherlands and approved by the General Meeting.

3.3.1. Time spent and responsibility

This provision is not complied with because it is not explicitly laid down in governance documents or the Supervisory Board remuneration policy that the remuneration of the Supervisory Board members should reflect the time spent and the responsibilities of their role as the remuneration is fixed and predefined via the remuneration policy approved by the shareholders.

Management Board

Joost Oorthuizen (1965, Dutch)

CEO and member of the Management Board

- CEO since 27 July 2021
- First term ends in July 2025

Background and responsibilities

Joost holds a Ph.D. in Natural Resource Management from Wageningen University, a post-masters in Change Management and was schooled in financial management at Insead.

He built his career in the fields of international trade, finance and sustainable development. He worked in natural resource management and change management before becoming the founding CEO of IDH – The Sustainable Trade Initiative. Joost is responsible for the Private, the Public, the Business Development and Strategy & IESG and the Human Resources and the Marketing, Communications and Public Affairs teams.

Ancillary positions

Joost is Supervisory Board member of the African Enterprise Challenge Fund and the &Green Fund, Advisory Board member of the Global Alliance for a Sustainable Planet, and a member of the jury of the Feike Sybesma Award.

Vanessa Hart (1970, Dutch)

CFRO and member of the Management Board

- CFRO since 27 July 2021
- First term ends in July 2025

Background and responsibilities

Vanessa has a long-standing experience in Sales, Finance, Risk Management, Restructuring & Recovery, Product Development and Change Management.

During her professional career, she fulfilled different high-level positions at ABN AMRO Bank, such as Country Executive and Country Risk Officer of the United Arab Emirates. Afterwards she worked as Director Public Finance a.i. at BNG Bank. Vanessa is responsible for Risk, Compliance & IESG, Finance, Control and Procurement, Legal, IT & Change and management support.

Ancillary positions

Vanessa is Supervisory Board member of Ipse de Bruggen and Haga Lange Land, Chair of the Supervisory Board of Stichting Haagse Gezondheidszorg, Board member of Nyenrode NBP alumni association, and auditor/assessor at Register Certified Board Member.

Supervisory Board

Ineke Bussemaker (1958, Dutch)

- Current term: 2021 – 2025
- Chair since July 2021

Background and ancillary positions
Ineke Bussemaker is the Dean of the Amsterdam University of Applied Sciences, Faculty of Business and Economics. She has over thirty years experience in the international banking sector and has worked at five different banks across five countries in various roles. Other supervisory positions include: independent non-executive Director of Mastercard Europe, Chair of the Supervisory Board of four Triodos Investment Management funds and Board Member of the NGO Women's World Banking.

Guido Dubbeld (1971, Dutch)

- Current term: 2021 – 2025
- Member since September 2021

Background and ancillary positions
Guido Dubbeld was formerly the Group Chief Financial Officer of Eneco. Currently, he is a member of the Supervisory Board and Chairman of the Audit Committee of RET NV. He holds various advisory board roles, amongst others Salacia Solutions, Cellcius and Nyenrode Business University. Lastly, he is board member of the foundation "Tijdelijk Noodfonds Energie".

Salim Rabbani (1962, Dutch)

- Current term: 2021 – 2025
- Member since December 2021

Background and ancillary positions
Salim Rabbani is Managing Director of RTC Rabbani Trading & Consulting BV, whose mission is to create sustainable business partnerships for globally operating companies in the Middle East and North Africa (MENA) region. He previously held positions in the financial services industry in London and in the U.S. Ancillary activities include Chairman of the Lutfia Rabbani Foundation and Chairman of the Netherlands - MENA Business Council.

Gita Salden (1968, Dutch)

- Current term: 2022 – 2026
- Member since August 2022

Background and ancillary positions
Gita Salden is the CEO of BNG Bank. In the past she held various management positions at governmental institutions, such as the Ministry of Finance of the Netherlands and the Permanent Representation of the Netherlands to the EU in Belgium. She is also a member of the board and treasurer of the Dutch Banking Association.

Jellie Banga (1974, Dutch)

- Current term: 2022 – 2026
- Member since August 2022

Background and ancillary positions
Jellie Banga is the CEO of Impact Institute. She has over 20 years of experience in the sustainable finance sector. She was member of the executive board of Triodos Bank (COO/CCO, from 2013 to 2021) and before that worked at ING in various positions. Jellie is also a member of the Supervisory Board of Lendahand, a crowd funding platform for impact investments in emerging markets.

Report of the Supervisory Board

The Supervisory Board supervises the policies of Invest International, the general state of affairs at Invest International, the performance against the strategy and the performance of the Management Board in general. In the performance of their duties, the Supervisory Board focuses on the interests of Invest International and its stakeholders.

This is the first report of the Supervisory Board following the creation of Invest International. In this report, the Supervisory Board explains how it has fulfilled its role from incorporation to year end 2022.

Interview with Ineke Bussemaker

Ineke Bussemaker is chair of the Supervisory Board of Invest International. She is the Dean of the Amsterdam University of Applied Sciences, Faculty of Business and Economics. Here she reflects on the first year of Invest International.

How do you reflect your first full year as chair of the Supervisory Board?

It has been exciting to witness the plan and the strategy we developed being implemented and starting to materialise and there have also been some significant challenges such as the transfer of undertaking and the incorporation of the new company. The fact that the company has been able to meet and overcome these challenges and commence operations successfully is very positive.

What were your key objectives when you started?

Initially my focus was on the selection of the CFRO and other Supervisory Board members. Together with Joost Oorthuizen, I had started some months before the official start of the organisation and I was delighted when Guido Dubbeld and Salim Rabbani joined me in the Supervisory Board soon after the company was formally incorporated. Our shareholders requested a fully operational Supervisory Board consisting of five members as soon as possible. So whilst beginning our new role as Supervisory Board, we also spent the first half year interviewing and recruiting the two remaining board members. Ensuring one has a board that is balanced with all the complementary skills and diversity requirements is an important process that needs to be done correctly. It is fundamental that all board members feel they can work with the other team members. The five-member board, with the competencies we were seeking, was in place by August 2022.

What were the focus areas during your first year?

Our key focus was to support the Management Board in bringing the organisation together. In effect it meant bringing in two groups of employees coming from different organisations and cultures, RVO and FMO, into one new organisation. It was a big task for the management to enable the teams to familiarise themselves with one another and empower them to find ways to collaborate productively. The manner in which they built a very positive and result-oriented company culture in one year is a source of pride for me.

Getting all the systems and procedures in place to ensure an up-to-standard risk, finance and compliance management framework proved to be another time-consuming task for the Management Board as these needed to be built from scratch, so they had to work very hard to make sure all the essentials were defined and correctly implemented.

What were the challenges of the first year?

As a new entity there were two big challenges; one was constructing the organisation itself and the other was becoming familiar with the customer base. I applaud the organisation for making such an impressive start on that aspect of the business. They have presented themselves to the target customers as a meaningful additional player in the market; to provide ideas, funding, and grants to Dutch companies looking to deliver international investment projects. Invest International has not only successfully done so with potential end customers, but also with possible partners in the Netherlands such as commercial banks, finance institutions and credit insurers emphasising that as a combined force, we can serve the Dutch business community in a much more effective manner.

How well do you think Invest International has been at executing the strategy?

The progress that has been made has matched our expectations and in some ways exceeded it. Particularly in terms of the pipeline which has been built up faster than expected which is important because good execution begins with a good pipeline. The mandate of the company is quite generic and broad, but via the strategy, the business plan and the annual targets, the execution has become much more focused and result oriented. This focus has resulted in a very good performance in terms of volume and impact in line with the vision and mission. An important reason for the achievements last year was due to the Management Board successfully managing to put the whole team together as they envisioned. More than 70 new people have been hired, which is a tremendous result in a difficult labour market. Invest International's appealing purpose, mission and vision – and growing positive reputation in the market – has contributed to Invest International being an attractive employer.

What are the developments externally that are going to have the biggest impact on Invest International?

The world around us has become far more complicated and this has increased inherent risks. There have been discussions with the Management Board on how to prepare for the challenges and uncertainty that lies ahead. That will remain a big challenge, so the key task for the organisation will be to determine how to balance the mission of supporting the transitions in which the organisation is active with determining how to create more market opportunities for Dutch businesses and to mitigate the risks that are associated with them.

Do you think Invest International has the right balance and blend of skills and people to meet these challenges?

The reality is that we will only know the answer to this question over time, but right now, we have confidence that the Management Board has managed to get the right people with the necessary skills and experience on board.

How do you think Invest International is managing its relationships with its stakeholders?

As a Supervisory Board the stakeholder relationships look to us like they are being well managed. The proof of the pudding is in the eating, but we have seen that the minister for Trade and Development took a moment to visit the company last year, as well as several NGOs, business leaders, academia, and representatives of branch organisations. Finding the right connection with stakeholders is very important. The organisation is now located close to a large number of important stakeholders, this choice had definitely had a positive effect on establishing the right connections and initiating dialogue with the broad range of stakeholders.

Do stakeholders have a good understanding of why Invest International exists?

Telling the story of Invest International is challenging but I believe that in the last 12 months that narrative has started to become considerably clearer. I think more can be done, but the visibility in the market is developing very well and in a consistent manner, and there will be more stories to tell over the coming months which will help enormously in getting people to understand and appreciate what the organisation is doing.

How has the relationship been between the Supervisory Board and the Management Board?

The relationship between the Management Board and the Supervisory Board has been very good. At the beginning it was very close because when you set up a new company you are a lot more involved and meet more often than you would when you have a fully operational and established organisation. On a personal level we all have a good connection. I experience it as an open relationship which can only happen when you have a Management Board that is transparent and willing to share their dilemmas. Our open dialogue and the accessibility of the Management Board is much appreciated. As Supervisory Board we also had, where necessary and relevant, dialogue with the other members of the Management Team. Via our formal meetings we have been in contact with all senior managers. This has helped us to execute our role and tasks.

How do you view the balance of gender and the diversity mix of the Management Team and Supervisory Board?

I know the Management Board has worked hard to ensure a good gender balance is in place, and I think they have been successful in doing so. This does not happen automatically and it shows that when you focus on what you want to achieve everything is possible. In terms of age diversity, I think the organisation is also making steps forward. I do think the organisation can strive for even more cultural diversity and I know that this is something the Management Board is working on.

What are the main areas of focus in 12 months ahead?

The year ahead will be, above all else, about the execution of the strategy. Everything started well in 2021 and 2022, and a variety of projects have materialised, but now we expect to see more growth portfolio and pipeline. There are still some challenges on the organisational side such as policies, procedures and systems, but they seem to be under control, which means that the organisation is on the road to reaching a situation where the execution of the core business becomes ‘business as usual’. This is a good place to be at the start of the second year.

How have you felt personally about your time with the Supervisory Board so far?

My time leading the Supervisory Board has been very exciting because I am someone who likes innovation and building which is at the heart of the mission of Invest International. In addition, getting the correct blend of people on the Supervisory Board has been very rewarding as I like to see things being accomplished and the board is an important part of that process. I have been very happy that we have had good dialogue with the wider Management Team. When you have good meetings, with quality content, good dialogue and the right discussions, this is very satisfying.

In conclusion what is it about Invest International that excites you the most?

The objectives of the organisation are ambitious, making an impact on SDGs while supporting Dutch businesses and incorporating high ESG standards. This organisation has a unique mission and portfolio of products. This is becoming increasingly clear in the market and it has enormous potential. There is no other organisation like Invest International in the Netherlands.

It has been an exciting, enjoyable, and sometimes challenging first year for all of us on the Supervisory Board of Invest International. The board is responsible for making sure the company has the right strategy and that they are implementing it without taking their eye off the interests of all stakeholders. As Invest International is a new organisation we have understandably been overseeing some of the organisational challenges it has faced in this inaugural year, such as recruitment, and getting the right operational systems and procedures in place. As the company moves forward our role is likely to be more that of a ‘critical friend’, looking at the bigger picture, making sure the risks are recognised and mitigated, and that Invest International is proceeding in the right direction.

I wish to thank our shareholders, the Management Board, my fellow Supervisory Board members, all our stakeholders, clients and partners and last but not least Invest International's dedicated staff without whom the organisation would not have achieved such success in their first year.

Ineke Bussemaker
Chair of the Supervisory Board

Supervision

Meetings and topics discussed in 2021 and 2022

During 2021 and 2022, the Supervisory Board held seven regular meetings. Supervisory Board meetings were held on quarterly basis and in addition to these meetings Supervisory Board members maintained regular contact with Management Board members and also with the Corporate Secretary.

Topics discussed included amongst others: the impact of COVID-19, the Business Plan 2023, internal policies, equity proposition, internal audit plan, understanding state aid rules, blending, pipeline and portfolio transactions, HR topics, the Know Your Customer (KYC) remediation and FX risk management. Furthermore, the board discussed the priorities and ambitions for the 2022-2025 strategy and the 2023 business plan as well as the quarterly performance reports on progress against Invest International's targets.

Meeting attendance

	Supervisory Board meeting	ARC meeting
Inneke Bussemaker	7/7	N/A
Guido Dubbeld	7/7	5/5
Salim Rabbani	6/6	N/A
Jellie Banga	3/3	2/2
Gita Salden	3/3	N/A

Compliance

The Supervisory Board safeguards the compliance function within the Management Board and the Supervisory Board by ensuring that the CFRO and her team have quarterly Audit & Risk Committee meetings. The Supervisory Board supervised among other compliance topics, the KYC remediation and improvement of KYC procedures. The Supervisory Board and the Audit & Risk Committee is updated in writing on compliance at every regular meeting via the quarterly risk report. The Chair of the Supervisory Board periodically meets with the Company Secretary and discusses issues where relevant. The Supervisory Board regularly interacted with the Works Council.

External and internal auditors

Ernst & Young Accountants LLP (EY), as the external auditor of Invest International, and PricewaterhouseCoopers Accountants N.V. (PwC), as the internal auditor, attended the quarterly meeting of the Audit & Risk Committee in 2022 for the items relevant to the external and internal audits. The internal audit plan and audit plan of EY were discussed in the Audit & Risk Committee and the Supervisory Board.

Report of the Audit & Risk Committee

The composition of the Audit & Risk Committee in 2022 was as follows: Guido Dubbeld (Chair) and Jellie Banga. The Audit & Risk Committee started informally when Guido Dubbeld joined the Supervisory Board and formally after Jellie Banga joined the Committee in September 2022. The Audit & Risk Committee met five times in 2021 and 2022.

