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We thank our sponsors for their support but acknowledge that the findings and conclusions presented in this report are those of the authors alone, and do not necessarily reflect the opinions of these organizations.

ABOUT IMPACT CAPITAL MANAGERS AND THE ICM INSTITUTE

The Impact Capital Managers mission is to accelerate the performance of its members and to scale the private capital impact investing marketplace with integrity and authenticity. The organization accomplishes this through its membership association—over 100 funds representing more than $100B in impact-focused capital, deployed across more than 2,500 portfolio companies—and through collaborating on field-building initiatives, partnerships, and research with the affiliated ICM Institute. The ICM Institute is also a proud organizer of the Mosaic Fellowship and with Achieve Partners, producer of the Better Money, Better World podcast.

For more information and a complete list of members, visit www.impactcapitalmanagers.com.

ABOUT TIDELINE

Tideline is a women-owned, specialist consulting firm that provides tailored advice to clients developing impact investing strategies, products, and solutions. Since 2014, Tideline has provided a wide range of advisory services, including business and investment strategy design, product development, due diligence, customized research, and impact management to investors deploying over $200 billion in impact capital. Tideline’s thought leadership has spanned multiple themes and audiences in the last decade, with a focus on elucidating the practices of institutional and catalytic impact investing and the related need for robust market-level frameworks and infrastructure.
CONTRIBUTORS

We would like to thank a Project Advisory Group consulted at critical junctures including:

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*Managing Director and Head, Citi Impact Fund*

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- Illumen Capital
- Impact Engine
- Jonathan Rose Companies
- KKR Global Impact
- LeapFrog Investments
- Lime Rock New Energy
- Nuveen Global Impact
- Raven Indigenous Capital Partners
- Reach Capital
- Rethink Capital Partners
- S2G Ventures
- SJF Ventures
- St. Cloud Capital
- TELUS Pollinator Fund
- Third Sphere
- Trill Impact
- Two Sigma Impact
- W.K. Kellogg Foundation
With the continued growth of impact investing, which crossed the $1 trillion AUM milestone in 2022, more investors are exploring ways to utilize impact investing as a tool to deploy capital into investments that generate competitive financial returns alongside equitable and sustainable impact. Private capital in particular, where investors can influence the trajectory of a company over a longer holding period, is a fertile testing ground for the thesis that managing for impact can drive superior financial returns. Surfacing and sharing emerging frameworks and trends, thereby supporting growth with integrity, is why we are excited to fund ICM and Tideline to produce New Frontiers in Value Creation.

Our goal with this report is to foster deeper conversation around the sources of impact value creation and how they relate to financial materiality. Moreover, we hope that the contents of the report can be utilized by limited partners during diligence conversations to encourage and support fund managers’ value creation efforts, thereby enhancing the likelihood of impact investing success.

The concepts introduced in this report will help to solidify the practice of impact value creation as a recognized differentiator for impact investors. The seven levers of impact value creation outlined in the “playbook” naturally build on traditional value creation levers. They are intentionally crafted to feel familiar to traditional investors while ensuring impact investing remains clearly distinct—maintaining conceptual and practical clarity. By aligning traditional value creation levers with the emerging best practices of impact investors, we can further bridge the languages of finance and impact.

We are grateful for the 14 investors willing to share their experience and knowledge through case studies; they demonstrate diverse approaches to impact value creation during the investment holding period and hold keys, insights, and lessons learned that may yield practical guidance for all fund managers who care about scaling companies for both purpose and profit.

We look forward to implementing these findings in our own work and extend our gratitude to the ICM and Tideline teams for this important contribution.
EXEcutive Summary

Impact investors seek to allocate capital toward opportunities that generate positive social or environmental outcomes. However, these investors are also able to leverage their unique impact-led expertise and capabilities to drive differentiated business value creation during the investment holding period.

Impact value creation encompasses the actions that investors take as owners, lenders, and influencers to enhance impact efficacy, or the degree of scale, depth, or duration of the measurable social or environmental benefit. These activities are often, though not necessarily, undertaken with the goal of driving a commensurate improvement in the financial return of their investments.

What distinguishes impact-led value creation activities from those of traditional or ESG-oriented investors? What are the common core capabilities, levers, and enabling conditions for effective impact value creation?

Our research has identified four key considerations that are foundational to impact value creation and can help private markets impact capital managers to develop, communicate, and execute their impact value creation approaches with greater rigor, consistency, and results:

1. **Financial materiality of impact (FMI):** the extent to which impact efficacy (i.e., improved social and environmental outcomes) affects financial performance

2. **Sources of impact value creation:** the foundational capabilities and characteristics from which impact value creation activities are drawn, which are: Intentionality, Stakeholder Focus, Impact Networks, and Impact Expertise and Data

3. **Impact value creation modalities:** three pathways describing how impact is achieved in a particular investment opportunity, ideally in alignment with an investor’s impact thesis

   - **Growth modality:** scaling inherently impactful products, solutions, and business models
   - **Systems modality:** systematic interventions affecting a company’s operations, workforce, or value chains, often with a broader goal of shifting industry norms
   - **Transformation modality:** pivoting an impact-agnostic business to be impact-aligned, often with a broader goal of catalyzing or accelerating such transition in the market

4. **Visibility of impact opportunities:** the degree to which impact opportunities, viewed from the perspective of investors, sit along the spectrum of visibility from more apparent to more obscured, suggesting the potential for managers to contribute a unique value-add

While many impact investors implicitly consider these factors, formalizing the concepts can help deepen and systematize impact value creation strategies and advance best practices in the long-term. They also support practical operationalization of strategies through intentionally crafted impact value creation playbooks consisting of specific levers and tools that are best fit for purpose given different considerations.

Value creation playbooks should be inherently tailored to an investor’s strategy and strengths. The research illuminated seven distinct levers of action frequently utilized by impact capital managers in their playbooks and customized to fit their impact and financial objectives. These impact value creation levers help pro-
vide investors with a structured approach to determine their value creation activities—to be considered in the context of investor capabilities, enabling conditions, and investee needs.

Report findings are based on extensive research and market engagement, most importantly through 13 investor case studies across investor types. The “Lessons Learned” section of each case study explores enabling conditions and investor capabilities that can enhance the effectiveness of different value creation strategies.

These robust case studies help bring to life the key considerations for impact value creation with concrete examples of the types of impact value creation activities used today by leading impact managers. As the field continues to evolve, it is expected that more quantitative evidence of linkages between impact value creation activities and financial performance will further substantiate the unique role that impact investors can play in driving value during the investment holding period. The “Future Directions” annex provides initial guiding principles to help impact investors design data collection initiatives with the goal of improving the market’s understanding of impact value creation over time, as well as to optimize their own strategies.

1. **IMPACT POSITIONING**: strengthening market presence through positioning the brand as impact-focused

2. **PRODUCT/SERVICE DEVELOPMENT**: enhancing product and service offerings with impact expertise, networks, and stakeholder engagement

3. **MARKET BUILDING**: creating or expanding the addressable market for impactful products and services

4. **WORKFORCE INITIATIVES**: enhancing employee productivity and commitment through workforce-related improvements

5. **IMPACT INCENTIVES**: aligning management and financial incentives with impact goals

6. **ACCESS TO AlIGNED CAPITAL**: attracting and securing mission-aligned investors

7. **IMPACT RISK MANAGEMENT**: managing impact risks to avoid unintended consequences
Over the past decade, impact investing—investments made into companies, organizations, and funds with the intention of generating measurable social or environmental impact alongside a financial return—has gained significant institutional prominence, topping the $1 trillion mark in size according to a 2022 report from the Global Impact Investing Network (GIIN). In a survey released by the GIIN, nearly 80% of investors believe the financial performance of their impact investing strategies meets or exceeds their targets.

This growth and performance track record has spurred exploration into the idea that the concurrent pursuit of impact alongside risk-adjusted market rate financial returns is not only possible, but that impact could in fact be a source of alpha generation. This hypothesis was the focal point of pioneering collaborative research between ICM and Tideline, leading to the 2018 publication of *The Alpha in Impact*, which identified 10 unique drivers of impact alpha—the ways in which impact objectives enhance financial value for investors throughout the lifecycle of investment management.

Subsequently, ICM partnered with Morrison & Foerster in 2022 to delve into the dynamics of how impact investors realize value at exit. That report, titled *Strengthening Outcomes*, studied 230 exits by impact-focused market rate investors and found that 65% of those deals were at or above their financial targets, and 81% at or above their impact targets. Degree and distribution of successes and failures matter: for the funds who offered exits for analysis, average net IRR was over 25%. These findings suggest strong correlation, if not causation, demonstrating the possible relationship between impact and financial value at the point of exit. It also advanced important discussions of how impact management and legal tools can preserve impact at exit.

*New Frontiers in Value Creation* builds upon the foundation laid by *The Alpha in Impact* and *Strengthening Outcomes*. Representing the next critical research step, this report zeroes in on impact value creation activities during the investment holding period, shedding light on how impact investors leverage distinctly impact-related data, insights, and capabilities to create differentiated impact and financial value.

As with the original *The Alpha in Impact* report, this research focuses on market-rate impact investing strategies in the private market. This does not diminish the valuable role played by a range of investment strategies with varying impact and financial return objectives in both private and public markets. Concessionary and catalytic capital, as well as blended finance, are also crucial in addressing the world’s most intractable challenges, especially in underserved markets and communities. Likewise, investors that are not impact-seeking may realize attractive financial returns by participating in market-rate impact investment opportunities. However, given the report’s focus, “impact investors” is used here to refer to those seeking market-rate returns unless otherwise specified.

The research approach was established with an understanding of the difficulty generally of linking and attributing discrete impact value creation activities and initiatives to specific financial outcomes. A case study method involving deep collaboration with research subjects generated concrete insights on the relationship between impact value creation and financial performance. However, findings advance a hypothesis rather than present definitive conclusions. The report closes with a brief annex describing the additional data that would be helpful for investors to gather in the coming years to illuminate a more conclusive relationship between impact value creation and financial performance. That additional evidence will be particularly helpful for educating the broader market on the benefits of impact value creation across all types of investments, as well as for the further development of the necessary skills, expertise, and conditions necessary to execute on these activities.
DEFINING IMPACT VALUE CREATION
Impact value creation refers to the activities that investors take as owners, lenders, and influencers to enhance the scale, depth, and/or duration of impact generated by their investees during the investment holding period. While impact value creation is distinct from financial value creation, investors often pursue impact value creation with a concurrent goal of improving the financial return of their investments. Given this report's focus on market rate impact investors, impact value creation activities that are most closely correlated with financial performance are prioritized in this study.

RESEARCH CONTEXT
Several market actors have contributed valuable insights on impact value creation, building on the more robust research base on traditional and sustainable investors' value creation strategies. This paper does not attempt an exhaustive literature review but has greatly benefited from the emerging body of data and insights on this topic.

The impact industry's focus on "investor contribution" and "additionality," including in the Impact Management Project's (IMP's) foundational Five Dimensions and Investor Contribution frameworks, established the idea that meaningful impact is contributed beyond the provision of capital. Notably, Harvard Business School's "What Do Impact Investors Do Differently?" reinforced this concept, and Paul Brest and Kelly Born's seminal 2013 Stanford Social Innovation Review article, "When Can Impact Investing Create Real Impact," also helped set the terms of the debate.

In recent years, there has been a growing emphasis on how impact investors can drive impact and financial performance during the investment holding period. This includes Bridgespan's 2021 article, "How Value-Creation Plans Can Put More 'Impact' in Impact Investing," which emphasizes the significance of embedding stakeholder impact considerations within a company's business model and employing disciplined value creation strategies to drive positive change across portfolios.

Impact Frontiers is actively engaged in deepening the IMP's Five Dimensions, including through an updated investor contribution framework and, with CASE at Duke University, pioneering research into the integration of impact and financial management. Impact Frontiers' impact-financial integration framework seeks to effectively bridge the gap between social and environmental considerations and financial objectives.

Research on value creation outside of the impact space, such as KPMG's "Delivering on the Promise of Value Creation," offered useful data and insights that also helped identify the unique skills and capabilities that impact investors can bring to the table.

In summary, value creation generally and impact value creation specifically is acknowledged as a critical activity, particularly in the context of private markets where an investor's influence is greatest during the ownership period. However, research has tended to focus on a broader set of principles, practices, or roles and less on specific impact levers or the connectivity of impact value creation activities to specific financial outcomes. This report intends to address that gap in market knowledge.
Part I

IMPACT VALUE CREATION & KEY CONSIDERATIONS
VALUE CREATION is a core feature of any effective private market investment strategy with an active ownership dimension. However, research indicates that managers are often leaving value creation opportunities on the table; one survey found that only approximately 10% of private equity firms consistently achieve their investments’ full financial potential through value creation. This limited success rate is largely attributed to an overreliance on conventional value creation methods, often implemented with a lack of discipline and consistency.

As the impact investing market grows, it is increasingly important to demonstrate effective impact value creation strategies and execution. It is no longer sufficient to target companies that are inherently impactful or to focus on impact management in a silo disconnected from business performance. Successful impact value creation not only serves as a competitive differentiating factor for impact investors but can also help demonstrate the efficacy of impact as a potent driver of financial performance to the broader market.

IMPACT VALUE CREATION encompasses the actions that investors take as owners, lenders, and influencers to enhance impact efficacy, often with the goal of driving a commensurate improvement in the financial return of their investments. This rigorous impact-driven discipline is embedded throughout the investment process, helping impact investors to consistently identify, plan, and execute impact value creation activities and understand their effect on financial performance, including through opportunities that may not be readily apparent or implementable for traditional investors.

It is important to also note that impact investors do not replace but rather build on traditional and ESG-driven value creation approaches and capabilities to create an additional layer of distinct competitive advantage by leveraging their unique impact-driven contributions. Traditional value creation strategies like cost transformation and buy-and-build optimize for cash flow and valuation multiples, while ESG-driven value creation strategies like managing regulatory risk and improving an asset’s resource efficiency, address broad stakeholder risks and opportunities.

Distinctly, impact-led value creation focuses on material targeted and measurable impacts. These impacts are supported by evidence-based impact theses and are embedded in business and operating models, directly influencing the core drivers of financial value including revenue growth, operating margin, long-term productivity, and valuation multiple.

KEY CONSIDERATIONS OF IMPACT VALUE CREATION

Value creation within the impact context entails four key considerations: 1) the financial materiality of impact (FMI); 2) sources of impact value creation; 3) impact value creation modalities, and 4) visibility of impact opportunities. Deliberate consideration of these four interrelated factors can help investors shape their impact value creation playbooks, as well as inform their approach to specific investments.

FINANCIAL MATERIALITY OF IMPACT (FMI)

Foundational to impact value creation is the concept of financial materiality of impact (FMI), defined as the extent to which impact efficacy (i.e., improved social and environmental outcomes) affects financial performance. Impact-led value creation activities can affect all drivers of financial value to enhance business performance and investor returns (see exhibit 1).
Effective impact value creation in market return-seeking strategies intentionally targets the most material impact needs and opportunities, specific to each investee's context and core business model. With unique expertise and capabilities, impact investors uncover strategic and material connections that underpin strong, consistent alignment between impact and financial performance.

While FMI is often implicitly assessed by impact investors, it lays the groundwork for exploring how investors’ unique approaches and value creation strategies may contribute to financially sustainable positive outcomes. As such, FMI analysis is a key foundational element of impact value creation.

**SOURCES OF IMPACT VALUE CREATION**

To bring differentiated value to their investees, impact investors consistently draw on unique foundational capabilities and characteristics. The research identified four common sources of impact value creation that enable impact investors to identify and execute upon opportunities that traditional investors may overlook.

