



IN

NL

2021 Annual Report

Enabling tomorrow

INVESTNL

Impact investors



Our impact



On the way towards green hydrogen and green gas

SCW converts organic waste streams into green hydrogen and green gas. This creates a sustainable alternative to natural gas.

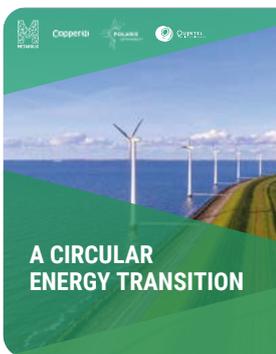
[View the case →](#)



More and better financing for SMEs

The Dutch Alternative Credit Instrument gives Dutch SMEs better access to financing that is derived partly from European sources.

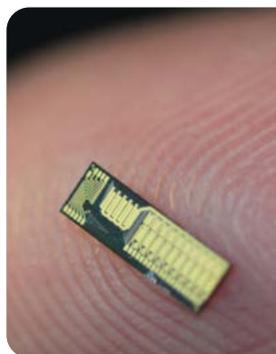
[View the case →](#)



Critical metals

Limited availability of critical metals is a growing risk. Invest-NL participated in a study into the scale of this problem and potential approaches for its solution.

[View the case →](#)



Unique ecosystem for photonics

EFFECT Photonics is able to develop complex, fully integrated photonic chips that make high-speed transmission of information via fibre-optic cables possible.

[View the case →](#)



Investment funds know how to find DFF

Investment funds with a focus on innovative growth businesses clearly know how to find the Dutch Future Fund. To date, 13 venture and growth capital funds have been successfully financed by DFF.

[View the case →](#)



Avantium can go ahead and build a new plant

Invest-NL is a co-financier of the construction of a new plant in Delfzijl, which will advance the development and commercialisation of PEF, Avantium's plant-based, recyclable plastic.

[View the case →](#)



Recovering plastic from domestic waste

Umincorp uses a revolutionary technology to reprocess households' plastic waste streams into clean feedstock materials for manufacturers of new plastic products.

[View the case →](#)



Biobased plastics offer a sustainable alternative

Invest-NL supports the development and introduction of biobased materials by carrying out targeted research into their potential applications and by removing barriers for financing.

[View the case →](#)

Our impact



'Step' up in shared mobility

With its investment in Dott, Invest-NL stimulates shared electric micromobility, such as electric scooters and bikes, which provide a sustainable alternative to short journeys by car.

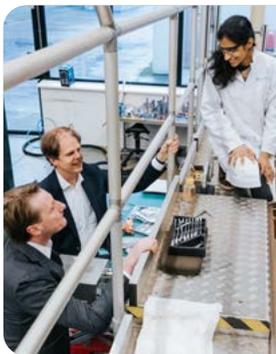
[View the case →](#)



Insight in closed distribution systems

The analysis of the 'Fundability of storage in closed distribution systems' provides insight into the barriers that exist at financiers and how they can be removed.

[View the case →](#)



LeydenJar improves batteries

LeydenJar's innovative technology produces batteries with 70% more energy storage capacity. This substantially extends the operating range of electric vehicles, for example.

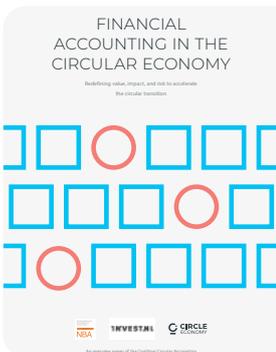
[View the case →](#)



In search of new sources of protein

Unovis invests in businesses that accelerate the transition to alternative sources of protein and supports the development of new food products and technologies.

[View the case →](#)



Accountants in a circular economy

In 2021, Invest-NL supported the Coalition Circular Accounting to establish how accountants can contribute to circular business models and the assessment of their fundability.

[View the case →](#)



Towards a sustainable and healthy food system

The Business Innovation Program Food focuses on supporting entrepreneurs in the agrifood sector that are developing new revenue models.

[View the case →](#)



Energy storage made easier

Invest-NL has developed a standard contract enabling battery operators that do not wish to lease their entire capacity to third parties to manage this themselves.

[View the case →](#)



Contents

1. About Invest-NL

Facts & figures 2021	6
Key figures in 2021	7
CEO's Foreword	8
Profile	10
Highlights in 2021	11
Value creation model	13

2. Management Report

Trends and developments	18
Strategy and progress	22
Our stakeholders	34
Materiality and impact	42
Our impact on material topics	50
Our impact and ESG policy	70
Employees and organisation	77
Financial results in 2021	86
Outlook for 2022	88
Risk management	90

3. Cases

101

4. Governance

Management team	137
Supervisory Board	139
Report of the Supervisory Board	141
Remuneration report 2021	147
Corporate governance	151

Financial Statements

157

Other Information

Provisions in the articles of association on profit and loss appropriation	240
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Additional Information

About this report	243
Connectivity	247
GRI content index	248
Glossary	250
Abbreviations	255



1. About Invest-NL





Facts & figures 2021

Business Development

(in numbers)

Product development

Proposition guidance

Market analysis

Actual in 2021

3

2
2020:1

2020:4

Actual in 2021

7

5
2020:4

2020: 5

Actual in 2021

12

10
2020:6

2020: 8

Capital

(in numbers)

Investments

Investment applications received in 2021

142

2020: 422

Approved

24

2020: 13

Committed

23 11

2020: 10



With focus on a carbon-neutral and/or circular economy



Key figures in 2021

(in € million, unless stated otherwise)

2021

2020

Financial key figures

Balance sheet total	185	52
Paid-up capital	175	50
Estimated total capital	1,667	1,667
Net result	1	-6
Total committed investment volume	457	241
Value of investment portfolio distributed	134	28
Committed to funds	300	185
Nominal amount invested in funds	39	9
Mobilised capital for direct investments	366	45
Mobilised capital for funds	755	20
Total mobilised capital	1,121	65
European capital/guarantees obtained	117	176
Impact		
R&D expenditure of portfolio companies	124	47
R&D expenditure of portfolio companies, attributable to Invest-NL	21	15
FTEs employed at portfolio companies (<i>in number of FTEs</i>)	2,550	404
FTEs employed at portfolio companies – attributable to Invest-NL (<i>in number of FTEs</i>)	275	123
CO ₂ avoided by portfolio companies (<i>in tonnes</i>) ¹	74,000	-
CO ₂ avoided by portfolio companies – attributable to Invest-NL (<i>in tonnes</i>) ¹	6,400	-
Employees of Invest-NL (<i>number</i>)	74	59
Absenteeism	4.6%	1.9%

¹ Reporting commenced as of 2021



CEO's Foreword

Jointly heading towards more impact

The crucial importance of the transition to a carbon-neutral and circular economy became even more evident and urgent in 2021. We take pride in the financing and development processes we have been able to carry out in the year under review, while at the same time remaining keenly aware that our mission has only just begun.

The total committed investment volume was €457 million at year-end 2021. The value of the investment portfolio distributed was €134 million. With a total of 33 loans in our portfolio at 26 funds and companies, we were able to support SMEs and innovation in general. Each investment is preceded by a thorough analysis. Markets need to be analysed and sometimes developed, European capital needs to be made accessible and knowledge about best practices needs to be disseminated and utilised. We are also active in that field and are increasingly visible owing to the reports we publish, the public-private partnerships to which we make our contribution, the scenarios whose financial viability we calculate, the policy recommendations we issue and the European facilities that we successfully utilise. This annual report contains a number of excellent examples.

The year under review, 2021, was the year in which a special collaboration with the Ministry of Economic Affairs and Climate Policy and the European Investment Fund (EIF) was further implemented in practice. In 2020, the Dutch Future Fund (DFF) had already been established in cooperation with the EIF, with the goal of financing providers of venture capital to innovative Dutch companies. The DFF was used extensively in 2021 by a total of 13 venture capital funds.

The cooperation with the Ministry led to two further initiatives in 2021. We strengthened the market for non-bank financing for SMEs by introducing the Dutch Alternative Credit Instrument (DACI), and we also agreed to establish a special fund for financing start-ups and scale-ups in the deep-tech sector, the Deep Tech Fund (DTF).



All these initiatives contribute to our goal to make the Netherlands more sustainable and innovative. That is what unites and motivates our employees and our partners. I thank all of them all for the outstanding contribution they made in 2021, despite the limitations resulting from the measures relating to COVID-19, and am confident that we can continue to count on them next year. In addition, we would especially like to thank our former CEO Wouter Bos for his substantial contribution to the start of Invest-NL.

The new government is earmarking billions of euros to make the Netherlands more sustainable and more innovative. This is sure to generate new opportunities for collaboration, development and financing. At the same time, we are operating in a highly dynamic environment. Whereas the impact of COVID-19 is diminishing, major new issues have arisen as a result of the situation in Ukraine and rising inflation, increasing staff shortages and high energy prices. Amid that turbulence, we remain fully committed to supporting our clients and maintaining our course in our development and investment activities.

Jan Pieter Postma

Interim CEO and Finance & Risk Director



Profile

We are Invest-NL. We contribute to a more sustainable and more innovative Netherlands. We do this by mobilising capital: our own, from the government, from market participants and from European institutions. This is patient risk capital, so projects that currently appear to be unfundable can be funded.

We do not do this alone: we work closely with innovative entrepreneurs, governments and financial parties, in the Netherlands and abroad. Our priority is where we can add the most value: mobilising capital for young, fast-growing and innovative companies that are playing a crucial role in the transition to a carbon-neutral and circular economy.

We are a private impact investor, financed with public resources. Our activities commenced in 2020. With the Ministry of Finance as shareholder and through direct links with governments, we are ideally positioned to finance complex social transitions and high-risk innovations. Since our portfolio as a whole can take on more risk and we can use longer maturities, we have patient capital that sets us apart in the market.

A total of €1.7 billion in shareholder capital has been budgeted for Invest-NL. An additional €50 million has become available in 2021 for SME financing by means of a grant with a repayment commitment, via the collaboration with the Ministry of Economic Affairs and Climate Policy. Invest-NL aims to commit some €250 million a year to new financing.

Additionally, Invest-NL receives a grant of more than €10 million to fund business development activities: analysing markets, making propositions eligible for investments and developing and introducing instruments in the market to broaden and deepen the investor market in the Netherlands. As a partner of the European Investment Bank and the European Investment Fund, Invest-NL is able to make European capital accessible to Dutch companies.

Invest-NL has its head office in Amsterdam and employed 74 people at the end of 2021.

Highlights in 2021

1st quarter



January

Investment in Microsure, high-tech robotics for microsurgery.

Loan to Nearfield Instruments, development of trail-blazing metrology solutions for the global semiconductor industry.

The investment was partly funded by utilising the InnovFin SME Guarantee Facility.



February

Investment in cybersecurity via the 'Dutch Security TechFund'.

Investment in deeptech via the 'Innovation Industries Fonds II'.



March

Coalition Circular Accounting: together with Sustainable Finance Lab, reviewed the role of ledger technology in reporting on circular assets.

Delivery of RES 1.0 – Report on background study of Regional energy strategy for Rotterdam/The Hague.



May

Investment in Nearfield Instruments.

2nd quarter



April

Investment in Dott, contributing to reducing urban air pollution and CO₂ emissions by promoting micromobility (e-scooters and e-bikes).



Highlights

3rd quarter

July

Together with the European Investment Fund, Invest-NL and the Ministry of Economic Affairs and Climate Policy launched the Dutch Alternative Credit Instrument (DACI), aimed at providing capital for non-bank financiers for SMEs.



Investment in Black Bear Carbon, circular production of carbon black from old car tyres.



July

Investment in Onward Medical, development of neuro-stimulation therapies for people with spinal cord injuries aimed at helping them to restore movement.

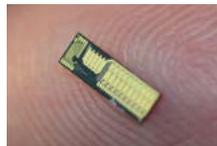
Investment in Delft Advanced Biorenewables, biobased fermentation technology that replaces the use of fossil raw materials in the production of certain chemicals.



Investment in SCW Systems, innovative 'Supercritical Water Gasification' and CO₂ Clean up technology.

Issued advice to the National Growth Fund on additionality.

Investment in EFFECT Photonics, development of optical chips for more efficient data traffic with lower energy consumption.



Investment in ISA Pharmaceuticals, development of new drugs for immunotherapy and chronic infections.

Finalisation of a standard 'Energy Storage Agreement' for financing of energy storage business models.

September

Investment in LeydenJar, development of pure silicon anodes for use in Lithium Ion battery cells for higher energy density, longer life and lighter batteries.



4th quarter

October

Investment in Delft IMP, development of nanocoating, an enabling technology for reduced use of cobalt in batteries and longer battery life.



December

Commitment for loan of €30 million to Avantium, for financing of the world's first commercial plant producing FDCA, the principal ingredient for the 100% plant-based and recyclable plastic material PEF.

Investment in Umincorp, improved separation of plastics from domestic waste.





How we add value

The value added by Invest-NL to society is shown by means of a value creation model. With this model, Invest-NL shows how it uses its available resources (or 'input') to create value for clients, the shareholder and other stakeholders ('output') and how we add value for society as a whole (the 'outcome').

In the 2020 Annual Report, we set out Five Main Ambitions of Invest-NL, observing that we would continue working on the exact definitions and baseline measurements for those ambitions in 2021. We did this in 2021 and reached the conclusion that it would be better to define those ambitions in a different way. We implemented this in this update of the value creation model in 'the goals for 2027'.

The following definitions are used in the value creation model:

Mobilised capital

The total private capital that has been committed in an investment round in which Invest-NL participates plus Invest-NL's own committed capital. Where other public parties (incl. European capital) participate as well, the total committed private capital in this calculation has been allocated to Invest-NL on a pro-rata basis.

Impact attribution

The attribution of impact regarding avoided CO₂ emissions, development of employment opportunities and R&D expenditure is based on the PCAF attribution method¹. Precise definitions are provided in the Materiality and impact section.

¹ PCAF (2020). The Global GHG Accounting and Reporting Standard for the Financial Industry. First edition.



EU Green Taxonomy

Invest-NL's aim is to invest 65-70% of the total shareholder capital in line with the EU Green Taxonomy, and 30-35% of the capital is primarily directed at other Invest-NL focus areas such as Life Sciences & Health, deep tech and the SME sector in general. The following points are relevant in that connection:

- Invest-NL applies the Substantial Contribution Criteria as threshold for the sectors and the financing for which the EU Green Taxonomy is applicable and has already been developed.
- Our assumption is that the EU Green Taxonomy will have been fully developed for all relevant sectors by 2027.



Dilemma

How can the mobilisation of private risk capital be measured fairly and transparently?

One of Invest-NL's tasks and objectives is to mobilise private risk capital for innovative businesses. In practice, public institutions, both in the Netherlands and internationally, use divergent assumptions for measuring and reporting mobilised amounts of risk capital. All definitions and methodologies have their own shortcomings. In selecting the methodology in 2020, Invest-NL opted to apply a definition that, if it were to be used by all public institutions, would not lead to double counting and is measurable in practice.

Accordingly, Invest-NL does not include in this methodology any estimates of private capital mobilised as a result of our Business Development activities. In addition, we restrict ourselves to the capital that is financed by the company in the same financing round (by contrast to the calendar year as a whole). With regard to funds, we restrict ourselves to the financing by other Limited Partners in the funds in which we invest and do not also include the financing of private parties in the companies in which, in turn, 'our' funds invest.

We therefore deliberately opt to apply a transparent and strict definition, meaning that we report a lower mobilisation factor than if we were to apply a less stringent version of the definition. We chose to do so in order to avoid 'inflation' of this impact methodology and to engage in a transparent debate on the amount of mobilised capital that we, as Invest-NL, can allocate to our investment contributions.



Value creation model

Input

Financial capital

€1.7 billion

Estimated (risk) capital

€10 million per year

For development, advice, research and support



Human and intellectual capital

- 74 employees with inner motivation based on relevant mission
- Knowledge of transitions and transitional markets, financing and investment, innovation, scale-ups



Social and relational capital

- Unique relationship with private and public stakeholders
- Unique access to European financial facilities

Business model & strategy

Mission

Invest-NL aims to make the Netherlands more sustainable and more innovative.

What

Funding and making fundable:

- The transition to a carbon-neutral and circular economy
- Innovative fast-growing SMEs (start-ups and scale-ups)

How

- Mobilising and investing patient risk capital
- Partnership with innovative entrepreneurs, investors, financiers, governments and European institutions

Core activities

Business Development (making fundable)
Capital (finance)

Invest-NL goals for 2027



€1.7 billion

Committed capital



€5 billion

Mobilised capital



65-70%

Shareholder capital in line with EU Taxonomy

Output



Business Development

- Analysis and development of markets
- Guiding propositions
- Developing instruments
- **12** market analyses completed
- **3** products developed
- **7** propositions guided



Capital

- Participations in companies
- Participations in funds
- Debt finance
- **€ 457 million** committed investment volume
- **€ 134 million** value of investment volume distributed
- **€ 1,121 million** mobilised capital

Outcome

A more sustainable Netherlands

A more innovative Netherlands



Impact

- CO₂ avoided through investments
- Reduced materials consumption owing to investments
- R&D impact of investments
- FTE impact of investments

Contribution to SDGs





2. Management Report



Trends and developments

Major opportunities as well as major uncertainties

Invest-NL's direction and ambition for 2022 – 2025 are clear. The environment in which Invest-NL must deliver on those ambitions is characterised by both major opportunities and major uncertainties, underlining the importance of continual monitoring and adjustment.

Opportunities: New government, new funding

The fourth Rutte government took office in January 2022. The coalition agreement includes ambitious goals in connection with both the climate and the energy transition. There is a separate Minister for Climate and Energy Policy, and €35 billion have been earmarked for purposes including grants for the development and construction of energy infrastructure. This can give a huge impetus to increasing the sustainability of the Dutch economy and achieving the 'Paris climate goals'.





Trends and developments

That is very good news for Invest-NL as well, as nothing is more important for investors than long-term certainty: What will the government do? How will we increase the sustainability of our economy? Is there a genuine commitment that entrepreneurs can rely on in setting their direction? The new government is charting a clear course in this regard and is also reserving the funding to deliver on this.

Opportunities: Europe

Europe has a strongly determining role with the introduction of the EU Taxonomy and the Fitfor55 programmes for the Member States. The European Investment Bank is opting for a fundamental change in which the contribution to the energy transition is increasingly central. The European Commission has put forward far-reaching proposals for a New Green Deal. The Member States have committed to the underlying goals. This offers huge opportunities to accelerate the climate and energy transition and therefore also a good environment for Invest-NL to execute its mandate. For example, 2021 was the first year of a new seven-year European Commission budget cycle, with InvestEU as a relevant element for Invest-NL. From 2021 – 2027, InvestEU is offering National Promotional Banks and Institutions (NPBIs) such as Invest-NL an EU guarantee to cover the initial risk of investments and financing. InvestEU will focus on four policy areas: 1. Sustainable infrastructure, 2. Research, innovation and digitalisation, 3. SMEs and 4. Social investment and skills.

Invest-NL submitted an application in 2021 for the development of three financing instruments that make use of the InvestEU guarantees.

Opportunities: Green is becoming mainstream

Energy issues are also becoming increasingly decisive for the viability of propositions in the world of private capital, and accordingly, aiming for reduced or neutral energy demand is strongly coming to the fore and set to become mainstream in due course. The amount of private capital that is becoming available for new, sustainable technologies is growing rapidly. At the same time, it is clear that this relates primarily to innovations that are already in an advanced stage of development. In State of Climate Tech 2021,¹ for example, PwC describes how investments in electric transport have increased enormously, but that does not – yet – apply to innovations in a much earlier stage, such as innovative



Trends and developments

‘breakthrough’ technologies for more efficient generation and storage capacity for wind and solar energy. That is a pity, as there is great demand at present for patient risk capital for the targeted development of a carbon-neutral and circular economy in particular.

Uncertain: Implementation of coalition agreement

While the amount of additional funding that the new government has reserved for the climate and energy transition is impressive, it is just a start. An amount several times larger than that in financing, including private financing, is required to achieve the climate goals.

It is not yet clear how exactly those government funds will be used. How will the available funding be allocated?

In any case, these public grants need to be utilised as effectively as possible. The pace and effectiveness with which the climate and energy transition take places will be highly dependent on the right incentives to prompt parties to accelerate the development of innovative technologies, create new business models and redesign the value chain.

Uncertain: War in Ukraine

On 24 February 2022, Russia invaded its neighbour Ukraine. At the time of writing of this annual report, a heavy war is ongoing with terrible consequences for the population. Millions of Ukrainians, mainly women and children, have fled their country.

In addition to leading to sanctions against Russia, supplies of weapons to Ukraine, increases in defence budgets and the establishment of refugee reception and care facilities in the Netherlands, the war has also clearly shown our dependence on Russian gas and the economic consequences in the Netherlands.

¹ <https://www.pwc.com/gx/en/services/sustainability/publications/state-of-climate-tech.html>

Trends and developments

It remains to be seen what effect the high gas prices and the growing public awareness of our increased dependence on Russian gas will ultimately have on the pace of the energy transition. On the one hand, the high gas prices may accelerate the transition, as alternative energy sources become more attractive as a result. On the other, physical gas shortages may arise in Europe in the future. In that case, governments may resort to stepping up domestic production capacity of fossil gas or decide to delay the phasing-out of coal-fired power stations. That would not be good for the pace of the energy transition.

The actual duration and course of the war and the sanctions will determine the size of the impact on the economy and the energy transition in Europe and in the Netherlands. With Invest-NL, we will continue to maximally utilise our mandate, even in the face of these challenges, to make the Dutch economy more sustainable and innovative.





Strategy and progress

Enabling tomorrow

Enabling tomorrow. This is what Invest-NL does. Our mission, vision and strategy are based on this goal and contribute to achieving it. This section describes our strategy and the progress made in 2021.

Our mission

As an impact investor, social return is our main priority. In our case, this means: making the Netherlands more sustainable and more innovative.

Our vision

The Netherlands is on the threshold of major social changes, especially in the areas of energy, the environment and climate. In 2050, our economy will have to run on very different technologies, raw materials, types of energy and processes than those in use today. This will only come about with inventive entrepreneurs, new markets and scalable innovations. A large amount of capital will be needed for this. But the risks are too high for most financiers in the market. This is exactly where Invest-NL can make a difference. We mobilise capital: from Invest-NL itself, from market parties, from governments and from European facilities.

We do this by analysing and developing markets, improving investment propositions, developing instruments and taking risk by investing ourselves. This makes it more attractive for other parties to do likewise, and we turn what is apparently unfundable into something that can raise funding.

Our strategic focus

We have reflected our mission and vision in our strategic plan for 2021-2025.

The basis of our strategy is to give the highest priority to making the transition to a carbon-neutral and circular economy fundable. In addition, capital has been made available for investment in specific themes and in SMEs, especially innovative SMEs.



Strategy and progress

We have identified five leading themes in 2021:

- **Energy/Ventures:** financing of start-ups and scale-ups with innovative technology, for example in generation and storage of renewable energy.
- **Energy/Projects:** financing of multi-stakeholder projects, for example relating to energy distribution.
- **Bio/Circular:** financing companies that are active in the bio and circular economy with a special focus on bioplastics and critical materials.
- **AgriFood:** financing companies that contribute to the protein transition, precision agriculture and circular agriculture, for instance.
- **Life Sciences & Health:** focused primarily on new development and revenue models in pharmaceuticals and medtech and in financing the transition to the right care in the right place (*De Juiste Zorg Op The Juiste Plaats*).

Impact, the Sustainable Development Goals and ESG

We have formulated our impact goals on the basis of the UN Sustainable Development Goals (SDGs). Invest-NL has defined investment boundaries to allocate our total budgeted capital of €1.7 billion to our main impact goals. A significant contribution to these impact goals is a requirement for companies and funds to be eligible for an investment by Invest-NL.

The impact framework we developed in 2021 is leading for us in this regard.

Invest-NL contributes to the following SDGs through its impact goals:

SDG 13 : Climate action

SDG 12 : Responsible consumption and production

SDG 3 : Good health and well-being

SDG 8 : Decent work and economic growth

SDG 9 : Industry, innovation and infrastructure

In 2020, we had identified SDGs 7, 8 and 9 as our main SDGs. In 2021, based on our strategy, we replaced SDG 7 with the much broader objectives of SDGs 12 and 13. The objectives of SDG 7 (Affordable and clean energy) have not been abandoned, however; we consider them to be part of SDG 12.



Strategy and progress

Alongside impact, we see Environmental, Social and Governance (ESG) standards as an inherent element of sustainable value creation for our investments.

We have set this out in our impact and ESG policy that is described in the sections Materiality and impact and Our ESG policy.

Business model

Invest-NL has two main activities:

- **Capital:** direct and indirect investment in and financing of companies;
- **Business Development:** making propositions fundable and developing the new markets and financing instruments needed for this.

Capital and Business Development work together on our leading themes. Besides the five themes mentioned above, these include:

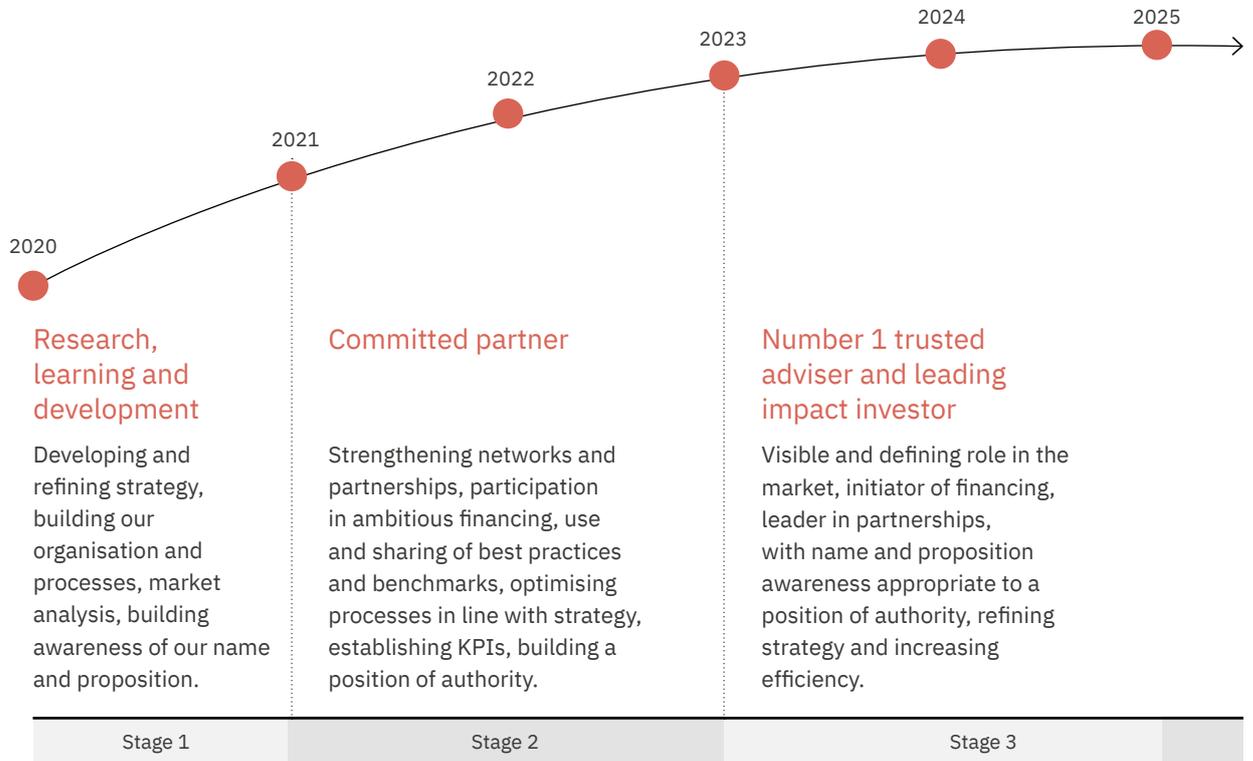
- Deep Tech; in collaboration with and partly financed by the Ministry of Economic Affairs and Climate Policy, and following the preparations in 2021, we launched the Deep Tech Fund in 2022;
- Indirect/Funds; in collaboration with the European Investment Fund (EIF) and the Ministry of Economic Affairs and Climate Policy, we support the non-bank financing of SMEs and strengthen the supply of risk capital for innovative start-ups and scale-ups.



Strategy and progress

Growth according to plan

We have high ambitions, and we need to grow our resources quantitatively and qualitatively in order to realise them. How we will do this is shown below:



Research, learning and development

Developing and refining strategy, building our organisation and processes, market analysis, building awareness of our name and proposition.

Committed partner

Strengthening networks and partnerships, participation in ambitious financing, use and sharing of best practices and benchmarks, optimising processes in line with strategy, establishing KPIs, building a position of authority.

Number 1 trusted adviser and leading impact investor

Visible and defining role in the market, initiator of financing, leader in partnerships, with name and proposition awareness appropriate to a position of authority, refining strategy and increasing efficiency.



Strategic considerations

Cooperating as well as maintaining focus

In 2021, Invest-NL expressly opted to take on more financing and instruments than solely those that contribute to the transition to a carbon-neutral and circular economy. We opted to adopt the role of ‘trusted adviser’ for the government in this regard. We organise separate mandates for this, with transparent governance. This enables us both to maintain the required focus on financing in which we wish to be leading ourselves and to retain a relevant role in broader initiatives.

Three initiatives have been launched in this connection with the Ministry of Economic Affairs and Climate Policy:

- the Dutch Future Fund (2020), which focuses on strengthening the supply of venture capital for innovative start-ups and scale-ups in the Netherlands; managed by the EIF;
- the Dutch Alternative Credit Instrument (2021), which focuses on strengthening non-bank financing for the Dutch SME segment; managed by the EIF;
- the Deep Tech Fund (2022), which focuses on financing deep-tech initiatives.

In 2022, it will be investigated how the cooperation between Invest-NL and the National Growth fund will be continued. The possible cooperation with the climate fund will be explored as well.



Strategic considerations

Direct or indirect?

Every investor is faced with the choice between direct or indirect financing. And so are we. In the case of the former, we provide capital ourselves; in the latter case, we finance the financier. Invest-NL has decided to deploy both instruments, utilising direct financing especially for financing that is immediately relevant for the transition to a carbon-neutral and circular economy. The leading principle is that Invest-NL considers the best pathway to achieving the impact goals. At the present time, around two-thirds of our commitments comprise commitments to funds. This share is expected to decrease in the years ahead. Some examples of aspects that play a part for us in deciding between direct and indirect financing:

- Some funds specialise in markets and technologies in which we do not, or not yet, have sufficient expertise. In that case, it is preferable to invest through such funds. CapitalIT (artificial intelligence) and Dutch Tech Security (cybersecurity) are good examples of this.
- Participation in funds offers us access to markets and companies that may at some point also turn to us for direct financing. For example, we finance Unovis, a fund specialising in the protein transition, but we are also open to direct financing in that domain.
- Funds that focus on smaller tickets, for instance via DACI.
- The Netherlands has a limited offering of venture capital funds. Strengthening this offering leads to stronger funds that are also able to finance larger tickets of innovative scale-ups. That was an important reason for partnering with Innovation Industries, one of the few venture capital funds that are willing to finance industrial innovations.



Dilemma

Invest only in the Netherlands or also in international funds?

For Invest-NL, investing in funds is one of the ways we can accelerate the impact we achieve through our capital. The decision whether to invest only in the Netherlands or in international funds as well represents a dilemma in that regard. A key consideration in investing in a specific fund is that the fund management team should have a strong network and experience and expertise in a particular sector. That enables the team to properly estimate and value the risks and chances of success of innovative businesses. Fund managers that specialise in specific sectors cannot afford to let themselves be limited by national borders, as international European and other cooperation is necessary to scale up innovations sufficiently rapidly to remain internationally competitive. Additionally, the fund management aims to build a portfolio of innovative companies that have the greatest chance of success, either in the Netherlands or elsewhere in the world.

Invest-NL endorses the need for European cooperation and the financing of innovations that can contribute to solutions to the global climate crisis, which requires investors to look increasingly beyond borders. At the same time, Invest-NL is investing Dutch taxpayers' money, and we therefore also have a responsibility to demonstrate that our investments benefit the Dutch economy. In the case of direct investments, this is a consideration we undertake for each transaction. In the case of funds, we stipulate in the documentation that at least twice the amount invested by Invest-NL must be invested in companies in the Netherlands.

By doing so, we ensure that Dutch taxpayers' money benefits Dutch companies while simultaneously creating room for the European cooperation required to allow innovative scale-ups to grow sufficiently rapidly.



2021 results

In 2021, Invest-NL's second financial year, the investment and development activities were expanded compared with 2020. The progress achieved in 2021 and the principal financial developments in relation to those activities are discussed in this section.

Progress

The table below summarises how the activities of Business Development have progressed.

Business Development	Actual		With focus on a carbon-neutral and/or circular economy		Work in progress at year-end	With focus on a carbon-neutral and/or circular economy
	2021	2020	2021	2020	2021	2021
Product development	3	4	2	1	12	9
Proposition guidance	7	5	5	4	16	14
Market analysis	12	8	10	6	29	23



Strategy and progress

A number of market analyses are described separately in this report, and the full list of projects completed in 2021 is shown in the table below.

Completed projects at year-end 2021		Project name
Product development	<ul style="list-style-type: none"> • Dutch Alternative Credit Instrument • ROM Range Extender • Deep Tech Fund 	
Proposition guidance	<ul style="list-style-type: none"> • Seasonal thermal storage in the built-up environment • PEF & FDCA company • Alternative pharmaceutical FSHD • Heating project in the Randstad conurbation • Offshore Energy Storage • Energy Storage in Limburg • Bio-LNG proposition 	
Market analysis	<ul style="list-style-type: none"> • Positioning/Market analysis for critical materials • Positioning/Market analysis for lightweight solar panels • Positioning/Market analysis for battery energy storage in NL • Positioning/Market analysis for Closed Distribution System with storage • Market consultation on hydrogen • Feasibility/Business Case Analysis for Closed Distribution Systems • FCR (Frequency balancing) Market analysis • Fundability of Closed Distribution Systems • Feasibility/Business Case for lightweight solar panels • Market analysis for Circular Critical Raw Materials • Community of Practice – Sustainable Finance Lab • ScaleupNation Circular@Scale 	

The table below summarises how the activities of Invest-NL Capital have progressed.

Capital	Investment applications received		Approved		Committed		With focus on a carbon-neutral and/or a circular economy	
	2021	2020	2021	2020	2021	2020	2021	2020
Number of investments	142	422	24	13	23	10	11	2



Strategy and progress

Almost all investment applications come from innovative SMEs or from funds that focus on financing SMEs. The reasons for not processing, or not completing the processing of, some investment applications include the need for Invest-NL to play a supplementary role in the market and the existence of the regional development agencies. If they can provide financing, there is no role for Invest-NL. In addition, an application must in principle concern a profitable investment aimed at achieving social impact appropriate to the areas in which Invest-NL possesses expertise. Sometimes, the applicant itself may also permanently or temporarily suspend the application because financing or other plans change.

At year-end 2021, Invest-NL was processing 28 investment applications, 22 of which were related to the transition to a carbon-neutral and/or circular economy.

The number of applications decreased compared with 2020. The number in 2020 is distorted by the number of applications that had already been received before the start of Invest-NL, many of which were not aligned with Invest-NL's mandate. It became increasingly clear in the course of 2020 and 2021 what the markets are in which Invest-NL can potentially invest, and subject to which conditions. As a consequence, the percentage of approved financing in relation to the number of applications has increased since Invest-NL was established.

The table on the next page sets out, in alphabetical order, all financing at year-end 2021. The Materiality and impact section further describes the social impact of these funds and companies on the various SDGs.



Strategy and progress

Transactions in portfolio at year-end 2021

(in €)	Instrument	Committed investment volume
Avantium	Loan commitment	30,000,000
Black Bear Carbon	Convertible loan	2,500,000
CapitalT	Fund mandate	5,000,000
DAB	Convertible loan	1,000,000
Delft IMP	Shareholding	5,000,000
DOTT	Shareholding	4,000,000
DOTT	Shareholding	5,000,000
Dutch Alternative Credit Instrument (DACI)	Fund mandate	100,000,000
Dutch Future Fund (DFF)	Fund mandate	150,000,000
Dutch Security Tech Fund (DSTF)	Fund mandate	5,000,000
EclecticIQ	Shareholding	4,000,000
EFFECT Photonics	Shareholding	4,999,340
EIF shareholding	Shareholding	6,211,190
EIF Co Invest	Fund mandate	20,000,000
ETFF PMC	Financial guarantee	6,621,053
ETFF BSB	Financial guarantee	3,537,000
Innovation Industries Fund II	Fund mandate	10,000,000
ISA Pharmaceuticals	Convertible loan	8,000,000
LeydenJar Technologies	Shareholding	5,000,000
Microsure	Convertible loan	1,350,000
Nearfield Instruments	Shareholding	3,500,000
Nearfield Instruments	Loan	7,000,000
Onera Technologies	Shareholding	3,500,000
Onward Medical	Shareholding	10,000,000
PMC	Bridging loan	140,000
Protix	Shareholding	5,000,000
Protix	Convertible loan	7,500,000
SCW Systems	Shareholding	15,000,000
Umincorp	Shareholding	3,000,000
Umincorp	Loan	6,000,000
Unovis NCAP Fund II	Fund mandate	10,000,000
ViCentra	Shareholding	4,000,000
ViCentra	Convertible loan	10,000,000
Total		456,858,583



Strategy and progress

Fund investments

The table below shows the portfolio development of Invest-NL for indirect investments.

(in €)	Total committed by Invest-NL as at 31 December 2021	Nominal amount invested by Invest-NL as at 31 December 2021
Fund		
EIF Co Invest	20,000,000	10,077,800
Dutch Future Fund (DFF)	150,000,000	14,056,972
Dutch Security Tech Fund (DSTF)	5,000,000	1,570,554
Innovation Industries Fund II	10,000,000	4,374,983
CapitalT	5,000,000	1,205,842
Dutch Alternative Credit Instrument (DACI)	100,000,000	8,500,000
Unovis NCAP Fund II	10,000,000	3,295,234
Total	300,000,000	43,081,386

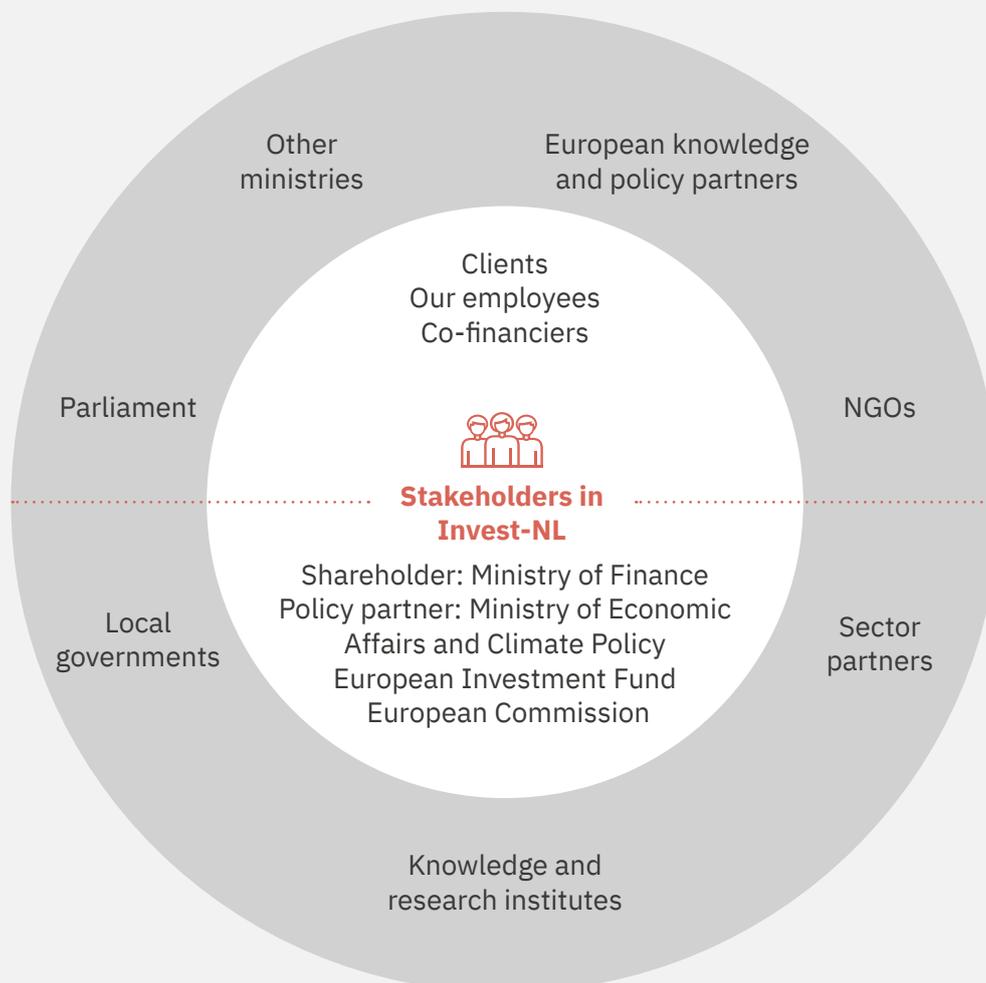
The above funds started up recently. The total number of companies invested in by the funds is therefore set to increase further. This almost exclusively concerns innovative SMEs, whereas only the DACI mandate is focused on SMEs more generally.

