Invest International

Scaling up

Annual Report 2023

Contents

Our Impact

Through the projects we fund, we contribute to the international growth of Dutch businesses, the SDG's and the Dutch economy. These four cases illustrate part of what we achieved in 2023.

"Green Hydrogen: Scaling up sustainable energy supplies, boosting economic growth"

Invest International has big ambitions to help developing countries produce green hydrogen as an alternative to energy from fossil fuels. So does the Dutch government, the Port of Rotterdam and the Netherlands' national gas distributor Gasunie. Together we are developing a proposition to create a green hydrogen market in Europe, supplied by producers in countries where conditions are optimal.

Read more

"Scaling up development aid and trade"

In 2023, we introduced a new approach to development cooperation, based on Memoranda of Understanding with key countries and a combined loan and grant package offering.

Read more

"Scaling-up financing solutions for Dutch SMEs"

In 2023, the Dutch high-tech plant tissue company Iribov sought a bank loan to expand its facilities in Ghana but was turned down by its long-term corporate bank. That's when Invest international stepped in to fill the gap in finance.

Read more

"Scaling-up support for Dutch businesses and emerging markets at country level"

In 2023, Invest International expanded an experiment to see whether having local representatives on the ground can help boost our efficiency and impact. Building on the success of the "Dutch desk" set up in Nigeria in 2022, in 2023 Invest International deployed additional representatives in 5 key focus countries.

Read more

About this Report

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

Scope of the Annual Report

This Annual Report covers all the activities of Invest International BV, including the consolidated entities as stated in note 1.1: Corporate information to the financial statements ('Invest International'). The report addresses the second financial year, for the period from 1 January 2023 to 31 December 2023 (unless stated otherwise). All the financial and non-financial results of Invest International are integrated in this one report.

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

Presentation of information

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

In this report, we aim to be as transparent as possible about our strategy, how we create value and make impact. We will improve our transparency and reporting quality further in the coming years. Our impact reporting approach is described in further detail in the section 'How we measure impact'.

Audience

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

At a Glance

Profile

Who we are

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

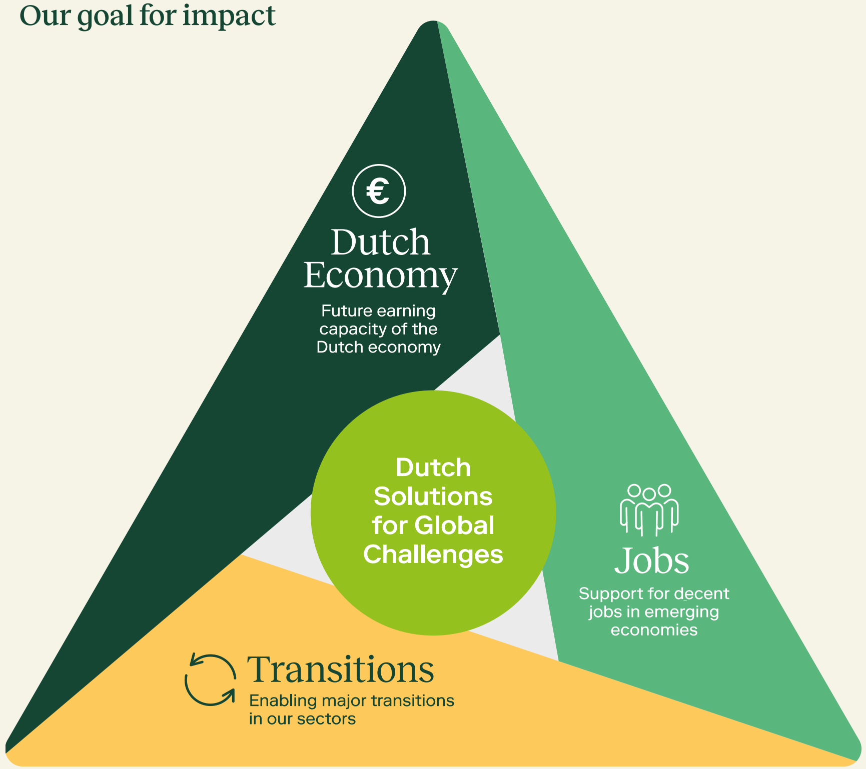
Invest International is a private company financed by public means. The company opened its doors in The Hague in October 2021. Our shareholders are the Dutch Ministry of Finance (51%) and Dutch Entrepreneurial Development Bank, FMO (49%). By the end of 2023, Invest International had grown to 151 employees.

What we do

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

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

Our goal for impact



Our goal for impact is threefold. First, we support impactful businesses and projects that help industries and economies transition to more sustainable processes. Second, we create jobs, both in the Netherlands and abroad. Third, we contribute to securing the future earning capacity of the Dutch economy.

Manufacturing

Re-constructing Ukraine with sustainable building blocks

Less CO2 emissions

88%

Loan

€27

million

Leading Ukrainian construction material company Kovalska Group has received a €27 million loan from Invest International, through the Dutch Good Growth Fund (DGGF), to equip and commission a plant to produce building blocks that emit 88% less CO2 than conventional materials. The technology will be used at a new plant in Rozvadiv, Western Ukraine, supplied by Aircrete Europe, a Dutch and leading global developer and manufacturer of light-weight, autoclaved aerated concrete (AAC) blocks.

Read more

Funding options we offer

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

Invest International's core capital

Investing with our own capital, we mainly focus on investment loans, export finance and equity investments. We do this both for larger corporates and SMEs. Investments in innovative solutions by businesses will often be characterised by complexity within a multi-stakeholder context. We support them by co-designing tailor-made international financing arrangements. In doing so, we enable them to realise a positive contribution to the SDGs, predominantly SDG 8 (decent work and economic growth) & SDG 13 (climate action), as well to the Dutch economy and the level playing field for these companies, small and large.

In addition to corporates, we team up with other financiers or investors, such as investment funds seeking a co-investor. In doing so, we contribute to leveraging capital for projects that fit our investment criteria. Equity investments in such projects help to make complex investments feasible.

Funding programmes managed on behalf of the Dutch State

Invest International manages several funding programmes on behalf of the Dutch State. These programmes are financed from development aid, as well as from the international business budget and serve goals in creating impact locally, while at the same time contributing to the Netherlands' earning capacity. Each of these programmes has its own investment focus. We manage the following funds:

DGGF and DTIF

The *Dutch Good Growth Fund (DGGF)* and *Dutch Trade and Investment Fund (DTIF)* support start-ups, SMEs, and mid-corps at every stage of their maturity. DGGF also offers technical assistance to internationally active Dutch organisations. Invest International's core expertise is in financing international investments, in value chain finance, and in export finance. Our goal is to help Dutch businesses grow and increase their international activities when the commercial market is not able to or reluctant. Our ambition is for every Dutch company with a sound business plan for international investments or exports with impact to be eligible for financing.

D2B, DRIVE, and ORIO

For infrastructure projects, we manage the following funding programmes: *Develop2Build (D2B)* and *Development Related Infrastructure Investment Vehicle* (DRIVE) and their predecessor (*ORIO*). Through these funds we offer financing solutions to governmental organisations in emerging economies for infrastructure projects. These solutions are relevant for both the development and the implementation stage of infrastructure projects. At all stages of a project we can provide financing solutions such as grants, guarantees or loans.

DA, IA, and PDF

The *Development Accelerator (DA), Impact Accelerator (IA)*, and *Partnership Development Facility (PDF)* support project development. From these funds, we provide development capital to accelerate the development of impactful projects that are potentially interesting for further Invest International financing. We support organisations in making investments feasible by strengthening the business case or model and reducing uncertainties. We do so by providing a part of the required funding, or by introducing experts from one of our partners.

Our focus sectors

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

/ **Profile**

Why we do it

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

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

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

How we finance what we do

Our financial resources include:

- €1.0 billion grants for public infrastructure development in emerging economies (D2B, DRIVE, and ORIO)
- €0.8 billion for capital investment & loans (for all segments and sectors), our Core Capital
- €0.3 billion for loans and/or guarantees specifically for the internationalisation of Dutch start-ups, SMEs and mid-corps (DGGF and DTIF)
- €0.1 billion contributing to project development (DA, IA, and PDF)

Culture and organisation

Invest International is a relatively new organisation, having been established in October 2021. This has created a dynamic, energetic and exciting environment in which our people are united and motivated by a common purpose. In 2023 we worked to foster the development of our own, new, Invest International culture. Since 2021, Invest International's workforce has doubled and is now very multicultural. At the end of 2023, 63% of employees were Dutch and 37% held other nationalities.

At Invest International, people are encouraged to exercise an entrepreneurial, agile and learning mindset and to contribute actively as architects and builders of the growing organisation and culture that is evolving. People who work for Invest International can be described as knowledgeable and achievement-driven and share a common interest in wanting to create impact.

People drivers

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

Key Figures of our Portfolio

Our impact

FY 2023 net profit
In € million

5.4

2022 -4.9mln

Jobs supported globally
Of which 31,926 direct jobs, 48% are women

130,535

# of projects

316

2022 236

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

85%

2022 60%

Climate Action
% of portfolio contributing to SDG 13

65%

2022 66%

# of Dutch SMEs supported

216

2022 140

Contribution to Dutch economy

Expected jobs supported in The Netherlands
For Core Capital only; in fte

3,494

2022 742 FTE

Expected total value added to Dutch GDP
For Core Capital only; in € million

415

2022 142mln

Our investment portfolio

Committed to infrastructure projects in emerging economies
In € million

781

2022 875mln

Committed to Project Development
In € million

25

2022 20mln

Committed to export finance, (investment) loans & equity...
In € million

741

2022 485mln

...of which Dutch SME financing
In € million

399

How we calculate our impact key figures

Our investment portfolio

We measure our impact based on our net profit, percentage of projects contributing to SDG 8 and 13, and value added to the Dutch Economy. As the key figures show, we have realised an improvement on amost all variables. This year, we started measuring our impact on the Dutch economy through the effect on jobs supported and value added to the Dutch GDP. This is done for the first time in 2023, and is calculated for our core capital only, since this is an explicit policy target for this part of our portfolio. In section Impact performance and management we explain how we measure our impact data.

We are proud to report that this year we have achieved a positive net result of €5,4 million.

Total commitments in our financing segments showed an increase over 2023: €741 million was committed to export finance, (investment) loans, and equity investments (2022 total commitments: €485 million). This total volume is higher than we expected, and underpins the high demand for our financing solutions. Of the € 741 million, €399 million was committed for the financing of Dutch SMEs (of which €239 million via DGGF and DTIF, funds managed on behalf of the Dutch Government. The remaining €160 million was funded from our Core Capital). Through our various funding sources, a total of 216 SMEs were supported per year-end 2023.

The volume of our committed project development portfolio increased from €20 to €25 million. These projects are supported with funds managed on behalf of the Dutch government (DA, IA, and PDF) .

Through D2B, DRIVE, and ORIO, we provide grant funding for public infrastructure projects. Our committed portfolio of grants for these projects amounted €781 million (2022: €875 million). At the beginning of 2023, we critically assessed the portfolio we inherited and made a number of administrative corrections that were necessary to provide a reliable representation of the portfolio. Over the course of 2023, new projects were also approved: the total amount of new commitments in 2023 was €120 million (2021-2022: €127 million).

Our impact

The growing portfolios, as measured by number of projects in total committed amounts and in disbursed amounts, are the key drivers of the higher impact achieved in 2023. We measure our (external) impact according to two criteria: (i) our contribution to the future earning capacity of the Dutch economy, and (ii) our contribution to the SDGs, of which SDG 8 (decent work and economic growth) and SDG 13 (climate action) are our key focus goals.

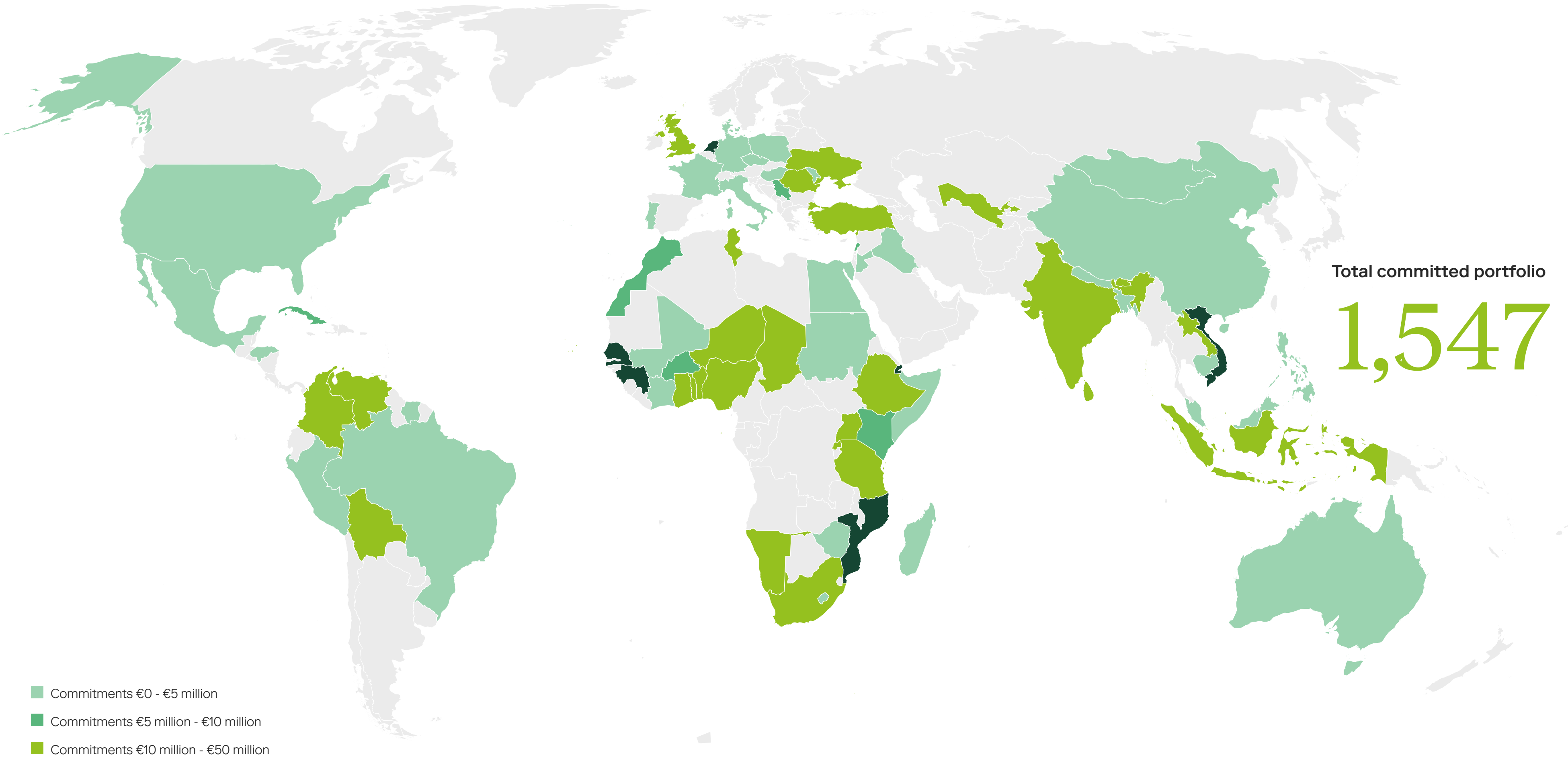
Contribution to the Dutch economy:

- Based on our committed core capital portfolio of €502 million at year end 2023, the contribution to the NL economy for the full investment period amounted to 3,494 full-time equivalent (fte) new jobs. For the full investment period, a contribution to the Dutch GDP of €415 million has been calculated. These metrics are only available for Invest International’s core capital (included in Invest International Capital B.V.). In 2024 we will include more of Invest International's programmes to provide a more complete overview of our impact.

Impact and SDG contribution:

- At year-end 2023, the projects in our investment portfolio supported 31,926 direct jobs (2022: 12.979), of which 15,255 (48%) for women. Additionally, 98,619 (2022: 14,665) indirect jobs were supported. The total jobs supported globally reached 130,545 (2022: 27,644). This increase can be partly attributed to the growth of our project portfolio. Additionally, we are continuously improving our measurement methods, resulting in improved insight into the increasing number of jobs supported. It would be not useful, therefore, to compare this figure with the previous year's figure.
- Of the projects in our portfolio, 85% contributed positively to SDG 8 (2022: 60%), and 65% to SDG 13 (2022: 66%).

Overview Committed Portfolio



Total committed portfolio

1,547

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

Highlights

2023

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

January

Invest International features in the UN's Vision 2045 Campaign, showcasing global businesses that are taking action on the UN's Sustainable Development Goals.

March

Presention of our Water and Infra finance solutions at the UN Water Conference, together with a € 30 million grant for coastal protection in Mozambique.

Invest International completes its 8-member senior management team.

April

Financing of € 45 million for Gaziantep Hospital in Turkey to increase access to primary health services in the region.

June

Celebrating our first Invest InImpact Event with key shareholders and stakeholders.

A € 300 million investment MoU signed with Morocco.

/ Highlights

August

A € 27 million loan to Ukraine's Kovalska Group marks the biggest private sector investment in the country since the start of the war and aims to accelerate Ukraine's reconstruction with Dutch sustainable concrete.

September

An investment for Phycom to produce algae as as a sustainable meat replacement marks our first direct equity participation.

October

As part of our local representation pilot, local Invest International representatives are deployed in 5 countries worldwide.

December

Invest International's SME export financing facility is doubled to € 60 million to boost contribution to Dutch GDP

Foreword by the Management Board

Scaling Up

In 2023 we powered ahead with our 2022 to 2025 strategy for tackling global challenges and supporting the sustainable expansion of Dutch companies abroad. It was a year of intense activity, of extensive collaboration with our national and international peers and striving to combine sustainable development with benefits for society and business. In this second Annual Report we are proud to show where Invest International now stands as an organisation. Well ahead of schedule, in 2023 we made a profit with the money we are entrusted to manage and made good progress in scaling up our impact, focusing primarily on sectors where the Netherlands is leading and on geographies where the impact is greatest. This achievement reflects the strength of demand for loans and export credit from small and medium-sized companies (SME), which far exceeded our expectations. During the year we also invested time and effort in making our organisation more robust, with better insights into the boarder impact we make.

Strategy on course

Back in October 2021, when Invest International was launched, we set out to provide a one-stop-shop for financing international business and projects for corporate clients unable to get financing elsewhere. A parallel goal mandated per law is to accelerate progress towards meeting the UN's Sustainable Development Goals (SDGs). Invest International focuses in particular on SDG 13 (climate action) and SDG 8 (decent work and economic growth). Our performance in 2023 confirms the effectiveness of the overall strategy. We made great headway and demonstrated innovative thinking in pursuing our goals.

> Demand for credits for small and medium-sized enterprises far exceeded our expectations

Customer-centric approach

The cornerstone of our strategy and key to our success is our customer-centric approach. We strive to think along with clients in order to co-create innovative and sustainable solutions. Thanks to this approach, in only 2-1/2 years, from our available core capital of €833 million, we've amassed an investment portfolio of €502 million - a level we thought would take five years to reach. Demand for the financing solutions we offer has been incessant and has always been additional to the commercial finance market, in line with our mandate and without competing with commercial financiers. As you will see in the key figures, the total number of SMEs we have helped finance since inception grew in 2023 to 216 companies, which benefited from the range of instruments we offer.

We are proud of what we have been able to achieve in such a short period of time. In June 2023 we were jolted into a higher gear following a successful opening conference we held to officially introduce ourselves ourselves to the financial and development assistance community. The event was attended by major shareholders, the minister for development cooperation and dozens of clients and potential new clients, many of which contacted us afterwards. The speed with which we were able to start working with them also reflects the enthusiastic support we have received from commercial banks, which now regularly refer their clients to us for deals they cannot do themselves.

To test the effectiveness of our customer approach, last year we performed our first customer satisfaction survey, which showed that our clients are very positive about the financial solutions and support we offer. On average, 72.1 % of clients said they were likely to recommend Invest International to others, which is a figure we find very encouraging.

A strategic accelerator

We invested a lot of time in 2023 in developing ways of serving our clients, both companies and governments, better and faster. As a result:

- We doubled the size of our small ticket export finance facility in collaboration with our partners OHV and Atradius Dutch State Business.
- We created a combined loan and grant package offering to develop new business in emerging economies, in line with the aid and trade strategy of the Dutch government, and introduced a new approach to development cooperation, based on Memoranda of Understanding agreements with key countries
- We are now starting to see whether having a local presence in key countries can accelerate the execution of our mandates.
- We teamed up with Port of Rotterdam, Gasunie and the Dutch government to develop a green hydrogen (GH2) market in Europe, as our colleagues explain later on in this report.

You can read more in-depth stories on these achievements and initiatives on pages 24, 30, 59 and 67.

Measuring Impact

In realising our mandate using the taxpayers' money we are entrusted with, it's vital to have accurate and efficient systems in place for managing and measuring risk and impact. In 2023 our impact and risk management capability took a big leap forward. Thanks to a larger and more mature team assigned to ESG and impact measurement, risk management and reporting, we were able to create a much improved system for obtaining insights into how our projects help generate jobs and lower the carbon footprint. We are grateful for the help we received in this from our 49% shareholder FMO, which with its years of experience in this area, helped us to create the most accurate and appropriate assessment tools. As you can read in the IESG section of this report, we now have a robust methodology, with systems in place for measuring our two key impact focus areas– SDG 13 (climate action) and SDG 8 (decent work and economic growth).

Growth in the Invest International team & strengthening our organisation

As a relatively young and growing organisation, we continued to hire new people in 2023. Despite persistent tightness in the labour market, we are happy to find that Invest International's sustainable growth strategy resonates strongly with professionals seeking to contribute towards a more sustainable world. From an initial 75 employees, our team has doubled in size to 151 in 2023. We are grateful to all our colleagues who endorse our mission! As an organisation we started in 2021 with primarily a front office. In 2023 we invested a lot of time and effort in strengthening the rest of the organisation. We have grown to become a more mature organisation and are now relying on our own financial and data management systems.

To find out more about our culture, diversity and inclusion at Invest International, see the section Our people and organisation.

Strong financial performance

Thanks to the rapid uptake of our portfolio and higher interest rates, we were able to end the year 2023 with a net profit, which we hadn't been expected to achieve until 2025. To accommodate all the data, we have put a lot of energy into building robust financial systems. As of 2023 we are using our own systems and no longer those of the RVO and FMO, our two predecessor organisations. The transition required hard work and dedication from our team. We also made a significant investment in developing our own Know Your Customer and impact tooling systems, which we plan to introduce in 2024. These are critical to safeguarding our integrity and the quality of our financial management.

Last year was no easy year, considering the geopolitical tensions, weakening global economic outlook and the Dutch parliamentary elections. The composition of the new Dutch coalition was still being worked out as we write this report. But in 2023 we began to clearly position Invest International in the international development finance universe as a player that offers value for people, their environment and the economies they live in. To get there has required a lot of hard teamwork from all our colleagues. We want to thank them all and our clients and shareholders for their support on our journey together.

We are proud that we can now look to the future and to continuing our mission. We are proud of our ability in 2023 to build a portfolio amounting to half of our core capital. That meant that we were able to have our first formal evaluation performed in 2023, which is earlier than anticipated. This evaluation was shared with parliament in early 2024 and was well received.

Looking ahead

After the closing of the financial year 2023 and before the completion of this Annual Report, Joost Oorthuizen has stepped down as CEO. Mr Oorthuizen joined the team before the official start of the organisation as trailblazer and formal quartermaster in the organisation. We would like to thank Joost Oorthuizen for all his hard work and dedication in building the organisation.

Looking ahead, our success is such that we will require additional financing. There are many uncertainties. Together with the new government, we are considering the options available to continue growing in future. We would like to thank our shareholders and other partners for thinking with us in finding solutions. We are demonstrating the value of our approach to exercising the mandate entrusted to us by a broad range of parties in Parliament in 2021. Our purpose is clear and the strategy is working.

Diederick van Mierlo, Co-CEO a.i., appointed per 15 July 2024

Hans Docter, Co-CEO a.i., appointed per 11 July 2024

Vanessa Hart, CFRO

Input

Financial

- €0.8 billion core capital for financing solutions
- €0.3 billion for SME and start-up financing in emerging economies
- €1.0 billion grants for infrastructure projects in emerging economies
- €0.1 billion for project development

Human & intellectual

- The expertise, knowledge and skills of our 151 employees
- Our sector specific knowledge:

Social & relational

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

Added value

Why

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

Focus sectors

How

Project development | **Financial Investment** | **Impact & ESG Management**

Output

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

Our current portfolio

€ 741 million
committed to export finance, (investment) loans & equity

€ 728 million
committed to infrastructure projects in emerging economies

€ 25 million
committed to Project Development

Impact

Contribution to the Dutch economy

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

Contribution to the SDGs

% of our portfolio contributing to:

8 DECENT WORK AND ECONOMIC GROWTH: **85%**

13 CLIMATE ACTION: **65%**

Percentages based on internal performance benchmarks

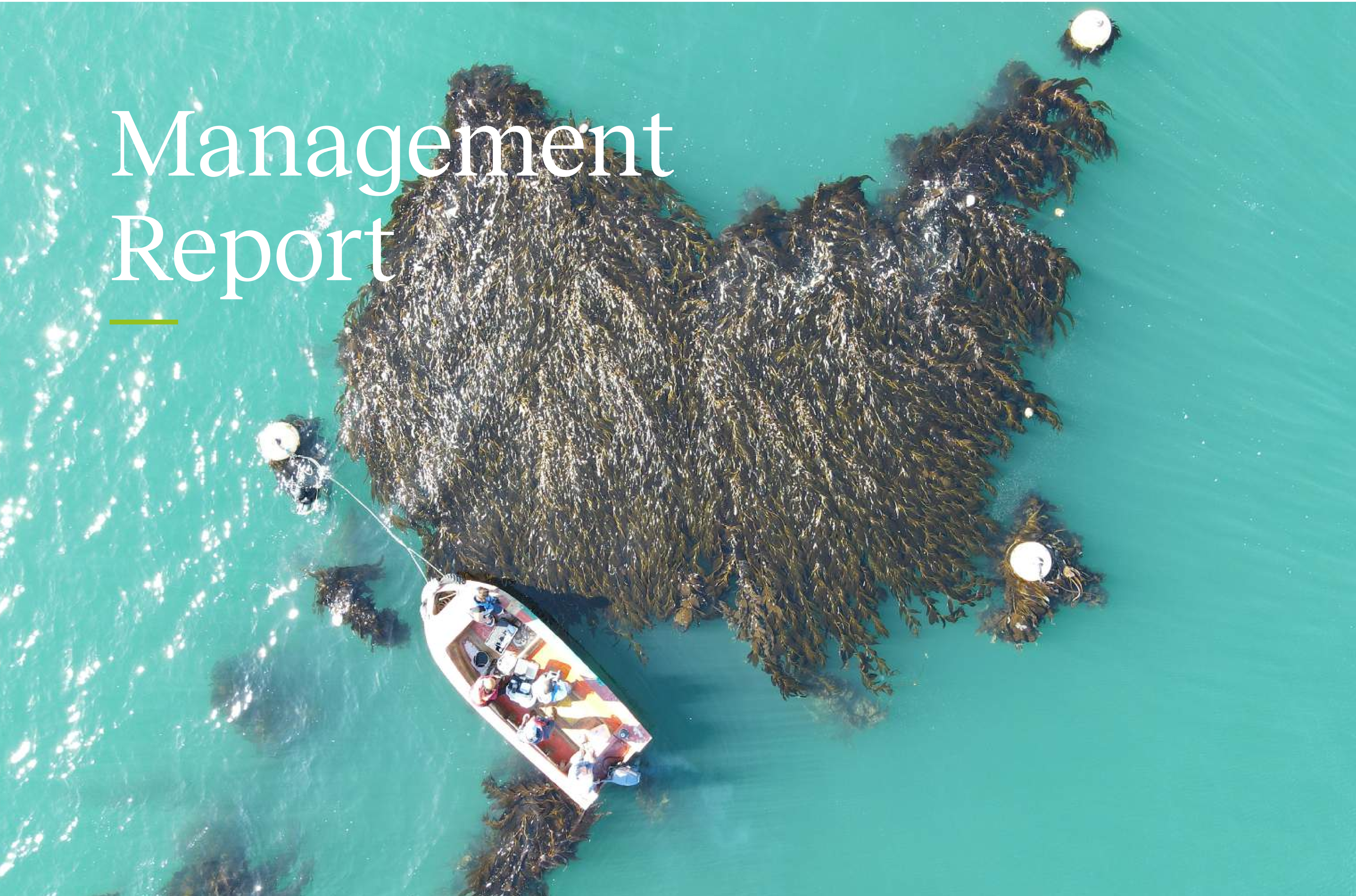
Secondary SDGs:

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

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

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

Management Report



Trends and Developments

The World we Aim to Impact

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

Climate change and energy transition

The global ambitions to achieve SDG 13 (climate action) are not on track[1]. No country is on course to meet the goal to limit the earth's warming to 1.5 degrees Celsius or reach net-zero emissions, which was set by world leaders under the Paris Agreement. An estimated 3.5 billion people live in places that are highly vulnerable to climate change. These areas are concentrated in developing countries, where governments are forced to find ways to adapt to climate change.

Current levels of expenditure on climate mitigation are insufficient to meet the goals. The changing climate and lagging climate action has resulted in more heatwaves, droughts, wildfires and floods. The United Nations Climate Change Conference (COP28) of December 2023 closed with an agreement that signals the "beginning of the end" of the fossil fuel era by laying the ground for a swift, just and equitable transition, underpinned by deep emissions cuts and scaled-up finance.

Economic & Geopolitical

In 2023, inflation hit markets worldwide, in part due to recovering consumer demand after the pandemic. Supply chains were slow to respond to the upsurge in demand and suffered from disruption and shortages. Energy and agri-food sectors continue to feel the impact of the pandemic and, more recently, the impact from the war in Ukraine and other instabilities. Both Russia and Ukraine are major energy and agri-food suppliers and this conflict has led to disruptions in the global agri-food supply chain, resulting in higher prices. Higher prices have an adverse impact on economic development and on the feasibility of some of Invest International's projects. These place the chances of achieving the goals of SDG 8 (decent work and economic growth) at some risk.

In 2023 central banks started quantitative tightening and large economies focused on nearshoring and supporting national businesess. Higher interest rates had a dampening effect on investments, with banks and other commercial financiers concentrating on their core markets and key clients. This put pressure on the availability of financing, especially in emerging economies. Increasing global conflict and rising inflation have brought several countries in the Global South to the brink of sovereign default, with several more at risk of doing so.

Geopolitical tensions and political instability show no signs of abating. Rising state failure and conflict, the economic downturn and the way global challenges are tackled are just some of the factors driving risks. These risks have led to increasing volatility and uncertainty in many sectors.

1 Source: United Nations 2023 Emissions Gap Report.

Challenges and opportunities

The increasing volatility and uncertainty arising from these developments not only create challenges for Invest International, but also opportunities. Higher risks have led other financiers to focus on their core markets, so our additionality has become more apparent. We provide funding or other resources which others cannot. Our sector-based approach means we can maximise the efficiency and effective deployment of the resources we have at our disposal. By doing so, we are able to provide a positive contribution to SDG 8 (decent work and economic growth) and SDG 13 (climate action), as well as to support Dutch companies with their activities abroad.

Sector developments

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

Agri-food

A key challenge for the AgriFood sector is the transition of food systems to provide sufficient nutritious, healthy and sustainably produced food for a growing world population. Dutch technology, innovations and knowledge can contribute to climate-resilient food production. The investments of Invest International in areas such as alternative protein, controlled environment agriculture and regenerative farming practices, are aimed at reducing GHG emissions and protecting and promoting bio-diversity.

Energy

The world's energy supply is still heavily reliant on fossil fuels, which account for 81% of the global energy mix, and its delivery is controlled by a limited number of suppliers. But thanks to growing commitments to reducing emissions, the vast majority of new investments in the sector are focused on renewable energy. There is increasing interest in new, clean technologies and in upscaling existing, proven technologies such as green hydrogen. Invest International invests in projects that stimulate the transition towards carbon-neutral economies through renewable energy initiatives such as waste to energy and green hydrogen production projects. Our assistance includes the development of the necessary infrastructure.

Healthcare

Invest International supports investments that extend healthcare services to all members of a country's population, the goal of SDG 3. We recognise the crucial role to be played in this by the private sector, alongside the public sector. Our vision is for every developing country to have adequate universal health coverage and for those services to become affordable thanks to a growing middle class that can afford to pay for the service, We support an integrated approach to healthcare that emphasises prevention and early detection and includes mental health. Key areas we focus on include diagnostics and long-term care for non-communicable diseases. We also keep a close eye on the impact of the healthcare sector on the environment.