In 2022, the Audit & Risk Committee discussed, among others, the Risk Appetite Framework, the Risk Appetite Statements, the quarterly risk reports, internal and external audit plans and reports, the quarterly financial statements, the status of the Know Your Customer (KYC) project, the quality of the portfolio, the transfer of the 'NL Business' activities to Invest International, FX risks and dollar exposure, progress reports on IT projects and IT & cyber security related risks.

Quality

Composition, diversity and independence

The Supervisory Board has five members: Ineke Bussemaker, Guido Dubbeld, Salim Rabbani, Jellie Banga and Gita Salden. The composition of the Supervisory Board is in line with the Supervisory Board regulations and the Supervisory Board profile established in agreement with the shareholders. Three of the five Supervisory Board members are women (60%), thus complying with the guideline in the Balanced Distribution of Seats on Management and Supervisory Boards Act (Wet evenwichtige verdeling van zetels van het bestuur en raad van commissarissen).

The Supervisory Board is of the opinion that all of its members are independent, as meant by Best Practice Provisions 2.1.7 up to and including 2.1.9 of the Corporate Governance Code. There were no issues in 2022 concerning the independence of or a direct, indirect or formal conflict of interest involving supervisory directors.

Please also see the Supervisory Board biographies (see page 72).

Diversity profile

Name	Year of birth	Nationality	**Expertise / experience**	Gender
Ineke Bussemaker	1958	Dutch	Banking / Financial markets / Economics	Female
Guido Dubbeld	1971	Dutch	Finance/Accounting/ Risk management	Male
Salim Rabbani	1962	Dutch	International Business Development / Finance	Male
Jellie Banga	1974	Dutch	Banking / Impact investing / Sustainability	Female
Gita Salden	1968	Dutch	Banking / Financial markets	Female

Retirement and reappointment schedule

Name	Date of appointment	**Year of possible reappointment**	Last term ends in
Ineke Bussemaker	15 July 2021	2025	2029
Guido Dubbeld	15 July 2021	2025	2029
Salim Rabbani	1 December 2021	2025	2029
Jellie Banga	15 August 2022	2026	2030
Gita Salden	15 August 2022	2026	2030

Self-evaluation

The Supervisory Board has not performed a self evaluation in 2022 because the Board wanted to be complete as a team and have sufficient time working together. A self-evaluation has been planned for 2023.

Evaluation of the Management Board

In 2022, the Supervisory Board held evaluation meetings with both members of the Management Board.

The conclusion of these consultations was that the Supervisory Board was satisfied with the performance of the Management Board and its individual members. The Supervisory Board expressed their satisfaction with the leadership of Invest International, the level of co-operation between the Management and Supervisory Boards and they recognised how much had been achieved in such a a short period of time since the start of Invest International.

Education

In addition to initial onboarding to become familiar with Invest International business, products and other relevant topics, the Supervisory Board reviews their education needs on an ongoing basis. Based on those needs an education day was held in October 2022.

Report of the Annual General Meeting of Shareholders

In 2022, no General Meeting of Shareholders was held. The first annual General Meeting of Shareholders will take place on June 2, 2023.

2022 Annual Report

The Supervisory Board has taken note of the Management Report for the 2021 extended financial year. The financial statements have been audited by EY and an independent auditor's opinion, dated 31 May 2023, is included in the Independent Auditor's Report (see page 134). The Management Board will present the 2022 annual report to the General Meeting of Shareholders on June 2, 2023.

Remuneration Report

Remuneration policy for the Management Board

Invest International has a sustainable remuneration policy which is in line with Invest International's values and mission. The remuneration policy at Invest International, which was established by the shareholders on July 27, 2021, applies to the Management Board. The Supervisory Board sets the remuneration annually for members of the Management Board of Invest International within the limits of the remuneration policy set by the Annual General Meeting of Shareholders (AGM).

Fixed remuneration

The remuneration of the CEO in 2022 was €218.609 gross, excluding pension contribution and expense allowances. This lies within the limits for maximum CEO remuneration as defined in the remuneration policy.

For the CFRO of Invest International, the total remuneration in 2022 was €194.573 and this was less than 90% of the maximum total remuneration of the CEO in line with the requirements defined in the remuneration policy.

Variable remuneration

The remuneration only consists of fixed components, so there is no entitlement to variable remuneration.

Pension

Management Board members can take part in Invest International's pension scheme. The scheme is a defined contribution scheme, based on monthly contributions. It is designed around individual needs and includes all the benefits one would expect from a modern pension. It is placed with BeFrank. For both for the Management Board and the employees it is a non-contributory pension and is tax-maximised by law.

Other benefits

Management Board members are eligible for a company car or a mobility reimbursement, expense allowance and reimbursement of their business expenses. Invest International did not provide any loans, advances or guarantees for directors and/or supervisory directors in the 2022 financial year.

Severance pay

As per State rules, any severance payment granted to a director may not exceed one year's gross salary. This payment may apply only in the event of the involuntary dismissal of a director before the end of their agreed employment term.

Indexation

The Management Board remuneration, pension contribution and expense allowances may be indexed annually, in line with the regular indexation for the employees of Invest International. The CLA Banks is followed. Indexation of 2.5% [the CLA Banks increase] was applied with effect from March 2022.

Remuneration policy for employees

The salary structure has been benchmarked to the median in the market for financial services. The fixed remuneration consists of 12 monthly salaries, a holiday allowance of 8% and a 13th month. In addition, statutory leave days related to the personal budget (IKB-budget) which have not been used are also part of the annual salary. Indexation is applied in accordance with the fixed income adjustments in the CLA Banks. The remuneration only consists of fixed components so there is no entitlement to a variable remuneration. Nevertheless, in some cases the Management Board can decide to award specific employees for exceptional performance via a financial gratification as a recognition for the extra work and 'going the extra mile'.

There are several secondary employment benefits for employees such as the entitlement to purchase additional leave hours, a bicycle scheme, reimbursement of sports and study costs. 91% of our employees are covered by CLA Banks.

Annual total compensation ratio

The annual total compensation ratio is the ratio of the remuneration of the CEO to the median salary of all other employees (including the other members of the management). The total remuneration consists of the fixed remuneration and the costs of pensions (only retirement pension). Based on the above, the pay ratio between the Chair of the Management Board of Invest International in 2022 was 2.3. This calculation is based on the ratio applying in the final calendar month of the financial year.

Remuneration of the Supervisory Board

Structure and amount of the Supervisory Board remuneration are approved by the Annual General Meeting. The remuneration for members of the Supervisory Board is €26,834 per year, and for the Chair, €37,569 per year including indexation in line with the CLA Banks which was applied with effect from July 2022 (one year after incorporation). The remuneration of the Supervisory Board members is not dependent on the results of Invest International. The remuneration of the Supervisory Board members does not include the award of shares and/or rights to shares or any variable components such as bonuses or profit-sharing.

Additional information regarding the remuneration of the Supervisory Board and the Management Board members are disclosed in the paragraph Related-party transactions (see page 117) of the Financial Statements.

Financial Statements

2022

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Consolidated statement of financial position

At year-end 31 December 2022, before profit appropriation

in €1,000	Note[1]	2022
Assets		
Cash and cash equivalents	3	133,058
Other receivables	4	2,786
Financial instruments at amortised cost	5.1	94,042
Financial instruments at fair value through profit or loss	5.2	1,745
Property, plant and equipment	6	1,538
Right-of-use assets	7	3,440
Deferred tax assets	8	-
Total assets		**236,610**

in €1,000	Note[1]	2022
Liabilities		
Other liabilities and accruals	9	7,607
Borrowings	10	20,471
Lease liabilities	7	3,705
Provisions	11	598
Deferred tax liabilities	8	-
Total liabilities		**32,381**
Equity		
Issued share capital		1
Share premium reserve		209,162
Result of the period		-4,934
Total equity	12	**204,229**
Total equity and liabilities		**236,610**

1 The references next to the items relate to the notes to the consolidated financial statements.

Consolidated statement of profit or loss

For the period 27 July 2021 - 31 December 2022

in €1,000	Note[1]	27 July 2021 - 31 December 2022
Income		
Interest income		2,397
Interest expense		-104
Net interest income	13	**2,293**
Fee income		21,244
Fee expense		-25
Net fee income	14	**21,220**
Results from financial transactions	15	-459
Other income		**-459**
Total income		**23,054**

in €1,000	Note[1]	27 July 2021 - 31 December 2022
Expenses		
Operating expenses		
Staff costs	16	-20,320
Administrative and other operating expenses	17	-5,536
Depreciation and impairment of PP&E and RoU assets	18	-600
Total operating expenses		**-26,456**
Impairments on:		
Loans	5.1	-887
Loan commitments	11	-598
Total impairments		**-1,485**
Total expenses		**-27,942**
Profit / (loss) before taxation		-4,888
Taxation		-46
Net profit / (loss)		**-4,934**
Net profit / (loss) attributable to:		
- the shareholders		**-4,934**

1 The references next to the items relate to the notes to the consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2022

in €1,000	Note	27 July 2021 - 31 December 2022
Net income / (loss)		**-4,934**
Other comprehensive income after tax		
Comprehensive income to be reclassified to profit or loss in subsequent periods		-
Comprehensive income not to be reclassified to profit or loss in subsequent periods		-
Other comprehensive income for the year		**-**
Total comprehensive income / (loss)		**-4,934**
Total comprehensive income / (loss) attributable to the shareholders		**-4,934**

Consolidated statement of changes in equity

in €1,000	Note[1]	Issued share capital	Share premium reserve	Retained earnings	Total equity
As at 27 July 2021		**-**	**-**	**-**	**-**
Net income / (loss) recognised in the income statement		-	-	-4,934	-4,934
Other comprehensive income / (loss)		-	-	-	-
Total comprehensive income/ (loss)		**-**	**-**	**-4,934**	**-4,934**
Capital contribution	12	1	209,162	-	209,163
As at 31 December 2022		**1**	**209,162**	**-4,934**	**204,229**

1 The references next to the items relate to the notes to the consolidated financial statements.

Consolidated cash flow statement

For the period 27 July 2021 - 31 December 2022

in €1,000	Note[1]	27 July 2021 - 31 December 2022
Cash flow from operating activities		
Result before tax		**-4,888**
Adjustments for:		
Depreciation of PP&E incl. RoU assets	6	600
Amortisation of fees part of effective interest rate		113
Movements in provision for loans and loan commitments	5.1	1,485
Results from financial transactions	15	604
Income tax expense		-46
Adjustments of non-cash items		**2,756**
Movements in operating assets and liabilities		
Changes in investments at amortised cost		-801
Changes in other receivables		-2,786
Changes in other liabilities and accruals		7,607
Movements in operating assets and liabilities		**4,020**
Cash flow from operating activities		
Acquisition of loans	5.1	-15,826
Origination of loans	5.1	-95,010
Repayment of loans	5.1	16,388
Purchase of equity investments	5.2	-2,049
Net cash flow from operating activities		**-96,497**

in €1,000	Note[1]	27 July 2021 - 31 December 2022
Cash flow from investing activities		
Purchase of property, plant and equipment	6	-1,719
Net cash flow from investing activities		**-1,719**
Cash flow from financing activities		
Issued share capital	12	1
Share premium	12	209,162
Proceeds from borrowings	10	20,570
Lease liabilities	9	-156
Net cash flow from financing activities		**229,578**
Net movement in cash and cash equivalents		**133,250**
Cash and cash equivalents as at 27 July 2021		-
Net foreign exchange differences		192
Net movement in cash and cash equivalents		**133,250**
Cash and cash equivalents as at 31 December 2022	3	**133,058**

1 The references next to the items relate to the notes to the consolidated financial statements.

Included in the net cash flows from operating activities is the increase / (decrease) in cash and cash equivalents related to:

in €1,000	Note	27 July 2021 - 31 December 2022
Interest received		1,454
Interest paid		-104
Total		**1,350**

Notes to the consolidated financial statements

1. General information

1.1. Corporate information

The consolidated financial statements for the extended financial reporting period 2022 comprise the financial statements of the company and its group companies. The 2022 financial statements of Invest International B.V. (hereafter referred to as 'Invest International', 'the company' or 'Invest International Group) were prepared by the members of the Management Board and signed by the members of the Management Board and the Supervisory Board on 31 May 2023 and will be submitted for adoption in the General Meeting of Shareholders on 2 June 2023.

Invest International was incorporated on 27 July 2021 as a private limited company organized under Dutch Law. with 51% of shares held by the Dutch State and 49% held by Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (hereafter FMO). The Dutch State is the ultimate parent of the company through its 51% direct stake of shares in Invest International and indirect through its 51% stake of shares in FMO. The company is located at Bezuidenhoutseweg 12, The Hague, The Netherlands and is registered under ID 83517626 in the Chamber of Commerce.

The consolidated financial statements 2022 are the first financial statements prepared and cover the extended financial year for the period from 27 July 2021 to 31 December 2022.

1.2. Company activities

Invest International provides support for foreign-oriented activities of companies and international projects that contribute to the Dutch economy. The company also supports international projects that provide solutions for global issues. Invest International helps businesses, governments and investors to finance and develop impactful projects that contribute to the achievement of the UN's Sustainable Development Goals. In addition, Invest International provides managing services in relation to government funds and programmes.

Invest International is the parent company of the following companies that were incorporated on 28 July 2021:

- Invest International Public Programmes B.V.
- Invest International Capital B.V.
- Invest International Development B.V.

Invest International Public Programmes B.V. provides services in relation to the following government programs:

- Dutch Good Growth Fund (DGGF)
- Dutch Trade & Investment Fund (DTIF)
- Ontwikkelingsrelevante Infrastructuurontwikkeling (ORIO)
- Develop2Build (D2B)
- Development Related Infrastructure Investment Vehicle (DRIVE)

These funds are commissioned by the Ministry of Foreign Affairs and as Invest International has no power and control these funds are not recognised on the balance sheet of Invest International.

Invest International Capital B.V. provides financing activities for own account and risk to companies, foreign governments and international projects for their foreign-oriented activities, when these contribute to the Dutch economy.

Invest International Development B.V. supports companies, foreign governments and international projects in business plan development and financing concepts for their foreign-oriented activities, when these contribute to the Dutch economy. In addition the entity provides managing services relating to the management of two government funds – Partnership Development Facility (PDF) and Development Accelerator (DA). These funds receive subsidies from the Ministry of Foreign Affairs and as Invest International has no power and control these funds are not recognised on the balance sheet of Invest International.

1.3. Adoption of the consolidated financial statements

The consolidated financial statements of Invest International for the year ended on 31 December 2022 were prepared by the Management Board on 31 May 2023. They were approved by the Supervisory Board on 31 May 2023 and submitted for adoption to the General Meeting of Shareholders on 2 June 2023. The shareholders have the power to amend the consolidated financial statements after issuance.