Our stakeholders

Jointly achieving impact

Invest-NL was incorporated in order to achieve social returns. We always work with others to that end. We take account in our activities of our stakeholders' interests. This section discloses who our stakeholders are and how we have worked with them during the year under review.

Our principal stakeholders are our present and future clients, our employees, our shareholder (the Ministry of Finance), public and private co-financiers, the Ministry of Economic Affairs and Climate Policy as our policy partner and our European investment partner EIF.





Our stakeholders

Our principal stakeholders have divergent expectations of Invest-NL. The overview below shows our interpretation and summary of those expectations.

Clients

Relationship with Invest-NL

Sustainable and innovative companies that have been financed by us and that are looking for risk capital they cannot or not sufficiently obtain in the market.

Objective

Access to financing, expertise, smooth processes, clear communication.

Employees

Relationship with Invest-NL

Invest-NL employees are our most important capital: they make a difference and achieve impact.

Objective

Contribute to Invest-NL's mission. Personal and professional development.

Co-financiers

Relationship with Invest-NL

Providers of risk or other capital, such as venture capital funds, banks, pension funds, private or corporate investors, regional development agencies, provinces and provincial funds.

Objective

There are major differences between the various groups of co-financiers, with divergent expectations. Invest-NL coordinates these expectations with its co-investors for each project.



Our stakeholders

Government

Relationship with Invest-NL

The Ministry of Finance provides capital for Invest-NL's financing activities.

The Ministry of Economic Affairs and Climate Policy subsidises Invest-NL's Business Development activities with an annual grant and supports the mission of Invest-NL in its policy. Co-financier of Invest-NL in the Deep Tech Fund, DACI and DFF.

Objective

Invest-NL is charged with helping to accelerate social transition tasks by financing innovative projects and companies for which sufficient risk capital cannot yet be raised in the market.

Creating fundable cases.

Priorities: the transition to a carbon-neutral and circular economy, the transition to a sustainable health care system and stimulating innovative start-ups and scale-ups.

European partners

Relationship with Invest-NL

The European Investment Fund is a European investment partner of Invest-NL through various investment mandates and guarantee schemes.

The European Commission determines whether Invest-NL will be given the NPI status of 'Implementing Partner' for InvestEU and subsequently whether and how much of the guarantee capital applied for under InvestEU will be made available to Invest-NL for financing Dutch innovative companies.

Objective

Access to the Dutch market of venture capital funds.

Meeting the requirements for Implementing Partner status.

Timely and full utilisation of InvestEU guarantees awarded.



Our stakeholders

Interaction with our stakeholders in 2021

A brief summary is provided below of how Invest-NL engaged in dialogue with these stakeholders in 2021:

Clients

Invest-NL has continuous intensive contact with its clients in its day-to-day operations. By email, telephone, Teams meetings and, COVID-19 measures permitting, face to face as well, at Invest-NL's offices or on site at the client. We also actively communicate via social media and our website on our completed transactions, projects and insights obtained that are relevant for the market.

The first, qualitative stage of a customer satisfaction survey was completed in 2021. The overall assessment that can be derived from this is positive, although there are also some areas for improvement. It is especially positive that interactions with Invest-NL's employees are viewed as pleasant. Their commitment, drive, enthusiasm and competence are repeatedly mentioned in that regard. The areas for improvement referred to above were mainly process-related and concerned, for example, a need for shorter completion times, more efficient processes and greater clarity on what Invest-NL has to offer. An NPS (Net promoter score) survey with a wider target group will follow in 2022 for a more complete view of our clients' expectations and experiences.

Employees

Invest-NL aims to be an employer that offers sufficient opportunities for personal and professional development. Frequent and transparent two-way communication and requesting and giving feedback are essential to achieving this. Three times a year, employees have a meeting with their line manager on how their development is progressing, with an emphasis on looking ahead. In order to continue that dialogue outside those scheduled times and to create an organisational culture in which feedback can flow freely, we introduced a digital tool in 2021 that facilitates this.



Our stakeholders

In consultation with the works council, a start was also made in 2021 on exploring various methodologies for an employee satisfaction survey. A methodology will be selected in 2022 to carry out the first employee satisfaction survey.

Co-financiers

Interaction between Invest-NL and co-financiers mainly takes place around specific transactions. Invest-NL aims to be a professional and reliable partner that prioritises the company's interests while at the same time prudently managing its own shareholder's capital. So far, Invest-NL has not carried out a survey of the expectations of the various types of co-investors regarding Invest-NL's role. We work closely with the Regional Development Agencies, sharing knowledge and networks and collaborating on specific Business Development projects and financing. We have monthly consultations with the Capital directors of all Regional Development Agencies, and periodic consultations take place between Business Development and Regional Development Agencies.

Ministry of Finance

As we are an agency with state participation, there is regular consultation between the shareholder (Minister of Finance) and Invest-NL, in the form of four quarterly consultations and four periodic consultations. There is ongoing contact between staff on relevant topical matters or specific information requests from the House of Representatives, for instance. The shareholder and the Supervisory Board meet twice a year.

Ministry of Economic Affairs and Climate Policy (EZK)

Interactions between Invest-NL and the Ministry of Economic Affairs and Climate Policy take place at various levels:

- There is a quarterly policy consultation between the Director-General for Enterprise and Innovation of the Ministry of Economic Affairs and Climate Policy and Invest-NL's CEO.
- There is an annual consultation on the defined investment boundaries of Invest-NL.
- Each quarter, there is a progress consultation on how the Business Development grant is spent.



Our stakeholders

- There is a weekly consultation among staff on ongoing matters.
- There is periodic (at least once a year) policy consultation with other ministries involved on a policy basis, including the Ministries of the Interior, Health, Welfare and Sport, Infrastructure & Water Management, Foreign Trade and Development Cooperation, Education, Culture and Science and Agriculture, Nature and Food Quality, and once a year with the region deputies of the Provinces, as key public stakeholders of Invest-NL.

European Investment Fund

In 2021, Invest-NL in collaboration with the Ministry of Economic Affairs and Climate Policy awarded a new mandate to the EIF under the Dutch Alternative Credit Instrument (DACI) of €100 million. The EIF committed an additional €100 million to DACI. Under this mandate, the EIF will, in part on behalf of Invest-NL, provide financing to non-bank financiers for financing SMEs.

In addition, there is the Dutch Future Fund (DFF) mandate, which Invest-NL handed over to the EIF in 2020.

There is contact between the EIF and Invest-NL on each specific financing proposal under the DACI or DFF, as part of which Invest-NL is requested to issue a formal 'non-objection'.

There is also contact on a regular basis between the EIF and Invest-NL's funds team under both mandates on the DACI and DFF pipeline.

Invest-NL is also a shareholder of the EIF, and hence part of the Financial Institutions Shareholder Group. Invest-NL participates in shareholders' meetings and related meetings.

In 2021, Invest-NL had various meetings with the EIF about the EIF policy on ESG, its implementation and social impact. These meetings ranged from including impact and ESG requirements in a new mandate to implementing agreements in existing mandates as well as reciprocally sharing best practices for ESG and impact. Through this cooperation, Invest-NL aims to give concrete shape to the European ambitions on the impact and ESG policy in its implementation.



Our stakeholders

European Commission (EC)

In connection with the application procedure for InvestEU guarantees, Invest-NL and the EC had regular contact in 2021 on 1) answering questions about the InvestEU procedure, 2) informally discussing the guarantee products and 3) providing feedback on draft InvestEU templates and processes.

Other stakeholders: Knowledge and support

In addition to the aforementioned stakeholders, Invest-NL actively seeks to connect and collaborate with other impact investors, European institutions, local governments and knowledge and research institutes:

- Invest-NL is eager to align with other impact investors in developing and implementing new and best practices. Examples of this include Invest International, the Netherlands Advisory Board on Impact Investing (NAB) and other venture capital and impact investing funds via CoFoF (Co-Financing our Future).
- Invest-NL maintains good relationships with **other ministries** besides the Ministry of Economic Affairs and Climate Policy. For example, consultation takes place with the Ministry of Infrastructure and Water Management on promoting a circular economy and with the Ministry of Health, Welfare and Sport on the transition to a sustainable health care system.
- Invest-NL also maintains contact with **municipalities, water boards and – especially – provinces** on various specific projects.
- **Knowledge and research institutes** are very important for Invest-NL, mainly as partners in analysing and developing markets. For example, we are working with a number of private parties with specialist knowledge relating to the heating transition and with the Netherlands Organisation for Applied Scientific Research (TNO) in the field of circular plastics. The aim of this collaboration is to provide insight into the technical and economic feasibility of various technologies in the value chain. Where relevant, Invest-NL also seeks to connect with **NGOs** that are active in the transition to a carbon-neutral and circular economy.
- **European knowledge and policy partners** – Invest-NL is a member of ELTI (European association of NPBI's) and shares knowledge, experience and best practices within this network.



Our stakeholders

Dialogue with stakeholders and experts in 2021: Invest-NL Impact policy

With a view to developing its impact policy, Invest-NL held a series of talks with a broad group of experts during 2021. These talks were aimed at identifying the social expectations regarding Invest-NL's impact investor role on the one hand, and on the other at gaining effective insight into the current state of affairs and trends concerning impact investing at venture capital funds in the Netherlands and Europe.

Talks were held with professionals from other impact investors, including Invest International, SET Ventures, the National Green Fund, Shiftinvest and the EIF, with specialised consultants, including Metaboliq, KPMG and Timeline, with knowledge institutes, such as the Netherlands Organisation for Applied Scientific Research, the Netherlands Bureau for Economic Policy Analysis (CPB) and the Netherlands Environmental Assessment Agency (PBL), and with network organisations for impact investing, such as the Global Impact Investing Network and the National Advisory Board on Impact Investing.

The talks that were held helped to determine the right level of ambition for Invest-NL and to find an appropriate balance between our ambitions as an impact investor on the one hand and their feasibility in practice on the other, given the fact that Invest-NL as an organisation as well as the practice of impact investing in the market are still developing.

Invest-NL's impact policy has since been formalised as described in the Materiality and impact section. Invest-NL will seek to carry out an initial evaluation in Q3 2022, as part of which various stakeholders will again be consulted.

Materiality and impact

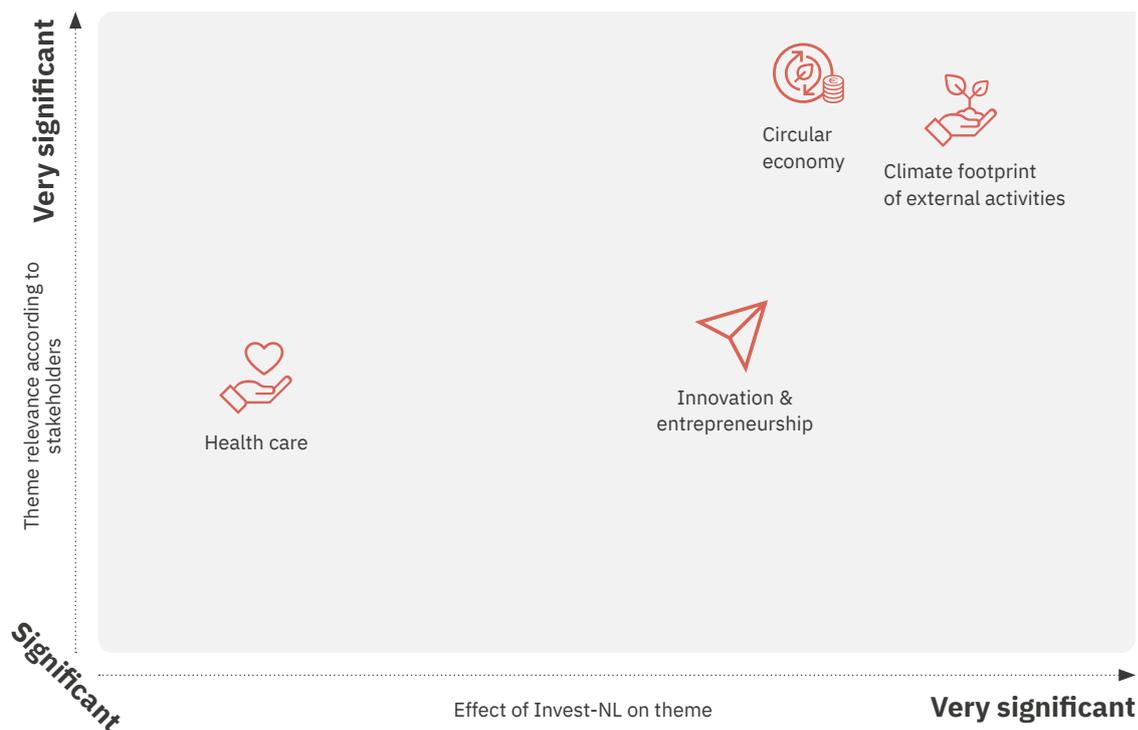
What our stakeholders see as material

Materiality matrix of Invest-NL

Following a round of consultation among stakeholders in April 2020, the following materiality matrix was defined by the management team. On the advice of the stakeholders consulted, this intentionally only includes the topics we focus on *externally* with our strategy, which is where Invest-NL creates impact through financing and business development activities.

Other topics that are important to Invest-NL and our stakeholders, but which predominantly concern the ‘how’ (such as good employership, our core values and diversity and inclusion), are not included in the matrix but are addressed in our impact and ESG policy.

Materiality matrix





Materiality and impact

The four topics from the matrix are integrated in the strategic plan 2021-2025; health care, circular economy and climate footprint of external activities are translated into the five strategic topics of Invest-NL. In addition, the topics are firmly embedded in our impact and ESG policy that was adopted in 2021. Formulating the impact policy and selecting the associated measurement methods were a key strategic project in 2021.

The following pages first describe our new impact policy and the choices we made in connection with it. The four material topics are then elaborated, stating the progress achieved during 2021.

Impact investing at Invest-NL

SDGs as a cornerstone of our impact goals

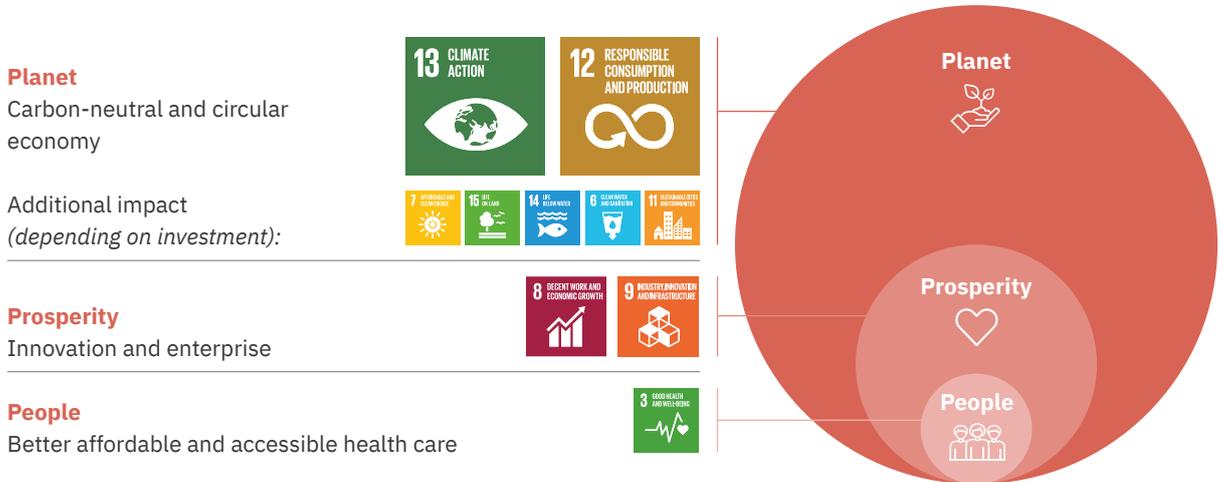
Our impact goals are based on the material topics for Invest-NL and are formulated on the basis of the UN Sustainable Development Goals (SDGs). Invest-NL has defined investment boundaries to allocate our total budgeted capital of €1.7 billion to our main impact goals. Our impact investments expressly focus on promoting:

- a carbon-neutral and circular economy (SDGs 12 and 13);
- more affordable and accessible health care (SDG 3);
- employment, economic growth and innovation (SDGs 8 and 9).

To be eligible for investment by Invest-NL, companies must be able to make a significant contribution to these impact goals. In addition, for each investment, Invest-NL considers together with the company concerned whether additional SDGs might be relevant for a correct and complete depiction of the social impact. This impact is then also taken into account in the investment decision, in determining the impact goal, in the monitoring and in the reporting of the company concerned.

Materiality and impact

SDG focus of Invest-NL's portfolio



Impact investing as guideline for creating impact

We see impact as measurable investment goals we are looking for, for optimisation. We also set targets for these goals. For our definition of impact investing, we refer to the guidelines of the IFC², with three preconditions:

- **Intentionality:** impact investors intentionally look for solutions to the most difficult and persistent problems, such as combating climate change, for example. Impact is therefore central to the history of our origins and to our mission, strategy and capital allocation, ;and above all our day-to-day practice.
- **Contribution:** our investments need to make a meaningful difference to the impact that companies can achieve. We only invest where the private financial markets do not provide sufficient capital. This is stipulated for us in rules on state aid and in our investment policy.
- **Measurability:** in determining our impact, we aim for impact that is based on evidence and is quantitatively measurable. Assessing and embedding targets for non-financial parameters is an integral part of our investment process.

² <https://www.impactprinciples.org/>



Materiality and impact

During 2021, impact investing was fully integrated in our activities – from screening impact prior to financing to monitoring impact achieved from the moment a company is part of our portfolio. Our impact and ESG policy – summarised on [our website](#) – contains further information on this.

Measuring impact – a specialised discipline

Besides knowledge and commitment, measuring impact also requires the ability to reliably estimate uncertainties. Invest-NL invests extensively in start-ups and scale-ups. These are relatively young companies whose technologies as well as organisation are very much still developing. That entails uncertainty not only about the financial business case, but also about the impact case: does the new technology actually bring about a less CO₂-intensive production of a certain product? And if so, what is the future production volume? How quickly will the company be able to scale up, and when is the impact expected to become manifest? And will Invest-NL then still be on board as investor, or will market parties already have been able to take over our position in that phase because the technology will have been sufficiently scaled up by then? Lastly, these companies often still have only relatively little capacity within their organisation for carrying out impact measurements.

In addition, it is important to be consistent and to report as much as possible in accordance with generally applied market standards. Measuring impact is complex – it would be excessive if every organisation were to apply reporting standards of its own.

All in all, measuring impact in a manner that is reliable and provides a basis for comparison is quite a challenge. This applies both to our day-to-day practice, on which we base our decisions, and to reporting, and it also applies both to us and to the companies and funds in our portfolio that we ask to carry out these measurements. We have standardised our measurement methodology where possible in order to reduce the uncertainty concerning data as much as possible. We describe this for each SDG in the following sections.



Materiality and impact

Use of estimates in impact reporting

We use the best available data. The methodology applied is derived from the ‘Data quality scores’ of the Partnership for Carbon Accounting Financials (PCAF). We have also made a conscious decision to be transparent about the methodology as well as the outcomes of our impact measurements, even where they are based, out of necessity, on estimates and assumptions.

We measure R&D expenditure, FTEs and CO₂ emissions across the portfolio. Where data are lacking, we use proxies to supplement the data. There are no good market-wide estimates for investments in start-ups and scale-ups or a start-up venture capital fund. We therefore used the part of our portfolio where we do have data as a basis for those proxies, which are shown in the table below:

Invest-NL portfolio KPI	Proxy based on Invest-NL portfolio	Percentage of reported impact data based on proxies
Emissions of production processes	Actual data, no proxy	6% of the total financed emissions
Operational emissions	0.7 tonnes CO ₂ /FTE ³	
FTEs	1.9 FTE/M€ commitment	26%
R&D expenditure	0.16 €/€ commitment	28%

The table above shows that 6-28% of the data are based on estimates. One of the reasons for this is the challenge posed by data collection, especially at start-up funds and companies. In particular, obtaining data on operational CO₂ emissions is challenging, as this is not included as standard in financial accounting records. Within total financed emissions, 13% come from operational emissions. Within those emissions, 49% are based on estimates. In addition, all data of our fund-of-fund investments (DFF and DACI) are based on a proxy, because no data point for the financial attribution had been requested here. It is our ambition to collect a more complete data set each year.

³ Relatively low emissions, due to effects of COVID-19 and the limited size of the companies.



Materiality and impact

The proxy for CO₂ emissions is lower than expected. A number of factors cause our emissions to be lower: small start-ups usually have employees who live in the same town or city where the company is located, who do not yet undertake many business trips and who worked from home a lot due to COVID-19.

The proxy for the number of FTEs and R&D expenditure likewise appears to be somewhat low but remains within the bandwidth of what is reasonable. That is because there is an inherent delay between the investment in and the growth of a company. From the moment our commitment has been given, certain milestones sometimes need to be achieved for the full amount to be provided. Then the right people also need to be found and plans need to be developed. We expect these proxies to be higher in following years.

Projecting realised and future impact

The market standard for impact reporting is increasingly trending towards impact actually achieved. We endorse this trend because, in the end, this is what matters. If reporting was only about uncertain future projections, it would be impossible to establish whether we are actually achieving enough progress.

But alongside reporting on actual impact, calculating future impact is also essential for Invest-NL in practice, as we invest now to make future impact possible.



Materiality and impact

Investing in future impact: First Time Plants

‘First Time Plants’ are a good example of future impact. These are investments, aimed at a carbon-neutral economy, in the development and delivery of first plants for processes whose success has not yet been demonstrated at that scale. Examples within our portfolio include Avantium, SCW Systems and Black Bear Carbon. As the development of this type of plant requires a lead time of several years before the first plant is completed, no measurable impact is achieved in the first years. The overarching goal is that the technology is first proven on a larger scale and ultimately widely applied – for example by licensing the technology that has been developed and proven at scale. It can easily take a decade before the real impact of a company is manifest in the real world. By that time, other financiers may have taken Invest-NL's place, but this future impact potential is in fact the reason why Invest-NL invests today.

Targeting our financing decisions and the monitoring, engagement and reporting of our investment portfolio towards future impact as well as actual impact is therefore essential. To that end, we use impact projections where necessary, even though these projections are inherently less certain than actual impact achieved in the past year. At start-ups and scale-ups in particular, the application of a product may change over time or the development of the process may be progressed, successfully or unsuccessfully. In addition, differences may also be driven by external factors such as the availability of sustainable energy or the autonomous development of a reference technology. Lastly, portfolio developments can result in significant shifts. Invest-NL invests in companies with a high risk profile – and it is therefore a given that some will not succeed, or will be less successful. Also, Invest-NL will withdraw at some point in time, to allow it to utilise its capital for new start-ups and scale-ups. All of these developments are difficult to predict.



Materiality and impact

Attribution of impact

We use **financed impact** for impact already achieved. We allocate the total impact of our portfolio companies across the various financiers of the company or fund.

Unless stated otherwise, we have used the PCAF calculation rules to do this.

Essentially, this means that the impact is allocated in proportion to the amount of financing provided: for example, if 10% of a company is financed by Invest-NL, the financed impact also represents only 10% of the impact. PCAF offers guidelines on how to treat various financial products, such as loans or shares, in various investment domains. This concerns the impact the company aims to achieve in the future and is not at all the same as the impact that Invest-NL itself generates on its own as an investor.

We produce **impact projections**, projecting a company's total impact potential, to quantify potential future impact. In doing so, we present the projection of the total impact of the portfolio companies without attributing this to the various financiers. As it is not possible to reliably predict future additional financing that is required for achieving this impact, there is no reliable basis for any such individual attribution.



Our impact on material topics

SDG 13 Carbon-neutral economy

Relevance to Invest-NL and impact on society

The basis of our strategy is to give the highest priority to making the transition to a carbon-neutral and circular economy fundable. In Invest-NL's strategy and impact policy, we link the topic 'climate footprint' with the goal of contributing to SDG 13.

The recent 2021 IPCC report⁴ shows that global warming of at least 1.5 degrees Celsius needs to be expected – and that, in extreme scenarios, we are headed for global warming of up to almost 6 degrees by 2100. The Paris climate goals formulated the ambition to limit global warming to a maximum of 2 degrees and to aim for 1.5 degrees. Decarbonisation is therefore a huge, urgent and global challenge. Developed economies are faced with the dual task of rapidly reducing their own greenhouse gas emissions and developing the urgently needed technologies for a world that delivers prosperity as well as zero emissions.

⁴ IPCC, 2021, AR6 Climate Change 2021: The Physical Science Basis, Box SPM.1 | Scenarios, Climate Models and Projections



Our impact on material topics

SDG 13 in the Invest-NL impact policy – our approach

At present, even the cleanest technologies are often not zero-emissions technologies. It can accordingly be difficult to determine which technologies are clean enough to target. The EU Taxonomy for Sustainable Activities is a useful tool to do so.⁵ Invest-NL applies the Substantial Contribution Criteria as a threshold for operating activities and technologies that are provided for in the EU Taxonomy.

In aiming for a carbon-neutral economy, we differentiate between:

- **emissions from products.** Part of our investments is aimed at making products with lower greenhouse gas emissions than processes currently in use.
- **emissions from operating activities.** Invest-NL is a company and invests in companies. All companies produce GHG emissions in their own operating activities, which can be avoided by pursuing alternative policies, for example by using sustainable sources of energy.

Scope of the measured emissions

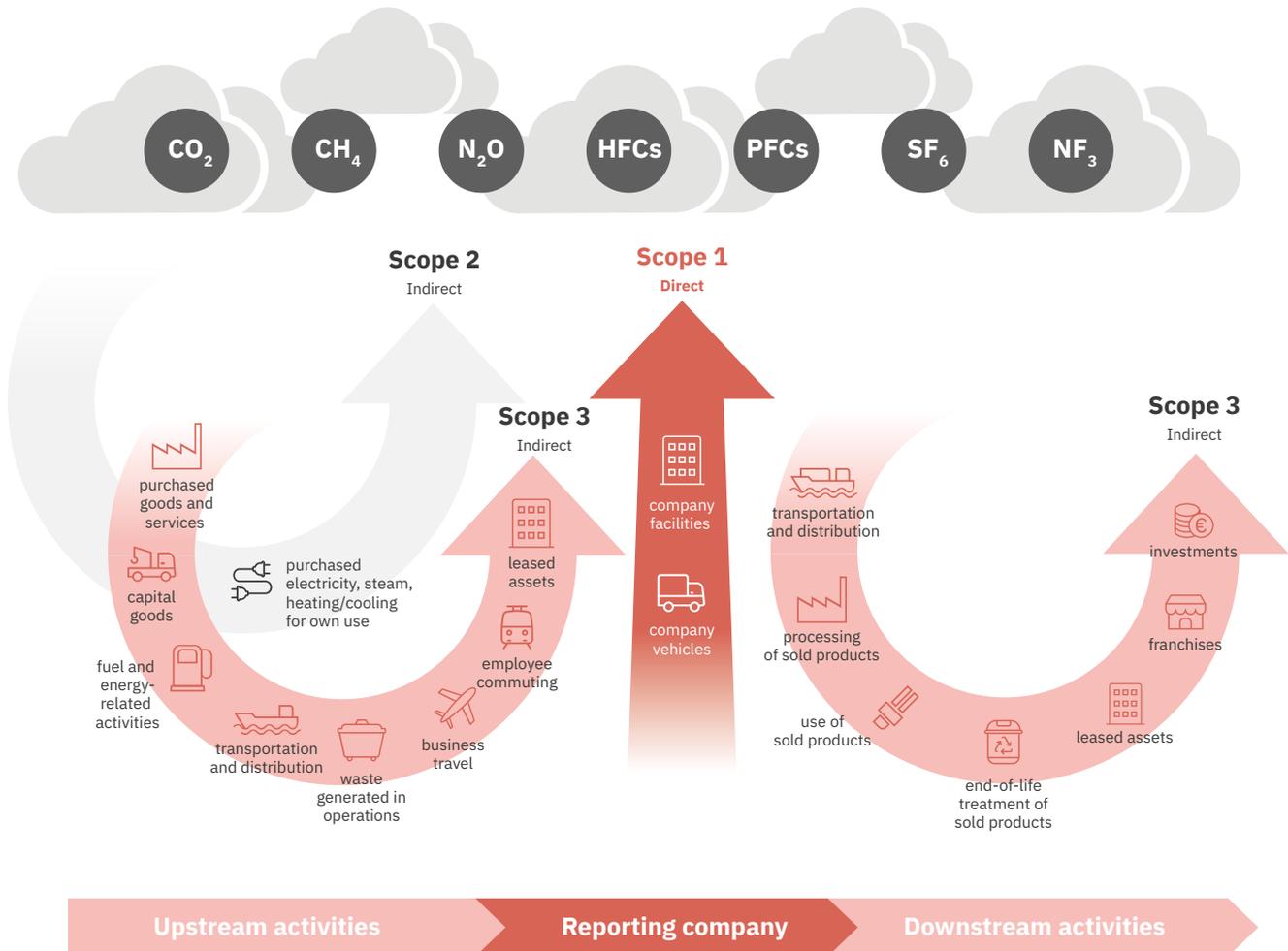
Invest-NL seeks to reduce greenhouse gas emissions, regardless of where those emissions occur in the chain or geographically. We apply the GHG protocol when measuring impact. The GHG protocol defines 15 types of emissions categorised into 3 ‘scopes’ – which identify where emissions occur in the chain. In accordance with the protocol, we measure Scope 1 and Scope 2 emissions, adding Scope 3 emissions where relevant.

We measure both absolute and avoided greenhouse gas emissions. Absolute emissions comprise the Scope 1-3 emissions of a company. Avoided emissions are measured by comparing absolute emissions with a reference process. This reference process is the most likely process that would take place if the company did not exist. Negative emissions occur only if greenhouse gases are withdrawn from the atmosphere. In our portfolio, for example, SCW Systems is working on a technology for capturing CO₂ in minerals.

⁵ EU taxonomy for sustainable activities | European Commission (europa.eu)

Our impact on material topics

GHG protocol – Categories and scopes of greenhouse gas emissions



Emissions from products

Methodology

A life cycle assessment (LCA) is prepared for emissions from products.

The following Scope 1-3 emissions are often relevant and included in an LCA:

- **Scope 1 – Emissions or emissions reduction in own production.** For example, very relevant in recycling technologies such as pyrolysis or gasification, with a large part of the emissions coming from own operations.
- **Scope 2 – Emissions or emissions reduction from purchased energy.** For example, in purchasing electricity. With regard to emissions from electricity in the Netherlands, we assume that the emission factors will develop in line with the Dutch climate agreement.



Our impact on material topics

- **Scope 3 – Emissions or emissions reduction from purchased raw materials.**
For example, when chemicals are purchased as feedstock for a chemical process.
- **Scope 3 – Emissions or emissions reduction in use.** For example, relevant in the production of a new generation of solar panels and wind energy, which are increasingly used to replace fossil energy.
- **Scope 3 – Emissions or emissions reduction in end-of-life treatment.**
For example, if a product is manufactured that is much more effectively recyclable than the alternative.

Depending on the project type, we focus especially on the full life cycle, or solely on upstream or downstream activities. Emissions associated with building a new plant are outside the scope of the impact measurements.

Impact attribution

Sometimes, a company will manufacture a part of an end product. In that case, we attribute only part of the total impact generated to the company. Unless stated otherwise, we use economic attribution to allocate the impact. For example, if a company manufactures a part that costs €10, in a product costing €100, we allocate 10% of the impact to that company. There may be a reason to deviate from this if the part significantly improves the quality of a product or makes the product suitable for an additional market segment.

We opt to disclose both the actual and the projected impact for the emissions from products, since the impact targeted by Invest-NL's investments lies – sometimes far – ahead in the future as explained above.

SDG 13: Results of the Invest-NL portfolio in 2021

The dot on the horizon – impact projections

Invest-NL invests with the goal of limiting global warming to 1.5 degrees Celsius. We have therefore invested in companies in the past year that focus on reducing GHG emissions.



Our impact on material topics

The following of the investments we made in 2021 contribute to emissions reduction:

- **Avantium** is introducing the biogenic material PEF in the market. To do so, it is developing the first plant in the world that produces FDCA – a building block for PEF. The emissions reduction derives both from the biogenic origin and from the superior qualities of the material.
- **Black Bear Carbon** is developing a pyrolysis plant to recover carbon black from car tyres. The carbon in this carbon black therefore remains in the chain, and new production of carbon black is avoided.
- **Delft Advanced Biorenewables** is developing a process improvement of the fermentation process. This improvement has the potential to enable more efficient and cheaper fermentation. This process improvement already yields GHG reductions in itself and may make fermentation a viable alternative for current fossil processes.
- **Delft-IMP** is developing machines that allow nanocoatings to be applied to the cathode material of batteries. This reduces the footprint of the production of batteries and extends their life. The technology can also be deployed in the production of electrolysers and fuel cells.
- **Dott** operates a shared micromobility network. It aims to be a front-runner in sustainability and circularity in this area, for instance by entering into strategic partnerships with public organisations and public transport companies, by modular and robust development of their own E-scooters and E-bikes and by pursuing sustainable business operations.
- **LeydenJar** is bringing silicon anodes to the market – an innovation allowing batteries to be manufactured without graphite. Additionally, silicon anodes significantly increase the energy density of batteries, making them suitable for freight transport as well, for instance.
- **Protix** is developing plants to farm black soldier flies on biogenic waste. The nutritious value embodied in this protein-rich fly can be used for animal feed. Protix has built a first plant and is currently working to develop a scaled-up version of this plant.
- **SCW Systems** is developing two technologies. By means of supercritical water gasification, they convert products back into raw materials such as hydrogen and green gas. The technology is potentially especially suited to wet substances that are difficult to process such as sewage sludge and plastic residues. It will

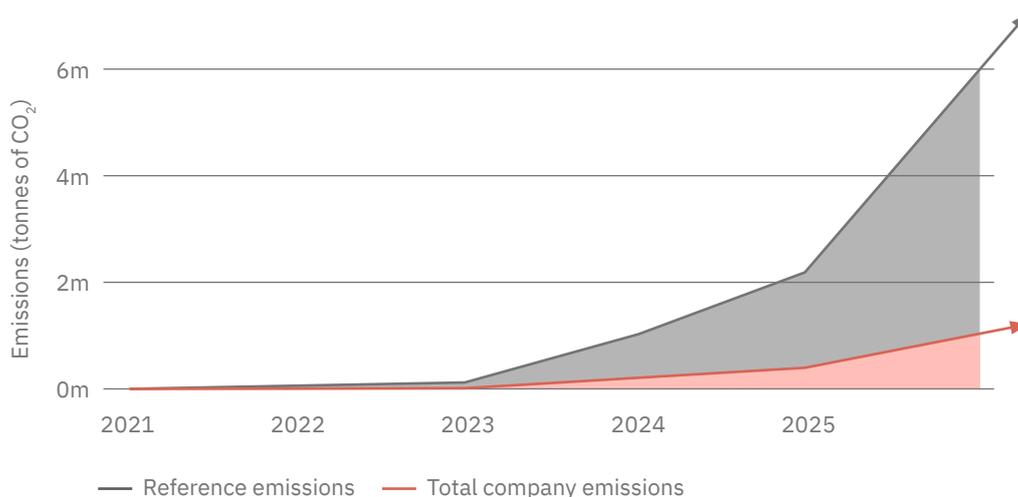


Our impact on material topics

also recover a range of raw materials by mineralising CO₂ in rocks. This has dual benefits – the mineralisation leads to negative emissions, and the raw materials that are produced increasingly replace fossil-based raw materials.

- **Umincorp** uses magnetic density separation to separate plastic from domestic waste. As a result, a much greater proportion of the plastic in domestic waste can be mechanically recycled. This waste is therefore not incinerated, and the recovered plastic avoids new fossil-based plastic.
- **Unovis** is a fund that invests in alternative proteins. With our investment, Unovis will make investments in developments for plant-based alternatives for a wide range of products.

The projection of the total chain emissions of our portfolio companies is shown below. It depicts a clear trend. The chain emissions of our portfolio companies in this projection are significantly lower than the reference emissions (e.g. -85% in 2025). Following an initial phase of upscaling, these reductions are also substantial in absolute terms (e.g. an emissions reduction of 5 Mtonnes after 2025⁶). As described above, the impact projection is uncertain – this depends on the success of our portfolio companies in scaling up to become commercially successful companies. The greatest emissions reduction is not expected to become manifest until after 2025, because it will then be possible to build larger plants and/or to license technology in the market.



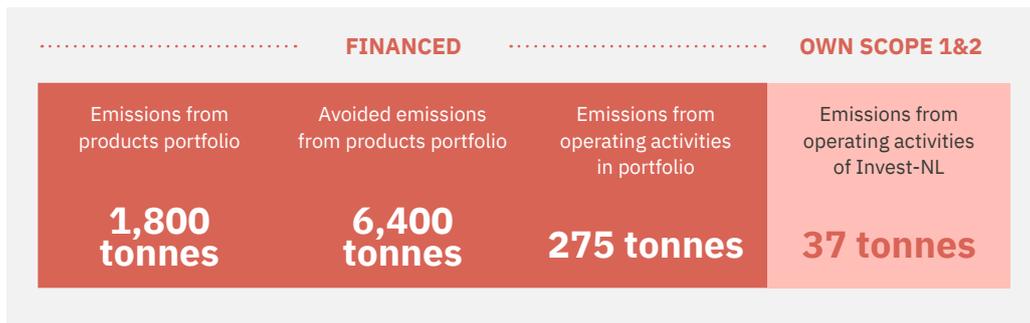
⁶ This emissions reduction is a projection that is based on the business plans of our participations – with inherent uncertainties – and is not attributed to the financing provided by Invest-NL



Our impact on material topics

Here and now – results only visible yet to a limited extent

Invest-NL is a start-up investment fund, and the companies in which we invest are likewise start-ups and scale-ups. Therefore, the financed emissions⁷ for the year 2021 are still small compared with the future projected emissions reductions. In addition to three types of financed emissions, we also report on our own operational emissions.



The following six companies in the Invest-NL portfolio have a production process that is already up and running: Delft IMP, Umincorp, Protix, PMC, LeydenJar and Dott. These companies manufacture products. The financed emissions total 1,800 tonnes, through which emissions of 6,400 tonnes are avoided.

All the companies we finance have operational emissions. We request them to report on emissions arising from their energy consumption, home-work commuting and business travel. These financed emissions total 275 tonnes of CO₂. The emissions of Invest-NL itself amount to 37 tonnes of CO₂.

Completed market development and analysis projects in 2021

In addition to investments, Invest-NL engages in market development through its business development activities. A carbon-neutral economy is promoted by our active role in each of the five major sectors (industry, built-up environment, electricity, mobility and agriculture). This means that this market development covers the full breadth of the transition.