Manufacturing

Sustainable, carbon-neutral production and reliable supply chains are important for the manufacturing industry. Supply chain reliability will only be realised by spreading risks, reducing dependency on resources and broadening the concentration of knowledge. Higher material costs force manufacturers to focus on efficiencies offered by digitalisation, automation and robotics. The efficiency process redefines the role of workers. This is especially relevant where labour forces are declining due to an ageing population. Invest International invests in sustainable manufacturing solutions that contribute to the development of circular economies, replacing linear manufacturing that heavily impacts climate and the availability of resources.

Water & infrastructure

In the water sector, gaps between required investments and actual investment levels continue to grow. The development is aggravated by rising project costs on the back of higher raw materials prices. Higher interest rates are also putting pressure on government finances. This is particularl the case in developing economies. Invest International supports water and infrastructure investments that deliver sustainable drinking water & water treatment projects, sustainable delta technology solutions as nature based projects, and supports the transition to a zero-emission shipping sector.

Food & agri

Algae for a more sustainable food future

Equity investment

€2

million

Phycom's mission is to boost the availability of quality food by producing high-protein algae. An equity investment of €2 million in 2023 from Invest International will support international growth and create jobs in the Netherlands.

Co-investments from Corbion and Phase2.earth bring the total investment to €9 million. Phycom's innovative production method for algae as a protein-rich food enables a near forty-fold reduction in CO_2 emissions compared with meat.

Read more

Dilemmas

As an impact investor, we operate in a constantly changing environment. In the Trends & Developments section, we have identified the main developments affecting us. Rising geopolitical tensions and high demand for our financing solutions create dilemmas we have to deal with.

In a continuously changing world, projects with the highest impact potential are often the hardest to finance. 2023 proved to be no exception on this. The conflict in Ukraine and escalation in hostilities between Israel and Palestine continue to undermine economic stability, creating greater uncertainty for governments and companies wanting to invest. Interest rates in Europe have now stabilised, but remain cripplingly high in many developing countries , pushing them further into debt. This volatility poses dilemmas for many investors and governments, For Invest International, too, although it also offers us opportunities to create greater impact, by focusing on areas most in need of investments, in The Netherlands and abroad,

Another dilemma relates to our investment programme in infrastructure development in developing countries. As part of our efforts to work towards a net-zero investment portfolio, we invest in countries that are keen to improve their infrastructure and introduce more sustainble solutions. However, these investments will lead to higher scope 3 CO2 emissions, since the new infrastructure will stimulate more economic growth.

A third dilemma is connected to the green hydrogren venture we've started with our partners Port of Rotterdam, Gasunie and Climate Fund Managers. The long-term projects we aim to finance are in the northern and southern parts of Africa. The investments and economic developments are massive and so are the possibile local economic gains for the countries we focus on. With our partners and projects in these countries, we need to balance environmental and societal risk in a way that brings tangible benefits for the local people without distorting local ecosystems.

> In a continuously changing world, projects with the highest impact potential are often the hardest to finance

How do we manage this?

Invest International wants to be part of the solution of the dilemma's mentioned above. We can leverage on the fact that we can already do more than any other party due to our ability to offer grants as well as loans and equity (each with their own set of conditions). Our role is therefore becoming more important. We are investigating more ways in which to continue financing these impactful projects. For example by cooperating with the World Bank and developing financing structures where lending is allowed, such as through Public Private Partnerships (PPP). These are partnerships between the government and private parties for the purpose of delivering a project traditionally provided by the public sector.

Our impact in action - 1

Green Hydrogen: Scaling up green energy, boosting economic growth

Invest International has teamed up with Port of Rotterdam, Gasunie and the Dutch government to develop a green hydrogen (GH2) market in Europe, supplied by producers in countries where conditions are optimal.

/ Our impact in action - 1

Why green hydrogen?

Invest International has big ambitions to get developing countries producing green hydrogen as an alternative to energy from fossil fuels. Bart De Smet, Lead for Green Hydrogen Developments and Itske Lulof, Sector Head Energy & Climate at Invest International, explain the rationale.

- Many developing countries have world-class solar and wind resources and vast areas of available land from which to generate renewable energy. Production of GH2 and its derivates offers these countries significant economic development potential
- GH2 can make a substantial contribution to realising global climate action commitments (SDG 13).
- Developing countries need public infrastructure to create a GH2 sector and governments have the ambition to make the sector's growth inclusive, to the benefit of private sector development and all layers of its population – (SDG 8).
- Sourcing GH2 from several developing countries will ensure more diversified supplies (energy diplomacy) and moreover contributes to the Dutch government's Africa strategy.
- To establish a robust value chain, the GH2 sector can tap into the expertise of hundreds of Dutch companies that are well positioned as suppliers of engineering services, technology, engineering, procurement, construction-contractors, producers, transport and storage providers, as well as offtakers.
- The relevance and urgency regarding the use of GH2 as an alternative energy source is growing following the energy crisis and Russian invasion of Ukraine. The EU has set the target to use 20 million MT of GH2 by 2030, of which 10 million MT will need to be imported. The Port of Rotterdam has set the target to act as the point of entry in the EU for at least 4 million MT of these 10 million MT.
- The development of the GH2 value chain, worldwide, comes with high financing requirements, the need for de-risking instruments and the application of the highest ESG standards. When developing new economic activities , developing country governments typically have more confidence in assistance from a government-linked organisation, like Invest International, than in commercial parties alone. This ensures that Invest International remains additional to the market.

Green hydrogen is a high priority for the Netherlands

In the Netherlands, the Dutch government is investing in the green hydrogen sector in a bid to wean the country off natural gas and secure its sustainable energy needs after the green transition. In June 2023 it reserved €9 billion from its Climate Fund for scaling up the market. Source In October, King Willem-Alexander inaugurated the construction of a national hydrogen network. Port of Rotterdam, as Europe's largest port, is host to many intense consumers of fossil fuels. But it has set the ambition to become Europe's green hydrogen gateway. Gasunie is keen to use green hydrogen to replace natural gas in its transmission network.

The EU's big green hydrogen ambition

Meanwhile, in Brussels, the EU has an even bigger plan. It's counting on green hydrogen to supply a substantial part of the region's sustainable energy after 2030, and its objective is to produce 10 million tonnes internally and import 10 million from outside the EU. Source "That's quite a challenge, says Bart De Smet, Lead for Green Hydrogen Developments at Invest International. "Green hydrogen now accounts for just a tiny sliver of today's supply." Currently, nearly all hydrogen is produced with fossil fuels like natural gas to create grey hydrogen, he says. "Unfortunately, today green hydrogen still costs three times the price of grey, although grey hydrogen prices are rising due to higher carbon prices."

And In the long-term, as more green hydrogen is produced, the price of green hydrogen is expected to come down. The key is to scale up. On the supply side, Invest International is working with developing country governments and advising them on how to go about developing this new industry. It's establishing

> We work in close partnership with governments and developers and build a pipeline of investment opportunities.
>
> **Bart de Smet**

relationships with specialised Dutch companies that can provide technology and services to hydrogen projects.

Namibia embarks on giga-scale green hydrogen production

The first country to benefit from Invest International's green hydrogen strategy will be Namibia, followed by South Africa. "Namibia and South Africa have ideal conditions for generating solar and wind power. There's sun all day and the wind blows harder at night," says De Smet. In order to transport hydrogen over long distances once it is produced, it will be transformed into green ammonia in the export harbour. Once it reaches its destination port in Europe, it can either be used as ammonia or split back, if required, into green hydrogen and nitrogen. All this requires big infrastructure and project finance investments.

Expanding green hydrogen production in other developing countries

In the next few years, Invest International plans to help set in motion green hydrogen production in several developing countries. The EU alone will need to import almost 30 times the supply produced by Namibia's Hyphen project to get to its 10 Mton GH2 target by 2030. "The needs are enormous and we hope our investments will catalyse others," says De Smet. Morocco is one of Invest International's focus countries and is already working on developing a green hydrogen sector plan.

In 2022, Invest International financed a Dutch company to build a green ammonia pilot plant in Morocco. Then in 2023, in the presence of Dutch Prime Minister Mark Rutte, the government of Morocco and Invest International signed a Memorandum of Understanding to finance up to €300 million of infrastructure projects, including green hydrogen. Egypt, Colombia and Indonesia are other target countries. "We work in close partnership with governments and developers and build a pipeline of investment opportunities, which we can finance with development capital and other finance instruments." explains De Smet.

Challenges: offtakes, finance, technology and speed

One of the biggest challenges in driving progress is a need to get commitments from offtakers before hydrogen projects can progress to reaching financial close. To ensure sufficient demand, a group of 'first mover' offtakers among Dutch industrial players must be in place. In a letter to the Parliament In June 2023, Dutch Climate Minister Rob Jetten invited Dutch state-owned enterprises Port of Rotterdam, Gasunie and Invest International to use their positions to kick-start import corridors, says Itske Lulof, Sector Head Energy & Climate at Invest International . "Since then, we have collaborated closely to find and catalyse Dutch offtakers," says Lulof, adding: "We are lucky to have as partners Gasunie and Port of Rotterdam, with their strong networks and good reputation."

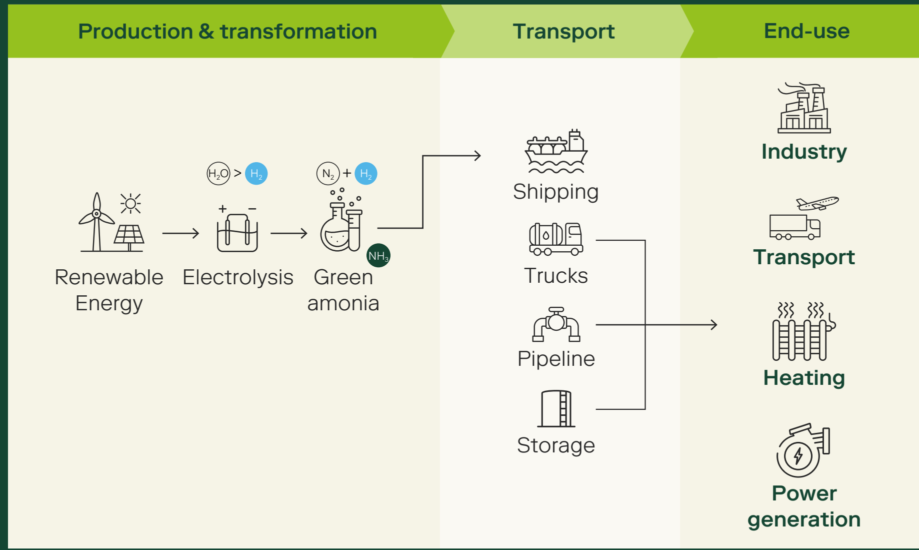
For the offtake to materialise, government legislation, regulation and incentives both at EU and national levels will be needed to close the gap between the price of grey and green hydrogen. "This will happen," says Lulof. "Grey hydrogen will become more expensive once the price for carbon increases and the EU starts making users pay penalties for using hydrogen from non-renewable energy sources," she says. Making it happen also depends on the speed of technological development. "Electrolysers are expensive and there is no large-scale production yet. Very large ammonia tankers are being built, but not with the speed and scale needed. So the development of the whole value chain is a long way ahead of us," she adds.

There is also a need for specialised production and handling facilities in ports to convert green ammonia into hydrogen, and pipelines to deliver it to customers. Governments can help speed up progress by introducing incentive schemes and regulating the use of grey hydrogen. "Through economies of scale, there should be substantial price reductions as the market grows, which is what happened when a renewable electricity market was launched wenty years ago" says Lulof. For its part, in 2023, Gasunie started a programme to make its network in the Netherlands suitable for hydrogen distribution, meaning that the Netherlands could be among the first countries to receive, handle and distribute green energy to ports, industries and households in the Netherlands and to Germany. "Hydrogen is ideally suited to processes that need intense heat like steel and cement manufacturing, and to use as an e-fuel for ships," says Lulof.

Speed is essential: "A lot of things still need to happen, but a lot of things *are* already happening. The Dutch government is aware and taking action. There is pressure, due to the energy crisis and the war in Ukraine, for Europe to be more independent in energy," says Lulof. "But the gas sector has had 30 years to develop, and we want to build a whole new green energy sector in 10 years." "We can only be successful in realising such a transition through collaboration."

René van der Plas, Director, Port of Rotterdam International. Is encouraged by the progress made so far as a result of the collaboration "Invest International's proactive, creative and result-driven approach is a shining example of the talent for international trade and cooperation that the Netherlands is historically famous for, " he says. "Since 2022, we have worked productively together in laying the groundwork for projects in Namibia, Brazil, Morocco, Egypt, South Africa and Australia. Invest International brings in an open mind, creativity and decisive

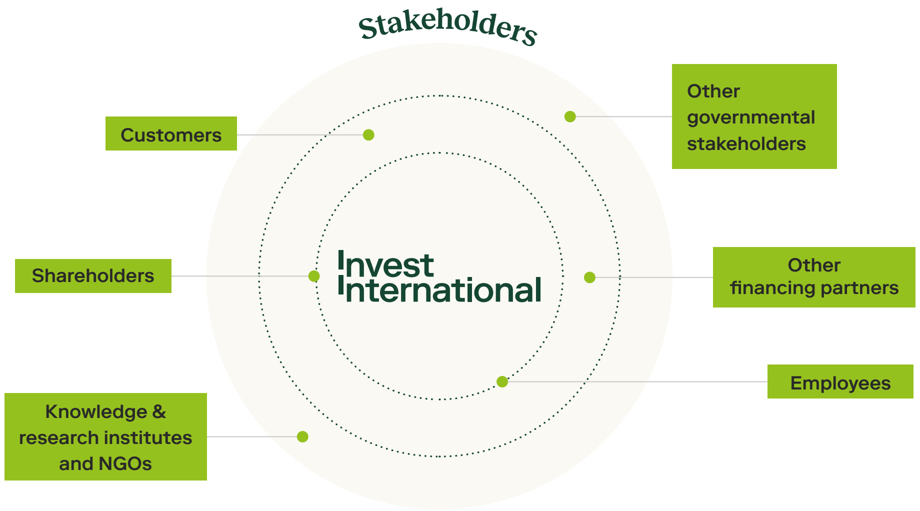
Green Hydrogen Production, Conversion & End-use



action in forging partnerships with strategic future suppliers.. Their input has been ambitious and visionary, especially in the case of Namibia."

> We are lucky to have as partners Gasunie and Port of Rotterdam, with their strong networks and good reputation
>
> **Itske Lulof**

Stakeholders & materiality



How we engage with our stakeholders

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

Our stakeholders

We work with a diverse group of stakeholders. These are public as well as private, newly established organisations or ones with a long track record, from small organisations to large corporates and governments. What we share with them all is a commitment towards sustainability and impact.

Engaging with our stakeholders

We engage with a variety of national and international governmental bodies. An important governmental stakeholder is the Ministry of Foreign Affairs, as many of the public programmes managed by Invest International are done on behalf of that Ministry. RVO (Netherlands Enterprise Agency) is another important governmental stakeholder. In 2023 we initiated new partnerships, among which with Port of Rotterdam and Gasunie on green hydrogen projects. Lastly, we continue to closely work together with our close relatives Invest-NL and Atradius Dutch State Business and representatives of the business community, like VNO-NCW and MKB-Nederland.

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

Engaging with our stakeholders

Customer engagement

In 2023 we held our fist custormer satisfaction survey, executed by Baken adviesgroep. We have done this for our private segment clients in the Netherlands, so we measured how Dutch enterpreneurs valued our products and services. The outcome was very postive, 75% of the respondents is very likely to recommend Invest International to peers. In the Startup and Scale-up segment it was exceptionally positive with 93% of the respondents being very likely to recommend us. On the topics of relationship management and customer service results were also good with scores of 4.6 out of 5. The survey showed the 'large corporate' segment being a bit more ciritical than the SME segment, but the results are all above the benchmark. This first measurement shows that we have a committed team going the extra mile for our clients and really trying to understand their challenges and thinking with them towards solutions.

Employee engagement

In our daily business, most communication is informal. In addition, we keep our employees informed and aligned via our internal newsletter, surveys, and frequent 'all staff' meetings. There is a works council, and two internal and one external confidential advisors are also available. We highly value the self development of our employees, and stimulate this through regular training and knowledge sharing sessions, as well by providing opportunities for individual development programmes.

Shareholder engagement

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

Engagement with governmental stakeholders

In addition to regular formal meetings, which predominantly address project KPIs, we have operational contact at different levels within the ministries. We provide periodic reporting updates to the ministries on our progress and results. Contact with the embassies primarily focuses on projects in the relevant countries or regions. We also host meetings and events, such as the visit of the Heads of Economic Affairs from the Dutch embassies around the world to our office in November 2023. Contact with foreign governmental bodies are typically focused on specific projects and therefore tend to be ad hoc.

Engagement with other financing partners

When we connect with other financing partners, our contact tends to concentrate on specific projects and on a more strategic level. We co-operate closely with commercial banks with regard to export and infrastructure project finance. Banks refer companies to us when they cannot provide the financing themselves. We work together with these banks to organise financing for infrastructure projects in emerging economies. We provide financial solutions through a combination of our grants and loans, and loans provided by a commercial bank. In doing so, we mobilise commercial finance and steer private capital towards impactful projects in emerging economies.

Engagement with knowledge & research institutes and NGOs

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

CSRD Roadmap and (double) materiality analysis

The Corporate Sustainability Reporting Directive (CSRD) is a EU initiative that requires companies to disclose their non-financial impacts and report annually on the entity's sustainability policies and outcomes using a binding reporting standard: the ESRS.

This directive aligns with our ambition as an impact investor to report transparently on materiality, value creation, strategy, impact, and the dilemmas we face. We are not yet in the scope of companies that must comply in 2024, but we see this as a priority for us to realise our ambitions and to improve sustainability integration in our business practices. To realise this, we have established a CSRD Working Group, developed a roadmap, and set up the necessary internal structures to implement the CSRD requirements in the coming year(s).

A double materiality analysis is a tool to identify and prioritise the most important topics for both ourselves and our stakeholders. An in-depth (double) materiality analysis has not yet been performed. However, in line with CSRD requirements, a double materiality analysis is included in our CSRD roadmap. This double materiality analysis will allow us to focus on the most relevant topics for ourselves and for our stakeholders in our sustainability reporting, helping us in the execution of our strategy.

Our impact in action - 2

Scaling up development aid and trade

In 2023, we introduced a new approach to development cooperation, based on Memoranda of Understanding with key countries and a combined loan and grant package offering.

MoUs are non-binding agreements commonly used to establish a framework for areas of cooperation between donors and governments. They usually do not include readily available financing solutions. The Invest International model offers a total package up front, consisting of grants, insurance, loans, technical assistance and potentially the execution by Dutch world-class contractors, who are brought in at the concept stage. The involvement of Dutch companies reflects the Dutch government's goal to promote Dutch companies abroad in areas they excel in at home, such as water-related infrastructure. It is not a prerequisite.

The multi-pronged approach is designed to speed up delivery of assistance that traditionally takes years to get off the ground. "With our MoUs, they are ready to go," says Lara Muller, who joined Invest International at the start of 2023 as Director, Public Sector programmes. "When I joined there were multiple projects in 44 countries managed by 30 Investment managers," says Muller. "Together with the ministry of Foreign Affairs we started looking for a more efficient approach and was struck by the Sweden's aid delivery model, which combines framework MoUs with access to bank financing and private sector companies. This seemed ideal for the Netherlands as it is fits in with the government's current policy to focus more strategically on a smaller number of partner countries to raise impact."

Accordingly, Invest International narrowed its country focus down to a long list of 14 and a shortlist of six countries. The strategy for those six is to close MoUs at a high governmental level, creating an umbrella programme that focuses strategically on the country priorities, all backed with a grant from the Ministry of Foreign Affairs and sovereign loans if required. From May to December 2023, Invest International closed three MoUs, for Côte d'Ivoire, Senegal and Morocco, each worth US$300 million. Three more – Indonesia, Kenya and South Africa are in the pipeline for 2024. "We've become a more proactive, result-driven group of people in creating and sourcing opportunities," says Muller.

To qualify for assistance, the proposed solutions must be of high quality, include a strong sustainability component and respect international Environmemtal, Social and Governance criteria such as IFC Performance Standards. A deal team is then put together to develop projects. The grants cover either 35% or 50% of the total investment depending on the country's economic ranking. To cover the remainder, Invest International can facilitate a loan, either from a commercial bank or, if that is not feasible, from Invest International directly.

Previously, the developing country had to find the financing itself and this slowed progress. "Now we offer the loan and grant in one package and work closely with select contractors to incorporate Dutch expertise and knowledge in the project design," says Muller.

Senegal: safeguarding theapital's water supply

In 2023 Invest International closed an MoU for Senegal for €300 million and in early 2024 was about to embark on the programme's first project: making the country's largest lake, Lac Guiers safe to drink.

Lac Guiers is the Senegal's largest water supply source. But a 14km stretch of the lake near Dakkar, the capital, is heavily polluted with chemicals and plastic and covered in algae. The untreated affluent, which ends up in the sea, is causing skin problems, gastroenteritis and breathing difficulties for the local population. Two Dutch companies have been selected to provide solutions and have access to loans, export finance, insurance and legal advice as part of the total package from Invest International. LG Sonic will apply its unique technology for purifying water through ultrasonic vibrations. The project will deploy buoys on the water surface that send ultrasonic waves through the water that block the algae's access to sunlight & nutrients. The algae will then sink to the bottom and die off without releasing toxins and without harming other aquatic life. Dredging and marine contractor Van Oord will lay a drainage pipeline to the sea.

Morocco: focus on renewable energy development

Morocco is an important focus country in the Netherlands' trade and development aid strategy. Invest International developed an MoU to finance projects in the fields of infrastructure, water, agriculture, and renewable energy, which was signed in June 2023, by Dutch Prime Minister Mark Rutte and Morocco's Minister of Energy Transition and Sustainable Development, Leila Benali. The €300 million programme emphasises cooperation in the development of green hydrogen technologies. To accelerate delivery, Invest International has appointed a country representative to develop the markets and relationships.

Côte d'Ivoire: tackling a broad range of basic infrastructure needs

Côte d'Ivoire is an important trading partner to the Netherlands, which is the world's largest importer of cocoa beans. It's another country where Dutch government aid policy seeks to combine trade and aid in a sustainable way. An MOU designed by Invest International was signed with the government in 2023 to provide €300 million in grants and loans to develop essential infrastructure in drinking water, urban mobility, agroforestry, coastal protection and healthcare. The agreement provides for six projects that are aligned with the priorities of the Eopean Global Gateway for sustainable and trusted connections that work for people and the planet. To speed up delivery, Invest International has appointed a country representative to build up a network and develop the markets. "This is a new relationship and we need to explain to our counterparts how we fit in with the Dutch government as a private company *and* a donor, that might also invest in Dutch companies. We are a bit of a hybrid animal," says Lara Muller, Director of Public Programmes at Invest International."

> We've become a more proactive, result-driven group of people in creating and sourcing opportunities.
>
> **Lara Muller**

Our Strategy

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

Global challenges call for innovation, private entrepreneurship and public leadership. Although The Netherlands is a small country, according to the World Bank it has the 18th largest economy in the world. It is an economy that thrives on innovation and sustainable international trade. Companies contributing to the Dutch economy have a lot to offer in using smart solutions to make the world a better place. It is Invest International's purpose to nurture these solutions and make them feasible for investment.

Foundation

Our strategy is built on four pillars:

1. **Our people:** a group of 151 ambitious professionals with the right expertise, knowledge and skills
2. **Our funding sources:** our investment capital and the funding facilities we manage on behalf of the Dutch State provide us with the opportunity to deliver higher-risk financial structures, equity investments, project finance, export finance and project development
3. **Impact & ESG management:** as an impact investor, solid IESG management is the cornerstone of what we do
4. **Risk management framework:** given our high risk profile, our risk management framework is fundamental to the adequate monitoring and management of our portfolio

Focus and choices

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

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

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

How we do it

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

Goals

As intermediate goals we want to scale up our business and project base. We do this by scaling up our clients base, because we still think that there are a lot of potential clients that haven't heard of us yet. We want to know our potential future clients within our sectors, and we want them to know us. Therefore we are scaling up our visibility and marketing efforts as well. We also scaled up our customer centric approach. For us this means that our teams really listen to our clients and understand their challenges, regardless of how closely this is related to doing business or the development of a project. We're aiming for all our front office staff to be equipped with the tools to think along with our clients and to offer the full range of instruments we have available to us.

Scaling up our business
By creating a more diversified portfolio of loans and transactions.

Scaling up our client base
To include more and different types of clients.

Scaling up our customer-centric approach
So that even more Dutch companies can create international impact.

Strategic goals
This will help us reach our overarching strategic goal – to successfully complete more impactful international projects that strengthen Dutch businesses, the infrastructure of emerging and developing countries, and contribute worldwide to the SDGs.

Mission
Our mission is to partner with Dutch and Dutch-linked start-ups, SMEs and large corporates, as well as with ambitious governments that we can support in solving global challenges. We want to be pioneers in the true sense of the word and will harness this pioneering spirit by investing in Dutch solutions for global challenges.

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

Healthcare

Serving unmet medical needs through healthcare entrepreneurs

Target for indirect jobs creation
15,825
jobs

Loan
€4.5
million

The Dutch-founded social enterprise Healthy Entrepreneurs has brought medical assistance to over 18 million people in rural Africa through its network of Community Health Entrepreneurs. A €4.5 million loan from Invest International and matching amount in equity finance from Philips Foundation Impact Investments and Madiro will fuel further expansion of the franchised network, with an ambition to ultimately support over 100 million people.

Read more

Performance and Impact

Our strategic goal is to complete impactful projects worldwide that contribute to the Dutch business community and economy, as well as to realising the SDGs. We are proud to have supported a great number of projects in 2023. In doing so, we have laid the foundation for building and expanding our project portfolio, in order to achieve more impact in future.

Performance on strategy

Although we still have a lot of work to do, we have made significant progress since Invest International started its operations in October 2021. It has been confirmed that there is a need for the funding and other resources that we have at our disposal; there is indeed a gap that we can bridge. We have demonstrated our additionality to the market and our ability to address market failure. 2023 was the year in which we were officially evaluated. In this external evaluation our additionality was also acknowledged by the evaluator.

New projects and financial commitments

As explained in the Trends and Developments (see page 20), the world we aim to impact is constantly changing, and the circumstances we are facing can be challenging. Despite this, our total new commitments exceeded the combined targets, which we are proud of. Funding ranges from smaller technical assistance grants, to loans for start-up companies, grants for infrastructure projects in emerging economies, and export finance transactions for large corporates.

Committed portfolio

	31-12-2023 (€ million)		31-12-2022 (€ million)	
Investment capital, of which:	502		274	
- Structured finance		*394*		*239*
- Equity		*48*		*15*
- SME export financing (OHV facility)		*60*		*20*
DGGF & DTIF[1]	239		211	
D2B, DRIVE & ORIO[1]	781		875	
DA, IA & PDF[1]	25		20	
Totals	**1.547**		**1.380**	

1 Managed on behalf of the Dutch government.

Number of projects

	31-12-2023 (#)		31-12-2022 (#)	
Investment capital, of which:	47		15	
- Structured finance		*12*		*10*
- Equity		*6*		*1*
- SME export financing (OHV facility)		*29*		*4*
DGGF & DTIF	143		93	
D2B, DRIVE & ORIO	96		87	
DA, IA & PDF	30		41	
Totals	**316**		**236**	

Our portfolio

Our portfolio consist of our investment capital, and the funds managed on behalf of the dutch government for start-ups, SMEs and midcorps (DGGF & DTIF), for infrastructure projects in developing economies (D2B, DRIVE & ORIO), and for project development (DA, IA & PDF).

Investment capital (including equity investments)

The portfolio funded from our core (investment) capital consists of export financing to large corporates, structured finance propositions, and equity investments. The number of new projects supported in 2023 is at target, but the total financial commitments were substantially higher than target, which is due to several relatively large transactions.

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

Start-ups, SMEs and mid-corps (DGGF & DTIF)

In the market for small and medium-sized enterprises, we support companies during all stages in their lifecycle with their international activities (export and investment abroad), mainly via the funds we manage on behalf of the Ministry of Foreign Affairs. These are the Dutch Good Growth Fund (DGGF) and the Dutch Trade and Investment Fund (DTIF). Always additional and bridging to the market. We provide technical assistance to SMEs with a development need. In the initial phases of new businesses, a company may have a short-term funding requirement for import activities, for which we can provide a prefinance facility.

For start-up and scale-up companies with a funding requirement for investments abroad, we provide longer-term financing by means of dedicated start-up loans through the DGGF and DTIF funds. We have successfully introduced a new working capital financing solution for scale-up companies, the Scale-up Import Finance proposition to bridge their financing need to the commercial market. For SMEs and mid-corps with a track record and a larger funding need, we provide loans and/or guarantees for their foreign investments, sometimes in cooperation with the Dutch commercial financiers. We are providing financing solutions where others cannot and therefore have additional value to the market.

Lastly, we have introduced working capital finance combined with our last year introduced small export finance solution for Capital goods, like machines and equipment. We are convinced that every sound Dutch company with a solid business plan for their international activities, which contribute to the Dutch economy and create impact should get finance.

Infrastructure in developing economies (D2B, DRIVE & ORIO)

Invest International manages the D2B (Develop2Build), DRIVE TA and DRIVE (Development Related Infrastructure Investment Vehicle) programmes on behalf of the Ministry of Foreign Affairs. The funds for these programmes are available for the development and the implementation of infrastructure projects in emerging economies.

The total committed amounts of these funds declined from €875 million (2022) to €781 million, largely due to portfolio management and administrative corrections to reflect the actual status of the portfolio we inherited.

In 2023, we committed €3.4 million for new project development and €117 million for new project implementation. The €117 million is used to sign four grant arrangements with local government to support them in realizing public infrastructure projects. Three of these projects focus on coastal protection where we can help with Dutch knowledge and expertise to create sustainable and nature based solutions.

Project development (DA, IA & PDF)

This portfolio consists of the Development Accelerator (DA), Impact Accelerator (IA) and Partnership Development Facility (PDF) projects, provided as subsidies to Invest International by the Dutch State. DA, IA and PDF co-finance the development of early-stage high-impact projects with a Dutch interest in the health, agri-food, water, renewable energy, and manufacturing sectors in international markets.

An important purpose of the project development portfolio is to help get projects ready for the next phase and, very importantly, to ensure that they are not only financeable but also that the necessary funding is made available for this next upscaling phase. In this way, a flywheel effect can be achieved to maximise impact.

Although the number of new projects in 2023 was in line with target, total commitments were lower than budget. This was mainly due to lower-than-expected capacity in the project development team, as well as to a relatively smaller average transaction size.

Impact performance and management

Impact management helps us to understand the effect of our investments on people and the planet, so that we can proactively and effectively steer towards our ambition. It requires proper data management, measurement, monitoring and adapting.

Performance on Impact

Invest International supports all 17 SDGs and will provide meaningful contributions to many of them through impactful projects. We focus our impact measurement and reporting on our contribution to the Dutch economy, to SDG 8 (decent work and economic growth) and SDG 13 (climate action), with their focus on decent jobs supported and reduction of greenhouse gas emissions (GHG).

Contribution to the Dutch Economy

In 2023, we estimated our contribution to the Dutch economy in terms of Dutch jobs supported and value added to GDP for our Investment Capital portfolio. We did this together with the consultancy Ecorys. The methodology is based on the input-output economic model, covering direct, indirect, induced and forward effects (see section on Impact Methodologies).

At year-end 2023 €502 million was commited under our Capital portfolio. For the full investment tenors this amount will result in a total value added to Dutch GDP of approximately €415 million. From this amount €349.9 million in estimated value was added to Dutch GDP through direct, indirect and induced effects and €65.3 million in estimated value through forward effects. This means that for every one euro invested, it is expected to add €0,83 to the Dutch GDP.

In addition, for the full investment tenors around 3,494 FTEs will be supported in the Netherlands through our capital portfolio. This represents 2,910 FTEs supported jobs related to direct, indirect and induced effects and 584 FTEs jobs supported through forward effects.