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<th>FINANCIAL DRIVERS</th>
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| **REVENUE GROWTH** | • Market share: percent of the market generated by a particular product, service, or company  
• New market entry: bringing a product or service to a new geography or customer segment |
| **MARGIN ENHANCEMENT** | • Pricing power: ability to raise prices without meaningful loss of demand  
• Cost savings: improved efficiency through reduced operating expenses |
| **LONG-TERM PRODUCTIVITY** | • Employee retention & engagement: productivity via attracting, retaining, and motivating talent  
• Governance & leadership: more efficient leadership through structures and processes to align organizational operations and support strategic decision-making |
| **VALUATION MULTIPLE** | • Access & cost of capital: ability and cost to finance operations and strategic investments  
• Capital efficiency: ratio of capital expenditure to revenue generated |

**INTENTIONALITY** is the degree to which investors explicitly target specific social and environmental outcomes. It captures the degree to which impact is embedded into an investor's culture and DNA, ideally informing the entire investment process to ensure trust, mission alignment, and constructive engagement between an investor and investee.

**STAKEHOLDER FOCUS** refers to impact investors' heightened awareness and understanding of diverse stakeholder perspectives, including workforces, customers, and vendors, to strengthen targeted impact and improve long-term business value. This source of value creation is particularly valuable in industries with people-centric businesses, such as education or healthcare.

**IMPACT NETWORKS** are the unique partnerships and ecosystems that impact investors can access to support investee growth.

**IMPACT EXPERTISE AND DATA** refers to industry and thematic experience and insights that improve long-term impact and business performance, including those generated from collecting and monitoring rigorous impact metrics.
Most impact investors have some degree of capability in each of the four sources. However, they may have areas of particular strength that can be used to inform impact value creation strategies, as will be explored in subsequent sections.

**EXHIBIT 2**

**FINANCIAL MATERIALITY OF IMPACT (FMI)**

FMI: The extent to which impact efficacy affects financial performance.

**MODALITIES: PATHWAYS FOR IMPACT VALUE CREATION**

The research identified three “modalities” of impact value creation, which constitute the primary pathways by which impact is achieved in a particular investment opportunity, in alignment with an investor’s thesis:

- The first modality, **GROWTH**, focuses on scaling inherently impactful products, solutions, and business models. These business models are sometimes called “collinear” in that additional growth in a product or service directly translates to additional positive impact as well as revenue growth. This is the predominant modality among impact investors, particularly those focused on early- and growth-stage investment opportunities of impact-driven products and solutions. Of the case study sample, 85% (11 or 13) of investors’ value creation approaches aligned with this approach.

- The second, **SYSTEMS**, focuses on the opportunity to drive impact through a “different way of doing business,” usually through targeted interventions affecting a company’s operations, workforce, or value chains, often with a broader goal of shifting industry norms. This modality lends itself well to impact investors in mature industries with high labor intensity or supply chain dependency in which thesis-driven operational enhancements can lead to long-term productivity gains along with positive impact among its stakeholders. Of the case study sample, 46% (6 of 13) of investors’ value creation approaches aligned with this approach.
Opportunities may be more or less visible based on the relevant impact modality.

Not surprisingly, GROWTH approaches tend to be more apparent, easily understood, and clearly financially material than those related to long-term productivity or valuation multiples, since impact is baked into a business model. However, there are examples of obscured opportunities within the GROWTH modality, such as product and service enhancements directly targeted to underserved beneficiary needs.

SYSTEMS approaches also tend to be relatively visible, although the specific steps needed to action operational enhancements might be more obscured, requiring deeper impact expertise and discipline to identify and institutionalize.

TRANSFORMATION approaches are generally the most obscured, since they often originate in a manager’s own unique impact-driven thesis on the needed business and/or industry pivot.

The visibility of impact value creation opportunities is dynamic and can evolve as the market’s understanding of the relationship between impact and financial performance improves over time. For example, the EQT case study highlights the transformation of Anticimex, a pest control business. By demonstrating the commercial viability of biocide-free solutions, EQT is accelerating the broader industry’s transition towards sustainability. The value of developing and marketing non-hazardous, environmentally friendly pest solutions is becoming more apparent to the broader universe of investors.

Investments often present opportunities for multiple, overlapping value creation modalities.

VISIBILITY: VISIBLE VERSUS OBSCURED OPPORTUNITIES

Building on their unique capabilities, impact investors may distinguish themselves by their ability to see impact value creation opportunities that others might not. Impact value creation opportunities may be broadly characterized as either more “visible” or more “obscured,” though these are often points along a spectrum rather than categorical differences. Approximately half of the impact value creation examples in the 13 case studies were relatively obscured and likely to have been overlooked by non-impact investors.

An impact value creation opportunity is considered more “visible” when:

- Impact is apparent in the product, service, and/or business model of the enterprise
- There is active demand for the impactful products or services
- The financial materiality of impact is readily understood

The third, TRANSFORMATION, focuses on pivoting an impact-agnostic product or service to be impact-aligned, often with a broader goal of catalyzing or accelerating such transition in the market. This modality is adopted by impact investors supporting the transition from unsustainable to sustainable solutions (e.g., brown companies and industries transformed towards greener market solutions), including by investing in mature or late-stage industry market leaders with turnaround strategies focused on improving capital allocation. Of the case study sample, 15% (2 of 13) of investors’ value creation approaches aligned with this approach.

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The third, TRANSFORMATION, focuses on pivoting an impact-agnostic product or service to be impact-aligned, often with a broader goal of catalyzing or accelerating such transition in the market. This modality is adopted by impact investors supporting the transition from unsustainable to sustainable solutions (e.g., brown companies and industries transformed towards greener market solutions), including by investing in mature or late-stage industry market leaders with turnaround strategies focused on improving capital allocation. Of the case study sample, 15% (2 of 13) of investors’ value creation approaches aligned with this approach.

Opportunities may be more or less visible based on the relevant impact modality.

Not surprisingly, GROWTH approaches tend to be more apparent, easily understood, and clearly financially material than those related to long-term productivity or valuation multiples, since impact is baked into a business model. However, there are examples of obscured opportunities within the GROWTH modality, such as product and service enhancements directly targeted to underserved beneficiary needs.

SYSTEMS approaches also tend to be relatively visible, although the specific steps needed to action operational enhancements might be more obscured, requiring deeper impact expertise and discipline to identify and institutionalize.

TRANSFORMATION approaches are generally the most obscured, since they often originate in a manager’s own unique impact-driven thesis on the needed business and/or industry pivot.

Investments often present opportunities for multiple, overlapping value creation modalities.
INTERRELATIONSHIP AMONG THE KEY CONSIDERATIONS

The value creation modality, financial materiality of impact, and visibility of impact opportunities influence how impact investors best meet company-specific needs connected to the core business model and investment thesis. The sources of impact value creation influence the visibility of impact opportunities for the investor as well as the feasibility and capabilities that an investor has to action a modality.

- In **Growth** scenarios, investors often bring deep, sector-specific impact expertise and networks to bear that help zero in on the ways in which impact efficacy directly drives demand or opens up new markets or access to capital. Impact-driven expertise and impact data, such as an evidence-based understanding of impact markets and consumers, may facilitate improved product and service development and distribution. Such insights can also increase revenue, pricing power, and margins.

  For example, Rethink Education’s **intentionality, impact networks, and thematic expertise** helped support EdTech company AllHere’s **growth**. It nominated two new mission-oriented board members who offered deep insights into the needs of school districts, drawing from their roles as a superintendent and education company executive. Their pivotal contributions included facilitating deals with school districts and developing a customer acquisition playbook to scale the business.

- In **Systems** interventions, investors have a rigorous, thesis-driven operational enhancement playbook that can be programmatically implemented across all investments by activating proprietary data, insights, and tools, as well as a deep network of internal and external experts. Because primary impact beneficiaries are often key internal stakeholders of the investee, such as a company’s workforce, a core source of effective value creation in this modality is **stakeholder focus**.

  This is exemplified by HCAP’s Gainful Jobs Approach™, a programmatic framework for evaluating and improving job quality. In the case of sleep disorder treatment provider BetterNight, HCAP surfaced opportunities for the company to enhance workforce practices (e.g., employee engagement survey, HR improvements, etc.) that improved employee retention using **stakeholder engagement and impact data**. Impact outcomes that the employees experienced led to a larger, more stable workforce, which translated into **margin improvement, revenue growth, and long-term productivity**.

- In **Transformation**, investors typically have business and market building foresight. They have the experience to know whether a strategic pivot to an impact-aligned business model will drive long-term financial success, potentially by catalyzing or accelerating a broader transition toward impact within a particular market or industry. Often armed with majority ownership providing a sufficient degree of control to drive the requisite change, impact investors in this modality bring strong intentionality to establish mission alignment within governance and management as a foundational condition for transformation. They leverage deep sector and impact expertise and data, such as an evidence-based understanding of impact markets and consumers, to methodically implement business model and market transitions.

EQT Future provides an illustrative example of an investor **intentionally** pivoting existing businesses to more impactful ones, with the larger goal of **transforming** industries. EQT’s case study focuses on the transition of pest control business Anticimex from a provider of primarily conventional products to more environmentally-friendly, non-toxic solutions. To align operations and management with this new strategy, EQT implemented an incentive scheme to motivate a shift in the company’s revenue mix and establish mission alignment between Anticimex’s team and the longer-term strategic and impact goals.
Part II

IMPACT VALUE CREATION PLAYBOOKS AND LEVERS
The four key impact value creation considerations can help inform an investor’s approach, but operationalizing the strategy requires a “playbook” consisting of concrete tools or levers to enable disciplined execution. These purpose-built impact value creation playbooks help to institutionalize an investor’s distinct value creation levers and facilitate consistent, rigorous implementation of plans, roadmaps, and measurement across the portfolio.

The impact playbooks developed for specific strategies are grounded in an impact investor’s DNA, capabilities, and impact and investment theses. Specific impact levers often build on, and may overlap with, traditional and ESG-related value creation activities. While every business has distinct impact value creation opportunities, investors can leverage their unique sources of impact value creation and targeted modalities to assess FMI and identify visible and obscured opportunities.

**IMPACT VALUE-CREATION LEVERS**

Drawn from analysis of 13 real-world case studies, seven key levers emerge to help deliver impact value creation strategies. This section explores each lever, providing a practical framework to empower investors with research-driven insights for aligning purpose-driven impact strategies with financial objectives. It serves as a concise starting point for developing impact-led value creation playbooks that build upon an investor’s primary impact modality and sources of impact value creation.

The seven levers are not meant to be a comprehensive list of potential value creation activities. Instead, they focus on common approaches observed in the market that drive both impact and financial performance. There may be additional levers that generate impact without financial materiality that are beyond the scope of this report.
1. **IMPACT POSITIONING:** Strengthen market presence by positioning the brand as impact-focused. While applicable to all impact modalities, impact positioning is most commonly utilized in Transformation and Growth. It can be an effective driver of **revenue growth**, including through increasing market share and entry to new markets, as well as enhancing pricing power to improve margins.

2. **PRODUCT/SERVICE DEVELOPMENT:** Enhance product and service offerings with impact expertise, network, and stakeholder engagement. This lever lends itself well to the Transformation and Growth modalities, which require innovation to pivot businesses and enhance offerings, respectively. **Revenue growth** via market share and new market entry and **margin improvements** through greater pricing power are the primary associated financial drivers.

3. **MARKET BUILDING:** Signaling, advocacy, and strategic positioning, especially in sectors with lower awareness, understanding, and willingness to pay to create or expand markets for impactful products and services. This lever is commonly associated with the Growth and Transformation modalities, resulting in **revenue growth** through new market entry.

4. **WORKFORCE INITIATIVES:** Systematically engage employees to inform improvements to job quality, culture, and workforce well-being. Investors utilizing this lever often adopt a highly programmatic approach aligned with the Systems modality. This lever can enhance **long-term productivity** and **cost savings** through better employee motivation and retention.

5. **IMPACT INCENTIVES:** Harmonize management and financial incentives with impact goals, fostering mission alignment and deepening commitment from internal stakeholders. This lever can advance impact value creation in all modalities, and depending on how the incentives are designed, could promote any of the financial drivers.

6. **ACCESS TO ALIGNED CAPITAL:** Leverage impact credibility and network to attract and secure mission-aligned investors. Financial resources, particularly affordable capital, play a crucial role in realizing impactful outcomes across all modalities by supporting **access and cost of capital**.

7. **IMPACT RISK MANAGEMENT:** Strategically manage impact risks to avoid unintended consequences. This lever can be applicable to all modalities and is particularly relevant in the Transformation modality as longer-term sustainability risks are mitigated through business model shifts. Reducing systemic impact risks enhances **long-term productivity** and **access and cost of capital**.
## LEVER MAPPING

### IMPACT POSITIONING
Enhance market presence by positioning the brand as impact-focused, cultivating a distinct identity that enhances the brand’s reputation and influence.

### PRODUCT/SERVICE DEVELOPMENT
Augment offerings with impact expertise, network, and stakeholder engagement, enhancing products and services.

### MARKET BUILDING
Create or expand total addressable markets for impactful products and services.

### WORKFORCE INITIATIVES
Enhance workforce well-being and job quality through strategic employee engagement, promoting a positive workplace culture that aligns with social impact objectives.

### PRIMARY IMPACT VALUE CREATION MODALITY

<table>
<thead>
<tr>
<th><strong>GROWTH TRANSFORMATION</strong></th>
<th><strong>GROWTH TRANSFORMATION</strong></th>
<th><strong>GROWTH TRANSFORMATION</strong></th>
<th><strong>SYSTEMS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth</td>
<td>Revenue growth</td>
<td>Revenue growth</td>
<td>Long-term productivity</td>
</tr>
<tr>
<td>Margin enhancement</td>
<td>Margin enhancement</td>
<td></td>
<td>Cost savings</td>
</tr>
</tbody>
</table>

### KEY FINANCIAL DRIVERS

<table>
<thead>
<tr>
<th><strong>IMPACT INCENTIVES</strong></th>
<th><strong>ACCESS TO ALIGNED CAPITAL</strong></th>
<th><strong>IMPACT RISK MANAGEMENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Align management and financial incentives with impact goals, fostering mission alignment and deepening commitment from internal stakeholders</td>
<td>Capitalize on impact credibility to attract mission-aligned co-investors and capital, fostering a collaborative financial relationship that reinforces the impact investment portfolio</td>
<td>Strategically manage impact risks to avoid unintended consequences, adopting a proactive approach to challenges and safeguarding the integrity of impact initiatives</td>
</tr>
</tbody>
</table>

### PRIMARY IMPACT VALUE CREATION MODALITY

<table>
<thead>
<tr>
<th><strong>GROWTH TRANSFORMATION</strong></th>
<th><strong>GROWTH TRANSFORMATION</strong></th>
<th><strong>TRANSFORMATION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Various, depending on incentive design</td>
<td>Valuation multiple</td>
<td>Long-term productivity</td>
</tr>
<tr>
<td></td>
<td>Valuation multiple</td>
<td>Valuation multiple</td>
</tr>
</tbody>
</table>

### KEY FINANCIAL DRIVERS

- Revenue growth
- Margin enhancement
- Long-term productivity
- Cost savings
Enhance market presence by positioning the brand as impact-focused, cultivating a distinct identity that enhances the brand’s reputation and influence.

**FINANCIAL DRIVERS**

Strategic brand differentiation can boost revenue growth and margin enhancement.

**IMPACT VALUE CREATION MODALITY**

Relevant across modalities but most commonly seen in Transformation and Growth, impact positioning serves to communicate a business’ pivot towards impact or further appeal to impact-conscious customers.

