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2020 Annual Report

Enabling tomorrow

NL

INVESTNL

Impact investors



Our Impact



The largest transaction in 2020

The Dutch Future Fund is making € 300 million available to innovative SMEs and is providing a boost to the financing landscape in the Netherlands. Invest-NL and EIF have each invested € 150 million in the fund. The investment from Invest-NL includes a contribution of € 25 million from the Ministry of Economic Affairs and Climate Policy.

[View the case →](#)



Contributing to the energy transition in inland shipping

Entrepreneurs in inland shipping are keen to operate sustainably, but they lack a practical and feasible perspective for action. Invest-NL is accordingly working on accelerating innovative projects so that entrepreneurs can quickly gain insight into sustainable, future-proof and fundable options.

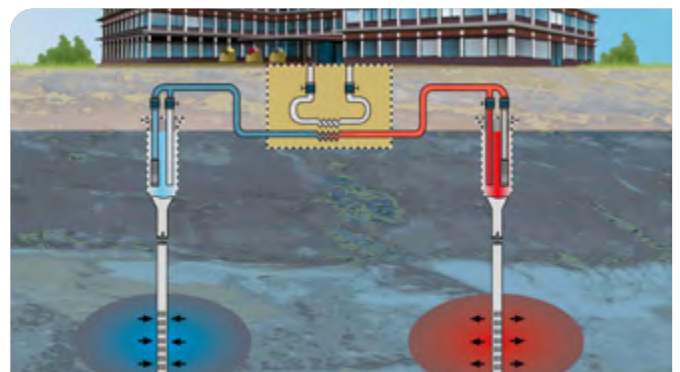
[View the case →](#)



First impact investment

For Invest-NL, impact concerns sustainability, innovation and employment. The investment in Nearfield is very suitable for Invest-NL, especially due to the highly innovative character of this fast-growing company.

[View the case →](#)



Opportunities for thermal storage systems

The transition in heating was one of the areas we studied in 2020. The study carried out for us by CE Delft shows that there is sufficient market potential for seasonal heat storage. Invest-NL constructs solid business cases with other parties.

[View the case →](#)



Our Impact



Contribution to the protein transition in the agri-food sector

The financing of sustainable protein producer Protix reflects our focus on the role of innovative, fast-growing companies in the transition to a carbon-neutral economy.

[View the case →](#)



Market research Wind at Sea

Invest-NL is studying offshore wind energy: a mature market with growing interest from investors. The two most important priorities are boosting demand and accelerating system integration.

[View the case →](#)



First TOPSS transaction in 2020

With TOPSS, Invest-NL has been financing innovative companies whose plans for financing have been threatened as a result of the coronavirus pandemic. Frans Cromme, CEO ViCentra: "The decision by Invest-NL to invest is a huge help in further upscaling our operations and confirms the potential of our technology. Our Kaleido insulin pump system can thus reach more people and help to improve the lives of people with type 1 diabetes."

[View the case →](#)



Investing in the transition to living without natural gas

There are still many unanswered questions with regard to the transition to fossil-free provision of heat. At several locations in the Netherlands, Invest-NL is cooperating in the search for solutions to make it possible to fund projects for which financing is currently still not possible.

[View the case →](#)



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1. About Invest-NL





Facts & Figures 2020

Business Development

(in numbers)



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



With focus on plastic recycling

Product development

Actual
in 2020



Work in progress at
year-end 2020



4

1

6

3

Proposition guidance

Actual
in 2020



Work in progress at
year-end 2020



5

4

18

15

1

Market analysis

Actual
in 2020



Work in progress at
year-end 2020



8

6

15

12

1

Capital

(in numbers)

Investments

Investment
applications received
in 2020

Approved

Investment
volume

Work in progress at
year-end 2020



422

13

10

50

29

6



Key Figures in 2020

Financial key figures

(x € million)

Committed investment
volume

€ 241

Investment volume
paid out

€ 28

Mobilised capital

€ 52

Balance sheet total

€ 52

Paid-up capital

€ 50

Total capital budget

€ 1,667

Net result

€ (6)

Impact

R&D impact of
investments
(x € million)

€ 15

FTE impact of
investments
(in number of FTE)

123

CO₂ avoided through
investments

To follow in 2021

Employees

Number of
employees

59

Absenteeism

1.9%



Foreword by the CEO

A good start in our first year

Invest-NL has now been active for a full calendar year since its establishment. This annual report gives account of what we have learned and done during this year. Transparent, honest and substantiated, with respect to both what we are proud of achieving, and what we wish could have gone differently.

We are impact investors. That means that social return is our main priority. We aim to make the Netherlands more sustainable and more innovative. And so we focus closely on the development of markets, products and propositions that are part of the transition of the Dutch economy into a carbon-neutral and circular economy. These are the areas in which we wish to invest Invest-NL's own capital as far as possible.

“Ultimately, it is innovative entrepreneurs that make the difference.”

Breaking new ground

Ultimately, it will not be us that make the difference. It is the entrepreneurs that have to do this. Much of the inspiration and energy for me personally and my colleagues comes from this. Nothing is more inspirational than the enthusiasm of an entrepreneur who is not afraid to break new ground, who has developed a technology that makes the impossible possible, who is at the stage of transition from a test set-up into a first factory. Always with this burning question: is this brilliant, or too good to be true?

We have made a good start in our first year of existence. The first studies have been delivered, the first coalitions forged, the first transactions effected. In some cases, slower than we would have liked because COVID-19 forced us to adjust our priorities. Sometimes by falling and getting up again, since we are



“Invest-NL is now in a stronger position.”

still growing and learning from our experiences. And also sometimes with disappointments, because risky transactions are by definition complex or because the stakeholders had expectations of us that were different from what we could actually achieve in our first year.

Strong foundation

This taught us a lot: at the start of this second year, Invest-NL is in a much stronger position. We now have 59 professional and enthusiastic colleagues working with us. We have a strategy with clear objectives for the next five years. We work together with the European Investment Fund (EIF) and the Ministry of Economic Affairs and Climate Policy, co-financiers and entrepreneurs. Parties in the market are increasingly aware of what they can approach us for. We are ready



Foreword by the CEO

for the next step. We know what we want, and we know where we can add the most value. Now, we are looking for partners, and we are joining the effort to make the Netherlands more sustainable and more innovative.

“This is what we stand for. Enabling tomorrow.”

Financing tomorrow's economy

When pursuing our ambitions, we will undoubtedly encounter setbacks or surprises in 2021 as well. When will the pandemic be over? How effective will Europe be in combining the post-COVID recovery plans and the New Green Deal? How will our stakeholders react if it becomes clear that taking risks means that we will frequently invest in businesses that ultimately cannot be saved? Among all the uncertainties, there is at least one thing that is certain: tomorrow's economy needs to be financed today. This is what we stand for. Enabling tomorrow.

I want to thank everyone who contributed to this first successful year of Invest-NL. Entrepreneurs, financiers and investors, partners, the Ministries and above all the enthusiastic team that has embarked with me on this big adventure and is determined to make it a big success.

Wouter Bos

CEO Invest-NL

Profile

We are Invest-NL. We contribute to a more sustainable and more innovative Netherlands. We do this by mobilising capital: our own, from the government, from market participants and from European institutions. This is patient risk capital that enables us to finance businesses and projects that seem impossible to finance.

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

We are a private impact investor, financed with public resources. With the Ministry of Finance as our shareholder and our direct links with governments, we are ideally positioned to finance complex social transactions and high-risk innovations. Since our portfolio as a whole can take on more risk and we can use longer maturities, we have a level of stamina that sets us apart in the market. Moreover, we offer unique access to available capital and facilities in Europe.

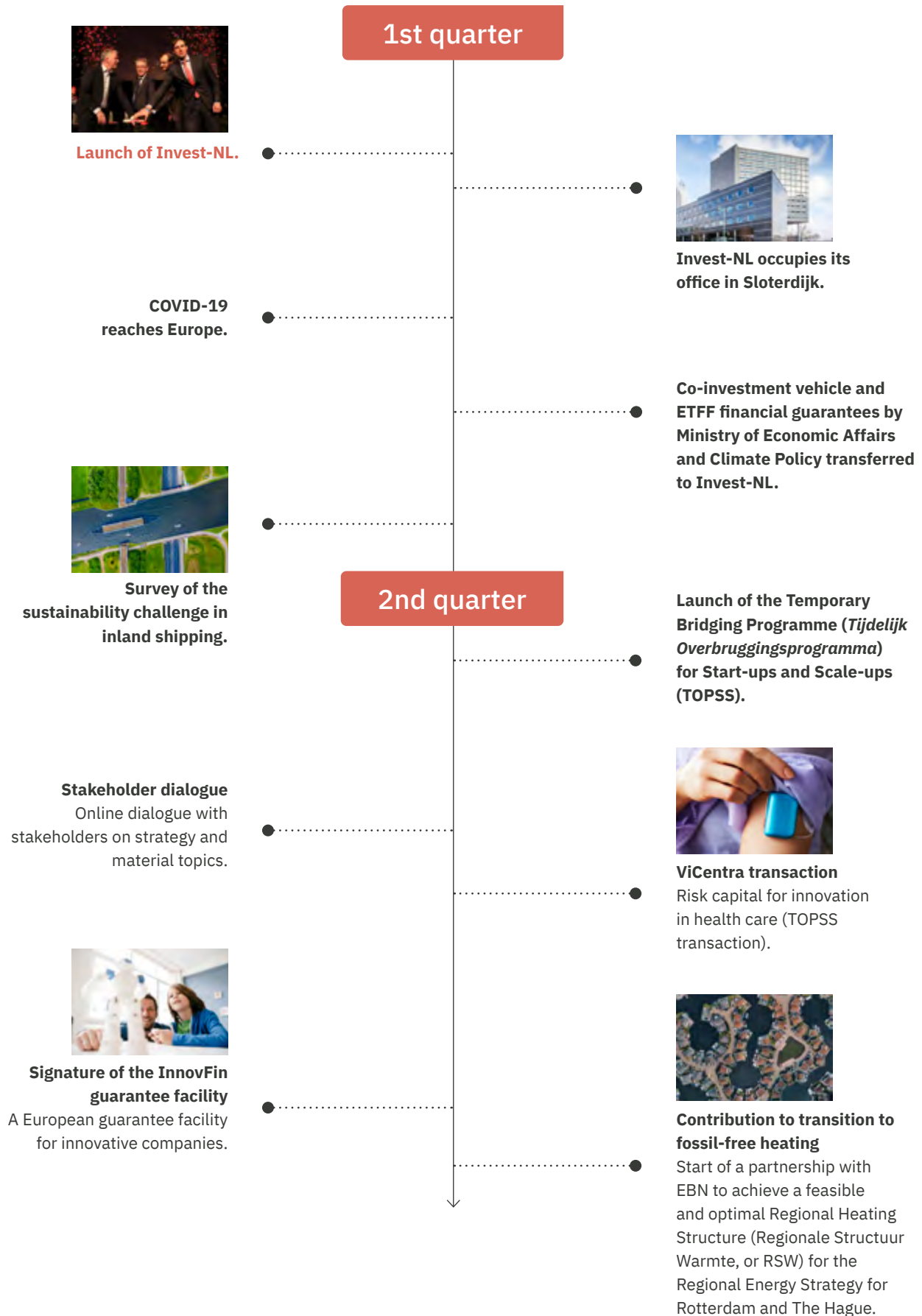
Invest-NL started its activities in January 2020. At the end of 2020, our committed investment volume was € 241 million, € 28 million of which had been paid out at that time.

Invest-NL has its head office in Amsterdam, and employed 59 people at the end of 2020.

The transition to a carbon-neutral and circular economy is our highest priority.



Highlights in 2020





Highlights

EclecticIQ transaction
Through TOPSS, Invest-NL participated in the most recent share issue of EclecticIQ, making risk capital available to this innovative start-up in 'Cyber Threat Intelligence'.



Market analysis for wind power
Research in cooperation with PWC/AmsCap, resulting in the report 'Financing Offshore Wind'.

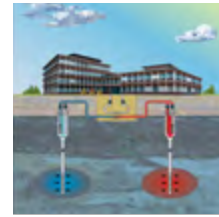


Commitment to the Sustainable SME fund (Duurzaam MKB fonds)
Invest-NL finances sustainable small and medium-sized enterprises through this fund.

Nearfield transaction
Mobilising risk capital for innovation and investment, using the InnovFin guarantee facility.

Protix transaction
Risk capital for Agrifood (TOPSS transaction). This transaction was effected together with the European Investment Fund and the Province of Noord-Brabant.

3rd quarter



Market analysis for heat storage
Research in cooperation with CE Delft, resulting in the report 'Opportunities for thermal storage systems'.



Transition of inland shipping
Contribution to the methanol blend shipping consortium.

4th quarter

Joint commitment by Ministry of Economic Affairs and Climate Policy and Invest-NL
Invest-NL and the Ministry of Economic Affairs and Climate Policy (hereinafter: EZK) jointly announce they will invest € 500 million in growth companies, spread between the Dutch Future Fund, a fund for Deep Tech businesses and a fund for promoting alternative financing for growth companies.

Launch of Dutch Future Fund (DFF)

Invest-NL, EZK and EIF commit € 125 million, € 25 million and € 150 million respectively to the DFF.

Strategic shareholding in EIF.

Strategy formulation 2021-2025.

Dutch Future Fund

The largest transaction in 2020

Invest-NL and EIF support venture capital funds for innovative start-ups and scale-ups to enable growth

Invest-NL and the European Investment Fund (EIF) launched the Dutch Future Fund (DFF) in October 2020. Together with EIF, Invest-NL is investing € 300 million in 10 to 15 venture and growth capital funds. Acting as a corner-stone investor encourages private parties to participate in these funds.



EIF expects the total capital mobilised to amount to more than € 1.5 billion. This provides a huge boost to the financing landscape for innovative start-ups and scale-ups, improving access to capital for innovative and fast-growing SMEs. With its involvement in the DFF, Invest-NL can also encourage the financing of innovation in areas outside those in which it is involved through direct financing.

Strengthening the financing landscape in the Netherlands

Invest-NL and EIF are each investing € 150 million in the DFF, meaning that at least € 300 million will be available for financing Dutch SMEs. The investment from Invest-NL includes a contribution of € 25 million from the Ministry of Economic Affairs and Climate Policy.

The largest transaction in 2020

The main objective of the DFF is to support the Dutch economy and make it more resilient going forward. This will be achieved by focusing on sectors such as digital innovation, artificial intelligence, life sciences and key enabling technologies, with priority given to funds that invest in companies engaged in the transition to a carbon-neutral and circular economy.

The programme will be administered by the EIF in close cooperation with Invest-NL. EIF will construct a balanced portfolio of 10 to 15 fund investments with a strong engagement in the Netherlands. The Dutch Future Fund has made commitments to five fund investments within two months of its inception, amounting to a commitment of € 80 million in 2020.

The EIF and Invest-NL recognise that there is still room and a need for more specific risk capital in the Netherlands in addition to the funds to be supported by the DFF. Market data show that the volume of investment in innovative SMEs in relation to the size of the Dutch economy is still less than in other comparable developed economies. The EIF and Invest-NL are accordingly studying further possibilities for further cooperation in strengthening the Dutch venture capital landscape.

Alain Godard, EIF Chief Executive: “SMEs are the backbone of the Dutch economy. The unprecedented coronavirus crisis has demonstrated how important it is that this segment has better access to financing on favourable conditions. The EIF is working hard to fulfil its mission: “supporting European SME through the application of diverse instruments.”

Value and Impact

The value Invest-NL adds to society is shown by means of a value creation model. With this model, Invest-NL shows how it uses its available resources (or ‘input’) to create value for clients, the shareholder and other stakeholders (‘output’) and how we add value for society as a whole (the ‘outcome’). Invest-NL applies its available capital as efficiently and effectively as possible. The value creation model of Invest-NL is shown in the following page.

Invest-NL is at the start of developing measurable impact goals.

When measuring impact and formulating goals, Invest-NL aims to respond to the right developments in a reasoned manner. We are transparent in this learning process, and we share knowledge, experiences and pioneering insights with the outside world.

Invest-NL has only just started the process of working out measurable impact objectives and KPIs, and providing clarity on how we contribute to relevant SDGs. This framework will be further developed in 2021 and 2022.

Value Creation Model

Input



Financial capital

€ 1.7 billion

Estimated (risk) capital

€ 10 million per year

For development, advice, research and support



Human and intellectual capital

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



Social and relational capital

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

Business model & strategy

Mission

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

What

Financing and enabling financing of:

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

How

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

Core activities

Business Development (enabling financing)
Capital (financing)

The five main ambitions of Invest-NL¹



To be the number 1 'trusted adviser' of the government for finance and investment with public capital



Quadrupling the total number of investments with risk capital in the carbon-neutral and circular economy in the Netherlands



Giving start-ups a greater chance of success by doubling well-funded scale-ups in the Netherlands



Achieving an annual reduction in CO₂ emissions of 3 megatonnes in 2030



Double the capacity for plastic recycling in the Netherlands.

Output



Business Development

- Analysis and development of markets
- Guiding propositions
- Developing instruments

- 8 market analyses completed
- 4 products developed
- 5 propositions guided



Capital

- Participating interests in companies
- Participation in funds
- Debt finance

- € 241 mln. committed investment volume
- € 28 mln. investment volume paid out
- € 52 mln. mobilised capital²

Outcome

A more sustainable Netherlands

A more innovative Netherlands



Impact³

- R&D impact of investments
- FTE impact of investments
- CO₂ avoided through investments

Contribution to SDGs⁴



¹ Precise definitions and baseline measurements will be developed as part of the annual plans in future years.

² Mobilised capital is defined as capital contributed to a paid-out investment by other investors.

³ The PCAF attribution method is used as the basis for the impact on CO₂ and FTEs. The precise definitions and additions to the number of indicators for which impact is measured will be developed further future years.

⁴ The precise contribution to the SDGs will be developed as part of the annual plans in future years.

Transition of inland shipping

Creating a practical perspective for action

Working on the sustainability of inland shipping



In 2020, Invest-NL focused on the formation of a consortium working on the market introduction of a sustainable alternative to diesel in inland shipping: a methanol blend. Entrepreneurs in the sector are keen to operate sustainably, but they lack a practical and feasible perspective for action.

There are projects aimed at developing shipping using electric power and hydrogen, but these solutions are not yet feasible for most entrepreneurs and sailing routes. Invest-NL is accordingly working on accelerating innovative projects so that entrepreneurs can quickly gain insight into sustainable, future-proof and fundable options.

Khalid Tachi, Managing Director Expertise and Innovation Centre for Inland Shipping: “We are at the threshold of a transition to more sustainable inland shipping. In this phase, it is important to obtain knowledge of all the options that could contribute to reaching this goal. We see methanol as an additional option to current initiatives such as biodiesels, battery-powered shipping and hydrogen.”

Creating a practical perspective for action

Insight through broad study of the market

Invest-NL started 2020 with a broad study of the sustainability challenge in inland shipping, an inventory of current projects and initiatives and problem areas, including financing and fundability. We immediately saw that many innovations in sustainable powertrains and alternative fuels are still stuck in an early phase of development. These innovations are thus not reaching the market. We have a situation in which parties are waiting for each other: innovative market parties are looking to the government to outline a sustainability route in which they can innovate, the government is looking to the market for initiatives that can define this route.

Acceleration of promising developments

One of the objectives of Invest-NL in 2020 was to accelerate promising developments in inland shipping so that innovations could actually reach the market. The consortium formed by Invest-NL for the introduction of the methanol blend as an alternative fuel is an example of this. This blend can be used in existing diesel engines with some adjustments, so transitioning is not problematic. In addition, bio-methanol is already in production and in future, fully sustainable methanol can be used on the basis of green hydrogen and CO₂ extracted from the atmosphere. With this project, Invest-NL Business Development and its consortium partners are creating a perspective for action for today's more sustainable entrepreneurs, and at the same time we are progressing in a sustainable direction that will also work when inland shipping ultimately becomes entirely sustainable. This will allow the role of inland shipping in logistics to grow, creating an optimally sustainable logistics system.

In 2021, the consortium partners will apply for an innovation grant and a project will be initiated. The aim is to have three ships in the water to demonstrate that sustainable shipping is possible by 2022. Invest-NL is committed to this transition in inland shipping.



2. Management Report



Our Environment and Market Developments

The urgency of impact

Invest-NL was set up at the end of 2019 due to social urgency: there is a growing need for (particularly) patient risk capital to enable the realisation of major transitions and strengthen the innovative power of the Netherlands. In this section, we describe our environment and discuss developments that are relevant to the activities of Invest-NL.

The global view

Global temperature is rising as a result of the increase in greenhouse gases. Climate change has major consequences for people, nature and the environment. The urgency of the climate crisis calls for action. Many governments and businesses have committed to becoming CO₂-neutral and circular by 2050. The EU and the Netherlands have also set ambitious targets in this respect.

We have to learn to be more economical in our use of scarce commodities, avoid or process waste, redesign production chains and consumption behaviour accordingly and ensure that the richness of our planet is maintained.

This also means that there is a need for a second great transition: slowly but surely, we are depleting the world's resources. We have to learn to be more economical in our use of scarce commodities, avoid or process waste, redesign our production chains and consumption behaviour accordingly and ensure that the richness of our planet is maintained. This is the reason that the Dutch government has set itself the target of achieving a circular economy by 2050.



Our Environment and Market Developments

These may well be the two greatest transitions that our economy and society will have to go through in the next 30 years. They affect every aspect of our production and consumption, and will bring some markets to an end and others into being. This is an issue that requires new policy and regulation, in a context where new production and distribution chains will be created with their associated risks and uncertainties. This will also mean that many new technologies will be needed. And the development of technologies that will have to support our economy in 2050 will require financing.

This is a problem for most private parties. It involves both a long time horizon and an impressive but perhaps also deterrent aggregation of uncertainties, meaning that existing parties will not be willing or able to make all the investments that will be needed. This is the driver behind the formation of development and financing agencies such as Invest-NL in many countries. The assignment is to enable this investment, by taking risk themselves and, with public money, to participate in investments to encourage others to take the plunge. Large amounts of risk capital, both public and private, will be needed. Studies¹ predict there will be a global annual need for investment of between 2,500 and 3,500 billion US dollars, purely and solely for the climate and energy transition. Currently, the level of investment is around 500-700 billion US dollars², so there is plenty of work to do.

The NPBI landscape in Europe

Nearly all European countries have an institution known as a National Promotional Bank or Institution (NPBI), as the Netherlands now has with Invest-NL. These institutions take many different forms as well. In many countries, NPBIs are for instance involved only in indirect financing, in others they aim to support SMEs. Invest-NL is also unique in the European context with its combination of an ambition with respect to transition financing, the possibility of providing direct as well as indirect financing and its prohibition of grant activities.