⁷ Financed emissions are emissions and reductions reported last year by portfolio companies and attributed to the financing provided by Invest-NL



Our impact on material topics

The impact we achieve in this way cannot be measured directly by means of quantitative impact measurement. The section 'Results' presents a list of projects in 2021. By way of illustration, we discuss two of our topics below:

- Heating in the built-up environment. The Netherlands is faced with a huge investment challenge to transition from boilers for central heating to a carbon-neutral heat supply. Increasing the sustainability of properties, heat pumps and heating grids are some of the solutions we require for this. Invest-NL carries out market analyses, has contributed to the development of several propositions for heating grids and takes an active role in debates in society on this.
- Integration of sustainable electricity. Due to the growing share of solar and wind energy in the energy mix, the existing system is reaching its limits. For instance, it is not always possible to get a new electricity mains connection in the short term, and we have seen negative prices on the APX exchange. In the past year, Invest-NL worked on solutions such as closed distribution systems, cable pooling and the integration of storage capacity. This report presents a number of cases regarding these projects.

Outlook for 2022

We aim to commit €250 million in new financing in 2022, of which at least €150 million in financing that contributes to a carbon-neutral and circular economy. Further, the activities of Business Development mainly target initiatives that contribute to a carbon-neutral and circular economy.



SDG 12 Circular economy

Relevance to Invest-NL and impact on society

Together with the transition to a carbon-neutral economy, the circular economy is also a priority within Invest-NL's strategic plan. Invest-NL's impact policy links the topic of the circular economy to the goal of contributing to SDG 12.

In a circular economy, the aim will be to protect the productive resources of our planet. Depletion has to be avoided. So more efficient use of scarce materials and reuse will be needed, repair and recycling need to be encouraged and production patterns and consumer behaviour in general will have to become more sustainable.

The Netherlands has an ambitious target of making the economy 50% circular by 2030 and 100% by 2050. Consumption of materials per capita in the Netherlands is still 35% higher than the OECD benchmark at present, while the amount of waste produced per capita in the Netherlands is still more than 60% above this benchmark.⁸ This shows the urgency and scale of the task faced by the Netherlands in working on the transition to a circular economy.

⁸ Source: the World Bank 'What a waste 2.0'



Our impact on material topics

SDG 12 in the Invest-NL Impact policy – our approach

Measuring circularity: work in progress

Quantifiably determining and measuring circularity is still a comparatively unexplored area, compared with other SDGs. There are few standards for measuring the circularity of companies. Invest-NL has opted to apply the currently most mature methodology – the Circular Transition Indicators (CTI) developed by the World Business Council for Sustainable Development (WBCSD). This methodology measures the reuse of both the raw materials used and the outflow of products. The use of critical materials is also monitored. This is a good start, although it does not yet sufficiently cover the effect of more advanced circular strategies such as ‘Refuse’, ‘Reduce’ and ‘Rethink/ Redesign’. That is why, in 2021, Invest-NL was involved in the working group ‘circular economy – platform and sustainable financing’ to drive forward the development of standards together with the financial sector.

The significance of Circularity for sustainable use of raw materials is becoming increasingly clear. A growing number of companies is seeking to achieve positive impact in this regard. But measuring the circularity of companies is proving to be complicated in practice, even for companies that specialise in this. As a result, this is still rarely done in practice.

Invest-NL is putting circularity on the agenda at companies by requesting all companies that focus on a carbon-neutral and circular economy to report on this as well. Invest-NL is engaging in dialogue about circularity with all companies and fund managers, both in the phase preceding the investment and in the management phase.

The results below can be seen as a baseline measurement, with more companies reporting annually on circularity.



Our impact on material topics

SDG12: Results of the Invest-NL portfolio in 2021

Invest-NL's strategy for contributing to a circular economy is diverse. We have made various investments – which all contribute to a more circular economy in their own way. At the present time, our investments fall within the following two strategies:

- **closing raw materials chains by recycling.** This is aimed at recycling materials that would otherwise be dumped or burned, so that they are used as raw materials and retain their value.

Investments⁹: Umincorp, SCW Systems, Black Bear Carbon;

- **biobased materials.** This is aimed at replacing fossil-based raw materials with raw materials with a biogenic source.

Investments⁹: Avantium, Dutch Advanced Biofuels.

At present, four companies have reported on their circularity. The goal is to measure circularity at more of our investments in the years ahead.

Portfolio company	Input	Output	Overall circularity ¹⁰
Avantium	Circular: biogenic material for PEF and recycled PET for multilayer small bottles Non-circular: non-recycled PET for multilayer small bottles	Circular: recyclable small bottles that will actually be recycled Non-circular: losses in the recycling process	50-66%
SCW Systems <i>Gasification</i>	Waste input is 100% circular	Hydrogen and green gas as fuels are not circular. They are circular when used as raw materials.	50%
Dutch Advanced Biorenewables <i>Mineralisation</i>	Circular: use of residue streams Non-circular: use of newly extracted rock	Circular: usefully deployable end products such as for example green cement and valuable metals	81-100%
Umincorp	Waste input is 100% circular	Circular: recovered plastic Non-circular: non-recyclable streams such as foil, non-plastic waste and associated waste matter	81%

⁹ See also the descriptions for results on SDG 13.

¹⁰ Overall circularity is the weighted average of the recycled content in the input streams and the recyclability of output streams. Reported percentages are projections, based on business plans of our participations.



Our impact on material topics

Other developments on this topic in 2021

The circular economy is still a relatively unexplored area compared with the carbon-neutral economy. While it has already been discussed for several decades, it has only become clear to a limited extent what ‘circular’ means for certain sectors – let alone for individual cases – and what a fully circular final state might look like.

Invest-NL is contributing in this area by working on a systematic basis on development pathways, research projects and proposition guidance. Critical metals are an example where this is clearly coming to the fore. The energy transition requires wind turbines, solar panels and battery-electric vehicles. Critical metals are part of each of these products. In order to spotlight this, Invest-NL has mapped this demand for materials resulting from sustainable energy scenarios. This analysis is detailed in this report.

Invest-NL Business Development actively participates in the market in line with its spearheads. One of those spearheads is the transition to the use of more plant-based proteins in sustainable nutrition. Invest-NL is therefore an active participant in the open innovation programme ‘Fascinating’, with the goal of putting in place a circular system in Groningen within ten years, in which the nitrogen chain is closed, without any CO₂ emissions and with local production of plant-based proteins.

Outlook for 2022

We aim to commit €250 million in new financing in 2022, of which at least €50 million in financing that contributes to a circular economy.



SDGs 8 and 9 Innovation & enterprise

Relevance to Invest-NL and impact on society

Invest-NL aims to make the Netherlands more innovative, as well as more sustainable. Many innovations at start-ups are at the interface between science, innovation, development, entrepreneurship and growth. The innovations that are necessary to achieve major transitions (for example, towards a carbon-neutral and circular economy) entail substantial entrepreneurial risks. Those risks lie not just in the area of technology, competition and the market but also in the areas of policy, regulation and governance; all those risks add up and are interdependent.

The risk for an entrepreneur or a regular capital provider can therefore no longer be discounted. So parties are needed that are prepared to take this risk. This is exactly the role that National Promotional Banks and Institutions like Invest-NL fulfil, therefore making us an important factor in encouraging innovation.

For Invest-NL, innovation is a precondition for the acceleration of the major transitions that society needs. Innovation, however, also has additional value, in all kinds of markets and sectors in our society. By encouraging and financing innovation, Invest-NL therefore does not exclusively focus on the financing of innovations that are important for the major transitions of our times, but also on encouraging innovations in other areas in our economy.



Our impact on material topics

In order to add as much as possible to the Dutch economy, we maximise the mobilisation of European and private capital for this category. Fund investments are an important instrument to achieve this.

Our investment strategy targets investing in companies that are genuinely transformative and push back the frontiers of what is possible for us. Deal teams engage with companies and funds and assess whether they are working on groundbreaking innovations. As part of the process, this is externally verified with experts from the sector.

SDGs 8 and 9: Results of the Invest-NL portfolio in 2021

Invest-NL is developing the following funds with the EIF:

- Deep Tech Fund (DTF). DTF is a fund that is being jointly established by Invest-NL (€75 million) and the Ministry of Economic Affairs and Climate Policy (€175 million). Its aim is to help deep-tech start-ups and scale-ups to bridge the capital-intensive period. Invest-NL is responsible for the implementation of the fund, which will become operational in 2022.
- Dutch Alternative Credit Instrument (DACI). DACI is a fund-of-fund collaboration between Invest-NL and EIF. This instrument contributes to the SME financing landscape by providing capital for loans to SMEs. The DACI fund totals €200 million, comprising €50 million from the Ministry of Economic Affairs and Climate Policy, €50 million from Invest-NL and €100 million from the EIF. The contribution from the Ministry of Economic Affairs and Climate Policy is invested in the DACI instrument via Invest-NL's statement of financial position.
- Dutch Future Fund (DFF). Invest-NL already provided a commitment of €150 million in 2020 for this joint fund-of-funds initiative with the EIF. The EIF invests in venture capital funds for innovative scale-ups.



Our impact on material topics

Invest-NL additionally also invests in broad innovation through direct investments and fund investments such as the following.

- **CapitalT.** A fund focusing on AI-driven tech companies with impactful applications in sectors such as education, digital health care and climate technology.
- **Dutch Security Tech Fund.** A fund focusing on data security and cybersecurity in general.
- **Innovation Industries.** A fund focusing on providing capital for high-tech innovative key technologies. The companies in which the fund invests are mainly active in High Tech, Med Tech and Agri-Food Tech.
- **Nearfield Instruments.** The company develops and supplies groundbreaking measurement solutions capable of non-destructively measuring critical 3D nanostructures during the manufacturing process of microchips. Measuring those structures is essential to manufacturing good microchips.
- **EFFECT Photonics.** A company seeking to manufacture optical transceivers for chips with significantly reduced energy consumption. The investment is being used to continue expanding the current product line of optical transceivers for applications such as 5G networks and to scale up production capacity.

Innovation: R&D in the portfolio (SDG 9)

(in € million)	R&D expenditure of portfolio companies ¹¹	R&D expenditure of portfolio companies and funds, attributable to Invest-NL ¹²
2020	47	15
2021	124	21

Portfolio companies can be financed either directly by Invest-NL or by a fund in which Invest-NL has invested.

¹¹ Not allocated, excluding proxies for data not obtained.

¹² Allocated, including proxies for data not obtained.



Our impact on material topics

There are various ways in which a company can be innovative. In 2021, we examined various methods for awarding a score for quality of innovation. However, these methods are not only very time-consuming but also extremely academic, and we have therefore concluded that these qualification methods per innovation have no added value for our own decision-making. There is, however, a widely used practical and quantitative indicator for our contribution to innovation: a company's R&D expenditure. The data we use for this are derived from a company's financial reporting. R&D expenditure is an indicator for how much innovation activity has taken place.¹³

Employment: FTEs in the portfolio (SDG 8)

Employment

Through our investments, Invest-NL contributes to the growth and preservation of high-quality employment in the Netherlands. In view of the tightness in the labour market, employment is not a goal in itself. The goal is to provide innovation-focused employment opportunities in the long term. To monitor this effect, we track the number of employees at the companies in our portfolio.

Employment impact of Invest-NL¹⁴

(in number of FTE)	FTEs employed at portfolio companies ¹⁵	FTEs employed at portfolio companies – attributable to Invest-NL ¹⁶
2020	404	123
2021	2,550	275

¹³ Financed R&D expenditure comprises R&D expenditure incurred in the past year by portfolio companies, attributed to financing provided by Invest-NL in accordance with the PCAF attribution.

¹⁴ Portfolio employment comprises all employees working in our portfolio. This always concerns the employees of financed companies – employees at Invest-NL and/or the financed funds themselves are not taken into account. For financed employment, this is attributed to the financing provided by Invest-NL in accordance with the PCAF attribution.

¹⁵ Not allocated, excluding proxies for data not obtained.

¹⁶ Allocated, including proxies for data not obtained.



Our impact on material topics

Companies financed in part by Invest-NL currently already employ almost 2,550 FTEs. Of these employees, 65% work at companies partly financed directly by Invest-NL. Invest-NL finances 35% of these jobs indirectly through fund investments or fund-of-fund investments. Allocated to the financing by Invest-NL, we have financed 275 FTEs. Given the early stage our portfolio companies are in, this number of FTEs is expected to grow in the years ahead.

Diversity in senior positions

Through its affiliation with FundRight,¹⁷ Invest-NL actively puts the importance of diversity in management teams and boards of start-ups and scale-ups on the agenda at portfolio companies and fund managers. Accordingly, besides employment, we also monitor diversity in senior positions in our portfolio.

Analysis of the portfolio reveals that senior positions are largely held by men within our portfolio. That is typical of our sector, reflecting the high proportion of men working in venture capital funds and in high-tech companies. This first measurement therefore strengthens our commitment to contributing to greater gender equality in these sectors. We set an example in the market by aiming for a 50:50 ratio in all layers of our own organisation.

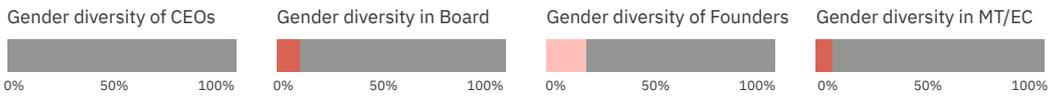
¹⁷ Home |# FundRight



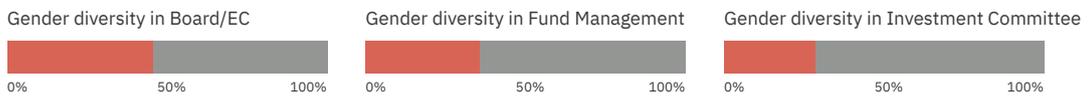
Our impact on material topics

When undertaking fund investments, we stipulate the condition that at least one woman or other person from an under-represented group must be invited to apply for senior positions. In the coming years, diversity, including gender diversity, and inclusion will remain a focus area for Invest-NL and a topic for discussion with funds and companies in our portfolio.

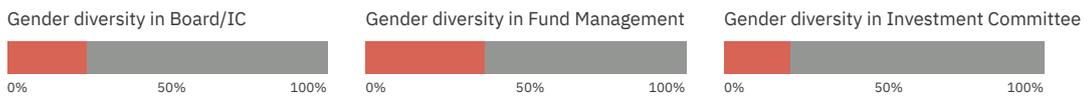
Gender diversity in direct investments



Gender diversity in fund investments



Gender diversity in fund-of-fund investments



■ Female ■ Male ■ Mixed founder team female/male



SDG 3 Better, more affordable and accessible health care

Relevance to Invest-NL and impact on society

Health care in the Netherlands faces serious challenges in the coming decades. Invest-NL focuses on innovations and initiatives with a social impact that make a substantial contribution to better, sustainable health care that is affordable and accessible to everyone in order to contribute to a healthier society.

The biggest problem in health care is its ever-increasing demands on our national income. Generally, innovations increase this burden. Reversal of this trend comes closest to what can be termed a 'transition'. Invest-NL will therefore choose to mainly finance innovations that can reverse this trend.

A second priority also concerns the need to keep health care affordable. It is important in this context to keep care away from the place where it is most expensive: hospitals. We therefore focus on innovations that contribute to the principle of 'the right care at the right place', with the aim that patients can remain independent and self-reliant and do not necessarily have to go to hospital to receive care.



SDG 3 in the Invest-NL Impact policy – our approach

The Invest-NL impact policy links the Invest-NL health care ambitions to SDG 3. However, while methods and metrics have already been developed for other SDGs in the past year, this has not yet been completed for SDG 3. In 2022, Invest-NL will develop a methodology to quantify impact on the two health care goals – affordability and accessibility – in decision-making and monitoring. In doing so, we will make as much use as possible of existing methodologies. The first results will be published in the 2022 annual report.

Under TOPPS and via the Dutch Future Fund and Innovation Industries, Invest-NL made investments in 2021 in innovative companies and funds in the health care sector. The investment in the Next Gen fund in January 2022 was the first investment we made in the health care sector that specifically targeted the aforementioned two priorities. Our investment in Onera is an example of bringing health care to the right place. Onera develops sleep diagnostics that can be applied at home instead of in special sleep centres.



Our impact and ESG policy

Invest-NL sees ESG (Environmental, Social and Governance) matters as a crucial ingredient for sustainable value creation. This section describes our impact and ESG policy.

In targeting our impact, we attach great value to thorough analysis of the ESG risks and opportunities of an investment. We consider the potential negative impact of the investment on the environment and society, while also taking account of potential future financial risks for the investment arising from certain social and environmental risk factors.

If Invest-NL provides financing, we always consider the extent to which the companies or funds involved are exposed to ESG risks and the extent to which they have taken mitigating measures in this respect. At the same time, ESG matters are important for us as well: we aim to meet the standards that we require from the companies in which we invest. This section first describes the role of ESG in Invest-NL's investment process, and then the role of ESG in our own business operations.

ESG in the investment process

Standards and guidelines

As a state participation, Invest-NL reviews compliance of its activities and investments against the following international guidelines:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- UN Guiding Principles on Business and Human Rights (PRI);
- UN Principles on Responsible Investment.



Our impact and ESG policy

We also endorse a number of additional guidelines:

- OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS);
- Financial Action Task Force on Money Laundering;
- International Labour Organization (ILO);
- Basel Convention.

To underline our commitments, Invest-NL became a signatory of both the UN Global Compact and the PRI in 2021. The above guidelines are also embodied in our exclusion policy, which is available as part of our impact and ESG policy on [our website](#).

Developments in our impact and ESG policy and process in 2021

Invest-NL took a number of important steps in 2021 to further develop and professionalise the impact and ESG policy for direct investments and fund investments. A crucial step was to recruit an ESG officer, who reports to the Strategy Director. The following steps were taken in the year under review:

Internal evaluation

An internal survey was conducted among investment staff in the third quarter to evaluate their views on the ESG process and identify the areas they flagged as requiring improvement. The survey outcomes were presented to the organisation as a whole and formed the starting point for a number of proposed changes in the process. The principal areas for improvement that were identified were the proportionality and relevance of the ESG questionnaires that were used (very long and too general) and the lack of systematic ESG engagement in the management phase.

Development of thematic ESG framework

In response to the above findings, we worked on a thematic and sector-specific ESG framework for each of Invest-NL's investment themes. These ESG theme checklists help the deal teams to rapidly obtain an insight into relevant ESG risks in the various sub-sectors within a theme. In addition, the framework results in a specific ESG due diligence questionnaire that is directly relevant for the company or fund requesting financing.

Our impact and ESG policy

The development of the theme checklists was based on the concept of ‘double materiality’: there is a focus on both the potential impact of the investment on people and the environment (for example, through working conditions or water consumption) and the potential impact of social and environmental factors on the financial value of the investment (for example, water shortages or new environmental legislation). The SASB framework was used to identify financial materiality.¹⁸

Double materiality



Steps were also taken, following on logically from the ESG due diligence, to further formalise the ESG engagement with companies and fund managers. Prompted by the replies in the ESG questionnaire, a talk now takes place with each company or fund manager in the due diligence phase. This is aimed at obtaining even better insight into management's ESG priorities, capacities and own risk assessment, but equally at putting certain topics on the agenda that are not yet on the radar.

¹⁸ Exploring Materiality – SASB

Our impact and ESG policy

ESG in the investment agreements

Additional steps were taken in 2021 on documenting ESG commitments in the investment agreements. The Invest-NL exclusions are safeguarded in the agreements entered into by Invest-NL with portfolio companies and fund managers, as is a focus on diversity in the recruitment policy for senior positions and board positions. We also ask companies – where relevant – to put in place an appropriate ESG governance structure, for example by establishing a sustainability committee at board level. Where necessary, additional agreements are documented, for example if a company has not yet developed adequate policy despite clearly being exposed to ESG risks.

ESG engagement plans

This dialogue continues after an agreement has been signed. This was done mainly on an ad hoc basis during 2021, but a start was made in the fourth quarter on documenting structured engagement plans, in which priorities, objectives and progress are monitored for each investment.

The separate steps in the process are shown in simplified form below:



Starting in 2022, we will also use ESG assessments prepared by a specialised party when drawing up the engagement plans.



Dilemma

How do we become and remain a ‘partner in impact’ with a growing portfolio?

As an impact investor, we wish to help the funds and companies in our portfolio as much as possible and to stimulate them to achieve and accelerate their impact and ESG ambitions. Where possible, we offer support by providing expertise and by utilising our network.

We do this for each investment on themes where we can add the greatest value. Sometimes, we act in a formal supervisory position; at some companies, we initiate or contribute to an impact committee; and at others, we restrict ourselves to specific contributions and advice on an ad-hoc basis. The greater the experience we build up as an organisation, the more we can do for the companies in our portfolio. Conversely, the greater the number of companies in our portfolio, the greater the focus we will need to apply on the themes we will actively pursue as financiers. On the one hand, our ambition is to be a ‘partner in impact’ for our portfolio companies and funds. On the other, we need to spend our time and resources in an effective manner and only assume an active role where we can genuinely add value. We intend to create a suitable work model for this in 2022 and will describe the principles on which it is based in the next annual report.



Our impact and ESG policy

Our own impact and ESG policy: practise what we preach

Our impact and ESG policy sets high standards for businesses and funds. Based on our social role and related responsibilities, we believe it is important that we ourselves meet these standards. The objectives and guidelines are set out in our impact and ESG policy, which focuses on the one hand on our responsibility in the chain and on the other on our own business operations. Our impact and ESG policy is available on [our website](#).

Responsibility for the supply chain

Besides companies and funds, we also expect our suppliers to conduct their business sustainably. This applies to procurement of both products and services. Invest-NL is, for example, liable for compliance with our impact and ESG policy by external hires. We therefore test their integrity and reliability in this respect as well. We take account of environmental and social criteria in the selection of suppliers in procurement and tendering processes.

Offices

When furnishing the Invest-NL offices in Amsterdam Sloterdijk, we made the greatest possible use of reused materials and searched for sustainable solutions in our purchases of new products and materials. Among other things, this led to the carpets, the ceiling tiles and the hardware being Cradle to Cradle certified, the pantry and the sun blinds being reused after a minor upgrade and the chairs and lamps being made of bottles and other recycled materials.

In addition, Invest-NL worked with the building manager to improve the sustainability of the climate system by installing a Variable Air Volume (VAV) system and two extra heat pumps. The addition of these heat pumps allows for the building to be heated by electricity (generated by wind power) in spring and autumn, and significantly less district heating is needed. The VAV system also means that the climate in the working areas can be regulated dynamically and locally, so that the building can be ventilated, cooled and heated on the basis of physical occupancy rather than the system being constantly in use. This reduces energy use.



Invest-NL's own emissions

In addition to the measures described above in our offices, Invest-NL also aims to limit its own emissions in other ways. Accordingly, business travel and home-work commuting by public transport are reimbursed in full for employees, and travel by car is reimbursed to a limited extent. This measure was temporarily suspended in 2021 owing to the COVID-19 pandemic. Also, part of an off-site session with the entire organisation in September was devoted to employees' own emissions. Invest-NL's actual emissions in 2021 are disclosed in the Materiality and impact section.

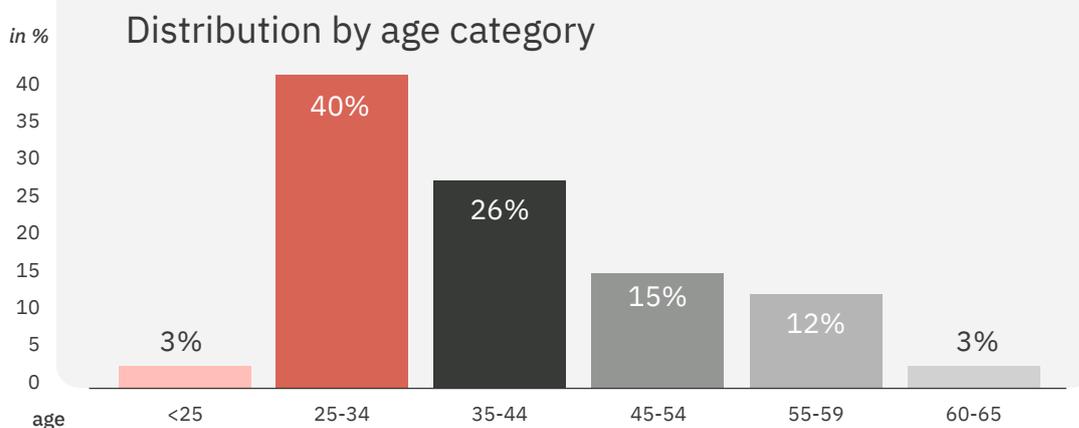
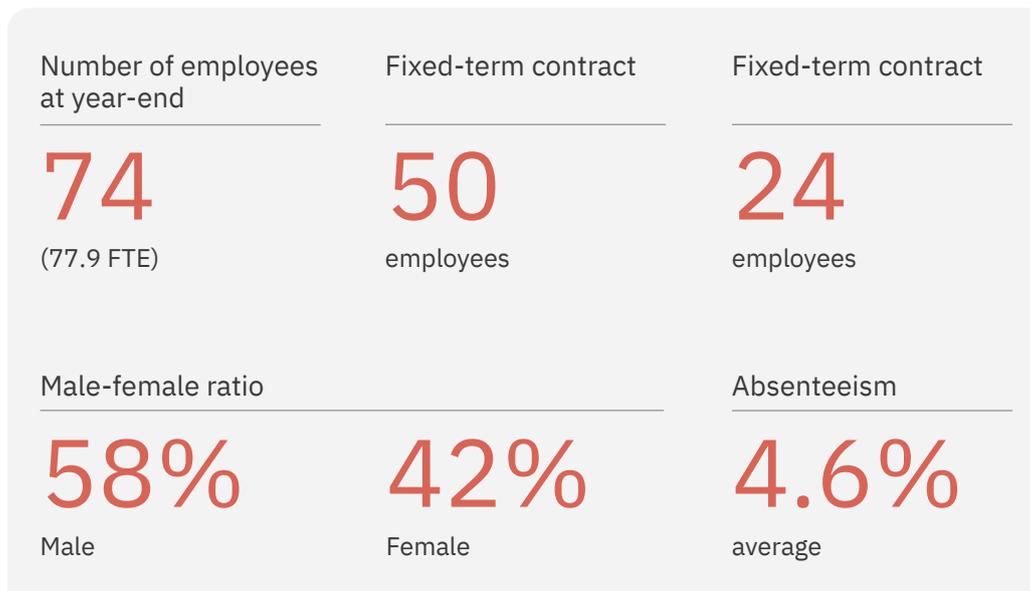


Employees and organisation

One team, one mission

We recruited many new diverse talents in 2021 and further professionalised the foundation of our organisation. Our focus remained on creating an inspirational environment for talented professionals with a shared social mission: making the Netherlands more sustainable and more innovative.

HR in figures





Employees and organisation

Culture and organisation

Our organisation prioritises the following five values:

- Courageous
- Professional
- Inspired
- Energetic
- Future-oriented

These values say something about how we do our work and how we want our reputation to develop, outside Invest-NL as well. We use these values to regularly discuss our work and our personal and professional development with our line managers.

An inspired and vital team with a mission

We need a variety of talents in order to achieve our strategic goals. Many of our new employees are relatively young and inexperienced. We offer them rapid professional development in which they are immediately involved in complex issues: at Invest-NL, you can work on the world of tomorrow.

We also seek to remain loyal to these principles and values in our HRM processes and instruments – from recruitment and selection and onboarding to performance management (promotion, salary growth, etc.). We will audit our HR systems and processes on this aspect in 2022.

The core elements of our HRM policy are:

- strategic personnel planning: attracting talent in good time – and in our case as quickly as possible;
- a challenging learning and development environment in which young people are quickly exposed to complex problems and challenging responsibilities;
- accessible leadership: Invest-NL is a flat organisation, with attention to team building and diversity. We aspire to have one team, one mission, with an open feedback culture;



- modern employership with extensive attention for the combination of work and private life and effectively facilitated options for working from home;
- vitality and wellness: in our ambitious working environment with many intrinsically driven employees, we watch closely to ensure that everyone stays mentally and physically fit. We are convinced that we will get the best results as an organisation and as a team if we do work that we enjoy and are good at, with sufficient time and opportunity for relaxation and personal life;
- attractive terms of employment, but not by definition on the basis of lifetime employment. We largely follow the Collective Labour Agreement for Banks. Our salary structure is benchmarked on the median of a relevant cross-section of the financial sector;
- diversity and inclusion. We want a team in which everyone can be themselves, has equal opportunities and can reach their full potential, regardless of their gender, background, age or orientation. Diversity of backgrounds and points of view will make us stronger and more successful.



Employees and organisation

Key developments in 2021

Our second year: further growth and professionalisation

We continued to grow strongly in 2021, from 59 employees (62.7 FTEs) to 74 employees (77.9 FTEs). This means we largely achieved the forecasted growth.

Growth was important, but so was building and professionalising the organisation. In the past year, the existing positions were all described and rated by means of a job evaluation system that had been discussed with the works council. This creates a solid foundation for our remuneration policy, proposing promotions and offering training courses.

A new performance management system was also introduced, reflecting the values and ambitions of Invest-NL. This is intended to help increase the emphasis placed in quarterly job performance interviews with line managers on personal and professional development, with ample scope allowed for self-direction, regular evaluation and open mutual feedback. Much attention was given to onboarding of new employees and group activities to enhance cohesion. This was also necessitated by extensive working from home owing to COVID-19. This led, for example, to much-appreciated online yoga sessions and 'lockdown' water cooler moments. In September, after the COVID-19 restrictions had been lifted, a two-day off-site session was organised for all Invest-NL employees. In addition to leisure activities and getting to know each other in person, the focus of the two-day session was primarily on the climate and energy transition, on experiencing our shared cultural values and on kicking off our annual planning exercise.

Invest-NL wants to be a safe working environment for all of its employees. A confidential counsellor was appointed for this, a speak-up scheme was implemented and employees can book a preventive consultation with the occupational health and safety physician.



Employees and organisation

Our employees are continually involved in key developments: from the start for new colleagues or members of our Supervisory Board and the preparation of loans to the substance of our staff and other regulations. During the lockdown periods, we largely organised this online, for example in a weekly informal ‘drop-by’ hour, by email and in specially organised sessions.

Diversity and inclusion: recruitment and selection

In both 2020 and 2021, we carried out an analysis of the composition of the organisation to gain insight into the diversity of the team of Invest-NL in terms of age, experience and gender, to enable adjustments where required.

The HR department is the challenger and adviser for the business in this area, including the engagement, development and advancement of employees.

When we take on new colleagues, we devote specific attention to diversity and inclusion; these aspects are given careful attention from the time candidates are invited until the end of the selection interview. We also endeavour to be aware of possible subconscious prejudices or preferences. Achieving a good gender ratio can be challenging, especially at Capital and Business Development. Women are under-represented in these fields, both in terms of relevant education and in the financial sector itself. There is also attention and budget for diversity and inclusion initiatives that are proposed by employees.

Extra challenges due to the pandemic

The COVID-19 pandemic continued to pose challenges for us in 2021. We adhered to government guidance on working from home. Online job application procedures and onboarding of new employees at the office were regularly not possible owing to the safety measures. Switching between the office and home went well, but it certainly also demanded extra effort from our employees, many of whom have children attending primary schools.



Employees and organisation

Absenteeism increased in 2021 from 1.9% to 4.6%, in part because we were faced with a number of individual cases of long-term absence due to illness. In the last quarter in particular, we were also faced with more absenteeism owing to symptoms caused by the flu or COVID-19.

Employee representation

A great deal of time was devoted with the works council in 2021 to introducing the new job evaluation system and the new performance management system, to creating team leader positions and to the collaboration between the Business Development and Capital departments around the five leading topics of Invest-NL that were introduced in 2021. In anticipation of possible initiatives in 2022, initial discussions were already conducted on carrying out an employee satisfaction survey and introducing a procedure for internal applications for vacancies.

The agenda in 2022

The focus in 2022 is on further expansion of the team with a further 25 new colleagues. Other HR spearheads include well-being and vitality, training and development and updating our pension scheme. The employee satisfaction survey is also scheduled for the first quarter. At the end of 2021, we started looking for a suitable method for this, in consultation with the works council. The goal is to gain regular insight into our employees' well-being and experience and to obtain feedback and ideas with which we can jointly build a positive, sustainable work environment. Its outcomes will in part determine the HR agenda.



Employees and organisation

What our employees say



‘You are given a lot of room to take on matters yourself. We have a shared goal and work plan, but you can also directly take on anything yourself that falls within this defined scope.’

Remco van Montfoort
Senior Business Development Manager



‘Invest-NL is a fresh, young organisation. In principle, anything is possible and can be brought up for discussion. There is little or no organisational “ballast” such as “fossilised” patterns. This way of working is very pleasant.’

Andrea van Dijk
ESG Officer



‘What I consider to be especially positive is my colleagues’ drive to turn Invest-NL into a strong player in the market. A strong brand.’

Khalid Sheik
Senior Business Development Manager



‘You are given a great deal of responsibility, you can develop new initiatives yourself and you are exposed to a huge range of things.’

Bart Boogaard
Investment Analyst



Employees and organisation



‘At Invest-NL, you are involved from day one in the entire investment process relating to a deal and are able to conclude many different types of deals. This creates a steep learning curve.’

Bram Spangers
Investment Associate



‘The freedom and responsibility at Invest-NL also allowed me to grow as a professional.’

Wouter van Westenbrugge
Senior Investment Manager

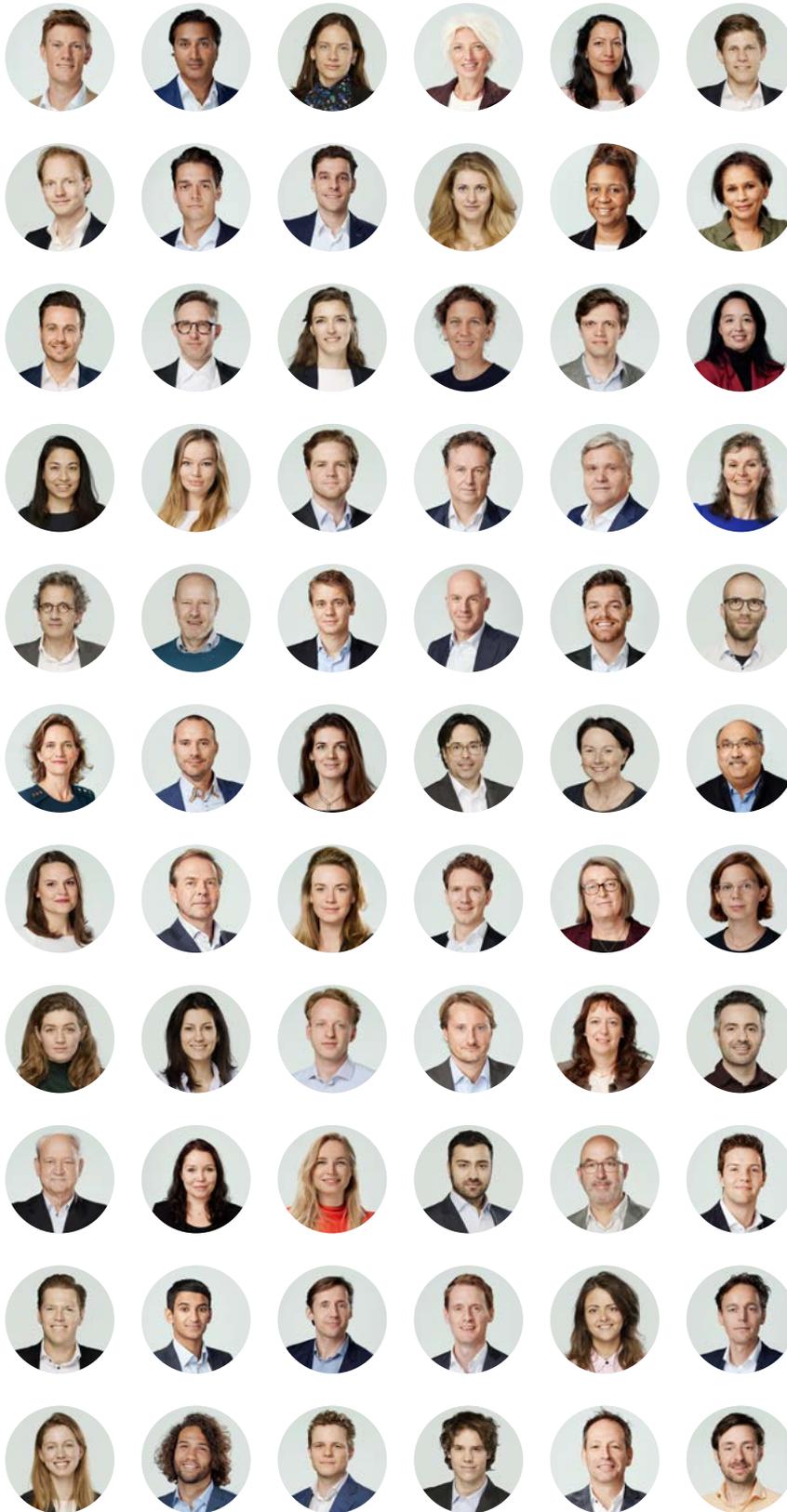


‘Growing as a team and as an individual. Everyone who works at Invest-NL wants to create impact. It is really nice to work with a group of people with so much drive and commitment.’

Yvonne Neef
Energy Transition Team Leader



Employees and organisation



Courageous

Professional

Inspired

Energetic

Future-oriented

IN

NL



Financial performance in 2021

The financial results for 2021 were in line with expectations. The investment activities reflected the first revaluation results, and consequently a small profit was achieved. In the development activities, the costs remained well within the available grant budget.

Development activities

The costs of the development activities at Invest-NL Business Development B.V. are funded fully by a grant from the Ministry of Economic Affairs and Climate Policy. The costs in the 2021 financial year came to €7.6 million, including €4.6 million in employee expenses for both the executive and supporting functions. A further €1.9 million was spent on external expertise in areas including legal, technical and financial advice, as well as market analysis directly for the purpose of these development activities. The final €1.1 million was spent on operational expenses, including ICT and premises costs. Over a multi-year term, the Ministry of Economic Affairs and Climate Policy has budgeted a grant of €10.6 million per year for the four-year period 2020-2023.

Investment activities

Regarding investments, Invest-NL has committed a total amount of €457 million to a total of 33 investments. Within that amount, €250 million relates to the commitment regarding the Dutch Future Fund and Dutch Alternative Credit Instrument in collaboration with the EIF. The value of the portfolio distributed was €134 million at year-end 2021. This excludes a risk participation of €6.8 million from the Ministry of Economic Affairs and Climate Policy, but includes revaluations and provisions. This net amount was made possible by total capital contributions of €175 million, which are part of the total capital allocation budgeted by the Dutch government of €1.7 billion, in principle.



Financial performance in 2021

Invest-NL's consolidated net result for the financial year 2021 was a loss of €3.0 million before tax and a profit of €1.3 million after tax. Invest-NL was expected to generate losses for a number of years before the investment portfolio could realise substantial gains. The small net profit already achieved in 2021 was a direct result of a number of revaluations and deferred taxation recognised. The aforementioned expectation that Invest-NL will generate losses for the first few years nonetheless remains unchanged.

Total operating income after provisions was €17.3 million in 2021, including the grant referred to above from the Ministry of Economic Affairs and Climate Policy. Interest and commission income amounting to €1.7 million was recognised. In addition, €2.8 million in realised changes in value was recognised, as well as €6.8 million in unrealised changes in value. Additional provisions totalling €6.6 million were recognised. Provisions amounted to €8.2 million at year-end. Within that total, €2.4 million concerned standard provisions formed in accordance with IFRS regulations for entering into obligations not shown in the statement of financial position and are therefore not a consequence of a deterioration in creditworthiness during the reporting period. Of these provisions, €5.8 million concerned provisions for obligations for which the creditworthiness was downgraded in the past financial year.

Total operating expenses including the aforementioned expenses for development activities amounted to €21.4 million and mainly comprised, besides the additional provisions referred to above, employee expenses for both the executive and supporting functions (€9.2 million) and operating expenses including ICT and premises costs (€5.2 million). Within operating expenses, management fees of €1.1 million mainly for the Dutch Future Fund and the Dutch Alternative Credit Instrument were recognised. This item concerns the management of the above-mentioned mandates provided by the EIF.

Invest-NL values all current investments at fair value. Further details as to how Invest-NL determines the value of its investments are provided in the financial statements.