2. Significant accounting policies

2.1. Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU-IFRS) and in accordance with the legal requirements of Part 9, Book 2 of the Netherlands Civil Code.

The consolidated financial statements have been prepared on a going-concern basis of accounting based on the reasonable assumption that Invest International is, and will be able to continue its normal course of business in the foreseeable future. Relevant facts and circumstances relating to the financial position on 31 December 2022, were assessed in order to reach the going concern assumption, such as the financial position, capital adequacy and liquidity.

The consolidated financial statements have been prepared on the basis of historical costs, with the exception of certain financial assets, which are carried at fair value through profit or loss.

2.2 Reporting period

The first financial year is an extended financial year, starting on the incorporation date 27 July 2021 and ending on 31 December 2022.

2.3 Functional and reporting currency

The consolidated financial statements are denominated in euro. This is also the functional and reporting currency of Invest International. All amounts are rounded to the nearest 1,000 euro unless otherwise stated. The consequence is that rounded amounts may not add up to the rounded total in all cases.

2.4 Significant estimates, assumptions and judgements

In preparing the consolidated financial statements in conformity with IFRS, management is required to make estimates and assumptions affecting reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement is inherent to the formation of estimates. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from such estimates and the differences may be material to the financial statements.

For Invest International the most relevant estimates and assumptions relate to the determination of the Expected Credit Loss (ECL) allowance for the loans and loans commitments and the determination of the ECL stage.

Judgements made relates to:

- The inputs and calibration of the ECL models which include the various formulas and the choice of inputs, ageing criteria and forward-looking information
- Information on assumptions and estimation uncertainties concern the incremental borrowing rate (IBR) for lease contracts

The estimates and underlying assumptions are reviewed regularly. The impact of this review is recognised in the period in which the estimate is revised, or in the period of review and future periods if the revision has implications both for the reporting period and future periods.

For Invest International a significant judgement and estimates relate to the accounting of the start-up funds received from government. These funds are accounted for as a grant in accordance with IAS 20 based on the specific nature, designation of these funds and the conditions attached.

2.5 Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. At the reporting date, monetary assets and liabilities are translated to the reporting currency at the exchange rate on the balance sheet date. Exchange differences on monetary items are recognised in the statement of profit or loss when they arise.

2.6 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to offset the recognised amounts and when there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.7 Group accounting and consolidation

The company accounts of Invest International B.V. and the company accounts of the subsidiaries Invest International Public Programmes B.V., Invest International Capital B.V. and Invest International Development B.V. are consolidated in these consolidated financial statements. Invest International holds 100% of the share capital in these entities.

Intra-group transactions, intra-group relations and unrealized gains and losses on transactions between group companies are eliminated when the consolidated financial statements are compiled. The accounting policies described in this note were also uniformly applied by the three group companies.

2.8 Financial instruments

Recognition and initial measurement

Trade receivables are recognised when they arise and are initially measured at the transaction price. All other financial assets and financial liabilities are recognised when Invest International becomes a party to the contractual terms of the instrument. All financial assets and liabilities are classified for accounting purposes depending on the characteristics and purpose for which they were purchased or originated.

At initial recognition Invest International measures a financial asset or liability at its fair value. In case of a financial asset or financial liability not at fair value through profit or loss (FVPL), transaction costs or income that are incremental and directly attributable to the acquisition or issue of the financial asset or liability, such as front-end fees are included as well. Transaction costs for a financial asset or financial liability measured at FVPL are directly recorded in the statement of profit or loss. Immediately after initial recognition, an Expected Credit Loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI. The ECL is recorded as a loss in the statement of profit or loss when an asset is newly originated or acquired.

Financial assets

Classification and subsequent measurement

Invest International classifies its financial assets as measured at amortised cost (AC), fair value through profit or loss (FVPL) or fair value through other

comprehensive income (FVOCI). A financial asset is measured at AC if it meets both of the following conditions and is not classified as at FVPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not measured as FVPL:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

All financial assets not classified as measured at AC or FVOCI as described above are measured at FVPL. In addition, on initial recognition Invest International may irrevocably designate a financial asset that otherwise meets the requirements to be measured at AC or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Amortised cost and effective interest rate

The amortised cost of a debt instrument is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate method is a method of calculating the amortised cost and of allocating the interest income or expense over the relevant period. The effective interest rate is the interest rate that discounts estimated future cash payments or receipts through the expected life of the debt instrument or, when appropriate, a shorter period to the net carrying amount of the instrument. When calculating the effective interest rate, all contractual terms are considered. Possible future credit losses are not taken into account. Charges and interest paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts are included in the calculation.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets, except for:
- Purchased or originated credit impaired financial assets
- Financial assets that are not originated credit impaired financial assets, but have subsequently become credit impaired (or 'Stage 3'), for which the interest revenue is calculated by applying the effective interest rate to their amortised cost (e.g. net of the expected credit loss provision)

Business model assessment

Invest International made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information that is considered includes:
- How the performance of the portfolio is evaluated and reported to management of Invest International. Invest International aims to realise returns in the long term. Shorter term cash flows are less relevant in that context. The company prepares monthly reports on the developments in the investment portfolio.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed. Because Invest International has a high risk appetite in respect to investment risk, the results of the investment portfolio are expected to be volatile. As the focus of the business model lies on the realisation of returns in the long term, short term fluctuations in the results are expected.
- The manner in which the company's managers are compensated – for example, whether the fee is based on the fair value of the assets managed or the contractual cash flows received. Invest International does not apply a variable remuneration component that depends on the change in the value of the investment portfolio.

- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Invest International did not sell any financial assets in the first reporting period and does not expect to sell any in 2023 either. In principle Invest International has a long-term investment horizon.

Financial assets whose performance is measured on a fair value basis are carried at FVPL because they are neither held to collect the contractual cash flows nor are they held both to collect contractual cash flows and to sell financial assets.

Contractual cash flow assessment

Another factor determining the classification and measurement of financial assets, in addition to the business model, is the cash flow characteristics of the individual debt instruments. An essential question in this context is whether the cash flows on specified dates consist solely of interest payments and repayments of the outstanding principal ('Solely Payments of Principal and Interest', or 'SPPI').

For the purpose of the contractual cash flow assessment, related to SPPI, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, Invest International considered the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, Invest International considered among others:

- Contingent events that would change the amount and timing of cash flows – e.g. prepayment and extension features, loans with performance related cash flows
- Features that modify the consideration for the time value of money – e.g. regulated interest rates, periodic reset of interest rates
- Loans with convertibility and prepayment features
- Terms that limit Invest International's claim to cash flows from specified assets – e.g. non-recourse assets
- Contractually linked instruments.

At year-end 2022, all debt instruments passed the SPPI test and were valued at AC.

Reclassification

Financial assets can be only reclassified after initial recognition in very infrequent instances. This happens if the business model for managing financial assets has changed and this change is significant to Invest International's operations.

Impairment and Expected Credit Losses

Invest International groups its loans according to the three-stage model as per IFRS 9.

- In stage 1, the entity includes positions that have not experienced a significant deterioration in the credit risk since their initial recognition and recognises a 12-month ECL.
- Positions that have experienced a significant deterioration in the credit risk relative to their first recognition, but are not credit impaired, are included in stage 2. A first indication of this may be payment arrears of more than 30 days. The entity recognises a lifetime ECL for positions in stage 2.
- Positions that are credit impaired are included in stage 3. The entity recognises a lifetime ECL for these positions as well. In addition, in stage 3, interest income is accrued on the AC of the loan, net of allowances.

ECL measurement

An Expected Credit Loss (ECL) model is applied to financial assets measured at amortised cost and to off-balance sheet commitments, such as irrevocable loan commitments. The Expected Credit Losses are the discounted product of the Probability of Default (PD), the Exposure at Default (EAD) and the Loss Given Default (LGD).

The PD is an estimate of the likelihood of default over a given time horizon. The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, scheduled by contract or otherwise, expected draw downs and accrued interest from missed payments. The LGD is an estimate of Invest International's loss arising in the case of a default at a given time. It is based on the difference between the contractual cash flows due and any future cashflows that Invest International would expect to receive. The ECL calculations contain information on the past, present and future. The ECL model is an expert based model which is benchmarked with other external sources if possible.

The final impairment of a loan in stage 3 will always be made based on expert judgement as to the methodology of impairment can be improved. This impairment will also be reviewed by the Investment Committee.

ECL calculations are performed on an individual basis for the loan portfolio of Invest International, as such no grouping has been applied. Asset classes not covered in the ECL calculations are considered to have immaterial credit risk or to be of short-term nature.

Staging criteria and triggers

No significant increase in credit risk since origination (stage 1)

All loans which have not had a significant increase in credit risk since contract origination are allocated to stage 1 with an ECL allowance recognised equal to the expected credit loss over the next 12 months. The interest revenue of these assets is based on the gross amount.

Significant increase in credit risk (stage 2)

IFRS 9 requires financial assets to be classified in stage 2 when their credit risk has increased significantly since their initial recognition. For these assets, a loss allowance needs to be recognised based on their lifetime ECLs. Invest International considers whether there has been a significant increase in credit risk of an asset by comparing the lifetime probability of default upon initial recognition of the asset against the risk of a default occurring on the asset as at the end of each reporting period. Interest revenue for these financial assets is based on the gross amount.

This assessment is based on either one of the following items:

- The change in internal credit risk grade with a certain number of notches (see table hereafter) compared to the internal rating at origination
- The fact that the financial asset is 30 days past due or more on any material obligation to Invest International

Initial rating	Moody's equivalent	Transition to stage 2 when rating migrates to:	Reasoning
F01	Aaa	F04 - or 30 days past due or forborne	3 notch down
F02	Aa1	F05 - or 30 days past due or forborne	3 notch down
F03	Aa2	F06 - or 30 days past due or forborne	3 notch down
F04	Aa3	F07 - or 30 days past due or forborne	3 notch down
F05	A1	F08 - or 30 days past due or forborne	3 notch down
F06	A2	F09 - or 30 days past due or forborne	3 notch down
F07	A3	F10 - or 30 days past due or forborne	3 notch down
F08	Baa1	F11 - or 30 days past due or forborne	3 notch down
F09	Baa2	F12 - or 30 days past due or forborne	3 notch down
F10	Baa3	F13 - or 30 days past due or forborne	3 notch down
F11	Ba1	F14 - or 30 days past due or forborne	3 notch down
F12	Ba2	F15 - or 30 days past due or forborne	3 notch down
F13	Ba3	F16 - or 30 days past due or forborne	3 notch down
F14	B1	F17 - or 30 days past due or forborne	3 notch down
F15	B2	F18 - or 30 days past due or forborne	3 notch down
F16	B3	F18 - or 30 days past due or forborne	2 notch down
F17	Caa1	F19 - or 30 days past due or forborne	2 notch down
F18	Caa2	F19 - or 30 days past due or forborne	1 notch down
F19	Caa3	F20 - or 30 days past due or forborne	1 notch down
F20	Ca	Stage 2	
F21		Stage 3	

Definition of default - Stage 3 financial assets

A financial asset is considered in default when any of the following occurs:

- The client is past due more than 90 days on any material obligation to Invest International.
- Invest International judges that the client is unlikely to pay its credit obligation to Invest International due to occurrence of credit risk deterioration and the Investment Committee decides on a specific impairment on individual basis. The triggers for deciding on specific impairment include among others bankruptcy, days of past due, central bank intervention, distressed restructuring or any material adverse change or development that is likely to result in a diminished recovery of debt.

The assessment of the significant increase in credit risk is performed on a periodical basis for all financial instruments held by Invest International, with a quarterly update for projects in Financial Recovery & Restructuring. The criteria used to identify significant increase in credit risk are monitored and reviewed periodically for appropriateness by the Risk department of Invest International.

Provisions

An ECL provision is made for financial guarantee contracts and irrevocable loan commitments. This is done using the ECL model described in the previous paragraph. In the consolidated statement of profit or loss, the change in this provision is recorded under 'Impairments'.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset have expired or when Invest International retains the right to receive cash flows from the asset but has an obligation to pay any received cash flows in full without delay to a third party and either has transferred substantially all the risks and rewards of ownership and either has neither transferred nor retained all the risks and rewards, but has transferred the control over this asset.

Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified as subsequently measured at amortised cost, except for financial guarantee contracts and loan commitments.

Derecognition

A financial liability is derecognised when the liability has been fulfilled, has been cancelled or has expired. If an existing financial liability is replaced by another liability of the same lender on fundamentally different conditions, or if the conditions of an existing liability are significantly changed, such a replacement or change will be regarded as derecognition of the original liability and the recognition of a new liability in the statement of financial position will be required. On derecognition, the difference between the disposal proceeds and the carrying amount is recognised in the statement of profit or loss.

2.9 Derivatives and hedge accounting

Invest International does not apply hedge accounting and does not hold any derivative financial instruments.

2.10 Cash and cash equivalents

Cash and cash equivalents consist of banks and short-term deposits that usually mature in less than three months from the date of acquisition. Short-term deposits are all measured at AC. There is no restriction on these financial instruments and Invest International has on demand full access to the carrying amounts.

2.11 Financial instruments at amortised cost

The financial instruments at amortised cost on the balance sheet of Invest International include loans measured at AC which comply with the classification requirements for AC as described in the section 'Financial instruments'. These loans are initially measured at fair value of the consideration paid including incremental direct transaction costs incurred. Subsequently, the loans are measured at AC using the effective interest rate method.

2.12 Financial instruments at fair value through profit or loss

The financial instruments at fair value through profit or loss on the balance sheet of Invest International consist of equity investments in which Invest International has no significant influence. Invest International has a long-term view on these equity investments, expected to sell its stake within a period of 5 to 10 years. Therefore these investments are not held for trading and are measured mandatorily at fair value with changes recognised in the statement of profit or loss in the line item 'Results from financial transactions'.

2.13 Fair value measurement hierarchy in respect of financial instruments

The fair value is the amount for which an asset can be traded or a liability can be settled on the measurement date in an orderly transaction between well-informed market participants in the principal market or, if there is no principal market, the most advantageous market accessible to Invest International on that date. When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument. If there is no quoted price in an active market, valuation techniques are used that maximise the use of relevant observable inputs and minimize the use of unobservable inputs.

In the consolidated statement of financial position of Invest International the equity investments are accounted for at fair value. In addition, the fair value of the other financial instruments is disclosed in the notes. A level classification is given of the financial assets and liabilities, whereby the carrying amount is a reasonable approximation of the fair value.