NPBIs have an important role to play in solving urgent social issues where existing market mechanisms are failing or inadequate.

¹ IPCC Report, chapter 4.2.1.1 and OECD Report 'Infrastructure for climate and growth' page 92 infrastructure

² Climate policy initiative 'Global Landscape of Climate Finance' Report – page 2



Our Environment and Market Developments

The trend among NPBI's in Europe in recent years has been to focus increasingly on innovative SMEs and in particular start-ups and scale-ups. This is also a key focus area for Invest-NL, also because substantial resources are becoming available in Europe for the economic recovery post-coronavirus and for improving the sustainability of the economy (the Green Deal): preferably of course, in combination. The Green Deal is important at European level. For the objectives of the Green Deal to be achieved, at least 1,000 billion euros of sustainable investment will have to be mobilised over the next 10 years. The EU budget will contribute, but ultimately the Member States will have to provide sufficient scale, in concert with private parties.

Invest-NL sees one of its most important tasks as making maximum use of the European resources available for the benefit of the Dutch economy. This absolutely is not restricted to providing financing for the transition to a carbon-neutral and circular economy, it also concerns increasing innovation in the Dutch economy generally.

Invest-NL: NPBI as well as an impact investor in the Netherlands

There are several NPBI's active in the Netherlands, involved mainly in debt finance or with a different regional focus. Invest-NL is different because it invests risk capital for the Dutch economy.

We have already seen that financing of the transition for and by market parties is complex, due to the huge accumulation of interdependent uncertainties. In the meantime, the situation is becoming more urgent, especially now that the Netherlands is also bound by international treaties such as the Treaty of Paris. Furthermore, it has been noted that the Netherlands does not seem to be performing well with respect to innovation. The development of promising start-ups into successfully funded scale-ups in the Netherlands is not happening with the same frequency as in countries such as Germany, the United Kingdom and now France as well. Both these vulnerabilities in any case are due to one common cause: the lack of (patient) risk capital.

Our Environment and Market Developments

The venture capital market for ICT and Life Sciences & Health is reasonably well developed, but even in these sectors the amount of risk capital available is well below that in the US, Asia and some European countries. There is very little patient large-scale risk capital available for markets such as Clean Tech and Deep Tech, and in areas where big changes involve concomitant risks, there is not enough risk capital available.

The development of a market for the financing of a circular economy is lagging the market for the financing of a carbon-neutral economy.

The market for venture capital finance is changing

An increasing number of governments and businesses are committing to zero emissions, thus boosting demand for new technological solutions. This is rapidly developing the market for venture capital for climate-related technologies.

The stimulative measures has pumped a huge amount of liquidity into the capital markets that is searching for yield. Partly due to the big successes of the technology sector, especially in the United States, returns on venture capital investments have risen in recent years and more and more capital is becoming available. This also benefits early-stage businesses in the Netherlands, as international investors are looking for opportunities in the Netherlands.

Invest-NL can invest with foreign investors in Dutch businesses so that these businesses can establish themselves here. The development of a market for financing of a circular economy is lagging the market for financing of a carbon-neutral economy in terms of revenue models and financing instruments, mainly due to the higher risks and amounts involved. And this becomes really complicated if we realise that not everything that promotes a carbon-neutral economy also benefits a circular economy (for example, batteries); and not everything that benefits a circular economy will benefit a carbon-neutral economy (such as energy-intensive recycling).



Our Environment and Market Developments

Sustainable energy

The supply of finance for sustainable energy in the Netherlands is currently relatively good, partly due to the Renewable Energy Production Incentive Scheme (Stimulerend duurzame energieproductie en klimaattransitie, or SDE). Further upscaling of the supply of sustainable energy will require further development of stable demand. The position of the industry, and especially the pace at which electrification can be achieved and hydrogen can be used could be crucial factors.

There will be opportunities for entrepreneurs, technologies and innovations. But there are also huge uncertainties regarding revenue models and business cases. In this area, our Business Development aims to actively reduce uncertainties, generate best practices, share knowledge and give good initiatives a chance to succeed.

The coronavirus pandemic is an added challenge

On 1 January 2020, Invest-NL had a Day One Strategy ready. A couple of months later, everything was up in the air due to the coronavirus pandemic. Like other NPBI's in many other European countries, we had to reset our priorities and adjust our plans.

Initially there was a growing fear in the market that the pandemic would affect the amount of available capital and therefore also the continuity of start-ups and scale-ups. Partly due to the support measures from governments around the world, it soon became apparent that more than adequate liquidity was still available. This contributed to investors becoming more active than ever in the second half of the year, particularly in venture capital investments. By its nature, transition financing moreover features a time horizon stretching over many years. Positive business cases for investment in innovations that should enable the economy to operate differently in 2050 will not suddenly turn to negative because of dips in the economy lasting for one or two years.



Invest-NL launched a temporary support facility to help innovative young companies that got into trouble as a result of the coronavirus pandemic known as the Temporary Bridging Programme for Start-Ups and Scale-Ups (Tijdelijk Overbruggings Programma Start- en Scale-ups, or TOPSS). This programme was made possible partly by a European guarantee. In two weeks, we received 27 applications for TOPSS, with a total financing requirement of € 170 million. The first investments under the programme were made in 2020 and a number are still being processed. The issue of financing ultimately has turned out not to be a problem for many businesses, and the venture capital market has quickly recovered.



Our Environment and Market Developments

Outlook

Around the world, the coronavirus pandemic is being seen as an opportunity to restart economies on a different footing. The assumption is that the sizeable support packages provided by governments can prompt development towards a New Economy or Green Deal. Significant resources have indeed been made available for this purpose. And new ways of working, but also shopping, consumption and entertainment, have become commonplace during the pandemic. But it is still uncertain as to how much this will take root. The positive CO₂ emissions figures in 2020 due to collapsing economic activity have already been negated in 2021 due to, for instance, the recovery of the Chinese economy. It is also still difficult for politicians and governments to ignore calls for support for 'old' industries. November 2021 will be interesting in this respect, if countries have to show their colours at the climate summit planned at that time.

Europe will remain important for the Netherlands and also for Invest-NL in all this. The ways in which the new European facilities and possibilities will be used, for both the economic recovery post-coronavirus and the Green Deal, will be established in detail in 2021. InvestEU represents an important opportunity for Invest-NL, as it offers NPBI the possibility of covering the initial investment risk with an EU budget guarantee. This could mobilise additional investment in more risky propositions where market failures have occurred. To be eligible for this option, Invest-NL has started the approval procedure for becoming an implementing partner of InvestEU.

Investment in Nearfield Instruments: € 10.5 million

First regular transaction by Invest-NL

Mobilising risk capital for innovation



The first regular transaction by Invest-NL occurred on 2 December 2020, an investment in Nearfield Instruments. The transaction qualifies as ‘regular’, as it was not in the context of TOPSS but was the result of a strategic priority of Invest-NL itself to finance young, fast-growing and innovative businesses.

Contributing to innovation

Nearfield Instruments is a spin-off of TNO. It is an R&D-intensive start-up working on the development of precision measuring equipment for the semiconductor industry. The company delivered its first system to one of the world’s largest semiconductor companies in December 2020. The system will be tested by this company. After a successful test period, multiple orders are expected and Nearfield will need to scale up.



First regular transaction by Invest-NL

This investment contributes to the R&D objective of Invest-NL. Not only because it concerns an R&D-intensive start-up, but also because Nearfield Instruments is developing a high-tech key enabling technology within ecosystems that are important for the Netherlands (mechatronics and semiconductors).

Additionally, an investment in this company contributes to the practical application of knowledge that has been gained through various universities and the Netherlands Organisation for Applied Scientific Research (the TNO). The company's development will create jobs, not only at Nearfield Instruments but also at its partners in the Dutch high-tech supply chain.

With this transaction, Invest-NL is assisting the development of this company as an organisation (from start-up to scale-up) and the future earning capacity of the Netherlands. It is precisely this type of business that struggles to raise financing in the market, as it features knowledge and capital-intensive activities and high risk: a typical combination of features that suits Invest-NL.

InnovFin guarantee facility

The investment in this company came about partly through use of the InnovFin guarantee facility. This new guarantee, backed by the EIF, has enabled Invest-NL to offer more favourable finance conditions and increase the financing round. The transaction amounts in total to € 17.5 million, € 10.5 million of which came from Invest-NL and € 7 million from the co-investor Innovation Industries. At year-end 2020, the investment made available by Invest-NL amounted to € 3.5 million. The remaining € 7 million from Invest-NL is expected to be made available at the beginning of May 2021.



Strategy and Progress

Enabling tomorrow

Enabling tomorrow. This is what Invest-NL does. Our mission, vision and strategy are based on this goal, and contribute to achieving it. This section describes our strategy and the progress made in 2020.

Our mission

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

Our vision

The Netherlands is on the threshold of major social changes, especially in the areas of energy, environment and climate. In 2050, our economy will have to run on very different technologies, raw materials, types of energy and processes than those in use today. This will only come about with inventive entrepreneurs, new markets and scalable innovations. A large amount of capital will be needed for this. But the risks are too high for most financiers in the market. This is exactly where Invest-NL can make a difference. We mobilise capital: from Invest-NL, from market parties, from governments, from European facilities. We do this by analysing and developing markets, improving investment propositions, developing instruments and taking risk by investing ourselves. This makes it more attractive for other parties to do likewise, and we turn what seems to be impossible to finance into something that can be financed.

Our strategic focus

We have reflected our mission and vision in our strategic plan for 2021-2025. The basis of our strategy is to give the highest priority to financing the transition to a carbon-neutral and circular economy. An innovative SME sector³ (start-ups en scale-ups) is a crucial element in this. Invest-NL makes a significant contribution to realisation of the Sustainable Development Goals formulated by the United Nations. Three of these goals are currently leading for us:

SDG 7: Affordable and clean energy;

SDG 8: Decent work and economic growth;

SDG 9: Industry, innovation and infrastructure.

³ Companies with less than 250 employees and annual revenue of up to € 50 million, or with up to € 43 million in total assets. This is the definition that is applied in the EU.

⁴ Based on our strategic plan for 2021-2025, we will reorient ourselves towards the appropriate SDGs and the related impact KPIs.



Strategy and Progress

Our five ambitions

In the next five years, we will strive to:

- become the number 1 ‘trusted adviser’ of the government for finance and investment with public capital;
- quadruple the total number of investments with risk capital in the carbon-neutral and circular economy in the Netherlands;
- give start-ups a greater chance of success by doubling well-funded scale-ups in the Netherlands;
- achieve an annual reduction in CO₂ emissions of 3 megatonnes in 2030;
- double the capacity for plastic recycling in the Netherlands.

Invest-NL as an impact investor

Our impact comes from two main activities:

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

Priorities in our activities and investments

Our priorities are reflected directly in the application of our own capital.

In general,

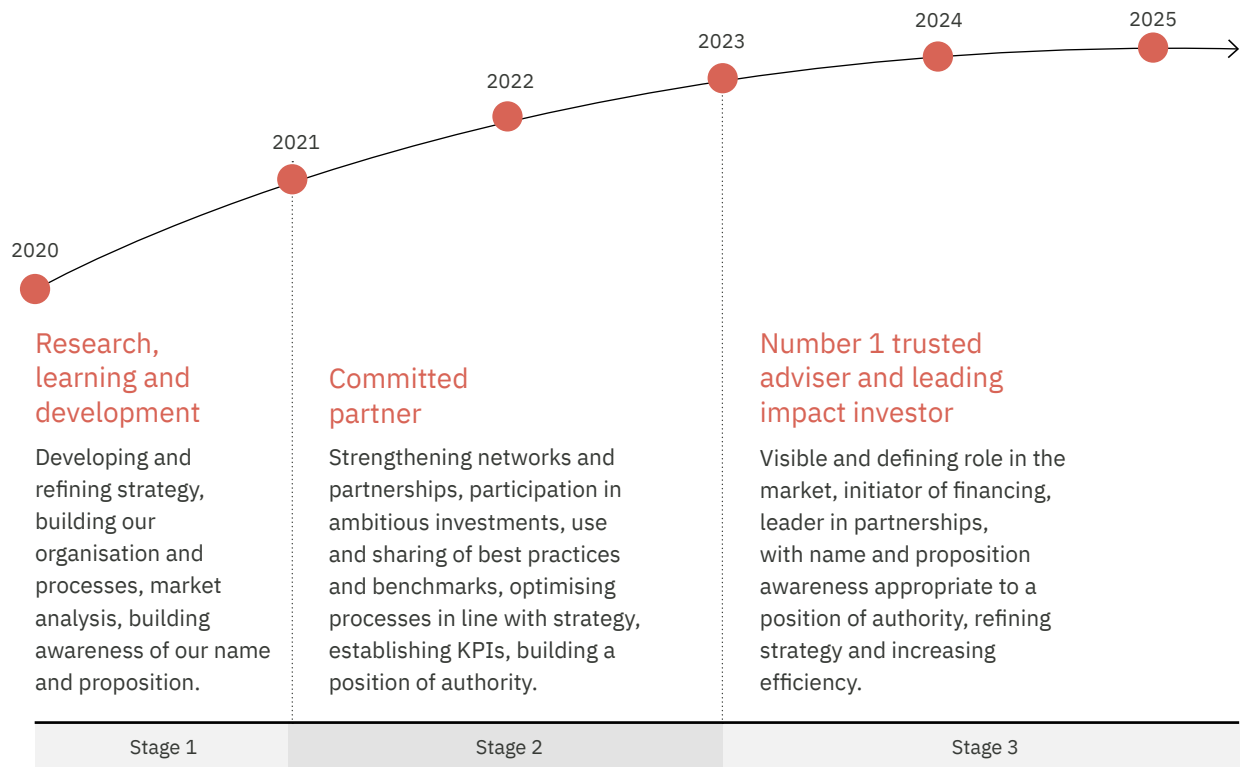
- the highest priority is allocated and the most capital is reserved for financing relating to the transition to a carbon-neutral and circular economy; it can also concern direct and indirect financing of innovative SMEs and other companies, but may also include project financing;
- a second focus item concerns the general financing of innovative and fast-growing (SME) companies in a wide range of markets and sectors, with special attention to Life Sciences & Health and Deep Tech;
- finally, resources are also set aside for support programmes for SMEs during the coronavirus crisis and more general (indirect) financing of SMEs.



Strategy and Progress

Growth according to plan

Not everything can be done at once. We have high ambitions, but we need to grow our resources quantitatively and qualitatively in order to realise them. How we will do this is shown below:





Strategic considerations

Broad versus narrow

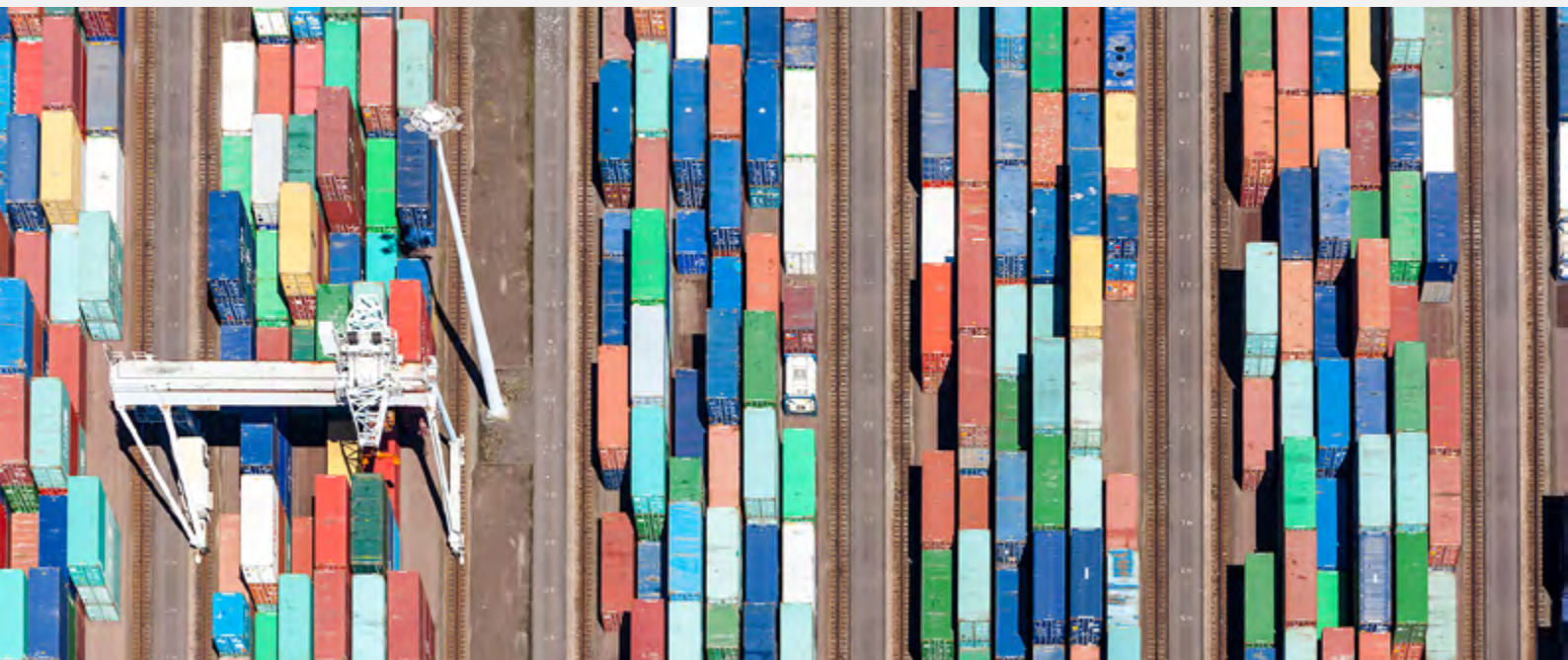
On its incorporation, Invest-NL was given a broad legal mandate. Our job is to bring the realisation of large social transitions closer. We also have another objective in our legal mandate: to provide access to corporate finance. This second objective in particular is potentially wide-ranging and far-reaching. At the same time, we are expected to be active in areas where the market is not prepared to take the risk, or not all the risk, and where our social return (or impact) will be the greatest. In our view, this will only be possible by specialising in a limited number of issues, markets and technologies, and then focusing on larger and more complex financing in these areas. This is possible, as the Regional Development Agencies are highly expert in matters of smaller regional financing.

This raises an important strategic issue: how should we combine a broad mandate with the need to focus and set priorities? Our strategy for 2021-2025 addresses this issue by using most of our direct financing capacity for the great transition to a carbon-neutral and circular economy and serving other markets primarily by financing funds that can have a significant impact in these areas.

The climate and the circular economy

We started 2020 with a focus on the energy transition. During the year, we extended this to include the climate and energy transition, in which the transition to a circular economy also features, which is an objective of the Dutch government. Moreover, we received numerous applications for financing in this area. Further analysis shows that not everything that scores well on circularity is advisable from the point of view of the climate and energy transition: for example, some recycling processes require sizeable (fossil-based) energy consumption.

The reverse is also true: not everything that benefits climate and energy is advisable from a circularity point of view; for instance, the use of rare metals in battery technology. After thorough consideration, we have embedded this in our strategy for 2021-2025 by integrating both these objectives. We will fund only those activities that benefit both transitions. We are closely monitoring the development of the EU taxonomy in this respect and will take account of this in our impact analyses in 2021.



What we achieved in 2020

The following overviews show the activities of Invest-NL initiated in 2020.

Business Development	Realised in 2020	With focus on a carbon-neutral and/or circular economy	Work in progress at year-end 2020	With focus on a carbon-neutral and/or circular economy	With focus on plastic recycling
Product development	4	1	6	3	-
Proposition guidance	5	4	18	15	1
Market analysis	8	6	15	12	1

Invest-NL completed eight market analyses in 2020, six of which related to the transition to a carbon-neutral and/or circular economy. Some of these cases are described individually in this report.



Strategy and Progress

Capital	Investment applications received in 2020	Approved	Investment volume	Work in progress at year-end 2020	With focus on a carbon-neutral and/or circular economy	With focus on plastic recycling
Number of investments	422	13	10	50	29	6

Virtually all the investment applications concerned SMEs or funds that focus on raising financing for SMEs. The main reason for not processing some investment applications is due to the fact that Invest-NL aims to play a supplementary role in the market and the existence of the regional development agencies. If they can provide financing, there is no role for Invest-NL. In addition, an application in principle has to concern a profitable investment in an area that Invest-NL understands. This is also a reason why not all applications can be accepted. At year-end 2020, Invest-NL had 50 investment applications being processed, 29 of which were related to the transition to a carbon-neutral and/or circular economy. Six of them related to plastic recycling. This pipeline is a good start for realisation of our formulated impact goals. At year-end 2020, there were 10 transactions in our portfolio and 17 completed business development assignments. These are shown in the table on the next page.

Virtually all the investment applications concerned SMEs or funds that focus on raising financing for SMEs.



Strategy and Progress

Transactions in portfolio at year-end 2020	Instrument	Investment volume paid out	Committed investment volume
EclecticIQ	Equity instrument	4,000,000	4,000,000
Nearfield Instruments	Equity instrument	3,500,000	3,500,000
ViCentra	Convertible loan	2,800,000	4,000,000
Duurzaam MKB Fonds (Sustainable SME Fund)	Loan	100,000	5,000,000
Co-investment vehicle	Fund mandate	15,000,000	50,000,000
Protix	Convertible loan	-	7,500,000
Dutch Future Fund	Fund mandate	-	150,000,000
ETFF guarantees	Financial guarantees	-	10,300,000
EIF shareholding	Equity instrument	2,211,190	6,211,190
Total		27,611,190	240,511,190

Business Development completed assignments at year-end 2020	Project name
Product development	<ul style="list-style-type: none"> • TOPSS • ROMs Range Extender • Dutch Future Fund • First Time Right Facility
Proposition guidance	<ul style="list-style-type: none"> • E-waste recycling • Underground hydropower plant • Biodegradable plastic • Analysis of the sustainability challenge in inland shipping (coordinating role in bio-methanol consortium) • Development of charging infrastructure
Market analysis	<ul style="list-style-type: none"> • Market research Wind at Sea • Opportunities for thermal storage systems • Market analysis for heat storage • Foodvalley 2030 • Circular Service Platform • Sustainability in owners' associations (VVE) • Heating development in Rotterdam • Circular@Scale

Sustainable Development Goals

Invest-NL aims to make the Netherlands more sustainable and more innovative. Our activities are closely related to several of the SDGs. We measure our success on the basis of our contribution to (currently) the following three SDGs¹:



The activities of Invest-NL will be formulated further in 2021. On this basis, we will consider whether the connection with these goals and subtargets needs to be added to or adjusted. The following section explains the subtargets to which Invest-NL contributes and the objectives we have set for ourselves.

