

ImpactEnterpriseFund

Impact Report | 2021

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ImpactVentures

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Foreword

*E ngā maunga, e ngā pataka o nga tāonga tuku
iho, tēnā ra koutou.
Tēnā ra ano i runga i o tātou tini aitua kua
wheturangitia.
E mihi atu ana, e tangi atu ana.
Rātou te hunga mate ki a rātou. Tātou te hunga
ora ki a tātou.
Ki a tātou e noho nei i te ao hurihuri.*

When we announced the Impact Enterprise Fund in 2017 our goal was to identify a number of ambitious teams, with great products, that scale their positive societal or environmental impact with each additional unit sold.

Now four years in, with a portfolio of 10 companies, we are starting to see the effects of compounding success - both in terms of commercial outcomes, but equally importantly the impact outcomes.

As we suspected at the time, we have ended up investing in a broad range of sectors, from packaging, to education, marine transport, and back to agricultural and food systems. Each company has a unique impact model and set of outcomes that they measure and track.



Our annual impact report is a chance to celebrate these successes and acknowledge that a diverse set of positive outcomes is required to tackle some of the biggest challenges we are facing as a planet.

We hope you enjoy our second annual impact report. Please contact anyone in the team if you want to discuss any of our learnings, portfolio companies or impact investing more broadly.

Nāku iti nei
nā

Paul Majurey
Chair
Impact Enterprise Fund

Introduction

The Impact Enterprise Fund (IEF) provides growth capital and venture partnership to businesses who deliver social and/or environmental impact, alongside attractive financial returns. This Fund has two primary objectives: delivering market-rate financial returns, and delivering tangible social and environmental outcomes.

We are happy to share with you our second annual impact report, which summarises just some of the meaningful impacts the businesses within our growing portfolio are delivering. Importantly, when we talk about impact, we are talking about the positive change that occurs because of the activity that these businesses do (generally delivering a product or service to their customers).

Naturally, measuring that impact can be challenging, but each of our portfolio companies commit to doing so as another example of the dedication they have to creating a difference on our world.

Being our second report, this is a combination of updates on the impact of our portfolio from last year, and introductions to the new investments that we have made, and their impact, since then. We are always happy to talk about our portfolio and these investments further, so don't hesitate to get in touch if you'd like to learn more about impact investing.

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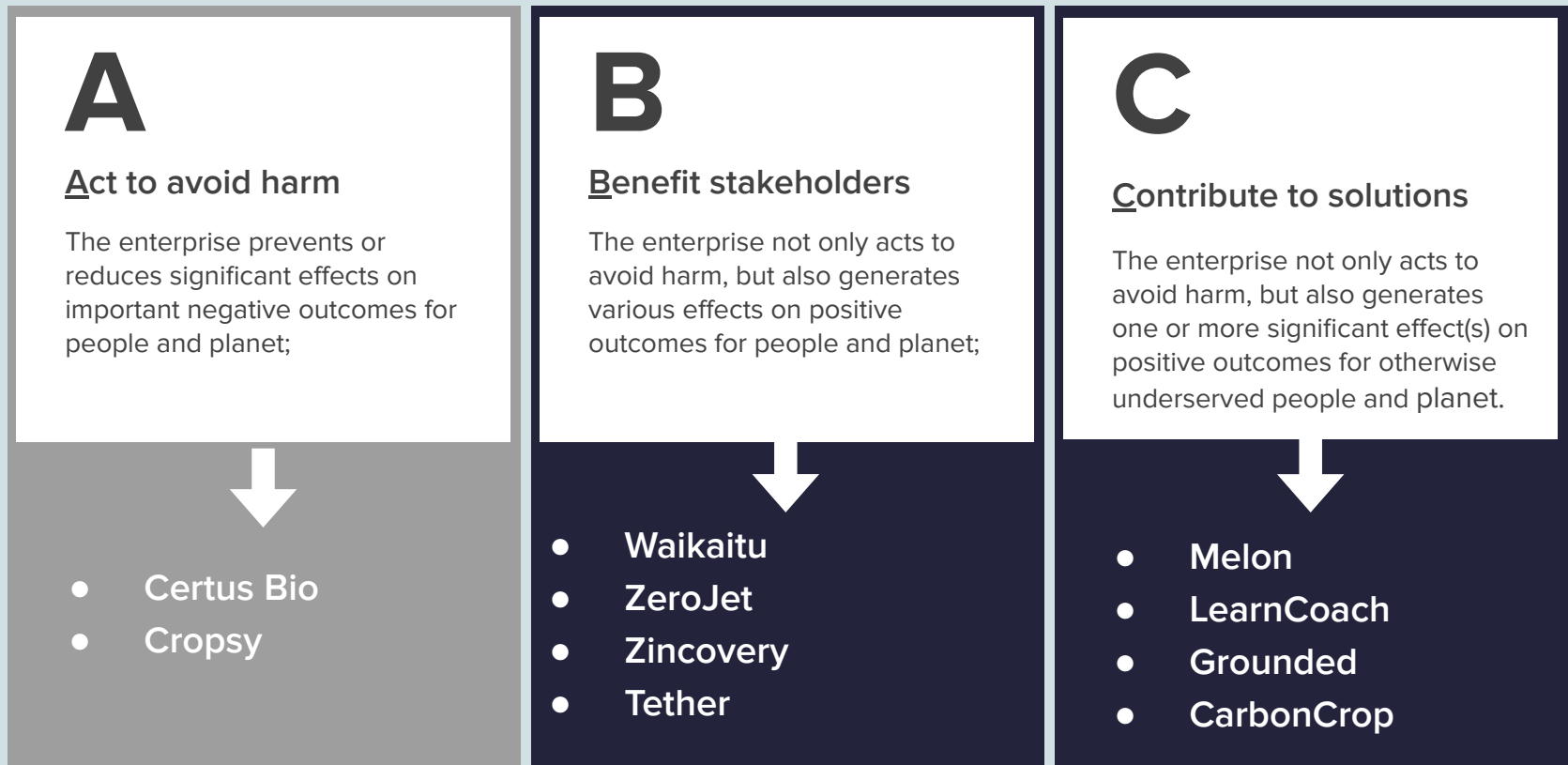
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Summary of alignment with IMP