Fair value hierarchy

With regard to financial instruments that are carried at fair value in the statement of financial position or whose fair value is disclosed, the inputs to valuation techniques used to measure fair value are categorized into three levels. The level depends on the parameters used in determining the fair value and provides further insight into the measurement. The three levels are set out below:

Level		
Level 1	Fair value based on quoted prices in active markets	The prices of all the financial instruments in this measurement category are quoted prices obtained from a stock exchange, broker or price-setting institution. Furthermore, these financial instruments are traded in an active market. This means that the prices are a good reflection of current and regularly occurring market transactions between independent parties.
Level 2	Fair value based on available market information	This category includes financial instruments for which no quoted prices are available, but whose fair value is determined using models in which the parameters are obtained from available market information. Examples are privately negotiated derivatives and investments whose prices were issued by brokers, but which were also found to involve inactive markets. In this case, the available prices are largely supported and validated using market information, including market interest rates and current risk premiums pertaining to the various credit ratings and sector classifications.
Level 3	Fair value not based on available market information	The financial instruments in this category are determined to a significant extent using assumptions and parameters not observable in the market. Examples include assumed default percentages pertaining to a particular rating. The level 3 measurements of investments are based on quotes originating from illiquid markets.

2.14 Other receivables

Other receivables include debtors, taxes, accrued assets and prepaid expenses. Debtors are initially recognised at fair value and are subsequently measured at amortised cost less provision for impairment. Taxes, accrued assets and prepaid expenses are recognised at nominal value.

2.15 Property, plant and equipment

Property, plant and equipment (PP&E) includes tangible assets such as leasehold improvements, furniture and office equipment. These are stated at historical cost less accumulated depreciation, and where applicable, cumulative impairment. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The estimated useful life for office equipment and furniture is five years and the shorter of 10 years, or the remaining lease term for leasehold improvements.

Leasehold improvements relate to the costs incurred by Invest International with respect to the renovation of the leased offices. These are regarded as an investment in a tenancy right and are capitalised.

These assets are reviewed for impairment whenever triggering events indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are reported in operating profit.

2.16 Right-of-use assets and lease liabilities

Invest International records the right-of-use assets (RoU) for its operational leases according to IFRS 16. These assets consist of buildings and lease vehicles. Invest International assesses whether a contract is or contains a lease, at inception of a contract. Invest International recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases of low value assets (value below €10,000). For these leases, Invest International recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Invest International recognises right-of-use assets at the commencement date of the lease (e.g. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

Useful life for buildings is 10 years. Useful life for vehicles is five years. At the commencement date of the lease Invest International recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, Invest International uses the incremental borrowing rate at the lease commencement date as the interest rates implicit in the lease agreements are not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Interest expenses on IFRS 16 leases are recognised under a separate line under net interest income when these are material. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset.

2.17 Tax assets and liabilities

All the group entities are independently liable for corporate income tax. Invest International B.V. is the head of the VAT group. The VAT is recognised for the part that the company would owe if it were an independent taxpayer, with due regard for the allocation of the benefits entailed by the tax group. The settlement within the tax group between the company and its subsidiaries takes place via the current account relationships.

Current tax assets and liabilities

Corporate income tax assets and liabilities fur current and prior periods are measured at the amount expected to be received from or paid to the taxation authorities, applying the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for the estimated future tax effects of temporary differences between the carrying value of an item and its tax value. A deferred tax asset is recognised for tax loss carry forwards to the extent that it is probable that at the reporting date that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are reviewed at each reporting period and are measured at tax rates that are expected to apply when the asset is realised or the liability is settled. The carrying amount is not discounted and reflects the expectations of the company concerning the manner of recovery or settlement.

2.18 Other liabilities and accruals

Other liabilities and accruals consist of creditors, turnover tax and wage tax, pension premiums and social security contributions. The other liabilities are measured at amortised cost, or at cost if this is not materially different.

2.19 Borrowings

Borrowings relate to deposit loans payable. These are initially measured at cost, which is the fair value of the consideration received, net of transaction costs incurred. Subsequent measurement is AC, using the effective interest rate method to amortise the cost at inception to the redemption value over the life of the debt. Borrowings are derecognised when Invest International's obligations under the contract expire or are discharged or cancelled.

2.20 Provisions

A provision is recognised for present legal or constructive obligation arising from past events, when it is probable that it will result in an outflow of economic benefits and the amount can be reliably estimated. Management exercises judgement in evaluating the probability that a loss will be incurred. A provision is made for loan commitments, guarantees, legal events and severance arrangements.

2.21 Equity

Share capital and share premium reserve

The issued share capital is the amount paid on the issued shares for the nominal value. The share premium reserve, where applicable, relates to capital contributions which have occurred since incorporation without issuing new shares.

Cumulative result

In conformity with article 32 of the company's articles of association, the General Meeting of Shareholders will decide on the appropriation of any positive balance in the company statement of profit or loss.

2.22 Off-balance sheet commitments

Irrevocable commitments and financial guarantee contracts

Irrevocable commitments are liabilities that are not included in the statement of financial position because their existence depends on the future occurrence or non-occurrence of one or more uncertain events that are not wholly within Invest International's control. For Invest International, these include commitments to equity funds and irrevocable loan commitments. In determining the maximum potential credit risk, it is assumed that all counterparties will fail to meet their contractual obligations and all assets provided as security are worthless.

2.23 Net interest income

For interest-bearing assets, interest income is recognised at it accrues and is calculated using the effective interest method. Fees (such as front-end fees) that are an integral part of the effective interest rate of a financial instrument (IFRS 9) are treated as an adjustment to the effective interest rate.

Interest charges and related fees include expenses on borrowings. Interest expense on borrowings carried at amortised cost is recognised in the statement of profit or loss using the effective interest method. Negative credit interest on cash and cash equivalents is included under interest charges.

2.24 Net fee income

Invest International earns fees from different services:

- Remuneration for services rendered relate to fees which Invest International receives from the Dutch State to manage subsidised programs on behalf of the Dutch State. These fees are recognised in line with the periods the subsidised programs are managed as stated in the terms and conditions as agreed with the Dutch State.
- Fees earned when services are provided – fees charged by Invest International for servicing a loan (such as administration and monitoring fees) are recognised as revenue when the services are provided.

Fee expenses incurred are allocated to the period to which they relate.

2.25 Results from financial transactions

Results from financial transactions include:

- Foreign exchange translation results
- Gains and losses on financial assets valued at FVPL, both realized and unrealised

2.26 Staff costs and administrative expenses

Staff costs comprise salaries, social security costs, pension charges and other staff-related costs. They are recognised in the period in which the service was received and to which the payment relates. The pension rights of Invest International's employees are accrued under a defined-contribution scheme administered by the independent premium institution BeFrank.

Administrative expenses comprises a wide range of items, such as IT support, marketing, and consultants. These expenses are allocated to the period to which they relate.

2.27 Reimbursement of start-up costs

Invest International receives designated government funds for reimbursements of certain specific start-up costs. These funds are deemed to be government grants related to income in accordance with IAS 20. Based on the presentation options available in IAS 20, Invest International has elected to present the reimbursements as a deduction against the expense line-items to which the grants relate. Given Invest International receives the amounts as compensation for certain administrative expenses incurred during the start-up of the company, the amount is presented as a reduction against administrative expenses.

2.28 Corporate income tax

Corporate income tax is calculated at the current rate on the pre-tax profits over the financial year, taking into account temporary and permanent differences between the profit determination in the financial statements and the profit calculation for tax purposes. Taxes comprise deferred and current taxes on profit.

Deferred tax assets on account of losses carried forward will be recognised only to the extent that it is probable that sufficient taxable profits will be available in the near future to compensate for the deferred tax assets.

2.29 Accounting policies for consolidated cash flow statement

The consolidated cash flow statement shows the sources of liquidity that became available during the extended reporting period and the application of this liquidity. The liquidity is measured by the balance sheet account 'Cash and cash equivalents'. The cash flow statement is prepared using the indirect method, whereby a distinction is made between cash flows from operating, investment and financing activities. The net cash flows from operational activities include the movements in the investment portfolio (loans and equity). The net cash flows from investing activities include the movements in PP&E assets.

The net cash flows from financing activities include the additions and reductions from the company's capital.

Cash flows in foreign currency are converted at the exchange rate on the transaction date. With regard to the cash flow from operating activities, the result before tax is adjusted for income and expenses that did not result in receipts and expenditure in the same reporting period, and for changes in provisions and accrued and deferred items.

2.30 New standards and amendments

New standards and amendments to standards mandatory with effective date from 2023

Invest International has not voluntarily brought forward the application of new standards, amendments to existing standards or interpretations that will not be mandatory until the consolidated financial statements for 2023 or later.

The following new standards and amendments to standards, published prior to 1 January 2023, were not early-adopted by Invest International, but will be applied in future years, if applicable:

Accounting standard / amendment / interpretation	IASB effective date	Endorsed by EU
IFRS 17 *Insurance Contracts*	January 1, 2023	Yes
Definition of Accounting Estimates - Amendments to IAS 8	January 1, 2023	Yes
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	January 1, 2023	Yes
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023	Yes
Classification of liabilities as current or non-current - Amendments to IAS 1	January 1, 2024[1]	No
Lease Liability in a Sale and Leaseback – Amendment to IFRS 16	January 1, 2024	No
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	[2]	

1 In July 2021, the International Accounting Standards Board tentatively decided to defer the effective date of the 2020 amendments to no earlier than January 1, 2024.

2 In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

Invest International has assessed the new standards and amendments to standards and does not expect them to have a significant impact on the consolidated financial statements.

Notes to the consolidated statement of financial position

3. Cash and cash equivalents

in €1,000	2022
Deposits	110,539
Banks	22,519
Balance at 31 December 2022	**133,058**

Banks comprises the current accounts with banks. These can be freely disposed of, except for €1.6 million which has been reserved for transactions on bills of exchange products which Invest International has outsourced to a third party portfolio manager. This portfolio manager works with a mandate from Invest International with full access to the bank account dedicated to these transactions, within set limits of authorisation.

The deposits have an average duration of less than three months and an average interest rate of 1.55%, with the latest deposit ending December 2023.

Invest International has a cash position of $1.2 million as per 31 December 2022.

4. Other receivables

in €1,000	2022
Taxes and social premiums receivable	895
Trade and other receivables	433
Prepaid expenses	1,193
Debtors	265
Balance at 31 December 2022	**2,786**

Trade and other receivables relates to various receivables in the normal course of business include short-term receivables relating to loans.

The effect of the Expected Credit Loss on the measurement of the debtors is immaterial. All receivables have a term of less than one year.

5. Financial instruments

5.1. Financial instruments at amortised cost

in €1,000	2022
Opening balance at 27 July 2021	-
Acquired from FMO	15,826
Origination of loans	96,282
Repayment of loans	-16,388
Changes in accrued interest	752
Changes in amortisable fees	-1,155
Exchange rate differences	-389
Balance at 31 December 2022	**94,930**
Impairment	-887
Total balance at 31 December 2022	**94,042**

in €1,000	Stage 1	Total 2022	Fair value
Financial institutions	34,225	**34,225**	34,225
Energy	4,013	**4,013**	4,013
Agribusiness	24,165	**24,165**	24,165
Multi-sector fund investments	-	**-**	
Infrastructure, manufacturing and services	32,526	**32,526**	27,726
Total balance at 31 December 2022	**94,930**	**94,930**	**90,130**

in €1,000	Stage 1	Total 2022	Fair value
Africa	35,004	**35,004**	30,204
Asia	15,279	**15,279**	15,279
Europe & Central Asia	44,646	**44,646**	44,646
Total balance at 31 December 2022	**94,930**	**94,930**	**90,130**

The financial instruments at amortised cost consist of loans. For the loan amount of €50 million Invest International received guarantees in the form of insurance cover provided by Atradius Dutch State Business (ADSB). The insurance premium for this cover is paid by the clients. In the portfolio there is also a USD loan position of $20.5 million.

For determining the fair value of the loans, the leading indicator is a floating rate or fixed rate. In line with market practices the actual rate to clients for long term fixed rates drawdowns consists of the EUR IRS swap rate level plus margin. However, for one loan agreement Invest International does not charge the EUR IRS swap rate. At the time of signing of this contract the long-term EUR interest rates were around zero and no hedging was put in place. The income on the upcoming drawdowns under this loan will be priced differently (IRS level plus margin) and therefore the fair value is lower than the amortised cost of this loan (€4.8 million). All other loans have floating rates, therefore the fair value of these financial instruments is approximate their book value (at amortised cost).

in €1,000	Stage 1 Gross carrying amount	ECL allowance	Total Gross carrying amount	Total ECL allowance
Opening balance at 27 July 2021	-	-	**-**	**-**
Financial assets originated or purchased	111,706	887	**111,706**	**887**
Financial assets derecognized (other than write-off)	-16,388	-	**-16,388**	**-**
Foreign exchange adjustments	-389	-	**-389**	**-**
At 31 December 2022	**94,930**	**887**	**94,930**	**887**

Refer to note 21 Scenario for significant deterioration in credit quality in respect of ECL provisions (see page 116) for more information on the ECL and upward and downward scenarios.

There have been no modifications or write-offs in the reporting period.

5.2. Financial instruments at fair value through profit or loss

in €1,000	2022
Opening balance at 27 July 2021	-
Purchases and capital contributions	2,049
Revaluations	-304
Total balance at 31 December 2022	**1,745**

At year-end 2022 Invest International has one equity investment at FVPL. This equity investment consists of the investment in 'Karmijn Kapitaal Fund III', a multisector investment fund that supports small and medium sized Dutch businesses in their international expansion projects. Invest International has made a capital commitment of €15 million of which €2 million has been paid at year-end 2022. Invest International has no significant influence nor control on this investment fund.

The revaluations in the financial reporting period are largely explained by the withdrawals from the fund manager for costs incurred.

Measurement level of the financial assets at fair value

The investment of Invest International in 'Karmijn Kapitaal Fund III' is a level 3 financial asset. There is no transfer between categories during the reporting period.

Invest International adopts the fund manager's valuation (net asset value) as set out in the most recent quarterly valuation report, which is the fourth quarter report 2022, for the year-end 2022. An external auditor periodically audits the financial statements of this investment fund. As soon as the fund's audited financial statements for the year concerned have been received, an assessment is made to assess whether there are significant differences between the fund manager's quarterly valuations and the official financial statements. Based on this assessment, it will be determined whether future measurement methods must be adjusted.