¹ The precise contribution to the SDGs will be developed as part of the annual plans in future years.



SDG 7 Affordable and clean energy

Invest-NL contributes to the following subtargets of SDG 7:

- **7.2** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3** By 2030, double the global rate of improvement in energy efficiency.

We contribute to these subtargets within Business Development by means of product development, market analysis and proposition guidance. Examples include studies of the (future) fundability of offshore wind and seasonal heat storage, and the proposition guidance in relation to the energy transition in inland shipping as described in this report. No projects in Capital were financed in 2020 that are already generating an impact on these subtargets. A pipeline has however been prepared and the first three investments have been approved, which should lead to the first financing in this theme in 2021. The aim is to achieve an annual reduction in CO₂ emissions of 3 megatonnes in 2030 with our own investments.

SDG 7 also has implications for our own working practices. With respect to its own business operation, Invest-NL has invested in improving the sustainability of its leased office building. We also encourage the use of public transport for business travel, as well as daily commuting.



SDG 8 Decent work & economic growth

Invest-NL aims to contribute to the following subtargets of SDG 8:

- **8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
- **8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.

Subtargets 8.2 and 8.3 correspond to the ambition of Invest-NL to support innovation, especially at young and fast-growing companies, in most cases SMEs. All the financing committed by Invest-NL in 2020 therefore concerns (innovative) SMEs. The investments in Protix, ViCentra and Nearfield Instruments are examples of this. Another notable example is the cooperation with the EIF in the financing of funds that focus on the financing of SMEs, also outside our own priority areas. Ultimately, Invest-NL has set itself the objective of doubling the percentage of start-ups that successfully grow into well-funded scale-ups.



Strategy and Progress

- **8.4** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.

Invest-NL aims to contribute to subtarget 8.4 by focusing on projects that contribute to a circular economy. Invest-NL has set itself the objective here of quadrupling the risk capital invested in carbon-neutral and circular topics and doubling the plastic recycling capacity in the Netherlands in the next five years. The first assignments in this area were completed in Business Development in 2020 and an evaluation framework for biomass has been formulated together with Strategy. Six finance applications that concern plastic recycling are being processed by Capital.

Invest-NL measures the impact of its projects on employment.

- **8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Invest-NL wants to contribute to the creation of retention of employment in the Netherlands. Invest-NL measures the impact of its projects on employment. Diversity is encouraged, including through our affiliation with FundRight. Diversity and inclusiveness are actively encouraged and monitored in our own business operation.



SDG 9 Industry, innovation & infrastructure

Invest-NL aims to contribute to the following subtargets of SDG 9:

- **9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
- **9.5** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

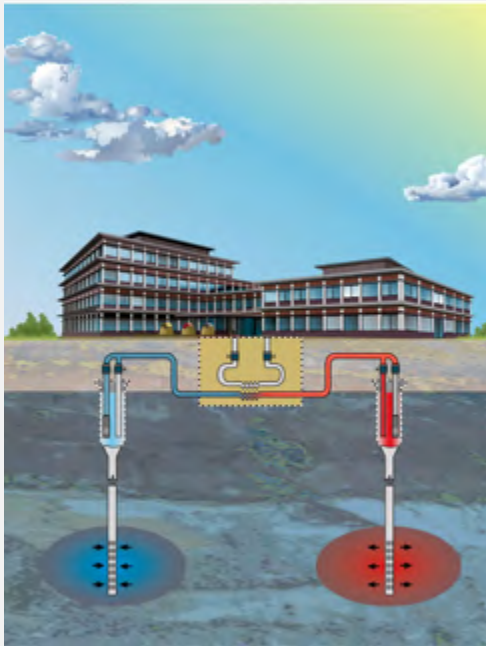
The extent to which Invest-NL contributes to this SDG is measured primarily on the basis of the additional R&D enabled by our financing. Invest-NL would prefer this innovation to further the transition to a carbon-neutral and circular economy. The minimum requirement for financing other innovations is that they do not conflict with these transitions (the ‘do no harm’ principle). Business Development will develop additional instruments in 2021 to encourage the financing of innovation, especially in Deep Tech.

Market potential for seasonal thermal storage

The heating transition in development

Opportunities for thermal storage systems

The transition in heating was one of the areas we studied in 2020. The study carried out for us by CE Delft shows that there is sufficient market potential for seasonal heat storage. Invest-NL constructs solid business cases with other parties.



We see that while businesses that offer thermal storage technologies exist, they are encountering difficulties with becoming involved in heating projects. These companies are thus struggling to raise financing, even though the heating transition is developing at a rapid rate. This raises the question of whether this is because the market does not recognise the potential of seasonal storage, or that seasonal heat storage is simply not yet profitable and therefore not attractive to financiers.

Seasonal heat storage has market potential

Our analysis shows that there is sufficient market potential for seasonal heat storage. Several techniques are already profitable according to current economic parameters, and others will become profitable when the social return is taken into account in the business case. Since the use of gas-powered peak boilers can be reduced, two objectives can be achieved simultaneously: reducing both gas usage and CO₂ emissions.

The heating transition in development

Invest-NL recognises the potential this storage offers for connecting more homes to the heating net and the additional reduction of CO₂ as a social return. The social return is currently given no or very little consideration in the business case, as the potential for scaling up is still relatively unknown and the current price of CO₂ is low. Another factor is that heating projects are highly complex and the addition of thermal storage could make them even more complicated.

Our analysis shows that seasonal storage has a market potential of 45 petajoules in 2050. This represents a market value of € 500 million until 2035. This calculation corresponds with the initial analysis (in 2019) of the Netherlands Environmental Assessment Agency (the PBL), and in Invest-NL's view, gives a realistic idea of the potential.

Getting investment in seasonal storage started

Seasonal storage is therefore already profitable and there is relevant market potential. Taking account of the increasing social importance of this issue, Invest-NL sees seasonal storage as a factor that will become increasingly important in the heating systems of the future. The challenge facing all parties involved is to develop future-proof heating systems, however complex this may be. Invest-NL is working on connecting heating projects and thermal storage companies and thus encourage investment in seasonal heat storage. Invest-NL is also providing support in the development of business cases and can help with the structuring of projects and commercial processes. This is often the first commercial route taken by innovative companies. We are already doing this with Hocosto, a company involved in seasonal thermal storage, and a scalable project in Nagele. This project harvests heat in the summer that is re-used for consumption of heat in built-up areas in the winter. Our role concerns ensuring the professional design of the project structure and the fundability of the project as a blueprint for other companies involved in thermal storage. Other parties with good initiatives are welcome to contact us.

Our ESG Policy

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

If Invest-NL provides financing, we invariably consider the extent to which the companies or funds involved are exposed to ESG risks and the extent to which they have taken mitigating measures in this respect. For some companies, environmental aspects are very relevant, while social and governance aspects apply to all companies and projects with which we work or in which we invest. At the same time, ESG matters are important for us as well: we aim to meet the standards that we require from the companies in which we invest.

We took the first major steps in formulating our ESG policy and processes during the reporting year. We will develop this policy and process further in the coming years.

Guidelines

As an agency with state participation, Invest-NL meets the following international guidelines:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- UN Guiding Principles on Business and Human Rights.

We also endorse a number of additional guidelines:

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

Our ESG Policy

Our exclusion policy

Invest-NL will not do business with parties that:

- do not act in line with the letter and the spirit of legislation and regulation in which the party concerned operates;
- do not comply adequately with the UN Global Compact, OECD Guidelines and UN Guiding Principles;
- fail to comply or do not comply adequately with applicable tax regulation, or are guilty of tax evasion or large-scale tax avoidance;
- are involved in corruption, money laundering or the financing of terrorism, or, in view of their sector or operations are exposed to increased risk of involvement in these practices and do not take adequate preventative measures;
- are involved in violations of universal human rights;
- do not comply with legislation and regulation regarding labour or child labour, either forced or otherwise;
- are involved in cross-border waste and waste flows and do not comply with applicable international standards;
- pursue a business or revenue model based on the sale, trade or production of tobacco and/or distilled alcohol;
- pursue a business or revenue model that supports products and/or services relating to gambling;
- pursue a business or revenue model based on the sale, trade or production of drugs, weapons or munitions;
- have a track record of undesirable behaviour with respect to price-setting and/or marketing of medical products or care services.

Invest-NL will not fund or support projects that:

- focus on energy production from fossil fuels;
- use fossil fuels as a principal raw material in their production process and do not aim to achieve significant reduction of CO₂ emissions.

Our engagement policy

The aim of our engagement policy is to raise important ESG topics in dialogue with the companies that we finance and the funds in which we participate. Many of the (innovative) companies for which we provide direct and indirect funding are still fully in development, also with respect to their own CSR policies. For us, the

Our ESG Policy

engagement themes are reference points for initiating a dialogue. In many cases, policy has already been developed in certain respects and we ask for clarification on the basis of our engagement themes. In some cases, no policy has yet been developed, and we make agreements with respect to their material topics and how they devote attention to these topics, including in their supply chains. This process and its monitoring will be developed further in future years.

In our engagement policy, we look at various issues that could pose a risk in the supply chains of businesses or funds in which we participate, such as:

- climate and energy, where there are calls for a reduction of emissions and the application of sustainable energy;
- raw materials and the environment, such as depletion of raw materials and the protection of natural capital;
- animal welfare and biodiversity;
- human rights and working conditions, especially child labour and land grabbing;
- health, in particular access to, transparency and affordability of medicines, products and services.

In addition, we devote special attention to our social responsibility with respect to financing we provide in the Life Sciences & Health sector (LSH). The priority of Invest-NL is to make the Netherlands more innovative. Innovations in the LSH sector are occurring rapidly in the Netherlands due to the huge track record in this area. At the same time, we also see developments in this sector that are a cause for concern, especially in the development of new medicines: for instance, the high prices charged when new medicines come onto the market, the opaque business and pricing models used and the friction with competition legislation. Prior to an investment therefore, we check whether the company involved has signed the European Biotech Social Pact, an initiative in which biotech companies and investors from Europe and the US declare that they will commit to making innovative medicines accessible to everyone that can benefit from them. We also engage in dialogue with LSH companies on access to affordable medicines, products and services and on correct provision of information.

 [See our website for more information on our CSR policy](#)



Dilemma

Entering into dialogue

Virtually all the companies and funds that we engaged with in 2020 have a CSR or an ESG policy, although this is not necessarily the case for all start-up businesses. In our role as an impact investor, the existence of a good CSR/ESG policy is an important starting point. At some companies, we found that certain (material) topics were lacking or that the ESG policy had not been adequately defined. In our Investment Committee meetings, we discussed how to deal with this situation and whether this dilemma would be an obstacle to a positive investment decision on several occasions. Ultimately, the decision in all cases was to continue the dialogue, mostly because the issue concerned relatively young small businesses that were prepared to further develop their CSR/ESG policy in consultation with us. And this is a crucial point for Invest-NL. We will formulate the follow-up to these engagement dialogues in a structured way, to enable monitoring and to continue stimulating this development at our clients even after financing has been provided.

A diligent ESG process

An ESG assessment is part of the investment process. This applies to both direct and indirect investments (through funds). We apply our exclusion criteria at the start of the investment process, in order to arrive at an opinion as to whether a party adequately complies with the guidelines that we endorse. We use an ESG questionnaire for this purpose. The investment manager asks the client to complete and return this with relevant documentation. We then make an ESG risk assessment on the basis of this input.



Our ESG Policy

For funds, we use the SASB¹ Materiality Map to identify material ESG risks.

Ultimately, we distinguish between:

- risks that could be an obstacle to a positive investment decision because they conflict with the ‘do no harm’ principle;
- opportunities for improving ESG aspects that do not affect the investment decision, but which we wish to note as issues on which we wish and expect to see progress.

If an assessment leads to items of concern or additional questions, the investment manager will enter into discussion with the client concerned, sometimes together with the ESG Officer, to establish whether the concerns are well-founded and stand in the way of a potential investment. Ultimately this results in a positive or negative recommendation in the investment proposal, including relevant engagement issues for the future.

Our own CSR policy: practice what we preach

Our ESG policy sets high standards for businesses and funds. Based on our social role and related responsibilities, we believe it is important that we ourselves meet these standards. The objectives and guidelines are set out in our CSR policy. This applies to both our responsibilities in the supply chain and our own business conduct.

Supply chain responsibility

Besides companies and funds, we also expect our suppliers to conduct their business sustainably. This applies to procurement of both products and services. Invest-NL is, for example, liable for compliance with our CSR policy by external hires. We therefore test their integrity and reliability in this respect as well. When furnishing the Invest-NL offices in Amsterdam Sloterdijk, we made the greatest possible use of reused materials and searched for sustainable solutions in our purchases of new products and materials. Among other things, this led to the carpets, the ceiling tiles and the door hardware being cradle to cradle certified, the pantry and the sun blinds being reused after a minor upgrade and the chairs and lamps being made of bottles and other recycled materials.

¹ Sustainability Accounting Standards Board



Our ESG Policy

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

The agenda in 2021

We engaged a temporary ESG adviser in our first year in 2020. At the end of the year, we began the process of recruiting a permanent ESG Officer. We expect to fill this role in the second quarter of 2021.

The ESG assessments will be further embedded in the investment process in 2021, with the introduction of further specification of material topics for each business type for direct investments. We are also formalising the regular ESG engagements we conduct with clients in our portfolio in a structured process.

A Code of Conduct will be formulated in 2021 to which reference can be made and which advisers that we hire will have to endorse prior to an assignment.

Investment in Protix: € 7.5 million

Contributing to the protein transition

Investing together in agrifood



As part of an investment round of € 15.5 million in December 2020, Invest-NL invested € 7.5 million in Protix, in the form of a convertible loan.

The current shareholders in Protix were involved in the transaction as well as Invest-NL, led by Aqua-Spark, Rabo Corporate Investments and the Brabant Development Agency. This transaction was effected together with the EIF and the Province of Noord-Brabant.

“Brabant is the first province to enter into a partnership with Invest-NL to enable promising businesses to grow faster and invest in the solutions to our major social challenges,” said Martijn van Gruijthuijsen, Provincial Executive for Economy, Knowledge and Talent Development for the province of Noord-Brabant. “We are delighted that Invest-NL also recognises the potential of Protix. Protix is making an important contribution to the protein transition and the circular economy, and we wholeheartedly support this innovation.”



Contributing to the protein transition

Attractive and sustainable ingredients

Protix cultivates insects to obtain sustainable proteins and fats from the larvae of the Black Soldier Fly. These proteins and fats are used by Protix's customers as an ingredient in animal and fish food, as an attractive and more sustainable ingredient than soy, fish meal and palm oil, for example.

The financing of Protix fits well with our focus on the transition to a carbon-neutral economy and innovative, fast-growing companies, which is the main priority in the investment strategy of Invest-NL. With this round of financing, Protix can further optimise its production capacity and prepare for further international expansion. This is the first transaction by Invest-NL that directly contributes to the protein transition in the agrifood sector.

“Protix was born out of innovation with a focus on a positive environmental impact. We are the pioneers in a completely new category of proteins and other foodstuffs, and my brilliant colleagues are working day and night on this,” says Protix founder and CEO Kees Aarts. “This is another positive step in expanding our market leading position.”

Our Stakeholders

Building a strong network

Invest-NL prioritises social returns, and always works with others on this basis. Sharing of knowledge and social embedding are therefore crucial. We have close contacts with various stakeholders and consider the quality of these relationships to be of great value. This section explains who our stakeholders are and how we have worked with them during the year under review.



Our Stakeholders

The stakeholders listed below greatly influence us, as we in turn are also very important to them. We distinguish six groups:

- **Entrepreneurs** supporting the businesses that we finance and businesses looking for risk capital that they cannot (or not fully) raise in the market, for investments that are appropriate to the strategy and investment policy of Invest-NL;
- **Providers of (risk) capital**, such as banks, pension funds, private or corporate investors, regional development agencies, provinces and provincial funds;
- European institutions, such as (especially) the EIB Group, which includes the EIF;
- Our shareholder, the **Ministry of Finance**;
- The **Ministry of Economic Affairs and Climate Policy** subsidises the Business Development activities of Invest-NL and supports the mission of Invest-NL in its policy;
- **Our employees** are our most important capital: they make the difference and achieve impact.

The following group of stakeholders is important for us in (collectively) creating support, exchanging information and sharing knowledge:

- Invest-NL also maintains good relationships with **other ministries** as well as the Ministry of Economic Affairs and Climate Policy. There is therefore consultation with the Ministry of Infrastructure and Water Management on promoting a circular economy and intensive contact with the Ministry of Health, Welfare and Sport on innovations in Life Sciences & Health;
- The central government is not the only important stakeholder for Invest-NL, there are also good relationships with **municipalities, water boards and - especially - provinces**. These contacts concern mainly actual projects;
- A number of **NGOs** have also been actively involved in the stakeholder dialogue by Invest-NL. Obviously, we initially focused on NGOs actively involved in the necessary transition to a carbon-neutral and circular economy;
- Members of Parliament do not have any direct control over the daily business of Invest-NL, but we certainly believe it is important that our strategy and working practices are supported by **parliament**;



Our Stakeholders

- **Knowledge and research institutes** are very important for Invest-NL, mainly as partners in analysing and developing markets. For instance, we work with a number of private parties with specialist knowledge with respect to the heating transition and with TNO to understand the significance of key technologies for the Dutch economy.

A unique position

As a private company with a social mandate and financed with public resources, Invest-NL is uniquely positioned in the market. This makes us especially able to bring different stakeholders together on the basis of shared interests. We can thus bridge the gap between heavily regulated parties such as banks and pension funds and the daily reality of fast-growing, innovative scale-ups. Or, together with knowledge institutes, companies and co-financiers, we can analyse what is needed to mobilise risk capital in greater volume and at a faster pace.

We strive here to be seen by all our stakeholders as a reliable and professional impact investor that can contribute to a successful and result-oriented partnership. We actively seek dialogue and are transparent in our sharing of information.

Member of ELTI

In its first year, Invest-NL invested actively in contacts with its European 'colleagues'. We have also become a member of the European Association of NPBI's (National Promotional Banks and Institutions, known as the European Association of Long-Term Investors, or ELTI) and a shareholder in the European Investment Fund (EIF). For us, these are important sources for the sharing of information and experiences. The experienced NPBI's were very helpful in their cooperation with us as a newly formed company in our first year.



Stakeholder dialogue in 2020

In April 2020, we held an online stakeholder dialogue, in which the CEO and the directors of Strategy and Finance & Risk participated. The group of stakeholders we invited consisted of sustainability experts from other financial institutions, experts from knowledge institutes and a number of NGOs. We asked them to advise us on the provisional strategy of Invest-NL and our material topics. We used the findings from this dialogue to further refine our strategy.

Fixed and situational moments for dialogue

We regularly consult with the shareholder, the relevant ministries, the regional development agencies, local governments and our employees to arrange matters and discuss progress. We do this on a fixed schedule, with additional contacts if needed. For the other stakeholders, the contacts are mainly in relation to transactions, current developments and opportunities identified in the market.

We will organise a more wide-ranging stakeholder dialogue in the second half of 2021, with how we will interpret impact and ESG as the central item of discussion. We will be better able to present our initial experiences in the market during this consultation than we were in 2020.



Important topics and dilemmas from the stakeholder dialogue

Not unreasonably, in the first year of our existence the stakeholder dialogue often concerned our decisions as to whether to involve ourselves in a particular area or not, and defining the underlying choice of priorities. This is a discussion involving dilemmas that ultimately go back to the creation of Invest-NL and the related legislative history.

Invest-NL considers support from society and the political world to be important, but is nonetheless independent in its investment policy. During the legislative history of the formation of Invest-NL, it was explicitly established on several occasions that the investments of Invest-NL would not be driven by requests or wishes of individual politicians. At the same time, this independence of Invest-NL should not mean that it becomes too removed from social and political expectations, as this would ultimately lead to an erosion of social and political support that would also affect the shareholder. This debate is particularly relevant in areas where Invest-NL sets priorities and therefore also has to decline a proposal. To address this dilemma, in addition to our strategic priority (the transition to a carbon-neutral and circular economy and the role of scale-ups therein), the strategy for 2021-2025 also includes allocation of a budget to two other types of finance: innovative scale-ups that are not in themselves related to the great transition to a carbon-neutral and circular economy, and also 'ordinary' SMEs. For both these categories, and particularly the latter, our financing is provided mainly indirectly, so we do not have to accumulate as much expertise ourselves.

Report on fundability of offshore wind

Insight into promising options and potential financing

Market analysis of offshore wind



Invest-NL produced its report ‘Financing offshore wind’ in 2020, partly at the request of the Electricity sector platform. The report provides further insight into the potential for financing of offshore wind, with the aim of achieving the 2030 targets set in the Climate Agreement.

Wind-powered electricity is crucial

The generation of renewable electricity, including by offshore wind, is crucial for the energy transition in the Netherlands and the EU. Invest-NL studied the potential for financing in this market in 2020, and published its ‘Financing offshore wind’ report in August. The report provides information on the market for financing offshore wind, the effects of the demand stimulus and the effect of grants on the supply of financing.

Demand stimulus and acceleration of system integration


The market consultation we conducted revealed that investors see offshore wind as a mature market, and interest from investors and financiers is growing. The consultation also showed that there is a consensus in the market that zero grants

Insight into promising options and potential financing

should be the end goal for future offshore wind projects. To reach this point, investors and financiers were unanimous regarding the two main priorities: increasing sales potential by stimulating demand (including through the electrification of industry, mobility and urban areas) and accelerating system integration (technical and market integration). As an impact investor, making the energy transition fundable is a high priority for Invest-NL. Regarding offshore wind, Invest-NL focuses, also on the basis of this report, mainly on investments that accelerate demand for green electricity (electrification, conversion and storage facilities). Breakthrough technologies that help industry to electrify and become more sustainable can therefore be sure of our interest. Invest-NL sees a role in the financing of high-risk innovative projects and companies to optimise demand for and supply of energy from offshore wind.

Boosting demand and accelerating system integration are the two most important priorities.

Based on the insights and findings, Invest-NL has advised the Ministry of Economic Affairs and Climate Policy first of all to activate a sustainable increase in demand and accelerate efforts aimed at system integration (for instance, by encouraging storage and conversion). Invest-NL also recommended that a back-stop analysis should be carried out. If offshore wind projects encounter delay, market risks cannot be adequately mitigated. A back-stop could prevent an unnecessary delay (or even interruption) of ongoing offshore wind projects. The report is being used in several policy and legislative processes.