Outlook for 2022

Learning and delivering

Our ambitions and goals remain unchanged for 2022. There is much we want to achieve, but not everything is possible at the same time. Ultimately, we want to build an organisation that can do what we want: play a leading role in financing complex transitions, especially the transition to a carbon-neutral and circular economy.

We introduced three phases in our strategic five-year plan (2021-2025). In the first two years of our existence (2020-2021 – focused explorer), we focused mainly on exploratory activities and developed, partly through trial and error, an increasingly visible position in the market. We are currently in the middle of the second phase (2021-2023 – committed partner), in which we forge solid ties with partners and our strategic commitment to the transition to a carbon-neutral and circular economy is also becoming increasingly visible for the outside world. The overarching goal is to be increasingly able in the third phase (2023-2025 – trusted adviser and leading impact investor) to lead the financing of that transition, either in the role of adviser and developer or by investing ourselves.

‘More than ever, collaboration will be the guiding motto, in 2022 as well. That is the only way for us to enable tomorrow.’

The year 2022 will therefore be pivotal for Invest-NL. It is a year in which the position we have built forms the basis for even more complex financing with even more impact, and a year in which we do not just join in but act as initiator and lead. And it is certainly also a year in which what appears to be unfundable will continue to be made fundable, even if the lead-up involves both extensive and intensive development activities.



Meanwhile, we are operating in a highly dynamic environment, in which the impact of COVID-19 is diminishing but major new issues have arisen as a result of the situation in Ukraine and the rising inflation and energy prices.

Also, Invest-NL will be evaluated by the Ministry of Economic Affairs and Climate Policy in 2022 in accordance with the Enabling Act (*machtingswet*). The evaluation will assess to what extent Invest-NL is able to fulfil the tasks and goals set under the Act and whether, in doing so, Invest-NL utilises the scope offered by the statutory framework. In addition, the effectiveness and efficiency of the grant for Invest-NL Business Development will be assessed, to which end the role assumed by Invest-NL in the playing field and the extent of cooperation with other parties will also be examined.

Moreover, 2022 is also the first year of a new government with extensive available resources and ambitious plans with new funds. Much of this has not yet been elaborated in detail. We therefore immediately decided to liaise closely with the ministries involved. We are keenly aware that we will need everyone's support if we are to achieve real progress in advancing the transition to a carbon-neutral and circular economy.



Risk management

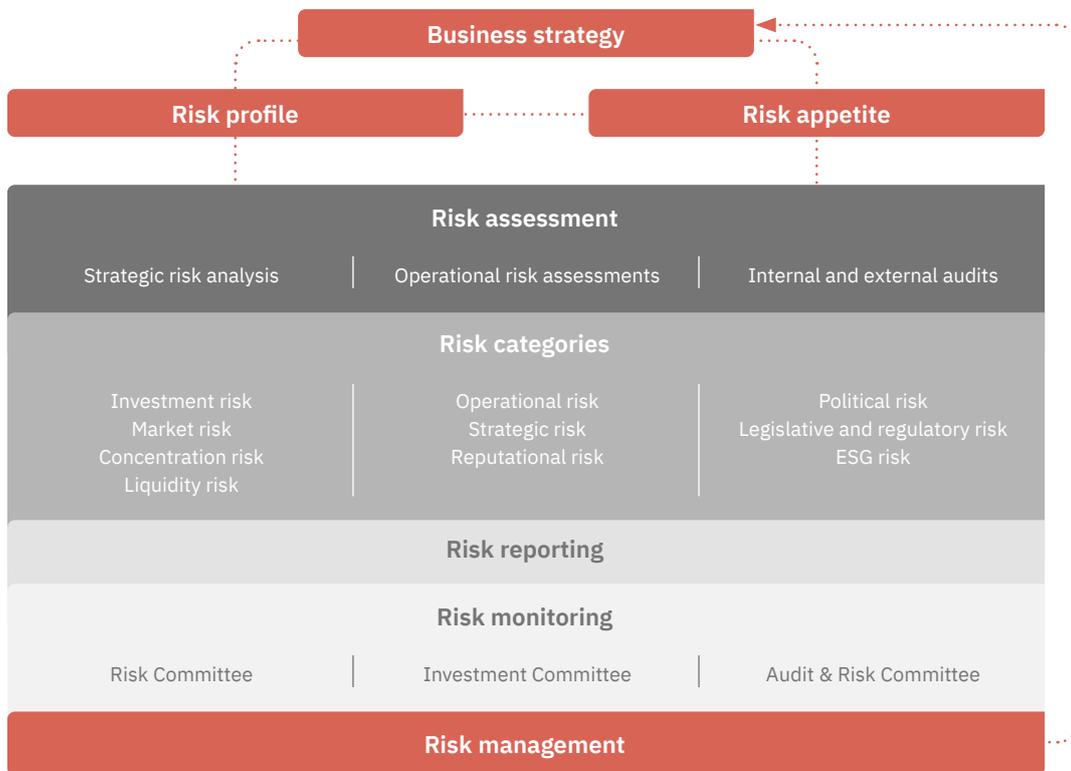
Invest-NL continued to progress the development of its risk management system in its second year. This is important, since our activities involve risk, and at the same time, we want and have to ensure that our business operations are responsible. It is also a condition for being able to act as implementing partner in European guarantee schemes. This section explains how we formulate and implement our risk management.

Risk framework

In 2020, we established a first risk framework. In 2021, we took steps to further develop the risk framework and document it in a risk charter. Developments in relevant laws and regulations and their adequate implementation are actively monitored and discussed in the Audit & Risk Committee of the Supervisory Board of Invest-NL. In addition, a number of risk assessments were performed, partly in response to relevant topical events, including instances of fraud at other companies and new forms of cybercrime.

The qualitative risk appetite statement as formulated by Invest-NL's management team and agreed with its Audit & Risk Committee forms the basis of our risk framework. The risk appetite statement refers to the activities and ambitions as formulated in the strategy of Invest-NL and is updated annually.

Risk management

Risk framework of Invest-NL**Risk governance**

The Management Board is responsible for the system of risk management and internal control, reports on this and gives account to the Supervisory Board and the Audit & Risk Committee.

Risk management at Invest-NL is organised according to the ‘three lines of defence’ model.

First line

The first line, with the Capital and Business Development departments at its core, is primarily responsible for the realisation of the strategy and the management of the risks associated with the business operation. The line management owns the relevant risks and is responsible for the actual management of these risks.



Risk management

Second line

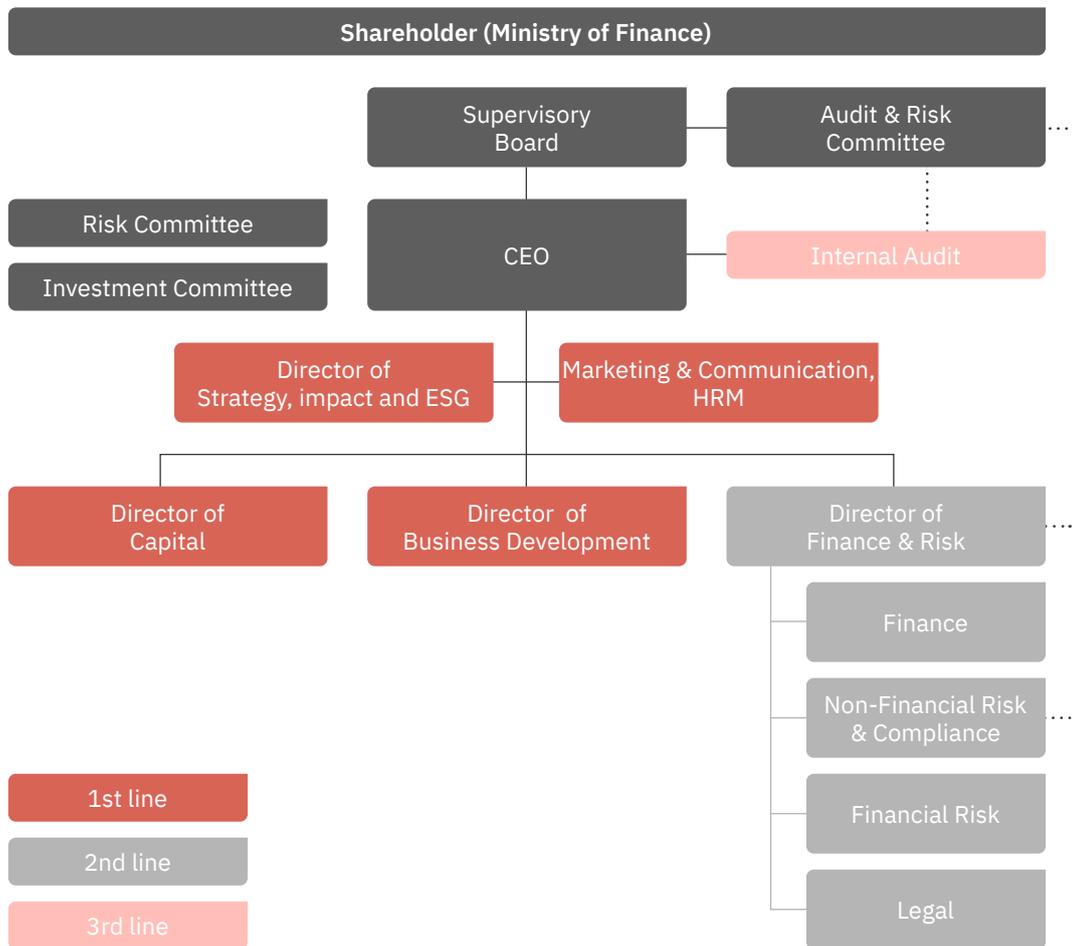
The second line is responsible for the frameworks and for supporting the first line in the management of risk. The second line monitors that the risk management at Invest-NL is adequate and effective. The second line supports, coordinates and monitors that the first line actually meets its responsibilities. In this context, one of the responsibilities of the second line is to raise awareness and challenge, advise and report on the status of risk management. The second line includes the following roles: Finance, Financial Risk, Legal and Compliance & Non-financial Risk.

Third line

The third line is formed by Internal Audit. Internal Audit provides the management with additional assurance regarding the quality of direction and management of risk. Internal Audit monitors that the cooperation between the first and second lines is functioning smoothly, assesses this objectively and independently and makes recommendations for improvements. This function is independent of the first and second lines.

Risk management

The three lines of defence organisational model at Invest-NL



1. The management team consists materially of the CEO and the four directors.
2. The CEO chairs the Investment Committee, and the Directors of Capital, Business Development, Strategy and Finance & Risk are members.
3. The Director of Finance & Risk chairs the Risk Committee, and the CEO and the Directors of Capital, Business Development and Strategy are members.
4. The Audit & Risk Committee consists of three members of the Supervisory Board. Invest-NL is represented on the Audit & Risk Committee by the CEO and the Director of Finance & Risk.
5. The Compliance Officer has a functional reporting line to the Audit & Risk Committee.



Risk management

Risk profile and business strategy

Invest-NL was incorporated in order to achieve a social impact. Invest-NL invests in areas where the market is not, not yet or not yet sufficiently involved. This implies that the organisation has to take significant risks in order to achieve its objectives. At the same time, Invest-NL uses public capital for its investment activities and government grants for its Business Development activities. This combination of significant risk and the use of public capital means that transparent and diligent risk management is necessary.

The structure of this risk management has to enable Invest-NL to achieve its long-term and other goals. This is achieved with a risk management function that establishes frameworks and challenges the organisation with respect to responsible mitigation of risk. The risk management function also has to be flexible and respond to the rapid development of Invest-NL and the associated changes in direction, roles, areas of activity and external factors.

Invest-NL updated its strategy in the year under review and analysed, through its strategic risk analysis, the risks that may affect delivery of the strategy. The central conclusion from that analysis was that effective direction of the execution of the strategy in close contact with the employees and supervisory ministries is crucial to delivering the strategy.

We operated within our risk appetite in 2021. In terms of financial amounts, the investment risks represent the greatest risks. We remained within the investment limits formulated in our investment policy. Those limits are intentionally set with sufficient headroom to enable us to fulfil our mandate and to grow the portfolio in the coming years. No major operational incidents occurred in 2021, and no competition-related or other complaints were received.



Risk management

Risk appetite

The qualitative risk appetite statement was drawn up for the risk categories referred to in the model above that are relevant for Invest-NL. The risk appetite in respect of investment risks and market risks is detailed quantitatively in Invest-NL's investment policy, as stated above. The extent to which Invest-NL is prepared to take risks in order to achieve its objectives varies depending on the objective in question and the risk category.

Our business activities continued to grow in 2021. Prior to performing our annual strategic risk analysis, we also evaluated our risk appetite, with the qualitative risk appetite remaining unchanged. In line with our growth, the translation of our qualitative risk appetite into quantitative risk limits will be defined further accordingly.

The identified risks are listed in various policy documents, handbooks and regulations. The risk appetite for these risk categories is in principle defined by a general qualitative classification of the risk Invest-NL is prepared to accept in each category. We use a five-point scale for this, as follows:

- **very low:** focus on avoidance of risk or very safe options with very low residual risk and also a very low return, if applicable;
- **low:** focus on safe options with low residual risk and also a low return, if applicable;
- **average:** focus on options with an average risk/return profile;
- **high:** focus on options with an above-average risk/return profile;
- **very high:** focus on options with a very high risk/return profile.

The classification per risk category and the risk appetite are disclosed in the table below. Although this qualitative classification is in principle established for a longer period, it is reviewed annually and re-established by the Management Board and presented to the Audit & Risk Committee.



Risk management

Risk	Definition	Risk appetite
Investment risk	The risk that the value of an investment has to be written off due to business or sector-specific developments.	<p>Invest-NL was incorporated to invest in areas where the market does not invest. This entails being open to investment opportunities with a very high risk-return profile.</p>
Market risk	The risk of loss of value or lower-than-expected income as a result of unfavourable changes in the macroeconomy, such as fluctuations in interest rates or the economic cycle.	<p>Invest-NL was incorporated with a long-term focus. 100% of the financing will consist of capital. Invest-NL will strive to fulfil its mandate and not allow itself to be unnecessarily restricted as a result of limiting market risk or mitigation for reasons of cost. Invest-NL can invest in the long term and thereby accepts the effects of shorter economic interest-rate or other fluctuations on the result.</p>
Concentration risk	The risk associated with heavy concentration of investments in certain assets, asset categories or markets or with certain counterparties.	<p>Invest-NL was incorporated to invest in areas where the market does not invest. This involves being open to more concentrated volume investments that are needed for the social transitions in which Invest-NL is involved. At the same time, with its long-term focus, Invest-NL does not wish to depend too heavily on the success of one or a few investments.</p>
Liquidity risk	The risk that Invest-NL is unable to meet its financial obligations at any time.	<p>Invest-NL wishes to take a prudent approach as a state participation and to be able to meet its financial obligations at all times.</p>
Operational risk	The non-financial risk that the organisation or its position will deteriorate as a result of incidents and circumstances that affect it at an operational level.	<p>As a state participation, Invest-NL wishes to operate professionally, which includes the limitation of operational risks. Invest-NL wishes to take a proportional approach in its operations and accepts that a certain level of operational risk is inherent in its business operations.</p>
Strategic risk	The risk of not following the correct route that has to be followed in a phased manner in order to achieve the objectives of Invest-NL. Strategic risk is affected by assumptions regarding external events and/or developments in various areas, such as technology, politics, the economic cycle, competition, the market or consumer behaviour.	<p>Invest-NL was incorporated with the purpose of making an impact and is focused on taking the right steps to achieve this objective. However, Invest-NL operates in a complex and dynamic environment, which inherently features a certain degree of strategic execution risk.</p>

Very low
 Low
 Average
 High
 Very high



Risk management

Risk	Definition	Risk appetite
ESG risk	The risk that Invest-NL's position will deteriorate because its activities are exposed to risks associated with the environment, sustainability, social performance and appropriate governance.	 <p>Invest-NL was incorporated in order to achieve a positive social impact. A high ESG risk is inconsistent with this. Invest-NL will never be able to totally avoid ESG risks in its activities and investments, but it does seek to carefully consider and mitigate these risks.</p>
Political risk	The risk of Invest-NL being negatively impacted by local or international political unrest or developments.	 <p>Invest-NL is a state participation. Political risk therefore applies by definition. In the management of this risk, Invest-NL will continue to remind politicians of the independent structure and long-term objective of Invest-NL. In principle, however, Invest-NL accepts that political changes can and will affect the organisation.</p>
Legislative and regulatory risk	The risk that particular consequences will occur because Invest-NL paid no or insufficient heed to current laws and regulations, codes of conduct or self-regulation applicable to all or parts of the organisation.	 <p>As a state participation, Invest-NL wishes to comply with legislation and regulations and will assess its business partners in this respect as well.</p>
Reputational risk	The non-financial risk that the market position will deteriorate and/or Invest-NL's additionality to the market is reduced as a result of a negative name, perception or reputation among stakeholders, whether due to the risks in other categories or not.	 <p>Invest-NL has ambitious targets and many stakeholders with various interests. There is also much public interest in Invest-NL. Since the organisation operates in an environment with high financial risks and complex impact considerations, negative publicity about Invest-NL cannot be completely avoided. Invest-NL accordingly has a high risk appetite with respect to reputational risk, as a consequence of the fulfilment of its policy and mandate.</p>  <p>Invest-NL strives to limit its operational risk by being a professional organisation and properly implementing its advisory and investment processes. The risk appetite with respect to reputational risk as a result of operational risk incidents is therefore low.</p>

 Very low
  Low
  Average
  High
  Very high



Risk management

Risk assessment

Invest-NL analyses risks in various ways within the organisation. This is based on the strategic risk analysis, as stated above. In 2021, the management team performed this annually recurring strategic risk analysis. The results of the analysis were presented to and discussed with the Audit & Risk Committee.

In addition, the Internal Audit function carried out a risk analysis to establish a baseline for the 2021 internal audit plan. As part of that analysis, Internal Audit spoke with the Management Board, representatives of various departments, the Finance & Risk Director, the Financial Risk Officer and the Compliance & Non-Financial Risk Officer.

Besides the annual risk analysis by Internal Audit and the strategic risk analysis, three specific risk analyses were performed in 2021, with a special focus on fraud and cybersecurity. In 2021, EY also performed a pillar assessment, which is a condition for eligibility as an implementing partner of InvestEU. This is a very broad audit of all relevant business processes of Invest-NL. This audit will be completed in the course of 2022.

Risks are not only analysed in overarching risk analyses but also at the investment level. On the basis of the deal team's investment proposal and on the basis of various independent risk opinions regarding investment risks and market risks, state aid risks, ESG risks and KYC requirements, the Investment Committee assesses whether the investment proposal can be approved. Additionally, deals concluded are periodically reviewed and assessed by Invest-NL's deal teams and submitted to the Investment Committee for approval.



Risk management

Risk reporting and risk monitoring

Invest-NL monitors the risks referred to above and reports on them to Invest-NL's Risk Committee and to the Audit & Risk Committee on a quarterly basis. In addition, it reports on the extent to which Invest-NL complies with internal and external regulations. The Audit & Risk Committee reports to the Supervisory Board on risk-related issues. One of the ways in which the Audit & Risk Committee evaluates Invest-NL's risk management is on the basis of quarterly reporting on financial and non-financial risks and periodic internal and external audit reports.

Invest-NL's Investment Committee analyses investment risks and market risks for every potential transaction with a client and also periodically for existing clients. The Risk Committee receives monthly reports on the quantitative risk development of the portfolio, and this is assessed against the limits defined in the investment policy.

No reports of alleged abuses were received via the SpeakUp scheme in 2021. In 2021, none of Invest-NL's employees made use of the external confidential counsellor.



Risk management

In-control statement

The Management Board is responsible for risk management at Invest-NL.

This section describes how risk management is organised and how the relevant risks for Invest-NL are actively addressed. It also describes how the Management Board informs the Supervisory Board and the Audit & Risk Committee regarding risk management.

On the basis of the above, and the activities in 2021 with respect to risk management, the Management Board of Invest-NL declares that:

- this report provides sufficient insight into shortcomings in the operation of the internal risk management and control systems;
- these systems provide a reasonable degree of assurance that the financial reporting contains no material misstatements;
- in the current state of affairs, preparation of the financial reporting on the basis of the going concern assumption is justified; and
- the report states the material risks and uncertainties that are relevant with respect to the expectation that Invest-NL will be able to continue as a going concern for a period of 12 months.

Amsterdam, 24 May 2022

Invest-NL N.V.

Jan Pieter Postma

Finance & Risk Director and interim CEO



3. Cases



Invest-NL invests in SCW Systems: €15 million

Towards a carbon-neutral and circular economy

Invest-NL invests in SCW Systems for further upscaling



Invest-NL has become a shareholder in SCW Systems ('SCW'), with a commitment of €15 million. The innovative Dutch company SCW is developing two technologies that will contribute to the energy transition and a circular economy. Together with SCW and its shareholders PGGM and Gasunie, this creates a strong consortium for upscaling revolutionary technologies.

In the past ten years, SCW has developed an innovative 'Supercritical Water Gasification' technology. This uses high temperature and high pressure to convert organic waste into green hydrogen and green gas – a sustainable alternative to natural gas.

At its demo location, SCW and its partner Gasunie are constructing a industrial installation with an initial capacity of 18.6 MW in 2022. This will be the world's first supercritical water gasification plant.



Invest-NL invests in SCW Systems for further upscaling

The investment by Invest-NL is paving the way for further future upscaling to 100 MW, with a total reduction of emissions of 130 kilotonnes per annum.

In parallel, SCW is developing its 'CO₂ CLEANUP' process, which permanently locks up CO₂ and converts it into useful materials, such as sustainable cement. The process is currently being tested on a modest scale. This installation captures between 3 and 17 kilotonnes of CO₂ from the atmosphere. The replacement of fossil fuels brings the total reduction in emissions to between 30 and 55 kilotonnes.

The consortium of SCW, PGGM and Invest-NL has a practical long-term strategy that is supported by Gasunie. The target over time is to produce half a billion cubic metres of green gas per year at various locations in the Netherlands – a reduction in emissions of around 1 megatonne of CO₂. Permanently locking up the CO₂ released in the gasification process in useful raw materials will create a new and unique chain, producing energy from residual and waste flows and simultaneously helping to reduce global warming by removing CO₂ from the atmosphere.

Gerard Essing – founder and CEO of SCW – on the partnership with Invest-NL: 'We are delighted to welcome Invest-NL as a shareholder. Invest-NL is prepared to accept risk and invest with a long-term

view. Invest-NL has proved to be a critical but also very constructive partner during the investment process. This gives confidence regarding our long-term partnership.'

SCW is an innovative and capital-intensive scale-up and is active in the energy and climate transition. The high level of technology risk, in combination with a high capital requirement, makes this investment a perfect fit with the mission of Invest-NL.

With the other shareholder PGGM, Invest-NL can form a strong consortium in the coming years. Sjoerd van Krimpen – Investment Director of Infrastructure at PGGM – sees the participation as clearly adding value: 'The two technologies developed by SCW are at the beginning of a substantial roll-out. Invest-NL distinguishes itself by coming on board in this phase and is thus a valuable strategic partner. The PGGM Private Equity team committed to SCW in 2019, due to the potential of the new technology for the energy transition in the Netherlands. This fits with our strategy of sustainable value creation, in which financial return is paired with a positive social impact.'

Invest-NL commits €100 million

General debt fund/employment

Dutch Alternative Credit Instrument launched with European backing



Invest-NL and the Ministry of Economic Affairs and Climate Policy (MEACP) launched the Dutch Alternative Credit Instrument (DACI) in cooperation with the European Investment Fund in the summer of 2021. Invest-NL and the Ministry are each committing €50 million to the mandate, with a commitment of €100 million from the EIF. With €200 million of capital available, DACI will provide funding to non-bank credit providers, which will in turn provide additional financing to SMEs in the Netherlands.

The purpose of the new DACI fund is to further strengthen and grow the non-bank credit provider sector. By extending funding possibilities to include alternative credit providers, more companies can be

reached and more flexible financing solutions can be developed tailored to the needs of small companies.



Dutch Alternative Credit Instrument launched with European backing

DACI provides finance to funds that support SMEs with primary loans of less than €2 million and up to €5 million. This initiative is expected to make finance available to around 250 SMEs. Following the launch of the ‘Dutch Future Fund’ in 2020, DACI is a complementary fund-of-funds initiative that aims to improve access to finance for Dutch SMEs.

Two commitments were entered into under DACI in 2021. For each euro that Invest-NL invests in these funds, an average of at least 2 euros will be made available to Dutch companies.

Dutch Alternative Credit Instrument commitments at year-end 2021

€ mln	Sector focus	Investment by Invest-NL (incl.MEACP)	Investment by EIF (including Invest-NL)	Current size of fund	Estimated investment in NL ¹	Investment in NL/ Investment by Invest-NL ²
Dutch Fresh Closed SME Fund I	SMEs	10.0	30.0	50.0	50.0	5.0
October SME IV	SMEs	10.0	60.0	250.0	50.0	5.0
Total		20.0	90.0	300.0	100.0	5.0

¹ Estimate based on expected percentage of investments in Dutch companies

² Estimate based on estimated investments in the Netherlands divided by total investment by Invest-NL

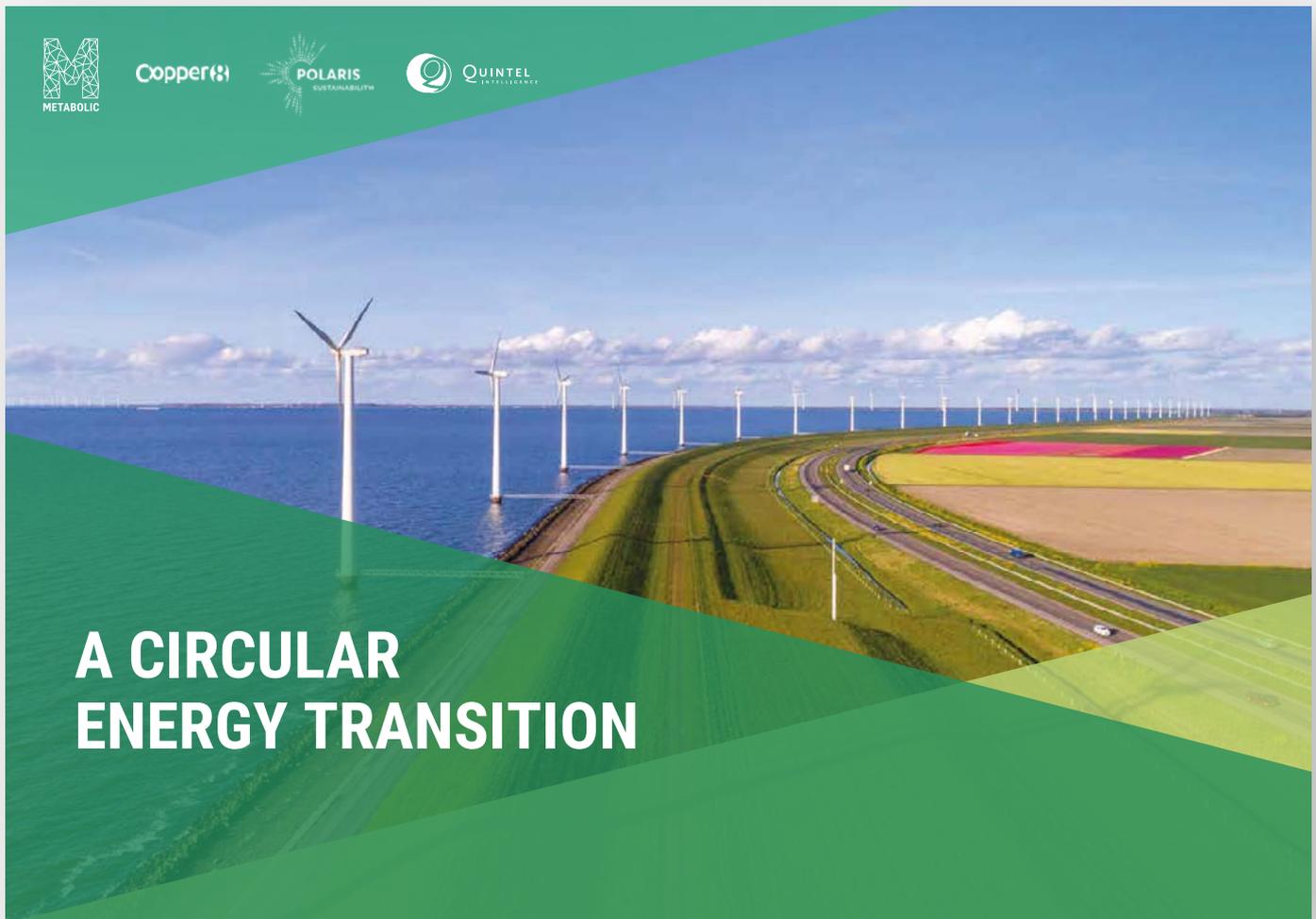
‘Invest-NL is a strategic partner of and shareholder in the EIF,’ says Alain Godard, Chief Executive of the European Investment Fund. ‘For us, DACI is the first regional cooperation in which we are supporting alternative credit providers in the EU.’

Although a number of new alternative credit providers and platforms have emerged in the past few years, this is still a fragile element in the financing chain for SMEs. DACI is thus a good financing opportunity for us in a segment that is ripe for further growth and expansion.’

Report 'A circular energy transition'

A circular energy transition

Critical metals



The limited availability of critical metals is an increasing risk for the energy transition. To achieve a net climate-neutral energy system by 2050, we need an increasing number of critical metals for the production of sustainable energy generation, transport and storage technologies. For instance, the annual demand for lithium in the Netherlands will rise to an average of 12-15% of current global production in 2040-2050 – an unattainable level.



Critical metals

The focus of the energy transition is currently on public support, spatial embedding and affordability. The risks related to the availability of materials are not sufficiently addressed in current policy on the energy transition: this is seen as a given.

Analysis of the issue

To gain insight into the scale of the problem, Invest-NL supported the study by Alliander, Rijkswaterstaat, Stedin and the provinces of South Holland and Flevoland, in which consultancy agencies Metabolic, Copper8, Polaris and Quintel estimated the quantities of critical metals needed for the energy transition. Invest-NL added the question of whether circular strategies could contribute to mitigating the risk of shortages.

In the report, titled 'A Circular Energy Transition', the need for critical metals was calculated for the four energy scenarios of Netbeheer Nederland and the association of all electricity and gas grid managers in the Netherlands. It then states the extent to which four circular strategies could mitigate the risk of shortages. This led to a number of operational recommendations for the government and industry. The report was published in a webinar on the Climate Agreement, led by Ed Nijpels in June 2021, and subsequently presented on the publication of an English translation in November and during the Circular Economy Week in 2022.

Mitigation of expected shortages

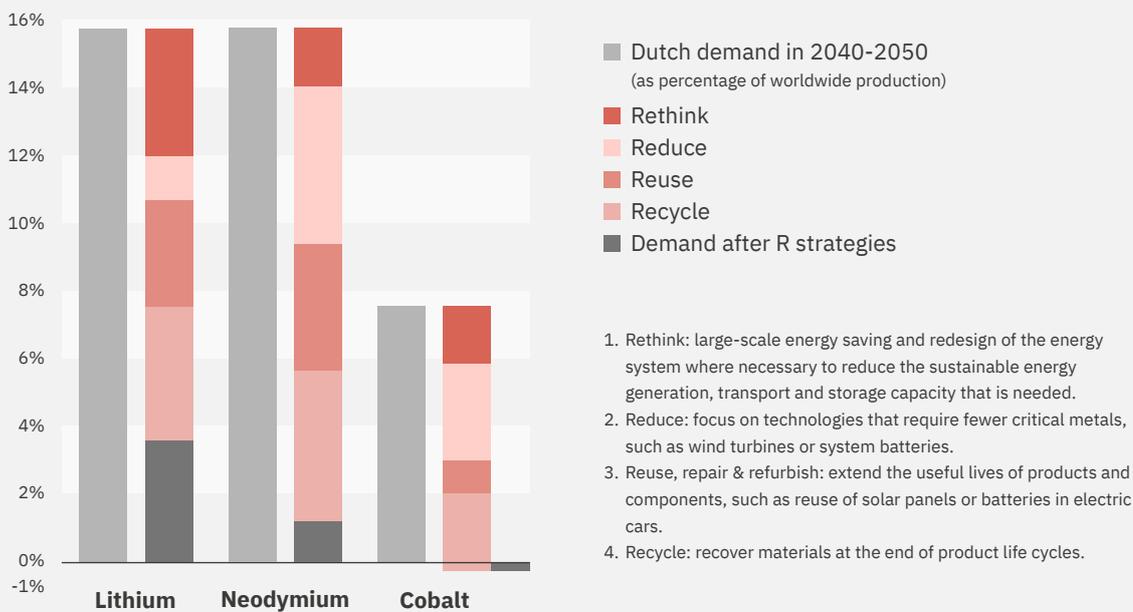
The strategies focus on both reducing demand and increasing the supply of critical metals. As concentrating on only one of these strategies will not have the desired effect, a combination of all four strategies is needed. One important conclusion is that the use of materials has to be one of the criteria for main decisions regarding the energy transition.

An initial inventory of a potential circular market for critical metals revealed that knowledge of this issue is highly fragmented. Study programmes for Mining and Materials Science have ceased, and research is restricted to particular segments. While our neighbouring countries have a rich history as mining countries, we lack the refining technology for metals. The issue is how to tackle this problem: do we want to create a circular market in the Netherlands for solar panels, wind turbines and batteries, or do we want to do this together with our neighbours?

Critical metals

To answer this question, Invest-NL aims to map out the market in 2022 in cooperation with all its partners, organise a chain management function, research partnerships with European players and support the development of companies in the value chain.

Reduction potential of four circular strategies



[Publications are available on our website.](#)

Invest-NL invests in EFFECT Photonics: €5 million

Innovation and employment

Invest-NL invests in EFFECT Photonics



Invest-NL has invested €5 million in Eindhoven-based photonics company EFFECT Photonics. Other investors include Innovation Industries, Smile Invest, Brabantse Ontwikkelings Maatschappij, B-to-V Partners and PhotonDelta.

The money will be used to further expand the existing product line of optical transceivers for e.g. 5G networks and to scale up production capacity. R&D activities for the next generation of optical chips, with a capacity of more than 400 gigabits per second, will also be extended. The optical chip

is the most important component of the optical transceiver. Photonics and integrated photonics refer to a chip-based technology that uses light signals (photons) instead of electrical signals (electrons).



Invest-NL invests in EFFECT Photonics

Photonic chips can generate, couple, filter and detect light signals. The chip-based technology developed in Eindhoven is the only photonics technology combining all these functions in one chip, allowing a complete optical system to be replaced by a single chip. Not only can these photonic chips send information at high speed through fibre-optic cables, the technology involved can also be used to create ultra-sensitive measurement systems for the medical, automotive and agri-food sectors, for example. The quantum computers of the future will also make extensive use of photonic chips.

EFFECT Photonics is a spin-off from Eindhoven University of Technology. As a pioneer in photonic chips, it is one of the first companies to market a successful product based on the photonics technology developed by the university. EFFECT Photonics' products enable network builders to enlarge the capacity of existing fibre-optic cable networks without the need to lay additional underground cables. End users' demand for internet bandwidth is rising sharply each year, and the roll-out of 5G connectivity and growth in homeworking due to the coronavirus pandemic has dramatically accelerated this trend. Upgrading the capacity of the transceivers is thus a more cost-effective solution than laying more fibre-optic cables.

Boudewijn Docter, co-founder and President of EFFECT Photonics: 'Our company has come a long way in getting the photonics technology originally developed at Eindhoven University of Technology market-ready. We're delighted that Invest-NL has joined with the other investors to help us scale up our production and rapidly bring additional products to market.'

Ruud Zandvliet, Senior Investment Principal at Invest-NL: 'The Netherlands has a unique ecosystem for photonics technologies. Within this system, EFFECT Photonics is a trendsetting player capable of developing complex, fully integrated photonic chips, enabling the company to acquire a leading position as a producer of the next generation of transceivers. By joining this investment round, Invest-NL is boosting the availability of financing for scaling up production and facilitating future R&D investment. This is a good example of the role Invest-NL is playing in strengthening the effectiveness of scale-ups, and it ties in with our aim of making the Netherlands more sustainable and innovative.'

Dutch Future Fund strengthens the Dutch investment landscape

Innovation

Dutch Future Fund strengthens the Dutch investment landscape



Dutch Future Fund

An initiative of the European Investment Fund and Invest-NL

At the end of 2020, Invest-NL, together with the European Investment Fund (a subsidiary of the European Investment Bank), launched the Dutch Future Fund (DFF). Invest-NL (€150 million) and EIF (€150 million) made a total of €300 million available for investment funds focusing on innovative Dutch growth companies. By now,

13 venture and growth capital funds have been successfully financed through the DFF initiative. Partly thanks to the commitment from Invest-NL, these 13 funds have been able to raise a total of approximately €3.2 billion in risk capital.



Dutch Future Fund strengthens the Dutch investment landscape

Dutch Future Fund commitments at year-end 2021

€ mln						
Fund/company	Sector focus	Investment by Invest-NL	Investment by EIF (including Invest-NL)	Current size of fund	Estimated investment in NL ¹	Investment in NL/ Investment by Invest-NL ²
Rubio II	Impact	10.0	30.0	84.0	75.6	7.6x
Biogenerations Capital IV	Life sciences	10.0	30.0	140.0	98.0	9.8x
Thuja Capital Fund III	Life sciences	5.0	40.0	75.0	60.0	12.0x
Shift Invest II	Impact	7.5	25.0	61.1	48.9	6.5x
HenQ fund IV	ICT	7.5	30.0	76.0	49.4	6.6x
Finch Capital Fund III	ICT	10.0	30.0	150.0	45.0	4.5x
Yieldlab Europe Fund I	Agri-food impact	5.0	30.0	60.0	15.0	3.0x
Forbion Growth Opp. Fund	Life sciences	10.0	55.0	360.0	90.0	9.0x
Endeit III	ICT	5.0	80.0	262.0	91.7	18.3x
Fortino Capital Fund II	ICT	5.0	30.0	120.0	36.0	7.2x
Life Science Partners VII	Life sciences	5.0	120.0	850.0	212.5	42.5x
Keen Venture Partners	ICT	10.0	30.0	150.0	52.5	5.3x
Prime Ventures VI	ICT	5.0	80.0	400.0	100.0	20.0x
Total		117.5	677.5	3158.1	1120.6	9.5x

¹ Estimate based on expected percentage of investments in Dutch companies

² Estimate based on estimated investments in the Netherlands divided by total investment by Invest-NL



Dutch Future Fund strengthens the Dutch investment landscape

The DFF portfolio involves both novice and experienced fund managers, with small and large funds, active in various innovative sectors. DFF thus makes a significant contribution to a healthy financial ecosystem and has improved access to capital for both start-ups and growing businesses.

Both European and private capital has been mobilised through the DFF. For each euro committed by Invest-NL to the funds within the DFF, the European Investment Fund has committed €4.8. This is many times the amount committed by the EIF under the DFF. The reason is that the EIF has several mandates available for allocating European money to investment funds active in the Netherlands. For each euro that Invest-NL invests in these funds, more than €9 is expected to be made available to Dutch companies. The ultimate allocation of capital to Dutch businesses depends on economic developments, the access of funds to Dutch innovative companies and the Dutch innovative ecosystem.

Through its Business Development programmes, Invest-NL works to strengthen this ecosystem and build relationships with companies and investment funds in order to continue to increase investment in Dutch companies. One of the reasons for the creation of Invest-NL was to strengthen cooperation with European institutions and improve access to European investment for Dutch SMEs.

Invest-NL invests in Avantium: €30 million

Towards a carbon-neutral and circular economy

Invest-NL invests in new Avantium plant



Invest-NL has committed a €30 million loan to Avantium, a leading technology company in renewable chemistry. The loan is part of a three-year, €90 million debt financing package by a consortium of lenders, consisting of Invest-NL and four Dutch banks: ABN AMRO Bank, ASN Bank, ING Bank and Rabobank. Each bank will commit €15 million in the form of a bank loan.

The financing will enable the construction of a new plant in Delfzijl (Groningen) for the further development and commercialisation of Avantium's sustainable plastic polyethylene furanoate ('PEF'). Avantium expects the plant to be operational in 2024.