The Impact Enterprise Fund uses the globally leading impact investing framework, the Impact Management Project (IMP), as the basis of our impact assessment process. For more information on our process, see our [2020 Impact Report](#).

The IMP has created, through co-design with many of the world's leading investors, a consistent and comparable framework to consider investments. This framework covers both the investors and enterprises intended impact. The diagram below defines these different categories, and indicates where the IEF's portfolio falls within these categories.



Note: Over time, as the portfolio's impact management capacity increases as the businesses mature, we expect to see an increasing proportion of the portfolio in the 'C' column.

How we identify and maximise impact within our portfolio

In our 2020 report we summarised our impact assessment process when making investments, a crucial first step in any impact investing process. But it's not the only step.

To maximise the impact of our portfolio, we actively work with them to ensure their impact grows just as quickly as other parts of their business. The below diagram summarises how we do this.



Impact focus | Environment



Certus Bio

The [CertusBio](#) continuous monitoring system provides easy access to real-time data so that food processors can now mitigate losses and waste water quality issues at the source.

The impact is primarily focused on cleaner run-off from dairy processing, resulting in improved quality of waterways. As such, CertusBio are helping industrial food processors transition to a more sustainable model of production.

There is a secondary impact from the improved efficiencies through reduced transport, import and processing required of raw materials.

Based on this, the impact measures for CertusBio are

1. The primary measure will be metric tonnes of waste prevented from disposal.
2. A secondary measure will be the number of sites with continuous monitoring devices installed, demonstrating the breadth of processors using this technology to minimise their wastage.

2021 impact

0

Kg's of waste diverted

3*

Number of continuous monitoring devices installed

** Trials with dairy processors. Waste data will be provided once converted to commercial leases.*



Waikaitu

[Waikaitu](#) is a Nelson based company that produces a range of certified organic fertiliser, bio stimulant and crop protection products manufactured from seaweed.

2021 impact

Indicator	Measure	vs 2020
Litres of toxic fungicide reduction (improving soil/insect health)	1,888 L	-2,720 L
NZBio and FishBoost sold (improving soil health)	432 tonnes	+177 tonnes



ZeroJet

[ZeroJet](#) makes electric jet propulsion systems for small boats and tenders. Traditional four stroke boat engines produce almost 40x as many greenhouse gases as cars, so each combustion engine that is avoided takes a significant step towards improving the environmental impact of boats.

2021 impact

Indicator	Measure	vs 2020
# of partnerships with boat builders	3	+2
# of electric jet systems sold	10	+9

For more information on the impact of Waikaitu and ZeroJet and our chosen measures, please see our [2020 Impact Report](#).

Impact focus | Waste

GROUNDED

Grounded Packaging

[Grounded Packaging](#) source and distribute globally leading sustainable packaging solutions, primarily focused on food and ecommerce sectors. Crucially, these products replace single use plastics, and in doing so reduce the amount of waste that enters our landfills and oceans.