/ **Notes to the consolidated statement of financial position**

6. Property, plant and equipment

in €1,000	Leasehold improvements	Furniture	IT Equipment	Total 2022
Opening balance at 27 July 2021	-	-	-	-
Investments	1,007	517	196	1,719
Depreciation	-75	-75	-30	-180
Balance at 31 December 2022	**931**	**442**	**165**	**1,538**
Cost at 31 December 2022	1,007	517	196	1,719
Accumulated depreciation at 31 December 2022	-75	-75	-30	-180
Balance at 31 December 2022	**931**	**442**	**165**	**1,538**

As of 31 December 2022, there are no impairments of property, plant and equipment.

7. Right-of-use assets and lease liabilities

in €1,000	Offices	Vehicles	Total right-of-use assets 2022	Lease liabilities 2022
Opening balance at 27 July 2021	-	-	**-**	-
Additions	3,788	72	**3,861**	3,861
Depreciation	-403	-17	**-420**	-
Finance costs	-	-	**-**	-
Payments	-	-	**-**	-156
Balance at 31 December 2022	**3,385**	**56**	**3,440**	**3,705**

Right-of-use (RoU) assets consists of operational leases and include offices and vehicles. The IBR applied is 0%, based on the applicable market interest rates.

The following table presents the maturity breakdown of the leases. The lease of the building ends on 31 January 2032, with the option of renewal for one year.

in €1,000	< 1 year	1-5 years	>5 years	Total 2022
Offices	372	1,490	1,523	3,385
Vehicles	18	38	-	56
Total	**390**	**1,527**	**1,523**	**3,440**

8. Deferred tax assets and liabilities

All the group entities are independently liable for corporate income tax. The applicable tax rate for Invest International is 15% for profits up to €395,000 and 25.8% for profits above that threshold.

Invest International's net result for 2022 is a loss of €4.9 million. This result is in conformity with the expectation that Invest International will be loss-making for a number of years before the investment portfolio can generate substantial positive income. At present, it cannot be estimated with probability whether the investments will result in future taxable income in the coming years. Because of this uncertainty, no deferred tax asset was recognised at year-end 2022. In the future, the tax position will be evaluated annually and an assessment will be made as to the recognition of a deferred tax asset.

9. Other liabilities and accruals

in €1,000	2022
Personnel payables	464
Taxes and social premiums payable	1,888
Payments to third parties	2,832
Accrued expenses	920
Other liabilties	1,504
Balance at 31 December 2022	**7,607**

Payments to third parties relates to various payables in the normal course of business.

Other liabilities consist of €1.2 million of the deferred income from the Ministry of Foreign Trade and Development Cooperation which is the excess amount invoiced in the reporting period over the actual execution costs made by Invest International Public Programmes B.V. This will be settled with the invoice for 2023. Furthermore €0.3 million relates to the compensation received from RVO regarding the transfer of the RVO staff to Invest International as at 1 October 2021.

The other liabilities and accruals predominantly have a term of less than one year, except for €0.2 million.

10. Borrowings

in €1,000	2022
USD Deposit	20,471
Balance at 31 December 2022	**20,471**

This relates to the USD Deposit of $21.8 million received from FMO with a duration of 1 year and interest rate of 5.18%.

11. Provisions

in €1,000	2022
Allowance for loan commitments	598
Balance at 31 December 2022	**598**

Invest International recognises an ECL provision for irrevocable loan commitments, in line with IFRS 9.

in €1,000	Amount	ECL
Irrevocable commitments (off balance)	163,128	598
Balance at 31 December 2022	**163,128**	**598**

During the financial year, there were no events triggering significant increase in credit risk, and thus there were only ECL stage 1 provisions. Please refer to note 20 Irrevocable commitments and other off-balance sheet commitments (see page 116) for more information.

12. Equity

in €1,000	2022
Issued share capital	1
Share premium reserve	209,162
Result for the period	-4,934
Balance at 31 December 2022	**204,229**

Share capital

The authorised and paid-up share capital amounts to €1,001, consisting of 1,000 A shares of €1 each and 1 B share of €1. The Dutch State holds 51% of the A shares and 100% of the B shares. FMO holds 49% of the A shares. Each A share carries one vote at the general shareholders' meeting. B shares do not have voting rights in the general shareholders' meeting.

Initially 100 A shares and 1 B share were issued and paid-up in cash at incorporation on 27 July 2021. In September 2022 an additional 900 A shares were issued.

in €1	2022
1,000 A shares x €1	1,000
1 B share X €1	1
Balance at 31 December 2022	**1,001**

Share premium

in €1,000	2022
Share premium on A shares	4,162
Share premium on B shares	205,000
Balance at 31 December 2022	**209,162**

A Shares

Share premium was contributed by the shareholders on A shares as per the contribution and transfer agreement between the Dutch State, FMO and Invest International. The Dutch State paid €4.2 million in cash for their 51% of the additional 900 A shares issued in September 2022. The excess amount over the nominal value was accounted for as Share premium.

The FMO contribution for their 49% of the additional 900 A shares consisted of the FMO-NL business department being transferred to Invest International. The value of this 'contribution in kind' of €4.0 million was calculated by an external valuator on request and behalf of both shareholders. From an accounting perspective the value of this transaction was nil. It was concluded that IFRS 3 'Business combinations' was not applicable, as Invest international was not yet a business at the time of the acquisition. As there was little or no involvement of a third party and no real changes in risks, timing and size of the cash flows of the activities, acquisition accounting could not be applied either. Furthermore pooling of interest or carry over accounting could not be applied as at the time of acquisition no assets and liabilities were transferred from the balance sheet of FMO to Invest International.

The fact that from an accounting perspective the transaction was valued at nil, does not disqualify the 49% share of FMO in the company, as this has been legally established in the shareholders' agreements.

B shares

Share premium on B shares was solely contributed by the Dutch State. In the reporting period five cash payments on shares B were received with a total value of €205 million.

Profit rights

The articles of association of Invest International state that the holders of A shares are entitled to dividend and share premium on A shares and the holders of shares B are entitled to the dividend and share premium on B shares. All amounts paid in excess of the nominal value of the shares concerned must be credited to the share premium reserve of such A or B shares. All visible amounts and amounts representing goodwill will be apparent from the decision-making underlying the payment on the shares concerned.

Notes to the consolidated statement of profit or loss

13. Net interest income

in €1,000	2022
Interest income	
Interest on loans measured at AC	2,318
Interest on deposits	79
Total interest income from financial instruments measured at AC	**2,397**
Total income derecognition	-
Total interest income	**2,397**
Interest expense	
Interest on deposits and short term loans	-32
Interest expenses related to banks	-71
Total interest expense from financial instruments measured at AC	**-104**
Interest on leases	-
Total interest expense from financial instruments measured at FVPL	**-104**
Net interest income	**2,293**

Interest income on loans measured at AC relates fully to stage 1 loans and includes the front-end fee paid by clients, which consists of a percentage of the loan facility prior to the first disbursements being made. This front-end fee is amortised over the loan duration.

Interest expenses on deposits and short term loans relates to the USD deposit with FMO. Interest expense on banks is related to the cash and balances held at the bank accounts. As the interest rates in the Eurozone were negative up to mid-2022, there is a net interest expense on bank account's balances for the financial reporting period.

14. Net fee income

in €1,000	2022
Fee income	
Funds and programmes managed on behalf of the Dutch State:	
- Programmes Foreign Trade and Development Cooperation	17,516
- Development activities	2,986
Remuneration for services rendered	**20,502**
Commitment fee	584
Other fees	159
Total fee income	**21,244**
Fee expense	
Other fees	-25
Total fee expense	**-25**
Net fee income	**21,220**

The remuneration for managing funds and programmes on behalf of the Dutch State is assessed for market conformity and expressed in gross amounts.

Commitment fee relates to the fee clients pay for the loan facility for amounts not yet imbursed, a fixed percentage of the available loan facility is charged. Other fees (income) consists of a.o. monitoring fees, administration fees and appraisal fees.

Other fees (expenses) relate to expenses directly charged by the fund manager of the equity investments to Invest International, such as late entry fees.

15. Results on financial transactions

in €1,000	2022
Foreign exchange results	-155
Unrealised gains and losses on financial instruments at FVPL	-304
Total results from financial transactions	**-459**

The negative foreign exchange result relates to the open USD position Invest International had during most of the financial reporting period. In December 2022 this position was closed by the USD deposit from FMO for $21.8 million as disclosed in note 10 Borrowings (see page 109). At year-end 2022, Invest International has $20.5 million in loans and $1.2 million in cash and cash equivalents.

The unrealized gains and losses on financial instruments at FVPL relate to the revaluation of the equity investment in the Karmijn Kapitaal Fund III. Refer to note 5.2 Financial instruments at fair value through profit or loss (see page 107) for more information.

16. Staff costs

in €1,000	2022
Salaries	12,657
Social security charges	1,471
Pension charges	2,223
Contractor staff	2,376
Other personnel expenses	1,593
Total staff costs	**20,320**

The number of FTEs amounted to 112 at 31 December 2022. All FTEs are employed in the Netherlands.

Pension charges consist of the defined contribution premiums, partner pension risk premiums and risk premiums for waiver of contributions during incapacity of work.

Other personnel expenses consist mainly of recruitment expenses, commuting travel expenses, and training expenses.

The remuneration paid to the Supervisory Board is included in the 'Other personnel expenses'. On 31 December 2022, the Supervisory Board consisted of five members. The remuneration of the Management Board and the Supervisory Board is disclosed in note 23 Related-party transactions (see page 117).

17. Administrative expenses

in €1,000	2022
Consultancy and audit fees	2,042
ICT expenses	1,377
Travel expenses	753
Accomodation and office expenses	371
Insurance expenses	142
Other operational expenses	850
Total administrative expenses	**5,536**

Administrative expenses include reimbursements of start-up costs amounting to €2.6 million, which relate to start-up activities (i.e., project- and consultancy expenses, set-up expenses for building the ICT landscape) for which specific government funds were being designated. The main spend-categories were (i) ICT implementation expenses for the front office system, (ii) consultancy expenses for the front office system, (iii) implementation of the P2P system, (iv) HR system, (v) design of annual report system, (vi) fiscal setup and (vii) design of integrated Enterprise reporting.

The grant was allocated to the company under the conditions that (A) it can only cover expenses for incorporation, build-up and setup of the company, such as project- and consultancy expenses, set-up expenses for building the ICT landscape, (B) it is not used for operational expenses such as rent, employee salaries, (C) expenses can be claimed until end of December 2022 (D) the remainder shall be repayable. At year-end 2022 these start-up funds were fully utilized. As management of Invest International concludes that all attached conditions are met, these start-up funds are treated as government grants related to income and are presented as a reduction against administrative expenses.

Travel expenses relate mainly to travel expenses for the programmes of Invest International Public Programmes B.V. and investment prospects of Invest International Capital B.V.

Other operational expenses consist mainly of external staff hired for projects, and non-deductible VAT.

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code, the statutory audit of financial statements fees for the financial reporting period were charged by Ernst & Young Accountants LLP for the audit of the consolidated financial statements and the audit of the statutory financial statements to the subsidiaries. The other assurance services relates to the audit of two facilities and were invoiced to Invest International.

The audit fees relate to the financial year to which the financial statements pertain, regardless of whether the external auditor and the audit firm performed the work during the financial year.

in € 1,000	2022
Audit of financial statements	233
Other assurance services	-
Total fees charged by auditors	**233**

18. Depreciation and impairment of PP&E and RoU assets

The depreciation of the capitalized expenses relating to the lease building (leasehold improvements), office equipment and right-of-use assets are further disclosed in note 6 Property, plant and equipment (see page 108) and note 7 Right-of-use assets and lease liabilities (see page 108).

19. Taxation

All the group entities are independently liable for corporate income tax. The applicable tax rate for Invest International is 15% for profits up to €395,000 and 25.8% for profits above that threshold. For the financial reporting period we only calculated the current tax expenses. We refer to note 8 Deferred tax assets and liabilities (see page 109) for more information on the deferred tax.

Other notes to the consolidated financial statements

20. Irrevocable commitments and other off-balance sheet commitments

To meet the financial needs of borrowers, Invest International enters into various irrevocable commitments (such as loan commitments and equity commitments). Though these obligations are not recognised on the balance sheet, they do obtain credit risk similar to loans. Therefore, provisions are calculated for loan commitments according to IFRS 9 ECL measurement methodology. These provisions fully relate to stage 1 commitments.

in €1,000	2022
Irrevocable loan commitments	163,128
Equity investments	12,951
Balance at 31 December 2022	**176,079**

The movements in the exposure regarding irrevocable loan commitments and ECL are explained by additions in the reporting period.

Furthermore Invest International has two uncommitted loan facilities totaling €80 million, no ECL is calculated for these facilities.

21. Scenario for significant deterioration in credit quality in respect of ECL provisions

The loan portfolio at AC and the liabilities arising from loan commitments involve high-risk exposures. This means that a significant deterioration in credit quality is closely related to specific developments in the exposure concerned.

The table below shows the sensitivity of these provisions to a possible improvement (upward scenario) or deterioration (downward scenario) in the credit quality.

		ECL provision		
in €1,000	Nominal amount of outstanding exposure	Base scenario	Upward scenario	Downward scenario
Base case scenario				
Loans	94,930	887	535	3,415
Irrevocable loan commitments	163,128	598	363	2,545

Upward scenario

The scenario applied here proceeds from an improvement in the ratings of the exposures by one notch, based on the indicative Moody's rating. In addition, it is assumed that the exposures will migrate to a higher stage where this is possible. For the current exposures at year-end 2022, with the current loans and commitments in stage 1, this is thus not possible.

Downward scenario

The scenario applied here proceeds from a deterioration in the ratings of the exposures by one notch, based on the indicative Moody's rating. In addition, it is assumed that the exposures will migrate to a lower stage. For the current loans and commitments, this would mean migration to stage 2.

22. Group companies

The subsidiaries of Invest International, which are all incorporated in the Netherlands, are as follows:

- Invest International Public Programmes B.V.
- Invest International Capital B.V.
- Invest International Development B.V.

23. Related-party transactions

In its normal course of business, Invest International enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Transactions between related parties have taken place at an arm's length basis and include rendering and receiving of services. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with related parties.

Invest International's related parties are the Dutch State, FMO, the Management Board, the Supervisory Board, the group companies Invest International Public Programmes B.V., Invest International Capital B.V. and Invest International Development B.V.

Dutch State

The Dutch State holds 51% of Invest International's share capital in A shares and 100% of B shares. Refer to note 12 Equity (see page 110) for more information on share capital and share premium paid in the reporting period.

Invest International provides managing services in relation to government funds and programmes. Invest International received in the reporting period for managing these funds and programmes on behalf of the Dutch State €20.5 million fees, of which €1.2 million is the deferred income at year-end 2022 and presented under 9 Other liabilities and accruals (see page 109).