Figure 1: Results on Invest International's Contribution to Dutch Economy

Value Added Only Capital Portfolio

Direct, Indirect & Induced Effects (x € million)	Forward Effects (x € million)
349.9	65.3

Jobs Only Capital Portfolio

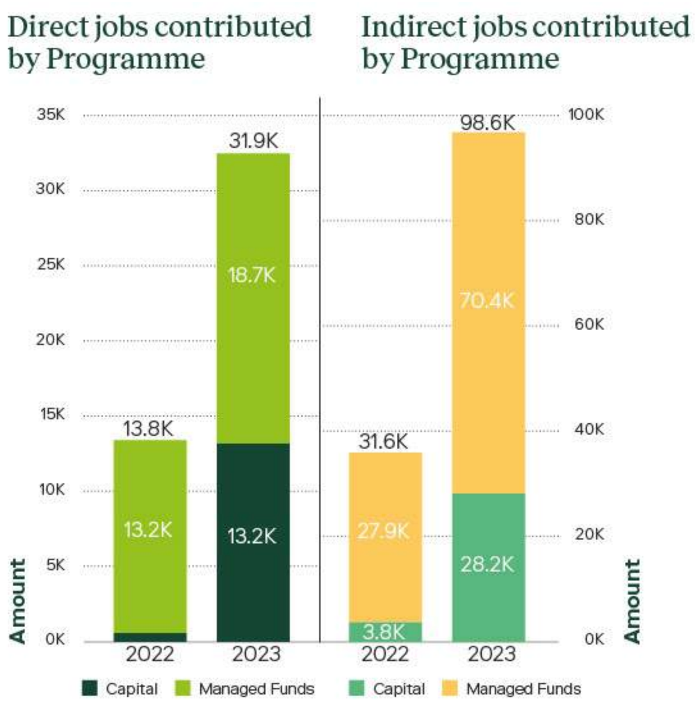
Direct, Indirect & Induced Effects (in FTEs)	Forward Effects (in FTEs)
2,910	584

Contribution to SDG 8 – Decent Jobs Supported

Our results for the jobs supported is reported in terms of direct and indirect jobs outside of The Netherlands. To ensure the job quality, Invest International aims to ensure that workers receive at least a living wage and enjoy good working conditions.

- **Direct Jobs supported**: Direct jobs refer to the number of full-time equivalent (FTE) employees working for the company or project in which Invest International has invested. In 2023, Invest International supported 31,926 jobs, a 131% increase compared to 2022. Around 48% of the total direct jobs supported were for women. Jobs intensity (i.e. jobs per € million invested), increased significantly for both our capital and managed funds portfolios compared to 2022. The reasons for this are implementation of steering on SDG 8 (supported jobs) and improved data management.
- **Indirect Jobs supported:** Indirect jobs refer to those that are supported by our customers through supply chains, the spending of wages, and economy-wide employment enabled by our lending. In 2023, Invest International supported 98,600 indirect Jobs representing a 212% increase compared to last year. Most of the direct and indirect jobs were supported by projects financed through our managed funds, specifically for the Start-ups, SMEs and Midcorps companies.
- **Commitment to Living Wage:** Invest International encourages its investees to pay correct living wages to all workers according to the location of the operation, with evidence of a concrete living wage roadmap and plan of execution, based on the Wage Indicator Foundation living wage benchmarks. The investments that meet this requirement are included in our estimate of the indicator "Percentage (%) of our portfolio with living wage commitment" (For more information, see the section on Impact Methodologies). For new projects in 2023, 82% met this commitment.

Figure 2: Results on Jobs Supported in 2023



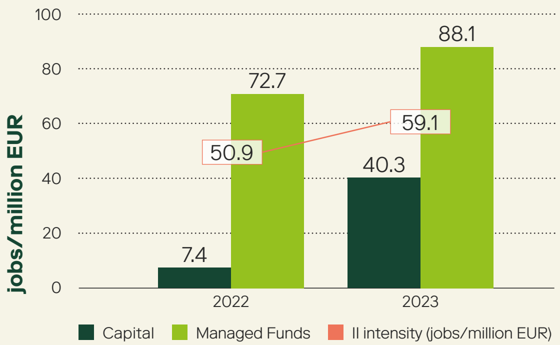
% of jobs by Gender for 2023 - Capital

Female	Male
47%	53%
6,208	6,978

% of jobs by Gender for 2023 - Managed Funds

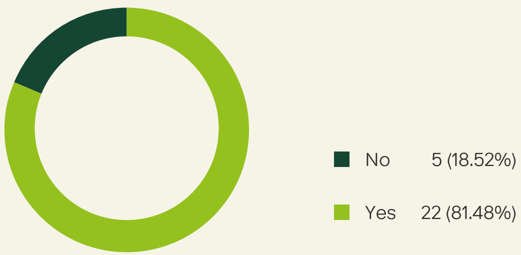
Female	Male
48%	52%
9,047	9,692

Direct jobs intensity (jobs/million EUR) by strategic theme



Committed to living wage

in %

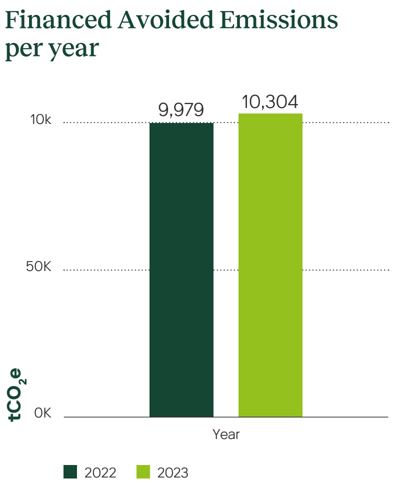


Contribution to SDG 13 – Financed and Avoided Emissions

By 2025, Invest International aims to have developed its strategies for decarbonisation and internal carbon pricing. We are currently assessing our financed projects and investments to identify any further substantial opportunities to avoid, minimise or reduce greenhouse gas emissions, expressed in two indicators: Financed Emissions and Avoided Emissions (tCO2e).

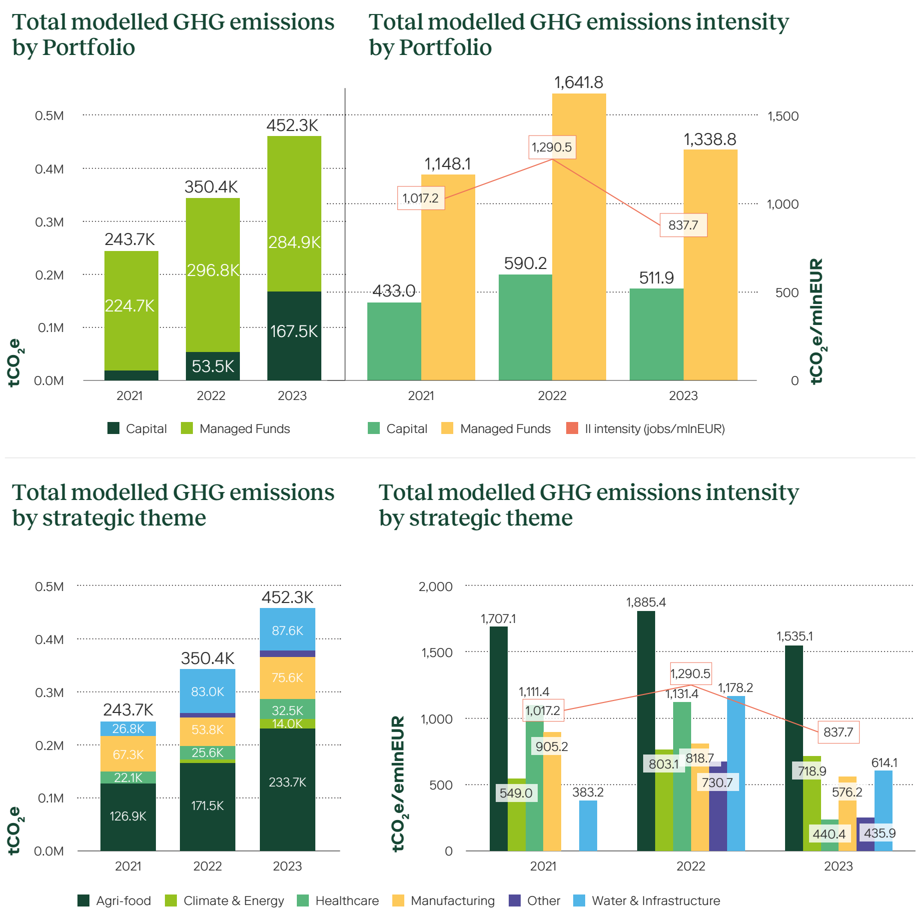
- **Avoided Emissions**: Avoided emissions in Invest International's portfolio are assessed case-by-case for projects with high avoidance emission potential by comparing the business as usual scenario with the project scenario. Invest International's avoided emissions are calculated by a carbon accounting consultant, Climax. In 2023, Invest International realised 10,304 tCO2e of avoided emissions. A total of 10 projects from our portfolio contributed to this, mostly from our Capital and SME/Start-up portfolio, through activities such as mini hydro power generation, green hydrogen production, forest/fruit tree plantations, waste management and plant-based protein production.

Figure 3: Results of avoided emissions in 2023



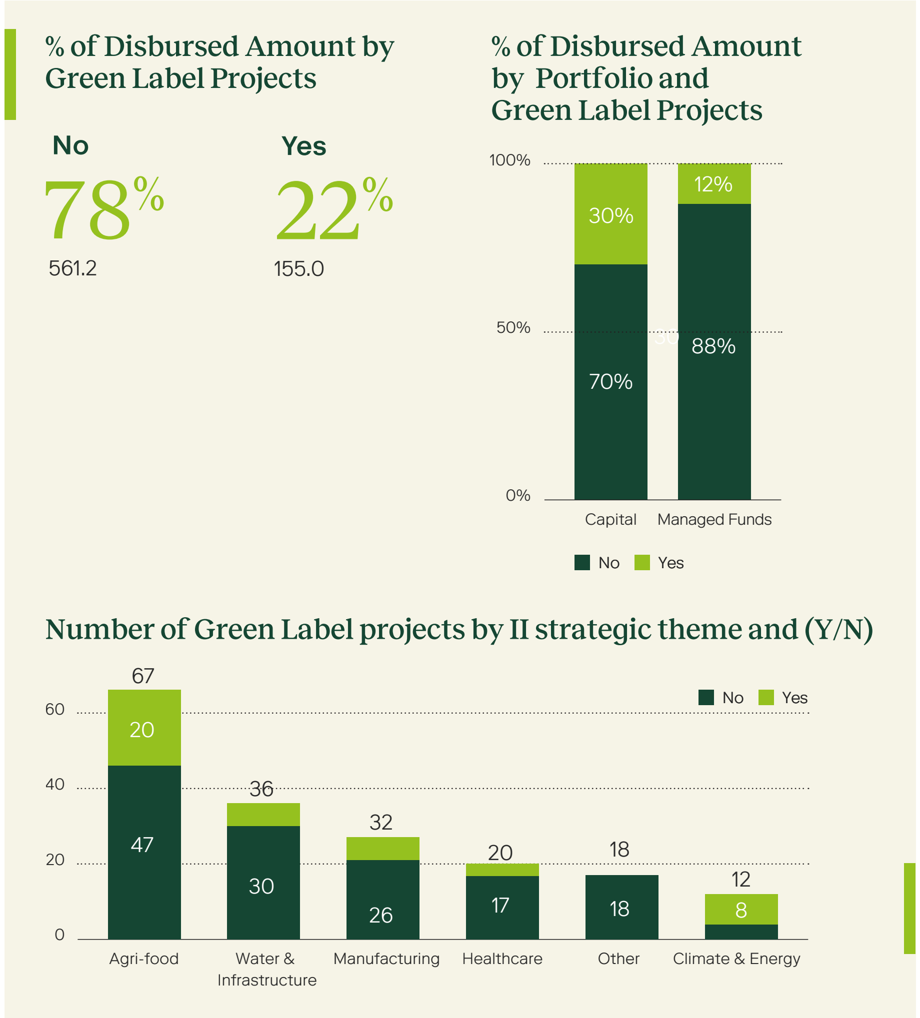
- **Financed Emissions** (tCO2e/Year): With support from the Joint Impact Model (JIM) foundation, of which Invest International is a member, we modelled our financed GHG emissions for 2023, covering Scope 1, 2 and 3 (upstream), which amounted to 452.3 thousand tonnes of CO2 equivalent. The result indicates an increase of 29,1% compared to 2022, however, we realised a 35,1% decline in our emissions intensity (or 837,7 tonnes of CO2 equivalent per € million invested) compared to 2022. All of our 5 strategic themes recorded significantly lower emissions intensities in 2023 compared to 2022.

Figure 4: Results of Financed Emissions in 2023



- **Green Labelled Portfolio**: We also assess whether our projects and investments will potentially contribute substantially to reducing the rate of climate change (climate mitigation) and to adapting to the effects of climate change (climate adaptation). To determine this, we apply the "Green label" methodology of Atradius Dutch State Business (ADSB). We aim for 30% of our portfolio disbursements to be for Green Labelled projects according to this methodology, by 2025. In 2023, around 22% of our (in scope) portfolio's total disbursed amounts were to Green labelled projects. Our Capital portfolio achieved 30% in 2023. Green labelled Agrifood related projects received the highest number of disbursements, 20.

Figure 5: Results on Green Labelled Portfolio



Example

Supporting sustainable manufacturing in Cambodia

Pactics is a Dutch SME whose operations in Cambodia Invest International financed in 2023. The company makes and sells high-quality bags and sportswear and has committed to a substantial reduction in waste. Pactics sources 50% of its fabrics from recycled materials. It also uses a dyeing process for fabrics that uses no water or chemicals and saves 134 litres of water per kilo of fabric dyed.

Overall contribution to SDG 8 and 13

We have committed to ensuring that by 2025, around 66% of our portfolio and managed funds will contribute to these two SDGs. The assessment of our Capital and Managed funds overall contribution to SDG 8 (decent work and economic growth) and SDG 13 (climate action) is based on our own internal performance benchmarks (See Impact Methodologies). In 2023 84.6% of our portfolio contributed to SDG 8 and 64.5% to SDG 13. This contribution is based on their impact performance rating in jobs per € million invested and emissions per € million invested, corresponding to SDGs 8 and 13 respectively. This is then compared to benchmarks covering all Invest International sectors (see the section Impact methodologies).

Figure 6: Results on SDG 8 and SDG 13

Number of projects triggering SDG 8		Number of projects triggering SDG 13	
No	Yes	No	Yes
15.9%	84.1%	35.3%	64.7%
27	143	60	110

Contribution to other SDGs

For all five Invest International focus sectors we have developed sector strategies that include guiding impact indicators and transition themes. These themes focus on important transitional topics we focus on in our investments in solutions for a more sustainable world.

Other SDG Impact Indicators

2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
31,307 agrifood smallholders supported.	**8.2 million** end users (patients) with access to healtcare.	**48%** of direct supported jobs held by women	**16.2 million** end users with access to clean water, sanitation and related infrastructure.	**1.6 million** end users with access to (renewable) energy.	**1/3 of our Manufacturing Sector** portfolio reducing at least 20% wastes.

Agri-food sector: Population growth, climate change and geopolitical events cause hunger, malnutrition and threaten global food supplies. A transition towards sustainable and inclusive agricultural food systems is necessary to confront these threats. Our capital portfolio and managed funds at the end of 2023 was estimated to support 31,307 smallholders with better agricultural practices and improved livelihoods. We have also identified three sector transition areas to generate more impact, namely: plant-based proteins, controlled environment and regenerative farming. The Netherlands offers a unique landscape of companies, knowledge and innovation to provide business solutions in the AgriFood sector to leverage on.

Healthcare sector: Invest International supports integrated healthcare systems, whereby science, technology, innovation and digitalisation are brought together to improve healthcare efficiency, with a focus on improved prevention and early detection. Sustainability in healthcare is becoming increasingly important. Invest International supports investments that promote accessible and affordable healthcare for everyone. We focus on three transition themes with the first focusing on healthy living through prevention and monitoring which includes chronic care, diagnostics, digital apps and wearables. We further focus on reducing the impact of care provision on climate change which includes reduced use of resources in the supply chain, intensified use of equipment and responsible management of waste while the last theme has a quality focus which includes consumables but also care provision. In 2023, Invest International's portfolio and managed funds helped an estimated 8.2 million people to access healthcare services and infrastructure.

Gender Equality: 48% of our direct supported jobs from our capital and managed portfolios were held by women in 2023. We actively engage with our clients to ensure that gender equality is considered and included in their policies and operations. This includes equal pay and working conditions, training and career opportunities for women, special facilities for women (safe commuting, breast feeding, sick leave) and no harassment/non-discrimination policies and their active implementation. Existing gaps are identified and discussed together with the client and, if needed, agreements are made with the client on action points. During 2013 we also continued to develop our position statement on Gender Equality.

Water & Infrastructure sector: Invest International leverages Dutch competitiveness and leadership in water-related infrastructure to bring impact. The focus is on delta technology/water management, water and wastewater technology and the maritime sector. In these areas, Invest International's focus is on four transition themes, namely: (i) Scaling up and broadening nature-based solutions through investments in sustainable coastal protection, mangroves conservation and restoration, green urban water management, and the greening of harbours, (ii) Making treatment of waste/ drinking water and management of water quality more sustainable, (iii) Digital data-based infrastructure for climate adaptation in water and agriculture. This relates to investments in weather and water system forecasting with digital data systems and satellite imagery, early warning systems and emergency dams, and (iv) greening the shipping fleet and ship life cycle through investments in specialised vessels with carbon zero emissions (new and retrofit of existing fleet) and greener shipyards, etc. Invest International's capital portfolio and managed funds reached an estimated 16.2 million users in 2023 who will have access to affordable and good-quality water and sanitation.

Energy & Climate sector: Sustainable energy will become the catalyst for the transition to a CO_2-neutral world. We work with local and international companies whose expertise can contribute to solving climate change. Transition themes for this sector include (i) Production of green hydrogen in key countries, (ii) Making transport clean and sustainable by investing in EVs, Hydrogen and biofuels, and (iii) Ensuring an electrified future by investing in the generation, distribution, storage and management of renewable electricity. Our capital portfolio and managed funds in 2023 reached 1.6 million users who will have first-time access to energy, including renewable energy.

Manufacturing sector: Invest International focuses on three key transition themes towards ensuring sustainable manufacturing. These include: (i) Circularity & waste innovation and technologies such as waste to energy, landfill and wastewater management (ii) Renewable materials through projects that replace primary materials (inputs) and material recovery technologies, (iii) Industry 4.0, through investments in shorter and more secure supply chains, better access to components from more responsible/ sustainable sources. In 2023, 33% of the companies in the manufacturing sector supported by Invest International made commitments to reduce waste from production by more than 20%. An example of waste reduction in manufacturing is presented in the text box.

Impact Management

Our strategic goal at Invest International is to finance and develop impactful projects worldwide that support the Dutch business community, contribute to the Dutch economy and to achieving the SDGs. This is embedded in our strategy, impact commitments and indicators. In 2023 we developed our impact framework describing how we want to achieve impact and how this is operationalised.

Our approach to impact management is captured through an impact management cycle consisting of impact-related actions from impact analysis and due diligence, to monitoring, evaluation and learning. This cycle is applied to all investment projects at Invest International.

Figure 7: Invest International's impact management cycle

IESG Management Tool (RISE)

During 2023 we started developing our IESG management tool (RISE – Reporting Impact Sustainability and ESG). The tool will help Invest International to facilitate and optimise Impact and ESG management processes by:

- Standardising IESG data storage for reporting and regulatory compliance
- Enabling more effective & efficient IESG processes
- Effective data gathering from clients
- Harmonising IESG process & workflow
- Automating clients' ESG performance and progress

RISE will also be used to develop impact assessment and measurements, ESG risk assessments, incident reporting and tracking of portfolio performance on both ESG and Impact. Consultancy firm COPAILOT was contracted to develop RISE together with Invest International. This process has been finalised and is operational since the start of the second quarter of 2024.

Figure 8: Key Components of Invest International's IESG Management tool (RISE)

ESG performance and management

ESG management assures that we avoid, minimise, or mitigate environmental, social and governance risks and ensuring compliance with international standards. This applies both to our financed portfolio as well as our own operations. Policies and monitoring on implementation is needed to ensure good performance and improvements if necessary. This chapter is divided in an Environmental, Social and a Governance part.

ENVIRONMENTAL / social / governance

Sustainability at Invest International

Sustainability policy

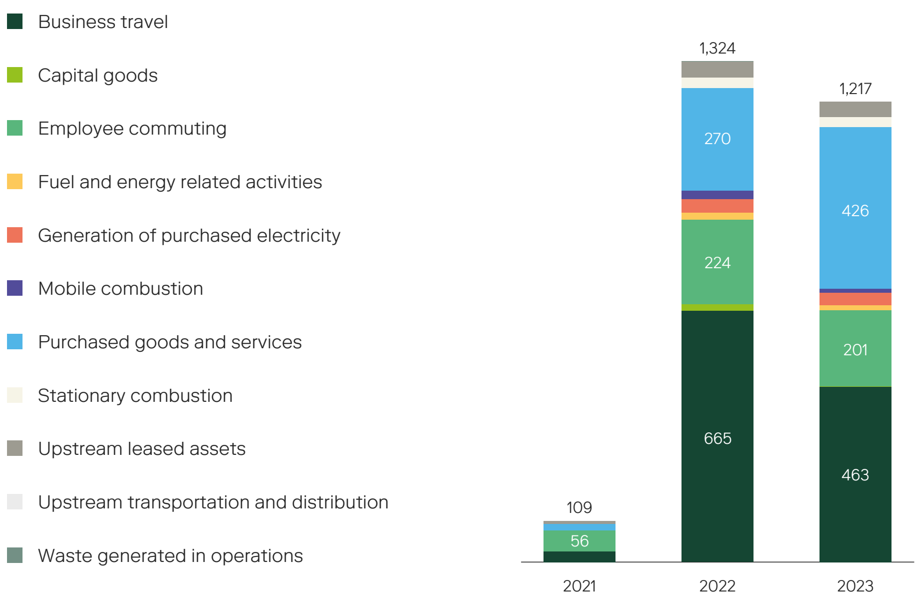
During 2023 Invest International developed its Sustainability Policy, which outlines the way sustainability is integrated in our business model, in our internal organisation and in our relationships with stakeholders. It includes our principles and commitments towards sustainability, which extend to our clients, business partners and other stakeholders. It also serves as a document where stakeholders can find information on our sustainability commitment and approach. The scope of this policy outlines our commitments as a sustainable organisation and a sustainable investor. It covers topics about our internal environmental stewardship, social management and governance (including sustainable procurement, employee welfare, diversity & inclusion, our business ethics, how we integrate sustainability within the investment process, disclosure, as well as the topics suggested in the Dutch government's participations policy *(Nota Deelnemingenbeleid Rijksoverheid 2022).*

Our internal carbon footprint

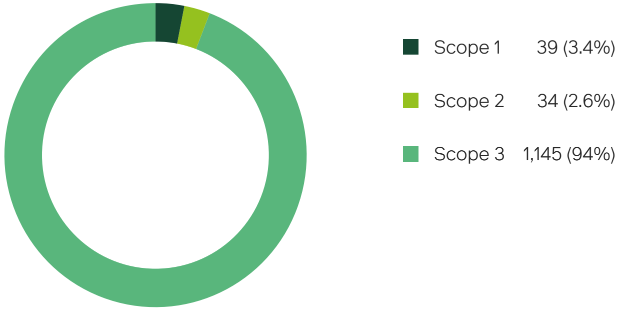
In 2023, together with consultant Climax, we measured our own GHG emissions footprint, which amounted to 1,217 tonnes of CO2 equivalent emitted in total. This is a reduction of 8% compared with the 1,324 tonnes CO2 equivalent emitted in 2022, notwithstanding the growth in number of employees and our financed portfolio. Scope 3 emissions (supply chain) account for 94 % of our corporate emissions and is similar to 2022. This largely relates to services from transport and employee commuting.

Figure 10: Results on Invest International's internal Carbon Footprint

Invest International GHG emissions (tCO_2e) by Scope Sub-Category



Invest International GHG emissions (tCO_2e) by Scope



CO2 compensation

In 2023 we introduced a CO2 compensation scheme to offset our internal carbon footprint emissions. We have contracted Climate Neutral Group to compensate for 100% of our internal carbon footprint as mentioned above.

International travel

In a world where carbon emissions and climate change are pressing concerns, we believe it is crucial for us to take proactive steps to mitigate our carbon footprint. We ask our employees to take a responsible approach to international travel such as whether a trip is strictly necessary and whether they can incorporate multiple activities in the region. In 2023 we introduced a compensation programme for international travel and contracted the company Regreener to offset the corresponding carbon emissions. During 2023 Invest International employees emissions from business travel were compensated for 100% through this programme, partly voluntarily by the employees itself. In 2024 we will continue to compensate our carbon emissions.

environmental / SOCIAL / governance

Our people and organisation

Invest International is a professional organisation and our people are our most important asset. The mission of HR is to ensure that we have the right people in place and that they feel engaged and empowered to make impact. We use our seven people drivers to guide us, of which collaboration, learning, and creating an entrepreneurial culture were the main emphasis of our activities in 2023.

As a still relatively new company, we are continuously developing and improving our processes and tools. During the year we therefore also reviewed and upgraded our HR administration and payroll processes to make them more robust. We are also still recruiting new talent. In 2023, we hired 45 new people, growing to 151 employees.

Learning and talent development were an important focus throughout the year. We created a management programme for middle managers, which was delivered over four days in the third quarter of 2023. We also developed career path frameworks for two business streams and created our first internship programme. In 2024 we will develop career paths for other streams in the organisation.

Our culture

We are a relatively new organisation and are continuously developing. Our activities are supported by a set of people drivers that shape how we behave and work. It is important for our employees to be aligned with our mission as well as these drivers and their associated behaviours. They define the way we work and are our guiding principles.

HR in figures

Number of employees (including external contractors)
151
(139.2 FTE)

Number of permanent contracts[1]
116
employees

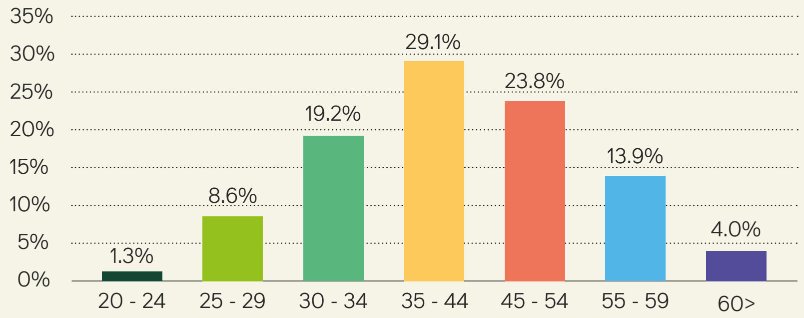
Number of fixed-term contracts[1]
35
employees

Female-male ratio
51.7%
Female

48.3%
Male

Absenteeism
3.43%

Employees by age category



1. Excluding external contractors.

Seven people drivers that define the way we work

1. Impact first

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

2. Collaboration

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

3. Learning organisation

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

4. Entrepreneurship & client focus

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

5. Efficiency

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

6. Diversity & inclusion

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

7. Integrity

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

Creating a safe and open culture

Invest International wants to provide a safe and pleasant working environment for all employees and for them to thrive and be healthy. We aim to build an environment that encourages people to be authentic, one in which everyone has equal opportunities and can unleash their full potential, regardless of gender, race, ethnicity, age, religion, sexual orientation, physical abilities, socio-economic status, political beliefs, or ideologies. We do not tolerate discrimination, sexual intimidation, bullying, aggression, or other undesirable behaviour. To ensure the good health of our staff during this busy year, during the first half of 2023, we organised seven voluntary free health checks to all interested employees.

Equality, diversity and inclusion

Diversity & Inclusion is a key driver and hence a vital focus area. At Invest International, we believe in the power of diversity. We strive for a balanced employment relationship between each employee and Invest International as an employer. We welcome everyone, regardless of gender, sexual preference, origin, age, or disability and strive towards a composition that reflects that of society. We believe that people with different backgrounds and qualities, motivate, inspire and complement each other.

In our recruitment process we take gender and Dutch/non-Dutch balance into account. This is underpinned by the 50-50 split of male and female employees. This 50-50 division also applies to our Management Board and our Management Team. At the end of 2023, the male to female ratio of employees was 48.3 to 51.7. Regarding cultural diversity, 63% of employees are Dutch and 37% have other nationalities.

In 2023 we increased the number of diversity and inclusion factors we track and rolled out new initiatives to strengthen D&I in the organisation. For input we used valuable findings and feedback emerging from an employee survey we carried out in 2022. During the year, we also created an internal culture calendar, highlighting different cultural events in the year such as Ramadan, Christmas Day and the Netherlands' King's Day. One of the cultural activity highlights of 2023 at our head office was the 'Cultural Village' day, during which employees set up stalls showcasing their national foods and other features of their cultural heritage. We marked International Women's Day with an event at our headquarters. In December 2023, we held an unconscious bias training for all employees and an additional session for unconscious bias and inclusive leadership as part of our management development programme..

In 2024, we signed the diversity declaration charter of The Social and Economic Council of the Netherlands (SER), an advisory body in which employers, employees and independent experts work together to reach agreement on key social and economic issues. To date, more than 300 Dutch and 10,000 European companies have signed this declaration, demonstrating the seriousness of their commitment to greater diversity and inclusion.

Employee participation and engagement

As a relatively new organisation that has grown rapidly, Invest International pays close attention to employee participation and engagement. From day one, employees are initiated in an immersive onboarding process and attend an oath signing ceremony. Employees are encouraged to contribute to our diversity and inclusion initiatives. As a result, they take an active, often leading, role in group learning events such as our periodic 'Lunch 'n Learn' sessions.

To strengthen work collaboration among employees, in 2023 we launched a series of workshops during which individuals explored the different ways in which they, as individuals, approach teamwork, using a methodology called Insights, which measures the different energies and motivations of people. To put the Insights into practice, several follow up trainings were held for specific teams, who were guided on how to leverage the Insights findings in developing more effective ways to collaborate.

Training and development

Invest International is committed to supporting employees in their professional development at all stages of their career, in harmony with their own ambitions. To ensure compliance with relevant risks, rules and laws, Invest International requires all employees to complete mandatory training on cybersecurity, Know Your Customer (KYC) legislation, and the EU privacy directive on General Data Protection Regulation (GDPR).

Being a learning organisation is one of our seven people drivers. It means we are agile, we co-create and we learn as we move forward, both as an organisation and as individuals. As a young, ambitious private organisation working in a highly complex environment, we need people who are curious, dare to make mistakes, and who want to learn and improve.

Performance progress and development is regularly discussed and is supported by a simple and efficient performance management process and tool that generates a good dialogue in which the employee takes the lead and peers provide feedback.

Works Council

Since its inception in early 2022, the seven-member strong Works Council of Invest International has focused on promoting and protecting the interests of employees in the organisation.

Building on the foundations laid in its first year, in 2023 the Works Council held ten regular meetings to discuss matters of relevance. In addition, five separate Consulting Assemblies were held between the Works Council and Invest International CFRO Vanessa Hart, as the Senior Executive representing the Management Board. The Supervisory Board met with the Works Council twice in a Special Consulting Assembly. And finally, the Works Council organised one General Assembly for all Invest International employees.

In good cooperation with the Senior Executive, during the year the Works Council worked on the company's Undesirable Behaviour Policy and Complaints Procedure, the Whistleblower Policy, the Procedure Place and Time Conscious Working and Working Remotely Abroad and the Reward Policy, parts 1&2, and concluded the consent procedure for the above policies before year end.

An important deliverable for 2023 was the election of a new Works Council for the years 2024 and 2025, as the incumbent Works Council's two-year term was due to end on 31 December 2023, leaving all seven seats vacant. The Works Council communicated actively with employees, informing them at regular intervals about the upcoming elections for the new Works Council and urging them to put forward to the election committee their interest in standing for election. Ultimately, six employees put forward their own candidature, making elections unnecessary. As of January 1, 2024, the new Works Council consists of three members of the outgoing Works Council, who are continuing for another term of two years, and three new members starting their first term. The chairman of the Works Council is Léon Weisscher.

The new composition of the Works Council for the years 2024 and 2025 provides a good basis for further progress towards the goal of Invest International and its employees to become a preferred place to work, offering prospects for employees to continue building interesting and fulfilling careers.

Whistleblower procedure

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

Key principles of the whistleblower procedure are:

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

environmental / social / GOVERNANCE

ESG Risk management

While realising our impact, we are committed to managing Environmental, Social and Governance (ESG) risks. This section presents updates on how ESG is managed as an integral part of our investment process and business operations.