Reaching this milestone is a decisive moment in Avantium's evolution and will accelerate the commercialisation of PEF. Avantium's flagship FDCA plant will be the world's first plant to produce FDCA (furandicarboxylic acid) on a commercial scale, with a capacity of 5 kilotonnes per year.



Invest-NL invests in new Avantium plant

FDCA is the main building block of the 100% plant-based recyclable plastic PEF, which also has functional advantages over plastics made from petroleum.

The plant-based building blocks of the new material are industrial sugars that are currently extracted from, for example, wheat and/or sugar beet. With its new technology to produce industrial sugars from the 2nd and 3rd generation feedstock, in the future Avantium aims to use raw materials that have no impact on the food system.

Avantium believes that the commercial FDCA plant, in addition to generating revenues and profits from the sale of products from the plant, will demonstrate the potential for large-scale production and use of PEF to consumers, customers and partners. This should pave the way for a massive expansion of PEF's applications, with a potential total end market of \$200 billion per year, which Avantium plans to access by selling technology licences to industrial companies worldwide.

The potential impact lies in this scalability. The potential impact of the 5 kilotonne plant is already estimated to be 235 kilotonnes CO₂ per year. Given the resulting increase in scale, each subsequent licensed plant is expected to reduce emissions by around 2 megatonnes.

Tom van Aken, CEO of Avantium: 'The investment decision to build the world's first commercial FDCA production plant has been a key milestone for Avantium. FDCA is the main building block of the new 100% plant-based recyclable plastic material PEF, which represents huge market potential for replacing and increasing the sustainability of fossil plastics and conventional packaging. We could not have made this decision without the loan provided by Invest-NL and a consortium of banks. Invest-NL has played a crucial role in raising this funding. It is good to see Invest-NL supporting an innovative company like Avantium, which is developing new, ground-breaking plastics technology, and enabling it to scale up and commercialise this sustainable product.'

Wouter Bos, former CEO of Invest-NL, is enthusiastic about the investment, 'Invest-NL is proud to financially support Avantium, together with four Dutch banks. The funding provided by this group of Dutch financial institutions illustrates how we can jointly respond to the capital requirements of innovative and sustainable companies. It also genuinely proves that it is in fact possible to invest in green, disruptive technologies. With this investment, Invest-NL has committed itself to Avantium's ambitious mission to market the innovative, sustainable plastic PEF, which will make a major contribution to the future of our planet.'

Invest-NL invests in Umincorp: €9 million

Carbon-neutral economy and innovation

Umincorp: recovering more and higher-quality plastic from household waste



In December 2021, Invest-NL invested €9 million in Umincorp for the construction of a new recycled PET (rPET) factory in Rotterdam. In this way, Umincorp ('Urban Mining Corp') is taking the next step in the recycling of plastics from household waste streams.

Umincorp reprocesses plastic waste streams from households into pure raw materials for use by manufacturers of new plastic products, enabling the manufacturers to cut down on their use of plastics derived from fossil raw materials and achieve their recycling targets sooner. The biggest obstacle to recycling plastic from household waste is sorting the various plastic materials it contains.

For this purpose, Umincorp employs both existing and proprietary processes, of which Magnetic Density Separation (MDS), which was developed in house, is the most important.

Umincorp: recovering more and higher-quality plastic from household waste

MDS involves the use of a magnetic liquid for separating plastics in the waste stream. Because the MDS technology can separate plastics in a single process step, Umincorp can recover significantly more plastic than is possible with traditional sorting and recycling techniques. This increase in the percentage of recovered plastics is essential to be able to meet European recycling targets and meet the growing demand for recycled plastic. In addition, the plastic recovered from this process is also of higher purity. The purer the recycled plastics are, the more usable they will be as raw materials for high-quality plastic products.

Thanks to Umincorp's MDS technology, less plastic ends up in the incinerator, and more high-purity plastic can be recovered from household waste. The new rPET plant enables Umincorp to create a closed raw material loop: from packaging, to waste, to raw material and back to packaging. During the investment process, on the basis of its Life-Cycle Assessments methodology, Invest-NL calculates that all this taken together will result in a substantial reduction in CO₂ emissions amounting to 30 kilotonnes of CO₂ equivalents per year. Umincorp is thus a good fit with Invest-NL's mission to invest in innovative companies enabling a carbon-neutral and circular economy.

Jaap Vandehoek, CEO and co-founder of Umincorp: 'Our technology has now been proven effective and offers every opportunity to really shake up the

recycling market. We show that there is another way. Scaling up allows us to increase our impact and make a crucial contribution to the challenges of recycling. The investment demonstrates the confidence in our approach to plastic recycling and is helping us take the next step in the roll-out in the Netherlands and abroad.'

Elisabeth Storm de Grave (Investment Principal at Invest-NL): 'The huge plastic waste flows we see today are causing serious harm to the environment and our health. Significant changes are needed to bring this linear and traditional industry in line with the ambitions of the Netherlands, which include the creation of a 50% circular economy by 2030 and 100% by 2050. Our investment in Umincorp contributes to the realisation of these circular targets, and its innovative and disruptive recycling process enables optimal reuse of various plastic materials and a reduction of the impact of these materials on the environment and our health.'



Market research into new plastics

Paving the way for new biobased materials

Biobased plastics



The Netherlands has always had a large agro-industry and a large chemicals industry. Biobased plastics lie at the interface between these two industries. This gives the Netherlands an excellent position to develop this new market. Dutch companies are engaged in each of the large new plastic families, which are made from biomass: plastics based on starch, on lactic acid (PLA), on furanoates (PEF) and on hydroxyalkanoates (PHAs). Invest-NL is working on the potential for monetising this market.

The transition to a circular economy also entails a transition to the development and use of more sustainable and renewable materials. As part of its transition agenda for plastics, the Netherlands has set itself the target of using biobased materials for 15% of plastics used by 2030. We are currently at 1% – so there is still a long way to go.

Invest-NL is supporting the development and introduction of these materials by doing focused research, by removing barriers to investment and by investing with partners in businesses in this sector. A number of studies were conducted in 2021 to identify the market for these new plastics and obtain greater insight into the barriers for new entrants to this market.



Biobased plastics

The studies focused mainly on the market for PHAs, a family of polyesters that are both biobased and biodegradable. The reason for this focus was the PHArio project, in which five regional water authorities and Paques Biomaterials B.V. are cooperating in the production of plastics from sewage sludge and fatty acids with bacteria. This consortium is constructing a first test plant in 2022 and aims to scale up as quickly as possible thereafter. We are currently working with the consortium on the investment needed for scaling up to the first commercial plant.

From these studies, from discussions with experts and from the experience available at Invest-NL, we have identified six success factors for these new materials.

Changes to legislation and regulation are the first success factor. Global, European and national regulation currently determines which materials may be used for this, and which circular strategies are permitted. This regulation is very much subject to change, varies from one country to another and is also the subject of lobbying. We have commissioned Ecomatters to perform an initial study of the European and Dutch regulation applying to the process of turning waste and/or biomass into plastics and application of these materials in specific markets.

The study, titled 'Biopolymers from a regulatory perspective', gives clear directions for the processing and application of materials within the current regulatory framework.

The second success factor is the speed of the learning curve. Bringing a new plastic to market normally takes 20 to 30 years. Accelerating this process could have a huge impact. For PHBVs, part of the family of PHAs, a market introduction road map has been developed, consisting of applications specifically focusing on biodegradability. This road map was published in early 2022 under the title 'Paving the way for biobased materials' and has since been extensively downloaded.

Thirdly, a good marketing strategy is essential for a company to achieve success in the market and raise capital. We have prepared a marketing and brand strategy for the consortium developing this PHBV material that will enable clear positioning. This project also entails the development and registration of a brand name that will be rolled out worldwide later this year. This marketing strategy project has been designed so that it can be applied in many other technical scale-ups. The design of the project will therefore be shared externally.



Biobased plastics

Biobased plastics are more expensive to produce than fossil plastics, at least if the social and environmental costs of production and use are not taken into account. We have requested the Impact Institute to compare the integral cost prices of two polyesters (PET and PEF) on a broad range of factors. We expect to be able to clearly demonstrate that the ‘true price’ of these new materials justifies a higher price. The result of this analysis is expected in 2022. Transparency with regard to the true price is the fourth success factor.

The fifth success factor concerns the importance of partnerships. Companies bringing biobased materials to the market need strong partnerships throughout the value chain; first of all in the R&D phase and subsequently through the commercial phase. These partnerships are important for increasing trust between producers and users of biobased materials. Invest-NL is affiliated to a number of initiatives aiming for a circular plastics market and is collaborating with numerous stakeholders to help this market grow.

The sixth success factor concerns the financing of biobased companies and is essential for the further development of this market. In 2021, Invest-NL committed to a loan of €30 million to Avantium. The finance will be used by Avantium for the construction of the world’s first commercial plant for the production of FDCA. FDCA is the main building block of the new 100% plant-based recyclable plastic material PEF, which represents huge market potential for replacing and increasing the sustainability of fossil plastics and conventional packaging.

[Publications are available on our website.](#)

Invest-NL invests in Dott: €9 million

Towards a carbon-neutral and circular economy

Invest-NL invests in Dott



Invest-NL supports micromobility by investing in Dott. This investment will help reduce carbon and nitrogen emissions in cities by providing alternative mobility for short car journeys.

From its headquarters in Amsterdam, where Dott has been based since its incorporation in 2018, more than 200 people are working on sustainable solutions to meet the increasing demand for e-bikes and e-scooters in urban areas. In large European cities such as Paris, London and Milan, Dott is a key

partner with local government helping to realise ambitions in relation to sustainable mobility. In the Netherlands as well, Dott's e-bikes and e-scooters are expected to offer a solution to the issue of improving sustainable inner-city mobility.



Invest-NL invests in Dott

The investment in Dott is a good fit with Invest-NL's investment strategy. Shared mobility, provided it is carefully structured, is part of a sustainable economy, as it meets the wishes of consumers in a way that ensures optimal usage of transport resources. The application of information technology here will ensure the least possible burden on public space. Dott has shown itself to be a leader in this field, and with its investment in Dott, Invest-NL expects to contribute to a sustainable alternative for shared electric mobility.

Elisabeth Storm de Grave (Investment Principal at Invest-NL): 'With our investment in Dott, we are strengthening the role of the Netherlands as the world's centre of expertise in the field of micro-mobility. In addition, we contribute to Dott's international position and support European cities in their ongoing sustainability efforts. Dott has high ambitions regarding a fully circular life cycle for its vehicles. Dott is also working on reducing CO₂ emissions per kilometre to 20 grams per kilometre and increasing the useful life of its vehicles to more than 5 years. The first results, including a 44% reduction in CO₂ emissions in 2021 compared to 2020, are very encouraging.'

'During the first few years of our existence, we showed that we are capable of offering excellent user-friendly mobility service, which benefits both people and planet,' says Henri Moissinac, co-founder of Dott. 'This investment enables us to support even more cities by providing sustainable mobility options for their citizens and visitors. We are proud to be supported by an investor that is so focused on sustainability as part of its assessment of a company's success. Invest-NL wants to make a real impact.'

Invest-NL's level of thought leadership and ambition in the field of sustainability has exceeded our expectations. This distinguishes it from other impact funds.'

Analysis of fundability of sustainable investments

Towards a carbon-neutral and circular economy

CDS market research



Invest-NL completed various studies in 2021 that offer insight into the fundability of sustainable investments, including the publication of the essay ‘*Ruim Baan voor Groene Ruimte*’ (Clearing the Way for Green Space), the report ‘*Financierbaarheid van opslag in gesloten distributiesystemen*’ (Fundability of storage in closed distribution systems) and ‘*Financiering van innovatieve zon-pv concepten*’ (Finance for innovative solar panel concepts). The studies show that, despite the positive business case for such investments, they are not always fundable.



CDS market research

For innovative solar power concepts, such as buildings with integrated solar energy, the issue for obtaining finance is that this renewable form of solar power is usually part of the building. The solar power installation can therefore not serve as collateral for the finance, which is a barrier to obtaining finance. Together with Volgroen B.V., Invest-NL has found a legal solution based on three innovative solar panel concepts in tenancy law, as a result of which such renewable solutions can be made fundable. This is explained in the report 'Finance for innovative solar panel concepts'.

The study of 'Fundability of storage in closed distribution systems' reveals the restrictions experienced by financiers when funding Closed Distribution Systems (CDS). The combined development of CDS and electricity storage has potential in technical and commercial respects, but the complexity of the combination is a barrier to obtaining finance.

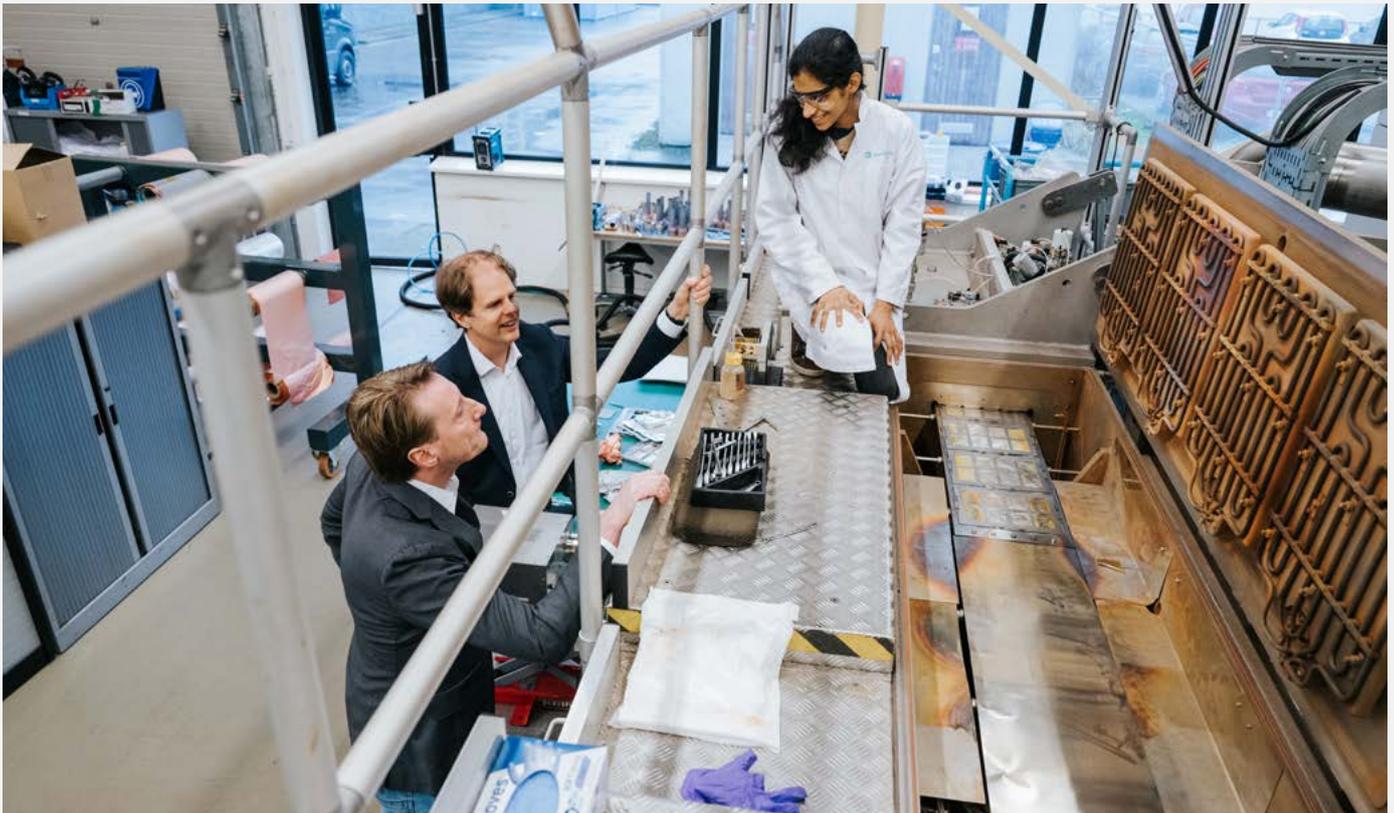
The study demonstrates the barriers identified by financiers and how these can be removed. An electricity storage system can deliver service for a CDS for many years, meaning that more sustainable energy can actually be connected to it. Although the addition of storage may appear to be a complication, a CDS with electricity storage as a single system is actually more fundable.

[Publications are available on our website.](#)

Invest-NL invests in LeydenJar: €5 million

Towards a carbon-neutral and circular economy

Invest-NL invests in LeydenJar



Invest-NL has contributed €5 million to a €22 million investment round for LeydenJar. LeydenJar raised the remaining funds from Dutch and American venture capitalists. Joining Invest-NL in this Series A investment round are YARD ENERGY, Catalus Capital, ING Sustainable Investments and Somerset Capital Partners. Existing investors (including BOM, Stichting Doen and PVS Investments) are also making additional investments.

The €22 million will be used to scale up the battery factory and further develop the technology. LeydenJar is thus preparing itself for large-scale production at a competitive price.

LeydenJar's technology creates batteries with 70% more energy storage than the best batteries currently on the market.

Invest-NL invests in LeydenJar

This should enable a far larger effective range for electric cars. Further into the future, this technology could also ultimately mean that more aircraft are able to fly on electric power. The main goal is to accelerate the energy transition with innovative battery technology.

Batteries with a high energy density are needed, among other things, for the electrification of the automobile industry. With LeydenJar's battery technology, an electric car can cover up to 70% more distance before it needs to be plugged in again. The battery is also fast-charging, so you can be back on the road in 15 minutes. A distinguishing feature is that the production process for these batteries is also considerably more sustainable than that of 'ordinary' li-ion (rechargeable) batteries.

The carbon footprint of the anode material is 85% lower than for conventional graphite anodes. The total reduction in emissions strongly depends on the take-up of this technology. The numbers are thus inherently uncertain, but they show that the reductions are significant. The technology uptake assumed in the business plan shows a reduction of approximately 350 kilotonnes CO₂ on initial production, rising to around 4 megatonnes in 2025 and 90 megatonnes in 2030 given rapid and steep upscaling. This does not include additional emissions reductions by users switching to electric transport.

Founder and CEO Christian Rood: 'With this investment, we can take a big step in accelerating the energy transition, because battery technology is still frequently the bottleneck for the electrification of cars and many other applications. In the future, we will increasingly use all kinds of battery applications. It is therefore even more important for them to be produced in a sustainable way. We are proud to have secured a strong consortium of investors and look forward to further developing this technology with our customers. On to the super battery!'

'LeydenJar's battery technology has the potential to significantly accelerate the energy transition,' says Leo Holwerda, Director of Capital at Invest-NL, 'and with this investment, we are strengthening the role of the Netherlands in the field of innovative battery technology. Furthermore, this unique and sustainable production process with significantly reduced CO₂ emissions contributes to a better world.'



Invest-NL invests in Unovis Alternative Protein Fund: €10 million

Carbon-neutral economy and innovation

Invest-NL accelerates the protein transition with an investment in the Unovis Alternative Protein Fund



In September 2021, Invest-NL committed to invest €10 million in the New Crop Alternative Protein Fund II (NCAP II), the second fund of Unovis Asset Management (Unovis). Invest-NL is making this investment with parties including Credit Suisse and the charitable fund Ahimsa Foundation.

NCAP II is Unovis' second fund. Unovis aims to reduce animal suffering by investing in businesses that are accelerating the transition to consumption of non-animal proteins. These are companies that sell and distribute alternative proteins, or companies that are developing new production or other technologies for these products.

Some of the companies in the Unovis portfolio are well known to consumers, such as Oatly, a oat-based milk producer, and The Protein Brewery, a sustainable protein producer known for its veggie burger.



Invest-NL accelerates the protein transition with an investment in the Unovis Alternative Protein Fund

The team has extensive experience with the development of food products and brands that are popular with consumers.

Besides its investments in companies, the fund also assists in the creation and development of new food products and technologies.

Since the meat and dairy industry is responsible for high levels of carbon and other greenhouse gas emissions, the transition from animal protein sources to alternative protein sources is an important step on the way to a carbon-neutral economy. In addition, this will reduce the use of agricultural land and water and prevent animal suffering.

NCAP II is a major driver of the protein transition, which is one of the priorities for Invest-NL.

This fund moreover has a strong international network, allowing Dutch businesses in the Unovis portfolio to scale up faster. The fund management has very extensive experience from its sharp focus in its investment strategy, and it is sharing this experience with Invest-NL. Chris Kerr, founding partner of Unovis: ‘It is a great privilege to close our second fund and continue to put investor capital to work to accelerate the urgently needed transition that will introduce alternative proteins to our food system.’

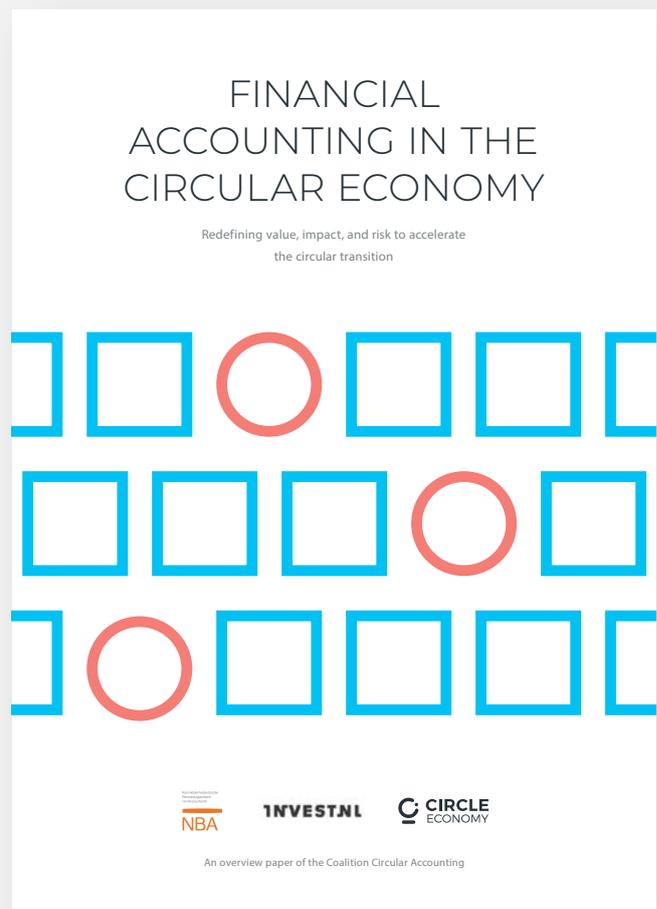
Study of 'Financial accounting in the circular economy'

Coalition Circular Accounting

New accountancy rules and practices needed for a circular economy

A successful transition to a carbon-neutral and circular economy requires that the true value of products and materials is established, with account taken of the positive and negative social and environmental impact of businesses and a new way of looking at risk, in the context of a circular economy. What is the role of auditors, supervisory authorities and financiers in this, and how can they facilitate the circular transition?

In 2021, Invest-NL supported the Coalition Circular Accounting (CCA) in its aim to identify the restrictions faced by accountants when working on circular business models and their assessment of the fundability of circular business models. The CCA was founded by the Royal Netherlands Institute of Chartered Accountants (NBA) and Circle Economy. The Coalition Circular Accounting is a diverse group of experts and scientists in the fields of finance, accountancy and education. Its members include ABN Amro, Rabobank, KPMG, Allen & Overy, Alfa Accountants, Sustainable Finance Lab, Nyenrode and Avans University of Applied Sciences.





New accountancy rules and practices needed for a circular economy

The study, titled 'Financial accounting in the circular economy', is based on four real-life cases and illustrates the current state of accounting and reporting solutions, with an account of the development the accountancy sector should go through to support businesses in the circular economy.

The four cases discussed are as follows:

A number of construction firms have come together to offer **Facades-as-a-Service**. This creates a different business case for buildings and more flexibility when looking for new uses for existing buildings.

When people make cookies, a great deal of dough is wasted. The producers have set up a cooperative to use this surplus dough. This has created a **new business model** for the supply chain.

Roads-as-a-service: A province laying a road pays the owner for use and maintenance over a long period. This circular road remains the property of the contractor. This leads to more sustainable choices in the design and operation of the road. Roads-as-a-service differs from DBFMO (Design, Build, Finance, Maintain and Operate) contracts already in use, as these feature an end date with a potential transfer of ownership. With Roads-as-a-service, there is in principle no end date, as a result of which the service provider is optimally incentivised to make and

maintain the road as sustainably as possible.

For a company in Amsterdam that turns green waste into compost, a number of external costs are included in the business case on the basis of the **true price method** and accounted for in double accounting. For example, this provides insight into the degree of social value the organisation creates by hiring people who are distanced from the labour market.

Each of these cases has led to a separate publication, and the collective findings are published in the above report, which was presented to a wide international audience of accountants, bankers and business owners. The lessons from the business cases are summarised in this last publication. This shows that businesses promoting the circular economy frequently come up against linear accounting and funding practices and regulation and thus experience limitations when raising finance. To get accountants, supervisors and financiers to encourage the circular transition, they need to consider the wider impact of companies on the environment, society and the economy when performing their duties. A shift to a circular economy will change the business risks, cash flows and customer relations for businesses. This calls for changes to current practice in the financial sector and for the development of methods and services in which the value created by circular business models are properly and comprehensively represented.



New accountancy rules and practices needed for a circular economy

For this, three key facets will have to be redefined: value, impact and risk.

- We need to quantify the value generated with circular business models. For example, this will involve a different assessment of the value of 'waste' and 'residual value'.
- Impact needs to be seen as the entirety of the social, ecological and economic effects of a company on all its stakeholders in the long term. Non-financial effects on statements of financial position and statements of profit and loss of companies need to be disclosed, as well as financial factors.
- A new approach to risk is needed in order to reallocate capital from non-circular (and usually more risky) companies to businesses that offer long-lasting, stable value creation. We need a holistic assessment of risk that takes account of the total long-term impact of a business in relation to its human and natural environment.

The transition to a circular economy can actually be accelerated by a transition in financial and accounting practice. This insight inspired a great deal of enthusiasm and traction amongst the professional group. The Coalition Circular Accounting will accordingly continue its work, and Invest-NL will continue to support this work in 2022.

[Publications are available on our website.](#)

Innovation in the food system

Business Innovation Program Food

Towards a sustainable and healthy food system



We help companies realise their ambitions for a healthy and sustainable food system. Making our food system sustainable is an important element in the transition to a carbon-neutral and circular economy. Good entrepreneurs with innovative ideas are needed for this.

The Business Innovation Program Food (BIPF) is intended for entrepreneurs in the agrifood sector wishing to develop a new revenue model and looking to make tangible progress on making their business case a reality. These are start-ups or innovative SMEs operating in the wider agrifood sector. These businesses include agriculture and

horticulture, the food processing industry, data and technology companies and service providers.

The BIPF consists of ten modules, spread over a period of ten weeks. After a selection process, the businesses start work on vision, impact, the customer, the product, the business model,



Towards a healthy and sustainable food system

the team and partnerships. A plenary session is held once a week, either online or at a central location in the Netherlands. The entrepreneurs are given practical tasks and individual guidance on further development of their plans. The programme thus gives entrepreneurs a better chance of successfully translating their ideas into sustainable business models.

Some reactions from former participants:

Zuiderzwam (cultivates oyster mushrooms with coffee grounds): ‘The programme and the interviews gave me serious leads and customers and enabled me to make confident decisions as to how I wish to grow.’

Grassa (produces grass protein without the use of animals): ‘The BIPF is very useful for specifying customer demand. The aims of your technology and the right target market are issues that need to be thoroughly considered. A technology-driven business can sometimes lose sight of the customer, and the BIPF helps to give focus.’

Groentjesoep (teaches children to eat healthily): ‘The programme gave us insight into the real nature of the customer problem, and as a result, we were able to see where our strengths lie. This gives us a lot of confidence in what we are doing and what we can achieve with our company.’

Fairm (honest materials through fermentation): ‘All the time I spent on the programme was a good investment. I enjoyed being coached, and I was inspired by other entrepreneurs.’

Brabantse Ontwikkelings Maatschappij and Oost NL: ‘In this programme, we support businesses with an innovative idea that want to contribute to a healthier and more sustainable food system. We offer them advice on how to bring their ideas to market with more confidence and well-considered choices. Our aim with the programme is to increase the likelihood that these businesses will grow successfully.’

The partners in the programme are the Regional Development Agencies (LIOF, NOM, Innovation Quarter, Horizon, Oost NL, ROM Utrecht Region, Impuls Zeeland, ROM InWest and BOM), in partnership with Stichting Samen Tegen Voedselverspilling, Rabobank Nederland and Invest-NL. After three successful programmes helping more than 30 businesses in the agrifood sector from across the Netherlands, the fourth edition will kick off with 10 new businesses on 9 March 2022.

Energy storage

Towards a carbon-neutral and circular economy

First Time Right ‘Energy Storage Agreement’



The energy system is undergoing rapid development. Additional flexibility has to be introduced into the grid to accommodate the increase in sustainable generation that cannot be regulated. Storage is an important element here, and extensive innovation is under way, in both the technology and business models. This innovation is essential for upscaling but frequently encounters difficulties with funding.

With a First Time Right (FTR) facility, Invest-NL has developed a standard contract to manage market risk so that battery operators not wishing to lease their capacity to third parties can manage this themselves. By reducing this risk, it becomes easier for market parties to raise finance and scale up further. The project is run in partnership with SemperPower, a party that develops, realises and manages Energy Storage Systems (ESS).

Most battery operators install an ESS and then lease the entire system to another party, so the lessee manages the battery. This type of business model is fundable, as long as the lessee is creditworthy. The market risk is replaced by a credit risk.

Revenue stacking is a business model that is frequently mentioned. A battery's capacity is divided into sections, enabling revenue to be created in various markets. In this way, the battery



First Time Right 'Energy Storage Agreement'

owner manages the battery itself and can combine various revenue streams to generate higher revenue. Parts of the battery's capacity can be leased to third parties at predetermined times, however it is important that the agreements made in this respect are properly documented. Examples include wind and solar parks, network companies and industrial customers. The standard contract prepared can be used for this purpose.

SemperPower approached Invest-NL with an application for finance at the end of 2020, as it was not able to raise the amount of debt finance it needed. The main reason for this was that financiers considered the market risk to be too high.

Invest-NL Business Development identified the underlying issue and decided to help the company, with advisers and legal experts assessing the business model and the valuation of such a model, with the end product being a legal formulation in a model contract.

The contract is concluded between the customers of the capacity and the battery operator. It can then be used to provide assurance to the financiers of the battery and thus serve as collateral. Key items in the contract include obligations, payments, liability, penalties for not fulfilling nominations and collateral.

After extensive market consultation, a product development phase, an assessment of the financial implications and legal validation, the contract is ready to be shared with the market so that other parties can also benefit. This will happen through both Invest-NL channels and the sector organisation Energy Storage Nederland (ESNL). It emerged at previous meetings that this channel is effective for reaching developers and financiers. The project team is also open to possibilities for conferences together with SemperPower at which the results can be presented.

These useful results have led to a proposal for a subsequent project, involving support for market parties wishing to make use of the contract.

This will be developed further in 2022. By placing this offer in the wider market, Invest-NL is helping parties to make their propositions fundable.

[Publications are available on our website.](#)



4. Governance



Management team



Jan Pieter Postma (1975, Dutch citizen)

Director of Finance & Risk, interim CEO of Invest-NL N.V. and director of Invest-NL Capital N.V. under the articles of association

Member of the Management Board since 13 December 2019
Interim CEO since 1 April 2022
First term ends on 13 December 2023

Background

Has over 20 years' experience in banking and has held various management roles at ABN AMRO. After moving to Triodos Bank, Jan Pieter moved into the field of finance, risk & control. Among other things, he was also responsible for the development of the first sustainable mortgage and investments in green bonds. In his most recent role, he was a member of the board of Triodos Bank Netherlands with responsibility for Finance & Risk.

Responsibilities

Jan Pieter is a member of the Management Team and responsible for the direction of Finance & Risk, Legal & Compliance, Marketing & Communication, Human Resources, ICT, facility management and secretarial services.



Joanne de Jonge (1977, Dutch citizen)

Director of Strategy and director of Invest-NL Business Development B.V. under the articles of association

Member of the Management Board since 13 December 2019
First term ends on 13 December 2023

Background

Has broad technical, commercial and financial experience in the energy sector. Joanne has held various technical and commercial positions at Shell in the Netherlands and abroad. Before joining Invest-NL, Joanne worked as Business Development Manager at Oranje-Nassau Energie B.V., with a focus on (among other things) acquisitions, finance and joint venture management.

Responsibilities

Joanne is a member of the Management Team and responsible for the direction of Strategy & Impact and Corporate Social Responsibility (CSR).

Management team



Leo Holwerda (1969, Dutch citizen)

Director of Capital and director of Invest-NL Capital N.V. under the articles of association

Member of the Management Board since 13 December 2019
First term ends on 13 December 2023

Background

Has extensive experience as an entrepreneur and investor. He has worked at (among others) ABN AMRO Participations, Waterland and De Hoge Dennen, where he laid the foundations for various investments in venture capital and private equity. Later on, Leo was director and owner of a clothing business with branches in various countries and owner of an agency focused on strategic financial advice for businesses in the energy sector. Leo has been involved in the incorporation of Invest-NL since June 2017.

Responsibilities

Leo is a member of the Management Team and leads the team of investment professionals as director of Invest-NL Capital N.V.



Anne Mieke van der Werf (1971, Dutch citizen)

Director of Business Development and director of Invest-NL Business Development B.V. under the articles of association

Member of the Management Board since 13 December 2019
First term ends on 13 December 2023

Background

Has over 20 years' experience in business development, mainly in the clean energy sector. Anne Mieke has worked as an independent entrepreneur, as an investor and in various positions at multinational companies. Among other things, she was director of Energy & Climate at Triodos Investment Management and Business Developer at Shell Renewables. Before starting at Invest-NL, she was involved in an investment fund for improving the sustainability of food chains.

Responsibilities

Anne Mieke is a member of the Management Team and responsible for the direction of the Business Development team.

The Supervisory Board



Jan Nooitgedagt
(1953, Dutch citizen)

- Current term of appointment: 2019-2023
- Chair of the Supervisory Board since 12 December 2019
- Member of the Remuneration & Nomination Committee and member of the Audit & Risk Committee

Background and ancillary positions

Jan Nooitgedagt has held various positions at EY, including Chair of the board of Ernst & Young for the Netherlands en Belgium. He was also CFO at Aegon. Currently, he is the Chair of the Supervisory Board of PostNL, a supervisory director at Rabobank and a member of the board of the Fiep Westendorp Foundation.



Marilou van Golstein Brouwers
(1958, Dutch citizen)

- Current term of appointment: 2020-2024
- Member of the Supervisory Board since 1 April 2020
- Chair of the Remuneration & Nomination Committee

Background and ancillary positions

Marilou van Golstein Brouwers has contributed to the success of Triodos Bank in various positions over approximately 30 years. Her most recent position was Chair of the Board of Triodos Investment Management. Her current positions include Chair of the Supervisory Board of BRAC International Holdings BV, member of the Board of Supervision of Stichting BRAC International and Chair of the Board of Supervision of Qredits.



Ruud Hendriks
(1959, Dutch citizen)

- Current term of appointment: 2020-2024
- Member of the Supervisory Board since 1 April 2020

Background and ancillary positions

Ruud Hendriks is the co-founder of business accelerator Start-up Bootcamp, Innoleaps and The Talent Institute. Ruud started his career as a radio DJ and then held various media roles, including (the first) programme director of RTL Nederland, member of the Management Board of Endemol and Chair of the Supervisory Board of Radio 538.

The Supervisory Board



Karin Bisschop
(1968, Dutch citizen)

- Current term of appointment: 2020-2024
- Member of the Supervisory Board since 3 September 2020
- Chair of the Audit & Risk Committee

Background and ancillary positions

During her career, Karin Bisschop has gained wide-ranging experience of Finance & Risk at, among others, Ernst & Young, the Amsterdam-Amstelland police and Cordares. Since 2009, she has worked at APG in various roles, including Director of Group Risk & Compliance. Since 2019, she has been engaged in the direction of strategy realisation as Director of Group Performance Management. Karin is a member of the Supervisory Board of Woonzorg and a member of the PPI Supervisory Committee at Zwitserleven PPI NV.



Peter Molengraaf
(1965, Dutch citizen)

- Current term of appointment: 2020-2024
- Member of the Supervisory Board since 3 September 2020
- Member of the Audit & Risk Committee and member of the Remuneration & Nomination Committee

Background and ancillary positions

Peter Molengraaf was formerly the CEO of network manager Alliander (2009-2017). Before that, he held various management positions at companies including Nuon and Shell, where he started his career in 1990. In addition to being the Chair of Holland Solar, Peter's other positions include Chair of the Supervisory Boards of Greenflux, Ecovat and the Amsterdam waste management company AEB Amsterdam. He is also a member of the Supervisory Board of Vopak, a member of the Board of Supervision of the Land Registry and an independent investor in green energy.



Report of the Supervisory Board

The Supervisory Board (SB) supervises the policy of the Management Board and the general state of affairs at Invest-NL. In this report, the SB gives account to the General Meeting of Shareholders and other stakeholders of the supervision it exercised during the reporting year.

Supervision

2021 in review

2021 featured a further development of the activities of Invest-NL, following its first year in 2020. Significant progress was made on the growth and professionalisation of the organisation in 2021, with Invest-NL making the transition from start-up to scale-up, to use the analogy of organisational life phases. Despite the restrictions due to the coronavirus, the organisation was able to perform its activities well and continue to expand according to plan. The SB is impressed with the level of professionalism, energy and dedication with which notable results have been achieved. Invest-NL is prepared to commit to risky projects that could make the difference for the future of the Netherlands. Subsequent strategic choices will lead to increasing focus on the right projects. Invest-NL is able to give better direction to its complex mandate in the public-private sphere. This is shown, for example, in the constructive discussions on cooperation with the National Growth Fund, the partnership with the Ministry of Economic Affairs and Climate Policy on issues such as the Delta Corridor and the €30 million of finance provided to the new bio-plastics plant of Avantium, which is at the core of our strategic focus on the circular economy. We welcome the impact policy and the ESG (Environmental, Social, Governance) due diligence process for new investments established during the year.



Report of the Supervisory Board

The growing maturity of Invest-NL can also be seen from the quality of the reporting and the further development of policy, the internal procedures and the reporting to the SB and the shareholder. The SB considers that it has been well informed and enabled to perform its supervisory duty in a proper manner.

Meetings in 2021

The SB held a total of six regular meetings in 2021. The full Management Team (MT) was in attendance on almost all these occasions. The meetings in the third and fourth quarters also included meetings without the MT. Monthly discussions between the Chair of the SB and the CEO took place on a monthly basis. The Chair of the SB was also present at the regular monthly meetings between Invest-NL and the Ministry of Finance. The SB and the Ministry of Finance also met on two occasions without the Management Board in attendance. As in 2020, most of the meetings were held by video conference due to the coronavirus restrictions.

Report of the Committees

The SB has two committees, both of which were set up in 2021: the Audit & Risk Committee and the Remuneration and Nomination Committee. The tasks and responsibilities of these committees are established in committee regulations (see [our website](#)). Marilou van Golstein Brouwers replaced Jan Nooitgedagt as Chair of the Remuneration & Nomination Committee on 26 October 2021.

The composition of the committees in 2021 was as follows:

Audit & Risk Committee:

Karin Bisschop (Chair), Jan Nooitgedagt and Peter Molengraaf

Remuneration & Nomination Committee:

Marilou van Golstein Brouwers (Chair), Ruud Hendriks and Peter Molengraaf



Report of the Supervisory Board

Report of the Audit & Risk Committee

The Audit & Risk Committee met on six occasions in 2021. Items discussed at the meetings included points from the applicable regulations and charters. The Audit & Risk Committee was able to properly supervise the figures, risk and audit plans and various finance-related items.

Report of the Remuneration & Nomination Committee

The Remuneration & Nomination Committee met on three occasions in 2021. During the Committee's first meeting, HR gave an explanation of the underlying factors in the employment benefits of the Management Board and Management Team, the possibilities for benchmarking the salary structure and the development of salaries in 2021. The process of recruiting a new CEO was started in 2021, due to the announcement of the departure of Wouter Bos.