**CAPABILITIES**

- High degree of intentionality to establish mission alignment with company management
- Expertise and deep insight into stakeholder needs
- Impact-led authentic brand development and safeguarding against “green” and “impact-washing”

**SAMPLE STRATEGIES**

A. Redefine an organization’s vision and mission to center impact

B. Engage in strategic impact marketing and communication

C. Engage in market building initiatives or thought leadership

**IN PRACTICE**

**TRILL IMPACT**

- Trill Impact worked with management at Komet, an agricultural irrigation solutions company, to refine the company’s vision and mission to center impact, enhancing its internal and external brand

- Trill helped communicate the business’s competitive differentiation and impact value proposition, enabling revenue growth by scaling current markets and expanding into new ones
Augment offerings with impact expertise, network, and stakeholder engagement, enhancing products and services

**FINANCIAL DRIVERS**

- Competitive, impact-led product and service offerings generate revenue growth and margin enhancement

**IMPACT VALUE CREATION MODALITY**

Product and service development lends itself well to the Transformation modality which requires business pivots. It is also utilized in the Growth modality as more innovative and enhanced offerings lead to increased customer demand and scale

**CAPABILITIES**

- Deep understanding of end beneficiaries and target impact market
- Impact-centered thematic, sectoral, and technical expertise
- Access to quality impact data

**SAMPLE STRATEGIES**

A. Prioritize and buildout impact-focused product innovation and R&D efforts including deep stakeholder engagement

B. Enhance offerings to better meet underserved customer/market needs

C. Develop new impact-focused product/service offerings

**IN PRACTICE**

**RETHINK CAPITAL PARTNERS**

- Rethink proposed that AllHere, an early-stage EdTech business, enhance its core product with an AI chatbot during the pandemic
- The pivot allowed the business to maintain demand for its services in a remote environment and expand the number of schools served by over 700% in 2020, enabling revenue growth
MARKET BUILDING

Create or expand total addressable markets for impactful products and services

FINANCIAL DRIVERS

- New and larger markets support revenue growth

IMPACT VALUE CREATION MODALITY

- Market building is highly aligned with Transformation and Growth modalities

CAPABILITIES

- Strong impact networks to facilitate market access
- In-depth impact market expertise including localized insights
- Trust within target impact markets and customer bases

SAMPLE STRATEGIES

A. Leverage impact-related market intelligence/data, expertise, and networks to identify new markets

B. Signaling, advocacy, and strategic positioning, especially in sectors with lower awareness, understanding, and willingness to pay for impact products and services

IN PRACTICE

LEAPFROG INVESTMENTS

- LeapFrog worked with healthcare diagnostics firm, Redcliffe Labs, to provide hands-on M&A support to expand in high-impact regions of India
- Redcliffe executed two strategic acquisitions generating meaningful revenue growth and broadening its impact reach
WORKFORCE INITIATIVES

Enhance workforce well-being and job quality through strategic employee engagement, promoting a positive workplace culture that aligns with social impact objectives

FINANCIAL DRIVERS

- Improved employee recruitment and engagement, job satisfaction, and well-being enhance long-term productivity and cost savings

IMPACT VALUE CREATION MODALITY

- Highly programmatic approach aligned with the Systems modality

CAPABILITIES

- High degree of stakeholder engagement competence
- Thematic impact expertise in human capital, with supporting infrastructure, tools, and technical assistance capabilities

SAMPLE STRATEGIES

- Deal structure and governance mechanisms, such as the inclusion of impact data in the following:
  - A. Employee engagement surveys
  - B. Professional development programs
  - C. Employee benefits and wellbeing initiatives

IN PRACTICE

HCAP PARTNERS

- HCAP leveraged its Gainful Jobs Approach™ framework with sleep medicine company BetterNight to assess and enhance job quality for its employees through strategic workforce initiatives, including expansion of benefits and professional training opportunities
- As a result of HCAP's support, the business became an employer of choice, achieving cost savings through improved retention, recruitment, and training
IMPACT INCENTIVES

Align management and financial incentives with impact goals, fostering mission alignment and deepening commitment from internal stakeholders

**FINANCIAL DRIVERS**

Depending on how incentives are designed, incentives can be aligned to any financial driver

**IMPACT VALUE CREATION MODALITY**

Impact incentives can be a tool across Growth, Systems, and Transformation modalities

**CAPABILITIES**

- Strong impact measurement and monitoring capabilities
- Target-setting competency to establish ambitious yet realistic incentives
- Ability to evaluate and adapt incentives from lessons learned over time

**SAMPLE STRATEGIES**

A. Term sheets that safeguard the mission for long-term, impact-aligned relationships between investors and investees

B. Compensation structures tied to impact performance

C. Impact-linked financing

**IN PRACTICE**

**BAIN CAPITAL DOUBLE IMPACT**

- Double Impact established impact incentives by tying management’s annual bonuses at Excelsia Injury Care, an injury care provider, with the percentage of growth in low-income patients treated
- Incentivized leadership to achieve revenue growth through new market entry that was aligned to the business’s mission
ACCESS TO ALIGNED CAPITAL

Capitalize on impact credibility to attract mission-aligned co-investors and capital, fostering a collaborative financial relationship that reinforces the impact investment portfolio.

**FINANCIAL DRIVERS**

Additional access to aligned capital fuels business growth, often with a lower cost of capital.

**IMPACT VALUE CREATION MODALITY**

Access to aligned capital can support achievement of all modalities.

**CAPABILITIES**

- Ability to build and leverage impact credibility
- Ability to maintain relationships with an impact
- Track record of successful impact-focused capital deployment

**SAMPLE STRATEGIES**

A. Facilitate connections and bolster credibility with other mission-aligned, strategic investors

B. Offer flexible financing terms to support the investee’s long-term success

**IN PRACTICE**

**W.K. KELLOGG FOUNDATION**

- As an LP, WKKF introduced BlackRock Impact Opportunities Fund (GP) to Acelero, a mission-aligned early childhood education company within the foundation’s existing portfolio.
- BlackRock provided growth capital to Acelero as part of an investor syndicate including the Builders Fund, enabling business expansion and revenue growth.
IMPACT RISK MANAGEMENT

Strategically manage impact risks to avoid unintended consequences, adopting a proactive approach to challenges and safeguarding the integrity of impact initiatives.

FINANCIAL DRIVERS

Reducing systemic impact risks enhances long-term productivity, capital efficiency, and access and cost of capital.

IMPACT VALUE CREATION MODALITY

Applicable to all modalities and is particularly relevant in the Transformation modality as longer-term sustainability risks are mitigated through shifts in the business model.

CAPABILITIES

- Impact risk capabilities and frameworks
- ESG/impact data on DEI, climate, and other systemic challenges

SAMPLE STRATEGIES

A. Regularly assess, identify, and manage negative impacts, unintended consequences, and risks to the achievement of impact.

B. Assess physical and transition climate risk impact on the business, including optimizing investment and capital expenditures to avoid stranded assets.

C. Anti-discrimination, anti-bias, and harassment training

IN PRACTICE

NUVEEN INVESTMENT MANAGEMENT

- Nuveen helped Annapurna, a microfinance business, integrate physical climate risk data into its operations to develop an alert system for customers during climate disasters.

- This alert system reduced the risk of loan defaults due to climate-caused disasters, improving long-term operating margins and business valuation.
Part III

CASE STUDIES
INVESTOR CASE STUDIES

The concepts introduced in Parts I and II were derived in part from rigorous analysis of 13 investor case studies. This section presents summaries of those case studies to bring impact value creation to life by highlighting concrete examples of how impact investors have provided differentiated contribution to the impact and financial performance of their investees. The table below indicates alignment of those case studies to the modalities, financial drivers, and impact value creation levers.

<table>
<thead>
<tr>
<th>MANAGER/INVESTMENT</th>
<th>DESCRIPTION</th>
<th>MODALITIES</th>
<th>FINANCIAL DRIVERS</th>
<th>IMPACT VALUE CREATION LEVERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAIN CAPITAL DOUBLE IMPACT</td>
<td>Injury care and physical rehabilitation services provider across 65 US locations.</td>
<td>GROWTH SYSTEMS</td>
<td>• Long-term productivity</td>
<td>• Impact incentives</td>
</tr>
<tr>
<td>Excelsia Injury Care</td>
<td></td>
<td></td>
<td>• Margin enhancement</td>
<td>• Workforce initiatives</td>
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<td></td>
<td></td>
<td></td>
<td>• Revenue growth</td>
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<tr>
<td>CITI IMPACT FUND</td>
<td>SaaS platform addressing childcare scarcity by enhancing availability of quality home-based early childhood education.</td>
<td>GROWTH SYSTEMS</td>
<td>• Long-term productivity</td>
<td>• Impact positioning</td>
</tr>
<tr>
<td>Wonderschool</td>
<td></td>
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<td>• Revenue growth</td>
<td>• Product/service development</td>
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<td></td>
<td></td>
<td></td>
<td>• Workforce initiatives</td>
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<tr>
<td>EQT PARTNERS</td>
<td>Global pest control company offering a sustainable, digitally-enabled SMART solution.</td>
<td>GROWTH SYSTEMS</td>
<td>• Revenue growth</td>
<td>• Impact incentives</td>
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<td>Anticimex</td>
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<td>• Impact positioning</td>
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<td>• Workforce initiatives</td>
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<tr>
<td>FRANKLIN TEMPLETON</td>
<td>Public hospital and nursing facility striving to enhance healthcare accessibility in an underserved region of Italy.</td>
<td>GROWTH SYSTEMS</td>
<td>• Capital efficiency</td>
<td>• Product/service development</td>
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<tr>
<td>Project Lagoon</td>
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<td>• Cost savings</td>
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<tr>
<td>HCAP PARTNERS</td>
<td>Leading virtual-care sleep disorder solution provider of diagnosis and long-term treatment in the US advancing sleep-related health outcomes.</td>
<td>GROWTH SYSTEMS</td>
<td>• Revenue growth</td>
<td>• Product/service development</td>
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<tr>
<td>BetterNight</td>
<td></td>
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<td></td>
<td>• Workforce initiatives</td>
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<tr>
<td>KKR GLOBAL IMPACT</td>
<td>Global manufacturer of sustainable packaging solutions to reduce material usage.</td>
<td>GROWTH SYSTEMS</td>
<td>• Revenue growth</td>
<td>• Impact positioning</td>
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<tr>
<td>CMC Packaging Automation</td>
<td></td>
<td></td>
<td></td>
<td>• Market building</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Product/service development</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Workforce initiatives</td>
</tr>
<tr>
<td>LEAPFROG INVESTMENTS</td>
<td>Digitally-driven healthcare diagnostic service provider prioritizing affordable and accessible early diagnostic screening for non-communicable diseases in India.</td>
<td>GROWTH SYSTEMS</td>
<td>• Cost savings</td>
<td>• Market building</td>
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<tr>
<td>Redcliffe Labs</td>
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<td>• Revenue growth</td>
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<th>FINANCIAL DRIVERS</th>
<th>IMPACT VALUE CREATION LEVERS</th>
</tr>
</thead>
</table>
| NUVEEN INVESTMENT MANAGEMENT Annapurna    | Indian microfinance company providing working capital to grow small businesses. | ![GROWTH](image1) ![TRANSFORMATION](image2) ![SYSTEMS](image3) | • Capital efficiency  
  • Margin improvement  
  • Revenue growth  
  • Valuation multiple | • Impact incentives  
  • Impact risk management  
  • Product/service development |
| RETHINK CAPITAL PARTNERS AllHere          | Woman-founded education technology company providing personalized mobile messaging solutions to improve student outcomes across 34 US states. | ![GROWTH](image1) ![TRANSFORMATION](image2) ![SYSTEMS](image3) | • Capital efficiency  
  • Revenue growth | • Market building  
  • Product/service development |
| S2G VENTURES Clear Frontier               | Nebraska-based farmland fund partnering with family farms, fostering sustainable practices and specialty crops to meet rising demand for organics. | ![GROWTH](image1) ![TRANSFORMATION](image2) ![SYSTEMS](image3) | • Revenue growth | • Access to aligned capital  
  • Market building  
  • Product/service development |
| TRILL IMPACT Komet Austria GmbH           | Global agricultural irrigation component provider, prioritizing water efficiency and reliability for local farmers. | ![GROWTH](image1) ![TRANSFORMATION](image2) ![SYSTEMS](image3) | • Revenue growth | • Impact incentives  
  • Market building  
  • Product/service development |
| TWO SIGMA IMPACT Circle of Care           | Texas-based pediatric therapy provider delivering home and clinic-based services. | ![GROWTH](image1) ![TRANSFORMATION](image2) ![SYSTEMS](image3) | • Long-term productivity  
  • Revenue growth | • Workforce initiatives |
| THE W.K. KELLOGG FOUNDATION (LP), BLACKROCK, AND THE BUILDERS FUND Acelero Learning | Early childhood education platform offering tech-enabled and Head Start services primarily in low-income communities. | ![GROWTH](image1) ![TRANSFORMATION](image2) ![SYSTEMS](image3) | • Access and cost of capital  
  • Long-term productivity  
  • Revenue growth | • Access to aligned capital  
  • Impact incentives  
  • Impact risk management  
  • Impact positioning  
  • Market building  
  • Workforce initiatives |
CASE STUDY

BAIN CAPITAL

EXCELSIA INJURY CARE

INVESTOR & COMPANY OVERVIEW

BAIN CAPITAL DOUBLE IMPACT (Double Impact) invests in and works to scale inherently impactful companies promoting health and wellness, education and workforce development, and sustainability. Double Impact targets control and growth equity investments that can deliver both commercial performance and measurable positive social and environmental outcomes.

EXCELSIA INJURY CARE offers injury care and physical rehabilitation services across 65 US locations. Excelsia simplifies the complex process of obtaining and funding medical care after auto accidents and workplace injuries, with a focus on serving low-income individuals, including those that may be under- or uninsured. By providing essential medical care and managing the complex reimbursement process irrespective of their ability to pay or insurance status, Excelsia ensures critical care and improves health outcomes for patients who may not otherwise have received the critical care they need.

INVESTMENT THESIS

As experts in healthcare investing, Double Impact recognized that Excelsia was closing the gap in accessible and affordable care for injury and accident victims, who are disproportionately low-income earners. Double Impact saw potential to expand Excelsia’s high impact business model into new markets to serve additional disadvantaged patients and improve health outcomes with its high-quality, integrated treatment program. Excelsia’s model helps reduce barriers to medical care by streamlining the process for patients and providing the full breadth of services and specialties needed under one roof.
CASE STUDY
BAIN CAPITAL

FINANCIAL MATERIALITY OF IMPACT
Double Impact’s value creation strategy for Excelsia is anchored in both GROWTH and SYSTEMS modalities:

<table>
<thead>
<tr>
<th>IMPACT VALUE CREATION MODALITY</th>
<th>VALUE CREATION ACTIVITY</th>
<th>FINANCIAL VALUE DRIVER</th>
<th>VISIBILITY OF FMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROWTH</td>
<td>Expanding clinics into new markets, targeting underserved areas with high concentration of patient need, reinforced with management incentives tied to low-income patients served</td>
<td>• Revenue growth through new market entry</td>
<td>Excelsia’s potential to scale was readily apparent, but Double Impact’s commitment to prioritizing underserved market demand was uniquely informed by its mission alignment, impact expertise, and data-driven approach to expansion.</td>
</tr>
<tr>
<td>SYSTEMS</td>
<td>Implementing employee wellness initiatives, leveraging the B Impact Assessment, to enhance employee financial stability, engagement, and wellbeing</td>
<td>• Long-term productivity through workforce engagement • Margin improvement through training and recruitment cost savings</td>
<td>The need to address employee wellbeing challenges in the healthcare sector was discernible; Double Impact’s deep expertise surfaced opportunities to improve employee wellbeing, which they believe ultimately supports positive patient outcomes.</td>
</tr>
</tbody>
</table>

VALUE CREATION

MISSION-LOCKED GROWTH
Double Impact’s commitment to serving vulnerable patients guided its approach to the business’s growth strategy. Double Impact has provided significant analytical, financial, strategic, and operational support to expand Excelsia into new markets with a focus on launching clinics in areas with high patient need. It did so by analyzing data to indicate high concentration of need by household income, population density, and other relevant metrics.