 [For the full report, see our website](#)

Materiality

What our stakeholders see as material

Material topics in the stakeholder dialogue

The material topics were discussed with our stakeholders in the dialogue conducted in April 2020. Among other things, the recommendations put forward were as follows:

- The materiality matrix should include only those topics on which we focus externally in our strategy. The more internal ‘how’ topics, such as transparency, stakeholder engagement, financial soundness, European funds, core values, good employership and (gender) equality should be included in the CSR policy rather than the matrix, as these relate more to our own business operation. This means that the matrix will remain manageable and clearly states what the real material topics are. We have followed this advice.
- The circular economy should be explicitly included as a material topic. We have included the circular economy as one of our primary strategic goals.
- The transition to a carbon-neutral economy and the transition to a circular economy should not be treated as two separate topics. We have accordingly integrated these two topics in our new strategic plan for 2021-2025.
- Biodiversity should be included as a material topic. We have not followed this suggestion because the restoration of nature is not one of our core activities, but we do address this topic in our ESG and CSR policy.
- Health care should be added to the materiality matrix: this topic does feature in our strategy, although it is subordinate to the transition to a carbon-neutral and circular economy.

Other points raised included:

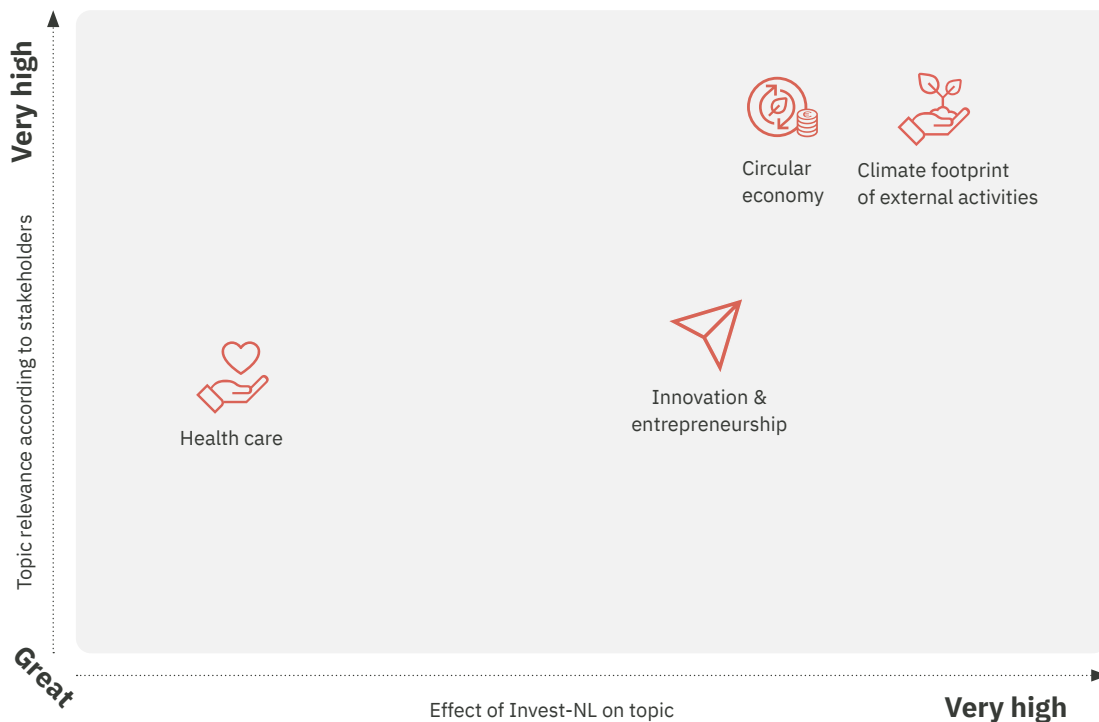
- The importance of supply chain responsibility was stressed. We have now addressed this issue in our ESG and procurement policy;
- The importance of scale-up capacity, taking risk and encouraging innovation for the material topics was acknowledged by the stakeholders;

Materiality

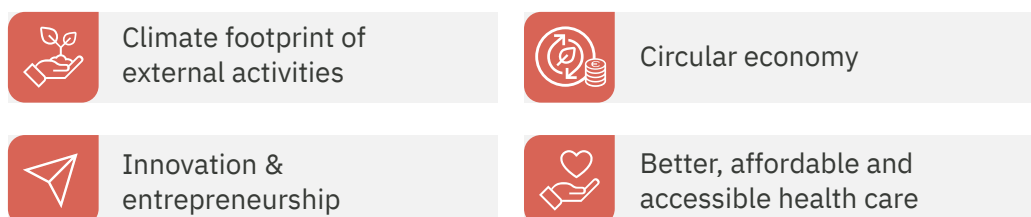
- At the same time, we had to note that the stakeholders took the view that Invest-NL should primarily be concerned with the major transition themes and less involved in encouraging the financing of innovation and corporate financing in general. This observation is important, but it conflicts with our legal mandate, which does provide for activities in this area; we accordingly asked our stakeholders to understand this.

On this basis, the Management Board has formulated the materiality matrix shown below.

Materiality matrix



In 2020, the four topics in the matrix were integrated in the 2021-2025 strategic plan, which was officially approved by the Management Board and the Supervisory Board in December. We also consulted our shareholder on this. The four material topics are elaborated in the following pages.





Climate footprint of external activities

Definition

The impact of the financing from and activities of Invest-NL on the climate and the living environment.

Impact on society

For the Paris climate goals to be achieved, total global CO₂ emissions have to be reduced by 50% by 2030, and by at least 80% by 2050 compared to levels in 1990. Reducing the climate footprint (decarbonisation) is thus the greatest social challenge at this time. The Netherlands has the potential to make a substantial contribution to this transition.



Materiality

Topic boundary

We are focusing initially on reducing CO₂ emissions. This is also how the success of the transition to a carbon-neutral economy will be measured.

Our goal

Our ambition is to:

- quadruple the total number of investments with risk capital in the carbon-neutral and circular economy in the Netherlands;
- achieve an annual reduction in CO₂ emissions of 3 megatonnes with our own investments in 2030.

Our approach

Quadrupling investment using venture capital in carbon-neutral and circular topics cannot be achieved by the investments of Invest-NL alone. We are therefore working on mobilising capital from other sources (Europe, governments, market parties). Financing that contributes to achieving a carbon-neutral and circular economy will be given the highest priority and receive the most capital. Estimating the potential reduction of CO₂ emissions as a result of financing provided by Invest-NL is an important element in our investment and engagement process. We strive each year to be as accurate as possible in our reporting of the absolute CO₂ emissions of the companies in our portfolio and enable further reduction.

During the stakeholder dialogue, we were advised that it was not a good idea to treat the transition to a carbon-neutral economy and the transition to a circular economy as two separate topics. We have integrated these two topics in our 2021-2025 strategic plan as a direct consequence of this stakeholder dialogue. This will prevent a situation in which we finance innovations that contribute to one of these transitions while impairing the other.



Materiality

Progress in 2020

We carried out an in-depth evaluation of the impact on CO₂ emissions for 13 potential financing cases in 2020. We have formulated an impact framework for this based on the Greenhouse Gas protocol. To be able to allocate the CO₂ contributions of our financing to Invest-NL, we decided to link up with the principles of the Platform Carbon Accounting Financials (PCAF). We also joined the PCAF in 2020.

Outlook for 2021

We will further refine and standardise how we define and measure impact in this area in 2021. We also expect our portfolio to concentrate more on 'carbon-neutral and circular', as the financing not directly related to this topic under our TOPSS coronavirus support programme will require less attention.



A circular economy

Definition

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

Impact on society

The Dutch government has set an ambitious target of making the economy 50% circular by 2030 and 100% by 2050. Consumption of materials per capita in the Netherlands is still 35% higher than the OECD benchmark, while the amount of waste produced per capita in the Netherlands is still more than 60% above this benchmark⁵. This shows the urgency and scale of the task faced by the Netherlands in working on the transition to a circular economy.

⁵ Source: World Bank report 'What a waste 2.0'.



Materiality

Topic boundary

In 2020, Invest-NL studied where the greatest impact could be achieved with investments in circular topics and where Invest-NL could add the most value, relatively speaking. This led to our decision to focus mainly on the chemicals industry, and more specifically, on the role of plastic.

Our goal

Our primary ambitions in this area are:

- quadruple the total number of investments with risk capital in the carbon-neutral and circular economy in the Netherlands;
- double the capacity for plastic recycling in the Netherlands.

Our approach

Quadrupling investment using venture capital in carbon-neutral and circular topics cannot be achieved by the investments of Invest-NL alone. We are therefore working on mobilising capital from other sources (Europe, governments, market parties). Financing that contributes to achieving a carbon-neutral and circular economy will be given the highest priority and receive the most capital. During the stakeholder dialogue, we were advised that it was not a good idea to treat the transition to a carbon-neutral economy and the transition to a circular economy as two separate topics. We have integrated these two topics in our 2021-2025 strategic plan as a direct consequence of this stakeholder dialogue. This will prevent a situation in which we finance innovations that contribute to one of these transitions while impairing the other.

Progress in 2020

Invest-NL received applications for financing in 2020 for the development of bio-based plastic and the development of chemical recycling. Propositions for the development of circular products and product-as-a-service were less common.

The applications mostly came from companies looking to construct a first commercial test factory. These applications fall precisely into the focus category of Invest-NL due to the long term involved, the high level of risk and the sums



Materiality

required. Our Business Development team has also been closely involved in guiding several initiatives. Examples include a business engaged in the recycling of critical raw materials (CRM) and several companies developing bio-based plastic or using chemical recycling.

Our bio-based impact framework was formulated in 2020. The use of biofuels and materials in the transition to a carbon-neutral and circular economy is socially controversial. The framework we have developed will be used to determine a sequence of priorities on the basis of impact as a guiding principle in our decisions on investments in circular topics.

Outlook for 2021

We will further refine and standardise how we define and measure impact in this area in 2021. Currently, we have defined our ambition with respect to a measurable contribution to the transition to a circular economy as the doubling of plastic recycling capacity. The impact indicators in this area will be further developed in 2021. We also expect our portfolio to concentrate more on 'carbon-neutral and circular' as the financing not directly related to this topic under our TOPSS coronavirus support programme will require less attention.



Innovation & entrepreneurship

Definition

Many innovations at start-ups are at the interface between science, innovation, development, entrepreneurship and growth. Successful innovations are not only technologically special, they are also scalable with good entrepreneurship and a well-considered market approach. The phase of early growth with a technology that is only just or not yet quite ready for marketing is crucial for this success. An ambition to make the Netherlands more innovative therefore has to involve attention to the success of start-ups and scale-ups. The importance of upscaling capacity, readiness to take risk and encouraging innovation for the transition to a carbon-neutral and circular economy was also emphasised during our stakeholder dialogue.

Impact on society

Innovations are essential for economic growth. But innovations are also risky for entrepreneurs. Capital is invested, it is assumed there will be market demand, the behaviour of competitors is unknown: in summary, many things can go wrong. This applies even more to innovations needed to achieve major transitions (such as towards a carbon-neutral and circular economy).



Materiality

The risks are higher, and relate not only to technology, competition and the market, but also to areas of policy, regulation and governance; all these risks are cumulative and interrelated. The risk for an entrepreneur or a regular capital provider can therefore no longer be discounted. So parties are needed who are prepared to take this risk. This is exactly the role that National Promotional Banks and Institutions like Invest-NL fulfil, therefore becoming a crucial factor in encouraging innovation.

Topic boundary

The terms ‘start-up’ and ‘scale-up’ are often used interchangeably. For us, they refer to the crucial role that young, fast-growing and innovative companies play in our economy. They frequently falter because essential skills are lacking (entrepreneurship is an entirely different quality compared to inventing a new technique), or because they cannot raise financing during a time of rapid growth, for example because they are not yet earning any revenue, they are not making a profit, there is no predictable cash flow or no test factory on a commercial scale. This phase is also called the ‘valley of death’: informal capital (from friends and family) has run out and formal capital providers are not yet ready to invest. This is the phase in which Invest-NL makes a contribution. For Invest-NL, innovation is a precondition for the acceleration of the major transitions that society needs. Innovation however also has additional value, in all kinds of markets and sectors in our society. By encouraging and financing innovation, Invest-NL therefore does not exclusively focus on the financing of innovations important for the major transitions of our times, but also on encouraging innovations in other areas in our economy. Innovation and entrepreneurship is accordingly also an independent material topic for Invest-NL.

Our goal

Our ambition is to:

- quadruple the total number of investments with risk capital in the carbon-neutral and circular economy in the Netherlands;
- give start-ups a greater chance of success by doubling well-funded scale-ups in the Netherlands.



Materiality

Our approach

Neither of these objectives will be achieved solely with investments by Invest-NL. Other parties will also be needed. We therefore focus on mobilising capital from other sources (Europe, governments, market parties) and on cooperating with parties with similar goals, especially the Ministry of Economic Affairs and Climate Policy, the regional development agencies and Techleap.

Progress in 2020

Among other things, we conducted a study of 'Scale-up Support for Energy & Climate Change' in 2020. This identified the key innovation ecosystems and technologies in the Netherlands needed for the transition to a carbon-neutral and circular economy. The central issues here are the commercialisation of knowledge and the challenges that arise from the upscaling of innovations from lab or pilot scale to a commercial scale.

In addition, together with the Ministry of Economic Affairs and Climate Policy and the EIF, we designed and launched the Dutch Future Fund, we entered into a partnership with Techleap and we formulated a programme ('First Time Right') which supports pioneers in setting up their first commercial projects with technological innovations that will make it possible to accelerate the energy transition.

Outlook for 2021

Two new funds will be launched in 2021: a fund for Deep Tech and a fund for non-bank financing of SMEs. We will do this in partnership with the Ministry of Economic Affairs and Climate Policy and the EIF. In 2021, we will make an inventory of the support and programmes available that may be able to strengthen the innovation campuses in the Netherlands. Together with the National Growth Fund, we will also look for ways in which to strengthen each other's position in the application of public capital.



Better, affordable and accessible health care

Definition

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

Impact on society

The legislative procedure that led to the incorporation of Invest-NL makes frequent mention of the financing of ‘the’ health care transition. This is perhaps understandable in light of the important position of the Netherlands in the field of medical research and the innovations that result from this. Our research however leads to the conclusion that the field itself is completely divided regarding the answer to the question of what ‘the’ care transition actually means and the extent to which there is a problem with regard to financing. Based on this observation, Invest-NL has decided to invest in Life Sciences & Health to a limited extent and with a limited number of priorities, and additionally to concentrate on strengthening existing financiers by providing them with financing where necessary.



Materiality

Topic boundary

The biggest problem in health care is its ever-increasing demands on our national income. Generally, innovations increase this burden. Reversal of this trend comes closest to what can be termed a 'transition'. Invest-NL will therefore choose to finance mainly innovations that can reverse this trend. In this context, alternative revenue and development models for new medication will receive our particular attention. A second priority concerns the need to keep health care affordable. It is important here to keep care away from the place where it is most expensive: hospitals. We therefore devote attention to innovations that contribute to the principle of 'The right care at the right place', with the aim that patients can remain independent and self-reliant and do not necessarily have to go to hospital to receive care.

Our goal

Generally speaking, we finance innovations in Life Sciences & Health indirectly. A budget has also been set aside for investing in the above-mentioned specific priorities in the next two years. Our aim is to have this budget invested in 2022.

Our approach

Invest-NL has a small team with its own experts in the field of Life Sciences & Health (and its financing) and can fall back on an extensive network of partners and funds with which we can formulate our mostly indirect investments.

Progress in 2020

We carried out field research during the reporting year, and then set priorities on the basis of which we were able to meet a need. We then approached the market on the basis of these priorities with a view to providing actual financing by or assignments for Invest-NL. When the coronavirus pandemic hit, temporary priority was given to financing needed by Dutch companies that can fulfil a crucial role in combating the pandemic (medicines, vaccines, medical technology). Much time was devoted to this, but ultimately it did not lead to any actual financing being provided.



Materiality

The Dutch Future Fund (DFF) was launched by Invest-NL in 2020. This fund is theme-agnostic; we expect to see many venture capital funds that invest in Life Sciences & Health apply for financing from the DFF. This appears to be happening in practice. In anticipation thereof, a number of additional ESG criteria have been set against which these VC funds can be tested by the fund manager (EIF).

Lastly, our coronavirus support programme TOPSS has also attracted numerous applications from Life Sciences & Health. The first financing provided by Invest-NL in 2020 and also the first provided in its existence was a TOPSS financing in the company ViCentra, a producer of a technologically innovative insulin pump system for diabetes patients.

Outlook for 2021

Now that the strategic priorities have been determined, the DFF is launched and the TOPSS programme is coming to an end, during 2021 attention will shift to the preparation and implementation of financing provided by ourselves within these priorities.

Investment in ViCentra: € 4 million

The first transaction in 2020

Risk capital for innovation in health care



Invest-NL's first investment was in July 2020, in ViCentra. This investment was part of the TOPSS programme, which was introduced to help innovative companies whose scheduled financing was under threat as a result of the coronavirus pandemic.

Invest-NL invested € 4 million in the form of a convertible loan. The existing shareholders in ViCentra were involved as co-financiers in the transaction in addition to Invest-NL: the Dutch venture capital companies Inkef Capital, LSP, Health Innovations and Kreos Capital.



The first transaction in 2020

Upscaling

ViCentra is an innovative scale-up involved in the market for medical technology for the treatment of diabetes with its Kaleido insulin pump system. The financing will enable ViCentra to work on upscaling production and growing further in the Netherlands. The company also intends to scale up internationally in the near term in Germany, France and the United Kingdom.

Confirmation of the potential of our technology

Frans Cromme, CEO ViCentra: “This is an important step for ViCentra at a crucial time. We will use this capital to increase production, improve our product and expand commercially into other countries. The decision by Invest-NL to invest is a huge help in further upscaling our operations and confirms the potential of our technology. Our Kaleido insulin pump system can thus reach more people and help to improve the lives of people with type 1 diabetes.”

Risk capital for innovative scale-ups

This is why Invest-NL was incorporated: providing innovative, fast-growing Dutch companies with risk capital so they can scale up more quickly. This particular case concerned an innovative scale-up whose planned financing had come under threat due to the coronavirus pandemic.



Employees and Organisation

One team, one mission

In our first year of operation, we focused heavily on building a solid foundation for our organisation. The emphasis was on creating an inspirational environment for talented professionals with a shared social mission.

HR in figures

Number of employees
at year-end

59

(62.7 FTE)

Permanent contract

33

employees

Temporary contract

26

employees

Male-female ratio

58%

male

42%

female

Absenteeism

1.9%

average

Breakdown by age category

in %

40
35
30
25
20
15
10
5
0

age

34.8%

31.1%

18.4%

12.5%

3.2%

25-34

35 - 44

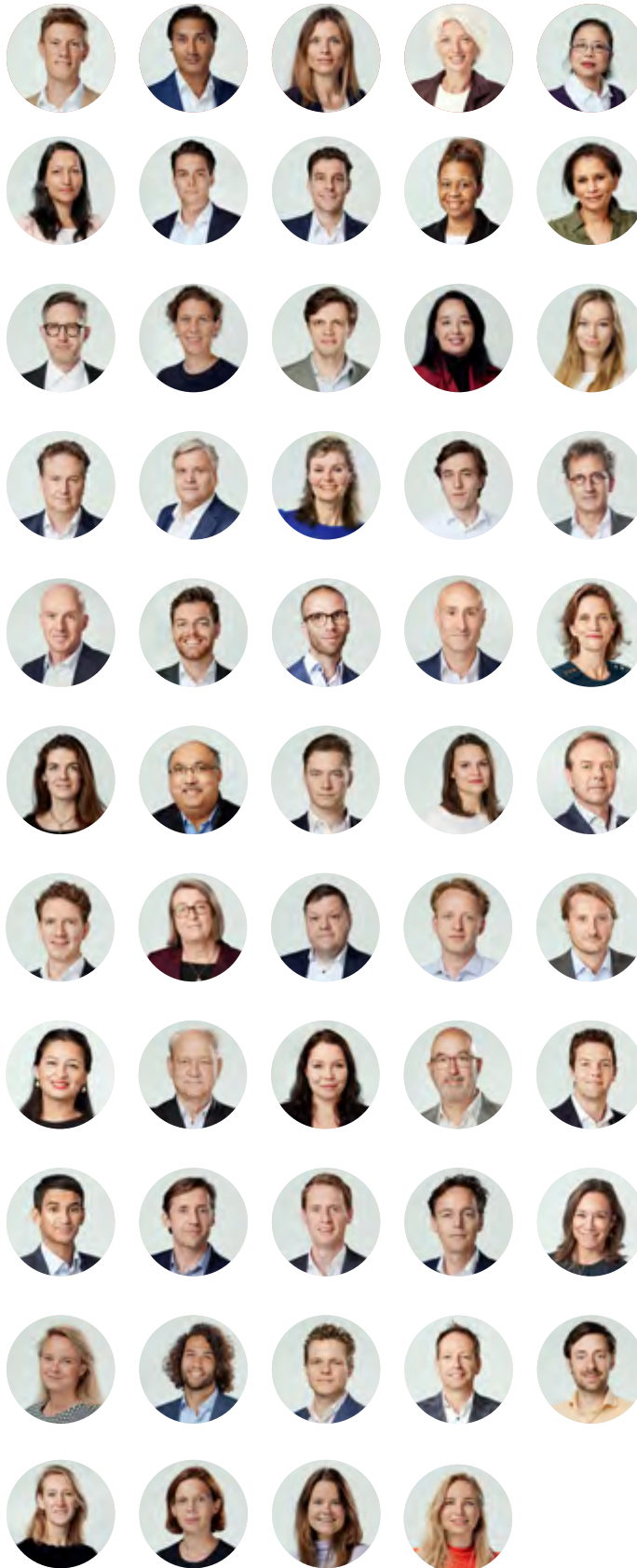
45 - 54

55-59

60-65



Employees and Organisation



**Courageous
Professional
Inspired
Energetic
Future-oriented**

IN

NL



Our HRM policy

An inspired and vital team with a mission

We need a variety of talents in order to achieve our strategic goals. Invest-NL wants to offer these people a challenging, stimulating environment in which they can make a difference, both personally and as a team. The way in which we achieve our goals is at least as important. We are convinced that we will be more successful by working on the basis of our core values, which we established collectively as an organisation in 2020:

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

These values are reflected in all our HRM processes and tools, from recruitment and selection and onboarding to performance management.

Our strategy has the best possible support with a proactive HRM policy.