External and internal auditors

Ernst & Young Accountants LLP (EY), as the external auditor of Invest-NL, and Pricewaterhouse Coopers Accountants N.V. (PwC), as the internal auditor, attended the quarterly meeting of the SB in November 2021 and attended other SB meetings during the year for the items relevant to the external and internal audits. The audit plan and audit engagement of EY were also discussed. The Management Letter from EY was discussed at the Audit & Risk Committee meeting on 2 February 2021.



Report of the Supervisory Board

Quality

Composition, diversity and independence

The SB has five members: Jan Nooitgedagt (Chair), Karin Bisschop, Marilou van Golstein Brouwers, Ruud Hendriks and Peter Molengraaf.

The composition of the SB is in line with the [SB regulations](#) and the [SB profile](#) established in agreement with the shareholder. Two of the five supervisory directors are women, 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*) and the profile for the Supervisory Board established by the SB.

All the members of the SB are considered to be independent as referred to in the Dutch Corporate Governance Code.

Diversity profile

Name	Year of birth	Nationality	Expertise/ experience	Gender
Jan Nooitgedagt	1953	Dutch	Financial and insurance sector, various supervisory roles	Male
Karin Bisschop	1968	Dutch	Finance & Risk	Female
Marilou van Golstein Brouwers	1958	Dutch	Financial sector, sustainable banking	Female
Ruud Hendriks	1959	Dutch	Start-ups and scale-ups, industry	Male
Peter Molengraaf	1965	Dutch	Energy sector	Male



Report of the Supervisory Board

Retirement and reappointment schedule

Name	Date of appointment	Year of potential reappointment	Last term ends in
Jan Nooitgedagt	12 December 2019	2023	2027
Karin Bisschop	3 September 2020	2024	2028
Marilou van Golstein Brouwers	1 April 2020	2024	2028
Ruud Hendriks	1 April 2020	2024	2028
Peter Molengraaf	3 September 2020	2024	2028

Invest-NL is subject to a mitigated structural regime. Among other things, this means that a third of the members of the SB are nominated by the SB on the recommendation of the Works Council. Among the current SB members, Peter Molengraaf was appointed on the basis of nomination by the Works Council.

 [Detailed biographies of the SB members are included on pages 139 and 140.](#)

Self-evaluation, evaluation of the management team and education

Last year, the SB evaluated its own performance, the performance of the separate SB committees and that of the individual supervisory directors on the basis of a questionnaire and a meeting of the SB. The performance of the management team (MT) as a group and of the individual MT members was also evaluated at a meeting without the MT being in attendance, and a report of this evaluation was presented to the shareholder. The SB was satisfied with the expertise and diversity of the MT, and the board considers that, given the coronavirus pandemic, which made it even more difficult for a starting company to operate and for its officers to become mutually acquainted, the organisation has performed admirably.

The meetings of the SB usually also featured sessions for the permanent education of the SB members. The SB continually reviews the wishes and needs of the supervisory directors and designs the permanent education programme accordingly, supported by the board secretary. The SB moreover regularly discussed its relationship with the Management Board, the shareholder, the



Report of the Supervisory Board

Works Council and the internal committees. The replacement of the CEO was an item of discussion towards the end of the year.

Report of the annual General Meeting of Shareholders

The first annual General Meeting of Shareholders of Invest-NL was held on 27 May 2021. At this meeting, the 2020 financial statements were adopted by the shareholder and the Management Board was discharged of liability for its management.

2021 Annual Report

The SB has taken note of the Management Report for the 2021 financial year. The financial statements have been audited by EY and an unqualified auditor's statement was attached thereto on 24 May 2022. This statement is attached to the Other Information section of the financial statements on [page 242](#). The Management Board will present the 2021 financial statements to the General Meeting of Shareholders on 25 May 2022.

Departure of Wouter Bos

With effect from 1 April 2022, Wouter Bos has parted company with Invest-NL on his own initiative to take up a position elsewhere. We wish to express our sincere appreciation for the huge contribution he has made.

The SB wishes to thank all employees and the Management Board for their efforts and to express its appreciation for the results achieved and the enthusiasm, flexibility and good progress shown in a highly challenging and dynamic second year.

Amsterdam, 24 May 2022

On behalf of the SB,

J. Nooitgedagt

K. Bisschop

M. van Golstein Brouwers

R. Hendriks

P. Molengraaf



Remuneration report 2021

Invest-NL has a special social mandate and is a developing organisation in which learning, adjustment, reformulation and refinement will be more the rule than the exception in the initial years. Our mission requires a sustainable remuneration policy, including appropriate salary levels.

Remuneration policy for the Management Board

The remuneration policy at Invest-NL, which was established by the shareholder on 14 January 2021, applies to the Management Boards of Invest-NL N.V., Invest-NL Business Development B.V. and Invest-NL Capital N.V.

The SB sets the remuneration for members of the Management Board of Invest-NL within the limits of the remuneration policy set by the Annual General Meeting of Shareholders (AGM). At least 14 days before establishment of the initial remuneration, the AGM will be informed regarding the remuneration of a member of the Management Board (until now, this applied only to the CEO).

Fixed remuneration

The maximum primary remuneration of the CEO is set at €214,148 gross per year, excluding pension contribution and reimbursement of expenses. For the other (and future) directors of Invest-NL N.V., the total salary will be not more than 85% of the maximum total remuneration of the CEO, and for the other directors of Invest-NL Business Development B.V. and Invest-NL Capital N.V. (all of whom are currently MT members), the total salary will not be more than 80% of the maximum total remuneration of the CEO. The fixed remuneration may be indexed annually, up to the regular indexation for the personnel of Invest-NL. In principle, the CLA for Banks is followed. Indexation of 1.4% was allocated with effect from July 2021.



Remuneration report 2020

Variable remuneration

There is no entitlement to a variable remuneration. However, in exceptional circumstances, the SB may decide to award up to one month's salary. This did not occur in 2021.

Pension scheme

Invest-NL offers a modern and flexible pension scheme that applies to all employees, including directors. The scheme is placed with a premium pension institution (BeFrank) and is a defined contribution scheme with monthly contributions. The scheme covers a retirement pension, a surviving dependants' pension and waiver of pension contribution in the event of occupational disability. The scheme includes a personal contribution from the members of 2% of their pension base. The pension scheme includes the applicable statutory provisions with respect to maximum accrual and contribution percentages and the capping of pensionable income. This cap was set at €112,189 in 2021. For salaries in excess of the cap, Invest-NL offers a net pension scheme in which members can accrue pension on their salary in excess of the cap at their own expense.

Other emoluments

Members of the Management Board are eligible for a company car or alternative gross mobility reimbursement, as well as reimbursement of business expenses.

Invest-NL did not provide any loans, advances or guarantees for directors and/or supervisory directors in the 2021 financial year.

Severance payments

Under the State Participation Policy of the Ministry of Finance, 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 appointment term.

Management Board remuneration in 2021

The remuneration of the members of the Management Board in the reporting year is disclosed in the consolidated financial statements under [Note 19](#), Related Parties.



Remuneration report 2020

Remuneration policy and other employment benefits for employees

The remuneration policy for employees is set out in the Personnel Manual.

The salary structure is 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, paid in 12 equal monthly instalments.

Indexation is applied in principle according to the fixed income adjustments in the CLA for Banks. There are several secondary employment benefits for employees, such as a personal budget, voluntary occupational disability insurance (50% paid by Invest-NL), a bicycle scheme and an allowance for sport and movement.

Pay ratio

The pay 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 and variable remuneration and the costs of pensions (only retirement pension).

Based on the above, the pay ratio between the Chair of the Management Board and the median pay of the other employees of Invest-NL in 2021 was 2.5 (2020: 2.4). This calculation is based on the ratio applying in the final calendar month of the financial year.

Remuneration of the Supervisory Board

The AGM sets the remuneration of the supervisory directors and may request the Supervisory Board to make proposals in this respect. Under the remuneration policy of Invest-NL, the remuneration for members of the SB is €25,000 per year, and for the Chair, €35,000 per year. The remuneration of supervisory directors is not dependent on the results of Invest-NL. The remuneration of supervisory directors does not include the award of shares and/or rights to shares. The remuneration policy for the SB does not include any variable components such as bonuses or profit-sharing. The remuneration of the SB may be increased annually by the same percentage as the indexation applying to the employees of Invest-NL. In principle, the CLA for Banks is followed.



Remuneration report 2020

The supervisory directors who are members of the committees do not receive any additional remuneration.

The remuneration of the members of the Supervisory Board in 2021 was as follows:

in €	Total fixed remuneration
Chair	35,000
Other members of the Supervisory Board	25,000

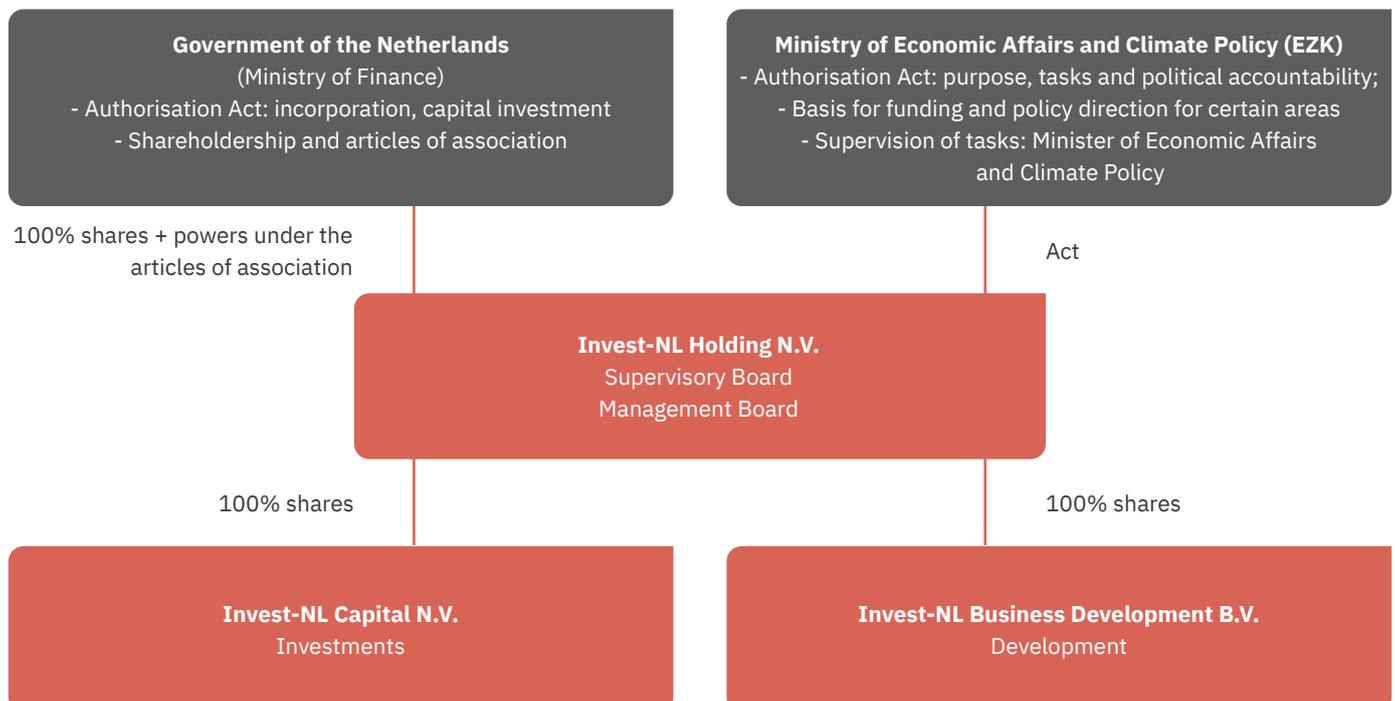


Corporate governance

Based on our social role as an impact investor and with the government as a shareholder, we are transparent as to how we apply the requirements and guidelines with respect to corporate governance. This section explains the structure of our governance.

General

Invest-NL is a group of companies consisting of Invest-NL N.V. (the holding company), the (investment) subsidiary Invest-NL Capital N.V. (Capital) and the (development) subsidiary Invest-NL Business Development B.V. (Business Development). The holding company is a public limited company, of which the State of the Netherlands is the sole shareholder. Invest-NL N.V. is publicly funded. All the shares are held by the Ministry of Finance on behalf of the State of the Netherlands. The Ministry of Economic Affairs and Climate Policy sets the policy of Invest-NL Business Development.





Corporate governance

The assignment of Invest-NL in the statutory framework is described in [the Authorisation Act for the Incorporation of Invest-NL](#) and is the guiding principle in our strategic decisions and operational activities.

Invest-NL complies with Dutch legislation and regulation, guidelines from relevant supervisors (see below in this section) and internal guidelines.

As a state participation, we are also bound by the principles and best practices of the Corporate Governance Code. In our reporting on this, we apply the 'comply or explain' principle. Because the State of the Netherlands is our shareholder, represented by the Ministry of Finance, the Government Participation Policy also applies.

Our governance structure

Invest-NL has a mitigated structural regime. The companies of Invest-NL have various combined management boards under their articles of association:

- the Management Board of the holding company, consisting of the CEO, as sole director;
- the Management Board of Business Development consisting of the CEO, the Director of Business Development and the Director of Strategy;
- the Management Board of Capital consisting of the CEO, the Director of Capital and the Director of Finance & Risk.

An interim CEO has been appointed with effect from 1 April who is a director of Invest-NL N.V. under the articles of association.

Management team

The management team of Invest-NL is the collective consultation body in which all management decisions with respect to Invest-NL are discussed. The management team consists of the CEO and the directors of Strategy, Capital, Business Development and Finance & Risk. The management team provides the daily management, with responsibility for strategy, realisation of targets, the development of the result, compliance with relevant legislation and regulation and risk management. The consultation structure, tasks and authorisations of the management team are established in MT regulations.



Corporate governance

The management team prepares a strategic plan over a period of at least three years that is approved by the Supervisory Board after it is put before the General Meeting of Shareholders for comment.

The members of the Management Board of the holding company under the articles of association are appointed by the Ministry of Finance on the binding nomination of the Supervisory Board for a term of four years, with the possibility of reappointment for a further four years. The members of the Management Boards of Business Development and Capital under the articles of association are appointed by the holding company. This resolution to appoint by (the Management Board of) the holding company is subject to approval by the General Meeting of Shareholders. The members of the Management Boards of Business Development and Capital under the articles of association are also appointed for a four-year term, with the option of reappointment for a further four-year term.

 [Read more about the members of our management team on pages 137 and 138.](#)

The Supervisory Board

The Supervisory Board supervises the policy pursued, the general state of affairs at Invest-NL and the performance of the management team. In addition, the Supervisory Board advises the management team. In the performance of their duties, the supervisory directors focus on the interests of Invest-NL. The Board annually evaluates the performance of the management team collectively and of its individual members without the management team in attendance. The Supervisory Board has five members. Supervisory directors are appointed by the AGM on the nomination of the Board for a term of up to four years. A supervisory director stepping down according to the rotation may be reappointed on at most one occasion, unless the AGM determines otherwise.

In its supervision of the management team, the Supervisory Board devotes attention to, among other things:

- the realisation of the objectives of Invest-NL;
- how the management team conducts its strategy with the objective of long-term value creation and the principal related risks;



Corporate governance

- the relationship with the Ministry of Finance as the shareholder;
- remuneration policy;
- the culture at Invest-NL;
- the social aspects of doing business (such as ESG) relevant to the company;
- the structure of the risk management, the risk appetite and the mitigation of all the various risks and risk areas in their mutual interrelationship;
- how Invest-NL complies with the Authorisation Act;
- potential abuses and irregularities;
- the integrity and quality of the financial reporting.

The Board's responsibilities and powers are established in the Supervisory Board Regulations.

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 directors must be avoided. Should a conflict of interest (or the appearance thereof) nevertheless occur, the supervisory director 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 Vice-Chair of the Board and provide all relevant information. The resolution procedure will be amended as necessary as provided for in the conflicts of interest provision in the [SB regulations](#). There were no issues in 2021 concerning the independence of or a conflict of interest involving supervisory directors.

Committees of the Supervisory Board

In the exercise of its supervisory role, the Supervisory Board takes advice from two committees: the Audit & Risk Committee and the Remuneration and Appointments Committee, whose powers and responsibilities are established in [committee regulations](#).



Corporate governance

Audit & Risk Committee

This 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 and the material risks and uncertainties of the company and its affiliated companies, the structure of the financial and other risk management organisation of the company and its affiliated companies and the mitigation of all the various risks and risk areas in their mutual interrelationship. Developments involving financial and other risks are discussed by this committee on a quarterly basis.

Remuneration & Nomination Committee

The Remuneration and Appointments Committee advises the Supervisory Board and prepares for Supervisory Board resolutions with respect to the selection and appointment of members of the Management Board of Invest-NL N.V. and the members of the Supervisory Board and the remuneration of the members of the Management Board.

 [Read more about the background of the members of our Supervisory Board on pages 139 and 140.](#)

Diversity policy

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 team and the Supervisory Board both consist of two women and three men (40/60%). Both bodies thus meet the target ratio as set in the Balanced Distribution of Seats on Management and Supervisory Boards Act (at least 30% women).

General Meeting

The Annual General Meeting is held within six months of the end of the financial (calendar) year. The permanent items on the agenda for this meeting include adoption of the financial statements, determination of profit appropriation and discharging the directors for the conduct of their management in the preceding financial year.



Corporate governance

As the sole shareholder of Invest-NL, the Ministry of Finance has the power to appoint or dismiss the Management Board of the holding company, based respectively on a binding nomination by the Supervisory Board or a non-binding proposal by the Supervisory Board or on its own initiative after consulting with the Supervisory Board. The remuneration policy is established by the General Meeting of Shareholders on the basis of a proposal by the Supervisory Board.

No deviations from the Code

Invest-NL does not deviate from the Dutch Corporate Governance Code. Since December 2021, all the relevant publications under the Code, such as regulations and the Speak-Up scheme, have been available on [the website](#).

Code of conduct

Invest-NL has formulated its own code of conduct, which prescribes the standards that employees and management must observe in order to act professionally, honestly and with respect. All employees are given a copy of the code of conduct when they start employment. Furthermore, employees must state each year whether they have encountered potential conflicts of interest, either generally or in relation to personal transactions, gifts, invitations and ancillary activities, for example.

Invest-NL has also instituted a Speak-Up (whistleblower) scheme since the beginning of 2021. A confidential counsellor was also appointed in 2021. No reports were submitted in 2021.



Financial Statements 2021





Contents

Consolidated financial statements

Consolidated statement of financial position	159
Consolidated statement of profit and loss	160
Consolidated statement of comprehensive income	161
Consolidated statement of changes in equity	162
Consolidated cash flow statement	163

Notes to the consolidated financial statements

General notes to the consolidated financial statements	165
Notes to the consolidated statement of financial position	187
Notes to the consolidated statement of profit and loss	213
Other notes to the consolidated financial statements	216

Company financial statements

Company statement of financial position	231
Company statement of profit and loss	233
Company statement of changes in equity	234
General notes to the company financial statements	235
Notes to the company statement of financial position and statement of profit and loss	237

Other information

Provisions in the articles of association on profit and loss appropriation	240
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Consolidated statement of financial position

at 31 December 2021, before profit appropriation

(x €1,000)	Note	2021	2020
Assets			
Cash and cash equivalents	1	26,697	21,404
Financial assets at fair value through profit or loss	2	134,071	21,513
Derivatives	3	2,500	-
Other assets	4	6,000	5,862
Property, plant and equipment	5	800	1,006
Right of use	6	906	1,256
Prepayments and other receivables	7	9,601	543
Deferred tax asset	8	4,850	-
Total assets		185,424	51,584
Liabilities			
Corporate income tax due	8	30	-
Rental and lease commitments	6	999	1,428
Provisions	11	8,164	1,568
Other liabilities	9	1,285	931
Accruals	10	3,688	3,242
Deferred tax liability	8	580	-
Total accounts payable		14,747	7,170
Equity			
Share capital		50,000	50,000
Share premium reserve		125,695	695
Cumulative result		-5,018	-6,281
Equity attributable to shareholder	12	170,678	44,414
Total liabilities		185,424	51,584

The notes on pages 165-230 form an integral part of the consolidated financial statements.



Consolidated statement of profit and loss

for the year ended on 31 December 2021

(x €1,000)	Note	2021	2020
Income			
Interest income from financial assets at fair value through profit or loss		1,188	109
Interest charges		-378	-211
Net interest income	14	810	-102
Commission income		539	585
Commission expenses		-177	-698
Net commission income	15	362	-112
Contribution from the Ministry of Economic Affairs and Climate Policy	16	7,636	6,821
Realised gains and losses on investments	2	2,815	-
Unrealised gains and losses on investments	2	6,839	-86
Operating income		17,290	6,735
Expenses			
Personnel expenses	18	-9,176	-7,472
Depreciation of property, plant and equipment	5	-241	-185
Depreciation of right of use	6	-260	-321
Other operating expenses	19	-5,164	-3,256
Allocation to provision for guarantees and loan commitments	11	-6,596	-1,568
Operating expenses		-21,438	-12,802
Result of business activities before tax		-2,977	-6,281
Deferred tax liability (net)	8	4,270	-
Tax	8	-30	-
Net result attributable to shareholder		1,263	-6,281

The notes on pages 165-230 form an integral part of the consolidated financial statements.



Consolidated statement of comprehensive income

for the year ended on 31 December 2021

(x €1,000)	Note	2021	2020
Net result attributable to shareholder		1,263	-6,281
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		-	-
Comprehensive income attributable to shareholder		1,263	-6,281

The notes on pages 165-230 form an integral part of the consolidated financial statements.



Consolidated statement of changes in equity

for the year ended on 31 December 2021

(x €1,000)	Note	Share capital	Share premium reserve	Cumulative result	Total equity
At 12 December 2019	12	50,000	-	-	50,000
Payment by shareholder recognised directly in equity	12	-	695	-	695
Result for the reporting period	12	-	-	-6,281	-6,281
At 31 December 2020		50,000	695	-6,281	44,414
Payment by shareholder recognised directly in equity	12	-	125,000	-	125,000
Result for the reporting period	12	-	-	1,263	1,263
At 31 December 2021		50,000	125,695	-5,018	170,678

The notes on pages 165-230 form an integral part of the consolidated financial statements.



Consolidated cash flow statement

for the year ended on 31 December 2021

(x €1,000)	Note	2021	2020
Cash flow from operating activities			
Result for the reporting period		1,263	-6,281
<i>Adjustments for 'non-cash items' recognised in Result for the reporting period:</i>			
Depreciation of property, plant and equipment and right of use	5, 6	501	506
Unrealised gains and losses on investments through profit or loss	2	-6,839	236
Corporate income tax	8	-4,270	-
<i>Other adjustments:</i>			
Increase in other assets	4	-138	-5,862
Increase in accrued income and other receivables	7	-9,058	-543
Increase in corporate income tax due		30	-
Increase in provision for guarantees and loan commitments	11	6,596	1,568
Increase in other liabilities	9	354	931
Increase in accrued liabilities and deferred income	10	446	3,242
Net cash flow from operating activities		-11,115	-6,202
Cash flow from investment activities			
Sale and repayments of investments	2	1,600	-
Acquisition of property, plant and equipment and payments on capitalised leases	5, 6	-360	-1,191
Acquisition of investments (after contribution from the Ministry of Economic Affairs and Climate Policy)	2	-109,728	-21,750
Net cash flow from investment activities		-108,488	-22,941



Cash-flow statement (continued)

(x €1,000)	Note	2021	2020
Cash flow from financing activities			
Paid-in share capital	12	-	50,000
Paid-in share premium	12	125,000	695
Dividend paid		-	-
Rental and lease liabilities	6	-104	-148
Net cash flow from financing activities		124,896	50,547
Net movement in cash and cash equivalents		5,293	21,404
Cash and cash equivalents at 1 January		21,404	-
Movement in cash and cash equivalents		5,293	21,404
Cash and cash equivalents at 31 December	1	26,697	21,404

The notes on pages 165-230 form an integral part of the consolidated financial statements.

The interest paid during the reporting period is €378,000 (2020: €211,000).

For details, see [note 14](#).



General notes to the consolidated financial statements

Company information

The holding company Invest-NL N.V. (hereafter to be referred to as ‘Invest-NL’ or ‘the company’), incorporated and based in the Netherlands, is a public limited company under Dutch law. Invest-NL has its registered office at Kingsfordweg 43-117, 1043 GP Amsterdam and is registered with the Chamber of Commerce under number 76635457.

Invest-NL is the parent company of Invest-NL Capital N.V. (100%) and Invest-NL Business Development B.V. (100%) All the shares in Invest-NL are held by the State of the Netherlands (hereafter to be referred to as ‘the Dutch State’), represented by the Ministry of Finance. The Ministry of Finance is registered with the Chamber of Commerce under number 27365323. The company's consolidated financial statements for the reporting period 2021 comprise the financial statements of the company and its group companies (hereafter to be referred to as ‘the Group’). Invest-NL has its principal place of business at Kingsfordweg 43-117, 1043 GP Amsterdam.

Invest-NL is a development and finance institution with the objective to enhance investment in social transition domains and stimulate the growth of SMEs and scale-ups where the market insufficiently provides for such enhancement and stimulation. Invest-NL provides businesses with risk capital in the form of equity and debt capital, while it also participates in funds in order to achieve its objectives.



General notes to the consolidated financial statements

Reporting period

The financial year starts on 1 January 2021 and ends on 31 December 2021.

As the company was incorporated on 12 December 2019, the previous financial year was extended, beginning on 12 December 2019 and ending on 31 December 2020.

Continuity

The financial statements have been prepared on a going-concern basis. Upon incorporation, the Dutch State paid in €50 million under the statutory mandate. An additional payment of €125 million was paid in for investments in 2021.

Statement of compliance

Invest-NL's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and the statutory provisions laid down in Part 9, Book 2 of the Dutch Civil Code. Based on the opportunity offered in Part 9, Book 2 of the Dutch Civil Code, Invest-NL prepares its company financial statements in accordance with the same principles as those applied to the consolidated financial statements.

Adoption of financial statements

Invest-NL's consolidated financial statements for the year ended on 31 December 2021 were prepared by the Management Board. They were approved by the Supervisory Board on 24 May 2022 and submitted for adoption to the General Meeting of Shareholders (AGM) on 25 May 2022. The AGM has the option to amend the financial statements.

General accounting policies

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

The costs and revenues are allocated to the period to which they relate.



General notes to the consolidated financial statements

Functional and reporting currency

The consolidated financial statements are denominated in euros (EUR). This is also Invest-NL's functional and reporting currency.

Amounts are stated in thousands of euros unless otherwise stated. Rounding differences have not been adjusted. Where necessary, comparative notes have been adapted.

Use of opinions and estimates

In preparing the financial statements, the management team formed opinions and made estimates and assumptions, based on complex and subjective assumptions and estimates. Assessments and estimates are used for the valuation of investments ([note 2](#)) and for the calculation of an ECL provision ([notes 11](#) and [21](#)). The estimates and underlying assumptions are regularly assessed. The impact of this assessment is recognised in the period in which the estimate is revised, or in the period of revision and future periods if the revision has implications both for the reporting period and for future periods.

Opinions

Information on the opinions formed in applying the principles that have the greatest influence on the amounts included in the financial statements can be found in the following sections of the notes:

- classification and subsequent measurement of investments, in [note 2](#);
- determination of the ECL stage and ECL measurement for financial instruments, in [note 21](#).

Assumptions and estimates

Information on assumptions and estimates mainly concerns the scenarios used to value the investments. The most relevant assumptions relate to the valuations of the investments by Invest-NL. These valuations are based on generally accepted methodologies such as multiples, DCF and PWERM and inherently involve uncertainties with respect to (among other things) cash flow estimates in amount and timing, discount factors and scenario likelihood estimates.



General notes to the consolidated financial statements

Accounting policies for consolidated financial statements

The accounting policies set out below were applied consistently. These accounting policies were also uniformly applied by the two group companies.

The policies are comprehensive so as to provide a clear picture of the reporting structure, whereby not all the policies are applicable yet in the second reporting year.

Basis for consolidation

In compliance with IFRS 10 Consolidated Financial Statements, the consolidated financial statements comprise Invest-NL and its group companies, that is, the companies and other entities over which Invest-NL exercises direct or indirect control. Invest-NL holds 100% of the share capital in Invest-NL Capital N.V. and Invest-NL Business Development B.V.

Group companies are fully included in the consolidation from the moment when Invest-NL has control over them until the moment when this control ends. The group companies Invest-NL Capital N.V. and Invest-NL Business Development B.V. are consolidated in full, whereby the accounting policies of Invest-NL are applied.

Elimination of transactions upon consolidation

Intra-group transactions, intra-group relations and unrealised gains and losses on transactions between group companies are eliminated when the consolidated financial statements are prepared.

Unrealised losses are eliminated in the same way as unrealised gains, but only insofar as there is no indication of impairment.



General notes to the consolidated financial statements

Foreign currency

Where applicable, transactions denominated in foreign currency are converted into euro on initial recognition at the exchange rate on the transaction date. Monetary balance sheet items denominated in a foreign currency are converted into euro at the exchange rate on the closing date. All currency translation differences of monetary assets and liabilities are recognised through profit or loss.

Financial instruments

Recognition and initial measurement

Trade receivables are first recognised when they arise and are initially measured at the transaction price. All other financial assets and financial liabilities are first recognised when Invest-NL becomes a party to the contractual terms of the instrument. A financial asset or financial liability is initially measured at fair value plus or minus, in the case of an instrument not measured at FVTPL, transaction costs that are directly allocable to the acquisition or issue of the instrument.

Classification and subsequent measurement

On initial recognition, equity instruments are classified in accordance with their measurement at fair value with changes recognised through profit or loss (FVPL) or fair value with changes recognised through other comprehensive income (FVOCI).

On initial recognition, debt instruments are classified in accordance with their measurement at amortised cost, fair value with changes recognised through profit or loss (FVPL) or fair value with changes recognised through other comprehensive income (FVOCI).

At year-end 2021, Invest-NL owned equity instruments, convertible loans and loans. There are also investments through fund mandates in equity instruments and debt instruments.

At year-end 2021, all equity instruments and debt instruments were measured at fair value with changes recognised through profit or loss (FVPL).



General notes to the consolidated financial statements

After initial recognition, equity instruments are measured at fair value with changes in value through profit or loss. Dividends are recognised as income through profit or loss, unless the dividend clearly represents a repayment of a part of the investment costs.

With regard to debt instruments, IFRS 9 identifies three different business model objectives:

1. Hold to Collect ('HTC'): the entity achieves the underlying objective by receiving contractual cash flows from the associated financial assets until maturity, except in specific circumstances;
2. Hold to Collect and Sell ('HTCS'): as well as receiving contractual cash flows, the entity also sells in the interim in order to achieve the underlying objective;
3. Other: examples include trading portfolios that are managed primarily on the basis of purchase and sale transactions.

Financial assets are not reclassified after their initial recognition, unless Invest-NL changes its business model for financial assets management, in which case all the financial assets concerned are reclassified on the first day of the first reporting period following the change to the business model. The measurement basis depends on the business model applicable to the financial asset and the cash flow characteristics.

Another factor determining the classification and measurement of financial assets, in addition to the above business model analysis, 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 in interest payments and repayments of the outstanding principal sum ('Solely Payments of Principal and Interest', or SPPI). At year-end 2021, all the debt instruments were 'SPPI fail' and were measured at FVPL.



General notes to the consolidated financial statements

Assessment of business model

Invest-NL assesses the objective of the business model within which a financial asset is held at portfolio level, because this best reflects the manner in which the company is directed and how information is reported to management.

The information reviewed comprises:

- the stated policy lines and objectives for the portfolio and the functioning of that policy in practice. Invest-NL aims to realise an as yet unspecified benchmark return in the long term. Shorter-term cash flows are less relevant in that context;
- the manner in which portfolio performance is evaluated and reported to Invest-NL's management team. Invest-NL issues monthly reports on the developments in the portfolio, which will clarify the development of the return relative to the benchmark return as soon as the latter is known;
- the risks affecting the performance of the business model (and the financial assets within that business model) and the manner in which these risks are controlled. Because Invest-NL has a very high risk appetite in respect of the investment risk, the results of the investment portfolio are expected to be volatile. However, the focus of the business model remains on the realisation of the long-term benchmark return, whereby short-term fluctuations in the result are accepted;
- 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-NL 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 of financial assets in previous periods, the reasons for such sales and expectations regarding future sales activities. Invest-NL did not dispose of any positions before the end of the financial year, however two convertible loans were converted into shares.



General notes to the consolidated financial statements

Assessment of cash flow characteristics

For the purpose of this assessment, the term ‘principal sum’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as a payment for the time value of money, for the credit risk attached to the outstanding principal sum during a particular period and for other elementary credit risks and charges (such as liquidity risk and administrative charges), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Invest-NL considers the contractual terms of the instrument. This comprises an assessment as to whether the financial asset involves a contractual period that might change the timing or amount of the contractual cash flows in such a way that the asset does not meet this condition.

In making this assessment, Invest-NL gives consideration to:

- contingencies that would change the amount or timing of cash flows;
- conditions that could alter the contractual coupon rate, including provisions relating to a variable interest rate;
- prepayment and extension provisions; and
- conditions limiting Invest-NL’s right to cash flows from specific assets (such as collateral provisions).

Impairment (Expected Credit Losses)

An expected credit loss (ECL) model is applied to financial assets measured at amortised cost and to commitments not appearing in the statement of financial position, such as irrevocable loan commitments and financial guarantee contracts. Under the ECL model, Invest-NL calculates the probability of default at various moments in time and subsequently multiplies this figure by the difference (‘deficits’) between the contractual cash flows and the expected cash flows receivable. The impairment provision is the sum of all these deficits multiplied by the probability of default across the various moments in time. The ECL calculations contain information on the past, present and future.



General notes to the consolidated financial statements

In calculating the ECL in stages 1 and 2, Invest-NL applies a $PD \times EAD \times LGD^1$ including a discount factor. The ECL is discounted at the effective interest rate of the instrument.

Loan-specific provisions are calculated for provisions in stage 3. This provision is calculated on the basis of estimated loan-specific development scenarios. The provision is subsequently determined as the difference between the present value of the contractual cash flows and the discounted cash flows expected to be received on the basis of these specific scenarios.

Probability of default: Invest-NL estimates the probability of default on the basis of a synthetic credit rating and the associated probability of default. This rating is determined using the S&P credit analytics rating tool, which allocates a rating based on the financial features of a business, the sector and country in which the business operates and a comparison of these features with rating information from the S&P data for comparable businesses.

Exposure at default: this is an estimate of the exposure to an investment at a future date, taking account of any interest payments and repayments and planned withdrawals. Guarantees received from government institutions covering the risk of investments are deducted from the EAD.

Loss given default: an estimate of the loss on a certain date if a default occurs on that date. The loss is the difference between the contractual cash flows and the cash flows expected to be received from an investment.

¹ PD: probability of default
EAD: exposure at default
LGD: loss given default



General notes to the consolidated financial statements

Under IFRS 9, a three-stage model is used.

- In stage 1, the entity includes positions that have not experienced a significant deterioration in the credit risk since their initial inclusion and recognises a 12-month ECL;
- Positions that have experienced a significant deterioration in the credit risk relative to their first inclusion, but are not credit impaired, are included in stage 2. A first indication of this may be payment arrears of more than 30 days, for example. 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 terms of IFRS 9, investments in default are regarded as credit impaired and fall into stage 3. In the event of payment arrears of more than 90 days, however, there is a (rebuttable) default trigger.

Derivatives

Derivatives are instruments issued in combination with a loan. Derivatives are carried at fair value with changes in value through profit or loss. Derivatives are measured on the basis of the Probability-Weighted Expected Return Method. Invest-NL does not apply hedge accounting.

Provisions

An ECL provision is made for financial guarantee contracts, loans on an amortised cost basis and irrevocable loan commitments. Under the ECL model, Invest-NL calculates the probability of default at various moments in time and subsequently multiplies this figure by the difference ('deficits') between the contractual cash flows and the expected cash flows receivable. The impairment provision is the sum of all these deficits multiplied by the probability of default across the various moments in time.

In the statement of profit and loss, the increase in the provision is recorded under 'allocation to provision for guarantees and loan commitments'.



General notes to the consolidated financial statements

Fair value 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 parties in the primary market or, if there is no primary market, the most advantageous market accessible to Invest-NL on that date. The fair value of an asset or a liability also reflects the risk of non-compliance.

On initial recognition, all financial assets and liabilities are measured at fair value. If the asset or liability is classified at fair value with (unrealised) changes recognised through profit or loss, the directly related transaction costs are directly charged to profit or loss.

With regard to the other classifications, the directly related transaction costs are included in the transaction price. Where the fair value of financial assets and liabilities cannot be inferred from quotations in active markets, it is determined using measurement techniques involving, for example, cash flow models or other measurement models. Input from observable market sources is used wherever possible.

One of the valuation models used is the Probability-Weighted Expected Return Method, in which a value and a probability are assigned to various scenarios. The scenarios are based on the various possibilities foreseeable at the time the instrument is provided and are revised on review if necessary. This also applies to the assigned values and probabilities.

Fair value measurement hierarchy in respect of financial instruments

A major proportion of the financial instruments is included in the statement of financial position at fair value. In addition, the fair value of the other financial instruments is disclosed. A level classification is given of the financial assets and liabilities.



General notes to the consolidated financial statements

Clarification of the level classification

With regard to financial instruments carried at fair value in the statement of financial position or whose fair value is disclosed, this fair value is assigned a level. This level depends on the parameters used in determining the fair value and provides further insight into the measurement. The various levels are set out below:

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. The investments in this category primarily comprise listed shares and bonds.

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 was determined using models in which the parameters consist in available market information. These instruments involve privately negotiated derivatives in particular. Furthermore, this category includes investments whose prices were issued by brokers, but which were also found to involve inactive markets. In that case, the available prices were 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 measured 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 (shares) may also be based on quotes originating from illiquid markets.



General notes to the consolidated financial statements

Derecognition

A financial asset will no longer be included in the statement of financial position when the rights to the cash flows from the asset have expired. Invest-NL will not include these assets either if it has transferred the asset *and* the asset is eligible for derecognition. A transfer will be eligible for derecognition if Invest-NL:

- has transferred virtually all the risks and benefits attached to the asset;
- has neither transferred nor retained the risks and benefits, but has transferred the control over this asset.

A financial liability will no longer be included in the statement of financial position 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 inclusion of a new liability in the statement of financial position will be required.

The difference between the carrying amount of the original financial liability and the fee paid will be recognised through profit or loss.

Derivative financial instruments and hedge accounting

Invest-NL does not apply hedge accounting and holds derivative financial instruments only to a very limited extent.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability will be offset and reported on a net basis if there is a legally enforceable right to offset the recognised amounts and if there is an intention either to settle the expected future cash flows on a net basis or to realise the asset and settle the liability simultaneously.



General notes to the consolidated financial statements

Cash and cash equivalents

This item comprises all business-related cash and cash equivalents maintained with credit institutions (current accounts with banks). The interest on the bank balances is settled at a variable rate derived from market interest rates. The bank balances are at the company's disposal. Cash and cash equivalents are measured at amortised cost.

Other assets

Other assets concern capital called by the fund manager EIF for fund investments.

Property, plant and equipment

Property, plant and equipment is divided into the categories 'improvements to premises' and 'other assets' (equipment and cars).

Property, plant and equipment is measured at cost, after deduction of cumulative depreciation and, where applicable, cumulative impairment. The cost comprises the expenses directly allocable to the acquisition of the asset and is depreciated on a straight-line basis during the useful life of the asset, taking any residual value into account.

Depreciation is calculated for the purpose of depreciating the costs of property, plant and equipment minus their estimated residual value on a straight-line basis over their estimated useful life. In principle, depreciation is recognised through profit or loss. The estimated useful life of improvements to the office premises leased by Invest-NL is five years. With regard to other assets, the estimated useful life ranges from three to five years.



General notes to the consolidated financial statements

On each reporting date, the carrying amount of Invest-NL's non-financial assets is reviewed in order to determine whether there are indications of impairments. If any such indications exist, an estimate is made of the realisable value of the asset. In performing the impairment test, assets are grouped together into the smallest identifiable group of assets that generates cash flows from continued use that are largely independent of the incoming cash flows from other assets or cash-generating units (CGUs).