Additionally, Double Impact established impact incentives that linked the company managers’ annual bonus to strategic impact priorities including total scale of patients served, successful completion of a full course of treatment, and income levels of patients and other metrics, reinforcing leadership’s commitment to scale high-impact segments of the business. Double Impact also worked with the company to deploy a patient survey to better understand the patients’ demographics, needs, and health outcomes. Double Impact’s mission focus helped create a strong investor-investee alignment that has been crucial to Excelsia’s success.

VALUE CREATION

IMPACT MANAGEMENT SUPPORT FOCUSED ON EMPLOYEE WELLBEING
As experts in scaling patient and provider-centered health care businesses, Double Impact knows well the value of supporting employee wellbeing in healthcare services. For Excelsia, Double Impact leveraged the B Impact Assessment tool and a Net Promoter Score (NPS) to set goals, measure results, and inform future workforce initiatives for employees and customer outcomes.
.initiatives implemented for Excelsia included raising compensation to ensure a living wage, enhancing leave policies and health benefits, and offering emergency relief resources for employees. While Double Impact tailored these strategies based on Excelsia’s needs, they also drew upon Bain Capital’s significant experience in enhancing business operations.

LESSONS LEARNED

• Leveraging Bain Capital’s platform for growth: Double Impact has leveraged Bain Capital’s broader platform to support its value creation strategy for Excelsia. The platform has provided valuable access to sector-specific experts, operations enhancements, and workforce engagement resources.
CASE STUDY

CITI IMPACT FUND

WONDERSCHOOL

INVESTOR & COMPANY OVERVIEW

CITI IMPACT FUND (CIF) launched in 2020, invests in and supports the growth of innovative startups that help solve critical issues for underserved communities, creating lasting change and increasing access, affordability and inclusion. The fund is committed to reaching underserved beneficiaries in the areas of Financial Resilience, Future of Work, Climate Resilience and Social Infrastructure, and actively seeks out opportunities to invest in diverse founders to help combat persistent gaps in access to capital.

WONDERSCHOOL, a Black-founded SaaS platform, is dedicated to expanding the supply of affordable childcare and to creating income opportunities for childcare providers. Wonderschool’s technology platform links customers to providers and streamlines crucial business operations such as marketing, billing, and onboarding. Wonderschool’s services help address childcare scarcity, particularly in low-to-middle income (LMI) communities, by improving the availability of quality home-based early childhood education.

INVESTMENT THESIS

Wonderschool advances two CIF focus areas: Social Infrastructure and Future of Work. Accessible and high-quality childcare is critical social infrastructure as it supports children during the most critical stages of their development, and it enables parents, especially women, to participate in the workforce. Wonderschool aims to bridge wealth gaps by creating sustainable income opportunities for licensed childcare providers. Many of these providers are women from underrepresented backgrounds that live in LMI communities.
KEY ELEMENTS OF VALUE CREATION:
CIF’s value creation approach has been anchored in the GROWTH modality:

<table>
<thead>
<tr>
<th>IMPACT VALUE CREATION MODALITY</th>
<th>VALUE CREATION ACTIVITY</th>
<th>FINANCIAL DRIVERS</th>
<th>VISIBILITY OF FMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROWTH</td>
<td>Delivering guidance to Wonderschool’s childcare providers to promote homeownership, which is associated with several benefits including increased childcare capacity, reduced vulnerability to disruptions, and potential for long-term wealth generation</td>
<td>• Long-term productivity and revenue growth through greater provider capacity and stability</td>
<td>Wonderschool identified the potential impact and business benefits of home ownership, but it was Citi’s broad capabilities and network that helped tailor the support to best serve Wonderschool’s provider base, a thoughtful approach directly aligned with Citi’s capabilities that may have been obscured to other investors.</td>
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<td></td>
<td>Featured Wonderschool in Citi’s national online video advertising campaign, which increased Wonderschool’s brand visibility and generated new provider leads to scale the business and impact</td>
<td>• Revenue growth driven by inclusion in a nationwide advertising campaign</td>
<td>The potential to expand the user base for greater revenue and impact through national advertising was discernible, but the hands-on support in funding, creating, and airing the ad was unusual for an investor.</td>
</tr>
</tbody>
</table>

VALUE CREATION
HOMEOWNERSHIP SUPPORT
Wonderschool’s providers often rent their homes where they provide childcare services, exposing them to potential challenges such as rent increases and zoning permit issues. Homeownership helps providers to reduce these risks, facilitating easier state-level childcare licensing, a crucial element for maximizing enrollment.

Recognizing the benefits of homeownership to the business, CIF embarked on a collaborative effort with Wonderschool to educate its childcare providers about the benefits of home ownership. Leveraging the bank’s mortgage division and nonprofit organizations in the Citi network, the team created an ongoing homeownership webinar series tailored to Wonderschool’s providers, with a focus on the needs of LMI individuals.

VALUE CREATION
GETTING THE WORD OUT
Recognizing synergies between the positive impact Wonderschool has on local communities and businesses and Citi’s role in advancing economic growth and progress, Citi’s marketing team featured Wonderschool as part of a national online video advertising campaign.

The ad generated more than 89 million impressions, enhancing Wonderschool’s brand visibility and generating approximately 200 leads from childcare providers interested in developing new programs.
NEW FRONTIERS IN VALUE CREATION

CASE STUDY
CITI IMPACT FUND

LESSONS LEARNED

• Value of a differentiated and expansive platform: CIF’s portfolio companies benefit from the breadth of Citi’s value creation platform, which allows for execution of tailored and differentiated post-investment support. For instance, CIF successfully facilitated home buying guidance and increased brand visibility by connecting Wonderschool with Citi’s Banking, Community Relations and Marketing teams, and also introduced the company to its Human Resources and Government Affairs teams.
CASE STUDY

EQT

ANTICIMEX

INVESTOR & COMPANY OVERVIEW

EQT Future is EQT’s lighthouse impact strategy with the goal to transform industries and drive impact outcomes at scale. EQT Future seeks to generate impact through two pathways:

1. identifying and incentivizing a pivot from the existing market offering towards products and services with a measurable positive impact; and/or
2. scaling existing impactful products and services for greater reach and depth of impact.

Established in 1934, ANTICIMEX is a leader in the global pest control industry. It introduced its sensor-based SMART solution in 2014 to effectively combat pest infestations and mitigate their adverse effects on food contamination, disease spread, and economic losses. In an effort to reshape practices in the pest control sector, characterized by chemical usage and environmental impacts, Anticimex’s SMART is an innovative, toxin-free approach to pest control, improving health and environmental outcomes. At the same time, Anticimex’s strong market position offers an opportunity to demonstrate market leadership and transform the industry by eliminating the use of toxins, preserving biodiversity.

INVESTMENT THESIS

For EQT, Anticimex’s SMART solution represented an opportunity to both pivot into and then scale an impactful business line. By supporting the effective roll-out of the SMART product, EQT endeavors to shift consumer behavior towards more sustainable solutions and accelerate the transformation of the pest control industry using activities in EQT’s toolkit including impact diligence to build the case, then in ownership establishing impact-aligned incentives, progressing towards rigorous impact measurement, and supporting enhancements to operational sustainability.
FINANCIAL MATERIALITY OF IMPACT

EQT Future aims to transform industries by pivoting businesses towards greener and more impactful products, emphasizing aligning impact and commercial viability to create impact collinearity before expansion, demonstrating both TRANSFORMATION and GROWTH modalities:

<table>
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<tbody>
<tr>
<td>TRANSFORMATION</td>
<td>Strengthening the company’s role as a sustainability leader helped shift market expectations, as well as facilitate the transition of the pest control industry</td>
<td>• Revenue growth obtained through addressing customer preference for emphasizing sustainability</td>
<td>The increase in customer demand as a result of Anticimex’s sustainable market leadership and positioning may not have been fully realized without a highly impact-focused investor.</td>
</tr>
<tr>
<td>GROWTH</td>
<td>Implementing an annual bonus incentive scheme to transition the company’s revenue mix towards Anticimex’s sustainable, and higher margin, SMART business line and execute /accelerate the strategic shift</td>
<td>• Revenue growth driven by incentivizing SMART sales, which also improves margins in addition to customer satisfaction due to it being a higher quality service</td>
<td>EQT Future was able to identify the potential for, and execute, the growth of the higher quality, sustainable business with its impact-driven foresight and deep understanding of market dynamics.</td>
</tr>
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</table>

SUSTAINABLE LEADERSHIP

EQT Future’s commitment to transforming markets is supporting Anticimex’s journey to becoming a leader in the sustainable pest control industry. To achieve this position, EQT encouraged the company to elevate its sustainability efforts. Initiatives included expanding the sustainability team, which now features a Chief Biology Officer – a position designed to offer expert guidance for the company’s ambition to form a nature-positive strategy, market leadership, and innovative methods for impact measurement. This strategic investment in sustainability professionals has empowered Anticimex to develop a robust evidence-base that conveys the tangible benefits of SMART solutions to customers, expanding its market share and pricing power while scaling its impact.

INCENTIVES TO TRANSITION

A part of the EQT Future strategy is to pivot companies towards impact and then scale. EQT played a pivotal role in driving the adoption of the biocide-free SMART solution by introducing financial incentives, including annual bonuses for management, board members, and branch manager staff tied to the quantity SMART sales, to steer the company towards a more sustainable product mix. To date, more than 460,000 SMART devices have been installed worldwide, far exceeding the 25% growth rate EQT anticipated in its underwritten impact case.
CASE STUDY

EQT

LESSONS LEARNED

• Market demonstration effect: EQT understood Anticimex’s potential to create demand and influence the broader industry by encouraging the adoption of biocide-free solutions. Anticimex’s market leadership as a top four player generates a substantial positive demonstration effect based on the commercial and sustainability achievements of its new product. The impact of this influence is tangible, as several of Anticimex’s competitors are already emulating its approach by introducing similar biocide-free products.

• The importance of incentives: Prior to EQT Future’s ownership, the EQT flagship fund owned the business and played a proactive role in advancing SMART technology, harnessing the expertise of their in-house team of around 30 technology and digital professionals known as EQT Digital to develop the biocide-free solutions. EQT Future successfully built upon the prior initiatives of the broader EQT platform by integrating impact and operational sustainability across businesses through financial incentives, expert advice, and rigorous measurement. EQT Future orchestrates the transformation of companies into impact-oriented entities poised to scale.

• Leveraging the power of the broader platform: Bringing the company into EQT Future allowed EQT to double-down on the impact opportunity by incentivizing and actively driving the company’s focus on the impact outcomes and market demonstration potential. To achieve this alignment, EQT Future established company-level impact KPIs related to the core impact thesis for each investment and worked with management to set incentives to support their achievement.
CASE STUDY
FRANKLIN TEMPLETON
PROJECT LAGOON

INVESTOR & COMPANY OVERVIEW
FRANKLIN TEMPLETON SOCIAL INFRASTRUCTURE (FTSI) invests in, and supports with its long-term capital, healthcare and education facilities, social and affordable housing, and buildings related to justice, emergency, and civic services across Europe. These assets benefit communities by acting as the physical spaces where essential social services are provided. Additionally, the strategy helps environmentally upgrade these facilities, enhancing their sustainability and long-term financial value during the holding period.

PROJECT LAGOON is a public hospital and nursing home facility in Venice Lido, Italy with 330 patient beds and significant on-site research activities. The hospital is one of 51 hospitals in Italy (corresponding to circa 5% of the national offer) that obtained recognition as an “IRCCS” (“Scientific Institute for Research, Hospitalization and Healthcare”) since 2005. It specializes in the rehabilitation of cranial and spinal trauma outcomes, amyotrophic, lateral sclerosis, neuropathies, Parkinson’s disease and dementia.

FTSI acquired the hospital and nursing home facilities to preserve and improve critical health services for the local community. Notably, hospital capacity and accessibility of healthcare services in the region are lower than the national average, despite its sizable elderly population. Financial challenges under the previous operator placed the hospital in serious risk of closure and the facilities were likely to have closed were it not for the purchase by FTSI, which would have exacerbated the community’s health access challenges. After securing the continued operation of the facilities with long-term operating leases to two new healthcare operators, FTSI facilitated discrete improvements to service quality, accessibility, and environmental sustainability, consistent with the strategy’s value creation playbook.
KEY ELEMENTS OF VALUE CREATION:

Franklin Templeton’s value creation approach demonstrates the SYSTEMS modality across both social and environmentally-focused activities:

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<td></td>
<td>Preservation and enhancements of healthcare services through a long-term lease with quality operators, facilitating targeted improvements for quality and accessibility, and expanded capacity financed by the tenant</td>
<td>• Capital efficiency from operational quality enhancements and increased financial stability</td>
<td>The value of preserving and improving critical healthcare services was observable, benefiting from FTSI’s impact expertise in social infrastructure to identify impact and financial value creation opportunities to manage operational turnarounds.</td>
</tr>
</tbody>
</table>
|                               | Leveraging third-party experts to identify and address environmental upgrade opportunities with material benefits to energy cost savings and long-term asset value | • Cost savings from environmental efficiency improvements  
• Capital efficiency from asset updates | FTSI has a discipline of assessing which environmental improvements are financially material by incorporating them in a quantitative asset underwriting process. |

VALUE CREATION

PREVENT, IMPROVE, AND EXPAND SERVICES

The FTSI team, experts in safeguarding and enhancing critical social infrastructure, executed two 30-year leases with two quality operators for the hospital and nursing home facility, guaranteeing the continuity of community benefits for years to come and elevating the facility’s standard of service and safety.

To finance subsequent improvements, FTSI coordinated a tenant-financed capital expenditure plan totaling €12 million. The hospital has implemented a capex program to improve the research facilities and levels of medical care, which will entail the restructuring of both the research laboratories and of the hospital wards. The nursing home will be expanded, creating an additional 68 beds while also improving the energy efficiency of the overall building. Also, FTSI has acquired approval to add a medical university campus and potentially student housing to the site, further adding to its social value for the community.

ENVIRONMENTAL IMPACT

FTSI enhanced its assets’ environmental performance, realizing direct financial benefits through reduced operating costs and increased asset value. FTSI’s commitment to accountability is highlighted by its intentional measurement of environmental transformation, including the use of third-party experts to conduct environmental due diligence in auditing energy, carbon, water, biodiversity, and waste. Project Lagoon’s improvements have included solar panels, upgraded heating and lighting systems, and geothermal heating and cooling. Notably, these efforts resulted in yearly carbon intensity reductions of over 10% at the facilities, showcasing the strategy’s commitment to transparent and impactful environmental stewardship throughout the holding period.
LESSONS LEARNED

• **Tenant-landlord mission alignment**: Traditionally limited to rent collection or incident resolution, tenant-landlord relationships often lack alignment due to differing missions – social for tenants, and financial for landlords. FTSI bridges this gap by actively and explicitly pursuing social and environmental improvement through tenant partnership, stakeholder engagement, and the financing of social or environmental initiatives.