Start-up grant

Invest International receives government funds for reimbursements of certain specific start-up costs. A total amount of €2.6 million is accounted for as grant. The funds are the remaining part of the designated start-up budget for starting up amongst others Invest International. These designated funds are funded by the Ministries of Finance, BHOS and EZK and subject to terms and conditions fur which we refer to note 17 Administrative expenses (see page 114).

FMO

FMO, a public limited company with 51% of shares held by the Dutch State, holds 49% of Invest International's share capital in A shares. Refer to note 12 Equity (see page 110) for more information on share capital and share premium paid in the reporting period.

FMO provided certain administrative services to Invest International with respect to the loan portfolio and the funds for which Invest International paid €55,000 on service fees. At inception, FMO transferred a loan portfolio of €15.9 million to Invest International.

FMO provided a USD deposit for Invest International to hedge the USD risk. Refer to note 10 Borrowings (see page 109) for more information.

Group companies of Invest International

Invest International provides its group companies with staff support and facilities at cost. All intra-group transactions are accounted for through the current account with group companies. Furthermore Invest International paid share capital to the group companies and share premium to Invest International Capital B.V. Refer to company financial statements for more information on the transactions during the reporting period.

Remuneration of the Management Board

The Management Board's remuneration is as follows:

in euro	Base salary	Post-employment benefits	Other short-term employee benefits	Total 2022
H.J.M. Oorthuizen	218,609	30,705	15,498	264,812
V.E. Hart	194,573	27,550	3,498	225,621
Total	**413,182**	**58,255**	**18,996**	**490,433**

in euro	Base salary	Post-employment benefits	Other short-term employee benefits	Total 2021
H.J.M. Oorthuizen	92,473	12,932	7,872	113,277
V.E. Hart	81,005	11,535	4,530	97,070
Total	**173,478**	**24,467**	**12,402**	**210,347**

The members of the Management Board have no loans related to the company.

Remuneration of the Supervisory Board

The Supervisory Board's remuneration is as follows:

in euro	2022	2021
Chair	37,569	16,023
Other SB-members	74,042	11,043
Total	**111,611**	**27,066**

24. Risk management

As explained in the chapter Risk and Opportunity Management, risk management is a critical function at Invest International. In our Risk Management Framework, several types of risks are identified. We identify three main types of risk, each with several subcategories. The three main risk types are: (i) financial risk, (ii) business risk, and (iii) non-financial risk. For the risk appetite we have established on each type of risk please refer to the Risk Appetite Framework, included in the Risk and Opportunity Management chapter. This chapter also defines each type of risk in more detail.

Financial risk

Investment risk

Counterparty credit risk

The risk of losses for earnings and capital or expected impact resulting from potential risk that a borrower or a counterparty will fail to meet its obligations in accordance with agreed terms.

The on-balance lending portfolio uses former FMO systems to generate credit ratings (F-ratings and RAROC). At year-end 2022, the lending portfolio has also been assessed in terms of Probability of Default (PD) and Loss Given Default (LGD) using based Moody's Risk Calc system.

For each loan within our portfolio, a credit rating is calculated. These are subsequently mapped in line with the Moody's Rating Scale. For several projects, an export credit agency (ECA) cover is applicable, as provided by Atradius Dutch State Business N.V., acting on behalf of the Dutch State.

in €1,000	Outstanding amounts	of which ECA covered
Not rated	4,262	100%
Baa3 or higher	23,472	95%
Ba3 or higher	22,900	0%
B3 or higher	35,570	38%
Caa2 or higher	8,726	98%
Total balance at 31 December 2022	**94,930**	

Concentration risk

The risk that additional credit losses are realized due to the exposure of outstanding credit to a common driver. Examples of common drivers are the economic expansion in a country or growth in a specific sector.

Due to the size of the on-balance lending portfolio, there is obviously some concentration risk, but the exposures remain well within the limits set in the Risk Appetite Framework. Additionally, the ECA cover for a large part of the loan portfolio provides additional comfort for this risk.

in € 1,000	2022
Financial institutions	34,225
Energy	4,013
Agribusiness	24,165
Infrastructure, manufacturing and services	32,526
Total balance at 31 December 2022	**94,930**

Concentration risk

The top-3 countries in terms of outstanding exposure per year-end 2022, whereby 'country' is related to the country where the actual projects take place (not necessarily where the borrower's headquarter is located), are the following:

1. United Kingdom – €23.8 million
2. Nigeria – €18.7 million
3. Uzbekistan – €15.4 million

When aggregating the on-balance lending portfolio on continent level, the following breakdown can be made. Note that this is based on the country where the borrower's headquarter is located.

in € 1,000	2022
Africa	35,004
Asia	15,279
Europe & Central Asia	44,646
Total balance at 31 December 2022	**94,930**

Market risk

Equity risk

The fair value of an equity investment decreases, and/or our stake cannot be sold for a reasonable price in a sufficiently liquid market.

In 2022, Invest International's Management Team approved an Equity Policy as well as Equity Criteria, with an initial cap of €75 million of the €833 million available to Invest International Capital B.V. As per 31 December 2022 €15 million has been committed for an investment into an equity fund, of which €2 million was disbursed.

Due to the relatively limited equity portfolio, the exposure remain well within the limits set in the Risk Appetite Framework.

Foreign currency risk

The risk of potential loss due to adverse movements in the foreign exchange rate.

Invest International has capital funding in euro, whilst some loans have been provided to clients in US dollar. In the last quarter of 2022, an agreement with FMO and the Ministry of Finance was reached on hedging Invest International's foreign currency (FX) risk. FMO has agreed to lend Invest International up to $50 million to hedge the FX exposure, with a final maturity date of December 2024. In December 2022, the existing open USD position of Invest International was closed by transferring a $21.8 million deposit from FMO.

Next to this, the Management Team and Supervisory Board approved a €40 million limit for FX exposure related to USD lending, which will remain available (without proactive promotion to the market by Invest International) to accommodate USD transactions (valid until 29 September 2023). Per 31 December 2022, this limit was not used.

Per year-end 2022, the available room for new USD exposure was $66 million, composed of the remaining $28.2 million with FMO, plus the €40 million maximum agreed exposure (based on the exchange rate at that moment).

Sensitivity to foreign currency movements

Due to active USD asset and liability management, made possible by the FMO USD borrowings before year-end, the USD FX position was 99% matched. The sensitivity due to USD exchange rate fluctuations on the result of financial transactions is limited at year-end due to the small mismatch. A 10% variance of the USD FX-rate would lead to less than €5,000 variance on the result of financial transactions.

in €1,000	Sensitivity of P&L-account
USD value decrease of 10%	-5
USD value increase of 10%	4

Interest rate risk

The risk of losses to earnings and capital arising from adverse movements in interest rates.

Within the on-balance lending portfolio there is a mixture of floating rate loans and fixed rate loans. The funding source of these loans is the capital, which is provided by the Dutch State without (additional) funding costs. Invest International had no treasury department nor a treasury policy per year-end 2022 and is therefore not applying hedge accounting. Invest International is in the process of drafting a treasury policy.

Invest International's Management Team has approved a policy on fixed interest rates. This policy states that, in line with market practices, the actual rate to the client for long term fixed rate drawdowns consists of the EUR IRS swap rate level plus margin. One portfolio loan (of €8.9 million with a 98% ECA cover), as signed in May 2021 by FMO and subsequently transferred to Invest International on 1 October 2021, does not charge the EUR IRS swap rate for 12 years applicable at that time (3.2%), but only the 1.5% per year-end 2022. At the time of signing of the contract the long term EUR interest rates were around zero. No hedging was put in place. The income on the upcoming drawdowns (within the 3-year availability period) under this loan will be priced at 1.5% instead of around 4.7% (IRS level plus margin) and therefore will be below current market levels.

Sensitivity to interest rate movements:
The largest part of the Invest International portfolio is based on floating interest (EURIBOR + margin). For the floating interest portfolio, the impact on the interest income will be positive if the interest rate increases and negative if the interest rate decreases.

Once the market interest rate increases with 1%, the interest income of the floating interest loans will increase with approximately €0.8 million and once the market interest rate decreases by 1%, the portfolio interest income will decrease with approximately €0.8 million based on the balance per year-end 2022.

in €1,000	Sensitivity of P&L-account
Interest rate decrease of 1%	-830
Interest rate increase of 1%	830

Liquidity risk

The risk of Invest International not being able to fulfil its financial obligations due to insufficient availability of liquidity.

Invest International has no access to external funding lines or overdraft facilities. No co-mingling of funds is allowed between the four legal entities of the Invest International Group. As such the liquidity needs to be planned carefully. The overall cash position of Invest International as group consolidated amounts to €133.1 million of which €1.2 million in USD as per 31 December 2022.

The table below provides insight into the maturities of the items in the consolidated statement of financial position based on contract terms. Expected cash flows resulting from irrevocable commitments have not been included in this table; these cash flows are taken into account in the cash flow projections for internal liquidity planning and management purposes.

/ Other notes to the consolidated financial statements

in € 1,000	< 3 months	3-12 months	1-5 years	> 5 years	Total
Assets					
Cash and cash equivalents	112,567	20,491	-	-	133,058
Other receivables	2,786	-	-	-	2,786
Financial instruments at amortised cost	14,010	5,937	49,644	24,451	94,042
Financial instruments at fair value through profit or loss	-	-	-	1,745	1,745
Property, plant and equipment	-	-	607	931	1,538
Right-of-use assets	97	292	1,528	1,523	3,440
Total assets	**129,461**	**26,720**	**51,779**	**28,650**	**236,610**
Liabilities					
Other liabilities and accruals	7,607	-	0.2	-	7,607
Borrowings	-	20,471	-	-	20,471
Lease liabilities	73	326	1,567	1,739	3,705
Provisions	-	-	-	598	598
Total liabilities	**7,680**	**20,797**	**1,567**	**2,337**	**32,381**
Liquidity position	**121,781**	**5,923**	**50,212**	**26,313**	**204,229**

Business risk

Reputation risk

The risk that Invest International's position and standing will deteriorate due to a negative perception of its image amongst stakeholders.

Invest International is not aware of incidents or negative media attention that can negatively impact the reputational risk. Invest International is in the process of developing an Independent Complaints Mechanism and a "Bezwaar Procedure". As we do not yet have a formal policy on this topic, we handle complaints where possible under the existing procedures of FMO and RVO. Tracking of reputational risk is to be further developed. In 2021-2022 21 incidents were registered, but these were operational risks with limited (if any) material impact and these are resolved.

Sustainability risk / ESG risk

The risk that Invest International's business model, returns, impact or market position will be influenced negatively by factors related to ecology and social transitions.

Invest International uses an Impact-ESG Information Management System (IMS) to track and monitor the Impact-ESG risks. Not all projects are entered in a system yet and the IESG Team is revising the risk category definitions. We are performing a needs and requirements assessment for further implementation the an Impact-ESG IMS.

No Impact-ESG issues have been identified. The IESG Team finalised the IESG Policy which was approved by the Management Team. Invest International applies Environmental and Social (E&S) risk categorisation when assessing potential investments. We adopted a 3-tier framework for E&S risk categorisation (e.g., A - High Risk, B - Medium Risk and C - Low Risk) for direct investments. This categorisation is mainly based on the IFC E&S categorisation and OECD Common Approaches.

Regulatory risk

The risk that a future change in regulations will impact the viability of the business strategy of Invest International.

Invest International is not regulated by a regulatory agency but is internally and externally audited, and specific audits can be requested by the Dutch State for specific funds. The most significant regulatory change for the foreseeable future is the Corporate Sustainability Reporting Directive (CSRD). CSRD, which was passed in 2022 by the European Parliament, introduces more detailed reporting requirements in line with EU sustainability standards. It becomes effective for the first time in 2024.

Business model risk

The risk of a non-viable business model or strategy in view of impact objectives or financial objectives.

- Impact objectives: the risk that the activities of Invest International are perceived to be no longer relevant for economic and social development in developing countries, potentially leading to loss of credibility with the Dutch government, other donors and Impact Investors that support our programs. A negative perception can come from a difference between expectations and achievements that can be material or perceived and can vary between stakeholders.

- Financial objectives: the risk that the financial business model of Invest International is no longer financially viable, due to wavering financial gross returns (reflecting lower additionality), increased risks/losses and/or insufficient (or unclarity about) the strength of the business model of our mobilizing operations (blending and commercial mobilization).

Political risk

To some extent this risk is linked to the reputational risk, but on its own this can relate to the risk local political incidents or unrest in the countries we have ongoing projects. This risk is inherently linked to the high(er) risk profile of countries where we provide funding or other support.

Non-financial risk

COVID

COVID had an impact in 2021/2022, both internally and externally. The lockdowns prevented our staff from coming to the office, and some of our employees were infected by the virus. Externally, several projects were adversely impacted by the effects of COVID. This has been monitored accordingly.

Start up related risks

As a recently established group of companies Invest International is likely to experience increased non-financial risk. This is due to unfamiliarity with the business, new procedures, and guidelines, and because of the large number of staff that have recently joined Invest International, either as regular staff or as self-employed persons. Considering the circumstances Invest International's non-financial risk seem to be under control. The Business Plan has been set and communicated to all staff with a focus on the set KPI's.

The role of our internal auditor, PwC, will help challenge our existing procedures and guidelines and will strengthen them further.

Organisational risk / Operational risk

Invest International strives to create risk awareness among employees and make sure that identified risks remain under control.

Training

Invest International organises mandatory training for all staff, which must be completed within two months of joining (as of 2023: one month): Wwft Awareness, Cyber Security Awareness, and GDPR Awareness.

Staff and employee's integrity

Invest International has engaged an external party to conduct the employment screenings for its employees. The screening consists of three categories: Pre-employment screening, In-employment screening, and screening for self-employed persons.

All employees of Invest International are required to report all their private investments in shares or bonds of individual companies or countries, to prevent any potential integrity risks regarding personal conflicts of interest or the use of inside information.

Ancillary activities may not be an impediment to the proper execution of an employee's function or task for Invest International, nor may lead to conflicts of interest or to reputational damage for Invest International in general. For this reason, all ancillary activities are subject to approval.

Invest International has adopted a mandatory oath for all staff. This oath combines elements from the Banker's oath (that FMO uses) and the 'ambtenaren eed of belofte' that is used in RVO. The oath was signed by nearly all employees per 31 December 2022.

Confidential Counsellors are available, both external and internal.