2021 impact

Indicator	Measure	vs 2020
Total single use plastic items replaced	23.9M	+16.6M
Customers using sustainable packaging	1853	+993



Zinccovery

[Zinccovery](#) has developed innovative electrochemical technologies for the efficient and sustainable recycling of zinc. Zinccovery's method uses 70% lower emissions than incumbent zinc recycling processes, creating the world's first sustainable method to recycle zinc.

2021 impact

Indicator	Measure	vs 2020
Amount of waste avoided from landfill	2 kgs	-98kg*
Amount of zinc recovered	1 kg	+0.9kg

* Largely due to a change in how waste is classified

Impact focus | Health and wellbeing



Tether

[Tether](#) focuses on solving building performance problems. 1 in 3 homes in New Zealand are unhealthy and while regulatory changes are helping there is a lack of performance and validation as to whether the desired outcomes are truly achieved. Tether provides connected IOT hardware devices for measuring real time performance and an integrated platform to manage properties and provide data analytics and insights.

Their goal is to impact as many lives as possible by empowering smart decisions and highlighting risks that could save lives and protect valuable assets.

Based on this, the impact measures for Tether are:

1. The primary measure will be number of sensors installed
2. A secondary measure will be the number of Tether Ticks (confirming healthy home)

2021 impact

677

Number of Tether Sensors Installed

2927

Number of Tether Ticks (confirming healthy home)



LearnCoach

[LearnCoach](#)'s purpose is to reduce inequality and improve education outcomes by providing easy-access education at low cost.

Indicator	Measure	vs 2020
Learning sections completed	5.17M	+2.03M
Qualifications completed	1420	+1353



Melon Health

[Melon Health](#) delivers evidence-based digital therapeutics in the form of online programs to support people struggling with their emotional and physical health. Their programmes are prescribed by health providers throughout Aotearoa, alleviating some of the burden from primary and secondary care and helping patients help themselves.

Indicator	Measure	vs 2020
New enrollments on Melon	4433	-1730
New patients in emotional wellbeing programme	2436	-1664

Some portfolio level measures

Where possible, we also look to measure the cumulative impacts across our portfolio. Below are some examples of impact measures which we measure across multiple portfolio companies. We will look to share actual measurements for these in future reports.



1

CO2 equivalent emissions avoided or sequestered



2

Reduction in waste



3

People experiencing measurable improvement in health and wellbeing

CASE STUDY

The impact of ZeroJet

What does a 5 horsepower four-stroke petrol outboard have in common with 38 cars?

Emissions. One 5 HP four-stroke outboard creates the same amount of nitrogen oxide (NOX) and hydrocarbons (HC) as 38 cars driving 95 km/h. While the automotive industry uses sophisticated methods to reduce NOX and HC during the combustion process, outboards do not have comparable systems. This is why the level of harmful NOX and HCs, even from small petrol outboards, is dramatically higher than in cars.

And this is why we invested into ZeroJet. The potential they have to drastically reduce emissions is significant. Not to mention the other benefits of electric engines over combustion engines, including the reduction of oils and other pollutants leaking into the ocean.

Because ZeroJet is relatively early stage, the number of engines they have produced thus far is small. But, the potential they have to not only scale up the number of engines they sell and, more importantly, influence a change in the way boats around the world are powered is significant.

Just as Tesla has changed the way we understand cars can and should be powered, we think ZeroJet are well positioned to have similar influence around how boats should be powered too. And this makes us pretty excited.