• **Impact expertise connecting to financial drivers**: FTSI conducts quantitative cost-benefit analyses for impact value creation activities, where possible. FTSI models how initiatives affect IRR, specifically decreases in operating expenditures, increases in net operating income, or valuation improvements.
INVESTOR & COMPANY OVERVIEW

HCAP PARTNERS specializes in providing mezzanine debt and equity for underserved, lower-middle market companies. Core to its investment approach is HCAP’s Gainful Jobs Approach™. This impact management framework combines a quantitative assessment of job quality, HR guidance, workforce tools, and technical assistance to expand economic opportunities, improve job quality, and advance diversity, equity, and inclusion (DEI) for underserved businesses, their employees, and the communities they serve. Additionally, HCAP brings deep sector expertise in health care, technology, business services and manufacturing.

BETTERNIGHT is a healthcare technology company revolutionizing the diagnosis, treatment, and care management of sleep disorders with the goal to improve accessibility, affordability, and health outcomes for patients. BetterNight has pioneered the use of home sleep testing to address the fragmented and difficult-to-navigate treatment journey and challenge that 80% of cases of moderate and severe sleep apnea remain undiagnosed. The company prioritizes the development of a diverse workforce that is reflective of BetterNight’s patient populations through intentional recruitment practices, mentorship and professional development of staff, and inclusive workplace practices.

INVESTMENT THESIS

HCAP invested in BetterNight to support the business’s vision to leverage technology and establish a national telehealth platform to address sleep disorders nationwide through increased access to care, improved quality of care, and lowered cost of care. BetterNight sought support in furthering its commercial capabilities, building out its technological infrastructure, and recruiting and retaining top talent in a competitive labor market in order to achieve its growth objectives. HCAP also recognized the potential to enhance BetterNight’s workplace practices, company culture initiatives, and make job quality improvements through its Gainful Jobs Approach.
CASE STUDY
HCAP PARTNERS

FINANCIAL MATERIALITY OF IMPACT
HCAP’s value creation strategy has been anchored in both SYSTEMS and GROWTH modalities:

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| GROWTH                        | Developing a technology roadmap to scale the regional business into a national platform leveraging HCAP’s technology and healthcare sector expertise and industry connections | • Revenue growth as a result of leveraging the telehealth platform to scale and reach a broader patient population utilizing the same resources  

• Margin improvement as the telehealth platform eliminated the need to invest in brick-and-mortar facilities as BetterNight expands into new territories | BetterNight’s potential to develop a telehealth model that would allow for revenue growth, improved patient outcomes, and reduced cost was readily apparent. |
| SYSTEMS                       | Institutionalizing and enhancing workplace practices, job quality, and culture utilizing its proprietary Gainful Jobs Approach™ and ensuring strong mission alignment with management | • Long-term productivity via improved patient and employee satisfaction  

• Revenue growth through increased service capacity  

• Margin improvement via decreased training and recruitment costs | While the need to address labor challenges in the healthcare sector was discernible, HCAP’s deep expertise surfaced opportunities to improve business performance with enhanced workforce practices and job quality improvements. |

VALUE CREATION
DEVELOPING AND SCALING A NATIONAL TELEHEALTH PLATFORM
As experts in digital health, HCAP recognized the potential of telehealth to expand BetterNight’s reach by offering its core services through virtual consultations, at-home diagnostics tests, and digital monitoring nationally. HCAP leveraged its operating partners, including former healthcare executives, to develop a product roadmap and rollout plan to support the buildout of the technology platform. Software developed included the launch of Clarity Care, a digital population health tool that provides payers, patients, and health administrators with unprecedented visibility and greater accountability of patient care.

HCAP also supported sales efforts for the new telehealth services by devising a marketing strategy and assisting in the formation of BetterNight’s sales team, utilizing its network to bring in a new Chief Commercial Officer from a prior portfolio company.

VALUE CREATION
ENHANCING WORKFORCE PRACTICE AND JOB QUALITY
With a deep focus on improving job quality to enhance business performance using its Gainful Jobs Approach™, HCAP recognized the value of investing in BetterNight’s workforce. To establish tailored job quality improvement goals, HCAP collaborates closely with company management, documented in a multi-year Gainful Jobs Strategic Roadmap and included in financing terms.
Initiatives identified in BetterNight’s Gainful Jobs Strategic Roadmap included supporting employee economic and professional development opportunities and firm culture (e.g., increasing wages to living wage standards, establishing career roadmaps, conducting an annual employee engagement survey, etc.). HCAP’s measurement and reporting of job quality data created important feedback loops that enabled BetterNight’s HR team to introduce expanded health and retirement benefits and regular leadership lunches to build culture and create additional communication channels between leadership and frontline staff. These initiatives helped the business recruit and retain talent in a tight labor market and realize productivity gains and operational efficiencies that translated into improved patient outcomes and satisfaction levels.

With access to HCAP’s tools and technical assistance, BetterNight has become an employer of choice, attracting talent, reducing turnover, and lowering recruitment and training costs. HCAP’s collaboration with BetterNight on the Gainful Jobs Approach™ has led to significant job quality improvements with 100% of employees in quality jobs and the company being recognized by the San Diego Union Tribune as a top workplace for three consecutive years.

LESSONS LEARNED

- **Rigorous, programmatic approach**: The Gainful Jobs Approach™ equips HCAP with the expertise, discipline, and readily available tools to serve as a market leader in workforce-focused impact value creation. A structured approach with supporting tools refined through research and experience can help streamline effective value creation planning and implementation for the investor and investee.

- **Mission alignment**: As a debt investor with a minority equity stake, HCAP ensures values alignment with management to allow for successful value creation during the investment period, particularly around prioritizing workforce initiatives. HCAP seeks entrepreneurs who view this expertise as an advantage and are seeking a partner with shared commitments.
## CASE STUDY

### KKR GLOBAL IMPACT

CMC PACKAGING AUTOMATION

<table>
<thead>
<tr>
<th>INVESTMENT STRATEGY</th>
<th>SECOR</th>
<th>INVESTMENT DATE</th>
<th>GEOGRAPHY</th>
</tr>
</thead>
<tbody>
<tr>
<td>KKR GLOBAL IMPACT FUND SCSP</td>
<td>MANUFACTURING</td>
<td>NOVEMBER 2020</td>
<td>EUROPE</td>
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<tr>
<th>INVESTMENT TYPE</th>
<th>OWNERSHIP STAKE</th>
<th>IMPACT VALUE CREATION MODALITY</th>
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</thead>
<tbody>
<tr>
<td>MIDDLE MARKET PRIVATE EQUITY</td>
<td>CONTROL</td>
<td>GROWTH</td>
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### INVESTOR & COMPANY OVERVIEW

KKR GLOBAL IMPACT applies KKR’s tested approach to scaling companies with proven business models where financial performance and positive societal impact are intrinsically linked. The strategy invests in businesses that provide solutions to global challenges defined by the United Nations’ Sustainable Development Goals across these themes: climate action, sustainable living, lifelong learning, and inclusive growth. Global Impact uses the KKR private equity playbook (i.e., active governance, operational enhancements, patient capital) and broader KKR platform to scale meaningful and sustainable outcomes.

CMC PACKAGING AUTOMATION is a leading manufacturer of on-demand sustainable packaging solutions for e-commerce. The company engineers advanced 3D printing technology to match packaging size to product size, significantly reducing the amount of material used. CMC’s solutions also offer a cost-effective method of reducing energy and natural resource usage associated with packaging, translating into substantial cost savings for their customers.

### INVESTMENT THESIS

KKR sees CMC as a thoughtful solution to environmental challenges associated with the exponential growth of the packaging and e-commerce sectors. Prior to the investment, CMC was materially smaller than its competitors, with a single factory in northern Italy. KKR’s capabilities, experience, and network allowed the firm to serve as an authentic management partner to CMC, helping professionalize and expand the business, and support new customer acquisition and product development.
NEW FRONTIERS IN VALUE CREATION

CASE STUDY
KKR GLOBAL IMPACT

FINANCIAL MATERIALITY OF IMPACT
KKR’s value creation approach demonstrates the GROWTH modality:

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<tr>
<td>GROWTH</td>
<td>Enhance CMC’s impact measurement strategy allowing for the development of an online impact calculator for customer use, helping communicate the company’s impact value proposition</td>
<td>• Revenue growth driven by developing a stronger value proposition grounded in communicable and quantifiable impact benefits to customers</td>
<td>The potential to further position CMC as impact-focused was visible, but the initiative to develop a robust measurement strategy and engage stakeholders benefited from KKR’s capabilities and impact expertise.</td>
</tr>
<tr>
<td></td>
<td>Scale the company’s production facilities and operating presence internationally to achieve incremental positive impact, and enhance its product offering to drive the sales of more sustainable packaging solutions</td>
<td>• Revenue growth from scaled production, market expansion, and sustainable product development</td>
<td>The opportunity to scale impact and revenue through increased production capacity and product development was visible, but KKR’s network of experts accelerated the strategy.</td>
</tr>
</tbody>
</table>

VALUE CREATION

IMPACT MEASUREMENT ANDIMPACT POSITIONING
Drawing on KKR’s expertise in impact management, as well as their partnership with the independent sustainable business network and consultancy Business for Social Responsibility, the team helped enhance CMC’s impact measurement approach. KKR facilitated a third-party life cycle assessment (LCA) of the company’s two core packing products’ environmental impact, which played a significant role in commercial discussions with the C-suite as CMC’s value proposition is deeply linked with customers’ waste reduction commitments.

CMC used the LCA data to develop an online impact calculator allowing customers to compare environmental impacts, including carbon emissions, cardboard use, and transport miles saved, relative to traditional packaging solutions. KKR also supported CMC’s impact positioning through media outreach and stakeholder engagement.

INTERNATIONAL EXPANSION ANDPRODUCT DEVELOPMENT
Leveraging its manufacturing expertise, network of advisors, and the KKR Capstone team — which supports KKR portfolio companies by identifying and delivering sustainable operational improvements — KKR helped achieve a shared vision of growth by expanding the company’s operational footprint and strengthening CMC’s service offering. This helped to increase customer service and spare parts revenue from 18% at the time of investment to 27% in 2023. KKR also contributed to CMC’s expansion by launching its inaugural US office — more than doubling the number of US employees — and doubling production capacity with the addition of a second production facility. Moreover, by leveraging KKR’s long-standing investments in
LESSONS LEARNED

- **Stakeholder engagement expertise:** KKR has a strong focus on incorporating stakeholder perspectives in value creation activities (e.g., market positioning, product development) based on the needs of the company's end users, making the team adept at understanding the need for impact-focused products.

VALUE CREATION

EMLOYEE OWNERSHIP

In September 2023, KKR supported CMC in implementing a broad-based employee participation program, allowing all employees to participate in the company's financial success. Since 2011, KKR has supported 35 portfolio companies in awarding billions of dollars of total equity value to over 60,000 non-management employees. KKR has found that if applied at a large scale, programs that seek to align the interests of all employees through broad-based ownership programs can lead to greater financial inclusion, worker satisfaction, and financial returns for all stakeholders.

warehouse and fulfillment centers, CMC’s go-to-market strategy has been professionalized by adding logistical support to scale the business and its impact.

Additionally, KKR strengthened the company’s R&D efforts with a focus on centering customer needs to accelerate the development of more sustainable products. For instance, KKR expanded the company’s focus on recycled paperboard offerings to help customers with their own sustainability goals. KKR also helped CMC to establish a dedicated R&D center in Italy’s packaging valley to increase the development of emerging hardware technology and software capabilities. To inform R&D work, KKR leverages its own impact and market expertise, as well as external resources, recently commissioning a third-party study to review customer needs.
CASE STUDY

LEAPFROG INVESTMENTS
REDCLIFFE LABS

INVESTMENT STRATEGY | LEAPFROG INVESTMENTS FUND IV
SECTOR | HEALTHCARE DIAGNOSTICS
INVESTMENT TYPE | SERIES B
OWNERSHIP STAKE | MINORITY
IMPACT VALUE CREATION MODALITY | GROWTH
GEOGRAPHY | INDIA

INVESTOR & COMPANY OVERVIEW

LEAPFROG INVESTMENTS specializes in investing in purpose-driven financial services and healthcare businesses in Africa and Asia to empower underserved populations. In addition to its seasoned investment team, LeapFrog has dedicated value creation specialists to support company growth.

Founded in 2017, REDCLIFFE LABS is a digitally led omni-channel healthcare diagnostic service provider. Operating in more than 200 cities and towns with 72 labs and 2,000+ walk-in collection centers across India, Redcliffe’s affordable and convenient early diagnostic screening and preventative care help combat non-communicable diseases (NCDs) such as heart disease and cancer, which account for 63% of deaths in India.

INVESTMENT THESIS

LeapFrog seeks to shift the healthcare treatment paradigm from addressing illness to prevention and early diagnosis. In 2022, LeapFrog invested in Redcliffe to support expansion of its healthcare diagnostic services to address India’s NCD epidemic. Redcliffe’s footprint, efficient pricing, and direct-to-customer model attracted LeapFrog’s interest. Additionally, about 65% of Redcliffe’s customers are low-income earners.
FINANCIAL MATERIALITY OF IMPACT

LeapFrog aims to help scale high-growth, purpose-driven businesses for emerging consumers in underserved markets, demonstrating alignment with the GROWTH modality:

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<tr>
<td>GROWTH</td>
<td>Facilitated strategic acquisitions and bolstered governance to expand footprint and scale of impact in previously underserved areas</td>
<td>• Revenue growth through market expansion via hands-on M&amp;A support in high-impact regions</td>
<td>Targeted growth and strategic acquisitions were informed by LeapFrog’s impact analysis of the markets and services most in need.</td>
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<tr>
<td></td>
<td>Facilitated customer experience and product enhancements, including digitalization</td>
<td>• Revenue growth and cost savings through product development improvements that enhanced market share and reduced customer acquisition costs</td>
<td>LeapFrog’s focus on customer experience enabled the investor to readily identify opportunities to enhance Redcliffe’s service offering.</td>
</tr>
</tbody>
</table>

SCALING IMPACT WITH INTEGRITY

Strategic M&A was identified early by LeapFrog as a critical driver of Redcliffe’s growth. The LeapFrog team worked closely with management to identify M&A priorities, helping scale the business’s reach through inorganic expansion. LeapFrog collaborates closely with Redcliffe throughout the lifecycle of each acquisition, spanning from diligence through closure and subsequent integration. As a result of this coordinated effort, Redcliffe has successfully executed and integrated two strategic acquisitions which generated $2.2 million of revenue and a 22.7% EBITDA margin for the six-month period ending September 30, 2023.

As Redcliffe’s footprint has grown, embedding impact into the company’s foundations has been a priority. LeapFrog sponsored a social outcome assessment study to evaluate the health and economic effects of Redcliffe’s services. Findings, presented at the UN General Assembly, reported that Redcliffe’s tests were up to eight times more cost effective than national treatment in India. These results validate Redcliffe’s efficacy and help differentiate the company in a crowded market. Going forward, this study will further assist Redcliffe in strategically leveraging its product portfolio to enhance both its financial performance and social impact.

Similarly, governance improvements such as monthly reporting of financial and product results, formulating essential board committees, and outlining key member responsibilities are helping to improve the recognition of impact across all levels of the business. LeapFrog has also been instrumental in onboarding an independent director to improve financial controls and company governance.
CASE STUDY

LEAPFROG INVESTMENTS

VALUE CREATION

CUSTOMER-FOCUSED EXPERIENCE ENHANCEMENTS

LeapFrog offers deep operational support through its experience in Asia and Africa’s financial services and healthcare sectors. Informed by extensive consumer research data, LeapFrog provides specialized expertise in designing products based on its intimate understanding of emerging consumers’ needs.