Privacy

Invest International takes necessary steps towards a solid and secure privacy implementation. An external company supported us with a Data Protection Officer and a Privacy Officer. They assisted Invest International with designing and implementing a set of privacy related policies and documents. As of September 2022, an internal Privacy Officer was officially appointed after obtaining the required certification, after which there was no more need for an external Privacy Officer.

Cyber security / ICT Risk

The risk that business processes and information systems are supported by information technology whereby protection is insufficiently sound, discontinuous, or unsatisfactory.

In 2022 we set up our primary systems and responded to numerous challenges and opportunities in security. We focused on cybersecurity awareness, trustworthy and protected access and systems through architecture, contracting, pentest and auditing. We started to map out our service and solution architecture alongside process maps to ensure better systems integration. Going forward excellence in change management will play a key role alongside these to strengthen our commitment to business objectives. There were some phishing attempts to Invest International e-mail addresses after which the senders were blacklisted. There were also several phishing attempts on private WhatsApp and mail accounts, on which we reacted towards the individual owners and made a general communication on how to act. Invest International has contracted Fox IT for monitoring. As of the first quarter of 2023, all endpoints are being made ready for monitoring. At our request PwC started a cybersecurity audit. There were no findings with a material impact on (the risk profile of) Invest International. All findings were followed-up and have been resolved.

Know Your Customer (KYC) risks

Invest International has a KYC Procedure, which has been approved by the Management Board and the Supervisory Board. The procedure includes processes and role divisions in accordance with the Three Lines of Defence Model. All files are periodically reviewed, based on the risk profile of the file. Throughout 2022, several live training sessions took place. A KYC remediation project was done on the former RVO programmes that were transferred to Invest International on 1 October 2021.

The first line KYC team is a team that supports Investment Managers in their KYC reviews and performs quality checks on the KYC files. As per 31 December 2022, the team consists of the KYC Manager and a Quality Checker.

Contractual Risk (transactions)

The Legal team has not encountered any specific contractual risks in the contractual documentation for the transactions done during reporting period. The Legal team liaises with, amongst others, Risk, and the front office to mitigate these risks. Risks of violating legal obligations (state aid risk) is a risk that has special attention of the Legal team. This topic has been extensively discussed with the Supervisory Board, experts from the Ministries, and the external legal counsel.

Disputes and Litigation

Per year-end 2022, Invest International was not in any litigation as claimant or defendant.

Tax risks

Invest International pays its taxes when and where they are due. As we only consist of Dutch legal entities, and given our tax policy, tax risks are deemed to be low.

Company statement of financial position

At year-end 31 December, before profit appropriation

in €1,000	Note[1]	2022
Non-current assets		
Tangible fixed assets		
Property, plant and equipment	2	1,538
Right-of-use assets	3	3,426
Total tangible fixed assets		**4,964**
Financial fixed assets		
Investments in group companies	4	194,928
Current assets		
Receivables		
Other receivables	5	2,980
Liquid assets		
Cash	6	8,486
Total assets		**211,358**

in €1,000	Note[1]	2022
Equity		
Issued share capital		1
Share premium		209,162
Result for the period		-4,934
Total equity	8	**204,229**
Non-current liabilities		
Lease liabilities	3	3,690
Current liabilities		
Other liabilities and accruals	7	3,439
Total liabilities		**7,129**
Total liabilities and equity		**211,358**

1 The notes next to the items relate to the notes to the company financial statements.

Company statement of profit or loss

For the period ended 31 December

in €1,000	Note	27 July 2021 - 31 December 2022
Other result		138
Results of group companies after tax		-5,072
Net profit / (loss)		**-4,934**

Company statement of changes in equity

in €1,000	Note	Issued share capital	Share premium reserve	Result for the period	Total equity
As at 27 July 2021		-	-	-	**-**
Net income / (loss) recognised in the income statement		-	-	-4,934	**-4,934**
Total comprehensive income/ (loss)		**-**	**-**	**-4,934**	**-4,934**
Capital contribution		1	209,162	-	**209,163**
As at 31 December 2022		**1**	**209,162**	**-4,934**	**204,229**

Notes to the company financial statements

1. General information

The company financial statements of Invest International should be read in conjunction with the consolidated financial statements including the risk management section and the notes to the consolidated financial statements.

1.1. Accounting policies for the company financial statements

The company financial statements of Invest International have been prepared in accordance with accounting principles in the Netherlands as embodied in Part 9 of Book 2 of the Netherlands Civil Code. In accordance with article 362.8, Book 2, of the Netherlands Civil Code, the company financial statements are prepared in accordance with the same principles as those applied in the consolidated financial statements of Invest International.

The first financial year is an extended financial year, starting on the incorporation date, 27 July 2021, and ending on 31 December 2022.

1.2. Functional and reporting currency

The company financial statements are denominated in euro. This is also the functional and reporting currency of Invest International. All amounts are rounded to the nearest €1,000 unless otherwise stated. The consequence is that rounded amounts may not add up to the rounded total in all cases.

1.3. Investments in group companies

The group companies are stated at their net asset value, determined on the basis of IFRS-EU as applied in the consolidated financial statements of the Group. For details on the accounting policies applied for the group companies refer to the notes of the consolidated financial statements.

1.4. Result of group companies

The result of group companies are the results after tax. The operational costs incurred by Invest International are recharged to the group companies.

2. Property, plant and equipment

Refer to note 6 Property, plant and equipment (see page 108) of the consolidated financial statements.

3. Right-of-use assets and lease liabilities

in €1,000	Offices	Vehicles	Total right-of-use assets	Lease liabilities
Opening balance at 27 July 2021	-	-	-	-
Additions	3,788	47	3,836	3,836
Depreciation	-403	-6	-410	-
Payments	-	-	-	-145
Balance at 31 December 2022	**3,385**	**41**	**3,426**	**3,690**

in €1,000	< 1 year	1-5 years	>5 years	Total
Offices	372	1,490	1,523	3,385
Vehicles	9	32	-	41
Total	**382**	**1,521**	**1,523**	**3,426**

Refer to note 7 Right-of-use assets and lease liabilities (see page 108) of the consolidated financial statements for more information.

4. Investments in group companies

in €1,000	2022
At 27 July 2021	-
Capital contributions	-
Paid-in share premium	200,000
Net income / (loss) for the financial year	-5,072
Balance at December 31	**194,928**

Invest International has 100% of the shares of:

- Invest International Public Programmes B.V.
- Invest International Capital B.V.
- Invest International Development B.V.

Each group company received a capital contribution of €100 on 28 July 2021. Invest International Capital B.V. received share premium of €200 million in the financial reporting period.

5. Other receivables

in €1,000	2022
Taxes and social premiums receivable	732
Prepaid expenses	743
Current account with group companies	1,481
Balance at December 31	**2,980**

Invest International has a current account with each group company. The outstanding positions are monitored periodically. If the outstanding positions are approaching the maximum positions that have been set, then the outstanding position will be settled. As at year-end 2022 there were no breaches.

6. Cash

in €1,000	2022
Banks	8,486
Balance at December 31	**8,486**

This account comprises the current account with banks. These can be freely disposed of.

7. Other liabilities and accruals

in €1,000	2022
Personnel payables	115
Taxes and social premiums payable	360
Payments to third parties	2,231
Accrued expenses	691
Other liabilities	42
Balance at 31 December 2022	**3,439**

The other liabilities and accruals predominantly have a term of less than one year, except for €42,000.

8. Equity

in €1,000	2022
Share capital	1
Share premium	209,162
Net income / (loss)	-4,934
Balance at 31 December 2022	**204,229**

Refer to note 12 Equity (see page 110) of the consolidated financial statements for more information on share capital and share premium.

9. Employees

The number of FTEs amounted to 37 at 31 December 2022. All FTEs are employed in the Netherlands.

10. Auditors' fees

The auditors' fees are explained in note 17 Administrative expenses (see page 114) of the consolidated financial statements.

11. Tax

All the group entities are independently liable for corporate income tax. Invest International B.V. is the head of the VAT group. VAT is recognised for the part that the company would owe if it were an independent taxpayer, with due regard for the allocation of the benefits entailed by the tax group. The settlement within the tax group between the company and its subsidiaries takes place via current account relationships.

12. Related-party transactions

Invest International provides its group companies with staff support and facilities at cost. All intra-group transactions are accounted for through the current account with group companies. In the reporting period Invest International recharged €10.0 million to the group companies.

Refer to the consolidated financial statements for more information on the transactions during the reporting period with other identified related parties in note 23 Related-party transactions (see page 117).

13. Proposal for appropriation of the net result

A proposal will be put to the general meeting of shareholders to allocate the loss for the financial year of €4.9 million to the other reserves / retained earnings. This proposal has not yet been incorporated in the financial statements.

14. Subsequent events

There are no post reporting date events and expectations that have not already been taken into account in the director's report or the company financial statements.

Signing

The Hague, 31 May 2023

Management Board
H.J.M. Oorthuizen
V.E. Hart

Supervisory Board
I. Bussemaker (Chair)
G.A.J. Dubbeld
J.J. Banga
S. Rabbani
G.J. Salden

Statutory Provisions Regarding Profit Appropriation

Appropriation of profit will be determined in accordance with article 32 of the Articles of Association of Invest International B.V. The relevant provisions are as follows:

1. The profit as defined by the adoption of the financial statements, is at the disposal of the General Meeting. Distribution of profit or distribution from the reserves will take place, taking into account the policy on reserves and profit distribution as described in article 31.3.
2. The General Meeting will decide on the appropriation of the profit and the way a deficit is processed, on the proposal of the Management Board and after the approval by the Supervisory Board.
3. The company can only make distributions to the shareholders entitled to the profits available for distribution insofar as its equity exceeds the amount of the issued capital plus the reserves that must be maintained by law.

Distribution from profit or the reserves

Article 31.3 The company will draw up a policy on reserves and profit distributions. The policy will be adopted by the general meeting on the proposal of the Management Board and after approval by the Supervisory Board.

Expectations are that no profits will be realized in the coming years.

Independent Auditor's Report

To: the shareholders and supervisory board of Invest International B.V.

Report on the audit of the financial statements for the year ended 31 December 2022 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2022 (the period from 27 July 2021 to 31 December 2022) of Invest International B.V. based in The Hague.

The financial statements comprise the consolidated and company financial statements.

In our opinion:
- the accompanying consolidated financial statements give a true and fair view of the financial position of Invest International B.V. as at 31 December 2022 and of its result and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Invest International B.V. as at 31 December 2022 and of its result for the financial year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2022
- the following statements for the financial year then ended: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
- the company statement of financial position as at 31 December 2022
- the company statement of profit or loss for the financial year then ended
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Invest International B.V. (the company) in accordance with the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section "Risk and opportunity management" of the management report for management's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2.4. Significant estimates, assumptions and judgements to the financial statements, including determination of the expected credit losses (ECL) allowance for the loans and loans commitments and determination of the ECL stage. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

Additionally, in order to respond to the identified risks of management override of controls, we specifically performed journal entity testing and evaluated accounting estimates for management bias and evaluated significant extraordinary transactions.

We did not identify a risk of fraud in revenue recognition.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources, and the supervisory board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with management, reading minutes, inspection of internal audit and compliance reports, legal opinions and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have inquired the in-house legal counsel and have inspected legal expenses to confirm the lack of any external lawyers being engaged for litigation, and we have been informed by management that there was no ongoing litigation or pending claims. We also have been informed by management that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in Note 2.1. Basis of presentation to the financial statements and in section 'In-control statement' of the management report, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism.

We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

Based on our procedures performed, we did not identify material uncertainties about going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 31 May 2023

Ernst & Young Accountants LLP

Signed by R.A.J.H. Vossen

Appendices

How we Report

This first Annual Report of Invest International was prepared using the principles of the Integrated Reporting Framework developed by the IIRC (International Integrated Reporting Council) and with reference to the GRI Standards 2021. We tried to be as transparent as possible on our strategy and the way we create value and make impact. Considering our short existence and the fact that this is the first Annual Report of Invest International, we will further develop our transparency and reporting quality in the coming years.

Standards, reporting guidelines and transparency

As a State participation, Invest International is expected to report in line with the following guidelines:

- Transparency Benchmark: Every two years, the Ministry of Economic Affairs and Climate Policy assesses the transparency of reporting. State participations are automatically included in this benchmark. The outcomes of the benchmark will provide us with useful feedback to improve our reporting.
- GRI Standards: Our first annual report includes a GRI content index that shows how we reported with reference to the GRI Standards 2021, the international sustainability reporting standards developed by the Global Reporting Initiative.

This integrated annual report is compiled using the principles of the Integrated Reporting Framework developed by the IIRC (International Integrated Reporting Council).

Since this is Invest International's first annual report after the establishment in July 2021, our reporting does not yet meet the guidelines set on all points. Our future ambition is to report as transparently as possible on materiality, value creation, strategy, impact and the dilemmas we face. We are also preparing to meet the CSRD requirements.

In the overview of our committed portfolio, reference is made to 'Other & multiple sectors' and 'Multiple regions'. With regard to 'other', this indicates impact is created in a sector other than one of our focus sectors. With regard to 'multiple', this indicates that a project is broader and impacts more than one sector and/or geographical region.

Value creation and impact

This integrated annual report includes our value creation model, showing how we use the available resources (input) to create value for our stakeholders (output) and how we contribute to the Dutch economy and to the SDGs (impact). Invest International is only at the beginning of reporting on impact objectives and KPIs. Our impact reporting and KPI framework will be further developed in in the coming years.

How we measure impact

To determine the outcomes of our investments and make good decisions regarding future investments, impact measurement is essential. In this chapter we explain which data, models and methodologies we use to measure our impact.

Direct Jobs supported

For measuring direct jobs supported, we rely on client data and provide data quality assurance.

Indirect Jobs Supported

For measuring indirect jobs supported, we rely on client data where it is readily available and where reasonable data quality can be assured. Insofar that such information is not available, indirect jobs supported are modelled using the Joint Impact Model (JIM). JIM uses economic input-output model which estimates the indirect jobs effect throughout the value chain of investments made. Read more in the JIM Methodology Paper. Climax consultants facilitate and support Invest International in measuring indirect jobs supported.

Financed Emissions

For measuring financed emissions we use the Joint Impact Model (JIM). The JIM measures GHG footprint effects of investments, amongst others. The model uses macroeconomic and greenhouse gas emission databases, giving fair estimations, based on historic averages, of the impact of investments on the economy and GHG emissions levels of a country. The key reference point is the GHG Protocol. JIM helps to report on GHG emissions according to the standards set by the Platform Carbon Accounting Financials (PCAF). Read more about the JIM methodology. For 2022, Steward Redqueen consultants facilitated the process of determining the baseline financed emissions for Invest International.