ESG Policy development

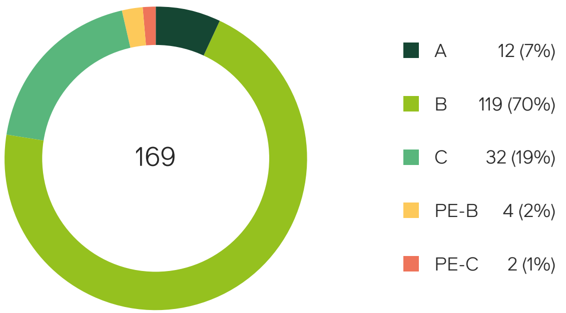
In 2022 we developed our Impact and ESG (IESG) policy with input from internal and external stakeholders such as Invest International staff, NGOs, business associations and other institutes. The IESG policy is reviewed every two years and is therefore up for its first review in 2024. During 2023 Invest International further developed its overarching sustainability policy and continued consultations on position statements for the selected ESG themes: Gender Equality, Living Wage, Human Rights, Climate & Fossil Fuel, Biodiversity, Animal Welfare, Land Governance, Defence, and Responsible Mining of minerals and critical materials. (For more information, see the section on Sustainability policy)

ESG Risk Profile of our portfolio

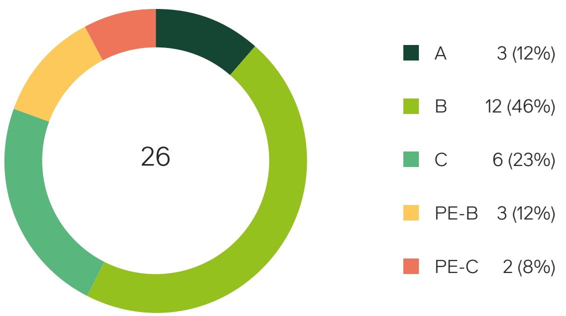
As of the end of 2023, only 7% (6% in 2022) of our full portfolio was considered high ESG risk (Category A). The majority of projects have medium (Category B) 72% (75% in 2022) and low (Category C) 21% (18% in 2022) ESG risk profiles. Of the new customers contracted in 2023, 12% were considered high ESG risk (category A), 57% medium and 31% low. Please note that 'PE' in figure 9 refers to our (private) equity investments.

Figure 9: Results for ESG Risk Categories

Number of Projects per ESG Risk Category - Total Portfolio



Number of Projects per ESG Risk Category - 2023 new deals



ESG Risk Performance

During 2023 the development of an ESG Risk Performance scoring methodology was started. This will be fully implemented and integrated in our new IESG Management System (RISE) in 2024. The objective is to align ESG assessment and performance scoring within Invest International. It also supports the monitoring of projects and the reporting on the ESG performance of our portfolio.

The methodology includes an ESG performance score for each project of ESG topics, aligned with IFC performance standards and OECD Guidelines. An overall score for ESG Risk Performance per project is calculated. Furthermore, guidance documentation is developed to align the assessment and scoring of the different ESG topics.

Serious Incidents

Invest International requires its clients to immediately report any incident occurring on or nearby any site, plant, equipment or facility belonging to the client that has resulted in the loss of life, has had a material effect on the environment or has resulted in a material breach of the law – inter alia – and how the incident was dealt with. Invest International follows up on each incident to ensure that a meaningful root cause analysis is completed and corrective action is taken. During 2023, unfortunately, three fatalities were recorded in relation to two projects in Invest International's project portfolio. The incidents have been reported to the Ministry of Foreign Affairs.

Two incidents were work related and concern a local SME operating in an African country. Proper fatality incident root-cause analyses have been conducted for these incidents, and the outcomes thereof were shared with the funders. Mitigation measures, ensuring improved mitigation of these risks, have been duly implemented in these projects. Also, appropriate compensations have been granted. The third fatality relates to a (non-work related) traffic incident outside of work, involving a project employee. Although this incident was not work related, the company involved paid all related costs to the family and reported this accident to Invest International. As every incident is one too many, Invest International naturally deeply regrets that these fatalities occurred.

Incident type	# of incidents	#fatalities	# of affected workers	# of affected public	Others affected
Work related	2	2	2	--	--
Road related	1	1	1	--	--
Asset related	--	--	--	--	--
Security related	--	--	--	--	--
Others	1	--	--	--	Coral reefs

Grievances and Complaints

Invest International has implemented a Complaints Mechanism (CM) for project-related complaints. The CM ensures the right to be heard for complainants who feel affected by our financed projects around the world. The mechanism allows us to resolve disputes and assists us and our partners in drawing lessons learned for current and future operations. During 2023, no grievances/ complaints were submitted regarding our projects.

How impact and ESG are managed

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

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

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

IESG course

An internal IESG awareness course was developed together with the training institute Ministry of Compliance. The objective of the course was to increase awareness and basic knowledge about impact and ESG topics for our staff. The training was mandatory for all Invest International staff and board and included a test. At the end of 2023, 95% of the relevant staff had successfully completed the course and passed the test.

External Commitments

We are committed to doing business in a responsible and sustainable way, guided by a number of global standards and guidelines. In addition, some of our senior management members participate in committees and hold board positions from an impact advocacy perspective. The table on the next page presents the international standards and memberships that we have subscribed to.

Confidential advisers

Invest International has appointed two internal and two external confidential advisers to guide and support employees with respect to issues on undesirable behaviour such as intimidation, physical violence, bullying, sexual harassment, and discrimination. In 2023, nine reports were made to the confidential advisers, compared to three reports in 2022. Some of these were related to safety on the workfloor. We have assessed each of these cases thoroughly and have determined whether they are one-off cases or reflect broader issues. In order to ensure maximum inclusiveness, in Q1 2024 we have held an Employee Engagement Survey. We have addressed the outcomes via an action plan, that has been made together with management and all employees. Topics that came-up were among others talent management, culture and collaboration.

Code of Conduct

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

External commitments and Industry Memberships

	UN Global Compact	Member	We are members of the UN Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.
	Joint Impact Model (JIM)	Member	We are members of the JIM platform that develops a harmonised way of quantifying indirect jobs, value added, and greenhouse gas (GHG) emissions related to investments of financial institutions.
	National Committee for Export, Import and Investment Guarantee	Member	Our CEO Joost Oorthuizen was one of the 26 members of the National Committee for Export, Import and Investment Guarantees (Rijkscommissie voor Export, Import en Investeringsgaranties) in 2023. The Committee meets twice a year and discusses national and international developments and issues in the field of export credit insurance and financing and investment insurance.
	United Nations Sustainable Development Goals	Contributor	We support all 17 SDGs and provide meaningful contributions to many of them through impactful projects. For our portfolio, we focus our impact measurement and reporting on SDG 8 (decent work and economic growth) and SDG 13 (climate action). Our contributions to other SDG's are measured according to the specific project characteristics.
	IFC Performance Standards	Adopter	IFC Performance Standards provide guidance on how to identify risks and impacts and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way. Potential clients (other than start-ups and SMEs) seeking Invest International's financing are required to observe the IFC Performance Standards.
	UN Guiding Principles on Business and Human Rights	Adopter	As part of our due diligence procedure, we require clients to respect human rights, avoid infringement on the human rights of others, and address adverse human rights risks caused by their business activities.
	OECD Guidelines for Multinational Enterprises	Adopter	The OECD Guidelines for Multinational companies provide the principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. Potential start-up and SME clients seeking Invest International's financing are required to sign a best-efforts statement to observe the OECD Guidelines.
	ILO Conventions	Adopter	We strive to ensure that all our clients are aligned with the ILO fundamental principles and rights at work.
	Partnership for Carbon Accounting Financials (PCAF)	Adopter	We are an adopter of PCAF, an industry led global partnership to develop and implement a harmonised approach to assessing and disclosing the GHG emissions of loans and investments financed.
	Circular Economy IFI Exchange Network	Participant	We are part of a network of International Finance Institutions and Private Banks that discuss the opportunities, bottlenecks and best practices in financing circular projects.
	Netherlands Advisory Board on Impact Investing	Participant	Invest International's Director Business Development, Strategy & Impact is a member of the Netherlands Advisory Board on Impact Investing. The NAB is focused on scaling up investments in impact and increasing cooperation in the Dutch impact investing sector.

Our impact in action - 3

Scaling-up financing solutions for Dutch SMEs

In 2023, the Dutch high-tech plant tissue company Iribov sought a bank loan to expand its facilities in Ghana but was turned down by its long-term corporate bank. That's when Invest international stepped in to fill the gap in finance.

It is becoming increasingly harder for SMEs in the Netherlands to get their international activities financed by commercial banks. Regulations have made it more expensive and riskier for Dutch banks to finance smaller activities in developing countries. Invest International's role is to plug this gap when possible. When Iribov's bank introduced the company to Invest International, the company's project proposal met all investment criteria, so a loan of €6.8 million was granted for the Ghana expansion through the Dutch Good Growth Fund (DGGF), which we manage on behalf of the Dutch Ministry of Foreign Affairs.

The investment will scale up Iribov's contribution to West African food security by expanding its laboratory facilities four-fold and doubling its greenhouse capacity for fledgling fruit and vegetable plants in Sogakope, Ghana. Iribov provides laboratory services for cloning plants through tissue culture, enabling new, disease-free fruit and vegetables to be produced on a large scale, quickly. The investment will create 300 new jobs, three-quarters of which will go to women, therefore contributing to SDG 8 (decent work and economic growth) and SDG 5 (gender equality). The energy-efficient, new facilities will also be carbon-neutral, in harmony with SDG 13, climate action.

The growing gap in international financing

Iribov was one of the small and mid-size (SMEs) Dutch companies that Invest International provided investment loans and export finance to in 2023. Approximately the half of these companies received investment loans and the other half received export finance loans, according to Koen Hamers, head of SME and mid-corporate finance at Invest International. **"**Every week, we receive 8-10 ideas from Dutch companies wanting to invest abroad. Of these, one or two are interesting to pursue," he says. Banks play an important role in referring strong proposals, from proven, established companies wanting to expand overseas, like Iribov, he explains.

Demand for export finance of less than €5 million for small ticket capital goods, such as machines and equipment is particularly high, leaving a growing deficit, says Hamers. In response, Invest International has raised its budget for this category of finance and extended its overall export finance solutions to cover working capital. In 2024, Invest International aims to finance around 40 export transactions with a budget €40 mln. But given the high demand, the export finance budget is at risk of reaching capacity during the year. "By the summer we will probably need more funds," says Hamers.

Bridging finance gaps, boosting sustainable impact

To qualify for assistance from Invest International, companies' investment plans need to adhere to international ESG principles and contribute to the UN Sustainable Development Goals (SDGs), specifically on decent work (SDG 8) and climate action (SDG 13), which are the main focus of Invest International. When an otherwise strong project proposal lacks these components, Invest International looks for ways to incorporate them, thus raising the likelihood of the project being approved by the investment committee.

Dutch SMEs: backbone of the Netherlands' economy

Dutch SMEs contribute more to the national economy than their peers in other EU countries. In the Netherlands they are the backbone of the economy, accounting for more than 60% of gross value added, more than 70% of jobs and 55% of exports, according to a recent report commissioned by the Dutch government. Dutch SMEs also achieve above-average growth and earn a higher return on assets than SMEs in other EU countries. Yet SME finance applications in the Netherlands are more likely to be rejected than in other EU countries, according to a survey of corporate access to finance by the European Central Bank in 2023. Source

The nearly 70 deals that Invest International's SME team financed in 2023 only satisfied a fraction of market demand. "It is estimated there are about 10,000 Dutch SME & Mid Corp companies that want to invest abroad. For smaller investment loans (< €10 mln.) these companies have challenges in getting finance for their international investments" says Hamers. "More alternative finance providers are emerging, including crowdfunding for example, but they are only absorbing a piece of this demand, he adds.

The lack of export finance offers reflects the fact that it is not commercially interesting for banks, says Hamers. Invest International's approach is to find ways to remove this and other barriers to financing overseas activities. To ensure that export finance risk assessments are accurate and efficient, Invest International has partnered with private fund manager OHV to provide export finance risk assessment, while Atradius Dutch State Business provides export insurance. "If there were more players in the market that did export finance, our role could be limited to organising a tender to see who can offer the best deal," says Hamers. "But currently we are quite unique in terms of the combined financing and impact we offer and therefore much needed."

> Demand for export finance of less than €5 million for small ticket capital goods, is particularly high.
>
> **Koen Hamers**

Financial Performance

In 2023, we grew our business and increased our margins, resulting in a net profit in our second fiscal year.

Total income 2023 (x € million)	Operating expenses 2023 (x € million)	Net result 2023 (x € million)
37.0	28.0	5.4

Investment activities

Invest International's investments portfolio increased significantly in 2023. The focus is on long-term credit loans, short-term revolving credit, export credit financing and equity (funds and direct). At the end of 2023, Invest International had committed €504 million (2022: €176 million) to a total of 19 (2022: 11) investments. Loans outstanding amounted to €319 million (2022: €92 million), 'bills of exchanges' (export credit financing) with a third party asset manager rose to €28 million (2022: €4 million) and equity investments, consisting of fund participations and direct equity investments, came to €11 million (2022: €2 million). All on-balance sheet investment activities relate to the entity Invest International Capital BV.

Development activities

The development activities relate to the entities Invest International Public Programmes BV and Invest International Development BV. The funds in the Public Programmes BV are managed and accounted for on behalf of the Ministry of Foreign Affairs and are therefore not recognised on the balance sheet of Invest International. The funds in the Development BV are a subsidy from the Dutch government to Invest International. This is managed as a separate fund and is therefore off balance sheet.

Invest International Public Programmes BV ended 2023 within with an overall level of costs in line with the targets agreed with Ministry of Trade and Development (MoTD). The positive result of €1.4 million (2022: €1.2 million) reflects lower than budgeted spending in the financial year and will be settled with the MoTD in 2024. This is already included in the accounts of Invest International Public Programmes BV at year-end 2023, whereby the net result has been adjusted to zero.

Invest International Development BV receives a fixed compensation for business development activities. For 2023 the fixed compensation was higher than the expenses made by Invest International Development BV, resulting in a profit of €0.3 million (2022: loss of €0.1 million). This profit will be used for development programmes in 2024.

Consolidated result

The consolidated net result for Invest International over its second financial year (2023) resulted in a profit of €5.4 million (2022: loss of €4.9 million), compared with a budgeted loss of €4.6 million (2022: budgeted loss of €8.5 million). This significant difference reflects higher floating interest rates (EURIBOR), the rapid

in €1,000	2023
Income	
Net interest income	16,203
Net fee income	21,625
Other income	-849
Total income	**36,980**
Expenses	
Operating expenses	-27,950
Impairment charges of financial assets	-3,459
Total expenses	**-31,409**
Profit / (loss) before taxation	5,571
Taxation	-219
Net profit / (loss)	**5,352**

growth of our investment portfolio and lower than expected expenses, including our provision for Expected Credit Losses (ECL).
The net interest income consists of interest received from loans and debits/deposits and rose to €16.2 million in 2023 (2022: €2.3 million). The net fee income consists of th service fee and fees received and disbursed for investment activities. The service fee of €20.1 million (2022: €20.5 million) relates to the compensation we receive from the Ministry of Foreign Affairs for the development activities in Invest International Public Programmes B.V. and Invest International Development BV. The net investments fee income increased to €1.6 million in 2023 (2022: €0.7 million) and relates primarily to commitment fees. The other income are unrealised losses from the remeasurement of the fair value of the direct (private) equity investments of €-0.9 million (2022: €0 million) and foreign exchange results of €0.1 million (2022: €-0.2 million).

The operating expenses of €28.0 million (2022: €26.5 million) primarily reflect staff expenses of €20.9 million (2022: €20.3 million) and IT expenses of €2.1 million (2022: €1.4 million). The operating expenses remained stable, in contrast to the increase in the investment portfolio.

The impairment charges of financial assets (addition to the ECL provision) was €3.5 million (2022: €1.5 million) in 2023 and corresponds with additional loan investments, which are valued at amortised costs. Equity investments have been acquired very recently and concern early-stage investments. The change in fair value of these equity investments was €0.9 million (2022: €0.3 million).

Outlook for 2024

Together we are building the sustainable markets of tomorrow

In 2024, we will continue to finance innovative, impactful projects by bringing together public and private expertise to offer governments and companies case-specific financing arrangements and project development capacity. Our five-year strategy is in place, our teams are complete, the ambitions are clearly established, and the portfolio is being filled; we will continue on this course in 2024.

Our aim is not only to create impact and contribute to climate resilience worldwide, but also to create direct and indirect benefits for the Dutch economy and society, with a focus on the financing of Dutch SMEs.

Now that we are well established, to grow our business further we are investing in becoming a more client-oriented organisation. In order to acquire a better understanding of our clients' needs, goals and challenges, in 2023 we started a programme of client visits so that we can provide more focused support in financing viable, high-impact projects.

Scaling up our business

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

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

Building our portfolio is going faster than expected and there is increasing demand for our products and services. To be able to keep up with the demand and for us to to continue to grow in future, we will require additional financing. In 2024, we will assess our options for balance sheet growth. The framework for impact measurement and reporting will take further shape as we work towards our target for 66% of projects to contribute to SDG 8 and SDG 13 by 2025. Another important focus will be our involvement in developing green hydrogen and the Africa strategies of The Netherlands.

The following major projects will be prioritised in 2024:

1. Development of our Decorbanisation Strategy;
2. Reporting in accordance with the EU's Corporate Sustainability Reporting Directive;
3. Development of a centralised data warehouse environment with source system connections and integrated reporting;
4. Further development of Operational Risk Management for front and backoffice.

Key objectives for 2024

Grow the business

In 2024, we will continue to grow the portfolio by providing finance & development solutions for global challenges. Through our activities we create direct and indirect benefits for the Dutch economy and society. We will therefore strengthen our account management and pipeline development with Dutch business for DRIVE projects. We will implement the country strategy and local partner bank strategy further in focus/combi country countries. We will strengthen our relations with the EU (including Global Gateway) and partner institutions within the EU and we will start to tell our story more systematically, to a broader public.

Make the business more impactful

One of our key objectives is to contribute to economic growth (SDG 8) and climate action (SDG 13) in developing and emerging economies by developing and financing viable and high-impact projects. We therefore guide private and public clients in catalysing and executing impactful projects that facilitate the transition needed to achieve the SDGs. Invest International measures and reports on the contribution to SDG 8 (decent work and economic growth) and SDG 13 (climate action). The ambition is for 66% of the total committed portfolio to contribute directly to these two SDGs. For 2024 we will develop further our decarbonisation strategy and the sustainability policy.

Client Focus

We differentiate ourselves in the market by our ability to support all clients (starters, SMEs, large corporates and governments) at every stage in the project life-cycle. We take a customer-centric approach and help solve clients' issues. If we can't, we guide them towards a partner who can. We align our financial instruments as much as possible with Dutch private sector partners and Dutch knowledge hubs in order serve our clients more efficiently. In 2024 we will reach out more actively to understand our clients needs.

Create an entrepreneurial culture

In 2024 we will continue to support companies and governments with our entrepreneurial mindset, our network of relevant players, our familiarity with legislation and understanding of the operational hurdles of doing international business. By acting as a guide in this complex ecosystem, we aim to bring parties together and help clients initiate or expand their international business horizons.

Develop competences of employees

In 2024, we will continue to deploy and improve our combined experience with countries, markets, clients, finance and project development, to create an integrated team that provides room for sharing skills and building competence.

Operational excellence

Invest International recognizes the significance of operational excellence. To achieve this, we will focus on controlling and streamlining our processes and eliminate unnecessary administrative steps. We will continue to be committed to strong cost management throughout the organisation in 2024. Invest International aims to be increasingly visible in online media, seminars and congresses: we will be active in sharing our knowledge of impact and experience of investing.

Our impact in action - 4

Scaling-up support for Dutch businesses and emerging markets at country level

In 2023, Invest International accelerated the strategy of deploying local representatives on the ground to boost efficiency and impact. Building on the success of the “Dutch desk” in Nigeria, in 2023 Invest International appointed additional representatives to 5 key focus countries.

Expansion to more focus countries

By the end of 2023, Invest International local representatives were in position in Kenya, South Africa, Morocco, Nigeria, and Vietnam. The chosen locations are in line with the Dutch government's strategy in 14 'combi' countries to combine Foreign Trade and Development Cooperation. The aim of this strategy is to support Dutch businesses wanting to expand to emerging markets. By having representatives on the ground, Invest International can assist companies more effectively in achieving their business goals in these countries.

In our 5 focus countries, the representatives build a network of relationships with ministries, embassies, and entrepreneurs and contribute to both the public and the private projects of Invest International. "A lot of our leads come from embassies, banks and other stakeholders and have led to a diverse portfolio," says Stan Janssen, Senior Business Developer at Invest International in The Hague. "With a broad portfolio like ours it's important to have more in-depth knowledge and to develop close relationships on a local level ," he says.

> A lot of our leads come from embassies, banks and other stakeholders and have led to a diverse portfolio.
>
> **Stan Janssen**

That was the idea behind the appointment of Julia Muller as country representative to South Africa. She began in October 2023, working from the Netherlands in the first few months and making frequent visits to South Africa to establish contacts and spread the word about Invest International. "When it became known that we were establishing a representative in the country, suddenly Invest International was taken more seriously," says Muller. "Living in South Africa, I understand the context and needs better. I can meet people on a monthly basis and keep things moving along". Having someone on the ground is expected to accelerate portfolio growth and get projects off the ground quicker. "We are already seeing that happen," says Muller. "For example, now that I am here, discussions with South Africa's National Treasury are going at a lightening pace, whereas for a long time we tried to establish a closer relationship but made little headway."

> When it became known that we were establishing a representative in the country, suddenly Invest International was taken more seriously.
>
> **Julia Muller**

Only in the longer term is the strategy expected to deliver hard results, says Janssen. "If we take Kenya, Nigeria and South Africa together, having the local presence will bring in millions in total investments, ultimately, but you do have to build a solid network first and that takes time." For Invest International's Infrastructure programmes, country representatives like Julia can facilitate cooperation between local and international parties. "Especially on the government side, seeing people and having discussions face-to-face makes it much simpler to find solutions. You can really talk things through, go into the nitty gritty. You get a much better understanding of where the bottlenecks are and how we can collaborate to find the best outcome," she says. Relationship and network building are also moving faster. "Being here makes it easier to work with other stakeholders, donors and financiers. You can be rolling out the strategy on a day-to-day basis, giving it substance and remaining in conversation continuously. "

Combining active client management in the Netherlands with local expertise

Back in the Netherlands, staff have been working to promote Invest International's development finance proposition. The response has been strong. "We have received masses of interest from small to medium-sized companies, but also from large corporates and Dutch start-ups wanting to invest abroad," says Van Veenhuizen, Invest International Business Development Officer. The role of the country representative in all this is to act as an enabling go-between connecting head office with the "field". The collaboration goes two ways and is deal-driven. "When traditional banks are not able to participate, we step in and take a proactive approach in getting projects financed," says Van Veenhuizen. "And when local companies want to buy Dutch goods, we can offer solutions like overseas supplier's credit, which traditional financiers do not offer for small export orders. We can also make sure that deals are structured in the right way and help these companies take their next steps," he says.

First evaluate, then proceed

As the new country representatives have been in place for less than a year, it's too early to evaluate the results. But when it comes to building trust and rapport, it's logical to expect face-to-face interactions to be more productive than digital communication from afar, especially in developing countries. But relationship and network building takes time. "In combining our country strategy with people on the ground who can implement it, we believe we can make faster progress," says Van Veenhuizen. "We now want to see how it translates into hard numbers."

> When traditional banks are not able to participate, we step in and take a proactive approach in getting projects financed.
>
> **Edwin van Veenhuizen**

Risk and Opportunity Management

Our mandate to provide funding to projects in emerging economies implies taking risks. As we are funded by public capital, we focus on doing this in a prudent and responsible manner. An effective approach to Risk Management is a prerequisite to achieve this. After the initial setup of the Risk Management function in our first, extended, financial year, Invest International developed and improved its risk management practices further in 2023.

Risk profile

Our objective is to invest in Dutch solutions for global challenges. We do so by making projects with a positive impact on the SDGs possible. The projects we enable typically have insufficient access to other financing options, underpinning our additionality to the market. As a result of this, we have an atypical risk profile, as our projects in developing economies by nature have higher risk profiles. Also, the different legal entities of Invest International have different levels of risk appetite. Despite our atypical risk profile, the (relative) quality of our core capital portfolio remains within our risk appetite, as shown by the expected credit loss of 1.3% per year-end 2023 (2022: 0.9%). The amount of non-performing loans in our core capital portfolio was €0 per 31 December 2023 (2022: €0).

Risk Management framework

We have created a comprehensive Risk Management Framework to enable us to adequately manage the risks related to the execution of our strategy. This framework is the foundation for designing, implementing, monitoring, reviewing and improving risk management. The Risk Management Framework covers a broad range of risks: financial risks, business risks, and non-financial risks, both internally as well as externally, such as legislation and regulation. The Risk Management Framework has been approved by the Supervisory Board and will be periodically updated. This risk-based approach applies to all risk related policies and procedures.

Strategy

Invest International Strategy

Risk frameworks

Risk Appetite & Risk Governance

Types of risk

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

Risk process

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

Risk appetite

In realising the impact objectives, Invest International actively takes risks. In general, our risk appetite can be expressed as 'cautious', which means that we prefer safe options where possible. A Risk Appetite Framework has been created to define the types and levels of risk that Invest International considers acceptable in achieving our strategic objectives. We continuously monitor the risk levels against the defined risk appetite, which allows us to take measures when required. The risk appetite is reviewed every three years, or sooner if required, by the Management Board, and is approved by the Supervisory Board and presented to shareholders. If required, the risk appetite can also be revised during the year.

We have identified several key risk categories: financial risk, business risk, and non-financial risk. The business risks also include ESG-risks for which we have created a separate Impact & ESG Policy. The risk taxonomy further defines these key risk types and their respective subcategories, thereby providing structure for risk management and internal control. We note that the risk appetite for the different risk categories has not changed in 2023 in comparison to 2022.

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

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

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

Cautious
Exposure to this risk cannot be avoided but is accepted in view of the impact purpose, but high residual risk is not tolerated. ●●●○○

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

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

The risk appetite differs per Invest International entity due to the difference in investment characteristics. The table below provides an overview of the risk appetite for our Core Capital.

Risk Type	Definition	Risk Appetite
Financial Risk		
Counterparty credit risk	The risk that Invest International will suffer an economic loss because an obligor fails to meet its obligations.	●●●●○
Concentration risk	The risk that exposures are unevenly distributed over countries, regions and/or sectors.	●●●●○
Equity risk	The fair value of an equity investment decreases, and/or our stake cannot be sold for a reasonable price in a sufficiently liquid market.	●●●○○
Market risk: interest risk	The risk of potential loss due to adverse movements in interest rates.	●●○○○
Market risk: currency risk	The risk of potential loss due to adverse movements in the foreign exchange rate.	●●●●○
Liquidity risk	The risk of Invest International not being able to fulfil its financial obligations due to insufficient availability of liquid means.	●●○○○
Business Risk		
ESG	This risk is included and explained in the ESG-policy.	
Regulatory risk	The risk that a future change in regulations will impact the viability of the business strategy of Invest International.	●●○○○
Business model risk	The risk of a non-viable business model or strategy in view of (i) impact objectives and/or (ii) financial objectives.	●●○○○

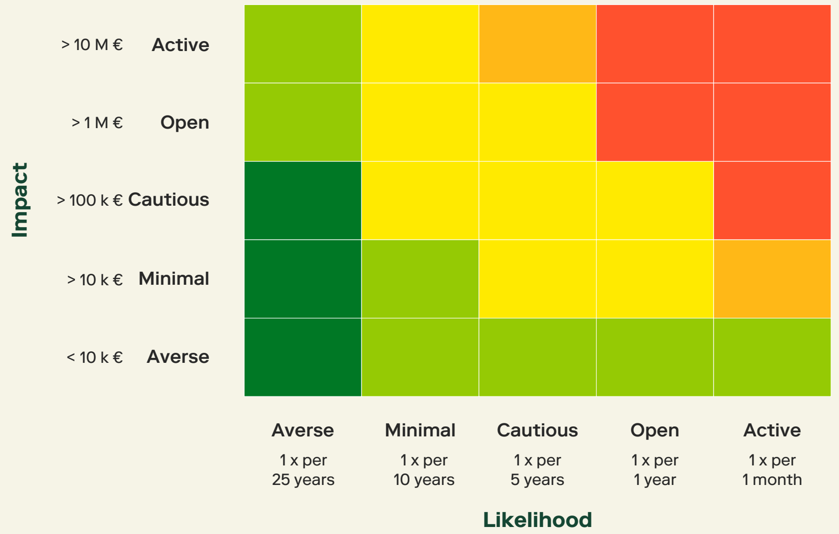
Risk Type	Definition	Risk Appetite
Non-Financial Risk		
Strategy execution risk	The risk of failed execution of strategic initiatives and decisions.	●●●●○
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events such as people risk, information and cyber security risk, or data management risk.	●●○○○
Compliance risk	The risk of impairment of our reputation, integrity or financial conditions resulting from the failure to comply with laws, regulations, internal policies and procedures, regulatory guidelines and established, generally accepted industry standards and practices, or failing to meet stakeholders' expectations on these topics.	●●○○○
Legal risk	The risk of a counterparty not being liable to meet its obligations under law or Invest International being liable at law for obligations not intended or expected.	●●●○○
Tax integrity risk	The risk of facilitating or involvement in unlawful tax evasion or undesirable tax avoidance by clients or investees.	●○○○○
National/regional development goals risk	The risk of global changing sustainability and impact goals.	●●○○○
Model risk	The risk of incorrect model output or inappropriate use of model output.	●●○○○

Risk heatmap

The impact of a risk can be seen as the level to which the risk would affect the financial results of the business and/or the ability of Invest International to deliver on its strategy and objectives. The likelihood is the chance of risk occurring based on information available and management experiences. This results in the gross risk, which is equal to the impact x likelihood. Gross risks are defined as “the inherent risks which occur without involvement of mitigating measures”.

Invest International recognizes that estimating both the impact and likelihood of risks is subjective. In the risk analysis, the potential risks per strategic goal are valued against the likelihood and the possible impact. This is made visible in the Risk heatmap. The outcome is the basis for the adjustment of the Risk Taxonomy, Risk Appetite per risk category, limits and Risk Appetite Statement.

Risk heatmap



Tax risk management

Our tax risk appetite is ‘Averse’. This is the only risk type for which we have an ‘Averse’ risk appetite and it emphasises our low tolerance for uncertainty on this type of risk. We aim to be fully compliant with tax laws and regulations in all respects. We expect the counterparties of the projects we provide financing for to do the same, and we formally commit them to do so. On the basis of the Systematic Integrity Risk Analysis (SIRA) we concluded that, related to our activities, Invest International is exposed to the risk of becoming involved in structures or transactions that lead to tax evasion or tax avoidance. We therefore created and approved a Tax Policy and Tax Procedures policy in 2023. This policy enables us to prevent both tax evasion and tax avoidance.

Risk governance

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

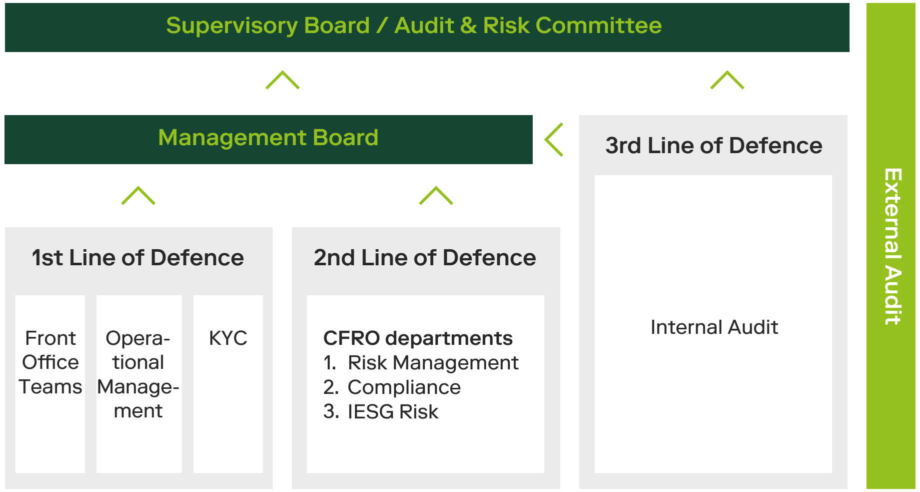
Management Board

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

Ministry of Foreign Affairs, the Management Board is accountable for the proper execution of the government instruments.