The realisable value of an asset or a CGU is the higher of the value in use and the fair value minus costs of disposal. In determining the value in use, the present value of the estimated future cash flows is determined using a discount rate before tax that reflects both the current market estimates of the time value of money and the specific risks attached to the asset or the CGU. An impairment will be recognised if the carrying amount of an asset or the CGU to which the asset pertains is higher than the estimated realisable value.

Impairments are recognised through profit or loss. They are first offset against the carrying amount of any goodwill allocated to the CGU and subsequently offset pro rata against the carrying amounts of the CGU's other assets.

Improvements to premises

Any costs incurred by Invest-NL as the lessee on modernising the leased office accommodation will constitute an investment in a tenancy right. This investment will be capitalised. The asset item will qualify for the (small projects) investment credit. Invest-NL recognises the straight-line depreciation of the investment through profit or loss over a five-year period.

Other assets

Assets purchased for a minimum of €1,000 (including non-reclaimable VAT) per item that are used over a longer period are capitalised.

Invest-NL recognises the straight-line depreciation of the investment through profit or loss over a period of three to five years.



General notes to the consolidated financial statements

Lease contracts

Invest-NL is the lessee in lease contracts concerning the premises, equipment and car. With regard to these leases, an asset is included in the statement of financial position on the start date of the lease contract, while a financial liability will be included if the payments cover several periods.

The item 'right of use' in the statement of financial position comprises the liability assumed in respect of all lease and rental commitments arising from a contract. The asset reflects the right to use the asset during the agreed lease period and is measured at cost. Lease items with a value below €5,000 or of which the remaining lease period is less than 12 months are not included.

The item 'lease commitments' (balance sheet liability) reflects all the lease payments associated with the lease contract. There are no leases with a term of less than one year and/or with a value below €5,000 per asset.

The lease commitment is measured initially at the present value of the lease payments on the start date, discounted in accordance with the implicit interest rate of the lease contract or, if that discount rate cannot be practically determined, the incremental borrowing rate for Invest-NL.

In general, Invest-NL applies the incremental borrowing rate as the discount rate. The lease commitment will be revalued if there is a change in future lease payments due to a change in an index or price, if there is a change in Invest-NL's estimate of the amount that is expected to be paid under a residual value guarantee, if Invest-NL changes its assessment or will exercise a purchase, extension or termination option, or in the event of a revision of an essentially fixed lease payment. The IBR used is stated in [note 6](#). If the lease commitment is revalued in this manner, a corresponding change will be made to the carrying amount of the right of use, or the right of use will be recognised through profit or loss if its carrying amount has been reduced to nil.



Prepayments and other receivables

This item consists of debtors, other taxes and other receivables and prepayments and is measured at amortised cost after deduction of a bad debt provision.

Debtors and other receivables will no longer be included if the amounts have been received or if they are found to be irrecoverable.

Tax

Corporate income tax

Current tax assets and liabilities are measured at the nominal tax rates set by law and applicable tax legislation, or substantively enacted on the reporting date.

Deferred tax assets and liabilities are created in respect of losses carried forward and temporary differences between the carrying amount of assets and liabilities for tax and reporting purposes respectively. This is done on the basis of the tax rates applicable on the closing date and the rates applicable in the period in which the deferred tax assets or liabilities will be settled, at which tax will be paid or refunded.

Deferred taxes

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.

Deferred tax assets and deferred tax liabilities are measured at the nominal amounts.



Commitments not appearing in the statement of financial position

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-NL's control. For Invest-NL, these include commitments to funds, irrevocable loan commitments and liabilities for guarantees issued.

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.

Other liabilities

The other liabilities consist of creditors, turnover tax and wage tax, pension premiums and social security contributions. Creditors, pension contributions and social security contributions are measured at amortised cost. Value-added tax and wage tax are measured at cost.

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 is the amount paid over and above the issued and paid-up capital.

Cumulative result

In conformity with Article 30 of the company's articles of association, the General Meeting of Shareholders will decide on the appropriation of any positive balance in the statement of profit and loss.



General notes to the consolidated financial statements

Interest income and expenses

Interest income from financial assets at fair value through profit or loss

Interest income relates to financial assets and is recognised in accordance with the effective interest method.

Interest charges

Negative credit interest on cash and cash equivalents is included under 'interest charges'. Interest charges are recognised in accordance with the effective interest method.

Commission income and expenses

Commission income comprises the commission income received with respect to financial guarantees provided. Commission income with respect to financial guarantees provided is allocated to the period to which it relates.

Commission expenses comprise management fees in connection with mandates outsourced by Invest-NL. With effect from this financial year, these expenses are recognised in the realised revaluation if they concern fund costs charged to the net asset value of the fund. General expenses not relating to a specific investment are recognised under operating expenses. This change in presentation provides better insight into the realised revaluation and the valuation of the investments and has no impact on the assets or the result.



Contribution from the Ministry of Economic Affairs and Climate Policy

Invest-NL receives a contribution from the Ministry of Economic Affairs and Climate Policy to cover the costs of Invest-NL Business Development.

This contribution is allocated to the period in which the costs are incurred.

The contribution and the associated costs are presented as a gross amount in the statement of profit and loss. Based on a final settlement after the end of the year, any contribution received in excess is stated at year-end as accruals under 'other liabilities'.

Result from financial assets

The result from financial assets comprises realised and unrealised gains and losses on the investments. These are recognised directly through profit or loss. In the reporting period, this concerns the item 'unrealised gains and losses on investments' in the statement of profit and loss. The realised value changes concern fund costs charged to the net asset value of the funds, results from the conversion of loans into shares and a result realised on the sale of an equity position of a fund.

The interest income relating to financial assets measured at fair value with changes recognised through profit or loss is presented under 'interest income'.

Personnel expenses

Personnel expenses comprise salaries, social security costs, pension charges and other staff-related costs. Personnel expenses are recognised in the period in which the service was received and to which the payment relates. The pension rights of Invest-NL's employees are accrued under a defined-contribution scheme administered by the independent premium institution BeFrank. Invest-NL's pension charges consist in a fixed annual contribution towards the accrual of new rights, whereby an age-related contribution percentage is paid.

Other staff costs largely relate to costs of temporary staff and recruitment.



Accounting policies for consolidated statement of cash flow

The cash flow statement is prepared in accordance with the indirect method, whereby a distinction is made between cash flows from operating, investment and financing activities. 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.

Investments are stated under 'cash flow from investment activities'.

New standards and amendments to standards that are mandatory with effect from 2021

The following amendments to standards taking effect on 1 January 2021 have no significant impact on the Group's consolidated financial statements:

- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: interest rate benchmark stage 2 reform (effective from 1 January 2021);
- IFRS 16 Leases has been amended to make it easier for lessees to recognise rent concessions in relation to COVID-19 (including temporary rent reductions). There were no rent concessions in this financial year.

New standards and amendments to standards that are mandatory with effect from 2022 or later

The following new standards and amendments to standards are not expected to have a significant impact on the Group's consolidated financial statements:

- amendments to IAS 37: loss-making contracts – costs of fulfilling a contract (effective from 1 January 2022);
- amendments to IAS 16: proceeds before intended use (effective from 1 January 2022);



General notes to the consolidated financial statements

- amendments to IFRS 3: reference to conceptual framework (effective from 1 January 2022, not yet endorsed);
- amendments to IAS 1: classification of liabilities as current or non-current (effective from 1 January 2023, not yet endorsed);
- IFRS 17: insurance contracts (issued on 18 May 2017, effective from 2023, not yet endorsed);
- amendment to IAS 8: definition of estimates (effective 1 January 2023, not yet endorsed).



Notes to the consolidated statement of financial position

1. Cash and cash equivalents

This item comprises the immediately claimable legal payment instruments (current accounts with banks).

(x €1,000)	31 December 2021	31 December 2020
Current account with Rabobank	26,688	18,903
Investment account with Caceis	9	2,501
Total cash and cash equivalents	26,697	21,404



Notes to the consolidated statement of financial position

2. Financial assets at fair value through profit or loss

The movements in the financial assets at fair value through profit or loss were as follows:

(x €1,000)	Fair value
Carrying amount at 12 December 2019	-
Purchases and movement in accrued interest	21,859
Unrealised changes in value	-346
Carrying amount at 1 January 2020	21,513
Purchases and movement in accrued interest	128,992
Unrealised changes in value of investments	7,418
Realised changes in value of investments	2,815
Transferred from the Ministry of Economic Affairs and Climate Policy ¹	-6,826
Sales	-20,644
Accrued interest on sales	803
Carrying amount at 31 December 2021	134,071

¹ Concerns the risk participation of the Ministry of Economic Affairs and Climate Policy on the investment of 50% in DACI and of 16.67% in the DFF.

The 'Sales' item concerns two conversions of convertible loans into shares and one sale of a fund investment by the fund concerned.

The reconciliation of the unrealised changes in the value of investments to the statement of profit and loss is as follows:

(x €1,000)	Fair value
Unrealised change in value of investments	7,418
Proportion attributable to third parties ²	-579
Unrealised result in statement of profit and loss	6,839

² Concerns the unrealised change in value attributable to EIF (€300) and the Ministry of Economic Affairs and Climate Policy (€279).



Notes to the consolidated statement of financial position

The item 'Realised changes in value of investments' can be broken down as follows:

(x €1,000)	Fair value
Fund costs accruing through realised revaluation	-2,832
Realised revaluation on conversions and sales	5,647
Realised changes in value of investments	2,815

The balance sheet value can be broken down as follows:

(x €1,000)	31 December 2021	31 December 2020
Shares	62,276	7,500
Shares in EIF	2,500	2,211
(Convertible) loans	30,468	2,909
Investments via fund mandate in collaboration with EIF and other funds	38,827	8,893
Carrying amount at 31 December 2021	134,071	21,513

The investments consist of the above financial instruments. The investments in shares and investments through fund mandates (to the extent that these concern investments in equity instruments) are investments in equity instruments over which Invest-NL has no significant control.

Invest-NL takes a long-term view of investments, which means that participating interests are normally sold within a period of 5 to 15 years. Therefore, these investments are not held for sale and are measured at fair value, with changes in value recognised through profit or loss.

The debt instruments (convertible loans and other loans) are 'SPPI fail' and are measured at FVPL.



Notes to the consolidated statement of financial position

Investments via fund mandates in collaboration with EIF and other funds concern investments in equity instruments and debt instruments through funds. The debt instruments via funds are 'SPPI fail'. Equity instruments and debt instruments through fund mandates are measured at FVPL.

Valuation process for financial assets at fair value

All the categories fall into level 3, and no transfers were made from other levels, apart from the listed equity position acquired from the conversion of a loan, which is now classified as level 1.

The value of the investments is determined by using measurement techniques that are based in part on data not observable in the market.

Shares and convertible loans are in principle measured on the basis of:

- valuations from private investors and co-investors in recent financing rounds;
- a discounted cash flow (DCF)/multiple valuation method;
- a probability weighted expected return model (PWERM);
- the market price in case of a public listing.

The investments of Invest-NL are measured at fair value.

Each investment is reviewed at least three times a year (or more often in case of significant developments that could have a substantial impact on the value of the investment) to establish with sufficient certainty whether the value of the investment has changed, after which a revaluation is made following approval from the Investment Committee.

Share positions are in principle valued using the Multiple/DCF method.

Convertible loans are valued using a 'Probability-Weighted Expected Return Method' model, in which a value and a probability are assigned to various scenarios. The scenarios are based on the qualitatively estimated most likely developments for the investment in question and are revised on review if appropriate.



Notes to the consolidated statement of financial position

The fair values of a number of investments are equal to the initial acquisition price in cases where this acquisition price is the best approximation of the fair value. The fair values of the other investments are established on the basis of a review process, and in some cases, this has led to higher valuations than the initial acquisition price.

Shares in the EIF are periodically audited by an external auditor with respect to the net asset value (NAV) used for measuring Invest-NL's equity investment.

For investments in funds, the fund managers' most recent valuation stated in the most recent quarterly valuation report is used. It has been contractually agreed that the fund managers measure their fund in line with IPEV standards. As soon as the funds' audited financial statements for the financial year concerned are received, an assessment is made through back-testing as to whether there are significant differences between the fund managers' quarterly valuations and the official financial statements. Based on this assessment, it will be determined whether future measurement methods need to be adjusted.



Notes to the consolidated statement of financial position

The movements in financial instruments measured at fair value based on level 3 are as follows:

2021						
(x €1,000)	Shares	Shares in EIF	(Convertible) loans	Investments via fund mandate in collaboration with EIF and other funds	Total	
Carrying amount at 31 December 2020	7,500	2,211	2,909	8,893	21,513	
Transferred from the Ministry of Economic Affairs and Climate Policy	-	-	-	-6,826	-6,826	
Investments	33,899	-	38,940	36,737	109,576	
Disposals/repayments	-	-	-	-1,600	-1,600	
Unrealised revaluation (P&L, not via OCI)	1,833	289	2,248	3,048	7,418	
Accrued interest	-	-	371	-	371	
Conversion of loans into shares	19,044	-	-19,044	-	-	
Accrued interest on converted loans	-	-	803	-	803	
Result from fund costs via realised revaluation (P&L, not via OCI)	-	-	-	-2,832	-2,832	
Result on conversion to shares or on sales (P&L, not via OCI)	-	-	4,241	1,406	5,647	
Carrying amount at 31 December 2021	62,276	2,500	30,468	38,827	134,071	



Notes to the consolidated statement of financial position

2020						
(x €1,000)	Shares	Shares in EIF	(Convertible) loans	Investments via fund mandate in collaboration with EIF and other funds	Total	
Carrying amount at 12 December 2019	-	-	-	-	-	-
Transferred from the Ministry of Economic Affairs and Climate Policy	-	-	-	-	-	-
Investments	7,500	2,211	2,800	9,239	21,750	
Disposals/repayments	-	-	-	-	-	
Unrealised revaluation (P&L, not via OCI)	-	-	-	-346	-346	
Accrued interest	-	-	-	-	-	
Conversion of loans into shares	-	-	-	-	-	
Accrued interest on converted loans	-	-	109	-	109	
Result from fund costs via realised revaluation	-	-	-	-	-	
Result on conversion to shares or on sales	-	-	-	-	-	
Carrying amount at 31 December 2020	7,500	2,211	2,909	8,893	21,513	



Notes to the consolidated statement of financial position

The valuation methods and sensitivity analysis of the investments are as follows:

2021 Investment type at year-end 2021	Fair value as at 31 December 2021 (in EUR)	Measurement method	Range (weighted average) of significant unobservable inputs	Sensitivity of fair value to significant unobservable inputs
Shares	51,190	DCF	Free cash flow (FCF) and discount factor	A 10% increase/decrease in the unobservable inputs used results in a 28% higher valuation of the investments in case of an increase and a 23% lower valuation in case of a decrease
Shares in EIF	2,500	NAV	n/a	n/a
(Convertible) loans	30,468	DCF and PWERM	Free cash flow (FCF) and discount factor and for probability of adjusted scenarios	A 10% increase/decrease in the unobservable inputs used results in a 27% higher valuation of the investments in case of an increase and a 22% lower valuation in case of a decrease
Investments via fund mandate in collaboration with EIF and other funds	38,827	NAV	n/a	n/a
Public shares	11,086	Mid-price COB	n/a	n/a
Warrants	2,500	PWERM	Free cash flow (FCF) and discount factor and for probability of adjusted scenarios	A 10% increase/decrease in the unobservable inputs used results in a 13% higher valuation of the investments in case of an increase and a 12% lower valuation in case of a decrease

2020 Investment type at year-end 2020	Fair value as at 31 December 2020 (in EUR)	Measurement method	Range (weighted average) of significant unobservable inputs	Sensitivity of fair value to significant unobservable inputs
Shares	7,500	DCF	Free cash flow (FCF) and discount factor	A 10% increase/decrease in the unobservable inputs used results in a 25% higher valuation of the investments in case of an increase and a 21% lower valuation in case of a decrease
Shares in EIF	2,211	NAV	n/a	n/a
(Convertible) loans	2,909	DCF and PWERM	Free cash flow (FCF) and discount factor and for probability of adjusted scenarios	A 10% increase/decrease in the unobservable inputs used results in a 21% higher valuation of the investments in case of an increase and a 22% lower valuation in case of a decrease
Investments via fund mandate in collaboration with EIF and other funds	8,893	NAV	n/a	n/a



Notes to the consolidated statement of financial position

3. Derivatives

The breakdown of this item for the reporting period is as follows:

(x €1,000)	31 December 2021	31 December 2020
Derivatives related to the investment portfolio	2,500	-
Total derivatives	2,500	-

Derivatives are instruments (warrants) issued in combination with a loan.

4. Other assets

The breakdown of this item for the reporting period is as follows:

(x €1,000)	31 December 2021	31 December 2020
Cash committed to SME fund	-	100
Cash at EIF	6,000	5,762
Total other assets	6,000	5,862

The item Cash at EIF concerns capital called by the fund manager of EIF for fund investments (stage 1).

Notes to the consolidated statement of financial position

5. Property, plant and equipment

This item consists of capitalised expenditure relating to the leased premises (improvements to premises) and office equipment.

The movements in this item in the reporting period can be broken down as follows:

(x €1,000)	Improvements to premises	Equipment	Total
Carrying amount at 12 December 2019	-	-	-
Investments	766	425	1,191
Disposals	-	-	-
Depreciation	-122	-63	-185
Carrying amount at 31 December 2020	644	363	1,006
<i>Movements in 2021</i>			
Investments	-	35	35
Divestments	-	-	-
Depreciation	-153	-88	-241
Carrying amount at 31 December 2021	490	310	800
Cost at 31 December 2021	766	460	1,226
Cumulative depreciation at 31 December 2020	-276	-151	-426
Carrying amount at 31 December 2021	490	309	800

There were no impairments to property, plant and equipment at 31 December 2021.



Notes to the consolidated statement of financial position

6. Right of use

This item comprises the right to use the premises, equipment and car.

The breakdown for the reporting period is as follows:

(x €1,000)	Premises	Equipment	Car	Total
At 12 December 2019	-	-	-	-
Additions	1,547	13	17	1,577
Depreciation costs	-309	-2	-9	-321
At 31 December 2020	1,237	11	7	1,256
Other changes	-90	-	-	-90
Depreciation costs	-250	-3	-7	-260
At 31 December 2021	897	8	-	906

The IBR applied is 0%, based on applicable market interest rates.

Other changes concern an adjustment for a new rent and also include an adjustment for short-term parking spaces.

The table below shows the carrying amount of the rental and lease commitments and movements during the reporting period:

(x €1,000)	Carrying amount
At 12 December 2019	-
Additions	1,577
Interest accrual	-
Payments	-149
At 31 December 2020	1,428
Other changes	-104
Interest accrual	-
Payments	-325
At 31 December 2021	999



Notes to the consolidated statement of financial position

The lease of the premises ends on 31 December 2024, with an option of renewal for two consecutive periods of three years, therefore up to and including 31 December 2027 and 31 December 2030 respectively.

Other changes concern an adjustment for a new rent and also include an adjustment for short-term parking spaces.

Future lease commitments regarding premises

(x €1,000)	31 December 2021	31 December 2020
< 1 year	307	294
1-5 years	615	883
> 5 years	-	-
Total future lease commitments regarding premises	922	1,177

The rental contract for the equipment runs for three years and ten months from the end of the financial year.

Future rental commitments for equipment

(x €1,000)	31 December 2021	31 December 2020
< 1 year	3	3
1-5 years	6	9
> 5 years	-	-
Total future rental commitments regarding equipment	9	12



Notes to the consolidated statement of financial position

7. Prepayments and other receivables

The breakdown of this item for the reporting period is as follows:

(x €1,000)	31 December 2021	31 December 2020
Debtors	207	176
Receivable from the Ministry of Economic Affairs and Climate Policy for subsidy loan ³	8,708	-
Prepayments and other receivables	868	367
Total prepayments and other receivables	9,601	543

³ Concerns a €1.3 million subsidy for Business Development expenses in 2021 that is still due. The other €7.5 million concerns a receivable relating to the risk participation of the Ministry of Economic Affairs and Climate Policy in the DACI fund (50%) and in the DFF fund (16.67%).

The effect of ECL on the measurement of the item 'debtors' is immaterial.

All receivables have a term of less than one year. The prepayments relate mainly to prepaid amounts for insurance, IT licences and maintenance contracts.

8. Tax

The result before tax in 2021 was €2,977 million negative (2020: €6,281 million negative). The net result for Invest-NL N.V. in 2021 was €1,263 million positive.

The result for tax purposes is negative due to exempt revaluations and a number of temporary differences, also because positive revaluations are not yet followed for tax purposes.



Notes to the consolidated statement of financial position

At year-end 2021, Invest-NL's portfolio consisted of equity instruments, fund investments, convertible loans, loans and guarantees. The portfolio growth visible in 2021 is expected to continue in the years to come.

For reporting purposes, returns will be achieved through a mixture of equity interests and debt instruments, such as convertible loans.

This mix of activities is ultimately expected to generate sufficient income for tax purposes to offset tax losses. This expectation, combined with the unlimited term for losses carried forward, has led to the recognition of a deferred tax asset, which is recognised at nominal value at the tax rate expected to apply in the years in which the tax asset is realised.

Corporate income tax

The components of the tax position at year-end are as follows:

(x €1,000)	31 December 2021	31 December 2020
Corporate income tax in the financial year	-30	-
Deferred tax	4,270	-
Total	4,240	-

A deferred tax asset of more than €4 million was formed in 2021. The immediate tax burden is negligible, amounting to €30,000 in 2021 due to a difference in the recognition of rents attributable to Business Development.



Notes to the consolidated statement of financial position

The breakdown of the deferred tax asset is as follows:

(x €1,000)	31 December 2021	31 December 2020
Commercial result before tax	-2,977	-6,281
Differences between commercial result and result for tax purposes	-6,017	2,000
Total	-8,994	-4,281
Cumulative result for tax purposes	-13,275	-
Deferred tax asset loss compensation at 25% ⁴	3,319	-
Deferred tax for temporary differences	1,530	-
Total deferred tax asset	4,850	-
Deferred tax liability for temporary differences	-580	-
Net deferred tax asset	4,270	-

⁴ 25% is a mixed rate based on 15% for the first €395,000 and 25.8% for the remainder.

The deferred tax asset is recognised in the consolidated statement of financial position as follows:

(x €1,000)	31 December 2021	31 December 2020
Deferred tax asset	4,850	-
Deferred tax liability	-580	-
Net deferred tax asset	4,270	-

Fiscal unity for VAT

At 1 June 2020, the company and its subsidiaries Invest-NL Capital N.V. and Invest-NL Business Development B.V. constituted a fiscal unity for turnover tax with effect from 13 December 2019. All the companies within this group are jointly and severally liable for turnover tax due.



Notes to the consolidated statement of financial position

9. Other liabilities

The breakdown of this item for the reporting period is as follows:

(x €1,000)	31 December 2021	31 December 2020
Creditors	657	416
Other liabilities	614	505
VAT due	14	10
Total other liabilities	1,285	931

The other liabilities consist of creditors, other debt items (turnover tax and wage tax, pension contributions and social security contributions) and VAT due.

10. Accruals

(x €1,000)	31 December 2021	31 December 2020
Accruals	3,688	3,242
Total accruals	3,688	3,242

Accruals in 2021 chiefly concern a still payable portion of an equity investment and outstanding costs.

Accruals in 2020 relate primarily to a surplus contribution received from the Ministry of Economic Affairs and Climate Policy based on the final settlement for the reporting period.



Notes to the consolidated statement of financial position

11. Provisions

The breakdown of provisions in the reporting period is as follows:

(x €1,000)	31 December 2021	31 December 2020
Provision for guarantees	5,806	909
Provision for irrevocable loan commitments and bridging loans	2,358	659
Total provisions	8,164	1,568

The movements in this item in the reporting period are as follows:

(x €1,000)	31 December 2021	31 December 2020
At 1 January	1,568	-
Contribution to guarantee provisions	4,238	909
Contribution to provision for irrevocable loan commitments	2,358	659
At 31 December	8,164	1,568
<i>Breakdown by stage</i>		
stage 1	2,263	1,568
stage 2	1,315	-
stage 3	4,586	-
At 31 December	8,164	1,568



Notes to the consolidated statement of financial position

Invest-NL forms ECL provisions for financial guarantee contracts, irrevocable loan commitments and bridging loans in accordance with IFRS 9.

The provisions can be broken down as follows:

(x €1,000)	31 December 2021		31 December 2020	
	Amount	ECL	Amount	ECL
Financial guarantee contracts	10,101	5,806	10,300	909
Irrevocable commitments	34,500	2,358	13,600	659
Bridging loans	140	-	-	-
Cash and cash equivalents	26,697	Immaterial	21,404	Immaterial
Other assets	6,000	Immaterial	5,862	Immaterial
Total provisions		8,164		1,568

The movements in the exposure are disclosed in [note 21](#).



Notes to the consolidated statement of financial position

12. Equity

The number of issued ordinary shares is 50,000,000. The shares have a nominal value of €1 and are paid up in full as mandatory.

Each share carries one vote at a shareholders' meeting. There are no restrictions on the shares.

Equity at year-end 2021 can be broken down as follows:

(x €1,000)	31 December 2021	31 December 2020
Share capital	50,000	50,000
Share premium reserve	125,695	695
Cumulative result	-5,018	-6,281
Total equity	170,678	44,414

The breakdown of the share premium reserve in the reporting period is as follows:

(x €1,000)	2021	2020
At 1 January	695	-
Paid in by shareholder	125,000	695
At 31 December	125,695	695

The shareholder paid in an amount totalling €125 million in 2021. In 2020, the share premium reserve consisted of the effect of the first drawdown of the financial guarantees by Invest-NL that were taken over from the Government at a later date than the date on which the financial guarantees were entered into. For this reason, the commission received by Invest-NL at the time of the takeover was recognised as a payment by the shareholder into the share premium reserve. The commission received after the first drawdown is recognised through profit or loss.



Notes to the consolidated statement of financial position

13. Irrevocable commitments and other commitments not appearing in the statement of financial position

Invest-NL's irrevocable commitments at year-end were as follows:

(x €1,000)	31 December 2021	31 December 2020
Mandate commitment Dutch Future Fund	135,943	150,000
Mandate commitment co-investment vehicle EIF	9,922	35,000
Irrevocable loan commitments	34,500	13,600
Financial guarantees provided	10,158	10,300
Irrevocable commitment to pay up EIF equity interest	4,000	4,000
Mandate commitment Dutch Security Tech Fund	3,429	-
Mandate commitment Innovation Industries Fund II	5,625	-
Mandate commitment CapitalT Fund	3,794	-
Mandate commitment Dutch Alternative Credit Instrument	91,500	-
Mandate commitment Unovis NCAP Fund II	6,705	-
Irrevocable equity commitments	20,121	-
Irrevocable commitments and other commitments not appearing in the statement of financial position	325,698	212,900

In accordance with IAS 37, the irrevocable commitments are disclosed as follows:

Mandate commitment Dutch Future Fund

This mandate was set up for the purpose of supporting innovative SMEs in the Netherlands through investments in funds (energy transition, agri-food, innovative technology and medical innovations). Invest-NL and the EIF have each committed €150 million. The aim is to invest in approximately 15 funds. The remaining commitment at year-end was €135.9 million.



Notes to the consolidated statement of financial position

Mandate commitment EIF

This concerns a co-investment programme with the EIF amounting to €20 million, €10.1 million of which had been invested in the co-investment vehicle at year-end 2021 (see [note 2](#)). The remaining commitment at year-end was €9.9 million.

Irrevocable loan commitments

This item concerns irrevocable commitments to provide loans to a total of three businesses. At year-end, these commitments amounted to €34.5 million.

Financial guarantees provided

This item concerns the financial guarantees (ETFF) equalling 80% of the principal sums of the subordinated loans issued by BNG Bank.

Irrevocable commitment to pay up EIF equity interest

This concerns the commitment to pay up an equity investment in EIF.

Mandate commitment Dutch Security Tech Fund

Through this fund, Invest-NL and TIIN Capital are working together on improving data security in the Netherlands. Invest-NL has been admitted to the Dutch Security TechFund and has committed €5 million to this fund. The Dutch Security TechFund invests in innovative Dutch start-ups and scale-ups focusing on data security and cyber security in general. The remaining commitment at year-end was €3.4 million.

Mandate commitment Innovation Industries Fund II

Invest-NL committed €10 million to Innovation Industries Fund II in 2021. Commitments were called up by the fund in 2021, and at year-end, the outstanding commitment to Innovation Industries Fund II was €5.6 million. Including the investment from Invest-NL, the total size of this fund is €184 million. The businesses in which the fund invests are active mainly in high tech, med tech and agro-food tech. Other investors in the fund include the pension funds PME (Metalworking and Electrical Engineering Industry) and PMT (Metal and Technology Industry), Rabobank and various other professional investors.



Notes to the consolidated statement of financial position

Mandate commitment CapitalT Fund

Invest-NL committed €5 million to CapitalT in 2021. Commitments were called up in 2021, and at year-end, the outstanding commitment to CapitalT was €3.8 million. CapitalT is a venture capital fund focusing on start-ups in the seed or pre-seed phase. The fund invests in AI-driven tech companies with an effective application in sectors such as education, digital healthcare and climate technology. With this investment, Invest-NL is encouraging the further growth of start-ups in the Netherlands during a risky phase.

Mandate commitment Dutch Alternative Credit Instrument

Invest-NL and the Ministry of Economic Affairs and Climate Policy have launched the Dutch Alternative Credit Instrument (DACI) in cooperation with the European Investment Fund. Invest-NL is committing €100 million to the DACI mandate and the Ministry has made an offsetting commitment of €50 million to Invest-NL. Invest-NL and the Ministry are thus each investing €50 million, with a further €100 million coming from the EIF. With €200 million of capital available, DACI will provide funding to non-bank credit providers, which will provide additional financing to SMEs in the Netherlands. DACI was launched in concert with the European Investment Fund (EIF), with the aim of providing non-bank credit providers with the finance needed to fund SMEs. The remaining commitment at year-end was €91.5 million.

Mandate commitment Unovis NCAP Fund II

Invest-NL is committing €10 million to the New Crop Alternative Protein Fund II (NCAP II) of Unovis Asset Management. Unovis is an impact investment fund working on the transition from consumption of animal proteins to plant-based and other alternative sources of protein. The remaining commitment at year-end was €6.7 million.

Irrevocable equity commitments

This item concerns irrevocable commitments to invest in the shares of a total of six businesses. At year-end, these commitments amounted to €20.1 million.



Notes to the consolidated statement of financial position

The movements in the exposure regarding financial guarantees provided and ECL additions are as follows:

(x €1,000)	ECL provision Stage 1	ECL provision Stage 2	ECL provision Stage 3	Nominal amount of outstanding exposures
At 12 December 2019				
Additions	909	-	-	10,300
Financial guarantees expired	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Recalculation due to stage transfer	-	-	-	-
Impact of model changes	-	-	-	-
Amortisation	-	-	-	-
Balance at 31 December 2020	909	-	-	10,300
Additions	-	-	-	-
Financial guarantees expired	-	-	-	-2
Transfer to stage 1	-	-	-	-10,298
Transfer to stage 2	-909	909	-	3,537
Transfer to stage 3	-	-838	838	6,621
Recalculation due to stage transfer	-	1,244	3,653	-
Impact of model changes	-	-	-	-
Amortisation	-	-	-	-
Balance at 31 December 2021	-	1,315	4,491	10,158

The transfer to stage 3 concerns guarantees for which the probability that the guaranteed loans will not be repaid has increased, as a result of which the probability that the guarantee will be invoked has increased.



Notes to the consolidated statement of profit and loss

The movements in the exposure regarding irrevocable loan commitments and ECL additions are as follows:

(x €1,000)	ECL provision Stage 1	ECL provision Stage 2	ECL provision Stage 3	Nominal amount of outstanding exposures
At 12 December 2019				
Additions	659	-	-	13,600
Irrevocable commitments expired	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Recalculation due to stage transfer	-	-	-	-
Impact of model changes	-	-	-	-
Amortisation	-	-	-	-
Balance at 31 December 2020	659	-	-	13,600
Additions	2,263	-	-	34,500
Irrevocable commitments expired	-659	-	-	-13,600
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Recalculation due to stage transfer	-	-	-	-
Impact of model changes	-	-	-	-
Amortisation	-	-	-	-
Balance at 31 December 2021	2,263	-	-	34,500



Notes to the consolidated statement of profit and loss

The changes in exposure with respect to exposures recognised in the statement of financial position due to issued loans are as follows:

(x €1,000)	ECL provision Stage 1	ECL provision Stage 2	ECL provision Stage 3	Nominal amount of outstanding exposures
At 12 December 2019				
Additions	-	-	-	-
Irrevocable commitments expired	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Recalculation due to stage transfer	-	-	-	-
Impact of model changes	-	-	-	-
Amortisation	-	-	-	-
Balance at 31 December 2020	-	-	-	-
Additions	95	-	-	140
Irrevocable commitments expired	-	-	-	-
Transfer to stage 1	-95	-	-	-140
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	95	140
Recalculation due to stage transfer	-	-	-	-
Impact of model changes	-	-	-	-
Amortisation	-	-	-	-
Balance at 31 December 2021	-	-	95	140

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

The liabilities arising from guarantees and loans involve high-risk exposures to innovative businesses. This means that a significant deterioration in credit quality is closely related to specific developments in the exposure concerned.



Notes to the consolidated statement of profit and loss

In this context, Invest-NL applies a prudent assumption of the Loss Given Default of 100%, unless the exposure is covered by a government body.

The tables 2021 and 2020 below show the sensitivity of these provisions to a possible deterioration in the credit quality. The scenario applied here proceeds from a deterioration in the ratings of the exposures by one notch where this is possible and based on the indicative S&P rating. In addition, it is assumed that the exposures will migrate to a higher stage where this is possible.

2021 (x €1,000)	Nominal amount of outstanding exposures	ECL provision
Base case scenario		
Irrevocable loan commitments	34,500	2,263
Financial guarantees provided	10,158	5,806
Downward scenario		
Irrevocable loan commitments	34,500	3,274
Financial guarantees provided	10,158	6,083
Upward scenario		
Irrevocable loan commitments	34,500	1,320
Financial guarantees provided	10,158	3,582

2020 (x €1,000)	Nominal amount of outstanding exposures	ECL provision
Base case scenario		
Irrevocable loan commitments	13,600	659
Financial guarantees provided	10,300	909
Downward scenario		
Irrevocable loan commitments	13,600	1,026
Financial guarantees provided	10,300	2,381
Upward scenario		
Irrevocable loan commitments	13,600	300
Financial guarantees provided	10,300	113



Notes to the consolidated statement of profit and loss

14. Net interest charges

(x €1,000)	31 December 2021	31 December 2020
Interest income from financial assets at fair value through profit or loss	1,188	109
Interest charges	-378	-211
Net interest charges	810	-102

The interest income relates to the interest income on a convertible loan provided.

The interest charges relate to negative credit interest on bank balances.

15. Net commission expenses

(x €1,000)	31 December 2021	31 December 2020
Commission income	539	585
Commission expenses ¹	-177	-698
Net commission expenses	362	-112

¹ The amount of €698,000 includes €500,000 for EIF costs recognised under commission expenses in 2020. These expenses are recognised under management fees with effect from 2021.

Commission income relates to commission revenue received on account of financial guarantees provided. Commission expenses concern management fees for fund management and commission expenses for Innovfin guarantees.



Other notes to the consolidated financial statements

16. Contribution from the Ministry of Economic Affairs and Climate Policy

This item relates to the contribution of €7.6 million (2020: €6.8 million) received from the Ministry of Economic Affairs and Climate Policy for development activities in the reporting period.

17. Personnel expenses

Number of employees

	31 December 2021	31 December 2020
Number of full-time equivalents (in FTE) at year-end	77.9	62.7
Average during the financial year (in FTE)	70.8	49.9
Number of employees at closing date	74.0	59.0

Personnel expenses comprise salaries, social security costs, pension charges and other staff-related costs. The breakdown of personnel expenses for the reporting period is as follows:

(x €1,000)	31 December 2021	31 December 2020
Wages and salaries	5,782	4,431
Social security charges	629	490
Pension charges	967	700
Work-related costs scheme	402	237
Other personnel expenses	1,397	1,615
Total personnel expenses	9,176	7,472

The pension charges consist of retirement pension (personal contribution: 2% of the pension base), surviving dependants' pension, waiver of contributions during incapacity for work and administrative charges.

Other personnel expenses largely relate to costs of temporary staff.



Other notes to the consolidated financial statements

18. Other operating expenses

The breakdown of other operating expenses for the reporting period is as follows:

(x €1,000)	31 December 2021	31 December 2020
Audit and consultancy costs	2,619	2,143
Management fees for management of EIF mandates	1,111	-
ICT costs	669	412
Marketing and communication costs	374	313
Accommodation costs	150	283
Office costs	188	64
Insurance costs	46	38
Car costs	7	3
Total operating expenses	5,164	3,256

Audit and consultancy costs primarily relate to costs incurred in the context of the Business Development activities and Capital activities. Among other things, these include costs of market research and technical and legal advice as part of specific development projects, as well as costs of due diligence advice in respect of specific investment transactions.

Auditors' fees

The following fees concerning the statutory audit of the financial statements by Ernst & Young Accountants LLP were charged to the company and its subsidiaries, in accordance with the provisions of Section 382a(1) and (2) of Book 2 of the Dutch Civil Code.

(x €1,000)	2021	2020
Audit of the financial statements	110	90

These amounts are based on the total fees for auditing the 2020 and 2021 financial statements, irrespective of whether the external auditors performed their procedures during the reporting period.



Other notes to the consolidated financial statements

19. Information on related parties

Identity of related parties

Invest-NL's affiliates are the Dutch State, the Management Board, the Supervisory Board and the group companies Invest-NL Capital N.V. and Invest-NL Business Development B.V.

The ETFF commission received from the Ministry of Economic Affairs and Climate Policy as part of the contract is separate from the provision on the instrument and is accordingly recognised as an informal capital payment in 2020. The ETFF guarantees were taken over from the Dutch State on 1 March 2020.

Normally, the fair value of financial guarantee contracts at the moment of conclusion is equal to the premium received, in line with IFRS 9. However, the first drawdown of the financial guarantees by Invest-NL occurred after the date on which the guarantee contracts were entered into. For this reason, the commission received by Invest-NL at the time of the takeover is recognised as a payment by the shareholder into the share premium reserve ([note 12](#)). Other transactions with related parties were conducted on market-based terms.

Positions and related-party transactions

Paid-in share premiums amounting to €125 million were received from the Ministry of Finance. A contribution of €7.6 million for implementation costs was received from the Ministry of Economic Affairs and Climate Policy, and risk-sharing/funding for the DFF and the DACI fund was also agreed with this Ministry for 16.67% and 50% respectively.



Other notes to the consolidated financial statements

Management Board remuneration

The Management Board's remuneration for the extended financial year is as follows:

2021 in €	Periodically payable remuneration	Other short-term employee benefits	Total short-term remuneration	Pension accrual	Total 2021
W. Bos	212,669	2,400	215,069	28,512	243,581
L. Holwerda	165,847	16,932	182,779	25,388	208,167
J. de Jonge	165,847	14,448	180,295	20,310	200,605
J.P. Postma	165,847	18,899	184,746	22,654	207,400
A.M. van der Werf	165,847	18,347	184,194	22,654	206,848
Total	876,057	71,026	947,083	119,517	1,066,600

2020 10 pt	Regular remuneration payable	Other short-term employee benefits	Total short-term remuneration	Pension accrual	Total 2020
W. Bos	221,714 ⁵	2,523	224,237	29,415	253,652
L. Holwerda	163,875	16,695	180,570	24,495	205,065
J. de Jonge	163,875	13,542	177,417	19,956	197,373
J.P. Postma	163,875	19,946	183,821	20,724	204,545
A.M. van der Werf	163,875	15,706	179,581	22,259	201,840
Total	877,214	68,412	945,626	116,849	1,062,475

⁵ This concerns the primary remuneration for the extended financial year.

For several directors, the notes to the management board remuneration in the 2020 financial statements wrongfully stated the holiday allowance paid instead of the total holiday allowance. This has been amended in the comparative overview.