LeapFrog supported Redcliffe in elevating its product and consumer experience through initiatives including workshops led by LeapFrog’s CX experts and leveraging social listening analytics to understand customer pain points. Based on user feedback, the team revamped Redcliffe’s web user experience and introduced a new online app, enhancing customer retention. Feedback from these sessions also improved in-house call center conversions, facilitated by software upgrades accommodating diverse local languages. As a result, Redcliffe increased organic growth among repeat users from 9% to 45% in just over a year, with customer acquisition costs reduced from $12.50 at the time of investment to $3 in September 2023.

Furthermore, the LeapFrog team played a key role in implementing a new customer acquisition channel through WhatsApp, anticipated to be a key differentiator. This not only facilitates long-term customer retention but also enhances reach, operational efficiency, grievance redressal, and cross-selling opportunities.

LESSONS LEARNED

- Stakeholder engagement expertise: LeapFrog’s expertise in emerging markets, underserved populations, and focused consumer-centric initiatives facilitated a deep understanding of the stakeholder perspective. This was crucial to scaling and product design initiatives, which helped to grow revenue, attract and retain customers, and advance positive health outcomes.

- Value creation playbooks: The disciplined execution by LeapFrog’s dedicated value creation specialists enabled the team to identify and implement a strategic plan for enhancing Redcliffe’s impact and financial performance.
CASE STUDY

NUVEEN INVESTMENT MANAGEMENT

ANNAPURNA

INVESTMENT STRATEGY
NUVEEN GLOBAL IMPACT FUND I

SECTOR
FINANCIAL SERVICES/ FINANCIAL INCLUSION

INVESTMENT DATE
MARCH 2021

INVESTMENT TYPE
GROWTH EQUITY

GEOGRAPHY
INDIA

OWNERSHIP STAKE
SIGNIFICANT MINORITY STAKE

IMPACT VALUE CREATION MODALITY
SYSTEMS, TRANSFORMATION

INVESTOR & COMPANY OVERVIEW

NUVEEN’s Private Equity Impact Investing team’s (‘the Impact Team’) Global Impact Fund invests in companies that will help drive an inclusive transition to a low carbon economy, specifically those that address climate change and inequality. The Impact Fund is in a unique position to leverage Nuveen’s broader platform, such as real assets, infrastructure, private debt, green financing, and farmland, among other asset classes, for expertise, insights and value-add.

ANNAPURNA is one of India’s largest microfinance institutions, and operates in rural parts of the country, serving approximately 2.5 million predominantly female clients across 20 states, over 300 districts, and via 1,000 branches. With assets exceeding $1 billion, Annapurna provides small loans, averaging US$300-400, for working capital to grow small businesses. The company offers diverse financial solutions, such as sanitation loans, individual loans, emergency “just in time” financing, and as of recently, a suite of green financing products, based on deep knowledge of its customer segment and their needs.

INVESTMENT THESIS

Annapurna advances the Impact Team’s thesis on mitigating inequality and climate change through financing an inclusive transition to a low carbon economy. Over 100 million individuals in India lack access to basic financial services, the majority of whom are women. Annapurna empowers its clients with affordable and responsible financial solutions. As a strategic investor and active board member, the Impact Team leverages its expertise in climate change to support Annapurna’s mission of helping its clients build climate resilience, as they are among the most exposed to the physical impacts of climate change.
FINANCIAL MATERIALITY OF IMPACT

Nuveen’s value creation approach demonstrates both SYSTEMS and TRANSFORMATION modalities, particularly in its activities related to enhancing climate resilience and driving a transition:

<table>
<thead>
<tr>
<th>IMPACT VALUE CREATION MODALITY</th>
<th>VALUE CREATION ACTIVITY</th>
<th>FINANCIAL VALUE DRIVER</th>
<th>VISIBILITY OF FMI</th>
</tr>
</thead>
</table>
| SYSTEMS                        | Integrate physical climate risk data into Annapurna’s lending operations by providing access to high-quality baseline data to improve customers’ climate preparedness and resilience | • Margin improvement based on more steady debt collections  
• Valuation multiple due to lower-risk customers                                      | Nuveen’s portfolio-level emphasis on climate action enabled the identification of an opportunity to integrate climate risk measures into Annapurna’s business model. |
| TRANSFORMATION                 | Intentionally shifted to offer products enabling climate resilience and transition at the business level, including, rooftop solar and electric vehicle financing, leveraging impact incentives | • Revenue growth driven by product diversification  
• Capital efficiency via developing strategic green product offerings aligned with long-term market demand drivers and low regulatory risk | The potential to develop new product offerings was visible, but Nuveen’s climate expertise accelerated the development of green products. |

VALUE CREATION

CLIMATE RISK INTEGRATION INTO LENDING OPERATIONS

Nuveen’s Impact Team engaged Annapurna on the topic of climate risk, with the goal of building resilience among its nearly 2.5 million clients to physical climate risks. The Impact Team leveraged physical climate risk data vendors to map climate vulnerability among Annapurna’s customer base, and estimate how those risks will change over time, sharing this data back with Annapurna. In turn, Annapurna built an early warning system for extreme weather events, to alert their customers to certain natural disasters. This proactive approach has enhanced preparedness and will guide targeted market expansion in India.

VALUE CREATION

ACCELERATED GREEN PRODUCT DEVELOPMENT

The Impact Team’s thematic focus on climate mitigation positioned the fund to identify opportunities for Annapurna to launch green product offerings including rooftop solar, solar irrigation, and energy storage solutions. Nuveen, in partnership with other investors who followed Nuveen in the equity financing round, collaborated with Annapurna’s Head of Product providing vital resources and research to support the development of these sustainable products. The goal is to help launch new agricultural and mobility products, aligned with Annapurna’s vision for a dedicated green financing unit. Importantly, Nuveen led discussions with other shareholders to ensure that climate goals were included in management KPIs for both annual and long-term incentives.
LESSONS LEARNED

• Thematic capabilities and partnerships: Nuveen’s collaboration with its internal teams, such as its Climate Risk group and Responsible Investing Team, played a vital role in assessing Annapurna’s physical climate risk exposure. Nuveen helped Annapurna develop new green product offerings through leveraging its thematic expertise and network within the climate mitigation space, including via a partnership with a foundation focused on leveraging productive use of renewable energy to build incomes for low-income consumers.

• Leveraging scale for transformation: While there are many early-stage companies in India focused on green financing, organic growth can be expensive and slow. Annapurna’s scale with its existing customer base and position as an established market leader provided a competitive platform to launch new, innovative green financing products with a quicker path for growth (e.g., through cross selling) and profitability.
INVESTOR & COMPANY OVERVIEW

RETHINK EDUCATION invests in impactful education technology companies that unlock the full human potential of marginalized or underserved people. Re-think brings extensive experience in nonprofit and public sector education, enabling a deep understanding of the intricacies of education policy and school system needs, as well the ability to identify unique needs of diverse stakeholders, including school administrators and educators.

ALLHERE EDUCATION is an early-stage US EdTech company addressing chronic absenteeism and improving family engagement in American education. AllHere has achieved noteworthy success in improving student outcomes, including improved student attendance, GPAs, and college attendance. Employing real-time, personalized mobile messaging between families and school districts, powered by AI technology, AllHere supported 3.5 million students in 2022, with a special focus on 2.1 million low-income students.

INVESTMENT THESIS

Chronic absenteeism affects nearly 16 million children in the US, impairing student outcomes and significantly contributing to achievement gaps given its disproportionate toll on vulnerable children. AllHere decreases chronic absenteeism by facilitating real-time, two-way personalized messaging between families and school districts to increase family engagement, improve student outcomes, and reduce the burden on school administrators and educators.

At the time of investment, AllHere sought capital and technical support to increase the reach and quality of its service offerings, including through technological enhancements. The company’s value creation needs evolved when COVID-19 compelled AllHere to undergo a strategic transition from in-person absenteeism intervention to a full EdTech platform in order to address the evolving needs of the education system amidst the pandemic.
**Case Study**  
**Rethink Capital Partners**

**Financial Materiality of Impact**  
Rethink invests in businesses where the social impact is “hardwired” into the business model, with value creation strategies primarily anchored in the GROWTH modality:

<table>
<thead>
<tr>
<th>Impact Value Creation Modality</th>
<th>Value Creation Activity</th>
<th>Financial Value Driver</th>
<th>Visibility of FMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROWTH</td>
<td>Mission-aligned growth and customer acquisition through Board nominations and market expansion, leveraging impact expertise and networks</td>
<td>• Revenue growth via new market entry and greater market share through additional contracts with school districts</td>
<td>AllHere’s potential to scale impact with additional customer acquisition was readily apparent, but required sector and thematic capabilities to effectively expand the platform to other markets.</td>
</tr>
<tr>
<td></td>
<td>Technological evolution and innovation of the business model guided by sectoral expertise in the practice of “nudging” and supported by key talent acquisition</td>
<td>• Revenue growth and capital efficiency enhancements thorough product development and business model evolution</td>
<td>The opportunity to leverage technology during the pandemic was readily identifiable, but Rethink’s ability to identify and manage risks related to AI was unique.</td>
</tr>
</tbody>
</table>

**Value Creation**  
**Mission-Aligned Market Growth**  
Rethink played a pivotal role supporting AllHere’s growth by strategically appointing two mission-oriented Board members: Janice Jackson and Jeff Livingston. Janice, the former Chief Executive Officer of Chicago Public Schools, and Jeff, a seasoned education executive, entrepreneur, and consultant, both bring direct experience in education business and policy. These Board members have been instrumental in securing deals with major school districts and in developing a customer acquisition playbook to expand the company’s nationwide presence. Notably, Janice, Jeff, Rethink Education Partner Ebony Brown, and founder Joanna Smith-Griffin—four of the five board members—are Black, a rarity in high-growth SaaS start-ups.

Additionally, Rethink’s thematic expertise in impactful education helped to shape a growth strategy focused on large urban districts with significant vulnerable populations, including helping position AllHere’s strong impact outcomes in reducing absenteeism as a crucial selling point for school districts whose budgets were affected by attendance rates. Rethink’s understanding of the education sector’s broader needs, such as in early child engagement and out-of-school activities, enabled identification of the opportunity to extend AllHere’s case management platform to support other systems for vulnerable children and their families. This developed new markets for AllHere which included community organizations such as after school care, pre-school education, and foster care systems.

**Value Creation**  
**Business Model Evolution with Integrity**  
Rethink Education’s strategic guidance also played a crucial role in AllHere’s adaptation during COVID. In 2020, Rethink proposed the company’s pivot towards an AI chatbot, enabling AllHere to sustain its programs when physical school attendance was disrupted. This chatbot supported AI-driven monitoring of student engagement in online classes, safeguarding AllHere's
NEW FRONTIERS IN VALUE CREATION

CASE STUDY

RETHINK CAPITAL PARTNERS

customer base and driving positive impact during the pandemic. As a result, the number of schools using AllHere grew over 700% in 2020 to over 8,000 schools.

Rethink was uniquely positioned to help AllHere explore AI-driven “nudging” due to two prior investments using such behavioral science, helping increase impact efficacy. Rethink’s suggestion to develop strong ethical guidelines, along with the firm’s reputation for impact integrity, was critical to building trust with AllHere’s stakeholders around the use of conversational AI in child education settings.

LESSONS LEARNED

• Alignment and trust are vital: Being a minority owner with limited control underscores the importance of establishing values alignment and trust with the entrepreneur, which facilitated collaborative strategic decision-making. Furthermore, Rethink’s integrity as an impact investor helped them earn trust with diverse stakeholders that was pivotal in enabling a bold strategic pivot in AllHere’s business model.

• Thematic expertise and stakeholder engagement: Rethink’s knowledge in the education space was a distinctive asset when evaluating market expansion, pricing dynamics, and product development. Stakeholder expertise, specifically in the needs of vulnerable youth, has enabled Rethink to identify additional applications of AllHere’s case management platform to coordinate a broader range of services for underserved families and their children.
**CASE STUDY**

**S2G VENTURES**

**CLEAR FRONTIER**

<table>
<thead>
<tr>
<th>INVESTMENT STRATEGY</th>
<th>S2G VENTURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTOR</td>
<td>AGRICULTURE</td>
</tr>
<tr>
<td>INVESTMENT DATE</td>
<td>FEBRUARY 2019</td>
</tr>
<tr>
<td>GEOGRAPHY</td>
<td>UNITED STATES</td>
</tr>
<tr>
<td>INVESTMENT TYPE</td>
<td>GP EQUITY STAKE</td>
</tr>
<tr>
<td>OWNERSHIP STAKE</td>
<td>MINORITY</td>
</tr>
<tr>
<td>IMPACT VALUE</td>
<td>GROWTH</td>
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<tr>
<td>CREATION MODALITY</td>
<td></td>
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</table>

**INVESTOR & COMPANY OVERVIEW**

S2G VENTURES (S2G) partners with entrepreneurs addressing global challenges in the realms of food and agriculture, oceans, and clean energy. In addition to capital, S2G provides value-added services and resources to companies pioneering market-based solutions for positive social, environmental, and financial impact.

CLEAR FRONTIER, a Nebraska-based farmland fund, partners with farmers to facilitate a transition to and expansion of sustainable farming practices. Clear Frontier has built a crop portfolio to address the growing demand for organic products, supporting farmers by providing proprietary tools, a network of strategic partners, and specialized support in areas such as soil health, organic certification, and carbon sequestration.

**INVESTMENT THESIS**

S2G’s investment in Clear Frontier aligns with the firm’s commitment to catalyze transformative change in food and agriculture, specifically by promoting the environmental and economic opportunities of organic and regenerative farming. Organic practices eliminate synthetic pesticides, enhance soil health, improve water retention, and accelerate carbon sequestration. Additionally, organic products can receive a 2-3x higher price per bushel than conventional crops. To address the supply-demand gap for sustainably grown organic products in the US, S2G contributed its expertise and network across the food and agriculture industry to help launch Clear Frontier and advance connectivity across the value chain from farmer to consumer.
KEY ELEMENTS OF VALUE CREATION:
S2G’s value creation approach is anchored in the GROWTH modality:

<table>
<thead>
<tr>
<th>IMPACT VALUE CREATION MODALITY</th>
<th>VALUE CREATION ACTIVITY</th>
<th>FINANCIAL DRIVERS</th>
<th>VISIBILITY OF FMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROWTH</td>
<td>Facilitate Clear Frontier’s corporate buyer relationships and strategic partnerships through S2G’s network of impact-aligned partners in the food and agriculture sector</td>
<td>• Revenue growth through increased market share and market insights</td>
<td>S2G identified a discernible value creation and profit-generating opportunity to connect Clear Frontier to corporate buyers, and is leveraging its network in the agriculture industry to build these connections.</td>
</tr>
<tr>
<td></td>
<td>Accelerate Clear Frontier’s acquisition of acreage and subsequent impact with active capital fundraising support</td>
<td>• Revenue growth through additional capital raised to acquire farmland</td>
<td>S2G supported fundraising as a clear avenue to scale impact and revenue.</td>
</tr>
</tbody>
</table>

PRODUCT AND MARKET DEVELOPMENT
Harnessing its extensive corporate relationships in the food and agriculture sector, specifically amongst businesses with impact-related objectives, S2G facilitates collaborations between Clear Frontier’s farming partners and consumer packaged goods (CPG) companies seeking to enhance their organic and regenerative sourcing capabilities. This enables important connections across the full value chain that were previously points of friction in the industry. As Clear Frontier scales its acreage, CPG partners could become direct buyers of their organic products, enabling the firm to supply the demand for high-quality, domestic, organic products.