Three Lines of Defence

Invest International has adopted the Three Lines of Defence model. In this model, the role of the first line is balanced by the second and the third line. Our external auditor forms the fourth line of defence.



First line of defence

The first line of defence is formed by the front office teams in the different client segments. Operational management is also part of the first line, as controls are designed into systems and processes under their guidance. Managerial and supervisory controls are in place to ensure compliance with policies and procedures and to highlight lack of control, inadequate processes or unexpected events. The KYC-department is also part of the first line.

Second line of defence

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

Third line of defence

Internal Audit is responsible for an independent assessment on the design and operating effectiveness of Invest International's processes including internal controls. Audit performs (internal) audits on processes and provides independent assurance on the effectiveness of the first and second lines. During 2023, the role of internal auditor was performed by PricewaterhouseCoopers Accountants N.V. (PwC). During 2023, 3 internal audits on various topics were performed (on KYC remediation, HR Payrolling, and Admin 06). Per year-end, all internal audits were finalised. Per audit, a management response, recommendations and subsequently follow-up actions are defined. Per year-end 2023, no follow-up actions stemming from the audits were overdue.

External Auditor

External auditors have an important control and steering role in the organisation's overall governance and control structure. They also set requirements intended to strengthen the controls in the organisation. EY Accountants B.V. (EY) is the external auditor for Invest International as of our first financial year.

Manufacturing

€9 million for Envipco's beverage container circularity solutions

Loan

€9

million

New regulations in Europe are expected to fuel a boom in beverage container re-use and recycling. Invest International is providing a €9 million loan to Envipco Holding NV, a Netherlands-based manufacturer and supplier of recycling systems for beverage containers and reverse vending machines (RVMs). The loan will support Envipco's production in Sebes, Romania. RVMs play a vital role in enabling the circular economy by providing an easy way to return empty drinks containers.

Read more

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Risk monitoring

Invest International continuously monitors relevant risks. On a quarterly basis, the Risk, Compliance and IESG department drafts a Risk Report that addresses the developments of the various risk types. This report is presented to the Management Team and subsequently to the Audit & Risk Committee and the Supervisory Board.

Operational Risk Management:

With the business maturing, risk management attention is increasingly focussing on Non-Financial Risks. In 2023, a new Operational Risk Management (ORM) policy was created, that includes monthly self-checks by the different departments on several key control items. Also, other frameworks and policies have been put in place to adequetely monitor and, where possible, mitigate the (operational) risks involved.

To adequately manage the operational risks, all incidents are reported, tracked, solved and monitored in the Quarterly Risk Reports which are presented to the Management Team and Supervisory Board. Over the course of 2023, 27 incidents were registered. Being a learning organisation, we encourage our employees to register indicents if these occur, as this allows us the opportunity to identify and implement improvements. The number of incidents in 2023 was well within our risk appetite. When required, appropriate follow-up measures were taken on these incidents to resolve them in a timely manner. No incidents were fraud related, nor did any incidents lead to material risks, costs or losses.

Risks and opportunities in 2023

Following the initial setup of the Risk Management function in October 2021, when Invest International was established, we have worked continuously to improve its effectiveness.

To further facilitate and enhance the risk management processes, many improvements have been made in the course of 2023:

- Many procedures and policies, as well as risk awareness in general, have been improved. By achieving this, Invest has made significant progress in reducing risks associated with the new organisation and new systems.
- The overall data quality from our systems has improved. This is the basis for more up to date and accurate information, and subsequenlty also benficial for monitoring of the risks in our business. Additionally, the quarterly Risk and Finance Reports provide improved insights in the developments of our project portfolio on the back of the improved data;
- In 2023, Invest started performing ORM (operational risk management) self-checks, in line with the new ORM-policy;
- Operational improvements in the area of privacy have been made: a dedicated Privacy Officer and a Data Protection Officer have been appointed, relevant policies have been implemented and trainings have been provided to all staff;
- All KYC- (know your client) reviews that were due before year-end 2023 have been finalised, thereby further updating and improving insight into our projects in this area. Additionally, the performance on delivering reviews for our existing projects in time has improved;
- An ethical walls system was introduced, ensuring that only employees that should be able to access certain project-related information are able to do so; The monitoring of projects in countries/regions with elevated risk profiles (e.g. Ukraine, Gaza) has been intensified; this has been reported on to the MB and the SB;
- The policy house was further expanded; a total of 43 policies and procedures have been deployed since the inception of Invest International. Several Risk & Compliance-related policies have been approved by the Management Team: the Financial Restructuring & Recovery policy, Export Controls policy, Anti Bribery & Corruption policy, Sanctions policy, Tax Integrity policy, and the Business Continuity Policy. Policies and procedures are update periodically (every 1-3 years), and we adhere to a risk based approach for the updates;
- Our complaints procedure has been improved with the introduction of several formal Complaint Mechanisms and related procedures, for both internal and external complaints;
- After a tendering process in 2023, Invest International switched from Moody's Risk Calc to S&P Capital IQ (Credit Analytics) for calculating risk ratings, loss given default and expected loss, as a result of these metrics.

In-control Statement

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

The design and implementation of internal risk management and control systems significantly reduces, but cannot fully eliminate, the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees or others, management overriding controls, or the occurrence of unforeseeable circumstances. Another limiting factor is the need to consider the relative costs and benefits of risk responses. Properly designed and implemented internal risk management and control systems will therefore provide reasonable, but not absolute, assurance that Invest International will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business.

In accordance with the Dutch Corporate Governance Code, we have assessed the operational effectiveness of our Risk & Control framework. Based on the activities performed during 2023, the Managing Board of Invest International is of the opinion that:

- This report provides sufficient insights into the effectiveness and shortcomings in the operation of the internal risk management and control systems;
- The risk management and control systems provide a reasonable degree of assurance that the financial reporting contains no material misstatements or inaccuracies.
  Operational Risk Management self checks at the department level have been implemented towards the end 2023. ORM will be further developed in 2024;
- Based on the current state of affairs, it is justified that financial reporting is prepared on a going concern basis;
- The report includes the material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of this report;
- The financial statements for 2023 provide, in accordance with IFRS as endorsed by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2023, and of the 2023 consolidated income statement of Invest International BV;
- The annual report provides a true and fair view of the situation as at December 31, 2023, and the state of affairs during the financial year 2023, together with a description of the principal risks faced by the company.

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

- The financial statements for 2023 provide, in accordance with IFRS as endorsed by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2023, and of the 2023 consolidated income statement of Invest International BV;
- The annual report provides a true and fair view of the situation as at December 31, 2023, and the state of affairs during the financial year 2023, together with a description of the principal risks faced by the company.

The Hague, 13 September 2024

Management Board

Diederick van Mierlo
Vanessa Hart

Governance & Leadership

Corporate Governance

General

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

- Invest International Capital BV
- Invest International Development BV
- Invest International Public Programmes BV
- Invest International Investment Management BV (newly established in 2023)

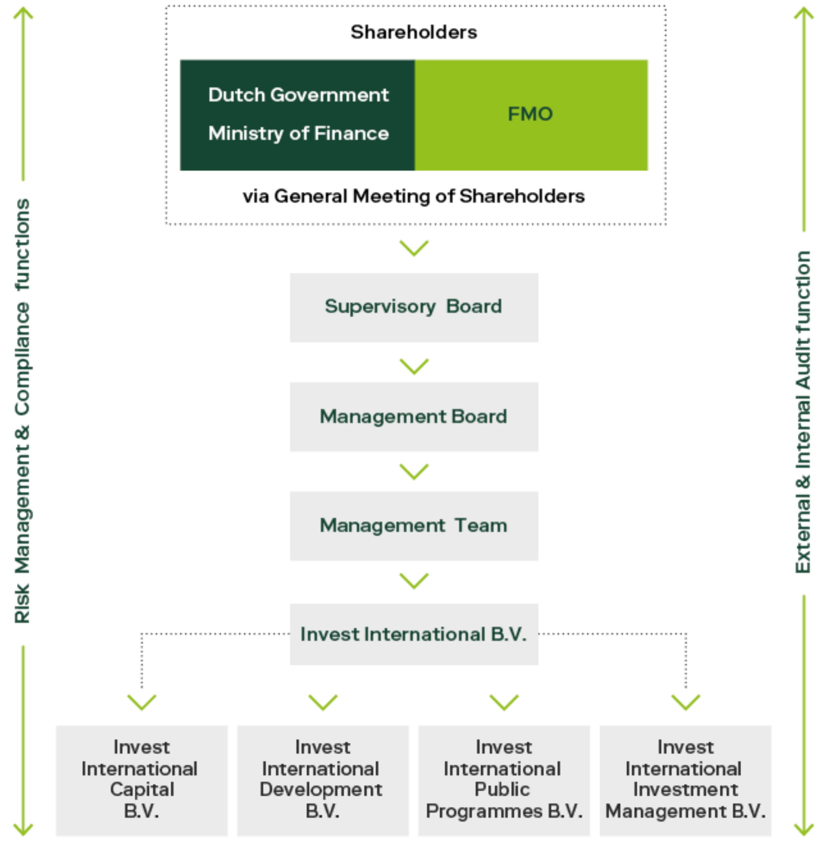
The holding company is a private limited company. Of the shares, 49% are held by FMO and 51% by the Ministry of Finance on behalf of the State of the Netherlands. Invest International's core capital is provided by the Ministry of Finance. The Ministry of Foreign Affairs is the owner of the policy schemes,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

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

Invest International Development BV provides project development services. These include the co-financing of impact projects and business models to make them financeable. The development services are funded through a subsidy from the Dutch government via the Ministry of Foreign Affairs.

Invest International Public Programmes BV offers financing solutions for public infrastructure projects to governmental organisations in developing countries under a mandate from the Dutch Ministry of Foreign Affairs. Public Programmes also manages the Dutch government's SME assistance programmes the Dutch Good Growth Fund and the Dutch Trade and Investment Fund.

Our Governance structure



Invest International Investment Management BV was established in 2023, with the initial intention to facilitate investments in climate funds. In 2023, it embarked on a long-term collaboration with Climate Fund Managers to launch and manage Climate Investor Three, a blended finance investment platform focusing on renewable hydrogen projects worldwide.

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

Invest International complies with Dutch legislation and regulation, guidelines from relevant supervisory bodies, and internal guidelines. As a state-owned enterprise, Invest International is bound by the principles and best practices of the Dutch Corporate Governance Code. Since the State of the Netherlands is our shareholder, the Government Participation Policy also applies.

Governance structure

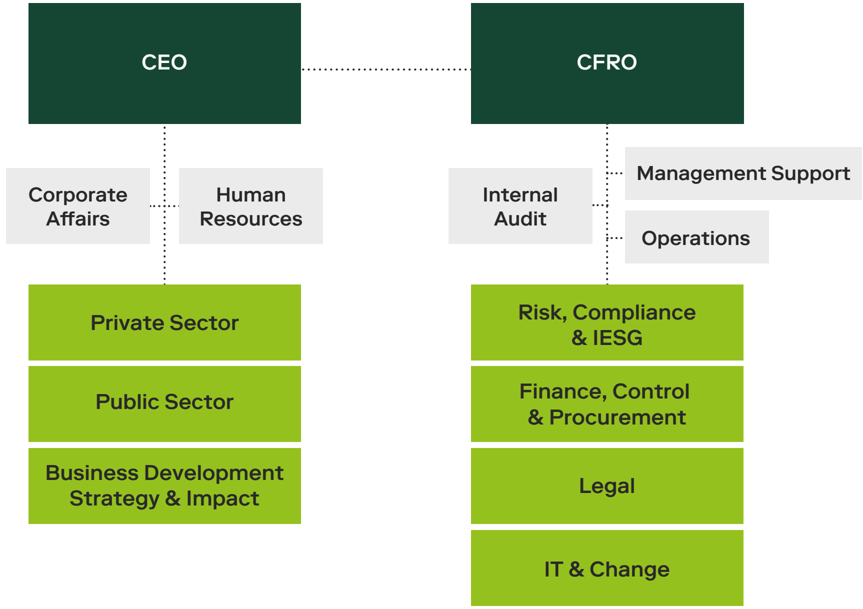
Good corporate governance at Invest International is crucial . We believe that in order to carry out our mission, we should adhere to a high standard of corporate governance ourselves. Invest International's governance is based on the Dutch corporate structure regime, with a two-tier board.

Secondly, our own governance, structure, and reporting lines must be sound and transparent. The governance structure at Invest International is based on the premise that Invest International should use a solid and proven governance model. As an organisation we seek to build long-term partnerships with our stakeholders who, directly or indirectly, influence or are influenced by the achievement of our objectives.

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

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

How we are organised



Management Board

The Management Board in 2023 consisted of two statutory directors: Joost Oorthuizen, the Chief Executive Officer (CEO), and Vanessa Hart, the Chief Finance and Risk Officer (CFRO). They are formally and ultimately responsible for fulfilling the statutory requirements. Invest International's Management Board is appointed by the Supervisory Board for a term of four years with the possibility of reappointment for a further four years.

Management Team

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

A new role, Director of Corporate Affairs, was created in 2023 in order to bring Public Affairs, Marketing and Communication more in line. The director of IT & Change has in 2023 been added to the Management Team.

The Management Team is responsible for daily management and supports the strategy of the Management Board in realising its targets, in developing the business, and complying with relevant legislation, regulation, and risk management. The consultation structure, tasks, and authorisations of the Management Team are established in the Management Team regulations. The Management Team prepares a strategic plan for a period of at least four years that is approved by the Supervisory Board after the General Meeting of Shareholders.

Please also see the Management Board biographies (see page 85).

Supervisory Board

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

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

New members of the Supervisory Board are appointed by the General Meeting of Shareholders (AGM), following their nomination by the Supervisory Board, for a maximum term of four years. A Supervisory Board member stepping down at the end of his or her term can be reappointed for an another term. Two terms is the maximum number permitted, unless the AGM determines otherwise.

Please also see the Supervisory Board biographies (see page 86).

Committees of the Supervisory Board

In carrying out its supervisory role, the Supervisory Board takes advice from the Audit & Risk Committee. In 2023 this was the only specific committee within the Supervisory Board. In Q1 of 2024 the Supervisory Board set up an HR and Nomination Committee.

The tasks and responsibilities of the Audit & Risk Committee are established in the Supervisory Board rules.

Audit & Risk Committee

The Audit & Risk Committee performs the preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting, as well as of the effectiveness of the company's internal risk management and control systems. Its tasks include the monitoring of the Management Board with regard to:

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

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

The committee prepares for Supervisory Board resolutions with respect to:

- The design and operation of the internal risk management and control systems
- The internal and external audit process
- Material considerations relating to financial reporting
- The material risks and uncertainties of the company and its affiliated companies
- The structure of the financial and other risk management organisations of the company and its affiliated companies
- The mitigation of all risks and related risk areas
- Monitoring the performance and advice of the internal auditor

Independence and conflicts of interest

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

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

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

In 2023, Supervisory Board member Jellie Banga joined the Executive Board of Invest-NL. This brings substantial benefits but can also create potential conflicts of interest. The Supervisory Board addressed this risk, together with our Compliance Officer, and concluded that each Supervisory Board meeting should, as a matter of course, check on potential conflicts of interest and ways of managing them. In 2023 this led to one situation when a Supervisory Board member avoided taking part in a discussion by leaving the meeting room for the duration of that topic. In March 2024, Guido Dubbeld joined the Supervisory Board of Gasunie, which could cause potential conflicts of interest regarding green hydrogen investments.

Diversity Management Board & Supervisory Board

While creating our governance structure we devoted specific attention to gender, background, age, knowledge, and experience. As a team, the members of the Management Board possess a wide range of knowledge in the fields of finance, innovation, and transition issues in both the public and private sectors. They have previously worked as directors, policymakers, and investors.The Management Board consists of two members, one of whom is a woman, and the Supervisory Board consist of five members, three of whom are women. Both bodies therefore meet the target ratio of at least 30% women, as set in the Balanced Distribution of Seats on Management and Supervisory Boards Act.

General Meeting of Shareholders

The Annual General Meeting of Shareholders was held on 6 June 2023.

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

Compliance with the Dutch Corporate Governance Code

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

2.3.2 Establishment of committees

The Supervisory Board has a separate Audit & Risk Committee. The Supervisory Board in 2023 did not yet have a separate remuneration, selection, and appointment committee. Since Q1 of 2024, a separate HR Comittee has been established.

2.3.10. Company Secretary

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

2.8.1-2.8.3. Stipulations on takeover bids

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

3.1.2. Remuneration policy

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

3.3.1. Time spent and responsibility

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

In 2023, due to an update of the Corporate Governance Code, companies are required to pay more attention to sustainability, digitalisation and diversity and inclusion. These topics are already well established in Invest International. Sustainability is our core business, both in terms of the businesses and

Healthcare

€45 million for hospital in rapidly growing Gaziantep, Türkiye

Goals
1,875
Hospital beds

Increase
47%
in province's hospital capacity

Loan
€45
million

With a growing population of over 2 million and nearly half a million refugees, the city of Gaziantep's hospital campus serving Türkiye's earthquake-stricken south-east urgently needs upgrading. In partnership with the Turkish government, Invest International has provided a €45 million loan to a unit of a Turkish real estate developer and investor, Rönesans Holding, to complete an expansion and modernisation begun in 2017.
SDGs addressed: SDG 3,6,8,11. Goals: +1,875 hospital beds, 47% increase in province's hospital capacity.

Read more

governments we support as well as our own ways of working. In digitalisation we're always aiming to be up-to-date with the latest develoments. Our systems are state-of-the-art, cybersecurity is high on our agenda and we're actively exploring how AI can help us be more efficient. Lastly, diversity & inclusion is a driver for our people management, governing both the hiring of new colleagues and treatment of current employees. In 2023 we hosted several unconcious bias trainings and a "cultural market" (where our employees represented their culture and shared culture-related food with each other). In Q1 of 2024 we signed the D&I-charter, as proposed by the Netherlands' Economic and Social Council, SER.

Management Board

Vanessa Hart (1970, Dutch)

CFRO and member of the Management Board

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

Background and responsibilities
Vanessa has long-standing experience in Sales, Finance, Risk Management, Restructuring & Recovery, Product Development and Change Management. During her professional career, she fulfilled different high-level positions at ABN AMRO Bank, such as Country Executive and Country Risk Officer of the United Arab Emirates. Afterwards she worked as Director Public Finance at BNG Bank.
Vanessa is responsible for Risk, Compliance & IESG, Finance, Control and Procurement, Legal, IT & Change and Management Support.

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

Diederick van Mierlo (1967, Dutch)

Co-CEO (a.i.) and member of the Management Board

- Co-CEO (a.i.) since 15 July 2024

Background and responsibilities
Diederick is a strategic and pragmatic leader at the intersection of business, government, and risk. He has extensive experience in international finance and governance at ABN AMRO Bank and ABN AMRO Groenbank and possesses excellent management skills. His inspired leadership style is of great added value to the Management Board.
Diederick is responsible for the Public Sector and Private Sector investment teams.

Ancillary positions
Diederick is Partner at Boer & Croon, Chairman at the Supervisory Board of ABN AMRO Groenbank, Director at the Netherlands Plaza Venture Company and Chairman at the Koninklijke Nederlandsche Zeil- & Roeivereeniging (KNZ&RV).

Hans Docter (1966, Dutch)

Co-CEO (a.i.) and member of the Management Board

- Co-CEO (a.i.) since 11 July 2024

Background and responsibilities
Hans is an experienced and coalition-building diplomat. He has worked as an ambassador and special envoy for the Dutch Ministry of Foreign Affairs in many different countries where Invest International sees opportunities for impactful investments. Before his appointment as Co-CEO (a.i.), Hans Docter already worked for Invest International as a consultant and country manager in Vietnam. His knowledge of international cooperation, politics, and government is a significant asset to the Management Board.
Hans is responsible for HR, MarCom and Strategy & Public Affairs.

Ancillary positions
Hans is Supervisory Board member at Pharmacces Foundation.

Supervisory Board

Ineke Bussemaker (1958, Dutch)

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

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

Guido Dubbeld (1971, Dutch)

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

Background and ancillary positions
Guido Dubbeld is a member of the Supervisory Board and Chairman of the Audit Committee of RET NV and member of the Supervisory Board of Elestor BV. He holds various advisory board roles, among which at Salacia Solutions and the foundation "Tijdelijk Noodfonds Energie". Lastly, he is member of the Council of the Enterprise Chamber (Raad van de Ondernemingskamer) of the Court of appeal Amsterdam. He was formerly the Group Chief Financial Officer of Eneco. In March 2024, Guido joined the Supervisory Board of Gasunie.

Salim Rabbani (1962, Dutch)

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

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

Gita Salden (1968, Dutch)

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

Background and ancillary positions
Gita Salden is the CEO of BNG Bank. In the past she held various management positions at governmental institutions, such as the Ministry of Finance of the Netherlands and the Permanent Representation of the Netherlands to the EU in Belgium. She is also a member of the Executive Board of the Dutch Banking Association. In June 2024, she joined the Executive Board of De Nederlandse Bank (DNB) and left the Supervisory Board of Invest International.

Jellie Banga (1974, Dutch)

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

Background and ancillary positions
Jellie Banga is a member of the Executive Board of Invest-NL. She has over 20 years of experience in the sustainable finance sector. She was member of the Executive Board of Triodos Bank (COO/CCO) from 2013 to 2021 and before that worked at ING in various positions. In 2022/2023 Jellie was CEO of Impact Institute, a scale-up company focused on measuring and valuing societal impact for businesses. Jellie is also a member of the Supervisory Board of Lendahand, a crowd funding platform for impact investments in emerging markets.

Supervisory Board Report

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

In this report the Supervisory Board explains how it fulfilled its role in 2023.

Interview with Supervisory Board Chair Ineke Bussemaker

How is Invest International performing against its strategy, in your opinion?

I am happy to see that Invest International's performance is now well on track and actually above the expectations for the strategy path for 2022-2025 set with shareholders when the company started in 2021, which is remarkable. While at the beginning it was not clear how well Invest International's proposition would be received by the markets, the last two and a half years have clearly shown just how much demand there is for what the company has to offer. There is a distinct market gap that Invest International can fill in a very customer-focused way. The intention in creating Invest International as a separate company was to make more financing available for Dutch companies doing business abroad and to bring commercial drive to the execution of the various government programmes related to development finance. What was clearly needed was a more commercial, market-driven, customer-focus. Invest International is definitely on the right track in this respect, as clearly it first tries to understand the customer and their needs before building solutions that match them.

What factors in Invest International's approach have contributed to its success?

From the start the idea was to take an innovative, integrated approach, by combining the government instruments with finance solutions to meet a customer's more specific needs over a period of time. That approach was enthusiastically welcomed by the market in 2023, as we witnessed at the opening conference in June 2023, which was Invest International's first big customer event. It soon became patently clear, from the interactions with stakeholders and potential customers there, that there is a need and a demand in the market for what the company has to offer and that did not exist before. After that event, increasingly Dutch companies and commercial banks began approaching Invest International to partner-up in and jointly help potential clients gain access to services not available through other channels. This shows that without competing with the commercial banks, Invest International can, indeed, help Dutch companies grow and expand their international activities.

How did Invest International fare in handling the sudden increase in demand?

Demand has been really amazing and the take-up has been a lot higher than expected. But, having already laid the groundwork in 2021/22, the company was ready to move into higher gear and start scaling up at a quick tempo. As a result we are already looking for new ways to meet the increased demand financially and are discussing various options for increasing the available capital. Invest International has demonstrated that it can achieve its mandates and goals and grow in a sound way. A mid-term evaluation performed by an external party on request of the government confirmed this: the company is meeting the objectives that were set out in the law that led to the creation of Invest International. As an organisation it is well structured and has sound risk management in place, together with all the other policies required to govern responsibly, including the tools necessary to measure the KPIs that need to be measured.

How has the cooperation been with your key shareholders?

We are happy with the support we have received from shareholders to fulfil our mandate to help Dutch businesses go international, export and invest abroad, as well as to realise impactful projects in emerging economies. Our shareholders are also very supportive in catering for future growth. With the government we have an open conversation focused on helping the organisation grow further.

The government's plan for securing more supply of green energy together with its state-owned enterprises GasUnie, Port of Rotterdam and Invest International suggests smart, creative thinking. Is that how you see it?

It's a good example of collective creative thinking applied to solutions to big challenges. The Dutch government is aware that it faces enormous challenges and that the energy transition is a significant one. So they looked at which tools in their sphere of influence they can mobilise to address the challenge, and decided to bring three state-owned companies together to tackle it. Invest International became involved in the green hydrogen project as part of the existing system that can help directly. The approach seems to be creating momentum, but it's very early days given the long-term nature of the infrastructure improvements we work on with developing country governments. Nonetheless, with more focus on the journey towards execution, more execution should eventually happen.

After 2-1/2 years of operations, how mature is Invest International as an organisation?

Invest International has been growing quite rapidly and now has 151 employees. But it has not quite reached maturity. I would compare it to a scale up company that has a lot in place organisationally, with its mid office and back-office systems, but is still experiencing some growing pains. The corporate culture needs to become more established, and this is an area that is currently being addressed. But the purpose and the mission and vision of the organisation are well-anchored and resonate well with employees and potential employees, which is great to see. People nowadays want to work for companies with a purpose, and Invest International has a very clear purpose. In terms of maturity, though, the company is still on a journey, which is perfectly acceptable considering that Invest International is only two and a half years old and that its first employees came from two separate organisations, RVO (government) and FMO. They were then joined by many new professionals with a background in the financial services, risk management other sectors. Melting these backgrounds into one strong corporate culture will take more time.

Which of the many achievements of 2023 are you most pleased with?

I'm really pleased with the progress the company is making in terms of impact tracking for the two target SDGs 8 and 13, concerning economic growth and job creation, and climate impact. This creates a good foundation for reporting in future according to the Corporate Sustainability Reporting Directive (CSRD). Even without the CSRD, Invest International needs to demonstrate how it generates non-financial returns. In the beginning, it was clear which SDGs to focus on, but it wasn't clear how we should measure impact, step by step. We are fortunate to have as a major shareholder the FMO to advise us. Given its years of experience in this area, with the FMO's help, we were able to get up to speed more quickly. Accurate measurement is essential as Invest International wants to be as transparent as possible.

How was your experience in working with the Management Board?

Again, our dealings during the year were very frank and open. From the beginning, Invest International has been transparent in sharing information and maintaining a dialogue, and this is how it has continued. We are naturally quite cognizant of the fact that we have different roles, with the Management Board managing the company and the Supervisory Board acting as the supervisor and the employer of the Management Board.

Were there any strategic issues that needed extra attention?

Other than the routine quarterly meetings and updates on all risk-related, financial and business matters, we had two major items which required extra attention, namely the Green Hydrogen proposition and the options of future balance sheet growth.

Diversity and inclusion has been an important theme for the year. What is your opinion on developments in that area?

Invest international has many employees with diverse cultural and international backgrounds, so Diversity & Inclusion is an important area to focus on. The topic is now being well addressed within the company, through a strategy of bringing people closer together by encouraging them to share their cultural diversity. The Management Board also signed the SER Diversity & Inclusion charter and roadmap in early 2024, to demonstrate its strong commitment to this issue. However, more attention will be still needed in future to ensure a safe and inclusive working environment for all.

How has the economic and geopolitical environment affected Invest International in the past year? Support for the green transition seems to be weakening in Europe.

Geopolitics are affecting the whole of society, including all Dutch companies. This is making it more challenging to do business, although challenges can also bring opportunities. As for whether or not governments and companies are still committed to the green transition, the need to address ESG criteria and the CSRD is not going away, and Invest International, with its mission to contribute to the UN's Sustainable Development Goals, is here to stay. Our vision and mission are part of the company and part of our DNA - I would say that we own them. Moreover, our mandate and capabilities fit very well with meeting the challenges of the future.

Is there anything else you would like to add?

In July 2024 we announced that Joost Oorthuizen departed as CEO of Invest International. Until a permanent successor is found, Hans Docter and Diederick van Mierlo joined the Management Board as interim Co-CEOs, now forming a temporary Management Board of three, together with CFRO Vanessa Hart. Mr Oorthuizen has shaped Invest International from the very beginning, charted the course, and achieved results together with the team. On behalf of the Supervisory Board, I would like to thank Mr Oorthuizen for his contribution to the company.

We confirm that we fulfilled our role as Supervisory Board, together with the Management Board, well and appropriately, with transparency and in a constructive atmosphere. I would like to thank all our stakeholders, partners, clients, employees and our shareholders, the Ministry of Finance, FMO and the Ministry of Foreign Affairs for their support, as without them Invest International would not be as successful as it is today.

Ineke Bussemaker, *Chair of the Supervisory Board, Invest International*

Supervision

Meetings and topics discussed in 2023

During 2023, the Supervisory Board held four regular meetings and one strategy and education day. Supervisory Board meetings were held on quarterly basis and in addition to these meetings Supervisory Board members maintained regular contact with Management Board members and the Corporate Secretary.

Topics discussed included amongst others: the equity proposition, internal audit plan, client satisfaction survey, blending of portfolios, pipeline and portfolio transactions, HR topics, the Business Plan 2024 and capital expansion. Furthermore, the Supervisory Board was informed about green hydrogen opportunities, held a strategy and education meeting and reviewed the quarterly performance reports on progress against Invest International's targets.

Meeting attendance

	Supervisory Board meeting	ARC meeting
Inneke Bussemaker	5/5	N/A
Guido Dubbeld	5/5	4/4
Salim Rabbani	5/5	N/A
Jellie Banga	5/5	4/4
Gita Salden	5/5	N/A

Compliance

The Supervisory Board safeguards compliance within the Management Board and the Supervisory Board by ensuring that the CFRO and her team have quarterly Audit & Risk Committee meetings. In 2023, the Supervisory Board supervised compliance topics that included KYC remediation and improvement of KYC procedures. The Supervisory Board and the Audit & Risk Committee are updated in writing on compliance at every regular meeting through a quarterly risk report. The Chair of the Supervisory Board periodically meets with the Company Secretary and the CEO and discusses issues where relevant. The Supervisory Board regularly interacted with the Works Council over the course of the year.

External and internal auditors

EY Accountants B.V. (EY), as the external auditor of Invest International, and PricewaterhouseCoopers Accountants N.V. (PwC), as the internal auditor, attended the quarterly meetings of the Audit & Risk Committee in 2023 for the items relevant to the external and internal audits. The internal audit plan and audit plan of EY were discussed in the Audit & Risk Committee and the Supervisory Board.

Report of the Audit & Risk Committee

The composition of the Audit & Risk Committee in 2023 was as follows: Guido Dubbeld (Chair) and Jellie Banga. The Audit & Risk Committee met four times in 2023.

In 2023, the Audit & Risk Committee discussed the 2022 annual report, the pricing model for Invest International Capital BV, the dividend policy, treasure measurement policy, the quarterly risk reports, the internal and external audit plans and reports, the quarterly financial statements, regulatory updates, progress reports on IT projects and IT & cyber security related risks.

Quality

Composition, diversity and independence

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

The Supervisory Board is of the opinion that all of its members are independent, as described in Best Practice Provisions 2.1.7 up to and including 2.1.9 of the Corporate Governance Code. There was one potential issue in 2023 concerning the independence of supervisory directors with regard to a possible conflict of interest. This was pro-actively addressed and resolved before the conflict of interest could take place. A procedure has been put in place.

Please also see the Supervisory Board biographies (see page 86).

Diversity profile

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

Retirement and reappointment schedule

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

1 Gita left the SB in June 2024 due to a new appointment at DNB.

Self-evaluation

The Supervisory Board performed a self evaluation in 2023. The Board chose to do a full-fledged, externally facilitated evaluation, because the Board was formed relatively recently and this was their first self evaluation. In addition, the Board wanted to bring an outside perspective into the evaluation and be able to benchmark their performance. In the evaluation, the Supervisory Board addressed themes like individual performance, the performance as a team and their interactions with the Management Board and the rest of the organisation. To provide input for the evaluation, interviews were held with the Management Board, the company secretary and all Supervisory Board members, individually. The evaluation shows that the Supervisory Board is functioning well and without mayor issues. A few, smaller suggestions were made that have been addressed. The Supervisory Board plans to conduct a self-evaluation on a yearly basis.

Evaluation of the Management Board

In 2023, the Supervisory Board held evaluation meetings with both members of the Management Board.

Education

New supervisory board members receive initial onboarding to familiarise themselves with Invest International's business, products and other relevant topics. Once on board, members reviews their education needs on an ongoing basis. Based on those needs an education day was held in October 2023, witn a focus on financing green hydrogen projects, public infrastructure grants, and developing and improving Invest International's impact models.