This policy concerns:

- strategic workforce planning: attracting talent in a timely manner;
- a challenging learning and development environment;
- accessible and modern leadership: Invest-NL is a flat organisation, with attention to team building and diversity. We aspire to have one team, one mission, with an open feedback culture;
- vitality and wellness: in our ambitious working environment with driven employees, we watch closely to ensure that everyone stays mentally and physically fit. We are convinced that we will flower best as an organisation and as a team if we do work that we enjoy and are good at, with sufficient time and opportunity for relaxation and personal life.

Good employership

Good employership is important, both internally in relationships with our employees, but also externally in the labour market towards our potential colleagues. We aim to be an attractive employer, with a team in which everyone



Employees and Organisation

can be themselves, have equal opportunities and be the best they can be, regardless of their gender, background, age or orientation. Diversity of backgrounds and points of view will make us stronger and more successful. The focus on social return, the many public and private stakeholders and the creation of Invest-NL with its mandate and all the resultant expectations means that our working field is especially complex. This makes it challenging to work at Invest-NL and calls for a creative and entrepreneurial approach from all our employees.

It is our ambition to invest in the development of the organisation. Employees will readily be given responsibility, once they show that they can handle it. Naturally, Invest-NL offers good employment benefits, as part of good employership. While we are not governed by a collective labour agreement (CLA), we will generally follow the CLA for the banking sector. We have accordingly benchmarked our salary structure on the median in the financial sector and we will in principle follow this CLA when it comes to indexation. This will ensure that Invest-NL can obtain a good position in the labour market and thus retain employees. Invest-NL is not affiliated to an overarching association or interest group.

Key developments in 2020

Our first year: building our organisation

2020 was a year of building for our organisation. We started 2020 with 32 employees (33.8 FTE) and by year-end we had 59 (62.7 FTE), thus achieving the forecast growth¹. Most of our recruitment was through online channels, such as our own website, general and specific vacancy platforms and social media, including LinkedIn. We engaged a recruitment agency for certain positions. We also had 10 interns working with us in 2020.

This first year for Invest-NL was a learning experience for our growing team. This has created a bond. We have offered several collective in-house courses. There was also a great deal of sharing of information and ideas regarding our strategy and culture. The aim was to achieve clear mutual understanding of what Invest-NL stands for (in other words, what we do), but also how we do business, present ourselves and behave in general.

¹ Under the CLA for Banks, a full-time equivalent (FTE) equals 36 hours; at Invest-NL, many of the employees have a contract for 40 hours (= 1.11 FTE).



Employees and Organisation

Our employees are continually involved in key developments: from the start for new colleagues or members of our Supervisory Board and the preparation of loans to the substance of our staff and other regulations. Most of this took place online during the reporting year, through a weekly informal 'walk-in' hour, by e-mail and in specially organised sessions.

Diversity and inclusion

We analysed the composition of the organisation in early 2020 with reference to the male/female ratio, age distribution and salary groups. We will repeat this at the beginning of 2021, so we are aware of the level of diversity in the Invest-NL team and can make adjustments if needed. The HR department is the challenger and adviser for the business in this area, including the engagement, development and advancement of employees.

When we take on new colleagues, we devote specific attention to diversity and inclusion: these aspects are given careful attention from the time when candidates are invited until the end of the selection interview. Achieving a good gender ratio can be challenging, especially at Capital and Business Development. Women are under-represented in these fields, both in terms of relevant education and in the financial sector itself.

Invest-NL believes it is important to offer students a chance to gain experience, and we thus welcomed 10 interns in our first year.

Ultimately we intend to grow into an organisation that is a balanced representation of our society as a whole. Not only because this is expected of an organisation with a social mandate, but also because we are convinced that we will be more successful with a diverse and inclusive team. We do not as yet apply quantitative targets in this respect.



Employees and Organisation

Extra challenges due to the pandemic

The coronavirus pandemic inevitably posed a challenge for us. Application procedures were conducted mainly online and onboarding of new colleagues in the office was often not possible due to the safety measures, so this occurred online as much as possible as well. To ensure a safe working environment, we made clear agreements during the easing of restrictions during the summer as to who could work together at the office. Otherwise, everyone worked from home as far as possible. This transition passed off smoothly, but this of course placed extra demands on our employees, many of whom have children in primary school. All employees were given a home working allowance of € 500 so they could arrange a decent workstation at home. We also assisted with connectivity and motivation in various ways. Everyone was given an Invest-NL umbrella to encourage them to go outside while observing the coronavirus measures, and we organised several online social events.

Average absenteeism in 2020 came to 1.9%. This is low compared to the benchmark of 3% that is used, which is based on the average level of absenteeism at financial institutions. Absenteeism increased slightly during the last quarter.

Employee representation

From the beginning, we set up an employee representation body for Invest-NL that is similar to a works council (WC). Once the workforce reached 50 employees, this body was converted into a formal WC.



Employees and Organisation

The agenda in 2021

2020 concerned the establishment of the organisation, and 2021 will feature further development of the contours. The team will be expanded with 21 new colleagues during the year. There will also be further development of the roles and delineation of roles in the organisation, including the appropriate evaluation. Our HRM policy will be developed further, with the focus being on performance management and training and development. The focus here will be on self-direction, regular evaluation and open mutual feedback. We also plan to hold an employee satisfaction survey in 2021, and a confidential counsellor will be appointed. Above all, this year will be about giving further weight to our core values, so that our inspired and vital team can continue to make a difference.

What our employees say:



“A brilliant idea is not enough to make an impact. It’s also about the people behind it, how businesses are organised and the agreements that are made. We have people that can analyse this very accurately.”

Aart Kooiman
Impact Engineer



“One team with a diverse composition and a shared motivation. We want to contribute to a more sustainable Netherlands.”

Mireille Ruberg
Senior Financial Risk Manager



“We want to make fundable what might not appear to be fundable. And this means you have to be prepared to think outside the box.”

Stephan Falcão Ferreira
Business Development Analyst



“All of us at Invest-NL want to make the world a better place. That really motivates us.”

Marlou Kortstee
Investment Analyst



“We are working together with exceptional entrepreneurs who want to make a difference and will not give up easily.”

Abo Rassa
Senior Business Development Manager



[Read all employee quotes on our website](#)

Partnership between EBN and Invest-NL

An energy-neutral Netherlands

Transition to living without natural gas



The aim in the Netherlands is to make seven million homes and one million buildings natural gas-free by 2050. This is a massive undertaking. The first step will be to make the first 1.5 million existing homes sustainable by 2030. This will be accomplished district by district.

This transition will be directed by the municipalities, which are close to the citizens. But it will not stop at municipality borders. Government bodies, residents, business and the social organisations in 30 regions are working together on a Regional Energy Strategy (RES). The RES is a regional partnership for the spatial application of the energy transition, with the aim being to reflect the national climate goals at regional level. The RES will support the regions in making decisions, for example the regional provision of heating. This is a huge undertaking that goes much further than simply a technical response to the demand for heating. Aspects such as affordability, reliability, sustainability and fair distribution are all issues to be considered when making decisions. These are all determining factors for the feasibility of this transition. These are essential and

An energy-neutral Netherlands

complex issues that the regions are dealing with. There is still a very long way to go before ambitions can turn into implementation.

The heating transition: towards heating free of fossil fuels

The transition to heating without the use of fossil fuels is at the same time an opportunity for Invest-NL to help achieve the desired impact by getting the necessary investment off the ground and working on fundable business cases. In mid-2020, Invest-NL started a partnership with Energie Beheer Nederland (Energy Management Netherlands, or EBN) to support the RES for Rotterdam and the Hague (RES RDH) in this process. The first step is a feasible and optimal Regionale Structuur Warmte (Regional Heating Structure, or RSW).

Design choices

In mid-2021, the RSW will become part of regional decision-making in order to arrange fundamental design choices for regional heating (in technical and economic terms). We are working together on a design to organise efficient and effective implementation at regional level, taking account of the climate goals set for 2030 and 2050. The organisation aspects of this assignment will be decisive for feasibility and therefore for whether the regional heating transition can be achieved. Fundability is obviously an integral element in this issue. EBN and Invest-NL have decided to engage professional support for the activities relating to implementation and analysis in this partnership, in the form of a consortium consisting of Royal HaskoningDHV, Gradyent and Fakton. The final report from the consortium will be shared with the other RESs, so that they can use the knowledge and insights thus obtained. The regional approach that is being designed will also be shared to assist the RESs in this heating transition. In addition to the specific issues, the insights and results of the partnership will also be shared with the Ministry of Economic Affairs and Climate Policy for new policy and new regulation with respect to the heating transition. This will also allow



An energy-neutral Netherlands

insights to be shared with regard to how the heating infrastructure can be financed, how risks can be shared and any excess project costs should be subsidised.

“The RES for Rotterdam and The Hague has experienced the partnership with EBN and Invest-NL as extremely valuable. The additional input and knowledge from these parties has led to deeper understanding of the regional opportunities for heating and provided real substantiation. Thanks to these insights, we have been able to draft a Regional Heating Structure in the RES 1.0 that shows where there are opportunities and where further development is needed. This offers practical recommendations for realisation through implementation programmes,” says Stephan Brandligt, Chair of the Energy Strategy Steering Group for the Rotterdam-The Hague region.

Financial Performance in 2020

2020 was the first (extended) financial year for Invest-NL, in which we made a start with our investment and development activities.

Development activities

The costs of the development activities at Invest-NL Business Development B.V. are funded fully by a grant from the Ministry of Economic Affairs and Climate Policy. The costs in the 2020 financial year came to € 6.9 million, including € 4.3 million in employee expenses for both the executive and supporting functions. A further € 1.4 million was spent on external expertise in areas including legal, technical and financial advice, as well as market analysis directly for the purpose of these development activities. € 1 million was spent on operational expenses, including ICT and premises costs. Over a multi-year term, the Ministry of Economic Affairs and Climate Policy has budgeted a grant of € 10.27 million per year for the 4-year period 2020-2023 (no indexation has as yet been applied to this sum).

Investment activities

Regarding investments, Invest-NL has committed € 241 million to a total of 10 investments. € 150 million of this concerns the commitment to the Dutch Future Fund in partnership with the EIF. Over € 27.6 million of this € 241 million was paid out at year-end 2020, € 5.9 million of which concerned a payment to the EIF for investments in funds. This payment is recognised under Other Assets in the financial statements. These payments could be effected from the initial capital payment of € 50 million, which is part of the total capital budget by the Dutch government of (in principle) € 1.7 billion.

As stated above, the costs of the development activities at Invest-NL Business Development B.V. are funded fully by a grant from the Ministry of Economic Affairs and Climate Policy. This means that the consolidated result is the same as the result from investment activities.



Financial Performance in 2020

The consolidated net result for Invest-NL over its first financial year was € 6.3 million negative. This result is in conformity with the expectation that Invest-NL will be loss-making for a number of years before the investment portfolio can generate substantial positive income.

Interest and commission income amounting to € 0.7 million are recognised. On the other hand, management fees for the Dutch Future Fund of € 0.7 million were recognised as costs of sales, as a result of which net income was nil. This item concerns the management of the above-mentioned mandate provided by the EIF.

The net result of € 6.3 million consists of costs of € 4.7 million and provisions of € 1.6 million. The costs consisted of employee expenses for both executive and supporting functions (€ 3.1 million), operating expenses including ICT and premises costs (€ 1.2 million) and consultancy costs (€ 0.4 million).

The provisions concern standard provisions formed in accordance with IFRS regulations for entering into obligations not shown in the balance sheet, and are therefore not a consequence of a deterioration in creditworthiness during the reporting period. In this case, it concerns ETFF guarantees transferred to Invest-NL on the basis of the Authorisation Act for the Incorporation of Invest-NL on its incorporation and also obligations in relation to newly arranged convertible loans.

Invest-NL values all current investments at fair value. No material changes in value were recognised during the financial year, as most of the investments have existed for a very short period and moreover concern early-phase investments, so that it will only be possible to determine the development of value after a somewhat longer period on the basis of business developments. Further details as to how Invest-NL determines the value of its investments are provided in the financial statements.

Since Invest-NL received a capital payment on incorporation that was partly paid out for investments in the course of 2020, Invest-NL held positive balances in its bank account that led to € 0.2 million in negative credit interest.

Outlook for 2021

Learning and delivering

For Invest-NL, 2021 will be a year in which we build on everything we have learnt during our first year of existence. Our 5-year strategy for 2021-2025 is in place, our teams are almost complete, the ambitions are clearly established, and the portfolio is being filled: we will continue this course in 2021.

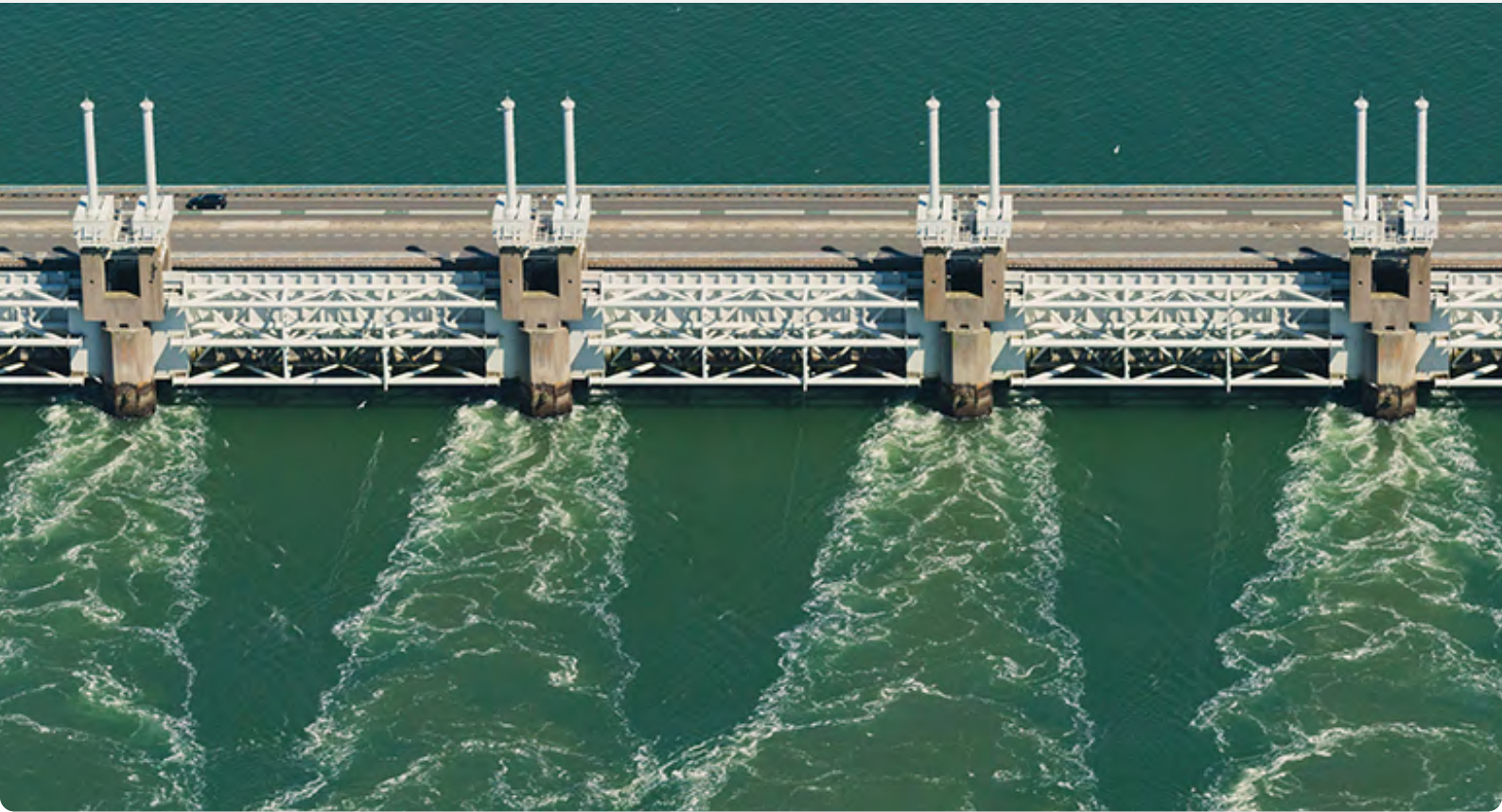
Finance

In 2021, we will finance the costs of our Business Development activities with the contribution of € 10.6 million from the Ministry of Economic Affairs and Climate Policy in accordance with the year plan agreed with the Ministry. Since the Capital team and the support services will be brought up to full strength in 2021, we will incur higher costs for our investment activities. We will also issue mandates to third parties, that will involve additional management fees. We do not expect to generate substantial income from our investment activities until these get properly up to speed.

Invest-NL makes investments with a high risk profile. This means that there will be substantial upward and downward revaluations of the investments in the years to come. Since we expect to carry most of these at fair value, there is a real chance that the development of the result at investment level will be volatile. At portfolio level, the result will stabilise over the longer term, not only because of diversification within the portfolio, but also due to the use of European guarantees. We therefore expect Invest-NL to generate negative results in the build-up phase for a number of years before reaching the break-even point.

Initiatives

We are forming a fund for Deep Tech in collaboration with the Ministry of Economic Affairs and Climate Policy. In addition to the existing partnership in the Dutch Future Fund, we are also launching a fund for non-bank financing of SMEs, together with the Ministry and the EIF.



With this initiative, we are fulfilling our ambition to make maximum use of the European facilities for the Dutch economy. With the National Growth Fund, we are looking for possibilities to complement and reinforce each other.

Our target is to double the portfolio in 2021, working on increasingly large and risky transactions that will have an impact. In some cases on our own, in others by negotiating with other parties at an early stage. But also through market analysis, improving propositions and developing financing instruments.

We will also complete recruitment for our Capital and Business Development teams. By the end of 2021, two years after our incorporation, we will be at full strength with 80 employees. We are streamlining our internal processes and priorities in order to maintain and accelerate the rate of progress in the final months of 2020. Invest-NL will be increasingly visible in online media, seminars and congresses: we will be pleased to share our knowledge of impact and experience of investing.

Enabling tomorrow, this will continue to be our inspiration, also in 2021.



3. Governance & Risk Management





Management Board



Wouter Bos
(1963, Dutch citizen)

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

Member of the Management Board
since 12 December 2019

Background

Combines management experience in both the private and the public sector with a strong involvement in the social issues of interest to Invest-NL. Wouter started his career at Shell in the Netherlands and abroad, and then held various political roles: as Member of the House of Representatives (1998-2002), State Secretary for Finance (2000-2002), party Chair of the PvdA (2003-2007) and Minister of Finance (2007-2010). He subsequently became a partner at KPMG and then Chair of the Board of VUmc (VU University Medical Centre Amsterdam). Since October 2018, Wouter acted as the coordinator tasked with the preparation for and incorporation of Invest-NL.

Responsibilities

Wouter Bos is the CEO and Chair of the Management Board. He has final responsibility towards the shareholder and supervisor of Invest-NL.



Leo Holwerda
(1969, Dutch citizen)

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

Member of the Management Board
since 13 December 2019

Background

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

Responsibilities

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



Joanne de Jonge
(1977, Dutch citizen)

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

Member of the Management Board
since 13 December 2019

Background

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

Responsibilities

Joanne is a member of the Management Board and responsible for direction of Strategy & Impact, Corporate Social Responsibility, European relations, Marketing & Communication and Human Resources.

Management Board

**Jan Pieter Postma**
(1975, Dutch citizen)

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

Member of the Management Board
since 13 December 2019

Background

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

Responsibilities

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

**Anne Mieke van der Werf**
(1971, Dutch citizen)

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

Member of the Management Board
since 13 December 2019

Background

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

Responsibilities

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

Supervisory Board



Jan Nooitgedagt
(1953, Dutch citizen)

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

Background and ancillary positions

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



Marilou van Golstein Brouwers
(1958, Dutch citizen)

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

Background and ancillary positions

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



Ruud Hendriks
(1959, Dutch citizen)

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

Background and ancillary positions

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

Supervisory Board



Karin Bisschop
(1968, Dutch citizen)

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

Background and ancillary positions

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



Peter Molengraaf
(1965, Dutch citizen)

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

Background and ancillary positions

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

Report of the Supervisory Board

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

Supervision

Meetings in 2020

The SB met with the Management Board in regular meetings on a total of six occasions in 2020. The meeting in the fourth quarter also featured discussion of affairs without the Management Board being present. There has been regular monthly consultation between the Chair of the SB and the CEO since the first quarter of 2020. The Chair of the SB was also present at the regular monthly meetings between the CEO and the Ministry of Finance. The SB and the Ministry of Finance also met on two occasions without the Management Board being present.

Topics discussed in 2020

The SB was initially formed with Jan Nooitgedagt as Chair in 2020 and its complement was increased to five members in the course of the year. Since the SB was formed and gradually increased during the year, much attention was devoted by the supervisory directors to becoming acquainted with Invest-NL, its management, the various stakeholders and of course each other.

Each meeting featured discussion on progress with explanation from the members of the Management Board, including on the basis of quarterly reports. Charters, regulations, schedules and the needs of the SB with respect to lifelong learning were also discussed. The SB moreover discussed its relationship with the Management Board, the shareholder, the Works Council and the committees.



Report of the Supervisory Board

Important topics discussed in the third and fourth quarters included strategy and budget, the investment policy and the delineation of investments. At the end of 2020, Invest-NL had developed a multi-year strategy and sought approval for this from its stakeholders. The formal process of approval of the 2021-2025 strategy took place in early 2021.

Report of the SB committees

The SB has two committees, both of which were set up in 2020: the Audit & Risk Committee and the Remuneration and Appointments Committee. The tasks and responsibilities of these committees are established in committee regulations. For practical reasons, in the first period the Remuneration and Appointments Committee was chaired by the Chair of the SB. In this respect, Invest-NL deviates from the Dutch Corporate Governance Code, best practice provision 2.3.4 'Composition of committees'. The SB sees sufficient ground for this due among other things to the appointment of Jan Nooitgedagt as Chair of the advisory committee in the preparations for the incorporation of Invest-NL and the importance of a remuneration policy that complies with standards in a semi-public environment.

The composition of the committees in 2020 was as follows:

Audit & Risk Committee: Karin Bisschop (Chair), Jan Nooitgedagt and Peter Molengraaf

Remuneration and Appointments Committee: Jan Nooitgedagt (Chair), Marilou van Golstein Brouwers and Peter Molengraaf

Report of the Audit & Risk Committee

The Audit & Risk Committee met on three occasions in 2020, one of which featured the full complement as stated above. Items discussed at these meetings included the committee regulations, charters, the audit plan and proposed audits, and various finance, audit and risk-related issues.



Report of the Supervisory Board

Report of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee was set up in the fourth quarter of 2020 and met on one occasion in 2020. During the committee's first meeting, HR gave an explanation of the underlying factors in the employment benefits of the Management Board, the possibilities for benchmarking the salary structure and the development of salaries in 2021.