Additionally, S2G’s existing portfolio of food and agriculture companies is a source of strategic insights into broad industry trends, and an existing network of potential strategic partnerships and critical vendor relationships to support Clear Frontier’s operational growth. For instance, Clear Frontier is a customer of EarthOptics, a soil data measurement and mapping business, and also a S2G portfolio company. Clear Frontier utilizes EarthOptics as a critical tool across 100% of its acreage to measure soil health, quantify soil organic matter and related carbon impacts, and reduce input costs.

ACCESS TO ALIGNED CAPITAL
Fundraising plays a pivotal role in the success of Clear Frontier, with access to capital directly correlated with revenue growth and scaled impact through the acquisition of additional acreage and scale of impact. As an early partner, having supported the business from the development of its proof of concept and impact-aligned vision, S2G was able to further facilitate Clear Frontier’s initial fund launch and catalyze capital through its network of mission-aligned investors. Clear Frontier successfully raised over $200 million in LP commitments, enabling the business to reach its desired fund size and acquire additional acreage.
LESSONS LEARNED

- Impact expertise and network: S2G has had a hands-on partnership with Clear Frontier from the business’s early days, helping shape its organizational strategy and center impact. Positioning the business as impact focused has enabled Clear Frontier to attract new customers and mission-aligned capital, particularly amongst S2G’s existing ecosystem of impact-aligned corporations and investors.
INVESTOR & COMPANY OVERVIEW

TRILL IMPACT is a pioneering impact house with around EUR 1.2 billion in assets under management across its investment strategies (Impact Private Equity, Impact Ventures, and Microfinance) with a team of around 50 experienced professionals based in the Nordics, Germany, Luxembourg, and the US. Trill Impact aims to become a force for positive change through impact private investments, delivering real returns and lasting impact for the benefit of investors, businesses, and society at large.

KOMET AUSTRIA GMBH is an Austrian-based family business that manufactures irrigation components such as sprinklers, regulators, and big volume guns for pivot and hose reel irrigation systems. Komet’s products are characterized by uniform water distribution, water drop size consistency, low energy consumption, and strong reliability — ultimately aiming at increasing crop yield.

INVESTMENT THESIS

Trill Impact sees significant potential in accelerating the growth journey of Komet by further expanding its global presence, leveraging the company’s innovative product portfolio that increases water and energy efficiency as well as crop yield. By addressing the core challenge of increasing agricultural productivity amidst population growth and water scarcity, Trill Impact and Komet aim to foster a more sustainable agriculture landscape through high-impact offerings.
CASE STUDY
TRILL IMPACT

KEY ELEMENTS OF VALUE CREATION:

Trill Impact seeks to invest in businesses with value creation strategies primarily anchored in the GROWTH modality:

<table>
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<th>FINANCIAL DRIVERS</th>
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</tr>
</thead>
<tbody>
<tr>
<td>GROWTH</td>
<td>Mission-aligned business expansion through impact positioning and sales support, supported by management incentives linked to impact</td>
<td>• Revenue growth through expanded customer base and sales volume</td>
<td>The opportunity to grow Komet’s sales in underserved geographies is discernible given the mutual impact and business opportunity.</td>
</tr>
<tr>
<td></td>
<td>Enhanced product development guided through continued R&amp;D efforts</td>
<td>• Revenue growth via R&amp;D efforts aiming at increasing water-efficiency of products</td>
<td>Trill Impact provides clear value by supporting Komet with its expertise and network to further strengthen Komet’s R&amp;D approach to enhance product offerings.</td>
</tr>
</tbody>
</table>

EXPANDING MARKET REACH & DEFINING IMPACT GOALS

Trill Impact supports Komet to further scale and expand into new geographies byprofessionalizing the company’s sales and marketing capabilities. Additionally, Trill Impact has helped articulate Komet’s competitive differentiation by defining its corporate vision and mission around its impact. This, as well as continuous measurement of impact KPIs, has enabled more effective communication of its value proposition, supporting sales.

To incentivize impact growth, Trill Impact has assisted in establishing management incentives, as well as external financing terms tied to impact goals. Targets were developed for KPIs related to impact outcomes of susceptible irrigated crop surface and water savings.

ADVANCING PRODUCT OFFERINGS

Trill Impact supports the strengthening of and investment in Komet’s R&D functions to further drive product leadership in water efficiency. Product innovation efforts are supported and monitored by the Advisory Board that meets regularly. The Advisory Board brings market and industry experience to strengthen the business in its R&D efforts, as well as sales & marketing approach.
LESSONS LEARNED

• Mission alignment: Trill Impact’s focus on real returns and lasting impact has helped Komet strengthen its sustainability position primarily reinforced through governance features, that further engrained “impact” into the company’s DNA.
# CASE STUDY

## TWO SIGMA IMPACT

### CIRCLE OF CARE

<table>
<thead>
<tr>
<th>INVESTMENT STRATEGY</th>
<th>TWO SIGMA IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTOR</td>
<td>HEALTHCARE</td>
</tr>
<tr>
<td>INVESTMENT DATE</td>
<td>JUNE 2021</td>
</tr>
<tr>
<td>GEOGRAPHY</td>
<td>UNITED STATES</td>
</tr>
<tr>
<td>INVESTMENT TYPE</td>
<td>BUYOUT</td>
</tr>
<tr>
<td>OWNERSHIP STAKE</td>
<td>MAJORITY</td>
</tr>
<tr>
<td>IMPACT VALUE</td>
<td>SYSTEMS, GROWTH</td>
</tr>
</tbody>
</table>

### INVESTOR & COMPANY OVERVIEW

TWO SIGMA IMPACT specializes in workforce impact, strategically investing in businesses where it believes workforce engagement can be an outsized driver of financial performance. Leveraging active ownership and data science, Two Sigma Impact seeks to utilize its proprietary Good Job Score Assessment Tool and framework to create value through quality jobs. It aims to drive systems change in the broader market by demonstrating the relationship between job quality and positive business outcomes.

CIRCLE OF CARE is a Texas-based pediatric therapy provider offering home and clinic-based services to over 3,000 patients, most of whom rely on Medicaid health coverage. The company expands access to treatment for children who might otherwise lack the necessary therapy for their conditions, including occupational, physical, applied behavior analysis, and speech therapies.

### INVESTMENT THESIS

At the time of investment, Circle of Care operated as a scalable and capital-efficient business, but growth was constrained by difficulties attracting, retaining, and upskilling high-quality therapists. The company also faced challenges in workforce management, including variations in therapist productivity, therapist-patient matching, and caseload management.

Two Sigma Impact saw an opportunity to improve Circle of Care’s talent pipeline and workforce management to address growth bottlenecks stemming from therapist shortages. Pre-investment, Two Sigma Impact developed a plan designed to expand and better manage the company’s 700 licensed and accredited therapists and to grow Circle of Care’s revenue and inherent impact.
KEY ELEMENTS OF VALUE CREATION:
Two Sigma Impact’s value creation approach demonstrated both SYSTEMS and GROWTH modalities:

<table>
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</thead>
<tbody>
<tr>
<td>SYSTEMS</td>
<td>Supporting the development of a workforce training program to increase the supply of high-quality therapists, therefore increasing capacity for patient care and decreasing recruitment costs</td>
<td>• Revenue growth through talent development, increasing access to trained employees</td>
<td>The need to increase the quality of therapist supply to scale the business was discernible, but the approach to develop a training program benefited from Two Sigma Impact’s expertise in the healthcare labor market.</td>
</tr>
<tr>
<td>GROWTH</td>
<td>Establishing data infrastructure to support analysis aimed at optimizing operations, driving initiatives to improve patient onboarding, caseload management, and the employee compensation model to boost productivity</td>
<td>• Long-term productivity through data-driven operational and workforce management</td>
<td>Two Sigma Impact’s focus, expertise, and systematic approach enabled identification of workforce management obstacles and related operational issues restricting therapist productivity and retention.</td>
</tr>
</tbody>
</table>

INTERVENTION TO IMPROVE ACCESS TO LABOR

Drawing on its labor market and healthcare expertise, Two Sigma Impact supported Circle of Care in formulating solutions to attract, retain, and upskill high-quality therapists to address the lack of qualified pediatric behavioral health professionals. Two Sigma Impact supported Circle of Care in the establishment of the company’s proprietary “Flight Path” training program. This initiative expands their pipeline of therapists by training entry-level behavior technicians to become board certified behavior analysts.

Beyond increasing the number of trained therapists, program participants benefited from an average 50+% increase in annual wages. This helped Circle of Care retain an engaged workforce, ultimately contributing to increases in additional patients treated and revenue growth.

OPERATIONAL DATA ANALYSIS

Two Sigma Impact developed data infrastructure to support business intelligence for workforce and operational performance to address human-capital related constraints. This included collaborative efforts amongst a “data team” comprised of Circle of Care employees, Two Sigma Impact team members, and third-party specialists. The resulting tools and data have led to improvements, including the transition to a digital patient onboarding process, simplification of the therapist compensation model, and enhancement of smart therapist-patient mapping.

These initiatives contributed to therapist retention, productivity, and job satisfaction, factors that collectively are expected to support greater revenue and patient care.
LESSONS LEARNED

• Impact value creation playbook: Two Sigma Impact employs a rigorous, disciplined approach to impact value creation, facilitated by practices and tools that have been refined over time to reduce friction and ease implementation.

• Stakeholder engagement: Based on robust data analysis, Two Sigma Impact has a deep understanding of the voice-of-the-worker that it believes enables it to effectively evaluate the employee perspective in potential value creation interventions.
CASE STUDY

W.K. KELLOGG FOUNDATION, BLACKROCK, THE BUILDERS FUND
ACELERO LEARNING

INVESTOR & COMPANY OVERVIEW

In 2009, THE W.K. KELLOGG FOUNDATION (WKKF) invested in Acelero Learning to expand their high-quality early childhood education services. In April 2022, WKKF became a Limited Partner (LP) in the BlackRock Impact Opportunities Fund (BIO). As part of their LP-GP relationship, WKKF introduced BIO to Acelero recognizing the strong values alignment on advancing racial equity. In October 2022, BIO and The Builders Fund co-led a syndicate of impact investors, including A-Street Ventures, for growth equity into Acelero.

W.K. Kellogg Foundation (WKKF) invests in fund managers and entrepreneurs advancing inclusive capital market systems by investing in larger scale, later stage businesses aligning with the Foundation’s three mission areas of thriving children, working families and equitable communities. With a focus on addressing systemic racial inequities and historical bias in the financial systems, the majority of WKKF’s Mission Driven Investments focus on BIPOC communities and are made to diverse managers and founders and those that ultimately serve these communities.

BLACKROCK IMPACT OPPORTUNITIES FUND (BIO) is a multi-asset fund investing in private equity, private credit, real estate, and infrastructure across impact themes of Education, Healthcare, Housing and Financial Inclusion. BIO specifically focuses on businesses founded, led, or managed by people of color, as well as companies that serve undercapitalized communities of color.

The BUILDERS FUND (Builders) makes equity investments into high-growth North American businesses across the themes of Climate Solutions, Regenerative Food Systems, Equity & Social Justice, and Health & Wellness. Approximately 50% of Builders Fund investors are former C-Suite executives and founders who are uniquely well positioned to support investments as operating partners.

ACELERO is an early childhood education (ECE) platform serving low-income communities, as a direct operator of Head Start centers (“Acelero Learning”) and through tech-enabled services to other Head Start operators, states, and municipalities (“Shine Early Learning” and “Shine Advance”). Acelero was founded in 2001 and currently serves more than 5,000 children and their families across four states. The company also provides training, technical assistance and consulting services to bring its innovative practices to other childcare centers across the country.

INVESTMENT THESIS

As part of its effort to increase the amount of growth capital available for impactful companies, WKKF became an LP in the BIO Fund. In its role as an LP, the foundation supports BIO in a number of ways, includ-
ing by providing feedback on impact levers for BIO’s portfolio companies, reference checks with other impact investors and institutional investors, and sharing deal flow that results in co-investments, including in the case of Acelero.

As the sole double bottom line ECE platform serving low-income communities at scale, both Builders and BlackRock observed clear alignment between Acelero and their own commitments to underserved stakeholders. At the time of investment, the company sought growth capital to expand the business. Builders and BlackRock were interested not only in growing the number of students and families the business serves, but also in enhancing the business’s existing commitment to equity through workforce engagement, aligned with both investors’ philosophies.

**FINANCIAL MATERIALITY OF IMPACT**

WKKF, Builders and BIO demonstrate GROWTH and SYSTEMS impact value creation approaches:

<table>
<thead>
<tr>
<th>IMPACT VALUE CREATION MODALITY</th>
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<th>VISIBILITY OF FMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROWTH</td>
<td><strong>WKKF</strong> enabled Acelero’s growth stage fundraising by introducing the company to mission-aligned investor, BIO Fund</td>
<td>• Access and cost of capital through introduction between BIO and Acelero</td>
<td>The benefits from introducing a mission-aligned GP with the business were obvious, but were made possible from WKKF’s deep understanding of the business and GP’s impact objectives.</td>
</tr>
<tr>
<td></td>
<td><strong>BlackRock and Builders</strong> supported the institutionalization of business processes including marketing, hiring, finance, and sales to enable growth and greater impact</td>
<td>• Revenue growth through accelerated investment in value-added services with significant market demand</td>
<td>The value in institutionalizing practices to foster growth and operational efficiency is commonly understood.</td>
</tr>
<tr>
<td></td>
<td><strong>BlackRock and Builders</strong> elevated Acelero’s strategic marketing and sales efforts to more effectively communicate and resonate with the ECE markets to scale the business</td>
<td>• Revenue growth through profile raising and marketing to drive new business</td>
<td>The opportunity to enhance the business’s impact positioning to support expansion of the populations served, and therefore scale the business, was discernible.</td>
</tr>
<tr>
<td>SYSTEMS</td>
<td><strong>BlackRock and Builders</strong> supported workforce compensation improvements to encourage workforce equity through a living wage roadmap and employee ownership plan</td>
<td>• Long-term productivity through motivated and incentivized employees</td>
<td>Both investors’ equity-centered investment philosophies allowed them to further support Acelero’s efforts to enhance workforce equity practices, an opportunity that may have been obscured to other investors.</td>
</tr>
</tbody>
</table>
**NEW FRONTIERS IN VALUE CREATION**

**CASE STUDY**

**W.K. KELLOGG FOUNDATION, BLACKROCK, THE BUILDERS FUND**

**VALUE CREATION**

**THE KELLOGG FOUNDATION’S VALUE CREATION: PROVIDING IMPACT-ALIGNED CAPITAL**

In its role as board observer, WKKF was closely involved in Acelero’s search for growth capital and its focus on finding impact-aligned investors that would not dilute the company’s mission. Having made the investment in BIO to address such capital gaps, the foundation introduced Acelero to the BIO Fund which ultimately became the lead investor to help secure financing. WKKF recognized the strong alignment between BIO’s mandate and Acelero’s model of diverse management and workforce serving largely low-income families and communities of color. WKKF also recognized the potential for BlackRock’s value creation for Acelero given the team’s expertise in both education and racial equity as well as its operational expertise in supporting companies at this growth stage.

"WKKF has changed Acelero’s trajectory at three distinct, crucial junctures. When Acelero was a young, small, and unprofitable company, WKKF invested needed capital, demonstrating confidence in our impact and long-term prospects for sustainable growth. When we entered the high-growth phase, WKKF’s philanthropic arm provided grant funding for impact research we otherwise could not have completed. Then when Acelero became a more mature company, WKKF directly laid the groundwork for our recapitalization with larger institutional investors, preparing us for the next chapter of growth. It is no exaggeration to say the impact we have had, and the growth of our company could not have occurred without WKKF."