Report of the Annual General Meeting of Shareholders

In 2023, Invest International's first annual General Meeting of Shareholders was held, taking place on June 6, 2023.

The main meeting topics were the annual accounts of the company, along with its wholly-owned subsidiaries. The organisation's structure, fraud prevention measures, and attention to Environmental, Social, and Governance (ESG) matters were also discussed.

The General Meeting resolved to adopt the Annual Accounts and approved the adoption of the Subsidiaries' Annual Accounts. Lastly, discharge was granted to all members of the Managing Board and the Supervisory Board for their management during the past financial year.

2023 Annual Report

The Supervisory Board has taken note of the Management Report for the 2023 financial year. The financial statements have been audited by EY and an independent auditor's opinion, dated 13 September 2024, is included in the Other information. The Management Board will present the 2023 annual report to the General Meeting of Shareholders on 1 October 2024.

Remuneration Report

Remuneration policy for the Management Board

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

Fixed remuneration

The remuneration of the CEO in 2023 was €228.320 gross, excluding pension contribution and expense allowances. This is within the limits for maximum CEO remuneration as defined in the remuneration policy.

For the CFRO of Invest International, the total remuneration in 2023 was €205.488 gross and this is 89% of the maximum total remuneration of the CEO in line with the requirements defined in the remuneration policy.

Variable remuneration

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

Pension

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

Other benefits

Management Board members are eligible for a company car or a mobility reimbursement, expense allowance and reimbursement of their business expenses. The CEO also received compensation for residence in The Hague. Invest International did not provide any loans, advances or guarantees for directors and/or supervisory directors in the 2023 financial year.

Severance pay

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

Indexation

The Management Board remuneration, pension contribution and expense allowances may be indexed annually, in line with the regular indexation for the employees of Invest International. The Collective Labour Agreement (CLA) for banks is followed. An indexation of 3.5% [the CLA Banks increase] was applied with effect from January 2023 and by an additional 1% from July 2023.

Remuneration policy for employees

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

There are several secondary employment benefits for employees such as the entitlement to purchase additional leave hours, a bicycle scheme, reimbursement of sports and study costs. 100% of our employees (only members of the Management Board are excluded) are covered by the CLA for Banks.

Annual total compensation ratio

The annual total compensation ratio is the ratio of the remuneration of the CEO to the median salary of all other employees (including the other members of the management). The total remuneration consists of the fixed remuneration and the costs of pensions (only retirement pension). Based on the above, the pay ratio between the Chair of the Management Board of Invest International in 2023 relative to the median was 2.25. This calculation is based on the ratio applying in the final calendar month of the financial year.

Remuneration of the Supervisory Board

The structure and amount of the Supervisory Board remuneration are approved by the Annual General Meeting. The remuneration for members of the Supervisory Board is €27,775 per year, and for the Chair, €38,888 per year including indexation in line with the CLA Banks which was applied with effect from July 2023. The remuneration of the Supervisory Board members is not dependent on the results of Invest International. The remuneration of the Supervisory Board members does not include the award of shares and/or rights to shares or any variable components such as bonuses or profit-sharing.

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

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Consolidated statement of financial position

As per 31 December, before profit appropriation

in €1,000	Note	2023	2022
Assets			
Non-current assets			
Financial instruments at amortised cost	3	342,786	94,042
Financial instruments at fair value through profit or loss	4	9,932	1,745
Property, plant and equipment	5	1,374	1,538
Intangible assets	6	876	-
Right-of-use assets	7	2,861	3,440
Deferred tax assets	8	1,194	-
Total non-current assets		**359,023**	**100,766**
Current assets			
Cash and cash equivalents	9	140,127	133,058
Other receivables	10	1,239	2,786
Total current assets		**141,366**	**135,844**
Total assets		**500,389**	**236,610**

in €1,000	Note	2023	2022
Liabilities			
Non-current liabilities			
Lease liabilities	7	3,152	3,705
Total non-current liabilities		**3,152**	**3,705**
Current liabilities			
Other liabilities and accruals	11	11,652	7,607
Borrowings	12	15,689	20,471
Provisions	13	315	598
Total current liabilities		**27,656**	**28,676**
Total liabilities		**30,808**	**32,381**
Equity			
Issued share capital		1	1
Share premium reserve		469,162	209,162
Retained earnings		-4,934	-
Result of the period		5,352	-4,934
Total equity	14	**469,581**	**204,229**
Total liabilities and equity		**500,389**	**236,610**

Consolidated statement of profit or loss

For the year ended 31 December

in €1,000	Note	2023	27 July 2021 - 2022
Income			
Interest income		17,335	2,397
Interest expense		-1,132	-104
Net interest income	15	**16,203**	**2,293**
Fee income		21,951	21,244
Fee expense		-325	-25
Net fee income	16	**21,625**	**21,220**
Results from financial transactions	17	-849	-459
Other income		**-849**	**-459**
Total income		**36,980**	**23,054**

in €1,000	Note	2023	27 July 2021 - 2022
Expenses			
Operating expenses			
Staff costs	18	-20,854	-20,320
Administrative and other operating expenses	19	-6,389	-5,536
Depreciation and amortisation costs	20	-706	-600
Total operating expenses		**-27,950**	**-26,456**
Impairment charges of financial assets	3	-3,459	-1,485
Total expenses		**-31,409**	**-27,942**
Profit / (loss) before taxation		5,571	-4,888
Taxation	21	-219	-46
Net profit / (loss)		**5,352**	**-4,934**

Consolidated statement of comprehensive income

For the year ended 31 December

in €1,000	2023	27 July 2021 - 2022
Net income / (loss)	**5,352**	**-4,934**
Other comprehensive income after tax		
Comprehensive income to be reclassified to profit or loss in subsequent periods	-	-
Comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-
Other comprehensive income for the year	**-**	**-**
Total comprehensive income / (loss)	**5,352**	**-4,934**
Total comprehensive income / (loss) attributable to the shareholders	**5,352**	**-4,934**

Consolidated statement of changes in equity

For the year ended 31 December

in €1,000	Note	Issued share capital	Share premium reserve	Undistributed results previous years	Net profit/ (loss)	Total equity
As at 27 July 2021		**-**	**-**	**-**	**-**	**-**
Net income / (loss) recognised in the income statement		-	-	-	-4,934	-4,934
Other comprehensive income / (loss)		-	-	-	-	-
Total comprehensive income/ (loss)		**-**	**-**	**-**	**-4,934**	**-4,934**
Capital contribution		1	209,162	-	-	209,163
As at 31 December 2022		**1**	**209,162**	**-**	**-4,934**	**204,229**
As at 1 January 2023		**1**	**209,162**	**-**	**-4,934**	**204,229**
Transfer profit/(loss) prior year to undistributed results		**-**	**-**	-4,934	4,934	-
Net income / (loss) recognised in the income statement		-	-	-	5,352	5,352
Other comprehensive income / (loss)		-	-	-	-	-
Total comprehensive income/ (loss)		**-**	**-**	**-4,934**	**5,352**	**418**
Capital contribution	14	-	260,000	-	-	260,000
As at 31 December 2023		**1**	**469,162**	**-4,934**	**5,352**	**469,581**

Consolidated cash flow statement

For the year ended 31 December

in €1,000	Note	2023	27 July 2021 - 2022
Profit / (loss) before taxation		5,571	-4,888
Adjustments for non cash items:			
Depreciation of property, plant & equipment	5	250	180
Amortisation of intangible assets	6	73	-
Depreciation of right-of-use assets	7	383	420
Amortisation of fees	15	-413	101
Unrealised gains and losses on financial instruments at FVPL	4	877	304
Impairment charges of financial assets	3	3,459	1,485
Deferred tax assets	8	-1,194	-
Adjustments of non-cash items		**3,435**	**2,491**
Movements in operating assets and liabilities			
Changes in loans	3	-252,149	-95,031
Changes in equity Investments	4	-9,064	-2,049
Changes in other receivables	10	1,547	-2,786
Changes in other liabilities and accruals	11	3,998	7,368
Movements in operating assets and liabilities		**-255,667**	**-92,498**
Cash flow from operating activities		**-246,661**	**-94,895**

in €1,000	Note	2023	27 July 2021 - 2022
Investment activities			
Purchase of property, plant and equipment	5	-80	-1,719
Purchases of software	6	-949	-
Cash flow from investing activities		**-1,028**	**-1,719**
Financing activities			
Issued share capital	14	-	1
Share premium capital contribution	14	260,000	209,162
Proceeds from borrowings	12	-	20,471
Repayments of borrowings	12	-4,782	-
Repayments of lease contracts	11	-434	-156
Cash flow from financing activities		**254,784**	**229,479**
Movement in cash and cash equivalents		**7,094**	**132,865**
Cash and cash equivalents as at opening balance		133,058	-
Net foreign exchange differences		-25	192
Cash and cash equivalents at the end of the year	9	**140,127**	**133,058**

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

in €1,000	Note	**2023**	**27 July 2021 - 2022**
Interest received		**14,745**	1,454
Interest paid		**-1,054**	-104
Total	15	**13,690**	**1,350**

Notes to the consolidated financial statements

1. General information

1.1. Corporate information

The consolidated financial statements for the financial reporting period 2023 comprise the financial statements of the company and its group companies. The 2023 financial statements of Invest International B.V. (hereafter referred to as 'Invest International', 'the company' or 'Invest International Group) were prepared by the members of the Management Board and signed by the members of the Management Board and the Supervisory Board on 13 September 2024 and will be submitted for adoption in the General Meeting of Shareholders on 1 October 2024.

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

1.2. Company activities

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

Invest International is the parent company of the following companies:
- Invest International Public Programmes B.V.
- Invest International Capital B.V.
- Invest International Development B.V.
- Invest International Investment Management B.V.

Invest International Public Programmes B.V. provides services in relation to the following government programmes:
- Dutch Good Growth Fund (DGGF)
- Dutch Trade & Investment Fund (DTIF)
- Ontwikkelingsrelevante Infrastructuurontwikkeling (ORIO)
- Develop2Build (D2B)
- Development Related Infrastructure Investment Vehicle (DRIVE)

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

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

Invest International Development B.V. supports companies, foreign governments and international projects in business plan development and financing concepts for their foreign-oriented activities, when these contribute to the Dutch economy. In addition the entity provides managing services relating to the management of three government funds – Partnership Development Facility (PDF), Development

Accelerator (DA) and Impact Accelerator (IA). These funds are commissioned by the Ministry of Foreign Affairs and Invest International does not have control over these funds. Therefore, they are not recognised on the balance sheet of Invest International.

Invest International Investment Management B.V. manages the investments in green hydrogen funds. This is done in collaboration with Climate Fund Managers B.V through an investment holding company CFM NL B.V. which Invest International Investment Management B.V. has a 25% stake in. Invest International Investment Managers B.V. is included in the consolidation of Invest International B.V. Invest International Management B.V. has no control over the investment holding company CFM NL B.V. and is therefore not included in the consolidation.

2. Material accounting policies

2.1. Basis of presentation

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

The consolidated financial statements have been prepared on a going-concern basis of accounting based on the reasonable assumption that Invest International is, and will be able to continue its normal course of business in the foreseeable future. Relevant facts and circumstances relating to the financial position on 31 December 2023, were assessed in order to reach the going concern assumption, such as the financial position, capital adequacy and liquidity.

The consolidated financial statements have been prepared on the basis of historical costs, unless stated otherwise elsewhere in the financial statements.

2.2. Reporting period

The consolidated financial statements 2023 cover the financial year 2023 for the period from 1 January 2023 to 31 December 2023. The consolidated financial statements 2022 figures is an extended financial year, starting on the incorporation date 27 July 2021 and ending on 31 December 2022.

2.3. Functional and reporting currency

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

2.4. Significant estimates, assumptions and judgements

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

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

Judgements made relates to:
- The inputs and calibration of the ECL models which include the determination of the Probability of Default (PD) and the Loss Given Default (LGD) factors.
- The methods and assumptions of the fair value measurement of level 3 equity investments (funds and direct (private) equity capital participations).
- Information on assumptions and estimation uncertainties concern the incremental borrowing rate (IBR) for lease contracts.

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

For Invest International a significant judgement and estimates relate to the accounting of the start-up funds received from government in 2022. These funds are accounted for as a grant in accordance with IAS 20 based on the specific nature, designation of these funds and the conditions attached.

Change in accounting estimates

During 2023 Invest International decided to move from Moody's Risk Calc to S&P Capital IQ (Credit Analytics) for calculating amongst others risk ratings, probabilities of default (PD) and loss given defaults (LGD's). This resulted in a remeasurement of the ECL provision with an upward impact of €0.1 million. The output of both calculation systems were very similar and resulted in the same internal ratings and small differences in PD's and LGD's and thus having a limited impact on the total ECL provision. The ECL provision as of 31 December 2023 has been fully updated with the S&P Capital IQ (Credit Analytics) calculation system and no future impact is expected from this change.

2.5. Foreign currency translation

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

2.6. Offsetting of financial assets and liabilities

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

2.7. Group accounting and consolidation

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

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

2.8. Financial instruments

Recognition and initial measurement

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

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

Financial assets

Classification and subsequent measurement

Invest International classifies its financial assets as measured at amortised cost (AC), fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI). A financial asset is measured at AC if it meets both of the following conditions and is not classified as at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not measured as FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

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

Amortised cost and effective interest rate

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

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

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets, except for:

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

Business model assessment

Invest International made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information that is considered includes:

- How the performance of the portfolio is evaluated and reported to management of Invest International. Invest International aims to realise

returns in the long term. Shorter term cash flows are less relevant in that context. The company prepares monthly reports on the developments in the investment portfolio.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed. Because Invest International has a high risk appetite in respect to investment risk, the results of the investment portfolio are expected to be volatile. As the focus of the business model lies on the realisation of returns in the long term, short term fluctuations in the results are expected.
- The manner in which the company's managers are compensated – for example, whether the fee is based on the fair value of the assets managed or the contractual cash flows received. Invest International does not apply a variable remuneration component that depends on the change in the value of the investment portfolio.
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Invest International did not sell any financial assets in the reporting period and does not expect to sell any in 2024 either. In principle Invest International has a long-term investment horizon.

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

Contractual cash flow assessment

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

For the purpose of the contractual cash flow assessment, related to SPPI, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, Invest International considered the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, Invest International considered among others:
- Contingent events that would change the amount and timing of cash flows – e.g. prepayment and extension features, loans with performance related cash flows
- Features that modify the consideration for the time value of money – e.g. regulated interest rates, periodic reset of interest rates
- Loans with convertibility and prepayment features
- Terms that limit Invest International's claim to cash flows from specified assets – e.g. non-recourse assets
- Contractually linked instruments.

At year-end 2023, all debt instruments passed the SPPI test and were valued at AC.

Reclassification

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

Impairment and Expected Credit Losses

Invest International groups its loans according to the three-stage model as per IFRS 9.
- In stage 1, the entity includes positions that have not experienced a significant deterioration in the credit risk since their initial recognition and recognises a 12-month ECL.

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

ECL measurement

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

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

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

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

Staging criteria and triggers

No significant increase in credit risk since origination (stage 1)
All loans which have not had a significant increase in credit risk since contract origination are allocated to stage 1 with an ECL allowance recognised equal to the expected credit loss over the next 12 months. The interest revenue of these assets is based on the gross amount.

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

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

Initial rating	S&P equivalent	Transition to stage 2 when:	Reasoning
F01	AAA	F11	change to below investment grade
F02	AA+	F11	change to below investment grade
F03	AA	F11	change to below investment grade
F04	AA-	F11	change to below investment grade
F05	A+	F11	change to below investment grade
F06	A	F11	change to below investment grade
F07	A-	F11	change to below investment grade
F08	BBB+	F11	3 notch down
F09	BBB	F12	3 notch down
F10	BBB-	F13	3 notch down
F11	BB+	F14 – or 30 days past due or forborne	3 notch down
F12	BB	F15 – or 30 days past due or forborne	3 notch down
F13	BB-	F16 – or 30 days past due or forborne	3 notch down
F14	B+	F17 – or 30 days past due or forborne	3 notch down
F15	B	F18 – or 30 days past due or forborne	3 notch down
F16	B-	F18 – or 30 days past due or forborne	2 notch down
F17	CCC+	F19 – or 30 days past due or forborne	2 notch down
F18	CCC	F19 – or 30 days past due or forborne	1 notch down
F20	CC	Stage 3	
F21	C	Stage 3	

Definition of default - Stage 3 financial assets

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

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

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

Provisions

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

Derecognition

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

Write-offs

Financial assets are written off either in their entirety or partially when the Company has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Financial liabilities

Classification and subsequent measurement

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

Derecognition

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

2.9. Derivatives and hedge accounting

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

2.10. Cash and cash equivalents

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

2.11. Financial instruments at amortised cost

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

2.12. Financial instruments at fair value through profit or loss

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

2.13. Fair value measurement hierarchy in respect of financial instruments

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

The fair value of financial instruments is generally measured on an individual basis. However, in cases where the Company manages a group of financial assets and liabilities on the basis of its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis, however the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the IFRS offsetting criteria.

In the performance of the fair value assessment for equity instruments, the exposure and impact of climate and environmental risks on the relevant investee companies are considered according to current and near-term climatic and environmental conditions, as appropriate, in developing a reasonable estimate of the fair value for these equity instruments.

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

2.14. Other receivables

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

2.15. Property, plant and equipment

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

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

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

2.16. Intangible assets

Intangible assets includes the software of Invest International. These are stated at historical cost less accumulated depreciation, and where applicable, cumulative impairment. Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The estimated useful life for software is five years.

These assets are reviewed for impairment whenever triggering events indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The investments in software in 2022 related to the general software setup and were part of the starting budget of the company and were therefore not capitalised. The software investments in 2023 relate to the customisation and integration of the software to our business.

2.17. Right-of-use assets and lease liabilities

Invest International records the right-of-use assets (RoU) for its leases according to IFRS 16. These assets consist of buildings and lease vehicles. Invest International assesses whether a contract is or contains a lease, at inception of a contract. Invest International recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

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

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

2.18. Tax assets and liabilities

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

Current tax assets and liabilities

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

Deferred tax assets and liabilities

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

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

2.19. Other liabilities and accruals

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

2.20. Borrowings

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

2.21. Provisions

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

2.22. Equity

Share capital and share premium reserve

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

Cumulative result

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

2.23. Off-balance sheet commitments

Irrevocable commitments and financial guarantee contracts

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

2.24. Net interest income

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

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

2.25. Net fee income

Invest International earns fees from different services:

- Remuneration for services rendered relate to fees which Invest International receives from the Dutch State to manage subsidised programmes on behalf of the Dutch State. These fees are recognised in line with the periods the subsidised programmes are managed as stated in the terms and conditions as agreed with the Dutch State. The subsidised programmes are managed by Invest International, but the funds are fully eligble to the Dutch State. All remuneration (service fees) is recognised in accordance with IFRS 15.
- Fees earned when services are provided – fees charged by Invest International for servicing a loan (such as administration and monitoring fees) are recognised as revenue when the services are provided. Fees are accounted and recognised based on the specification application of IFRS 9 and IFRS 15. Upfront fees, such as front end fees, agency fees, arranger fees and legal fees are accounted for as transaction costs within IFRS 9 and part of the measurement of the loan at amortised costs. These fees are recognised as part of the amortisation during the duration of the loan. Other fees such as commitment fees, chargeback fees, monitoring fees and waiver fees follow the accounting principles of IFRS 15.

The IFRS 15 covered fees (service fees and non-IFRS 9 investment fees) are recognised at an amount that reflects the consideration to which Invest International expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. Invest International's revenue contracts do not include multiple performance obligations. When Invest International provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time. Invest International has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

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

2.26. Results from financial transactions

Results from financial transactions include:

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

2.27. Staff costs and administrative expenses

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

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

2.28. Reimbursement of start-up costs

Invest International received in 2022 designated government funds for reimbursements of certain specific start-up costs. These funds are deemed to be government grants related to income in accordance with IAS 20. Based on the presentation options available in IAS 20, Invest International has elected to present the reimbursements as a deduction against the expense line-items to which the grants relate. Given Invest International receives the amounts as compensation for certain administrative expenses incurred during the start-up of the company, the amount is presented as a reduction against administrative expenses.

2.29. Corporate income tax

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

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

2.30. Accounting policies for consolidated cash flow statement

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

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

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

2.31. New standards and amendments

Adoption of new standards and amendments to standards mandatory with effective date from 2023

There are no new standards and amendments to standards that have an impact on Invest International.

New standards and amendments to standards mandatory with effective date from 2024

Invest International has not voluntarily brought forward the application of new standards, amendments to existing standards or interpretations that will not be mandatory until the consolidated financial statements for 2024 or later.

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

Accounting standard / amendment / interpretation	IASB effective date	Endorsed by EU
Non-current liabilities with convenants - Amendment to IAS 1	January 1, 2024	Yes
Lease Liability in a Sale and Leaseback – Amendment to IFRS 16	January 1, 2024	Yes
Supplier finance arrangements - Amendment to IAS 7 and IFRS 7	January 1, 2024	Yes
Lack of Exchangeability - Amendment to IAS 21	January 1, 2025	No
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027	No
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027	No

Invest International has assessed the new standards and amendments to standards and does not expect them to have a significant impact on the consolidated financial statements, except for IFRS 18.

Notes to the consolidated statement of financial position

3. Financial instruments at amortised cost

in €1,000	2023	2022
Opening balance	94,930	-
Acquired from FMO	-	15,826
Origination of loans	294,890	96,282
Repayment of loans	-42,736	-16,388
Changes in accrued interest	2,590	752
Changes in amortisable fees	-1,968	-1,155
Exchange rate differences	-345	-389
Balance at 31 December	**347,361**	**94,930**
Impairment	-4,575	-887
Total balance at 31 December	**342,786**	**94,042**

The financial instruments at amortised cost consist of loans. For the loan amount of €184 million (2022: €50 million) Invest International received guarantees in the form of insurance cover provided by Atradius Dutch State Business (ADSB). The insurance premium for this cover is paid by the clients. In the portfolio there is also a USD loan position of $16.9 million (2022: $20.5 million).

The total addition to the ECL provision on loans was €3.7 million (2022: €0.9 million) and on undrawn commitments €-0.3 million (2022: €0.6 million). The total addition to the total ECL provision was thus €3.4 million (2022: €1.5 million) and included in the statement of profit or loss as impairment charges of financial assets.

There have been no modifications, write-offs or transfers from stages in 2023 and 2022.

	Stage 1		Total	
in €1,000	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance
Opening balance at 1 January 2023	94,930	887	**94,930**	**887**
Origination of loans	295,513	4,256	**295,513**	**4,256**
Repayment of loans	-42,736	-563	**-42,736**	**-563**
Foreign exchange adjustments	-345	-5	**-345**	**-5**
At 31 December 2023	**347,362**	**4,575**	**347,362**	**4,575**

	Stage 1		Total	
in €1,000	Gross carrying amount	ECL allowance	Gross carrying amount	ECL allowance
Opening balance at 27 July 2021	-	-	**-**	**-**
Origination of loans	111,706	1,044	**111,706**	**1,044**
Repayment of loans	-16,388	-153	**-16,388**	**-153**
Foreign exchange adjustments	-389	-4	**-389**	**-4**
At 31 December 2022	**94,930**	**887**	**94,930**	**887**

Refer to note 23 Scenario for significant deterioration in credit quality in respect of ECL provisions (see page 129) for more information on the ECL and upward and downward scenarios.

4. Financial instruments at fair value through profit or loss

in €1,000	2023	2022
Opening balance	1,745	-
Purchases and capital contributions	9,064	2,049
Revaluations	-877	-304
Total balance at 31 December	**9,932**	**1,745**

At year-end 2023 Invest International has six (2022: one) equity investments at FVPL. Invest International has made capital commitments of €38 million (2022: €15 million) of which €11 million (2022: €2 million) has been paid at year-end 2023. The equity investments consist of €6.4 million (2022: €1.7 million) of fund investments and €3.5 million (2022: 0 million) of direct (private) equity capital investments. Invest International has no significant influence nor control on these investments.

The revaluations in 2023 are largely explained by the withdrawals from the fund manager for costs incurred that lower the net assets value and corresponding fund valuation. The revaluations relate to the fair value adjustments and are unrealised non-cash losses.

Measurement level of the financial assets at fair value

The investments of Invest International in equity investments are level 3 financial assets.

Funds

Invest International adopts the fund manager's valuation (net asset value) as set out in the most recent quarterly valuation report, which is the fourth quarter report 2023, for the year-end 2023. An external auditor periodically audits the financial statements of this investment fund.

Direct (private) equity capital

The company holds direct (private) equity capital which is measured at fair value. These investments have been made close to the reporting date. In the absence of an active market (level 3 of the fair value hierarchy), the company considers the cost price of the investment (nominal value) as the best representation of the fair value as of 31 December 2023.

The company's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There have been no transfers between levels of the fair value hierarchy during the period.

The company's risk management strategies and processes for managing the risk associated with the direct (private) equity capital are disclosed in note 26 Risk management (see page 134)

5. Property, plant and equipment

in €1,000	Leasehold improvements	Furniture	IT Equipment	Total
Opening balance at 1 January 2023	931	442	165	1,538
Investments	-	22	58	80
Depreciation	-101	-107	-43	-250
Disposals	-	-	-	-
Impairment	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-
Balance at 31 December 2023	**830**	**357**	**187**	**1,374**
Cost at 31 December 2023	1,007	538	260	1,805
Accumulated depreciation at 31 December 2023	-176	-181	-73	-431
Balance at 31 December 2023	**830**	**357**	**187**	**1,374**

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

As of 31 December 2023, there are no impairments of property, plant and equipment.

6. Intangible assets

in €1,000	2023	2022
Opening balance at 1 January 2023	-	-
Additions	949	-
Amortisation	-73	-
Balance at 31 December	**876**	-

Intangible assets consists of the capitalized software. As of 31 December 2023, there are no impairments of the software.

7. Right-of-use assets and lease liabilities

in €1,000	Offices	Vehicles	Total right-of-use assets	Lease liabilities
Opening balance at 1 January 2023	3,385	56	**3,440**	3,705
Additions	-	77	**77**	77
Depreciation	-343	-40	**-383**	-
Interest accrued	-	-	**-**	77
Payments	-	-	**-**	-434
Other	-273	-	**-273**	-273
Balance at 31 December 2023	**2,769**	**92**	**2,861**	**3,152**

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

The following table presents the maturity breakdown of the leases. The lease of the building ends on 31 January 2032, with the option of renewal for one year. At this point in time it is uncertain if Invest International will use this option.

in €1,000	< 1 year	1-5 years	>5 years	Total 2023
Offices	372	1,368	1,029	2,769
Vehicles	40	52	-	92
Total 2023	**412**	**1,420**	**1,029**	**2,861**

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

8. Deferred tax assets and liabilities

in €1,000	2023	2022
IFRS 9 ECL provision	1,174	-
IFRS 16 leases	21	-
Balance at 31 December	**1,194**	**-**

The deferred tax asset consist of the temporary differences between the carrying amount of the loans at amortised costs, the right-of-use assets and the lease liabilities in statement of the financial position and its tax base. The tax base respectively does not include the IFRS 9 ECL and IFRS 16 lease measurement principles.

9. Cash and cash equivalents

in €1,000	2023	2022
Deposits	103,273	110,539
Banks	36,854	22,519
Balance at 31 December	**140,127**	**133,058**

Banks comprises the current accounts with banks. These can be freely disposed of, except for €4.4 million (2022: €1.6 million) which has been reserved for transactions on bills of exchange products which Invest International has outsourced to a third party portfolio manager. This portfolio manager works with a mandate from Invest International with full access to the bank account dedicated to these transactions, within set limits of authorisation.

The deposits have an average duration of less than one month and an average interest rate of 3.69%. One deposit consists of the borrowed USD cash from FMO of €16.1 million (2022: €20.5 million) with a duration of one year and interest rate of 3.54%. This deposit is similar to the desposit in 2022 of €20.5 million with a duration of one year and interest rate of 3.04%. Refer to the corresponding note: 12 Borrowings (see page 123)

Invest International has a foreign cash position of $1.2 million (2022: $1.2 million) as per 31 December 2023.

10. Other receivables

in €1,000	2023	2022
Taxes	-	895
Trade and other receivables	458	433
Prepaid expenses	732	1,193
Debtors	48	265
Balance at 31 December	**1,239**	**2,786**

Trade and other receivables relates to various receivables in the normal course of business. The debtors include an allowance for doubtful accounts of €0.2 million (2022: €0 million). All receivables have a term of less than one year.

11. Other liabilities and accruals

in €1,000	2023	2022
Personnel payables	833	464
Taxes and social premiums payable	3,575	1,888
Creditors	2,074	2,832
Accrued expenses	805	920
Other liabilties	4,364	1,504
Balance at 31 December	**11,652**	**7,607**

Creditors relates to various payables in the normal course of business.

Other liabilities consist of the payable of €3.6 million (2022: €1.2 million) to the Ministry of Foreign Trade and Development Cooperation which is the excess amount invoiced in the reporting period over the actual execution costs made by Invest International Public Programmes B.V. This will be settled with the invoice for 2024.

The other liabilities and accruals predominantly have a term of less than one year, except for a reservation for the transition of staff from the Netherlands Enterprise Agency of €0.2 million (2022: €0.3 million) which has a term of 2 years (2022: 3 years).

12. Borrowings

in €1,000	2023	2022
USD deposit	15,689	20,471
Balance at 31 December	**15,689**	**20,471**

This relates to the USD deposit of $17.3 million (2022: $21.8 million) received from FMO with a duration of one year and interest rate of 5.18%. This USD cash is borrowed to hedge our USD currency exchange rate risk.

13. Provisions

in €1,000	2023	2022
Allowance for undrawn loan commitments	315	598
Balance at 31 December	**315**	**598**

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

in €1,000	2023		2022	
	Amount	**ECL**	**Amount**	**ECL**
Undrawn loan commitments (off balance)	107,881	315	68,199	598
Balance at 31 December	**107,881**	**315**	**163,128**	**598**

During the financial year, there were no events triggering significant increase in credit risk, and thus there were only ECL stage 1 provisions.

14. Equity

in €1,000	2023	2022
Issued share capital	1	1
Share premium reserve	469,162	209,162
Undistributed results previous years	-4,934	-
Net profit/ (loss)	5,352	-4,934
Balance at 31 December	**469,581**	**204,229**

Share capital

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

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

in €1	2023	2022
1,000 A shares x €1	1,000	1,000
1 B share X €1	1	1
Balance at 31 December	**1,001**	**1,001**

Share premium

in €1,000	2023	2022
Share premium on A shares	4,162	4,162
Share premium on B shares	465,000	205,000
Balance at 31 December	**469,162**	**209,162**

A Shares

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

B shares

Share premium on B shares was solely contributed by the Dutch State. In the reporting period four (2022: five) cash payments on shares B were received with a total value of €260 million (2022: €205 million).

Profit rights

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

Notes to the consolidated statement of profit or loss

15. Net interest income

in €1,000	2023	27 July 2021 - 2022
Interest income		
Interest on loans measured at amortised cost	14,324	2,318
Interest on deposits	3,011	79
Total interest income	**17,335**	**2,397**
Interest expenses		
Interest on deposits and short term loans	-1,054	-32
Interest expenses related to banks	-	-71
Interest on leases	-77	-
Total interest expenses	**-1,132**	**-104**
Net interest income	**16,203**	**2,293**

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

The interest income has increased significantly in 2023 due to the increase in disbursed loans (the loan portfolio) and increase in interest market rates (EURIBOR).

Interest expenses on deposits and short term loans relates to the USD deposit with FMO, refer to note 12 Borrowings (see page 123)

16. Net fee income

in €1,000	2023	27 July 2021 - 2022
Fee income		
Funds and programmes managed on behalf of the Dutch State:		
- Programmes Foreign Trade and Development Cooperation	17,251	17,516
- Development activities	2,759	2,986
Remuneration for services rendered	**20,010**	**20,502**
Commitment fee	1,277	584
Other fees	664	159
Total fee income	**21,951**	**21,244**
Fee expense		
Other fees	-325	-25
Total fee expense	**-325**	**-25**
Net fee income	**21,625**	**21,220**

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

Commitment fee relates to the fee clients pay for the loan facility for amounts not yet imbursed, a fixed percentage of the available loan facility is charged. Other fees (income) consists of among others monitoring fees, administration fees and appraisal fees. These fees are recognised in accordance with IFRS 15 and are fulfilled over time (often one year) or at a point in time.