The remuneration of the Supervisory Board is as follows:

	Total fixed remuneration 2021	Total fixed remuneration 2020
J. Nooitgedagt	35,000	35,000
K. Bisschop	25,000	25,000
M. van Golstein Brouwers	25,000	25,000
R. Hendriks	25,000	25,000
P. Molengraaf	25,000	25,000
Total	135,000	135,000



[Other notes to the consolidated financial statements](#)

20. Events after closing date

No events occurred after the closing date that resulted in material changes. The events in Ukraine had no direct effect on the activities of Invest-NL, given its focus on investments in the Netherlands.

21. Risk management

Invest-NL was incorporated with the aim to make a social impact. With regard to its investment activities, Invest-NL aims to invest in areas not yet served by the market. This implies that Invest-NL must assume significant risks in order to achieve its objectives. At the same time, Invest-NL works with government capital for the investment activities and with government grants for the business development activities. This means that Invest-NL must identify and control its risks, because this is the only way in which these funds can be used responsibly in order to have an impact.

Invest-NL uses the shareholder's capital for the investment activities and the contribution from the Ministry of Economic Affairs and Climate Policy for the business development activities. Under the Authorisation Act (*Machtigingswet*), Invest-NL is required to achieve a benchmark return on its investment activities. The shareholder will determine this benchmark return in 2022, three years after incorporation. In addition, investment activities must be performed in line with market conditions as much as possible. Because Invest-NL takes a long-term view in respect of investments, it can wait for the right exit moments.

For each investment, a deal team of Capital draws up an investment proposal working out the aspects relevant for the investment decision, such as the management, the business case, the development stage, the market, the competition and the co-investors. The investment decision is submitted to the Investment Committee together with a 'know your client' opinion from Compliance, a state aid opinion from Legal, a risk opinion from Financial Risk and an ESG opinion from the ESG Officer. The Investment Committee decides whether the investment can be made, and if so, on what terms.



Other notes to the consolidated financial statements

Invest-NL has classified the risks that are relevant to these activities into various risk categories. The financial risks identified and the risk appetite of Invest-NL are set out below.

Investment risk/credit risk

Definition	Risk appetite
The risk that the value of an investment is impaired due to business or sector-specific developments.	<i>Very high:</i> Invest-NL was incorporated with the aim to invest in areas not yet served by the market. This entails being open to investment opportunities with a very high risk-return profile.

The exposures appearing and not appearing in the statement of financial position with respect to credit risk as a component of the investment risk can be represented as follows. This is also the maximum credit exposure.

(x €1,000)	31 December 2021	31 December 2020
On-balance nominal exposure (stage 1)		
Dutch banks	26,697	21,404
(Convertible) loans	30,468	2,909
Other receivables	156	6,405
Total on-balance nominal exposure	57,321	30,718
Off-balance nominal exposure		
Irrevocable loan commitments	34,500	13,600
Guarantees provided	10,158	10,300
Total off-balance nominal exposure	44,658	23,900

Asset-backed securities are not provided.



Other notes to the consolidated financial statements

Invest-NL assigns a credit rating to the above exposures. The following creditworthiness analysis can be made with regard to on-balance and off-balance exposure. With regard to the exposures to Dutch banks, the S&P credit rating is taken as the point of departure.

With regard to the loan portfolio, each investment is assigned a credit rating based on factors including the financial characteristics and the sector of the exposure using the Standard & Poor's credit analytics model.

Dutch banks

(x €1,000)	31 December 2021 stage 1	31 December 2020 stage 1
On-balance exposure		
BB or higher	26,697	21,404
B- to BB	-	-
CCC+ or lower	-	-
ECL provision	-	-
Net exposure	26,697	21,404

(Convertible) loans

(x €1,000)	31 December 2021 stage 1	31 December 2020 stage 1
Indicative exposure rating on S&P scale		
BB or higher	-	-
B- to BB	6,003	-
CCC+ or lower	24,465	2,909
Fair value adjustment	-	-
Net exposure	30,468	2,909



Other notes to the consolidated financial statements

Other receivables

(x €1,000)	31 December 2021 stage 1	31 December 2020 stage 1
Indicative exposure rating on S&P scale		
BB or higher	6	5,762
B- to BB	-	-
CCC+ or lower	-	-
No rating	150	643
Fair value adjustment	-	-
Net exposure	156	6,405

Irrevocable loan commitments

(x €1,000)	31 December 2021 stage 1	31 December 2020 stage 1
Indicative exposure rating on S&P scale		
BB or higher	-	-
B- to BB	-	5,000
CCC+ or lower	34,500	8,600
ECL provision	-2,263	-659
Net exposure	32,237	12,941

Guarantees provided

(x €1,000)	31 December 2021, stage 1	31 December 2021, stage 2	31 December 2021, stage 3	31 December 2020, stage 1
Indicative exposure rating on S&P scale				
BB or higher	-	-		
B- to BB	-	-		
CCC+ or lower	-	3,537	6,621	10,300
ECL provision	-	-1,315	-4,491	-909
Net exposure	-	2,222	2,130	9,391



Other notes to the consolidated financial statements

Overview of direct/indirect credit exposures per sector

(x €1,000)	Direct/indirect	31 December 2021		31 December 2020	
		On-balance	Off-balance	On-balance	Off-balance
Financial institutions	Direct	26,697	-	27,165	-
Life sciences	Direct	11,501	4,000	2,909	-
Multi-sector fund investments	Indirect	-	-	-	1,200
Agriculture and food (AgriFood)	Direct	5,278	-	-	4,900
Energy transition	Direct	-	-	643	7,000
Circular economy	Direct	9,175	40,658	-	-
Deep tech	Direct	4,514	-	-	-
Mobility	Direct	-	-	-	-
Other	Direct	156	-	-	-
Total gross credit exposure		57,321	44,658	30,718	13,100

Investment risk on equity investments

Invest-NL applies a long-term view where equity investments are concerned. Its risk appetite is very high. Investments are made both directly and indirectly via funds.

The exposures assumed in the co-investment mandate with the EIF are recognised as a separate investment category in this section. This is because this is a fixed-term investment with debt-like features, but it also has the risk and return features of an equity investment in a fund. The co-investment mandate with the EIF involves equity investments only.



Other notes to the consolidated financial statements

Overview of direct/indirect equity exposures per sector

This table shows the commitments for equity investments not yet paid up by Invest-NL.

(x €1,000)	Direct/indirect	31 December 2021		31 December 2020	
		On-balance	Off-balance	On-balance	Off-balance
Financial institutions	Direct	2,500	4,000	2,211	4,000
Life sciences	Direct	19,543	1,750	-	-
Multi-sector fund investments	Indirect	28,450	246,996	-	150,000
Co-investment mandate EIF (multi-sector)	Indirect	10,377	9,922	8,893	35,000
Agriculture and food (AgriFood)	Direct	5,000	-	-	-
Energy transition	Direct	4,662	5,338	-	-
Circular economy	Direct	11,605	11,495	-	-
Deep tech/Hi-tech systems and materials	Direct	10,961	1,538	7,500	-
Mobility	Direct	10,505	-	-	-
Total equity exposure		103,603	281,040	18,604	189,000

Market risk

Definition	Risk appetite
The risk of valuation loss or reduction in expected earnings as a result of unfavourable macro-economic changes, such as interest-rate and economic fluctuations.	Very high: Invest-NL was incorporated with a long-term horizon. 100% of the financing will consist of capital. Invest-NL aims to carry out its mandate without unnecessary restrictions due to limiting market risk or mitigating this risk at a cost. Invest-NL is able to invest for the long term and thereby accepts the effects of interest-rate and economic fluctuations in the shorter term.

Invest-NL is fully funded by the Dutch State (equity), which means that Invest-NL is not exposed to short-term interest risks in respect of the funding. However, the long-term interest rate will be taken into account as one of the factors in determining the benchmark return for Invest-NL. There is no interim interest-rate reset with regard to the interest-bearing financial assets.



Other notes to the consolidated financial statements

Cyclical fluctuations may have an impact on the value or creditworthiness of Invest-NL's financial assets and irrevocable commitments. Notes 2 and 12 illustrate the sensitivity of the financial assets and irrevocable commitments to these business-specific or wider market developments.

Concentration risk

Definition	Risk appetite
The risk attached to a strong concentration of the investments in particular assets or asset categories, particular markets or particular counterparties.	<i>High:</i> Invest-NL was incorporated with the aim to invest in areas not yet served by the market. This entails being open to larger concentrated volume investments that are necessary for the social transitions in which Invest-NL engages. At the same time, Invest-NL, because of its long-term focus, does not want to become excessively dependent on the success of one or a handful of investments.

Invest-NL's portfolio was still relatively small at the end of the reporting period, which means that there are no great concentration risks yet in absolute terms.

Invest-NL has defined investment boundaries that ensure that portfolio growth is spread over various sectors, with investments made both directly and indirectly and maximum exposures defined for each category.

Invest-NL's investment policy also sets concentration limits, restricting its exposure to any one single entity to €50 million. In addition, the 25 largest exposures may not make up more than half of the total budgeted capital for Invest-NL. Invest-NL remained well within these limits during the reporting period.

The focus of Invest-NL's strategy is on investments directed at a carbon-neutral and circular economy. Exposures within this focus area are also diverse in nature, which ensures further risk diversification now and in the future.



Other notes to the consolidated financial statements

Liquidity risk

Definition	Risk appetite
The risk that Invest-NL will be unable to meet its financial liabilities at any time.	Very low: Being a state-held enterprise, Invest-NL intends to operate prudently and be able to meet its obligations at all times.

During its first reporting period, Invest-NL's investment activities were fully funded out of capital contributions from the Ministry of Finance. These capital contributions are held exclusively with Dutch banks until the funds are required for investment activities.

The development activities performed by Business Development are funded out of a contribution from the Ministry of Economic Affairs and Climate Policy. Invest-NL has designed its cash management process so that the organisation will be able to meet its financial liabilities, given its very low risk appetite in relation to this risk. The point of departure in this context is that Invest-NL budgets and requests additional capital contributions from the Ministries in good time, without having to maintain needlessly high cash surpluses with Dutch banks at negative credit interest rates.

Liquidity position

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



Other notes to the consolidated financial statements

2021 (x €1,000)	< 3 months	3-12 months	1-5 years	5-10 years	Undefined maturity	Total
Corporation tax due	30	-	-	-	-	30
Rental and lease commitments	-	330	669	-	-	999
Provisions	-	-	-	-	8,164	8,164
Other liabilities	1,285	-	-	-	-	1,285
Accruals	3,688	-	-	-	-	3,688
Total	4,973	330	669	-	8,164	14,137

2020 (x €1,000)	< 3 months	3-12 months	1-5 years	5-10 years	Undefined maturity	Total
Rental and lease commitments	-	357	1,071	-	-	1,428
Provisions	-	-	-	-	1,568	1,568
Other liabilities	931	-	-	-	-	931
Accruals	3,242	-	-	-	-	3,599
Total	4,173	357	1,071	-	1,568	7,526



Other notes to the consolidated financial statements

The table below shows the ultimate contractual maturities of irrevocable commitments (all off-balance).

2021 (x €1,000)	< 3 months	3-5 months	1-5 years	5-10 years	Total
Mandate commitment Dutch Future Fund	-	-	-	135,943	135,943
Mandate commitment co-investment vehicle EIF	-	-	-	9,922	9,922
Irrevocable loan commitments	-	34,500	-	-	34,500
Financial guarantees provided	-	-	10,158	-	10,158
Irrevocable commitment to pay up EIF equity interest	-	4,000	-	-	4,000
Mandate commitment Dutch Security Tech Fund	-	-	-	3,429	3,429
Mandate commitment Innovation Industries Fund II	-	-	-	5,625	5,625
Mandate commitment CapitalT Fund	-	-	-	3,794	3,794
Mandate commitment Dutch Alternative Credit Instrument	-	-	-	91,500	91,500
Mandate commitment Unovis NCAP Fund II	-	-	-	6,705	6,705
Irrevocable equity commitments	-	-	-	20,121	20,121
Total irrevocable commitments	-	38,500	10,158	277,040	325,698

2020 (x €1,000)	< 3 months	3-5 months	1-5 years	5-10 years	Total
Mandate commitment Dutch Future Fund	-	-	-	150,000	150,000
Mandate commitment co-investment vehicle EIF	-	-	-	35,000	35,000
Irrevocable loan commitments	-	13,600	-	-	13,600
Financial guarantees provided	-	-	10,300	-	10,300
Irrevocable commitment to pay up EIF equity interest	-	4,000	-	-	4,000
Total irrevocable commitments	-	17,600	10,300	185,000	212,900



Other notes to the consolidated financial statements

Operational risk

Definition	Risk appetite
The non-financial risk of the organisation or its position being adversely affected by incidents and circumstances that have an impact at operational level.	Low: Being a state-held enterprise, Invest-NL wishes to operate professionally, which involves limiting operational risk. In this context, NL wishes to operate proportionally and accepts that a certain degree of operational risk is part of its business operation.

Invest-NL controls operational risks by registering and giving follow-up to risk events. These events are reported each quarter to the management team and the Audit & Risk Committee. In the reporting period, Invest-NL did not register any risk events with a material impact on the statement of profit and loss.

As well as registering risk events, Invest-NL gives consideration to information security. An important basis in this respect is that Invest-NL periodically informs its employees on safe working practices and secure information processing. Invest-NL makes arrangements with ICT and other suppliers in the form of data processing agreements, SLAs and independent assurance and business continuity standards, which also cover information security.

In addition, Internal Audit performed a number of audits in 2021 that identified a number of concerns relating to operational risk, for which follow-up analysis has been planned and will be effected.

Strategic risk

Definition	Risk appetite
The risk of not following the right route through the phases necessary to achieve Invest-NL's objective. Strategic risk is influenced by assumptions about external events and/or developments in various areas, such as technology, politics, the economic cycle, competition, the market or consumer behaviour.	Medium: Invest-NL was incorporated with the aim to make an impact and focuses on taking the right steps to achieve this objective. However, Invest-NL operates in a complex and dynamic environment, which entails a certain degree of strategic execution risk.



Other notes to the consolidated financial statements

Invest-NL updated its strategy and strategic risk analysis at the end of the reporting year. This update supports alignment of strategy with the external environment, enabling Invest-NL to manage its strategic execution risk. A degree of strategic risk is, however, inherent in Invest-NL’s dynamic environment and ambitious objectives.

ESG risk

Definition	Risk appetite
The risk of a deterioration in Invest-NL’s position because its activities are exposed to risks relating to the environment, sustainability, social performance and good governance.	Low: Invest-NL was incorporated in order to achieve a positive social impact. High ESG risk is not consistent with this objective. Although Invest-NL will never be able to avoid ESG risks completely in its activities and investments, it will carefully consider and limit these risks.

Invest-NL performs an ESG assessment for each investment, checking the investment against factors such as exclusion criteria and supply chain responsibility requirements as defined in Invest-NL’s impact and ESG policy and the wider CSR policy for state-held enterprises.

Political risk

Definition	Risk appetite
The risk of Invest-NL (or its investments) being adversely affected by local or international political unrest or developments.	Medium: Invest-NL is a state participation. Political risk therefore applies by definition. In controlling this risk, Invest-NL will continue to emphasise the independent structure and long-term objective of Invest-NL. In principle, however, Invest-NL accepts that political changes can and will have an impact on the organisation.

Invest-NL devotes attention to communication and cooperation with various government institutions, involving progress consultations and reporting. In particular, we look for cooperation with the Ministry of Economic Affairs and Climate Policy in the fields of deep tech, SME finance and the development of the mandate with the EIF for the Dutch Future Fund. Close contacts are also maintained with the Regional Development Companies.



Other notes to the consolidated financial statements

Legislative and regulatory risk

Definition	Risk appetite
The risk that particular consequences will occur because Invest-NL paid no or insufficient heed to current legislation and regulation, codes of conduct or self-regulation applicable to all or parts of the organisation.	Very low: As a state-held enterprise, Invest-NL aims to comply with legislation and regulation and also assesses its business partners in this respect.

Invest-NL controls legislative and regulatory risk through a broad governance structure, in which tasks, responsibilities and policy guidelines have been defined in such a way as to help manage this risk. Oversight of relevant developments in legislation and regulation is also actively maintained, with timely follow-up initiated by the Legal and Compliance departments.

Reputational risk

Definition	Risk appetite
The non-financial risk of a deterioration in the market position and/or a reduction in additionality to the market because of a bad name, perception or reputation among stakeholders, whether due to risks in the other categories or otherwise.	<p>High: Invest-NL has ambitious objectives and many stakeholders with diverse interests. In addition, Invest-NL is the subject of much public interest. Since Invest-NL operates in an environment with high financial risks and complex impact considerations, negative publicity about Invest-NL cannot be completely avoided. Invest-NL accordingly has a high risk appetite with respect to reputational risk, as a consequence of the fulfilment of its policy and mandate.</p> <p>Low: Invest-NL aims to limit its operational risk through a professional organisation and a proper execution of the consultancy and investment process. For this reason, the risk appetite regarding reputational risks entailed by operational risk events is low.</p>

All the manifestations of risks described in this section could lead to reputational risk. Primarily, this risk therefore has to be managed by means of the controls stated for these other risks.

Invest-NL monitors statements in the media about Invest-NL and considers whether a response or other action is appropriate on a case-by-case basis.



Company statement of financial position

at 31 December, before profit appropriation

(x €1,000)	Note	2021	2020
Non-current assets			
Property, plant and equipment			
Improvements to premises and inventory	5	800	1,006
Right of use	6	906	1,256
Financial non-current assets			
Participating interests in group companies	22	167,322	41,059
Other securities	23	2,500	2,211
Total non-current assets		171,528	45,532
Current assets			
Trade debtors		159	-
Receivable from group companies		18	52
Other receivables		5	13
Prepayments	24	231	201
Cash and cash equivalents			
Cash and cash equivalents	25	586	1,903
Total current assets		999	2,169
Total assets		172,527	47,701

The notes on pages 235-239 form an integral part of the company financial statements.



Company statement of financial position continued

(x €1,000)	Note	2021	2020
Current liabilities			
Creditors		93	1,442
Liabilities to group companies		296	-
Tax and social security contributions		125	109
Other liabilities		90	93
Accruals	26	246	215
Total current liabilities		851	1,859
Assets less current liabilities			
		171,676	49,560
Non-current liabilities			
Rental and lease commitments	6	999	1,428
Equity			
Share capital		50,000	50,000
Share premium reserve		125,695	695
Revaluation reserve		9,800	-
General reserve		-9,800	-
Cumulative result		-5,018	-6,281
Equity		170,677	44,414
Total liabilities		172,527	47,701

The notes on pages 235-239 form an integral part of the company financial statements.



Company statement of profit and loss

for the year ended on 31 December 2021

(x €1,000)	Note	2021	2020
Other result		-	-
Results of group companies after tax		1,263	-6,281
Net result		1,263	-6,281

The notes on pages 235-239 form an integral part of the company financial statements.



Company statement of changes in equity

for the year ended on 31 December 2021

(x €1,000)	Share capital	Share premium reserve	Statutory reserve for revaluation of financial assets	General reserve	Cumulative result	Total equity
At 12 December 2019	50,000	-	-	-	-	50,000
Paid in by shareholder recognised directly in equity	-	695	-	-	-	695
Result for the reporting period	-	-	-	-	-6,281	-6,281
At 31 December 2020	50,000	695			-6,281	44,414
Payment by shareholder recognised directly in equity	-	125,000	-	-	-	125,000
Result for the reporting period	-	-	-	-	1,263	1,263
Other changes	-	-	9,800	-9,800	-	-
At 31 December 2021	50,000	125,695	9,800	-9,800	-5,018	170,677

The notes on pages 235-239 form an integral part of the company financial statements.

The statutory reserve for the revaluation of financial assets consists of the cumulative change in the fair value of financial assets carried at fair value with value changes through profit of loss until these financial assets are no longer recognised in the consolidated or company statement of financial position.

The statutory reserve is formed in accordance with Section 390(1), Book 2 DCC.



General notes to the company financial statements

Policies for the company financial statements

In determining the accounting policies for the company financial statements, Invest-NL N.V. makes use of the option offered by Section 362(8) of Book 2 of the Dutch Civil Code. This means that the accounting policies for the company financial statements of Invest-NL N.V. are identical to those applied in respect of the consolidated EU-IFRS financial statements. Under these policies, participating interests over which significant influence is exercised are measured at cost on initial recognition and subsequently on the basis of the equity method. The company financial statements of Invest-NL N.V. include only an abbreviated statement of profit and loss, in accordance with Section 402(1) of Part 9, Book 2 of the Dutch Civil Code.

Change to company statement of financial position

A different model was used for the company statement of financial position in the 2020 financial statements. In line with RJ 150, this presentation has been changed in these financial statements to model A of the Financial Statements Formats Decree, including the comparative figures. The change has no effect on the assets or the result.

Reporting period

The financial year starts on 1 January 2021 and ends on 31 December 2021. As the company was incorporated on 12 December 2019, the previous financial year was extended, beginning on 12 December 2019 and ending on 31 December 2020.

Amounts are stated in thousands of euros unless otherwise stated.



General notes to the company financial statements

Participating interests in group companies

The participating interests in group companies are measured in accordance with the equity method, with losses only being recognised insofar as the shareholder is obliged to make up these losses.

Results of group companies

The results of group companies are the results after tax. The costs incurred by Invest-NL N.V. are passed on to the group companies. This means that no result is recognised in the company financial statements.



Notes to the company statement of financial position and statement of profit and loss

22. Participating interests in group companies

(x €1,000)	2021	2020
At 1 January	41,059	-
Capital contribution	-	45
Paid-in share premium	125,000	47,295
Result of group company	1,263	-6,281
At 31 December	167,322	41,059

The investment in the two subsidiaries consists of the following participating interests in the share capital of:

- Invest-NL Capital N.V.: 100%;
- Invest-NL Business Development B.V.: 100%.

23. Other securities

(x €1,000)	2021	2020
At 1 January	2,211	-
Purchases	-	2,211
Revaluation	289	-
At 31 December	2,500	2,211

The item Other securities relates to a 0.25% equity interest in EIF.



Notes to the company statement of financial position and statement of profit and loss

24. Prepayments

The item Prepayments of €231,000 (2020: €201,000) concerns prepaid expenses.

25. Cash and cash equivalents

This item concerns immediately claimable legal payment instruments (current account with Rabobank).

26. Accruals

The breakdown of this item for the reporting period is as follows:

(x €1,000)	31 December 2021	31 December 2020
Accountancy and consultancy costs due	134	50
Marketing and ICT costs due	66	68
Premises rent due	-	10
Personnel expenses due	44	84
Bank charges due	2	4
Total accruals	246	215

27. Auditor's fees

The auditor's fees concern the reporting period to which the financial statements relate, irrespective of whether the external auditors and the audit firm performed their activities during the reporting period. The auditor's fees are disclosed in [note 18](#) to the consolidated financial statements.



Notes to the company statement of financial position and statement of profit and loss

28. Tax

All the group entities are independently liable for corporate income tax. Invest-NL N.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. Settlement within the tax group between the company and its subsidiaries is made via the current account relationships.

29. Related-party transactions

Related-party transactions are broken down in [note 19](#) to the consolidated financial statements 'Information on related parties'.

30. Information on maturities

For information on the maturities of assets and liabilities in the company statement of financial position, we refer to the 'liquidity risk' section in [note 21](#) on pages 218-230 of the consolidated financial statements.

31. Profit appropriation

The profit will be added to the cumulative result.

Signature

Amsterdam, 24 May 2022

Management Board

Jan Pieter Postma, interim CEO

Supervisory Board

Jan Nooitgedagt (Chair)

Karin Bisschop

Marilou van Golstein Brouwers

Ruud Hendriks

Peter Molengraaf

Other information

Provisions in the articles of association on profit and loss appropriation

Article 30

1. 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.
2. Profits will be distributed only after the adoption of the financial statements showing that this is justified.
3. The profits will be at the disposal of the general meeting. The general meeting will decide on the appropriation of the reserved amounts on the proposal of the Management Board and after approval by the Supervisory Board.
4. The company can only make distributions to the shareholders and other parties 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.
5. A deficit may only be offset against the statutory reserves insofar as this is permitted by law.
6. In calculating the apportionment of an amount intended for distribution on the shares, the shares that the company holds in its own capital will be disregarded.



Other information

Article 31

1. Dividends will become claimable four weeks after they were declared, unless the general meeting sets a different date on the proposal of the Management Board.
2. The general meeting may decide that all or part of the dividends will be distributed in a form other than money.
3. Without prejudice to Article 30(4), the general meeting may decide to authorise a full or partial distribution of reserves.
4. The general meeting may decide, on the proposal of the Management Board, which proposal has been approved by the Supervisory Board, to authorise an interim distribution from the reserves or the profits of the current financial year (interim dividend).



Additional information





About this report

In the 2021 annual report, we account for the activities performed in Invest-NL's second financial year.

Invest-NL's consolidated financial statements are prepared in compliance with International Financial Reporting Standards, as ratified by the European Union (EU-IFRS), and the statutory provisions laid down in Part 9 of Book 2 of the Dutch Civil Code.

Based on the option offered in Part 9, Book 2 of the Dutch Civil Code, Invest-NL prepares its company financial statements in accordance with the same principles as those applied to the consolidated financial statements.

The integrated annual report is compiled in accordance with the principles of the Integrated Reporting Framework developed by the IIRC (International Integrated Reporting Council) and with reference to the GRI Standards 2021, the international sustainability reporting standards developed by the Global Reporting Initiative.

National and international guidelines

As a state-held enterprise, we are expected to apply the 'comply or explain' principle in respect of the following guidelines:

- OECD Guidelines for Multinational Enterprises: these guidelines provide points of reference on how to deal with topics such as supply chain responsibility, human rights, child labour, the environment and corruption; we address this in the section titled 'ESG policy';
- UN Global Compact: ten ethical principles in the areas of human rights, labour, the environment and anti-corruption; we address this in the section titled 'ESG policy';
- UN Guiding Principles on Business and Human Rights (UNGP): internationally accepted guidelines on how companies should deal with human rights; we address this in the section titled 'ESG policy';



About this report

- Corporate Governance Code: Dutch rules of conduct for listed companies enshrined in law and intended to ensure good governance and protect the interests of shareholders, employees and other stakeholders; we address this in the section titled 'Corporate governance'.

In addition, we subscribe to the following international conventions and guidelines:

- OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS);
- Financial Action Task Force on Money Laundering;
- International Labour Organization (ILO);
- Basel Convention.

Transparency guidelines

In the context of transparency, state-held enterprises are expected to abide by the following guidelines:

- Transparency Benchmark: every two years, the Ministry of Economic Affairs and Climate Policy assesses the transparency of reporting. As a state-held enterprise, Invest-NL automatically takes part in this. The outcome of the benchmark will provide Invest-NL with points of reference to further improve its reporting.
- GRI Standards: the internationally recognised sustainability reporting standards. The annual report includes a GRI content index that shows how the GRI reporting standards have been implemented.

Since Invest-NL officially started operating only in January 2020, our reporting does not yet meet the guidelines set on all points. Our ambition is to report as transparently as possible on value creation, strategy, impact and the dilemmas we face and to further improve our reporting in the coming years.

Stakeholders and materiality

As an impact investor, Invest-NL puts social return centre stage. After consultation with stakeholders in April 2020, a materiality matrix was established by the Management Team. The materiality matrix shows both the relevance of the themes according to the stakeholders and the impact of Invest-NL on the themes.



About this report

We consult regularly with our stakeholders to continually check what the most important issues are for them, to learn from them and to improve our decision-making and reporting.

Value creation and impact

This integrated annual report includes our value creation model, which shows how we use the available resources (input) to create value for our stakeholders (output) and how we add value for society as a whole (outcome). Invest-NL has only just started reporting on impact objectives and KPIs and demonstrating how we contribute to relevant SDGs. This framework will be further developed in 2022.

Scope and boundaries of the annual report

The boundaries of the report have been determined for now on the basis of the materiality analysis. This implies that we report on the material topics and are guided by the insights provided by the materiality analysis when making choices concerning the depth and boundaries of the report. We do not report on the topics on which Invest-NL has less impact or which our stakeholders consider less relevant.

This annual report includes non-financial information on the 2021 calendar year relating to our mission, strategy and objectives. The information in this report relates to Invest-NL N.V. (holding company), the (investment) subsidiary Invest-NL Capital N.V. and the (development) subsidiary Invest-NL Business Development B.V.

Calculation of CO₂ emissions, R&D impact and FTE impact

To attribute the CO₂ contributions of our financing to Invest-NL, we have adopted the principles of the Platform Carbon Accounting Financials (PCAF). We became a member of PCAF in 2020. PCAF provides a framework and a harmonised carbon accounting methodology that fosters transparency and awareness of greenhouse gas emission (equivalents). In 2020, we already reported on the R&D impact of investments and the FTE impact of investments. In doing so, we proceeded from the PCAF attribution methodology.



About this report

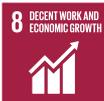
The manner in which we define and measure the impact in this area was further refined and standardised in 2021, and accordingly, we report both absolute and avoided CO₂ emissions from our investments.

External assurance

The non-financial information in this 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 in respect of the sustainability information in our integrated report.

Connectivity

The table below shows the relationship between the strategic pillars and the material themes, as well as the associated key performance indicators.

Strategic pillars	Material themes	Key performance indicators	Result	Contribution to SDGs ¹
Making the Netherlands more sustainable	 Climate footprint of external activities	Current and avoided CO ₂ through investments	6,400 tonnes	
	 Circular economy	Circular Transition Indicators per investment	50-100% ²	
Making the Netherlands more innovative	 Innovation and entrepreneurship	R&D impact of investments	€21 million	
		FTE impact of investments	275 FTE	
	 Better, affordable ³ and accessible health care	-	-	

¹ The exact definitions and extension of indicators against which impact is measured, plus the associated target, will be developed in the coming years as part of the annual plans.

² Measured for projects primarily focusing on circularity, as described in the section 'Materiality and impact'.

³ The indicators used for measuring impact on this theme will be further developed in 2022.



GRI content index

Statement of applicability of GRI	Invest-NL reports the information stated in this GRI content index for the period 1 January to 31 December 2021, with reference to the GRI Standards.
GRI 1	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location in annual report
GRI 2: General disclosures 2021	2-1 Company information	General notes to the consolidated financial statements (page 165)
	2-2 Entities involved in the sustainability reporting	About this report (page 243)
	2-3 Reporting period, frequency and contact details	General notes to the consolidated financial statements (page 165) Contact (page 257)
	2-4 Restatements of previous information	Not applicable
	2-5 External assurance	About this report (page 243)
	2-6 Activities, value chain and other business relations	Profile (page 10) How we add value (page 13-16) Our stakeholders (page 34-41)
	2-7 Company employees	Employees and organisation (page 77-85)
	2-8 Non-company employees	Not applicable
	2-9 Governance structure and composition	Report of the Supervisory Board (page 144-145) Corporate Governance (page 151-156)
	2-10 Nomination and selection of highest governance body	Corporate Governance (page 152-155)
	2-11 Chair of the highest governance body	Foreword (page 8-9) Biography (page 137)
	2-12 Role of highest governance body in supervision of impact management	Invest-NL has only just started reporting on impact objectives and KPIs and demonstrating how we contribute to relevant SDGs. This framework will be further developed in 2022 (page 245).
	2-13 Delegated responsibility for impact management	Not applicable
	2-14 Role of highest governance body in sustainability reporting	Invest-NL has only just started reporting on impact objectives and KPIs and demonstrating how we contribute to relevant SDGs. This framework will be further developed in 2022 (page 245).
	2-15 Conflicts of interest	Report of the Supervisory Board (page 144) Corporate Governance (page 154)
	2-16 Communication on critical items	Dilemmas (pages 15 , 26 , 27 , 28 , 45)



GRI content index

GRI Standard	Disclosure	Location in annual report
	2-17 Collective knowledge of highest governance body	Report of the Supervisory Board (page 144-145)
	2-18 Evaluation of performance of highest governance body	Report of the Supervisory Board (page 144-145)
	2-19 Remuneration policy	Remuneration report (page 147-149)
	2-20 Process for establishing remuneration	Remuneration report (page 147)
	2-21 Annual total pay ratio	Remuneration report (page 149)
	2-22 Statement on sustainability strategy	Our impact and ESG policy (page 75)
	2-23 Compliance with CSR guidelines	Our impact and ESG policy (page 70-71)
	2-24 Embedding of CSR guidelines	Our impact and ESG policy (page 70-75)
	2-25 Approach to complaints and other negative impacts	Not applicable
	2-26 Approach to reports and advice on ethics and integrity	Corporate Governance (page 156)
	2-27 Compliance with legislation and regulation	Corporate Governance (page 152 and 156)
	2-28 Membership of associations and/or other interest groups	Our stakeholders (page 40)
	2-29 Approach to stakeholder engagement	Our stakeholders (page 37-41)
	2-30 Collective employment agreement	Employees and organisation (page 79) Remuneration report (page 147-150)
GRI 3: Material themes in 2021	3-1 Definition of material topics	Materiality and impact (page 42)
	3-2 List of material topics	Materiality and impact (page 42)
	3-3 Approach to material topics	Carbon-neutral economy (page 50-57) Circular economy (page 58-61) Innovation & enterprise (page 62-67) Better, more affordable and accessible health care (page 68-69)
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	SDG 8 and 6: FTE, R&D and mobilised capital (page 62-67)
GRI 305: Emissions in 2016	203-2 Significant indirect economic impacts	SDG 8 and 6: FTE, R&D and mobilised capital (pages 62-67)
	305-1 Direct (Scope 1) GHG emissions	SDG 13: Own emissions scope 1 & 2 (pages 51-57)
	305-2 Energy indirect (Scope 2) GHG emissions	SDG 13: Own emissions scope 1 & 2 (pages 51-57)
	305-3 Other indirect (Scope 3) GHG emissions	SDG 13: Funded emissions products portfolio + emissions from commercial operations in portfolio (pages 51-57)



Glossary

Carbon-neutral economy

An economy with net zero carbon dioxide (CO₂) emissions, which is achieved by avoiding or compensating for emissions.

The Dutch word for ‘carbon neutral’ is ‘*carbonneutraal*’. Invest-NL uses the term ‘carbon-neutral economy’ in its mission because we want our investments to contribute towards net zero CO₂ emissions.

Circular economy

An economic system intended to maximise the reusability of products and raw materials and to minimise value destruction. This is different from the current linear system, in which raw materials are converted into products that are destroyed at the end of their useful life.

Cradle-to-cradle certification

Certification of a product that contributes towards a circular economy.

Deep tech

‘Deep tech’ and ‘hard tech’ are general terms for innovative technologies, including artificial intelligence, robotics, blockchain, advanced material science, photonics and electronics, biotech and quantum computing.

Dutch Future Fund

Fund that will invest in 15 to 20 venture capital and growth funds with strong links to the Netherlands.

European guarantee facility

The EIF guarantee for SME support that is made available by the European Commission from the European Fund for Strategic Investments (EFSI).



Terms used

European Investment Fund

A European fund, part of the EIB Group, that provides risk capital and guarantees to small and medium-sized enterprises (SMEs) in Europe, whether via local NPBIs or otherwise.

Fund mandate

Invest-NL, in collaboration with the EIF, invests in SME businesses via the fund mandate. The co-investment vehicle itself is not a legal entity.

FTE impact of investments

The number of FTEs created by means of the investments, calculated in accordance with the PCAF attribution method.

Full-time equivalent

Within Invest-NL, 1 FTE is defined as an employee with a 36-hour working week. The equivalent is the employee's weekly number of working hours divided by 36.

FundRight

FundRight is an initiative of Dutch Venture Capital parties and TechLeap, involving a joint endeavour to achieve a more diverse VC ecosystem, which offers fair access to financing and business opportunities. (<https://fundright.nl/>)

Committed investment volume

Capital committed towards an investment.

Mobilised capital

The total amount of private capital committed in an investment round in which Invest-NL participates, plus the capital committed by Invest-NL. In case of participation by other public parties (incl. European funds), the total private capital committed is attributed to Invest-NL on a pro rata basis in this calculation.

Impact investments

Investments in which the social return is the principal factor.



Terms used

Impact investor

An investor who makes a targeted and measurable contribution to achieving social objectives by means of investments and finance.

Integrated Reporting

Reporting framework developed by the International Integrated Reporting Council (IIRC) that results in an integrated report providing insight into value creation: the external environment influencing the organisation, the incoming and outgoing resources and the manner in which the organisation interacts with the external environment. Data are recorded in accordance with the value creation model.

Materiality matrix

Matrix for determining, with input from stakeholders, the topics that are of sufficient importance to be included in the annual report: the 'material topics'.

SMEs

Small and Medium-sized Enterprises, businesses that employ fewer than 250 persons and whose annual revenue does not exceed EUR 50 million or whose annual total assets do not exceed EUR 43 million. This is the definition applied in the EU.

National Promotional Banks or Institutions (NPBIs)

Legal entities that finance, invest and develop markets in accordance with a government mandate.

(New) Green Deal or European Green Deal

A set of policy initiatives of the European Commission with the overarching aim to make Europe climate neutral by 2050.

Platform Carbon Accounting Financials

The Platform Carbon Accounting Financials (PCAF) has developed a measuring method that shows the CO₂ impact and FTE impact of investments and financing.



Terms used

Risk capital

Capital provided for investments with a higher risk profile. In general, investments with risk capital do not involve security such as a repayment schedule with interest. Risk capital can take various forms (equity or debt capital), such as shares, convertible loans or subordinated loans.

R&D impact of investments

The contribution to R&D (in euros) created by means of the investments, calculated in accordance with the PCAF attribution method.

Scale-up

A business providing a commercially tested product (or service) that is on the brink of large-scale commercialisation. The business already has customers and revenue but is usually still making a loss. It is expected to become profitable within a reasonable period.

SDE subsidy

The Stimulation of Sustainable Energy Production and Climate Transition Scheme (SDE, later SDE+ and from 2020 SDE++) is a ministerial scheme to stimulate the production of clean and renewable energy.

Sustainable Development Goals

SDGs, launched in 2015, are objectives drawn up by the United Nations with the aim to provide a new indicator framework for sustainable development.

Spin-off

A split-off from an existing institution, business or knowledge institution.

Start-up

An organisation looking for a scalable business model with recurring revenue. In general, a start-up provides a fully or partially developed product (or service) but does not yet generate material revenue. The business is making a loss, and there is great uncertainty about eventual demand for the product (or service).



Terms used

Thermal storage system

Storage system for heat, for instance from solar power.

Venture Capital

Capital provided to start-up businesses and SMEs that are expected to have high potential for growth.

Investment volume made available

Capital made available for investment.

UN Global Compact

A United Nations initiative relevant for businesses that want to operate and report in a socially responsible manner. It consists of ten principles in the areas of human rights, working conditions, the environment and anti-corruption.

UN Guiding Principles (on Business and Human Rights)

The United Nations standards ('guiding principles') with regard to human rights and the resulting responsibilities for businesses, governments and investors.

Value creation model

See 'Integrated Reporting'.



Abbreviations

DFF	Dutch Future Fund
EBN	Energie Beheer Nederland
EIF	European Investment Fund
ELTI	European Long-Term Investors Association
ESG	Environmental, Social and Governmental
ETFF	Energy Transition Financing Facility
EZK	Ministry of Economic Affairs and Climate Policy
LSH	Life Sciences & Health
CSR	Corporate Social Responsibility
NGO	Non-governmental organisation
NPB(I)	National Promotional Bank or Institution
OECD	Organisation for Economic Cooperation and Development
PCAF	Platform Carbon Accounting Financials
PRI	UN Principles for Responsible Investment
RSW	Regional Heat Structure (<i>Regionale Structuur Warmte</i>)
SASB	Sustainability Accounting Standards Board



Abbreviations

SDE	Stimulation of Sustainable Energy Production and Climate Transition Scheme (<i>Stimulering Duurzame Energieproductie en klimaattransitie</i>)
SDGs	Sustainable Development Goals
TOPSS	Temporary Bridging Loan Programme for Innovative Start-ups and Scale-ups (<i>Tijdelijk Overbruggingskrediet Programma Innovatieve Start- en Scale-ups</i>)
UN	United Nations
VC	Venture Capital

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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 pers@invest-nl.nl.

This annual report was originally written in Dutch and translated into English. In the event of any discrepancies between the English translation and the original Dutch version, the latter will prevail.

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