External auditor

EY, the external auditor of Invest-NL, attended the SB meeting in August 2020, mostly for the purpose of making initial acquaintance. The audit plan and audit engagement of EY were also discussed. The management letter from EY was discussed at the Audit & Risk Committee meeting on 2 February 2021.

Quality

Composition, diversity and independence

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

The composition of the SB is in line with the SB profile in the SB regulations and in agreement with the shareholder. Two of the five supervisory directors are women, thus complying with the guideline in the Balanced Distribution of Seats on Management and Supervisory Boards Act (Wet evenwichtige verdeling van zetels van het bestuur en raad van commissarissen). The composition of the SB is also complementary and diverse in terms of knowledge and experience. This composition means that the SB of Invest-NL also has the relevant expertise that it needs. The SB possesses ample experience in the financial sector, knowledge and affinity with corporate financing and project financing, and private equity/venture capital. It also has experience of financial reporting, risk management and sector expertise with reference to the energy transition and knowledge of the processes of government decision-making. In addition, the SB has extensive management and supervisory experience at professional organisations and in the field of HR/organisational development and change concepts. All the members of the SB are considered to be independent as referred to in the Dutch Corporate Governance Code.



Report of the Supervisory Board

Diversity profile

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

Retirement and reappointment schedule

Name	Date of appointment	Year of potential reappointment	Last term ends in
Jan Nooitgedagt	12-12-2019	2023	2027
Karin Bisschop	03-09-2020	2024	2028
Marilou van Golstein Brouwers	01-04-2020	2024	2028
Ruud Hendriks	01-04-2020	2024	2028
Peter Molengraaf	03-09-2020	2024	2028

Invest-NL qualifies as a company subject to the structural regime. This means that a third of the members of the SB are nominated by the SB on the recommendation of the Works Council. Among the current SB members, Peter Molengraaf was appointed on the basis of nomination by the Works Council.

 [Detailed biographies of the SB members are included on pages 93 and 94.](#)



Report of the Supervisory Board

Self-evaluation, evaluation of the Management Board and education

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

Various sessions for the permanent education of the SB were held at the SB meetings. At the request of and in consultation with the members, the aspects covered included the investment process on the basis of an actual case and the framework for measuring the impact of investments used by Invest-NL. The SB continually reviews the wishes and needs of the supervisory directors and designs the permanent education programme accordingly, supported by the board secretary.

Report of the annual General Meeting of Shareholders

The first annual General Meeting of Shareholders in Invest-NL will be held in 2021.

2020 Annual Report

The SB has taken note of the report of the Management Board for the 2020 financial year. The financial statements have been audited by EY and an unqualified auditor's statement was attached thereto on 25 May 2021. This statement is attached to the Other Information section of the financial statements on page 187. The Management Board will present the 2020 financial statements to the General Meeting of Shareholders on 27 May 2021.



Report of the Supervisory Board

Note of appreciation

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

Amsterdam, 25 May 2021

On behalf of the SB,

J. Nooitgedagt

K. Bisschop

M. van Golstein Brouwers

R. Hendriks

P. Molengraaf

Remuneration Report 2020

Invest-NL has a special social mandate, and is a developing organisation in which learning, adjustment, reformulation and refinement will be more the rule than the exception in the initial years. Our mission requires a sustainable remuneration policy that includes an appropriate salary that is benchmarked to the median in the market for financial services. With a uniform and transparent policy, we will be able to attract and retain good colleagues.

Remuneration policy for the Management Board

The remuneration policy at Invest-NL, which was established by the shareholder on 14 January 2020, applies to the Management Board of Invest-NL N.V., Invest-NL Business Development B.V. and Invest-NL Capital N.V.

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

Fixed remuneration

The maximum primary remuneration of the CEO is set at € 211,191 gross per year, excluding pension contribution and reimbursement of expenses. For the other (and future) directors of Invest-NL N.V., the total salary will not be more than 85% of the maximum total remuneration of the CEO, and for the other directors of Invest-NL Business Development B.V. and Invest-NL Capital N.V. (all of whom are currently MT members) the total salary will not be more than 80% of the maximum total remuneration of the CEO. The fixed remuneration may be indexed annually, up to the regular indexation for the personnel of Invest-NL. In principle, the CLA for Banks is followed.

Remuneration Report 2020

Variable remuneration

There is no entitlement to a variable remuneration, however in exceptional circumstances the Supervisory Board may decide to award up to one month's salary. This did not occur in 2020.

Pension scheme

Invest-NL offers a modern and flexible pension scheme that applies to all employees, including directors. The scheme is placed with a premium pension institution (BeFrank) and is a defined contribution scheme with monthly contributions. The scheme covers a retirement pension, a surviving dependants' pension and waiver of pension contribution in the event of occupational disability. The scheme includes a personal contribution from the members of 2% of their pension base. The pension scheme includes the applicable statutory provisions with respect to maximum accrual and contribution percentages and the capping of pensionable income. This cap was set at € 110,111 in 2020. For salaries in excess of the cap, Invest-NL offers a net pension scheme in which members can accrue pension on their salary in excess of the cap at their own expense.

Other emoluments

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

Invest-NL did not provide any loans, advances or guarantees for directors and/or supervisory directors in the 2020 financial year.

Severance payments

Under the State Participation Policy of the Ministry of Finance, any severance payment granted to a director may not exceed one year's (gross) salary.

Management Board remuneration in 2020

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

Remuneration Report 2020

Remuneration policy and other employment benefits for employees

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

The salary structure is benchmarked to the median in the market for financial services. The fixed remuneration consists of 12 monthly salaries, a holiday allowance of 8% and a 13th month, paid in 12 equal monthly instalments.

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

Pay ratio

The pay ratio is the ratio of the remuneration of the CEO to the median salary of all other employees (including the other members of the Management Board).

The total remuneration consists of the fixed and variable remuneration and the costs of pensions (only retirement pension).

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

Remuneration of the Supervisory Board

The General Meeting of Shareholders sets the remuneration of the supervisory directors, and may request the Supervisory Board to make proposals in this respect. Under the remuneration policy of Invest-NL, the remuneration for members of the Supervisory Board is € 25,000 per year, and for the Chair, € 35,000 per year. The remuneration of supervisory directors is not dependent on the results of Invest-NL. The remuneration of supervisory directors does not include the award of shares or rights to shares. The remuneration policy for the Supervisory Board does not include any variable components such as bonuses or profit-sharing.



Remuneration Report 2020

The remuneration of the SB may be increased annually by the same percentage as the indexation applying to the employees of Invest-NL. In principle, the CLA for Banks is followed.

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

The remuneration of the members of the Supervisory Board in 2020 was as follows:

(in EUR)	Total fixed remuneration
Chair	35,000
Other members of the Supervisory Board	25,000

Corporate Governance

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

General

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

Invest-NL N.V. is publicly funded. As the sole shareholder, the Ministry of Finance (in concert with the Ministry of Economic Affairs and Climate Policy) the only party that adopts resolutions at the General Meeting of Shareholders.

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

Invest-NL complies with Dutch legislation and regulation, guidelines from relevant supervisors (see below in this section) and internal guidelines. As a state participation, we are also bound by the principles and best practices of the Corporate Governance Code. In our reporting on this we apply the 'comply or explain' principle. Because the State of the Netherlands is our shareholder, represented by the Ministry of Finance, the Participation Policy also applies.

Corporate Governance

Our governance structure

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

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

The Management Board

The Management Board of Invest-NL is the collective consultation body in which all management decisions with respect to Invest-NL are discussed. The Management Board consists of the CEO and the directors of Strategy, Capital, Business Development and Finance & Risk. The Management Board provides the daily management, with responsibility for strategy, realisation of targets, the development of the result, compliance with relevant legislation and regulation and risk management. The consultation structure, tasks and authorisations of the Management Board are established in MT regulations. The Management Board prepares a strategic plan over a period of at least three years that is approved by the Supervisory Board after it is put before the General Meeting of Shareholders for comment.

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

 [Read more about the members of our Management Board on pages 91 and 92.](#)

Corporate Governance

The Supervisory Board

The Supervisory Board supervises the policy pursued, the general state of affairs at Invest-NL and the performance of the Management Board. In addition, the Supervisory Board advises the Management Board. In the performance of their duties, the supervisory directors focus on the interests of Invest-NL. The Board evaluates the performance of the Management Board collectively and of its individual members without the Management Board being present. The Supervisory Board has five members. Supervisory directors are appointed by the General Meeting on the nomination of the Board for a term of up to four years.

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

- the realisation of the objectives of Invest-NL;
- how the Management Board conducts its strategy with the objective of long-term value creation and the principal related risks;
- the relationship with the Ministry of Finance as the shareholder;
- the remuneration policy;
- the social aspects of doing business relevant to the company.
- the culture;
- the structure of the risk management, the mitigation of all the various risks and risk areas in their mutual interrelationship, the risk appetite and whether the allocation of capital and the liquidity requirement are in accordance therewith;
- the integrity and quality of the financial reporting;
- how Invest-NL fulfils the Authorisation Act;
- potential abuses and irregularities.

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

Corporate Governance

Independence and conflicts of interest

To ensure that the Supervisory Board takes a position of independence, the principle is that any form or appearance of a conflict of interest between the company and its supervisory directors must be avoided. Should a conflict of interest (or the appearance thereof) nevertheless occur, the supervisory director concerned will inform the Chair of the Board of this immediately and provide all relevant information. If there is an actual or potential conflict of interest involving the Chair of the Supervisory Board that is materially significant for the company and/or the Chair, the Chair will inform the Vice-Chair of the Board (Ruud Hendriks), provide all relevant information and the resolution procedure will be amended as necessary as provided for in the conflicts of interest provision in the SB regulations.

Committees of the Supervisory Board

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

Audit & Risk Committee

This committee prepares for Supervisory Board resolutions with respect to the design and operation of the internal risk management and control systems, the internal and external audit process, material considerations relating to financial reporting and the material risks and uncertainties of the company and its affiliated companies, the structure of the risk management organisation of the company and its affiliated companies and the mitigation of all the various risks and risk areas in their mutual interrelationship.

Remuneration and Appointments Committee

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



[Read more about the background of the members of our Supervisory Board on pages 93 and 94.](#)



Corporate Governance

Diversity policy

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

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

General Meeting

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

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

Deviations from the Code

Invest-NL intentionally deviates from the Dutch Corporate Governance Code in the following respects:

Best practice provisions 1.5.3 Evaluation of the internal audit function, 1.6.1 Functioning and appointment of the external auditor, and 1.6.2 Informing the external auditor about their functioning

These provisions relate to the assessment and/or evaluation of the functioning of the internal audit function and the external auditor by the Management Board and the Supervisory Board. These recommendations were not followed in 2020, due

Corporate Governance

to the first reporting that still had to occur. The initial assessment of the functioning of the internal audit function and the external auditor will take place later in 2021, with consideration of the 2020 annual report and financial statements.

Best practice provision 2.3.1 Regulations for the Supervisory Board and 2.3.3 Regulations for committees

According to this provision, these regulations are posted on the entity's website. Invest-NL has chosen not to post its internal regulations in 2020 on its website. The Management Board will evaluate the relevant regulations and underlying processes during 2021 and assess whether publication is appropriate.

Best practice provision 2.3.4 Composition of Committees

Under this provision, the Chair of the Supervisory Board may not chair the remuneration committee. The Supervisory Board of Invest-NL considers there to be sufficient grounds for deviating from this provision for the time being, due to the appointment of the Chair, his previous involvement in the start-up of Invest-NL and the importance of a remuneration policy that complies with standards in a semi-public environment. The chairmanship of the Remuneration and Appointments Committee will be reviewed in 2021.

Code of conduct

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

Invest-NL has also instituted a Speak-Up (whistleblower) scheme since the beginning of 2021. A confidential counsellor will also be appointed in 2021.

Risk Management

In Invest-NL's first year, we worked on a flexible and efficiently operating risk management system. This is important, since our activities involve risk and at the same time we want and have to ensure that our business operation is responsible. This section explains how we formulate and implement our risk management.

Risk profile

Invest-NL was incorporated in order to achieve a social impact. Invest-NL invests in areas where the market is not (yet) or not yet sufficiently involved. This means that Invest-NL has to take significant risks in order to achieve its objectives.

At the same time, Invest-NL uses public capital for its investment activities and government grants for its business development activities. This combination of significant risk and the use of public capital means that transparent and diligent risk management is necessary.

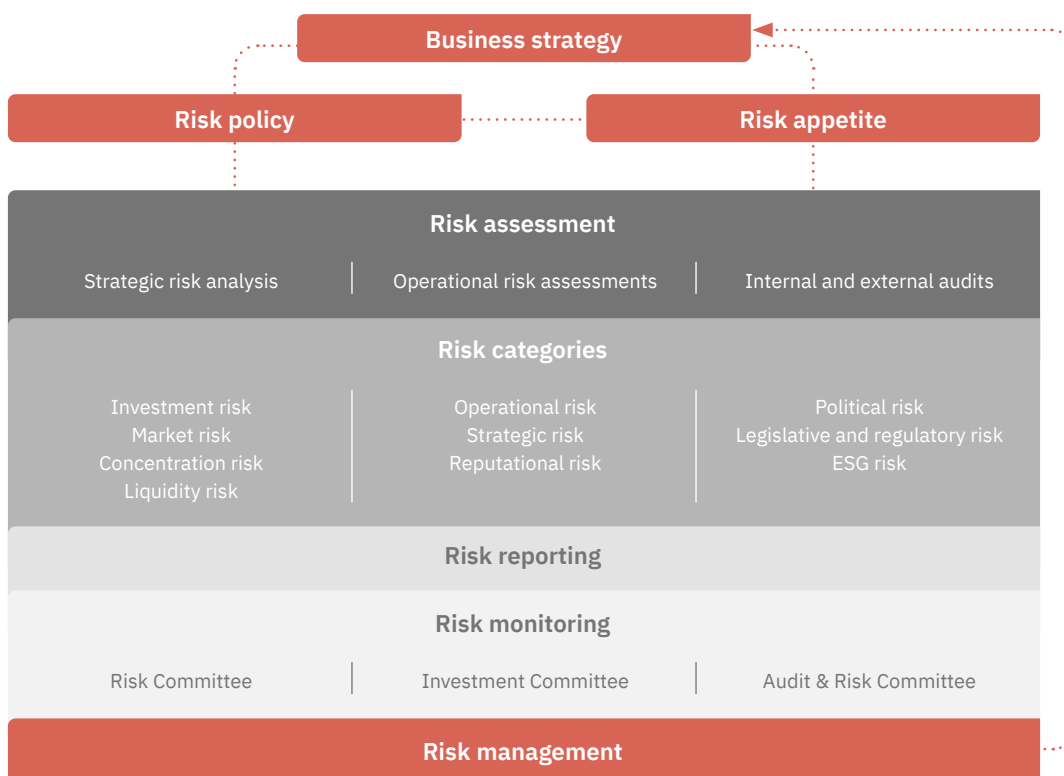
The structure of this risk management has to enable Invest-NL to achieve its (long-term) goals. This is achieved with a risk management function that establishes frameworks and challenges the organisation with respect to responsible mitigation of risk. The risk management function also has to be flexible,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

Risk framework

We established a risk framework in the reporting year that will be further developed in the years to come. Additional progress will be made in 2021 on the monitoring of developments in relevant legislation and regulation, and a start will be made on the preparation of operational risk assessments.

Risk Management

Risk framework of Invest-NL



The starting point for this framework was an initial qualitative risk appetite statement formulated by the Management Board of Invest-NL. This has been presented to the Audit & Risk Committee of Invest-NL. The risk appetite statement refers to the activities and ambitions as formulated in the strategy of Invest-NL, and will be updated annually.

The qualitative risk appetite statement is based on the risk categories stated in the model that are relevant to Invest-NL. Our business activities will increase in 2021. The translation of our qualitative risk appetite into quantitative risk limits will be defined further accordingly.

Risk process

Invest-NL monitors the above risks and reports on them to the Risk Committee of Invest-NL and the Audit & Risk Committee of the Supervisory Board on a quarterly basis. The Audit & Risk Committee reports to the Supervisory Board on risk-related issues. Since 2020 was the first year of existence of Invest-NL, its activities in the market were relatively limited in scale.



Risk Management

There was therefore as yet no high exposure to investment and market risks. Invest-NL analyses these risks for each potential transaction with a client. This analysis involves, among other questions: Is the transaction appropriate to the strategic objectives of Invest-NL? Is a market failure involved? Is the impact sufficient? What is the investment risk for Invest-NL? Risk management is thus an integral part of our investment policy.

The key risks are identified in the development of policy and procedures. Risk incidents are registered and analysed, and mitigating measures are taken to prevent repetition if necessary.

Risk appetite

The extent to which Invest-NL is prepared to take risks in order to achieve its objectives varies depending on the objective in question and the risk category.

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

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

The table on the following page shows the classification and risk appetite per risk category. Although this qualitative classification is in principle established for a longer period, it will be reviewed annually and re-established by the Management Board and presented to the Audit & Risk Committee. This qualitative classification will be translated further into quantitative risk limits in 2021.








Risk Management

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

Very low
 Low
 Average
 High
 Very high



Risk Management

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

 Very low
  Low
  Average
  High
  Very high



Risk Management

Risk analysis

The Management Board carried out a strategic risk analysis in 2020, including the setting of the risk appetite. The results of the strategic risk analysis were presented to and discussed with the Audit & Risk Committee and the Supervisory Board.

Internal Audit carried out a risk analysis for the formulation of the audit plan. As part of this analysis, Internal Audit consulted with the Management Board, representatives of various departments and the Director of Finance & Risk, the Financial Risk Officer, the Compliance Officer and the Chair of the Audit & Risk Committee.

In addition to the annual risk analysis by Internal Audit and the annual strategic risk analysis, four specific risk analyses will be carried out in 2021, with special attention to potential integrity risks.

Depending on the phase of a potential transaction, the Engagement Committee and the Investment Committee assess potential transactions with clients also on the basis of various independent opinions with respect to investment risks, state support, ESG and KYC. Completed deals will also be periodically reviewed and assessed by the Investment Committee. The Audit & Risk Committee of the Supervisory Board periodically evaluates the management of risks by Invest-NL. A Speak-Up Committee was formed in 2021 and a Speak-Up scheme was introduced. A confidential counsellor will also be appointed in 2021.

Risk governance

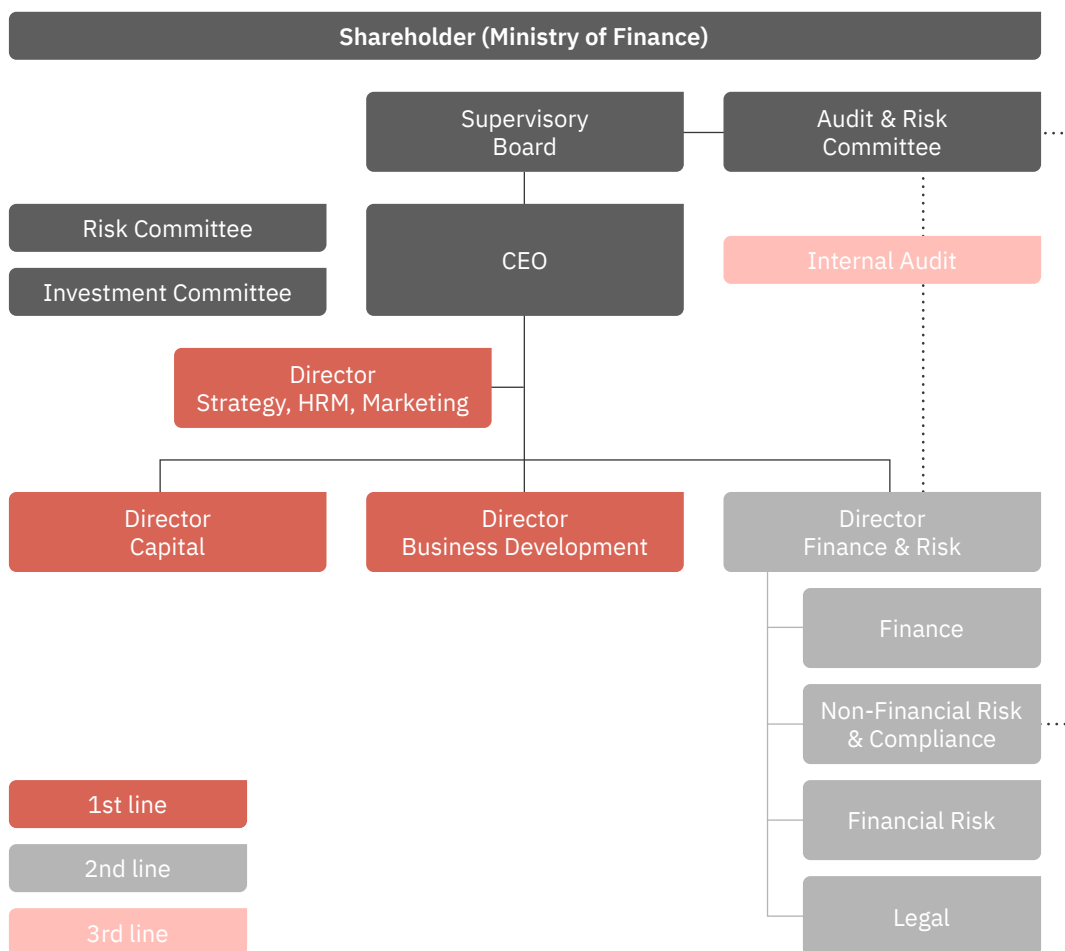
The Management Board is responsible for the system of risk management and internal control, reports on this and gives account to the Supervisory Board and the Audit & Risk Committee.



Risk Management

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

The three lines of defence organisation model at Invest-NL



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



Risk Management

First line

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

Second line

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

Third line

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



Risk Management

In-control statement

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

On the basis of the above, and the activities in 2020 with respect to risk management, the Management Board of Invest-NL declares that:

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

Amsterdam, 25 May 2021
Invest-NL N.V.

Wouter Bos



Financial Statements





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This English-language version has not been separately audited by EY LLP. Please refer to the 2020 financial statements in Dutch, which are included in the Dutch version of the 2020 annual report, and have been audited by EY LLP.



Consolidated statement of financial position

as at 31 December 2020, before profit appropriation

in euro	Note	2020
Assets		
Cash and cash equivalents	1	21,403,740
Financial assets at fair value through profit or loss	2	21,513,345
Other assets	3	5,861,514
Property, plant and equipment	4	1,006,145
Right of use	5	1,255,819
Prepayments and other receivables	7	543,301
Total assets		51,583,864
Liabilities		
Rental and lease commitments	5	1,427,893
Provisions	10	1,568,321
Other liabilities	8	931,242
Accruals	9	3,242,341
Total accounts payable		7,169,797
Equity		
Share capital	11	50,000,000
Share premium reserve	11	695,334
Cumulative result	11	(6,281,267)
Equity attributable to shareholder	11	44,414,067
Total liabilities		51,583,864

The notes on pages 128 - 177 form an integral part of the consolidated financial statements.