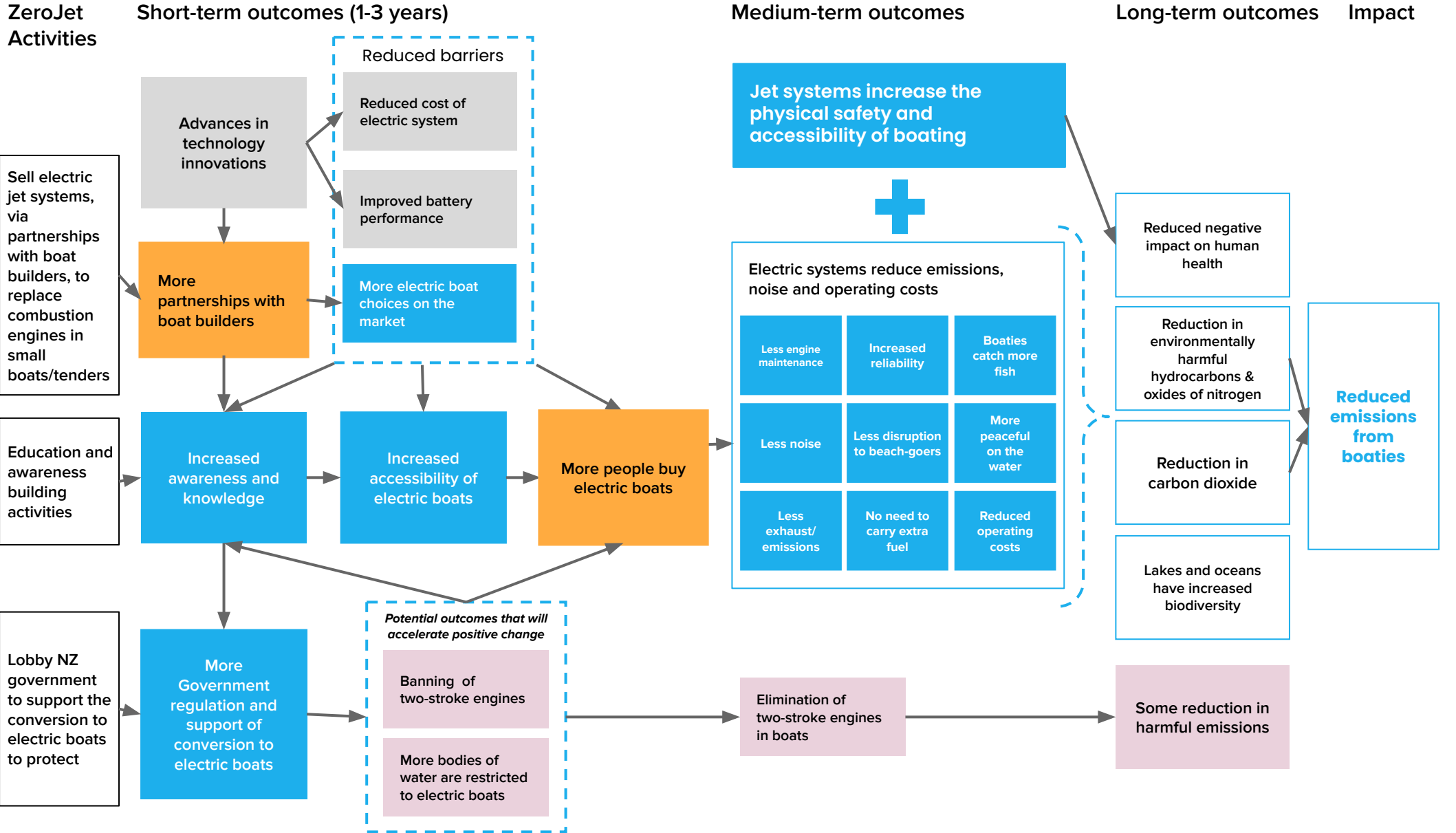
On the following page we set out in more detail ZeroJet's impact model, including how we have identified the measures for ZeroJet.



ZeroJet Impact Measures:

- 1) No. of partnerships with boat builders
- 2) No. of electric jet systems sold

Responsibility



WHAT'S NEXT

Maximising impact

Just as it did last year, the size of the impact investing market both globally and here in New Zealand, continues to grow. Hundreds of millions has been dedicated to impact investment since our last report.

And this trend is showing no signs of slowing, particularly when considering the growing number of investors now looking to learn about impact investing and allocate funds to it in the future.

But, we all know the first step is the hardest. Creating the Impact Enterprise Fund was no different. It took over a year of planning. And a fundraising process which was much longer than we expected. But we got there, and the level of demand for impact investing has increased significantly since 2018.

So, what's holding you back from allocating funds towards impact? Will you be a part of a growing market that is enabling solutions to some of our pressing challenges?

While more capital is a key part of the puzzle, it's not the only part. In addition, we need to foster and grow the impact of each company.

This means investors need to work with impact-led businesses they invest in to maximise their impact, just as they'd maximise the financial performance.

Fundamental to doing this is measuring the impact of the business. What social or environmental change are they making? How can this be measured in a pragmatic but meaningful way?

While impact measurement can be complex, it doesn't need to be, and the measures we shared in this report show just how simple it can be for businesses when they align to a robust theory of change or impact model.

More of the impact investing market needs to measure and report the impact of its investments, so that it can then be managed and maximised. Then, we will start to see impact investing reach its potential.

The IEF Board and Management Team

Contact us

For more information on the Impact Enterprise Fund, our portfolio, or impact investing generally, please contact info@iefund.co.nz.

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