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

17. Results from financial transactions

in €1,000	2023	27 July 2021 - 2022
Foreign exchange results	29	-155
Unrealised gains and losses on financial instruments at FVPL	-877	-304
Total results from financial transactions	**-849**	**-459**

The positive foreign exchange result relates to the open USD position Invest International had during most of the financial reporting period. In December 2023 this position was closed again by the USD deposit from FMO for $17.3 million (2022: $21.8 million) as disclosed in note 12 Borrowings (see page 123). At year-end 2023, Invest International has $16.9 million (2022: $20.5 million) in loans and $1.2 million (2022: $1.2 million) in cash and cash equivalents.

The unrealised gains and losses on financial instruments at FVPL relate to the revaluation of the equity investments. Refer to note 4 Financial instruments at fair value through profit or loss (see page 119) for more information.

18. Staff costs

in €1,000	2023	27 July 2021 - 2022
Salaries	12,819	12,657
Social security charges	1,563	1,471
Pension charges	2,367	2,223
Contractor staff	2,682	2,376
Other personnel expenses	1,423	1,593
Total staff costs	**20,854**	**20,320**

The number of FTEs amounted to 137 (2022: 112) at 31 December 2023. All FTEs are employed in the Netherlands.

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

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

The remuneration paid to the Supervisory Board is included in the 'Other personnel expenses'. On 31 December 2023, the Supervisory Board consisted of five (2022: five) members. The remuneration of the Management Board and the Supervisory Board is disclosed in note 24 Related-party transactions (see page 130).

19. Administrative expenses

in €1,000	2023	27 July 2021 - 2022
Consultancy and audit fees	2,030	2,042
ICT expenses	2,072	1,377
Travel expenses	660	753
Accomodation and office expenses	163	371
Insurance expenses	109	142
Other operational expenses	1,355	850
Total administrative expenses	**6,389**	**5,536**

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

Other operational expenses consist mainly of marketing costs and non-deductible VAT.

The administrative expenses in 2022 include reimbursements of start-up costs amounting to €2.6 million, which relate to start-up activities (i.e., project- and consultancy expenses, set-up expenses for building the ICT landscape) for which specific government funds were being designated. The main spend-categories were (i) ICT implementation expenses for the front office system, (ii) consultancy expenses for the front office system, (iii) implementation of the P2P system, (iv) HR system, (v) design of annual report system, (vi) fiscal setup and (vii) design of integrated Enterprise reporting.

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

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code, the statutory audit of financial statements fees for the financial reporting period were charged by EY Accountants B.V. for the audit of the consolidated financial statements and the audit of the statutory financial statements to the subsidiaries. The other assurance services relate to the reports of the funds managed on behalf of the Dutch State.

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

in € 1,000	2023	27 July 2021 - 2022
Audit of financial statements	192	183
Assurance services relating to off-balance funds	242	50
Total fees charged by auditors	**434**	**233**

20. Depreciation and amortisation costs

The depreciation and amortisation costs relate to depreciation of the property, plant and equipment, the amortisation of the intangible assets and the depreciation of the right-of-use assets. This is further disclosed in the corresponding notes: 5, 6 and 7.

There have been no impairments on property, plant and equipment, intangible assets and right-of-use assets in 2023 and 2022.

21. Income tax

in €1,000	2023	27 July 2021 - 2022
Current income tax	219	46
Deferred income tax	1,194	-
Total income tax payable	**1,413**	**46**
Profit/(loss) before taxation	5,571	-4,888
Temporary differences:		
- IFRS 9 ECL provision	4,549	-
- IFRS 16 leases	80	-
Permanent differences:		
- Non-deductible costs	102	-
- Compensable loss	-4,888	-
Total taxable profit/(loss)	**5,414**	**-4,888**
Total income tax	**219**	**46**
Effective income tax rate	3.9%	-0.9%

All the group entities are independently liable for corporate income tax. The applicable tax rate for Invest International is 19% for profits up to €200,000 and 25.8% for profits above that threshold. Invest International expects to fully utilise the compensable loss of fiscal year from 27 July 2021 to 31 December 2022 for the tax return of 2023.

Other notes to the consolidated financial statements

22. Irrevocable commitments and other off-balance sheet commitments

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

in €1,000	2023	2022
Irrevocable loan commitments	455,243	163,128
Equity commitments	49,000	12,951
Balance at 31 December	**504,243**	**176,079**

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

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

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

The table below shows the sensitivity of these provisions to a possible improvement (upward scenario) or deterioration (downward scenario) in the credit quality. The credit quality is measured with the credit ratings included in the table in the following note: 2.8 Financial Instruments.

in €1,000		ECL provision 2023		
	Nominal exposure	**Base scenario**	**Upward scenario**	**Downward scenario**
Loans	347,361	4,575	2,332	11,245
Undrawn commitments	107,881	315	168	573
Total irrevocable loan commitments	**455,243**	**4,891**	**2,501**	**11,818**

in €1,000	ECL provision 2022			
	Nominal exposure	Base scenario	Upward scenario	Downward scenario
Loans	94,930	887	535	3,415
Undrawn commitments	68,199	598	363	2,545
Total irrevocable loan commitments	**163,128**	**1,485**	**898**	**5,960**

Upward scenario

The scenario applied here proceeds from an improvement in the ratings of the exposures by one notch, based on the indicative S&P's rating. In addition, it is assumed that the exposures will migrate to a higher stage where this is possible. Considering the current exposures at year-end 2023 are all stage 1 these exposures cannot migrate to a higher stage.

Downward scenario

The scenario applied here proceeds from a deterioration in the ratings of the exposures by one notch, based on the indicative S&P's rating. In addition, it is assumed that the exposures will migrate to a lower stage. For the current exposure at year-end 2023 four loans with a total drawn balance of €39.1 million and a total undrawn balance of €32.5 million will transfer to stage 2 and stage 3 (one loan). The stage transfer leads to an increase in the ECL provision of €2.6 million. The overall impact is however reduced considering €22.4 million of the drawn and €31.9 million of the undrawn balance is covered by an export credit insurance.

24. Related-party transactions

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

List of related parties

Related party name	Nature
Dutch State	Shareholder
FMO	Shareholder
Joost Oorthuizen	CEO, Member of the Management Board
Vanessa Hart	CFRO, Member of the Management Board
Ineke Bussemaker	Member of the Supervisory Board
Guido Dubbeld	Member of the Supervisory Board
Salim Rabbani	Member of the Supervisory Board
Gita Salden	Member of the Supervisory Board
Jellie Banga	Member of the Supervisory Board
Invest International Public Programmes B.V.	Subsidiary
Invest International Capital B.V.	Subsidiary
Invest International Development B.V	Subsidiary
Invest International Investment Management B.V.	Subsidiary
CFM NL B.V.	Associate

Dutch State

The Dutch State holds 51% of Invest International's share capital in A shares and 100% of B shares. Refer to note 14 Equity (see page 123) for more information on share capital and share premium paid in the reporting period.

Invest International provides managing services in relation to government funds and programmes. Invest International received in the reporting period for managing these funds and programmes on behalf of the Dutch State €20.0 million (2022: €20.5 million) fees, of which €3.6 million (2022: €1.2 million) is to be repaid in 2024 and included as payable at year-end 2023 and presented under 11 Other liabilities and accruals (see page 122).

FMO

FMO, a public limited company with 51% of shares held by the Dutch State, holds 49% of Invest International's share capital in A shares. Refer to note 14 Equity (see page 123) for more information on share capital and share premium paid in the reporting period.

FMO provided a USD deposit for Invest International to economically hedge the USD risk. Refer to note 12 Borrowings (see page 123) for more information.

Group companies of Invest International

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

Remuneration of the Management Board

The Management Board's remuneration is as follows:

in euro	Base salary	Post-employment benefits	Other long-term benefits	Total 2023
H.J.M. Oorthuizen	256,720	34,324	-	291,045
V.E. Hart	227,128	30,802	-	257,930
Total	**483,848**	**65,127**	**-**	**548,975**

in euro	Base salary	Post-employment benefits	Other long-term benefits	2022
H.J.M. Oorthuizen	234,107	30,705	-	264,812
V.E. Hart	198,071	27,550	-	225,621
Total	**432,178**	**58,255**	**-**	**490,433**

The members of the Management Board have no loans related to the company. The increase in remuneration relates to company-wide salary increases.

Remuneration of the Supervisory Board

The Supervisory Board's remuneration is as follows:

in euro	2023	2022
Chair	38,888	37,569
Other SB-members	111,101	74,042
Total	**149,989**	**111,611**

The whole remuneration relate to short-term benefits. The increase in remuneration relates to the full Supervisory Board being active in the full year 2023 while as in 2022 two members of the Supervisory Board joined in August 2022.

25. Fair value of financial assets and liabilities

Fair value hierarchy

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

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

Valuation process

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, Invest International uses the valuation processes to decide its valuation policies and procedures and analyze changes in fair value measurement from period to period.

Fair value estimates are reviewed and challenged by the Equity Valuation Committee (EVC). The EVC approves every quarter the fair values measured including the valuation techniques and other significant input parameters used. In addition, bi-annually (half year and full year) the valuation is approved in the Investment Committee (IC) which maintains the formal governance over the valuation process.

Valuation techniques

When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument (level 1). A market is regarded as active if transactions of the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, valuation techniques are used that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Valuation techniques include: Recent broker/price quotations; Discounted cash flow models; Option-pricing models. The techniques incorporate current market and contractual prices, time to expiry, yield curves and volatility of the underlying instrument. Inputs used in pricing models are market observable (level 2) or not market observable (level 3).

Equity investments are measured at fair value when a quoted market price in an active market is available or when fair value can be estimated reliably by using a valuation technique. The main part of the fair value measurement related to equity investments (level 3) is based on net asset values of investment funds as reported by the fund manager and are based on advanced valuation methods and practices. When available, these fund managers value the underlying investments based on quoted prices, if not, multiples are applied as input for the valuation. For the valuation process of the equity investments we further refer to the accounting policies and related notes within these financial statements. The determination of the timing of transfers is embedded in the quarterly valuation process, and therefore recorded at the end of each reporting period.

The table below presents the carrying value and estimated fair value of Invest International's financial assets and liabilities, not measured at fair value. The carrying values of the financial asset and liability categories in the table below are measured at amortised cost. The underlying changes to the fair value of these assets and liabilities are therefore not recognised in the balance sheet. All assets and liabilities are level 3 of the fair value hierarchy. Excluding the financial instruments at amortised costs, all assets and liabilities are short term and the fair value approximate the carrying value.

in €1,000	Carrying amount 2023	Fair value 2023	Carrying amount 2022	Fair value 2022
Assets				
Financial instruments at amortised cost	342,786	339,461	94,042	90,955
Cash and cash equivalents	140,127	140,127	133,058	133,058
Other receivables	1,239	1,239	2,786	2,786
Total financial assets not measured at fair value	**484,152**	**480,827**	**229,886**	**226,798**
Liabilities				
Other liabilities and accruals	11,652	11,652	7,607	7,607
Borrowings	15,689	15,689	20,471	20,471
Total financial liabilities not measured at fair value	**27,340**	**27,340**	**28,078**	**28,078**

For determining the fair value of the loans, the leading indicator is a floating rate or fixed rate. In line with market practices the actual rate to clients for long term fixed rates drawdowns consists of the EUR IRS swap rate level plus margin. However, for one loan agreement Invest International does not charge the EUR IRS swap rate. At the time of signing of this contract the long-term EUR interest rates were around zero and no hedging was put in place. The income on the upcoming drawdowns under this loan will be priced differently (IRS level plus margin) and therefore the fair value is lower than the amortised cost of this loan (€3.3 million (2022: €3.1 million)). All other loans have floating rates, therefore the fair value of these financial instruments is approximate their book value (at amortised cost).

in €1,000	Fair value at 31 December 2023	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity based on the significant unobservable inputs
Private equity fund investments	6,432	Net Asset Value	Not applicable	Not applicable
Private equity direct investments	3,500	Recent transactions	Based on at arm's length recent transactions	Not applicable
Total equity fair value	**9,932**			

in €1,000	Fair value at 31 December 2022	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity based on the significant unobservable inputs
Private equity fund investments	1,745	Net Asset Value	Not applicable	Not applicable
Total equity fair value	**1,745**			

Refer for the movement in the financial instruments measured at fair value based on level 3 to the following note: 4 Financial instruments at fair value through profit or loss (see page 119).

Transfers between levels 1 and 2
There were no material transfers between levels 1 and 2.

Transfers from levels 1 and 2 to level 3
There were no material transfers between level 1 and 2 to level 3.

26. Risk management

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

Financial risk

Investment risk

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

For each loan within our portfolio, a credit rating is calculated, using Standard & Poor's Capital IQ (risk assessment system). The credit ratings are subsequently mapped to a F-rating using Invest International's rating map. We apply the low credit assumption for investments with invest grade rating. For several projects, an export credit agency (ECA) cover is applicable covering the credit losses, as provided by Atradius Dutch State Business N.V., acting on behalf of the Dutch State.

in €1,000	Outstanding 2023	ECA covered	Outstanding 2022	ECA covered
Not rated	-	0%	4,262	100%
BBB or higher	34,603	95%	23,472	95%
BB	52,553	54%	22,900	0%
B	242,195	45%	35,570	38%
CCC	18,009	98%	8,726	98%
Total balance at 31 December	**347,361**		**94,930**	

Concentration risk

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

Due to the size of the on-balance lending portfolio, there is a certain level of concentration risk, but the exposures remain well within the limits set in the Risk Appetite Framework.

in € 1,000	2023	2022
Financial institutions	58,521	38,493
Energy	6,000	4,000
Agribusiness	84,821	23,768
Healthcare	45,000	-
Water & infrastructure	135,010	19,785
Goverments	18,009	8,884
Total balance at 31 December	**347,361**	**94,930**

Concentration risk

The top-3 countries in terms of outstanding exposure per year-end 2023, whereby 'country' is related to the country where the actual projects take place (not necessarily where the borrower's headquarter is located), are the following:

1. Mozambique - €133.1 million
2. Djibouti – €92.2 million
3. Turkey – €70.0 million

The top-3 countries in terms of outstanding exposure per year-end 2022 were the following:

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

When aggregating the on-balance lending portfolio on continent level, the following breakdown can be made. Note that this is based on the country where the borrower's headquarter is located. The portfolio in Europe consists primarily of the small ticket export finance facilities and the working capital facilities.

in € 1,000	2023	2022
Africa	141,404	34,536
Asia	21,193	15,400
Latin America	70,793	-
Europe	113,972	44,994
Total balance at 31 December	**347,361**	**94,930**

Market risk

Equity risk

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

In 2022, Invest International's Management Team approved an Equity Policy as well as Equity Criteria, with an initial cap of €75 million of the €833 million available to Invest International Capital B.V. As per 31 December 2023 €49 (2022: €15 million) has been committed for an investment into an equity fund, of which €11 million (2022: €2 million) was disbursed.

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

Foreign currency risk

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

Invest International has capital funding in euro, whilst some loans have been provided to clients in US dollar. Invest International reached an agreement with FMO and the Ministry of Finance on hedging Invest International's foreign currency (FX) risk. FMO has agreed to lend Invest International up to $50 million to hedge the FX exposure. In December 2023, the existing open USD position of Invest International was closed by taking up a deposit of $17.3 million from FMO. This covered all outstanding USD-loans as per year-end 2023.

Sensitivity to foreign currency movements

Due to active USD asset and liability management, made possible by the FMO USD borrowings before year-end, the USD FX position was 99% (2022: 99%) matched. The sensitivity due to USD exchange rate fluctuations on the result of financial transactions is limited at year-end due to the small mismatch. A 10% variance of the USD FX-rate would lead to less than €21,000 (2022: €5,000) variance on the result of financial transactions.

in €1,000	Net result / equity impact 2023	Net result / equity impact 2023
USD value decrease of 10%	-21	-5
USD value increase of 10%	21	4

Interest rate risk

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

Within the on-balance lending portfolio there is a mixture of floating rate loans and fixed rate loans. The funding source of these loans is the capital, which is provided by the Dutch State without (additional) funding costs. Invest International had no treasury department nor a treasury policy per year-end 2023 and is therefore not applying hedge accounting. Invest International is in the process of drafting a treasury policy and hedging strategy.

Invest International's Management Team has approved a policy on fixed interest rates. This policy states that, in line with market practices, the actual rate to the client for long term fixed rate drawdowns consists of the EUR IRS swap rate level plus margin. One portfolio loan (of €12.2 million with a 98% ECA cover), as signed in May 2021 by FMO and subsequently transferred to Invest International on 1 October 2021, does not charge the EUR IRS swap rate for 10 years, but only the 1.5% margin and therefore will be below current market levels. The maturity date of this loan is 7 November 2033.

Sensitivity to interest rate movements:

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

Once the market interest rate increases with 1%, the interest income of the floating interest loans will increase with approximately €3.6 million (2022: €0.8 million) and once the market interest rate decreases by 1%, the portfolio interest income will decrease with approximately €3.6 million (2022: €0.8 million) based on the balance per year-end 2023.

in €1,000	Net result / equity impact 2023	Net result / equity impact 2023
Interest rate decrease of 1%	-3,476	-830
Interest rate increase of 1%	3,476	830

Liquidity risk

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

Invest International has no access to external funding lines or overdraft facilities. No co-mingling of funds is allowed between the four legal entities of the Invest International Group. As such the liquidity needs to be planned carefully. The overall cash position of Invest International as group consolidated amounts to €140.1 million (2022: €133.1 million) of which €1.2 million (2022: €1.2 million) in USD as per 31 December 2023.

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

in € 1,000	< 3 months	3-12 months	1-5 years	> 5 years	Total
Assets					
Cash and cash equivalents	124,027	16,100	-	-	140,127
Other receivables	1,239	-	-	-	1,239
Financial instruments at amortised cost	14,097	28,150	64,134	236,404	342,786
Financial instruments at fair value through profit or loss	-	-	-	9,932	9,932
Total assets	**139,363**	**44,250**	**64,134**	**246,336**	**494,083**
Liabilities					
Other liabilities and accruals	11,652	-	-	-	11,652
Borrowings	-	15,689	-	-	15,689
Lease liabilities	103	309	1,542	1,198	3,152
Total liabilities	**11,755**	**15,998**	**1,542**	**1,198**	**30,492**
Liquidity position at 31 December 2023	**127,608**	**28,252**	**62,592**	**245,138**	**463,591**

in € 1,000	< 3 months	3-12 months	1-5 years	> 5 years	Total
Assets					
Cash and cash equivalents	112,567	20,491	-	-	133,058
Other receivables	2,786	-	-	-	2,786
Financial instruments at amortised cost	14,010	5,937	49,644	24,451	94,042
Financial instruments at fair value through profit or loss	-	-	-	1,745	1,745
Total assets	**129,461**	**26,720**	**51,779**	**28,650**	**236,610**
Liabilities					
Other liabilities and accruals	7,607	-	-	-	7,607
Borrowings	-	20,471	-	-	20,471
Lease liabilities	73	326	1,567	1,739	3,705
Total liabilities	**7,680**	**20,797**	**1,567**	**2,337**	**32,381**
Liquidity position at 31 December 2022	**121,781**	**5,923**	**50,212**	**26,313**	**204,229**

Business risk

Reputation risk

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

Invest International is not aware of incidents or negative media attention that will significantly negatively impact the reputational risk. In 2023, Invest International has developed a formal Complaint Mechanisms and related procedures to this. In 2023, 27 (2021-2022: 21) incidents were registered, but these were operational risks with limited impact.

Sustainability risk / ESG risk

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

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

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

Regulatory risk

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

Invest International is not regulated by a regulatory agency but is internally and externally audited, and specific audits can be requested by the Dutch State for specific funds. The most significant regulatory change for the foreseeable future is the Corporate Sustainability Reporting Directive (CSRD). CSRD, which was passed in 2022 by the European Parliament, introduces more detailed reporting requirements in line with EU sustainability standards. This will enter into effect on 1 January 2025.

Business model risk

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

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

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

Political risk

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

For funding, Invest International is dependent on several governmental bodies and political deliberations. If there are material changes in e.g. policies, this may have an effect for new/future projects. In principle, the existing funding options available to Invest International have all been formally committed, so impact on existing projects is not likely to be significant.

Non-financial risk

Organisational risk / Operational risk

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

Training

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

Staff and employee's integrity

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

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

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

Invest International has adopted a mandatory oath for all staff. This oath combines elements from the Banker's oath (that FMO uses) and the 'ambtenaren eed of belofte' that is used in RVO. New employees need to take the oath within 3 months after joining the Company. The oath was signed by 96% of the employees per 31 December 2023 and 98% per 31 March 2024.

Confidential Counsellors are available, both external and internal.

Privacy

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

Cyber security / ICT Risk

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

Invest International has a strong commitment to cybersecurity and ICT risk management. Some key aspects of our approach are listed below.

Continuous Improvement: We have been proactive in enhancing our primary systems, systems integration, and supporting tools/applications. This commitment to improvement ensures that our technology landscape remains robust and resilient.

Cybersecurity Focus in 2023:

- Awareness: Invest International has promoted awareness, ensuring that employees and stakeholders understand the importance of cybersecurity (e.g. with a phishing campaign).
- Protected Access: Trustworthy and secure access to systems was a top concern.
- PEN Test: A penetration test conducted by PWC identified one low-risk finding, which will be addressed by 2024.
- Endpoint Monitoring: Invest International has engaged Fox IT for comprehensive endpoint monitoring.
- Role Based Access was improved for departments subject to ethical walls.
- The IT Policy was drafted and approved.
- Single Sign On / Single account was implemented for various applications ensuring removal of access rights upon employees leaving Invest.
- Operational Risk Management checks have been implemented.

Data Security in 2023: We have secured the data storage of our core applications. In 2024 we focus on sustainable and safe data solutions.

CIS Benchmark Results: Invest International received the results of a CIS benchmark assessment performed by the internal audit function in the last quarter of 2023. Recommendations from the report will be assessed and where relevant gradually implemented.

Invest International's proactive approach to cybersecurity and risk management, positions us well in an increasingly interconnected world. By addressing vulnerabilities and staying vigilant, we contribute to a safer digital environment for business operations and stakeholders.

Know Your Customer (KYC) risks

Invest International has a KYC Procedure, which has been approved by the Management Board and the Supervisory Board. The procedure includes processes and role divisions in accordance with the Three Lines of Defence Model. All files are periodically reviewed, based on the risk profile of the file. Throughout 2023, several live training sessions took place.

The first line KYC team is a team that supports Investment Managers in their KYC reviews and performs quality checks on the KYC files. As per 31 December 2023, the team consists of the KYC Manager and a Quality Checker.

Legal risks

The Legal team has completed the harmonization process of contract documentation used by Invest, as well as for standard purchasing conditions, non-disclosure agreements, and other relevant contracts and legal documents. Additionally, in 2023 a way of working on which documentation requires legal sign-off before signing, thus limiting any contractual risks as much as possible, was agreed internally.

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

Special attention is given to the risks of violating legal obligations (state aid risk). Every potential transaction of Invest International Capital B.V., as well as some transactions of Invest International Development B.V., Invest International Public Programmes B.V., and Invest International Investment Management B.V. are screened on (unlawful) state aid (either by the Legal team or by Risk).

Disputes and Litigation

Per year-end 2023, Invest International itself was not in any litigation as claimant or defendant itself . It does act as agent/executing organisation on behalf of the State of the Netherlands for several arrangements. Any administrative procedures (e.g., “beroep” and “bezwaar”) that might be initiated, originating from subsidy decisions will be processed by Invest International. Two administrative procedures were pending per 31 December 2023, one of which was settled in January 2024. The ongoing procedure is not expected to have a materially adverse impact for Invest International.

Tax risks

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

Company Financial Statements

Company statement of financial position

At year-end 31 December, before profit appropriation

in €1,000	Note	2023	2022
Non-current assets			
Intangible fixed assets			
Intangible assets	2	876	-
Tangible fixed assets			
Property, plant and equipment	3	1,374	1,538
Right-of-use assets	4	2,843	3,426
Total tangible fixed assets		**4,217**	**4,964**
Financial fixed assets			
Investments in group companies	5	460,259	194,928
Deferred tax assets		21	-
Total financial fixed assets		**460,279**	**194,928**
Current assets			
Other receivables	6	4,386	2,980
Cash and cash equivalents	7	5,561	8,486
Total assets		**475,319**	**211,358**

in €1,000	Note	2023	2022
Equity			
Issued share capital		1	1
Share premium		469,162	209,162
Result of prior years		-4,934	-
Result for the period		5,352	-4,934
Total equity	8	**469,581**	**204,229**
Non-current liabilities			
Lease liabilities	4	3,133	3,690
Current liabilities			
Other liabilities and accruals	9	2,605	3,439
Total liabilities		**5,739**	**7,129**
Total equity and liabilities		**475,320**	**211,358**

Company statement of profit or loss

For the period ended 31 December

in €1,000	2023	27 July 2021 - 2022
Other result	21	138
Results of group companies after tax	5,331	-5,072
Net profit / (loss)	**5,352**	**-4,934**

/ **Company Financial Statements**

Company statement of changes in equity

For the period ended 31 December

in €1,000	Note	Issued share capital	Share premium reserve	Retained earnings	Result for the period	Total equity
As at 27 July 2021		**-**	**-**	**-**	**-**	**-**
Net income / (loss) recognised in the income statement		-	-	-	-4,934	-4,934
Total comprehensive income/ (loss)		**-**	**-**	**-**	**-4,934**	**-4,934**
Capital contribution		1	209,162	-	-	209,163
Net balance at 31 December 2022		**1**	**209,162**	-	**-4,934**	**204,229**
Balance at 1 January 2023		**1**	**209,162**	**-**	**-4,934**	**204,229**
Transfer profit/(loss) prior year to undistributed results		-	-	-4,934	4,934	-
Net income / (loss) recognised in the income statement		-	-	-	5,352	5,352
Other comprehensive income / (loss)		-	-	-	-	-
Total comprehensive income/ (loss)		**-**	**-**	**-4,934**	**5,352**	**418**
Capital contribution	8	-	260,000	-	-	260,000
Net balance at 31 December 2023		**1**	**469,162**	**-4,934**	**5,352**	**469,581**

Notes to the company financial statements

1. General information

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

1.1. Accounting policies for the company financial statements

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

The financial statements 2023 cover the financial year 2023 for the period from 1 January 2023 to 31 December 2023. The financial statements 2022 figures is an extended financial year, starting on the incorporation date 27 July 2021 and ending on 31 December 2022.

1.2. Functional and reporting currency

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

1.3. Investments in group companies

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

1.4. Result of group companies

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

2. Intangible assets

Refer to note 6 Intangible assets (see page 120) of the consolidated financial statements.

3. Property, plant and equipment

Refer to note 5 Property, plant and equipment (see page 120) of the consolidated financial statements.

4. Right-of-use assets and lease liabilities

in €1,000	Offices	Vehicles	Total right-of-use assets	Lease liabilities
Opening balance at 1 January 2023	3,385	41	3,426	3,690
Additions	-	52	52	52
Depreciation	-343	-19	-362	-
Interest accrued	-	-	-	77
Payments	-	-	-	-413
Other	-273	-	-273	-273
Balance at 31 December 2023	**2,769**	**74**	**2,843**	**3,133**

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

in €1,000	< 1 year	1-5 years	>5 years	Total
Offices	372	1,368	1,029	2,769
Vehicles	21	52	-	74
Balance at 31 December 2023	**394**	**1,420**	**1,029**	**2,843**

in €1,000	< 1 year	1-5 years	>5 years	Total
Offices	372	1,490	1,523	3,385
Vehicles	9	32	-	41
Balance at 31 December 2022	**382**	**1,521**	**1,523**	**3,426**

Refer to note 7 Right-of-use assets and lease liabilities (see page 121) of the consolidated financial statements for more information.

5. Investments in group companies

in €1,000	2023	2022
Opening balance at	194,928	-
Capital contributions	-	-
Paid-in share premium	260,000	200,000
Net income / (loss) for the financial year	5,331	-5,072
Balance at 31 December	**460,259**	**194,928**

Invest International has 100% of the shares of:
- Invest International Public Programmes B.V.
- Invest International Capital B.V.
- Invest International Development B.V.
- Invest International Investment Management B.V.

Each group company received a capital contribution of €100. Invest International Capital B.V. received share premium of €260 million (2022: €200 million) in the financial reporting period.

6. Other receivables

in €1,000	2023	2022
Taxes and social premiums receivable	-	732
Prepaid expenses	631	743
Current account with group companies	3,751	1,481
Balance at 31 December	**4,386**	**2,980**

Invest International has a current account with each group company. The outstanding positions are monitored periodically. If the outstanding positions are approaching the maximum positions that have been set, then the outstanding position will be settled. As at year-end 2023 there were no breaches.

7. Cash

in €1,000	2023	2022
Banks	5,561	8,486
Balance at 31 December	**5,561**	**8,486**

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

8. Equity

in €1,000	2023	2022
Share capital	1	1
Share premium	469,162	209,162
Retained earnings	-4,934	-
Net income / (loss)	5,352	-4,934
Balance at 31 December	**469,581**	**204,229**

Refer to note 14 Equity (see page 123) of the consolidated financial statements for more information on share capital and share premium.

9. Other liabilities and accruals

in €1,000	2023	2022
Personnel payables	205	115
Taxes and social premiums payable	410	360
Payments to third parties	1,702	2,231
Accrued expenses	266	691
Other liabilities	23	42
Balance at 31 December	**2,605**	**3,439**

The other liabilities and accruals predominantly have a term of less than one year, except for €23,000 (2022: €42,000).

10. Employees

The number of FTEs amounted to 44 at 31 December 2023 (2022: 37). All FTEs are employed in the Netherlands.

11. Auditors' fees

The auditors' fees are explained in note 19 Administrative expenses (see page 127) of the consolidated financial statements.

12. Tax

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

13. Related-party transactions

Invest International provides its group companies with staff support and facilities at cost. All intra-group transactions are accounted for through the current account with group companies. In the reporting period Invest International recharged €12.4 million (2022: €10.0 million) to the group companies.

Refer to the consolidated financial statements for more information on the transactions during the reporting period with other identified related parties in note 24 Related-party transactions (see page 130).

14. Proposal for appropriation of the net result

A proposal will be put to the general meeting of shareholders to allocate the gain for the financial year of €5.2 million (2022: loss of €4.9 million) to the retained earnings. This proposal has not yet been incorporated in the financial statements.

15. Subsequent events

There are no post reporting date events and expectations that have not already been taken into account in the management report, the consolidated financial statements or the company financial statements.

Signing

The Hague, 13 September 2024

Management Board

D.A.M. van Mierlo
Co-CEO Appointed per 15 July 2024

V.E. Hart
CFRO

Supervisory Board

I. Bussemaker (Chair)
G.A.J. Dubbeld
J.J. Banga
S. Rabbani

Statutory Provisions Regarding Profit Appropriation

Appropriation of profit will be determined in accordance with article 32 of the Articles of Association of Invest International B.V. The relevant provisions are as follows:

1. The profit as defined by the adoption of the financial statements, is at the disposal of the General Meeting. Distribution of profit or distribution from the reserves will take place, taking into account the policy on reserves and profit distribution as described in article 31.3.
2. The General Meeting will decide on the appropriation of the profit and the way a deficit is processed, on the proposal of the Management Board and after the approval by the Supervisory Board.
3. The company can only make distributions to the shareholders entitled to the profits available for distribution insofar as its equity exceeds the amount of the issued capital plus the reserves that must be maintained by law.

Distribution from profit or the reserves

In relation to the financial year ending 31 December 2023, the company's policy is to add profits to the other reserves. An updated policy on additions to the reserves and distributions from the profits will be drawn in due course.

Independent Auditor's Report

To: the shareholders and supervisory board of Invest International B.V.

Report on the audit of the financial statements for the year ended 31 December 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2023 of Invest International B.V. based in The Hague.

The financial statements comprise the consolidated and company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of Invest International B.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Invest International B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:
- The consolidated statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:
- The company statement of financial position as at 31 December 2023
- The company statement of profit or loss for the financial year then ended
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Invest International B.V. (the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands.

Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud.

During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section Risk and opportunity management of the management report for management's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures, incident registration and escalation process for incidents and notifications to those charged with governance. We evaluated the design and the implementation and, where considered appropriate, assessed the effectiveness and results in co-operation with our forensic specialists, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption, in particular relating to transactions in and agreements with foreign countries. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2.4. Significant estimates, assumptions and judgements to the financial statements.

We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks, we presumed that there are risks of fraud in revenue recognition. We considered among other things the company's fee income (management services) of Public Programs and Development B.V. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal (counsel), risk, compliance, human resources, and the supervisory board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with management, reading minutes, inspection of internal audit and risk, compliance reports, legal counsel reporting and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have inquired the in-house legal counsel and have inspected legal expenses to confirm the lack of any external lawyers being engaged for litigation, and we have been informed by management that there was no ongoing litigation or pending claims. We also have been informed by management that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in Note 2.1. Basis of presentation to the financial statements and in section In-control statement of the management report, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause a company to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit further included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 13 September 2024

EY Accountants B.V.