Avoided Emissions

For measuring 'scope 4' emissions we follow the methodology outlined by the GHG Protocol on avoided emissions. The full methodology is described in the paper Estimating and Reporting the Comparative Emissions Impacts of Products. For a definition of scope 4 emissions see Glossary (see page 148).

Operational GHG Footprint

Our operational GHG footprint consists among others of purchased energy, procurement, business trips, and employee commute and are measured according to the standards set by the Platform Carbon Accounting Financials (PCAF).
For measuring our operational GHG footprint we deploy AI-assisted machine reading technology to analyse our invoices. Based on this analysis GHG emissions estimates can be calculated. Climax consultants facilitate and support Invest International in measuring its operational GHG footprint. Read more about Climax Carbon Accounting Solutions.

Green Label

For measuring our green label committed portfolio estimates are based on Atradius Dutch State Business (ADSB) Green Label Framework and we follow the ADSB Green Label Methodology. The methodology considers transactions ‘Green’ when the following can be substantially established:

1. Reducing the rate of climate change (climate mitigation)
2. Adapting to the effects of climate change (climate adaptation)
3. Reduction of other ecological footprint including those activities that do not directly aim at mitigating or adapting to climate change, but that have a positive impact on the environment and go beyond local legal requirements.

More information about ADSB Green Label.

Dutch GDP

For estimating our economic impact in the Netherlands we use the input-output (I/O) economic model. The model uses macroeconomic databases, that provide fair estimations, based on historic and statistical averages, of the impact of investments on the economy. In our case, the National Accounts of Statistics Netherlands (CBS) was used. In addition, verified client data is used as input for calculating the effect. The results are expressed and estimated in four types of effect:

1. Direct: The direct effect is impact at the client company/project. For this purpose, direct effect does not concern the economic impact in the country where the project is being carried out, but only the impact in the Netherlands.
2. Indirect: This is typically impact at the client company/project's suppliers and their suppliers. The direct effect realises additional effect in the economy by creating a 'snowball effect'.
3. Induced: Induced effect is the value stemming from household spending of labour Income, after the removal of taxes, savings, and commuter income. The induced effect is generated by employees spending within the business' supply chain.
4. Forward: Forward effect relates to activities made possible in the Netherlands by the implementation of the foreign project supported by Invest International. In most cases, forward effect is not easily quantifiable.

Ecorys consultants facilitate and support Invest International in measuring Dutch GDP contribution.

Number of smallholders supported

For measuring direct jobs supported, we rely on client data and provide data quality assurance.

Number of users that have access to healthcare services and infrastructure

For measuring direct jobs supported, we rely on client data and provide data quality assurance.

Number of users that have access to affordable and good quality water and sanitation

For measuring direct jobs supported, we rely on client data and provide data quality assurance.

Number of users that have access to energy (including renewable energy)

For measuring direct jobs supported, we rely on client data and provide data quality assurance.

Number of users of public infrastructure projects in terms of feeder roads, bridges, flood risk and coastal projection.

For measuring direct jobs supported, we rely on client data and provide data quality assurance.

External assurance

The non-financial information in this annual report has not been verified by the external auditor. It is our ambition that, in future, an external auditor will issue a full or limited assurance statement covering the sustainability information in our annual report.

External Commitments and Industry Memberships

Our impact is not only about our investments. We are committed to do business in a responsible and sustainable way, guided by a number of global standards and guidelines. In addition, some of our senior management members participate in committees and boards form an impact advocacy perspective.

External Commitments and Industry Memberships		
IFC Performance Standards	Adopter	IFC Performance Standards provide guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities. Potential clients (other than start-ups and SMEs) seeking Invest International's financing are required to sign a best-efforts statement to observe the IFC Performance Standards.
UN Guiding Principles on Business and Human Rights	Adopter	As part of our due diligence procedure, we require clients to respect human rights, avoid infringement on the human rights of others, and address adverse human rights risks caused by their business activities.
OECD Guidelines for Multinational companies	Adopter	OECD Guidelines for Multinational companies provide the principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. Potential start-up and SME clients seeking Invest International's financing are required to sign a best-efforts statement to observe the OECD Guidelines, implying that they commit to applying the OECD Guidelines to the best of their abilities.
International Labour Organisation	Adopter	We strive to ensure that all our clients comply with the ILO fundamental principles and rights at work.
Partnership for Carbon Accounting Financials	Adopter	We are an adopter of PCAF, an industry led global partnership to develop and implement a harmonised approach to assess and disclose financed GHG emissions of loans/investments.

External Commitments and Industry Memberships		
Circular Economy IFI Exchange Network	Participant	We are part of a network of International Finance Institutions and Private Banks that discuss the opportunities, bottlenecks and best practices in financing circular projects.
United Nations Sustainable Development Goals	Contributor	We support all 17 SDGs and provide meaningful contributions to many of them through impactful projects. For our portfolio, we focus our impact measurement and reporting on SDG 8 (Decent work and economic growth) and SDG 13 (Climate action). In line with our core 5 sectors, we aim to contribute to SDG 2 (Zero hunger), SDG 3 (Good health and well-being), SDG 6 (Clean water and sanitation, SDG 7 (Affordable and clean energy) SDG 9 (Industry, innovation and infrastructure) and SDG 12 (Responsible consumption and production). We apply SDG 5 (Gender equality) as a cross-cutting theme. Contribution to other SDGs are measured according to the specific project characteristics.
Netherlands Advisory Board on Impact Investing	Participant	Invest International's Director Business Development, Strategy & Impact participates in the Netherlands Advisory Board on Impact Investing. The NAB is focused on scaling up investments in impact and increasing cooperation in the Dutch impact investing sector.
National Committee for Export, Import and Investment Guarantees	Member	Our CEO Joost Oorthuizen is one of the 26 members of the National Committee for Export, Import and Investment Guarantees (Rijkscommissie voor Export, Import en Investeringsgaranties). The Committee meets twice a year and discusses (inter)national developments and issues in the field of export credit insurance and financing and investment insurance.

GRI Content Index

Statement of use

Invest International has reported with reference to the GRI universal standards for the period starting July 1, 2021 and ending December 31, 2022.

GRI 1 used

GRI 1: Foundation 2021.

No applicable GRI sector standards.

GRI Standard	Disclosure		Page reference
General disclosures			
GRI 2: General disclosures 2021	2-1	Organisational details	Notes to the consolidated financial statements (see page 92)
	2-2	Entities included in the organisation's sustainability reporting	Notes to the consolidated financial statements (see page 92) About this Report (see page 3)
	2-3	Reporting period, frequency and contact point	Notes to the consolidated financial statements (see page 92) Contact point (back cover)
	2-4	Restatements of information	Not applicable
	2-5	External assurance	How we report (see page 142)
	2-6	Activities, value chain and other business relationships	Profile (see page 5) How we add value (see page 16) Our stakeholders (see page 22)
	2-7	Employees	Our People and Organisation (see page 45)
	2-8	Workers who are not employees	Our People and Organisation (see page 45)

/ GRI Content Index

GRI Standard	Disclosure		Page reference
GRI 2: General disclosures 2021	2-9	Governance structure and composition	Corporate Governance (see page 66)
	2-10	Nomination and selection of the highest governance body	Corporate Governance (see page 68)
	2-11	Chair of the highest governance body	Interview with the Management Board (see page 12) Management Board biographies (see page 71)
	2-12	Role of the highest governance body in overseeing the management of impacts	How impact and ESG are managed (see page 43)
	2-13	Delegation of responsibility for managing impacts	How impact and ESG are managed (see page 43)
	2-14	Role of the highest governance body in sustainability reporting	How impact and ESG are managed (see page 43)
	2-15	Conflicts of interest	Independence and conflicts of interest (see page 69) Report of the Supervisory Board (see page 79)
	2-16	Communication of critical concerns	Dilemmas and critical concerns (see page 21)
	2-17	Collective knowledge of the highest governance body	Report of the Supervisory Board (see page 79)
	2-18	Evaluation of the performance of the highest governance body	Report of the Supervisory Board (see page 79)
	2-19	Remuneration policies	Remuneration Report (see page 81)
	2-20	Process to determine remuneration	Remuneration Report (see page 81)
	2-21	Annual total compensation ratio	Remuneration Report (see page 82)
	2-22	Statement on sustainable development strategy	Our Impact and ESG Policy (see page 38) Our Strategy (see page 25)
	2-23	Policy commitments	Our Impact and ESG Policy (see page 39) External Commitments and Industry Memberships (see page 143)

/ GRI Content Index

GRI Standard	Disclosure		Page reference
GRI 2: General disclosures 2021	2-24	Embedding policy commitments	Our Impact and ESG Policy (see page 38) Risk and Opportunity Management (see page 57)
	2-25	Processes to remediate negative impacts	Our People and Organisation (see page 46) Risk Management - Business Risk (see page 119)
	2-26	Mechanisms for seeking advice and raising concerns	Our People and Organisation (see page 46)
	2-27	Compliance with laws and regulations	Corporate Governance (see page 66)
	2-28	Membership associations	External Commitments and Industry Memberships (see page 143)
	2-29	Approach to stakeholder engagement	Engaging with our stakeholders (see page 23) Our People and Organisation (see page 45)
	2-30	Collective bargaining agreements	Remuneration policy for employees (see page 81)

Glossary and Abbreviations

Glossary

Core capital
Invest International's own capital provided by the Ministry of Finance.

Impact investor
An investor who invests with the intention to generate positive, measurable social and environmental impact alongside a financial return.

Input-output model
An economic model covering direct, indirect, induced and forward effects

Invest International Personal Oath
An oath that each employee needs to swear to. It combines elements from the Banker's oath (that FMO uses) and the 'ambtenaren eed of belofte' that is used in RVO.

NL Business
A former unit of FMO that offered financial solutions for Dutch enterprises.

Paris Agreement
A legally binding international treaty to tackle climate change and its negative impacts, adopted by world leaders in 2015 at the UN Climate Change Conference (COP21) in Paris.

Scale-up
A company that has grown 20% or more in employees or turnover in the last three years and has a mature, established and profitable product or service.

Scale-up Import Finance
A new working capital financing solution for growing scale-up companies.

Scope 1 emissions
Scope 1 emissions as defined in the GHG Protocol are direct emissions from owned or controlled sources.

Scope 2 emissions
Scope 2 emissions as defined in the GHG Protocol are indirect emissions from the generation of purchased energy.

Scope 3 emissions
Scope 3 emissions as defined in the GHG Protocol are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Scope 4 emissions
Scope 4 emissions, a relatively new concept within Carbon Accounting, as defined in the GHG Protocol are reductions that occur outside of a product's life cycle or value chain, but as a result of the use of that product.

SME
Small and medium-sized enterprise that employs less than 250 persons and has an annual turnover of up to €50 million, or a balance sheet total of no more than €43 million.

Start-up
A company or project that seek, develop, and validate a scalable business model.

Sustainable Development Goals
The Sustainable Development Goals, formulated and launched by the United Nations in 2015, are a universal call for action by all countries to promote prosperity while protecting the planet.

Abbreviations

AC	Amortised Cost
ADSB	Atradius Dutch State Business
AGM	Annual General Meeting
AoA	Articles of Association
ARC	Audit & Risk Committee
BCS	Broad Community Support
BPP	Best Practice Provisions
BV	Besloten Vennootschap (Private company)
CBS	Centraal Bureau voor de Statistiek (Statistics Netherlands)
CCO	Chief Commercial Officer
CEO	Chief Executive Officer
CFRO	Chief Finance & Risk Officer
COO	Chief Operating Officer
COP	Conference of the Parties
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DA	Development Accelerator
DGGF	Dutch Good Growth Fund
DRIVE	Development Related Infrastructure Investment Vehicle
DTIF	Dutch Trade and Investment Fund
D2B	Develop2Build
EAD	Exposure at Default
EC	Engagement Commitee
ECA	Export Credit Agency

ECL	Expected Credit Loss
ESAP	Environmental & Social Action Plan
ESG	Environmental, Social and Governance
ESIA	Environmental & Social Impact Assessment
E&S	Environmental & Social
EY	Ernst & Young
IFC PS	International Finance Corporation Performance Standards
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (Dutch entrepreneurial development bank)
FPIC	Free, Prior and Informed Consultation
FTE	Full-time equivalent
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit or Loss
FX	Foreign Exchange
FY	Financial Year
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HR	Human Resources
IBR	Incremental Borrowing Rate
IAS	International Accounting Standards
IC	Investment Commitee
ICT	Information and Communication Technology

/ Glossary and Abbreviations

IDH	Initiatief voor Duurzame Handel (Sustainable Trade Initiative)
I-ESG	Impact - Environmental, Social and Governance
IFC	International Finance Corporation
IFRS-EU	International Financial Reporting Standards as adopted by the European Union
IIRC	International Integrated Reporting Council
IKB	Individueel Keuzebudget (personal budget)
ILO	International Labour Organisation
IMF	International Monetary Fund
IMS	Information Management System
IRS	Interest Rates Swaps
IT	Information Technology
ITS	Indicative Term Sheet
JIM	Joint Impact Model
KPI	Key Performance Indicator
KYC	Know Your Customer
LGD	Loss Given Default
LoI	Letter of Intent
MENA	Middle East and North Africa
MoTD	Ministry of Trade and Development
NAB	Netherlands Advisory Board
NGO	Non-governmental organisation
NS	Nederlandse Spoorwegen (Dutch railways)
OECD	Organisation for Economic Co-operation and Development
OHV	Oolders, Heijning & Voogelaar (asset manager)
ORIO	Ontwikkelingsrelevante Infrastructuur Ontwikkeling (Facility for Infrastructure Development)

PCAF	Partnership for Carbon Accounting Financials
PD	Probability of Default
PDF	Partnership Development Facility
PhD	Philosophiæ Doctor
PP&E	Property, Plant and Equipment
PPP	Public Private Partnerships
PwC	PricewaterhouseCoopers
RoU	Right-of-Use
RVO	Rijksdienst voor Ondernemend Nederland (Netherlands Enterprise Agency)
SDG	Sustainable Development Goal
SEA	Strategic Environmental Assessment
SME	Small and Medium-sized Enterprises
SPPI	Solely Payments of Principal and Interest
TA	Technical Assistance
UN	United Nations
USD	United States Dollar
VOG	Verklaring Omtrent het Gedrag (Certificate of Conduct)
WOAH	World Organisation for Animal Health
Wwft	Wet ter voorkoming van witwassen en financieren van terrorisme (Anti-Money Laundering and Anti-Terrorist Financing Act)

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Questions and comments
If you have any questions and/or comments regarding our annual report, please do not hesitate to contact us via communications@investinternational.nl.

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