Consolidated statement of profit and loss

for the year ended on 31 December 2020

in euro	Note	2020
Income		
Interest income from financial assets at fair value through profit or loss		109,411
Interest charges		(211,206)
Net interest charges	13	(101,795)
Commission income		585,476
Commission expenses		(697,956)
Net commission expenses	14	(112,480)
Contribution from Ministry of Economic Affairs and Climate Policy	15	6,820,794
Unrealised gains and losses on investments		(85,469)
Operating income		6,521,050
Expenses		
Personnel expenses	17	(7,472,325)
Depreciation of property, plant and equipment	16	(184,916)
Depreciation of right of use	16	(320,729)
Other operating expenses	18	(3,256,026)
Addition to provision for guarantees and loan commitments	10	(1,568,321)
Operating expenses		(12,802,317)
Result before tax		(6,281,267)
Tax		-
Net result attributable to shareholder		(6,281,267)

The notes on pages 128 - 177 form an integral part of the consolidated financial statements.



Consolidated statement of comprehensive income

for the year ended on 31 December 2020

in euro	Note	2020
Net result attributable to shareholder		(6,281,267)
Comprehensive income to be reclassified to profit or loss in subsequent periods		-
Comprehensive income not to be reclassified to profit or loss in subsequent periods		-
Comprehensive income attributable to shareholder		(6,281,267)

The notes on pages 128 - 177 form an integral part of the consolidated financial statements.



Consolidated statement of changes in equity

for the year ended on 31 December 2020

in euro	Note	Share capital	Share premium reserve	Cumulative result	Total equity
As at 12 December 2019	11	50,000,000	-	-	50,000,000
Payment by shareholder recognised directly in equity	11	-	695,334	-	695,334
Result for the reporting period	11	-	-	(6,281,267)	(6,281,267)
As at 31 December 2020		50,000,000	695,334	(6,281,267)	44,414,067

The notes on pages 128 - 177 form an integral part of the consolidated financial statements.



Consolidated cash flow statement

for the year ended on 31 December 2020

in euro	Note	2020
Cash flow from operating activities		
Result before tax	11	(6,281,267)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment and right of use	4, 5	506,088
Movements in provision for guarantees and loan commitments	10	1,568,321
Movement in deferred tax assets and liabilities		-
Unrealised gains and losses on investments through profit or loss	2	235,889
Taxes paid		-
Movements in operating assets and liabilities		
Movement in investments at amortised cost		-
Increase in other assets	3	(5,861,514)
Increase in accrued income and other receivables	7	(543,301)
Increase in other liabilities	8	931,242
Increase in accrued liabilities and deferred income	9	3,242,341
Movement in other operating activities		-
Net cash flow from operating activities		(6,202,201)
Cash flow from investment activities		
Sale of property, plant and equipment		-
Sale and repayments of investments		-
Acquisition of property, plant and equipment	4	(1,191,062)
Acquisition of investments	2	(21,749,676)
Net cash flow from investment activities		(22,940,738)



Cash-flow statement (continued)

in euro	Note	2020
Cash flow from financing activities		
Paid-in share capital	11	50,000,000
Paid-in share premium		695,334
Dividend paid		-
Rental liabilities	5	1,427,893
Lease liabilities	5	(1,576,548)
Net cash flow from financing activities		50,546,679
Net movement in cash and cash equivalents		21,403,740
Cash and cash equivalents as at 12 December 2019		-
Movement in cash and cash equivalents		21,403,740
Cash and cash equivalents as at 31 December 2020	1	21,403,740

The notes on pages 128 - 177 form an integral part of the consolidated financial statements.

The interest paid during the reporting period is EUR 211,206.



General notes to the consolidated financial statements

Company information

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

Invest-NL is the parent company of Invest-NL Capital N.V. (100%) and Invest-NL Business Development B.V. (100%). All the shares in Invest-NL are held by the State of the Netherlands (hereafter to be referred to as ‘the Dutch State’), represented by the Ministry of Finance. The Ministry of Finance is registered with the Chamber of Commerce under number 27365323. The company's consolidated financial statements for the reporting period 2020 comprise the financial statements of the company and its group companies (hereafter to be referred to as ‘the Group’). Invest-NL has its principal place of business at Kingsfordweg 43-117, 1043 GP Amsterdam.

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



General notes to the consolidated financial statements

Reporting period

The first financial year is an extended financial year, starting on the incorporation date, 12 December 2019, and ending on 31 December 2020.

Continuity

The financial statements have been prepared on a going-concern basis. Based on the knowledge and information currently available, Invest-NL does not expect that the coronavirus pandemic will have a significant impact on Invest-NL's ability to continue its operations in the future. Upon incorporation, the Dutch State paid an amount of EUR 50 million under the statutory mandate.

General principles

Statement of compliance

Invest-NL's consolidated financial statements have been prepared in compliance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and in accordance with the legal requirements of Part 9, Book 2 of the Netherlands Civil Code. Invest-NL is a first-time adopter of IFRS. Based on the opportunity offered in Part 9 of Book 2 of the Netherlands Civil Code, Invest-NL compiles its company financial statements in accordance with the same principles as those applied to the consolidated financial statements.

Adoption of financial statements

Invest-NL's consolidated financial statements for the year ended on 31 December 2020 were prepared by the Management Board. They were approved by the Supervisory Board on 25 May 2021 and submitted for adoption to the General Meeting of Shareholders (AGM) on 27 May 2021. The AGM has the option to amend the financial statements.

General accounting principles

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

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



General notes to the consolidated financial statements

Recognition

An asset is recognised in the statement of financial position if it is likely that its future economic benefits will flow to the company and the value of the asset can be measured reliably. A liability is recognised in the statement of financial position if it is likely that the settlement of an existing liability will involve an outflow of resources embodying economic benefits and the amount of the settlement can be measured reliably.

Functional and reporting currency

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

Use of opinions and estimates

In compiling the financial statements, the management team formed opinions and used estimates and assumptions, based on complex and subjective suppositions and assessments. The estimates and the underlying assumptions are reviewed at regular intervals. The impact of this review is recognised in the period in which the estimate is revised, or in the period of revision and future periods if the revision has implications both for the reporting period and for future periods.

Opinions

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

- classification and subsequent measurement of investments, in notes 2 and 3;
- determination of the ECL stage and ECL measurement for financial instruments, in note 21.

Assumptions and estimation uncertainties

Information on assumptions and estimation uncertainties concerns the incremental borrowing rate (IBR) for lease contracts.



Accounting policies for consolidated financial statements

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

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

Basis for consolidation

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

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

Elimination of transactions upon consolidation

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

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

General notes to the consolidated financial statements

Foreign currency

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

Financial instruments

Recognition and initial measurement

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

Classification and subsequent measurement

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

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

At year-end 2020, all equity instruments and debt instruments were measured at fair value with changes recognised through profit or loss (FVPL).

After their initial recognition, equity instruments are measured at fair value. Dividends are recognised as income through profit or loss, unless the dividend clearly represents a repayment of a part of the investment costs. Other net income and expenses are recognised in unrealised gains or losses and are never reclassified through profit or loss.



General notes to the consolidated financial statements

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

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

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

Another factor determining the classification and measurement of financial assets, in addition to the above business model analysis, is the cash flow characteristics of the individual debt instruments. An essential question in this context is whether the cash flows on specified dates consist solely of interest payments and repayments of the outstanding principal ('Solely Payments of Principal and Interest', or SPPI). At year-end 2020, all the debt instruments were 'SPPI fail' and were measured at FVPL.



General notes to the consolidated financial statements

Assessment of business model

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

The information reviewed comprises:

- the stated policy lines and objectives for the portfolio and the working of that policy in practice. Invest-NL aims to realise an as yet unspecified benchmark return in the long term. Shorter-term cash flows are less relevant in that context;
- the manner in which portfolio performance is evaluated and reported to Invest-NL's management team. Invest-NL issues monthly reports on the developments in the portfolio, which will clarify the development of the return relative to the benchmark return as soon as the latter is known;
- the risks affecting the performance of the business model (and the financial assets within that business model) and the manner in which these risks are controlled. Because Invest-NL has a very high risk appetite in respect of the investment risk, the results of the investment portfolio are expected to be volatile. However, the focus of the business model remains on the realisation of the long-term benchmark return, whereby short-term fluctuations in the result are accepted;
- the manner in which the company's managers are compensated - for example, whether the fee is based on the fair value of the assets managed or the contractual cash flows received. Invest-NL does not apply a variable remuneration component that depends on the change in the value of the investment portfolio;
- the frequency, volume and timing of sales of financial assets in previous periods, the reasons for such sales, and expectations regarding future sales activities. Invest-NL did not sell any financial assets in the first reporting period and does not expect to sell any in 2021 either. In principle, Invest-NL has a long-term horizon.

General notes to the consolidated financial statements

Assessment of cash flow characteristics

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

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

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

A prepayment provision will be consistent with the ‘solely payments of principal and interest’ criterion if the prepayment amount primarily represents unpaid amounts in principal and interest on the outstanding principal, which may comprise a reasonable additional fee for early termination of the contract. With regard to a financial asset acquired at a discount or premium on the contractual nominal amount, furthermore, a provision that allows or requires the prepayment of an amount that largely represents the contractual nominal amount plus (unpaid) contractual interest accrued (which amount may also comprise reasonable additional compensation for early termination) will be regarded as being consistent with this criterion if the fair value of the prepayment is not significant on initial recognition.



General notes to the consolidated financial statements

Impairment (Expected Credit Losses)

An expected credit loss (ECL) model is applied to financial assets measured at amortised cost and to off-balance sheet commitments, such as irrevocable loan commitments and financial guarantee contracts. Under the ECL model, Invest-NL calculates the probability of default at various moments in time, and subsequently multiplies this figure by the difference ('deficits') between the contractual cash flows and the expected cash flows receivable. The impairment provision is the sum of all these deficits multiplied by the probability of default across the various moments in time. The ECL calculations contain information on the past, present and future. In calculating the ECL, Invest-NL applies a $PD \times EAD \times LGD^1$ including a discount factor. The ECL is discounted at the effective interest rate of the instrument.

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

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

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



General notes to the consolidated financial statements

Provisions

An ECL provision is made for financial guarantee contracts and irrevocable loan commitments. This is done using ECL models based on 12-month ECL (stage 1).

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

Fair value of financial instruments

The fair value is the amount for which an asset can be traded or a liability can be settled on the measurement date in an orderly transaction between well-informed parties in the principal market or, if there is no principal market, the most advantageous market accessible to Invest-NL on that date. The fair value of an asset or a liability reflects the risk of non-performance.

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

With regard to the other classifications, the directly related transaction costs are included in the transaction price. Where the fair value of financial assets and liabilities cannot be obtained from quotations in active markets, it is determined using measurement techniques involving, for example, cash flow models or other measurement models. Input from observable markets is taken into account where possible. If this is not possible, the fair value must be determined by using a valuation technique.

Fair value measurement hierarchy in respect of financial instruments

A major part of the financial instruments is included in the statement of financial position at fair value. In addition, the fair value of the other financial instruments is disclosed. A level classification is given of the financial assets and liabilities, whereby the carrying amount is a reasonable approximation of the fair value.



General notes to the consolidated financial statements

Fair value hierarchy

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

Level 1 – Fair value based on quoted prices in active markets

The prices of all the financial instruments in this measurement category are quoted prices obtained from a stock exchange, broker or price-setting institution. Furthermore, these financial instruments are traded in an active market. This means that the prices are a good reflection of current and regularly occurring market transactions between independent parties. The investments in this category primarily comprise listed shares and bonds.

Level 2 – Fair value based on available market information

This category includes financial instruments for which no quoted prices are available, but whose fair value was determined using models in which the parameters are obtained from available market information. These instruments involve privately negotiated derivatives in particular. Furthermore, this category includes investments whose prices were issued by brokers, but which were also found to involve inactive markets. In that case, the available prices were largely supported and validated using market information, including market interest rates and current risk premiums pertaining to the various credit ratings and sector classifications.

Level 3 – Fair value not based on available market information

The financial instruments in this category were determined to a significant extent using assumptions and parameters not observable in the market. Examples include assumed default percentages pertaining to a particular rating. The level 3 measurements of investments (shares) are based on quotes originating from illiquid markets.



General notes to the consolidated financial statements

Derecognition

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

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

A financial liability will no longer be included in the statement of financial position when the liability has been fulfilled, has been cancelled or has expired. If an existing financial liability is replaced by another liability of the same lender on fundamentally different conditions, or if the conditions of an existing liability are significantly changed, such a replacement or change will be regarded as derecognition of the original liability and the recognition of a new liability in the statement of financial position will be required. The difference between the carrying amount of the original financial liability and the consideration paid will be recognised through profit or loss.

Derivative financial instruments and hedge accounting

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

Offsetting of financial assets and financial liabilities

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



General notes to the consolidated financial statements

Cash and cash equivalents

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

Property, plant and equipment

'Property, plant and equipment' is divided into the categories 'leasehold improvements' and 'other assets' (equipment and car).

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

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

General notes to the consolidated financial statements

On each reporting date, the carrying amount of Invest-NL's non-financial assets is reviewed in order to determine whether there are indications of impairments. If any such indications exist, an estimate is made of the realisable value of the asset. In performing the impairment test, assets are grouped together into the smallest identifiable group of assets that generates cash flows from continued use that are largely independent of the incoming cash flows from other assets or cash-generating units (CGUs). The realisable value of an asset or a CGU is the higher of the value in use and the fair value minus costs of disposal. In determining the value in use, the present value of the estimated future cash flows is determined using a discount rate before tax that reflects both the current market estimates of the time value of money and the specific risks attached to the asset or the CGU. An impairment loss will be recognised if the carrying amount of an asset or the CGU to which the asset pertains is higher than the estimated realisable value. Impairment losses are recognised through profit or loss. They are first offset against the carrying amount of any goodwill allocated to the CGU and subsequently offset pro rata against the carrying amounts of the CGU's other assets.

Leasehold improvements

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

Other assets

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

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



General notes to the consolidated financial statements

Lease contracts

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

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

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

The lease commitment is measured initially at the present value of the lease payments on the start date, discounted using the interest rate implicit in the lease or, if that discount rate cannot be readily determined, the incremental borrowing rate for Invest-NL. In general, Invest-NL applies the incremental borrowing rate as the discount rate. The lease commitment will be remeasured if there is a change in future lease payments due to a change in an index or price, if there is a change in Invest-NL's estimate of the amount that is expected to be paid under a residual value guarantee, if Invest-NL changes its assessment or will exercise a purchase, extension or termination option, or in the event of a revision of an essentially fixed lease payment. The IBR used is stated in note 5.

If the lease commitment is remeasured in this manner, a corresponding change will be made to the carrying amount of the right of use, or the right of use will be recognised through profit or loss if its carrying amount has been reduced to zero.



General notes to the consolidated financial statements

Tax

Corporate income tax

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

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

Deferred taxes

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

Prepayments and other receivables

This item consists of debtors, other taxes, other receivables and prepayments, and is measured at amortised cost after deducting a bad debt provision. Debtors and other receivables will no longer be included if the amounts have been received or if they are found to be irrecoverable.



Off-balance sheet commitments

Irrevocable commitments and financial guarantee contracts

Irrevocable commitments are liabilities that are not included in the statement of financial position because their existence depends on the future occurrence or non-occurrence of one or more uncertain events that are not wholly within Invest-NL's control. For Invest-NL, these include commitments to funds, irrevocable loan commitments and liabilities for guarantees issued.

In determining the maximum potential credit risk, it is assumed that all counterparties will fail to meet their contractual obligations and all assets provided as security are worthless.

Other liabilities

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

Equity

Share capital and share premium reserve

The issued share capital is the amount paid on the issued shares for the nominal value. The share premium reserve is the amount paid over and above the issued and paid-up capital.

Cumulative result

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

Interest income and expenses

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

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

Interest charges

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

Commission income and expenses

Commission income comprises the commission income received with respect to financial guarantees issued. Commission income with respect to financial guarantees issued is allocated to the period to which it relates. Commission expenses comprise management fees in connection with mandates outsourced by Invest-NL. These expenses are recognised in the reporting period in which the services were provided.

Contribution from Ministry of Economic Affairs and Climate Policy

Invest-NL receives a contribution from the Ministry of Economic Affairs and Climate Policy to cover the costs of Invest-NL Business Development. The contribution and the associated costs are presented as a gross amount in the statement of profit and loss. Based on a final settlement after the end of the year, any contribution received in excess is stated at year-end as accruals under 'other liabilities'.



General notes to the consolidated financial statements

Result from financial assets

The result from financial assets comprises realised and unrealised gains and losses on the investments. These are recognised directly through profit or loss. In the reporting period, this concerns the item 'unrealised gains and losses on investments' in the statement of profit and loss. The interest income relating to financial assets measured at fair value with changes recognised through profit or loss is presented under 'interest income'.

Personnel expenses

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

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

Accounting policies for consolidated statement of cash flows

The cash flow statement is compiled in accordance with the indirect method, whereby a distinction is made between cash flows from operating, investment and financing activities. Cash flows in foreign currency are converted at the exchange rate on the transaction date. With regard to the cash flow from operating activities, the result before tax is adjusted for income and expenses that did not result in receipts and expenditure in the same reporting period, and for changes in provisions and accrued and deferred items.

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

New standards and amendments to standards that are mandatory with effect from 2020

There are no new and amended standards with mandatory application that affect the accounting principles set out above, since these are Invest-NL's first financial statements.

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

The Group has not voluntarily brought forward the application of new standards, amendments to existing standards or interpretations that will not be mandatory until the financial statements for 2021 or later.

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

- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: interest rate benchmark stage 2 reform (effective from 1 January 2021);
- amendments to IAS 37: loss-making contracts - costs of fulfilling a contract (effective from 1 January 2022);
- amendments to IAS 16: proceeds before intended use (effective from 1 January 2022);
- amendments to in IFRS 3: reference to conceptual framework (effective from 1 January 2022);
- amendments to in IAS 1: classification of liabilities as current or non-current (effective from 1 January 2023);
- IFRS 17 Insurance Contracts (issued on 18 May 2017, effective from 2023).



Notes to the consolidated statement of financial position

1. Cash and cash equivalents

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

in euro	31 December 2020
Current account with Rabobank	18,903,065
Investment account with Caceis	2,500,675
Total cash and cash equivalents	21,403,740

2. Financial assets at fair value through profit or loss

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

in euro	Fair value
Cost as at 12 December 2019	-
Purchases	21,749,234
Revaluations	(235,889)
Balance as at 31 December 2020	21,513,345

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

The carrying amount value can be broken down as follows:

in euro	31 December 2020
Equity instruments	7,500,000
Equity instrument in EIF	2,211,190
Convertible loans	2,909,411
Investments via fund mandate in collaboration with EIF	8,892,744
Balance as at 31 December 2020	21,513,345

The investments shown in Invest-NL's statement of financial position are investments over which Invest-NL has no significant control.

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

The convertible loans are 'SPPI fail'.

Measurement level of financial assets at fair value

All the categories fall into level 3, and no transfers were made from other levels. The value of the investments is determined by using measurement techniques which are based in part on data not observable in the market.

In principle, equity instruments and convertible loans are measured in accordance with the discounted cash flow (DCF) or multiple-measurement method. For each investment, the measurement underlying the investment decision is substantiated. In addition, an independent professional party performs a measurement in line with IPEV (International Private Equity and Venture Capital) standards; if this results in a materially different value, a revision will be carried out. The Investment Committee decides on the definitive measurements or revaluations to be performed at the time of the investment, and thereafter at least twice a year in respect of existing investments.



Notes to the consolidated statement of financial position

The investments in equity instruments and convertible loans were made in the course of 2020, and there have been no material issues on balance that would affect the measurement. The fair value of these investments is equal to the initial purchase price, with the exception of the interest accrued on the convertible loans and the revaluation of investments via the fund mandate in collaboration with the EIF.

Where the equity instrument in EIF is concerned, an external auditor periodically audits the net asset value (NAV) that is used for measuring Invest-NL's equity investment. At year-end, this NAV is equal to the NAV at the start of the investment.

As regards the investments via the fund mandate in collaboration with EIF, Invest-NL adopts the fund managers' most recent valuation as set out in the most recent quarterly valuation report. It has been contractually agreed that the fund managers will measure their fund in line with IPEV standards. As soon as the funds' audited financial statements for the financial year concerned have been received, an assessment is made through backtesting as to whether there are significant differences between the fund managers' quarterly valuations and the official financial statements. Based on this assessment, it will be determined whether future measurement methods must be adjusted.



Notes to the consolidated statement of financial position

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

in euro	Equity instruments	Equity instrument in EIF	Convertible loans	Investments via fund mandate in collaboration with EIF
Balance as at 12 December 2019	-	-	-	-
Fair value gains and losses through profit or loss				
Investments	7,500,000	2,211,190	2,800,000	9,238,486
Disposals/repayments	-	-	-	-
Revaluation	-	-	-	(345,742)
Accrued revenue (interest)	-	-	109,411	-
Conversion of loans into equity instruments	-	-	-	-
Balance as at 31 December 2020	7,500,000	2,211,190	2,909,411	8,892,744

Type of investment	Fair value as at 31 December 2020 (in euro)	Measurement method	Range (weighted average) of significant unobservable inputs	Sensitivity of fair value to significant unobservable inputs	Level
Equity instruments	7,500,000	DCF	Free cash flow (FCF) and discount factor	A 10% increase/decrease in the unobservable inputs used results in a 25% higher valuation of the investments in case of an increase and a 21% lower valuation in case of a decrease	3
Equity instrument in EIF	2,211,190	NAV	n/a	n/a	3
Convertible loans	2,909,411	DCF	FCF and discount factor	A 10% increase/decrease in the unobservable inputs used results in a 21% higher valuation of the investments in case of an increase and a 22% lower valuation in case of a decrease	3
Investments via fund mandate in collaboration with EIF	8,892,744	NAV	n/a	n/a	3



Notes to the consolidated statement of financial position

3. Other assets

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

in euro	31 December 2020
Cash committed to SME fund	100,000
Cash at EIF	5,761,514
Total	5,861,514

The item 'Cash at EIF' concerns a payment to the EIF for the purpose of fund investments (stage 1).