R.A.J.H. Vossen

Appendices

How we Report

This Annual Report was prepared according to the principles of the Integrated Reporting Framework developed by the International Integrated Reporting Council (IIRC) and with reference to the GRI Standards 2021. We strive to be as transparent as possible on our strategy and the way we create value and make impact. This is only the second Annual Report of Invest International. In the coming years we will refine our transparency and reporting quality further.

Impact Methodologies

During 2023 we were able to improve data quality further by introducing enhanced data collection methodologies and the modelling of impact results based on standardised and widely used methodologies. Our impact measurement methodology consists of a combination of client data and modelling based on standards, frameworks and tooling from credible institutions, such as Joint Impact Model (JIM), Atradius Dutch State Business (ADSB) and Green Label Methodology. An overview of the different methodologies used for impact measurement is presented in the table below:

Summary how we measure our impact indicators

Measurement Area	Measurement Methodology	Source	Remarks
Direct Jobs supported	Verified Client Data	Clients	For measuring direct jobs supported, we rely on client data and provide data quality assurance.
Indirect Jobs Supported	Modelling + Verified Client Data	JIM	For measuring indirect jobs supported, we rely on client data, where readily available, provided that we can establish a reasonable data quality assurance. When this is not available, indirect jobs supported are modelled using the Joint Impact Model (JIM).
Living Wage Commitment	Wage Indicator Foundation Datab	Wage Indicator Foundation	The thresholds for encouraging companies to pay living wages are based on the Wage Indicator Foundation's global living wage database. This database consists of carefully calculated living wages covering 164 countries and associated 2,547 regions.
Financed Emissions	Modelling based on GHG Protocol and PCAF Standard	JIM	The JIM measures the GHG footprint effects of investments. The key reference point is the GHG Protocol. JIM helps to report on GHG emissions according to the standards set by the Platform Carbon Accounting Financials (PCAF).

/ How we Report

Measurement Area	Measurement Methodology	Source	Remarks
Avoided Emissions	Modelling based on GHG Protocol + Life Cycle Analysis (LCA)	Climax	Invest International follows the methodology outlined by the GHG Protocol on avoided emissions and adopts credible LCAs conducted by clients. Calculations are done by Climax.
Own Environmental Footprint	Modelling based on GHG Protocol and PCAF	Climax	Climax deploys an AI-assisted software/ machine reader to analyse invoices to make GHG emissions estimates.
Green Label	Estimated based on Atradius Green Label Framework	ADSB	The green label committed portfolio is measured based on the ADSB Green Label Methodology.
NL GDP (Jobs and Value Added)	Verified Client Data + Modelling based on I/O and CBS	ECORYS	The main methodology used by Ecorys to estimate Invest International's economic impact in the Netherlands is the input-output (I/O) economic model.
Other SDGs	Verified Client Data	Clients	For measuring direct number of users supported in other SDGs, we rely on client data and provide data quality assurance.
Portfolio contribution to SDG 8 & 13			

How we measure direct jobs and indirect jobs supported

Direct jobs refer to the number of full-time equivalent (FTE) employees working for the company or project in which Invest International has invested. For measuring direct jobs supported, we rely on client data, but our impact officers provide data quality assurance. Indirect jobs refer to those jobs supported by our customers through their supply chains, the spending on wages and economy-wide employment enabled by our investment.

For measuring indirect jobs supported, we rely on client data where it is readily available and when reasonable data quality can be assured. If such information is not available, indirect jobs supported are modelled using the Joint Impact Model (JIM). JIM uses economic input-output mode that estimates indirect jobs effect throughout the value chain of investments made.

How we estimate the living wage commitment

Invest International acknowledges that securing the "decency" of jobs is essential. We therefore track not just the quantity of jobs, but their quality too, which is measured in the form of living wage levels and takes into consideration the concept of wage equality and permanency of jobs.

We encourage all our investees to work towards paying living wage, defined as: "the level of remuneration that allows a person and their family to afford all necessities, pay required taxes, and save for emergencies".

The thresholds for encouraging companies to pay living wages are based on the WageIndicator Foundation's global living wage database. This database consists of carefully calculated living wages covering 164 countries and 2,547 associated regions.

The calculation of living wages incorporates the costs of all necessities such as food, drinking water, housing & energy, transport, communications, clothing, healthcare, education, emergency expenses and mandatory contributions and taxes. WageIndicator calculates these expenses for 'standard households' and 'typical households'.

Standard households consist of two working adults (one of whom works 100% of the total hours allowed, while the second works 80%) and two children. Typical households comprise two adults, of which one works 100% of the total hours allowed, while hours for the other are based on the employment rate of that country. The number of children is determined by the country's fertility rate.

To calculate Living Wages, a basket of region-specific goods is designed and their cost is calculated through face-face surveys, web shops and a combination of face-to-face surveys and web shops. Every quarter more than 260 data collectors across the world conduct these surveys. Their data collections are used to update the database to ensure that our Living Wage rates are up to date.

Invest International encourages its investees to pay the appropriate living wages to all workers per location of operation or to commit to paying living wages in future, as evidenced by a concrete living wage roadmap and plan of execution. The investments that meet this requirement are considered in our estimate of the indicator "Percentage (%) of our portfolio with living wage commitment".

How we measure the financed and avoided GHG emissions of our portfolio

GHG emissions related to our activities are evaluated on three different scopes and categories aligned with the GHG protocol as per the following materiality assessment:

Scope	Description	Material?
Scope 1	Direct emissions occur from sources owned or controlled by the company such as company facilities and vehicles	Yes
Scope 2	Indirect emissions are from the generation of purchased energy purchased electricity, steam, heating & cooling for own use	Yes
Scope 3 - Category 1	Purchased goods and services	Yes
Scope 3 - Category 2	Capital goods	Yes
Scope 3 - Category 3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	Yes
Scope 3 - Category 4	Upstream transportation and distribution	Yes
Scope 3 - Category 5	Waste generated in operations	Yes
Scope 3 - Category 6	Business travel	Yes
Scope 3 - Category 7	Employee commuting	Yes
Scope 3 - Category 8	Upstream leased assets	Yes
Scope 3 - Category 9	Downstream transportation and distribution	No
Scope 3 - Category 10	Processing of sold products	No
Scope 3 - Category 11	Use of sold products	No
Scope 3 - Category 12	End-of-life treatment of sold products	No
Scope 3 - Category 13	Downstream leased assets	No
Scope 3 - Category 14	Franchises	No
Scope 3 - Category 15	Investments	Yes
Scope 4	Avoided and captured emissions	Yes

Invest International summarises its Scope 3 emission categories from 1 to 8 as "Scope 3 Upstream" emissions and its scope 3 – Category 15 as "Scope 3 Financed" emissions. Due to its financial operational nature, no emissions related to sold products are generated and as such Scope 3 categories 9 to 14 are not considered material.

For assessing Invest International's financed emissions, we use the Joint Impact Model (JIM). The JIM measures the GHG footprint effects of investments and other interventions using macroeconomic contextual data as input, such as country, economic activities, attributed finance and outstanding amount. The calculations are based on the Output-Input approach.

For measuring our own GHG emissions, we use the carbon accounting platform of Climax, which deploys AI-assisted machine reading technology to analyse our invoices and receipts using a ledger-based approach. Climax software identifies emission sources and applies related a CO_2e emission factor to it based on value spent using the company's ledger and transaction receipts as input data. Estimates on working from home and commuting emissions are based on the number of employees and an applied factor. Primary consumption data is generated from spent invoices including purchased quantities for purchased electricity, waste, employee commute, business travel. Based on this analysis by Climax, Invest International's own GHG emissions and intensity can be estimated.

Avoided emissions refer to reductions that occur outside of a product's life cycle or value chain, but as a result of the use of that product. The calculation of avoided emissions takes the same form as any other financed GHG emissions calculation. This is done by multiplying activity data ("volume") with an "avoidance factor" to determine the total GHG emissions avoided. The "avoidance emissions factor" reflects the net avoided emissions per unit of activity. The calculation of the avoidance factor is complex and typically based on existing academic or industry studies.

In general, the assessment of avoided emissions follow the GHG Protocol accounting and reporting principles of relevance, accuracy, completeness, consistency, and transparency. Avoided emissions in Invest International's portfolio is assessed case by case for projects with high avoidance emission potential by comparing the business as usual scenario with the project scenario. Invest International's avoided emissions are calculated by Climax.

Data required to assess financed and avoided GHG emissions are usually requested from clients on an annual basis. In order to achieve a higher data quality score aligned with the PCAF guidelines and the Greenhouse gas protocol, primary data such as electricity consumption and/or fuel consumption are preferred. Where such data are not available, production output is to be considered as calculation input for the estimates. When such figures are not available, the disbursement amounts, project activities and project location should be used instead. Depending on the transaction, different calculation methods and assumptions are applied:

Grants and subsidies

Grants and subsidies are not covered in PCAF guidance, so Invest International proportionally assumes all proceeds in the form of disbursed amounts were revenues for local economic activity sector. As such, the outstanding amounts represent exposure for Invest International over the project's duration. The outstanding amount attributed is reduced proportionally as the project completion rate increases. The following formula is applied for calculating Invest International's attributed outstanding amount (AOM):

Disbursed amount*(1-(#Days between 1st disbursement and cutoff date)/ (#Days between 1st disbursement and planned transaction close date))%.

In the event of project delays, the planned transaction close date should be updated to reflect it.

Loans

For loans, the outstanding amount is assumed as equal revenues for the respective beneficiary sector. It is assumed that all proceeds of the outstanding amount were used in the same year of reference and therefore represents exposure for II. For loans to other financial institutions, double attribution is applied. Data regarding the financial institution's company revenues are gathered. These are multiplied by II's share in the fund, and the fund's share in the company. The attributed revenues represent the exposure for II.

How we measure our Green label portfolio

For measuring our green label committed portfolio, estimates are based on the Green Label methodology of Atradius State Business (ADSB). The methodology considers transactions 'Green' when it can be substantiated that they contribute towards:

- Reducing the rate of climate change (climate mitigation)
- Adapting to the effects of climate change (climate adaptation)
- Reducing other ecological impacts, including those activities that do not directly aim at mitigating or adapting to climate change, but that have a positive impact on the environment and go beyond local legal requirements

At Invest International, the deal team (including the Impact Officer) is responsible for identifying and indicating that a proposal warrants a Green Label (hereafter "GL"). The deal proposal sketches a brief substantiation of the GL claim, to be checked independently by the 2nd Line Risk team. After initial committee approval, the deal team works further on the substantiation. Crucially, the deal team identifies where in the project's cycle the core GL activities take place, in which transactions and their financial value. If not all parts of a project may be contributing to the green label, the deal team will indicate this. A GL claim is expected to be properly documented, registered in the IESG system, and monitored.

How we estimate jobs supported and Added value (in €) to the Netherlands' GDP

The methodology for estimating Invest International's contribution to the Dutch economy is based on the input-output economic model covering direct, indirect, induced and forward effects when applicable.

Direct Effect

This refers to the jobs and value-added (in €) of each investment that is directly generated in the Netherlands. Direct effects do not concern the economic impact in the country where the project is being carried out, only the impact on the Dutch economy. For example, Dutch employment involved in the preparation of a project or export of goods and services that are necessary to carry out a project in a certain country.

Indirect Effects

This refers to the 'snowball effect' in terms of additional jobs and value (in €) generated as a consequence of the direct effects created. The multipliers used in this estimate originate from input-output analysis and are specially calculated for each specific sector. Since we know where money is spent, we can determine the indirect effects.

Induced Effects

Induced effects are the values stemming from household spending of employment income, net of taxes, savings, and commuter travel expenses. The induced effects are also generated by employee spending within the business' supply chain. If we know for each sector how much is spent on labour (salaries and wages), from there we can calculate how the money is spent and thereby enters into the economy.

Forward Effects

Forward Effects refers to the effect in the Netherlands of the project overseas supported by Invest International. It is not possible to quantify forward effects for all financed projects. Our approach is therefore to focus on the forward effects of projects we can quantify, based on a logical decision tree (see below). For other projects, forward effects will be described qualitatively.

GDP forward Effect decision tree

Input and Output

An input-output table provides a detailed description of all goods and services within a region or country that are produced or related to the local production factors (capital and labour). The table itself can be read horizontally and vertically. The rows contain a range of economic goods and services sectors - 'output'. The columns show values for consumption of produced goods and services from the same range of economic sectors - 'inputs'.

The output, or sales, of all sectors include intermediate sales (such as raw materials between sectors) and the final products, for consumption, export, investments and storage. The inputs include delivered intermediate goods by other sectors and the primary costs (import, deprecation, indirect tax minus subsidies, salaries and other sources of income). To summarise, the table includes all sales and costs related to the sales. The sum of the row of sector X equals sum of the column of sector X. All sectors together equal the GDP of a country.

How we apply the data

Statistics Netherlands (CBS) collects all the data mentioned above to create the National Accounts, covering all values for each economic sector. The dataset is highly valuable for descriptive analyses of the economic structure and economic process over time. The Input-output table allows users to isolate the impact of an investment of sector X on all the other sectors and thus the entire economy. An investment in sector X will result in an increase in sectors Y and Z since sector X needs inputs to produce (intermediate goods). The same holds for sector Y and Z, which need input for sectors A, B and C, and so on. All these indirect effects together is what we call the multiplier:

- Multiplier < 1: an investment of €1 result in an economic growth smaller than €1
- Multiplier = 1: an investment of €1 result in an economic growth of exactly €1
- Multiplier > 1: an investment of €1 result in an economic growth larger than €1

Based on the input-output table of the CBS we can derive the multiplier effects as well as the employment effects for all economic sectors. Some sectors have a very high multiplier (e.g. minerals/ the oil sector) whereas services tend to have relatively low multiplier effects. The multiplier per sector also differs within a region. In a country with an 'open character' like the Netherlands, the sectors are more or less integrated with each other. Leakages, namely inputs from abroad, also differ based on an economy's characteristics. A small, open economy such as the Netherlands will have more leakages to foreign countries compared to a closed economy such as North-Korea or a large, open economy such as the United States. The data for the Dutch economy are updated yearly and are the basis of our model for calculating impact indicators.

The scope of the impact assessment is limited to the impact on the Dutch economy. Investments in foreign countries are therefore out of scope. Indirect effects to the Dutch economy from investments abroad are included in the impact assessment. To perform any sort of economic modelling we need to make assumptions. The most important assumptions of this model are listed below.

- The model presents gross impact: In most impact assessments of total impact (gross), opportunity cost is deducted. Since the opportunity is not clear within the case of Invest International, the model presents only the gross, not the net, impact.
- Ex-ante estimations: All numbers and figures are ex-ante estimates. The inputs for the model are based on the agreements made with different partners. Underspending of the available budget by the partners is not included in our model. When the actual spending (after full execution of the project) is known, the model can be recalculated to determine the actual impact (ex-post).
- Year-to-year calculations are based on average impact over the project period: Most of the selected projects span across several years. Spending within a project is not linear, but differs from year to year. For simplicity, since the information over time is not always available, we use the average impact in the year-to-year calculations. The extrapolated impact projections are therefore less accurate. The total impact is not affected by this assumption.
- Sectoral division of partnered capital funds: Some projects consist of partnered capital funds. The partners receive capital for the funding of SMEs. If the distribution vision of the funding across economic sectors by the partner organisation is not available, we will use the average export/import numbers on a national level between the trading countries. As a result, project 2, 3, 9 and 11 will be less accurate.

How we assess portfolio contribution to SDG 8 and 13

Invest International weighs the social and environmental return of projects when approving projects and investments, partly based on their impact performance rating in jobs per € million invested and emissions per € million invested, corresponding to SDGs 8 and 13 respectively.

Our Impact Performance Rating (Impact PR) is an internal tool we have developed to help us steer our projects and investments in line with our impact commitment on SDGs 8 and 13 (see section 1.2.2 for SDG contributions commitments and section 3.1.1 for Impact Indicators). The Impact performance rating provides a quantitative measure to assess each project and investment. It can be aggregated and used to monitor strategic impact alignment at the portfolio and programme levels. As a steering rating, the impact performance rating focuses on being objective and simple, with benchmarks covering all Invest International sectors and limited to performance on SDG 8 and 13. It complements our more detailed assessments of the expected impact of individual investments, which include more nuanced information on other SDGs. Sections 2.2.1 and 2.2.2 outline the benchmarks used for the rating as well as the rating framework.

Benchmarks

The benchmarks for our impact performance rating were developed based on Invest International's baseline jobs and emissions intensity averages (i.e. per € million invested) for each sector of our portfolio in 2021, with the exclusion of a few statistical outliers. These are not "market" benchmark averages as there is no unified market benchmark for jobs and emissions intensity for investors[1]. Our benchmarks will be updated once a year to account for changes in portfolio, improved data quality and the growing impact ambitions of Invest International.

Sectors	SDG 8: **Average direct supported jobs / €m**	SDG 13: **Average GHG emissions tCO2e/ €m**
Agri-food	49	1.427
Healthcare	35	408
Water & Infra	14	984
Manufacturing	85	672
Climate & Energy	32	714
Others	31	860

Rating Framework

Typically, the Impact Officer within a project's deal team performs an ex-ante analysis of each project's impact performance per € million invested and compares the results to the internal benchmark set for all Invest International sectors. This is performed using information from clients.

Average direct supported jobs/€m		
Impact PR	**Performance description**	**Range**
1	Significantly worse than benchmark	<30%
2	Worse than benchmark	30-80%
3	Aligned with benchmark	80-120%
4	Better than benchmark	120-170%
5	Significantly better than benchmark	>170%

Average GHG emissions tCO_2e/€m per year		
Impact PR	**Performance description**	**Range**
1	Significantly worse than benchmark	> 170%
2	Worse than benchmark	120-170%
3	Aligned with benchmark	80-120%
4	Better than benchmark	30-80%
5	Significantly better than benchmark	<30%

[1] There are comparable benchmarks for instance MSCI Carbon Emissions EVIC Intensity: https://www.visualcapitalist.com/sp/visualized-an-investors-carbon-footprint-by-sector/

Projects that are rated in line with or higher than our internal benchmarks for jobs supported and emissions generated per € million invested, in principle, have a stronger chance of being granted investment by the Investment Committee (IC). Therefore, during the committee meetings, a project's impact performance ratings for SDGs 8 and 13 are usually discussed and taken into consideration when deciding to grant or refuse an investment. During the annual monitoring/review process of each project, the impact performance ratings will be reassessed in case of significant changes.

Overall, Invest International would like to steer at least two-thirds of the portfolio directly towards benefits for SDG 8 and, separately, SDG 13. This means that at least two-thirds of our investment portfolio should have an impact performance rating of either "aligned with our benchmark" or "significantly better than our benchmark", for both SDG 8 and SDG 13.

How we assess other SDGs

Invest International measures results for Invest International's strategic themes using specific indicators. These indicators are linked to related SDGs. As a cross-cutting topic we also measure gender equality for the overall portfolio linked to SDG 5.

Agrifood sector
Indicator: number of smallholders supported
Method: for measuring number of smallholders supported, we rely on client data or modelled data and provide data quality assurance.

Health sector
Indicator: number of users that have access to healthcare services and infrastructure
Method: for measuring number of users, we rely on client data and provide data quality assurance.

Water and Infra sector
Indicator: number of users that have access to affordable and good quality water and sanitation
Method: for measuring number of users, we rely on client data and provide data quality assurance.

Energy and Climate sector
Indicator: number of users that have access to energy (including renewable energy)
Method: for measuring number of users, we rely on client data and provide data quality assurance.

Sustainable Manufacturing sector
Indicator: total reduction of waste volume (percentage) for projects
Method: for measuring reduction of waste volume, we rely on client data and provide data quality assurance.

Gender Equality
Indicator: total of direct supported jobs for women (percentage)
Method: for measuring direct jobs for women supported, we rely on client data or modelled data and provide data quality assurance.

Standards, reporting guidelines and transparency

As a State participation, Invest International is expected to report in line with the following guidelines:

- Transparency Benchmark: Every two years, the Ministry of Economic Affairs and Climate Policy assesses the transparency of reporting. State participations are automatically included in this benchmark. The outcomes of the benchmark will provide us with useful feedback to improve our reporting.
- GRI Standards: Our annual reports include a GRI content index that shows how we reported with reference to the GRI Standards 2021, the international sustainability reporting standards developed by the Global Reporting Initiative.

This integrated annual report is compiled using the principles of the Integrated Reporting Framework developed by the IIRC (International Integrated Reporting Council).

Although we've made significant progress, our reporting does not yet meet the guidelines set on all points. Our continuous ambition is to report transparently on materiality, value creation, strategy, impact and the dilemmas we face. We are also preparing to meet the CSRD requirements, aiming to comply as soon as financial year 2025.

In the overview of our committed portfolio, reference is made to 'Other & multiple sectors' and 'Multiple regions'. With regard to 'other', this indicates impact is created in a sector other than one of our focus sectors. With regard to 'multiple', this indicates that a project is broader and impacts more than one sector and/or geographical region.

Value creation and impact

This integrated annual report includes our value creation model, showing how we use the available resources (input) to create value for our stakeholders (output) and how we contribute to the Dutch economy and to the SDGs (impact). Invest International is only at the beginning of reporting on impact objectives and KPIs. Our impact reporting and KPI framework will be further developed in in the coming years.

External assurance

The non-financial information in this annual report has not been verified by the external auditor. It is our ambition that in future an external auditor will issue a full or limited assurance statement covering the sustainability information in our annual report.

External Commitments and Industry Memberships

Our impact is not only about our investments. We are committed to doing business in a responsible and sustainable way, guided by a number of global standards and guidelines. In addition, some of our senior management members participate in committees and boards from an impact advocacy perspective.

External commitments and Industry Memberships		
UN Global Compact	Member	We are members of the UN Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.
Joint Impact Model (JIM)	Member	We are members of the JIM platform that develops a harmonised way of quantifying indirect jobs, value added, and greenhouse gas (GHG) emissions related to investments of financial institutions.
National Committee for Export, Import and Investment Guarantee	Member	Our CEO Joost Oorthuizen was one of the 26 members of the National Committee for Export, Import and Investment Guarantees (Rijkscommissie voor Export, Import en Investeringsgaranties) in 2023. The Committee meets twice a year and discusses national and international developments and issues in the field of export credit insurance and financing and investment insurance.
United Nations Sustainable Development Goals	Contributor	We support all 17 SDGs and provide meaningful contributions to many of them through impactful projects. For our portfolio, we focus our impact measurement and reporting on SDG 8 (decent work and economic growth) and SDG 13 (climate action). Our contributions to other SDG's are measured according to the specific project characteristics.
IFC Performance Standards	Adopter	IFC Performance Standards provide guidance on how to identify risks and impacts and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way. Potential clients (other than start-ups and SMEs) seeking Invest International's financing are required to observe the IFC Performance Standards.
UN Guiding Principles on Business and Human Rights	Adopter	As part of our due diligence procedure, we require clients to respect human rights, avoid infringement on the human rights of others, and address adverse human rights risks caused by their business activities.
OECD Guidelines for Multinational Enterprises	Adopter	The OECD Guidelines for Multinational companies provide the principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. Potential start-up and SME clients seeking Invest International's financing are required to sign a best-efforts statement to observe the OECD Guidelines.
ILO Conventions	Adopter	We strive to ensure that all our clients are aligned with the ILO fundamental principles and rights at work.
Partnership for Carbon Accounting Financials (PCAF)	Adopter	We are an adopter of PCAF, an industry led global partnership to develop and implement a harmonised approach to assessing and disclosing the GHG emissions of loans and investments financed.
Circular Economy IFI Exchange Network	Participant	We are part of a network of International Finance Institutions and Private Banks that discuss the opportunities, bottlenecks and best practices in financing circular projects.
Netherlands Advisory Board on Impact Investing	Participant	Invest International's Director Business Development, Strategy & Impact is a member of the Netherlands Advisory Board on Impact Investing. The NAB is focused on scaling up investments in impact and increasing cooperation in the Dutch impact investing sector.

GRI Content Index

Statement of use

Invest International has reported with reference to the GRI universal standards for the year ending December 31, 2023.

GRI 1 used

GRI 1: Foundation 2021.

No applicable GRI sector standards.

GRI Standard	Disclosure		Page reference
General disclosures			
GRI 2: General disclosures 2021	2-1	Organisational details	Profile (see page 6)
	2-2	Entities included in the organisation’s sustainability reporting	Performance and Impact (see page 36) How we Report (see page 157)
	2-3	Reporting period, frequency and contact point	About this Report (see page 4) Back cover (see page 0)
	2-4	Restatements of information	Not applicable
	2-5	External assurance	How we report (see page 166)
	2-6	Activities, value chain and other business relationships	Profile (see page 6) How we add value (see page 18)
	2-7	Employees	Our people and organisation (see page 51)
	2-8	Workers who are not employees	Our people and organisation (see page 51)

GRI Standard	**Disclosure**		Page reference
GRI 2: General disclosures 2021	2-9	Governance structure and composition	Corporate Governance (see page 79)
	2-10	Nomination and selection of the highest governance body	Corporate Governance (see page 81)
	2-11	Chair of the highest governance body	Foreword by the Management Board (see page 15) Management Board biographies (see page 85)
	2-12	Role of the highest governance body in overseeing the management of impacts	Performance and Impact (see page 36)
	2-13	Delegation of responsibility for managing impacts	Performance and Impact (see page 36)
	2-14	Role of the highest governance body in sustainability reporting	Performance and Impact (see page 36)
	2-15	Conflicts of interest	Independence and conflicts of interest (see page 82) Report of the Supervisory Board (see page 92)
	2-16	Communication of critical concerns	Dilemmas and critical concerns (see page 23)
	2-17	Collective knowledge of the highest governance body	Report of the Supervisory Board (see page 92)
	2-18	Evaluation of the performance of the highest governance body	Report of the Supervisory Board (see page 92)
	2-19	Remuneration policies	Remuneration Report (see page 94)
	2-20	Process to determine remuneration	Remuneration Report (see page 94)
	2-21	Annual total compensation ratio	Remuneration Report (see page 95)
	2-22	Statement on sustainable development strategy	Performance and Impact (see page 36) Our Strategy (see page 33)
	2-23	Policy commitments	Our Impact and ESG Policy External Commitments and Industry Memberships (see page 167)

GRI Standard	**Disclosure**		Page reference
GRI 2: General disclosures 2021	2-24	Embedding policy commitments	Impact performance and management (see page 39) Risk and Opportunity Management (see page 69)
	2-25	Processes to remediate negative impacts	Our People and Organisation (see page 51) Risk Management - Business Risk (see page 69)
	2-26	Mechanisms for seeking advice and raising concerns	Our People and Organisation (see page 51)
	2-27	Compliance with laws and regulations	Corporate Governance (see page 79)
	2-28	Membership associations	External Commitments and Industry Memberships (see page 167)
	2-29	Approach to stakeholder engagement	Stakeholders & materiality (see page 28) Our people and organisation (see page 51)
	2-30	Collective bargaining agreements	Remuneration policy for employees (see page 94)

Glossary and Abbreviations

Glossary

Core capital
Invest International's own capital provided by the Ministry of Finance.

Impact investor
An investor who invests with the intention to generate positive, measurable social and environmental impact alongside a financial return.

Input-output model
An economic model covering direct, indirect, induced and forward effects

Invest International Personal Oath
An oath that each employee needs to swear to. It combines elements from the Banker's oath (that FMO uses) and the 'ambtenaren eed of belofte' that is used by RVO.

NL Business
A former unit of FMO that offered financial solutions for Dutch enterprises.

Paris Agreement
A legally binding international treaty to tackle climate change and its negative impacts, adopted by world leaders in 2015 at the UN Climate Change Conference (COP21) in Paris.

Scale-up
A company that has grown 20% or more in employees or turnover in the last three years and has a mature, established and profitable product or service.

Scale-up Import Finance
A new working capital financing solution for growing scale-up companies.

Scope 1 emissions
Scope 1 emissions as defined in the GHG Protocol are direct emissions from owned or controlled sources.

Scope 2 emissions
Scope 2 emissions as defined in the GHG Protocol are indirect emissions from the generation of purchased energy.

Scope 3 emissions
Scope 3 emissions as defined in the GHG Protocol are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Scope 4 emissions
Scope 4 emissions, a relatively new concept within Carbon Accounting, as defined in the GHG Protocol are reductions that occur outside of a product's life cycle or value chain, but as a result of the use of that product.

SME
Small and medium-sized enterprise that employs less than 250 persons and has an annual turnover of up to €50 million, or a balance sheet total of no more than €43 million.

Start-up
A company or project that develops and validates a scalable business model.

Sustainable Development Goals
The Sustainable Development Goals, formulated and launched by the United Nations in 2015, are a universal call for action by all countries to promote prosperity while protecting the planet.

Abbreviations

AC	Amortised Cost
ADSB	Atradius Dutch State Business
AGM	Annual General Meeting
AoA	Articles of Association
ARC	Audit & Risk Committee
BCS	Broad Community Support
BPP	Best Practice Provisions
BV	Besloten Vennootschap (Private company)
CBS	Centraal Bureau voor de Statistiek (Statistics Netherlands)
CCO	Chief Commercial Officer
CEO	Chief Executive Officer
CFRO	Chief Finance & Risk Officer
COO	Chief Operating Officer
COP	Conference of the Parties
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DA	Development Accelerator
DGGF	Dutch Good Growth Fund
DRIVE	Development Related Infrastructure Investment Vehicle
DTIF	Dutch Trade and Investment Fund
D2B	Develop2Build
EAD	Exposure at Default
EC	Engagement Commitee
ECA	Export Credit Agency

ECL	Expected Credit Loss
ESAP	Environmental & Social Action Plan
ESG	Environmental, Social and Governance
ESIA	Environmental & Social Impact Assessment
E&S	Environmental & Social
EY	Ernst & Young
IFC PS	International Finance Corporation Performance Standards
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (Dutch entreprenurial development bank)
FPIC	Free, Prior and Informed Consultation
FTE	Full-time equivalent
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit or Loss
FX	Foreign Exchange
FY	Financial Year
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HR	Human Resources
IBR	Incremental Borrowing Rate
IAS	International Accounting Standards
IC	Investment Commitee
ICT	Information and Communication Technology

/ Glossary and Abbreviations

IDH	Initiatief voor Duurzame Handel (Sustainable Trade Initiative)
I-ESG	Impact - Environmental, Social and Governance
IFC	International Finance Corporation
IFRS-EU	International Financial Reporting Standards as adopted by the European Union
IIRC	International Integrated Reporting Council
IKB	Individueel Keuzebudget (personal budget)
ILO	International Labour Organisation
IMF	International Monetary Fund
IMS	Information Management System
IRS	Interest Rates Swaps
IT	Information Technology
ITS	Indicative Term Sheet
JIM	Joint Impact Model
KPI	Key Performance Indicator
KYC	Know Your Customer
LGD	Loss Given Default
LoI	Letter of Intent
MENA	Middle East and North Africa
MoTD	Ministry of Trade and Development
NAB	Netherlands Advisory Board
NGO	Non-governmental organisation
NS	Nederlandse Spoorwegen (Dutch railways)
OECD	Organisation for Economic Co-operation and Development
OHV	Oolders, Heijning & Voogelaar (asset manager)
ORIO	Ontwikkelingsrelevante Infrastructuur Ontwikkeling (Facility for Infrastructure Development)

PCAF	Partnership for Carbon Accounting Financials
PD	Probability of Default
PDF	Partnership Development Facility
PhD	Philosophiæ Doctor
PP&E	Property, Plant and Equipment
PPP	Public Private Partnerships
PwC	PricewaterhouseCoopers
RoU	Right-of-Use
RVO	Rijksdienst voor Ondernemend Nederland (Netherlands Enterprise Agency)
SDG	Sustainable Development Goal
SEA	Strategic Environmental Assessment
SME	Small and Medium-sized Enterprises
SPPI	Solely Payments of Principal and Interest
TA	Technical Assistance
UN	United Nations
USD	United States Dollar
VOG	Verklaring Omtrent het Gedrag (Certificate of Conduct)
WOAH	World Organisation for Animal Health
Wwft	Wet ter voorkoming van witwassen en financieren van terrorisme (Anti-Money Laundering and Anti-Terrorist Financing Act)

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Questions and comments
If you have any questions and/or comments regarding our annual report, please do not hesitate to contact us via communications@investinternational.nl.

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