- Henry Wilde, Co-Founder & CEO, Acelero Learning

**VALUE CREATION**

**BLACKROCK AND BUILDERS’ VALUE CREATION: SCALING THE BUSINESS**

The investor syndicate, consisting of Builders, BlackRock and A-Street Ventures, focused on supporting Acelero’s expansion of its Shine Early Learning and Shine Advance vertical. They identified the Shine vertical, the technology services division of the business, as the segment with the greatest growth and profitability potential, while also fulfilling a need not addressed elsewhere.

- **BlackRock and Builders** prioritized the institutionalization of the vertical as a key strategy to foster growth. This encompassed codifying and productizing strong intellectual property, adopting a strategic hiring approach, implementing incentives to enhance employee retention, professionalizing the finance department, and establishing a robust process for responding to new customer RFPs.

- **BlackRock and Builders’** approach to expanding Acelero’s reach centered on enhancing the company’s impact positioning through the development of a strategic marketing, communications, and public relations function. The investors elevated Acelero’s market profile through thought leadership, webinars, and marketing support to drive new business. They also supported the growth of the sales and marketing team by encouraging investment in resources focused on more broadly reaching the early childhood education market.
CASE STUDY
W.K. KELLOGG FOUNDATION, BLACKROCK, THE BUILDERS FUND

VALUE CREATION
BLACKROCK AND BUILDERS’ VALUE CREATION: WORKFORCE EQUITY

Builders and BlackRock supported Acelero’s efforts in pursuing an equity-centric approach to hiring and employee compensation supporting anti-bias curriculum offerings and Diversity, Equity, Inclusion and Belonging (DEIB) leadership training, consistent with the company’s inclusive values.

The investors worked alongside the Compensation and HR Committee to align workforce incentives and promote employee motivation, including development of a five-year living wage roadmap to ensure parity across the workforce and address competitive pressure. To develop a stronger sense of belonging and equity, the investor syndicate allocated 10% of the company’s capitalization to be awarded to existing and new management to align incentives, with the support of external experts and consultants.

LESSONS LEARNED

• Unlocking synergies through aligned co-investors: This strategically aligned syndicate of impact co-investors facilitated complementary and multifaceted approaches to impact value creation. BlackRock and Builders, united by shared objectives of accelerated growth and systems change, collaborated in efforts around workforce enhancements and business growth.

• Advantages of a mission-aligned Limited Partner: LPs, with an intimate understanding of a fund’s mandate and a wide network, make them a powerful connector between GPs and mission-aligned investment opportunities. WKKF was able to identify a strong fit between BIO’s impact objectives, specifically related to diverse entrepreneurs and target beneficiaries, and Acelero’s business model.
CONCLUSION

The centrality of “contribution” as a pillar of impact investing duly puts the onus on investors to build strategic competencies for impact value creation and engage actively to maximize portfolio impact alongside business performance. This research validates that the ownership period is a phase of the investment process where an impact lens can be a source of material and differentiated contribution to drive both impact and financial outcomes.

Four key considerations for impact capital managers—financial materiality of impact (FMI), sources of impact value creation, impact modalities, and visibility of impact opportunities and FMI—serve as foundational concepts for developing and refining strategies. These structured concepts can help investors identify and articulate their impact value creation strategies.

To operationalize these strategies, investors can develop practical impact value creation playbooks that facilitate rigorous and consistent implementation.

Seven distinct levers—impact positioning, incentives, workforce initiatives, access to aligned capital, market penetration, product development, and impact risk management—capture value creation activities that market practitioners commonly employ to drive impact and financial performance.

More broadly, case studies indicated that the most successful impact managers are distinguished by several characteristics:

- They have a high level of intentionality and stakeholder focus, leaning into their clear mandate and impact objectives to seek out FMI.
- They bring distinct capabilities, including impact expertise, data, and networks, that are aligned with their investment and impact strategies.
- They have disciplined processes and supporting tools to be able to execute consistently and efficiently.
- They embrace a culture of learning, continuously experimenting and refining their impact value creation strategy and implementation tools.

ROLE OF LPs

Interviews and case studies also highlighted the critical role LPs play in facilitating impact value creation. Unsurprisingly, GPs are strongly influenced by LP expectations and preferences, particularly as expressed through the diligence process. As impact value creation capabilities increasingly become a differentiating factor, LP demand for fund managers who demonstrate these capabilities can be expected to
grow. We hope that the language, concepts, and case studies contained in this report support enhanced understanding of key factors for a strong impact value creation strategy.

Furthermore, the research aligns with insights from the BlueMark and CASE Field Guide, which advocates for LPs to actively engage in fostering stakeholder inclusion. This includes encouraging GPs to interact with target beneficiaries for impact assessment, commissioning stakeholder-level studies across their portfolios, and monitoring stakeholder feedback from investees.

**NEXT STEPS**

Finally, as previously noted, there is currently a lack of robust quantitative data regarding impact value creation. Investors and the industry as a whole would benefit from a deeper evidence base that explores the linkage between impact value creation activities and financial performance. The “Future Directions” annex serves as a guide for impact investors, encouraging the collection of essential data to optimize strategies for enduring success.
FUTURE DIRECTIONS: MEASURING IMPACT VALUE CREATION
As the impact investing industry has matured, significant progress has been made to improve impact measurement practices. Conceptual frameworks such as the IMP’s Five Dimensions help market participants understand and communicate their impact, and supplementary tools such as IRIS+ provide a common set of metrics to measure progress toward impact outcomes. However, there remains a general lack of evidence linking specific impact value creation activities to financial outcomes.

We do not underestimate the complexity involved in quantitatively establishing how impact value creation activities influence business performance. Demonstrating causal links between investor actions and a change in outcomes presents a data attribution challenge. Investors typically pursue multiple value creation initiatives at the same time, making it difficult to isolate the effect of a specific intervention on a particular financial driver, and value creation activities can influence more than one financial outcome. Further complicating matters, exogenous variables can confound the analysis, such as market and competitive dynamics, as well as the contribution of other investors and the investee’s own initiatives.

Addressing these common methodological issues is a critical step for the market to further substantiate the financial benefits of impact value creation. Beyond the analytical challenges, private market participants may be reluctant to share data given the potential competitive advantage that information asymmetries can provide. However, we believe this is an endeavor that impact investors should undertake to credibly demonstrate how their unique capabilities allow them to assess and execute on FMI and identify obscured value creation opportunities, and to encourage other investors to adopt an impact lens by concretely establishing the positive financial outcomes it can concurrently bring. Strengthening the business case for impact management to the industries long-term credibility and growth.

The following five-step process is intended to guide investors interested in beginning this journey. It does not prescribe a definitive methodology or common solution for all practitioners but rather serves to outline how investors may approach the desire to evidence the linkages between impact value creation and financial performance with more confidence.

**STEP 1**: Strategy Setting

The concepts introduced in this report can help impact investors develop and refine their impact value creation strategies and operationalize those approaches through an impact value creation playbook.

Building on their investment strategy and impact goals, investors should ask themselves:

- What are the sources of impact value creation we draw a distinctive competitive advantage from?
- What is the primary impact modality of our investments?
- What obscured value creation opportunities can be identified with our unique capabilities? What visible opportunities can be effectively capitalized?
- Based on assessment of FMI, what opportunities should be targeted for the most material impact and financial outcomes, given the investee’s unique context and business model?

**STEP 2**: Building an Impact Value Creation Playbook

Answering such questions will help investors formulate their impact value creation strategy and build a play-
book consisting of specific impact value creation levers. The Impact Value Creation Playbook (Playbook) will clearly articulate impact value creation levers and specific initiatives, as well as key assumptions and/or hypotheses on how the impact initiatives will affect financial outcomes. Specific components include:

- Identify the **impact value creation** lever being applied
  - A common taxonomy of levers will facilitate consistent, disciplined execution and analysis - both at the company and portfolio levels. As possible, shared terminology among market participants will promote comparability of data and strategies as well as broader advancement of practice at a field level.

- Design **specific initiatives** based on an investee’s unique context, business model, and opportunities identified during due diligence and strategy setting processes

- Specify the relevant **financial driver(s)** that this impact value creation initiative is expected to effect (e.g., revenue growth, margin improvement, cost of capital)
  - As in the case with impact value creation levers, a common set of financial drivers can promote consistency and comparability in analysis across company, portfolio, and market levels.

- Note whether the opportunity was relatively more visible or more obscured

- Note the intended impact modality

- Note any unique capabilities or sources of impact value creation that were leveraged

**STEP 3: DESIGNING A MEASUREMENT APPROACH**

Investors with advanced impact monitoring practices may be ready to deepen their data collection efforts by designing a methodology to rigorously yet efficiently measure the linkage between impact value creation activities and financial outcomes. Recognizing that such a data framework will have to be tailored to individual investors’ contexts and that significant nuances must be grappled with, key elements to the measurement approach include:

- For each impact lever or impact value creation initiative employed, specify the:
  - Relevant impact metric(s) to measure changes aligned with their impact strategy and thesis, and
  - Relevant financial metric(s) to measure business outcomes affected by impact value creation initiatives

- Define a counterfactual “baseline” scenario, or what would likely have happened organically without the investor’s actions

- Develop forward-looking projections (or targets) of impact and financial performance that can be expected from each and aggregate impact value creation initiative(s)
  - The forecast horizon should be tailored to the context; for example, some VC initiatives may have a longer-term time horizon, while other initiatives may yield more immediate results

- Articulate key assumptions and any limitations embedded within the baseline vs. projection and data collection approach
  - Identify potential confounding factors that may influence the data

Design of a robust data collection program must also consider feasibility, including alignment with the investor and investee’s existing broader impact measurement, other value creation, and financial reporting frameworks. Thought leaders in the market can also help mitigate implementation costs by providing base templates and tools that practitioners can then customize.

**STEP 4: TRANSACTION AND PORTFOLIO-LEVEL MONITORING**

Once the parameters for impact value creation data
measurement have been established, they should be implemented at both the transaction and portfolio-level. Regular, ongoing monitoring of quantitative impact and financial outcomes should also be supplemented with qualitative observations, such as updated assumptions and limitations or narrative commentary on execution of the value creation plan. This narrative should include the investee experience and stakeholder perspective. To minimize the reporting burden, value creation monitoring can be efficiently integrated into existing impact and financial monitoring processes.

STEP 5: ANALYSIS AND ITERATION

The quantitative and qualitative information gathered during monitoring collectively will provide the data and context needed to generate useful and credible insights. During and after value creation, investors should consider the relevant impact value creation sources, playbook tools, and other factors that enabled the strongest impact value creation for individual investments as well as across the portfolio. Negative and unexpected outcomes should also be carefully reviewed for potential learnings to inform ongoing strategies.

Periodic reflection on the sources of impact value creation can help inform which capabilities and levers to further develop to strengthen the playbook over time, including leveraging strategic synergies across the portfolio.

FINAL THOUGHTS

Recognizing much work remains to be done to develop specific frameworks and tools, these five steps provide a starting point for investors seeking to better understand how their impact value creation activities affect financial performance. Several key principles guided our work and may help others navigate decision-points as they build upon this foundation:

- **Transparency**: Investors should openly disclose the strengths and limitations of their data frameworks and insights
- **Comparability**: Market participants and thought leaders can build a collective evidence base by using a common language and methodologies, though customization may be needed to optimize managing for impact
- **Implementability**: Investors should ensure the reporting and monitoring burden is manageable, including through integration into existing processes
- **Iteration**: Impact value creation monitoring approaches should be regularly reviewed to identify practical lessons and iterate upon existing practices

Developing an empirical database on impact value creation is a critical next step for both investors and the field as a whole. ICM and Tideline welcome your reflections and look forward to the opportunity to collaboratively deepen our exploration of this topic together.
APPENDIX

Research Objectives and Approach

Glossary

Endnotes
RESEARCH OBJECTIVES AND APPROACH

New Frontiers in Value Creation is intended to deepen the market’s understanding of the nature and extent of impact value creation activities undertaken by impact capital managers. It explores how these managers leverage impact data, insights, and capabilities to increase impact efficacy, or the ability to achieve a desired impact objective. It also seeks to understand how these impact value creation activities affect financial performance. The research was anchored in the following questions:

- **Key considerations in impact value creation:** What are the core foundational concepts that will help create standard frameworks for investors in better communicating differentiated impact value creation strategies?
- **Relationship between impact and financial outcomes:** How do impact value creation activities affect financial performance?
- **Common levers and playbook:** What are the most commonly implemented impact levers, and how do they relate to financial drivers?
- **Enabling conditions and capabilities:** What investor capabilities and conditions consistently increase the likelihood of generating greater impact and financial performance?

Ultimately, the goal is to help impact investors and the market build stronger capacity for impact value creation, grounded in common terminology and frameworks and a shared understanding of key levers, crucial capabilities, and enabling conditions that drive consistent and disciplined execution of strategies to improve impact and financial outcomes.

For LPs, the research is intended to help raise impact value creation as an important focus area in diligence conversations, where asking the right questions is often a primary means of cultivating deep and enduring partnerships. It also aims to facilitate stronger ongoing LP-GP engagement by exploring LPs’ own capabilities and support for fund managers, as well as by creating a shared understanding of the skills, resources, and characteristics needed for effective impact value creation.

The research approach included:

1. **Literature review:** A comprehensive scan of existing literature from practitioners, academics, and other market participants in the field of impact investing and value creation.
2. **Data gathering:** A survey of the ICM membership to collect insights, opinions, and experiences from a diverse group of impact investors, which garnered over 20 detailed responses.
3. **Stakeholder interviews:** 30 in-depth interviews with a variety of stakeholders – including ICM members, other impact capital managers, and thought leaders in the impact investing space – to gain qualitative insights and diverse viewpoints.
4. **Case studies:** Exploration of 13 transactions executed by impact investors to illustrate best practices in impact value creation.
## GLOSSARY

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td><strong>Financial materiality of impact (“FMI”)</strong></td>
<td>the extent to which impact efficacy affects financial performance</td>
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<td><strong>Growth modality</strong></td>
<td>impact value creation approach that focuses on scaling inherently impact products, solutions, and business models</td>
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<td><strong>Impact efficacy</strong></td>
<td>the degree of scale, depth, or duration of the measurable social or environmental benefit</td>
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<tr>
<td><strong>Impact value creation</strong></td>
<td>common actions that investors take as owners, lenders, and influencers to enhance impact efficacy</td>
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<tr>
<td><strong>Impact value creation levers</strong></td>
<td>a set of seven common activities used to achieve impact value creation</td>
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<tr>
<td><strong>Impact value creation modality</strong></td>
<td>the primary path by which impact is achieved in a particular investment opportunity, aligned with an investor’s thesis</td>
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<td><strong>Sources of impact value creation</strong></td>
<td>the foundational capabilities and characteristics from which impact value creation activities draw</td>
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<tr>
<td><strong>Systems modality</strong></td>
<td>impact value creation approach that focuses on the opportunity to drive impact through systematic interventions affecting a company’s operations, workforce, or value chains with a broader goal of shifting industry norms</td>
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<td><strong>Transformation modality</strong></td>
<td>impact value creation approach that focuses on pivoting an impact-agnostic business to be impact-aligned, often with a broader goal of catalyzing or accelerating such transition in the market</td>
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<td><strong>Visibility of FMI</strong></td>
<td>the extent to which the financial materiality of value creation activities are readily discernible or visible amongst investors, or require special capabilities and mindsets to make the obscured visible</td>
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ENDNOTES

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