4. Property, plant and equipment

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

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

in euro	Improvements to building	Equipment	Total
Balance as at 12 December 2019	-	-	-
Investments	765,928	425,134	1,191,062
Disposals	-	-	-
Depreciation	(122,353)	(62,564)	(184,916)
Balance as at 31 December 2020	643,575	362,570	1,006,145
Cost as at 31 December 2020	765,928	425,134	1,191,062
Cumulative amortisation as at 31 December 2020	(122,353)	(62,564)	(184,916)
Balance as at 31 December 2020	643,575	362,570	1,006,145

As at 31 December 2020, there are no impairments of property, plant and equipment.



Notes to the consolidated statement of financial position

5. Right of use

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

The breakdown for the reporting period is as follows:

in euro	Building	Equipment	Car	Total
As at 12 December 2019	-	-	-	-
Additions	1,546,550	13,033	16,965	1,576,548
Depreciation costs	(309,310)	(1,950)	(9,469)	(320,729)
As at 31 December 2020	1,237,240	11,083	7,496	1,255,819

The IBR applied is 0%, based on applicable market interest rates. The table below shows the book value of the rental and lease commitments and movements during the reporting period:

in euro	Book value
As at 12 December 2019	-
Additions	1,576,548
Interest accrual	-
Payments	(148,655)
As at 31 December 2020	1,427,893

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



Notes to the consolidated statement of financial position

Term of future lease commitments regarding building

in euro	31 December 2020
< 1 year	294,310
1-5 years	882,930
> 5 years	-
Total	1,177,240

The rental contract for the equipment runs for 4 years and 10 months from the end of the financial year.

Term of future rental commitments regarding equipment

in euro	31 December 2020
< 1 year	2,816
1-5 years	9,312
> 5 years	-
Total	12,128

The lease of the car expires in September 2021 (within one year).

6. Tax

Invest-NL N.V.'s net result for 2020 is EUR 6.3 million negative. This result is in conformity with the expectation that Invest-NL will be loss-making for a number of years before the investment portfolio can generate substantial positive income.

At year-end, Invest-NL's portfolio consists of equity instruments, convertible loans and equity investments via the fund mandate with EIF. Expectations are that this portfolio will grow substantially in the coming years.



Notes to the consolidated statement of financial position

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

At present, it cannot be estimated with sufficient certainty whether these instruments will also result in higher taxable income. Because of the uncertainty of this estimate, no deferred tax item was recognised at year-end 2020. In the future, the tax position will be evaluated annually and an assessment will be made as to the recognition of a deferred tax asset.

VAT group

As at 1 June 2020, the company and its subsidiaries Invest-NL Capital N.V. and Invest-NL Business Development B.V. constitute a VAT group with effect from 13 December 2019. All the companies within this group are jointly and severally liable for the turnover tax payable.

7. Prepayments and other receivables

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

in euro	31 December 2020
Debtors	176,113
Prepayments	264,173
Other receivables	103,015
Total	543,301

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

All receivables have a term of less than 1 year. The prepayments relate in particular to prepaid amounts for insurance. The other receivables primarily relate to prepaid IT licence fees and maintenance charges.



Notes to the consolidated statement of financial position

8. Other liabilities

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

in euro	31 December 2020
Creditors	415,756
Other debts	505,105
VAT payable	10,381
Total	931,242

The other liabilities consist of creditors, turnover tax and wage tax, pension premiums and social security contributions.

9. Accruals

in euro	31 December 2020
Accruals	3,242,341
Total	3,242,341

Accruals relate primarily to a surplus contribution received from the Ministry of Economic Affairs and Climate Policy based on the final settlement for the reporting period.

10. Provisions

in euro	31 December 2020
Balance as at 12 December 2019	-
Allocation to stage 1 provision for guarantees and loan commitments	1,568,321
Balance as at 31 December 2020	1,568,321

Invest-NL recognises ECL provisions for financial guarantee contracts and irrevocable loan commitments, in line with IFRS 9. During the financial year, there were only ECL stage 1 provisions and there were no SICR (significant increase in credit risk) events.



Notes to the consolidated statement of financial position

The provisions can be broken down as follows:

Component	Amount	ECL
Financial guarantee contracts	10,300,000	908,860
Irrevocable commitments	13,600,000	659,461
(ECL on off-balance loan commitments)		
Cash and cash equivalents	21,403,740	Immaterial
Other assets	5,861,514	Immaterial
Allocation to provision for guarantees and loan commitments as at 31 December 2020		1,568,321

The movements in the exposure are explained in note 12.

11. Equity

The number of issued ordinary shares is 50,000,000. The shares have a nominal value of EUR 1 and were paid up in full as mandatory. Each share carries one vote at a shareholders' meeting. There are no restrictions on the shares.

The equity as at year-end 2020 can be broken down as follows:

in euro	31 December 2020
Share capital	50,000,000
Share premium reserve	695,334
Cumulative result	(6,281,267)
Total equity	44,414,067

The share premium reserve concerns two financial guarantee contracts ('ETFF guarantees'). The ETFF guarantees were taken over from the Dutch State on 1 March 2020. Normally, the fair value of financial guarantee contracts at inception is equal to the premium received, in line with IFRS 9. However, the initial recognition of the financial guarantees by Invest-NL occurred after the moment when the guarantee contracts were issued. For this reason, the proceeds received by Invest-NL from the Dutch State at the time of the takeover are accounted as a payment by the shareholder into the share premium reserve. The commission received after the initial recognition is recognised through profit or loss.



Notes to the consolidated statement of financial position

12. Irrevocable commitments and other off-balance sheet commitments

Invest-NL's irrevocable commitments as at year-end were as follows:

in euro	31 December 2020
Mandate commitment Dutch Future Fund	150,000,000
Mandate commitment co-investment vehicle EIF	35,000,000
Irrevocable loan commitments	13,600,000
Financial guarantees issued	10,300,000
Irrevocable commitment to pay up EIF equity interest	4,000,000
Total	212,900,000

In conformity with IAS 37, the irrevocable commitments are explained as follows:

- Mandate commitment Dutch Future Fund: this mandate was set up for the purpose of supporting innovative SMEs in the Netherlands through investments in funds (energy transition, AgriFood, innovative technology and medical innovations). Invest-NL and the EIF committed themselves for EUR 150 million each. The aim is to invest in approximately 15 funds.
- Mandate commitment EIF: this concerns a co-investment programme with the EIF. By year-end, Invest-NL had invested EUR 15 million in the co-investment vehicle (see note 2), with the remaining commitment being EUR 35 million at the end of the reporting period.
- Irrevocable commitment to provide loans to a total of three businesses.
- Financial guarantees issued: this concerns the financial guarantees (ETFF) equalling 80% of the principal of the subordinated loans issued by BNG Bank.
- Irrevocable commitment to pay up EIF equity interest: this concerns the commitment to pay up an equity investment in the EIF.



Notes to the consolidated statement of financial position

The movements in the exposure regarding financial guarantees issued and ECL additions are as follows:

Stage 1

in euro	Nominal amount of outstanding exposures	ECL provision
Balance as at 12 December 2019	-	-
Additions	10,300,000	908,860
Expired financial guarantees (excluding amortisation)	-	-
Transfer to stage 1	-	-
Transfer to stage 2	-	-
Transfer to stage 3	-	-
Impact of model changes	-	-
Amortisation	-	-
Balance as at 31 December 2020	10,300,000	908,860

The movements in the exposure regarding irrevocable loan commitments and ECL additions are as follows:

Stage 1

in euro	Nominal amount of outstanding exposures	ECL provision
Balance as at 12 December 2019	-	-
Additions	13,600,000	659,461
Cancelled or expired liabilities (excluding amortisation)	-	-
Transfer to stage 1	-	-
Transfer to stage 2	-	-
Transfer to stage 3	-	-
Impact of model changes	-	-
Amortisation	-	-
Balance as at 31 December 2020	13,600,000	659,461



Notes to the consolidated statement of financial position

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

The liabilities arising from guarantees and loans involve high-risk exposures to innovative businesses. This means that a significant deterioration in credit quality is closely related to specific developments in the exposure concerned.

In this context, Invest-NL applies a prudent assumption of the Loss Given Default of 100%, unless the exposure is covered by a government body.

The table below shows the sensitivity of these provisions to a possible deterioration in the credit quality. The scenario applied here proceeds from a deterioration in the ratings of the exposures by one notch, based on the indicative S&P rating. In addition, it is assumed that the exposures will migrate to a higher stage where this is possible. For the current exposures, this would mean migration to stage 2.

in euro	Nominal amount of outstanding exposures	ECL provision
Base case scenario		
Irrevocable loan commitments	13,600,000	659,461
Financial guarantees issued	10,300,000	908,860
Downward scenario		
Irrevocable loan commitments	13,600,000	1,026,024
Financial guarantees issued	10,300,000	2,381,036
Upward scenario		
Irrevocable loan commitments	13,600,000	300,236
Financial guarantees issued	10,300,000	112,997



Notes to the consolidated statement of profit and loss

13. Net interest charges

in euro	31 December 2020
Interest income from financial assets at fair value through profit or loss	109,411
Interest charges	(211,206)
Net interest charges	(101,795)

The interest income relates to the interest income on a convertible loan issued.

The interest charges relate to negative credit interest on bank balances.

14. Net commission expenses

in euro	31 December 2020
Commission income	585,476
Commission expenses	(697,956)
Net commission expenses	(112,480)

Commission income relates to commission revenue received with respect to financial guarantees issued. Commission expenses relate to management fees for fund management.

15. Contribution from Ministry of Economic Affairs and Climate Policy

This item relates to the contribution of EUR 6,820,794 received from the Ministry of Economic Affairs and Climate Policy for development activities in the reporting period.



Notes to the consolidated statement of profit and loss

16. Depreciation

This item concerns the depreciation of capitalised expenses relating to the leased building (leasehold improvements), office equipment and right of use. These expenses are explained in the notes to the asset items 'property, plant and equipment' and 'right of use'.

17. Personnel expenses

	31 December 2020
Number of full-time equivalents (in FTE)	62.7
Average during the financial year (in FTE)	48.3
At year-end (in number of employees)	59

The personnel expenses comprise salaries, social security costs, pension charges and other staff-related costs. The breakdown of the personnel expenses for the reporting period is as follows:

in euro	31 December 2020
Wages and salaries	4,430,680
Social security charges	489,749
Pension charges	700,474
Work-related costs scheme	236,593
Other personnel expenses	1,614,829
Total	7,472,325

The pension charges consist of retirement pension (personal contribution: 2% of the pension base), surviving dependant's pension, waiver of contributions during incapacity for work and administrative charges.

Other personnel expenses largely relate to costs of temporary staff.



Notes to the consolidated statement of profit and loss

18. Other operating expenses

The breakdown of other operating expenses for the reporting period is as follows:

in euro	31 December 2020
Audit and consultancy costs	2,142,525
ICT costs	412,409
Marketing and communication costs	312,538
Accommodation costs	282,862
Office costs	64,348
Insurance costs	38,374
Car costs	2,970
Total	3,256,026

Audit and consultancy costs primarily relate to costs incurred in the context of the Business Development activities and Capital activities. Among other things, these include costs of market research and technical and legal advice as part of specific development projects, as well as costs of due diligence advice in respect of specific investment transactions.

Auditors' fees

The following fees concerning the statutory audit of the financial statements by Ernst & Young Accountants LLP were charged to the company and its subsidiaries, in accordance with the provisions of Section 2:382a(1) and (2) of the Netherlands Civil Code.

in euro	2020
Audit of the financial statements	59,500

This amount is based on the total fees for auditing the financial statements, irrespective of whether the external auditors already performed their activities during the reporting period.

Other notes to the consolidated financial statements

19. Information on related parties

Identity of related parties

Parties are regarded as related if one party can exercise significant control or influence over the other party in the decision-making process regarding financial or operational issues. Invest-NL maintains various kinds of normal business relationships with related companies and parties in the ordinary conduct of its business.

Invest-NL's related parties are the Dutch State, the Management Board, the Supervisory Board and the group companies Invest-NL Capital N.V. and Invest-NL Business Development B.V.

The ETFF commission received from the Ministry of Economic Affairs and Climate Policy as part of the contract is separate from the commission on the instrument and is not in line with market conditions (Share premium, see note 11). Other related-party transactions were conducted on market-based terms.

There are no unusual circumstances at the company with regard to the mandatory disclosure of (transactions with) related parties.

Positions and related-party transactions

A contribution of EUR 6,820,794 was received from the Ministry of Economic Affairs and Climate Policy to cover the implementation costs.



Other notes to the consolidated financial statements

Management Board remuneration

The Management Board's remuneration for the extended financial year is as follows:

in euro	Periodically payable remuneration ¹	Pension accrual	Other short-term employee benefits	Total
W. Bos	221,714	29,415	2,523	253,652
L. Holwerda	157,301	24,945	16,695	198,941
J. de Jonge	157,301	19,956	13,542	190,799
J.P. Postma	157,301	20,724	19,946	197,971
A.M. van der Werf	157,301	22,259	15,706	195,266

¹ This concerns the primary remuneration for the extended financial year.

The remuneration of the Supervisory Board is as follows:

in euro	Total fixed remuneration
Chairman	35,000
Other Supervisory Board members	25,000

20. Events after the balance sheet date

No events occurred after the balance sheet date that resulted in material changes.



21. Risk management

Invest-NL was incorporated with the aim to make a social impact. With regard to its investment activities, Invest-NL wants to invest in areas not yet served by the market. This implies that Invest-NL must assume significant risks in order to achieve its objectives. At the same time, Invest-NL works with government capital for the investment activities and with government grants for the business development activities. This means that Invest-NL must identify and control its risks, because this is the only way in which these funds can be used responsibly in order to have an impact.

Invest-NL uses the shareholder's capital for the investment activities and the contribution from the Ministry of Economic Affairs and Climate Policy for the business development activities. Under the Authorisation Act (*Machtigingswet*), Invest-NL is required to achieve a benchmark return on its investment activities. The shareholder will determine this benchmark return in 2022, three years after incorporation. In addition, investment activities must be performed in line with market conditions as much as possible. Because Invest-NL takes a long-term view in respect of investments, it can wait for the right exit moments.

For each investment, a deal team of Capital draws up an investment proposal working out the aspects relevant for the investment decision: the management, the business case, the development stage, the market, the competition and the co-investors. The investment decision is submitted to the Investment Committee together with a 'know your client' opinion from Compliance, a state aid opinion from Legal, a risk opinion from Financial Risk and an ESG opinion from the ESG Officer. The Investment Committee decides whether the investment can be made, and if so, on what terms.



Other notes to the consolidated financial statements

Invest-NL has classified the risks that are relevant to these activities into various risk categories. The financial risks identified and the risk appetite of Invest-NL are set out below.

Investment risk

Definition	Risk appetite
The risk that the value of an investment is impaired as a result of business-specific (sector) developments.	Very high: Invest-NL was incorporated with the aim to invest in areas not yet served by the market. This entails being open to investment opportunities with a very high risk-return profile.

The investment risk can be divided into credit risk and equity investment risk.

The on-balance exposures regarding credit risk can be represented as follows:

in euro	31 December 2020
On-balance exposure	
Dutch banks	21,403,740
Loans	2,909,411
Other receivables	6,404,814
Total	30,717,965
Off-balance exposure	
Irrevocable loan commitments	13,600,000
Guarantees provided	10,300,000

Invest-NL assigns a credit rating to the above exposures. Where the on-balance and off-balance exposures are concerned, the following creditworthiness analysis can be made. With regard to the exposures with Dutch banks, the S&P credit rating is taken as the point of departure.



Other notes to the consolidated financial statements

With regard to the loan portfolio, each investment is assigned a credit rating based on the financial characteristics of the exposure, which is translated to an S&P rating scale. No security or collateral is provided.

Dutch banks

in euro	stage 1
On-balance exposure	
BB or higher	21,403,740
B- to BB	-
CCC+ or lower	-
ECL provision	-
Net exposure	21,403,740

Loans

in euro	stage 1
Indicative exposure rating on S&P scale	
BB or higher	-
B- to BB	-
CCC+ or lower	2,909,411
Fair value adjustment	-
Net exposure	2,909,411



Other notes to the consolidated financial statements

Other receivables

in euro	stage 1
Indicative exposure rating on S&P scale	
BB or higher	5,761,514
B- to BB	-
CCC+ or lower	-
No rating	643,300
Fair value adjustment	-
Net exposure	6,404,814

Irrevocable loan commitments

in euro	stage 1
Indicative exposure rating on S&P scale	
BB or higher	-
B- to BB	5,000,000
CCC+ or lower	8,700,000
ECL provision	(659,461)
Net exposure	13,040,539

All exposures were performing in 2020 and there were no payment arrears of 30 days or more, while in addition there was no significant deterioration in credit quality during the reporting period.

Overview of direct/indirect credit exposures per sector

in euro	Direct/indirect	On-balance	Off-balance
Financial institutions	Direct	27,165,254	-
Life sciences	Direct	2,909,411	1,200,000
Multi-sector fund investments	Indirect	-	4,900,000
Agriculture and food (AgriFood)	Direct	-	7,000,000
Other	Direct	643,300	-
Total		30,717,965	13,100,000



Other notes to the consolidated financial statements

Investment risk on equity investments

Invest-NL applies a long-term view where equity investments are concerned. Its risk appetite is very high. Investments are made both directly and indirectly via funds.

The exposures assumed in the co-investment mandate with the EIF are recognised as a separate investment category in this section. This is because, on the one hand, this involves a fixed-term investment with debt features while, on the other, this involves an investment that has the risk and return features of an equity investment in a fund. The co-investment mandate with the EIF involves equity investments only.

Overview of direct/indirect equity exposures per sector

in euro	Direct/indirect	On-balance	Off-balance
Financial institutions	Direct	2,211,190	4,000,000
Multi-sector fund investments	Indirect	-	150,000,000
Co-investment mandate EIF (multi-sector)	Indirect	8,892,744	35,000,000
Hi-tech systems and materials	Direct	7,500,000	-
Total		18,603,934	189,000,000

Market risk

Definition	Risk appetite
The risk of valuation loss or reduction in expected earnings as a result of unfavourable changes in macro-economics, such as interest rate and cyclical fluctuations.	Very high: Invest-NL was incorporated with a long-term focus. The funding will consist of 100% capital. Invest-NL wants to carry out its mandate and not be unnecessarily restricted by limiting the market risk or mitigating this risk at a cost. Invest-NL can invest in the long term and thereby accepts the effects of shorter economic (interest-rate) fluctuations on the result.

Invest-NL is fully funded by the Dutch State (equity), which means that Invest-NL is not exposed to short-term interest risks in respect of the funding. However, the long-term interest rate will be taken into account as one of the factors in determining the benchmark return for Invest-NL. There is no interim interest-rate reset with regard to the interest-bearing financial assets.



Other notes to the consolidated financial statements

Cyclical fluctuations may have an impact on the value or creditworthiness of Invest-NL's financial assets and irrevocable commitments. Notes 2 and 12 of the explanatory notes illustrate the sensitivity of the financial assets and irrevocable commitments to these business-specific or wider market developments.

Concentration risk

Definition	Risk appetite
The risk attached to a strong concentration of the investments in particular assets or asset categories, particular markets or particular counterparties.	<i>High:</i> Invest-NL was incorporated with the aim to invest in areas not yet served by the market. This entails being open to larger concentrated volume investments that are necessary for the social transitions in which Invest-NL engages. At the same time Invest-NL, because of its long-term focus, does not want to become excessively dependent on the success of one or a handful of investments.

Invest-NL's portfolio was still relatively small at the end of the reporting period, which means that there are no great concentration risks yet in absolute terms.

Invest-NL defined investment boundaries that ensure that portfolio growth is spread over various sectors, with investments being made both directly and indirectly; maximum exposures were defined for each category.

Invest-NL's investment policy also includes concentration limits, restricting the exposure on one single entity to EUR 50 million. In addition, the 25 largest exposures may not make up more than half of the total budgeted capital for Invest-NL. Invest-NL remained well within these limits at the end of the reporting period.

The focus of Invest-NL's strategy is on investments directed at a carbon-neutral and circular economy. Exposures within this focus area will be diverse in nature as well, which will lead to further risk diversification.



Other notes to the consolidated financial statements

Liquidity risk

Definition	Risk appetite
The risk that Invest-NL will be unable to meet its financial liabilities at any time.	Very low: Being a state-held enterprise, Invest-NL wants to operate prudently and be able to meet its obligations at all times.

During the first reporting period, Invest-NL's investment activities were fully funded out of capital contributions from the Ministry of Finance. These capital contributions are maintained exclusively with Dutch banks until the funds are required for investment activities. The development activities performed by Business Development are funded out of a contribution from the Ministry of Economic Affairs and Climate Policy. Invest-NL has set up its liquidity process in such a way as to enable the organisation to meet its financial liabilities, given the very low risk appetite in respect of this risk. The point of departure in this context is that Invest-NL budgets and requests additional capital contributions from the ministries in good time, but at the same time avoiding having to maintain needlessly high cash surpluses for too long with Dutch banks at a negative credit interest rate.

Liquidity position

The table below provides insight into the maturities of the items in the consolidated statement of financial position. As the table shows the undiscounted cash flows rather than the fair value, the total amounts may differ from the total amounts presented in the statement of financial position.

Expected cash flows resulting from irrevocable commitments have not been included in the 'liquidity gap'. These cash flows from irrevocable commitments are taken into account in the cash flow projections for internal liquidity planning and management purposes.



Other notes to the consolidated financial statements

in euro	< 3 months	3-12 months	1-5 years	> 5 years	Undefined maturity	Total
Assets						
Cash and cash equivalents	21,403,740					21,403,740
Financial assets at fair value through profit or loss						
- of which equity instruments					7,500,000	7,500,000
- of which equity instrument in EIF					2,211,190	2,211,190
- of which convertible loans			2,800,000			2,800,000
- of which equity instruments via fund mandate with EIF					8,892,744	8,892,744
Other assets	100,000				5,761,514	5,861,514
Property, plant and equipment					1,006,145	1,006,145
Right of use					1,255,819	1,255,819
Prepayments and other receivables		543,301				543,301
Total assets	21,503,740	543,301	2,800,000	-	26,627,413	51,474,454
Liabilities						
Rental and lease commitments			1,427,893			1,427,893
Provisions					1,568,321	1,568,321
Other liabilities	931,242					931,242
Accruals	3,242,341					3,242,341
Total liabilities	4,173,583	-	1,427,893	-	1,568,321	7,169,797
Liquidity gap 2020	17,330,157	543,301	1,372,107	-	25,059,092	44,304,657



Other notes to the consolidated financial statements

The table below shows the ultimate contractual maturities of irrevocable commitments (all off-balance).

in euro	< 3 months	3-12 months	1-5 years	> 5 years	Undefined maturity	Total
Mandate commitment Dutch Future Fund					150,000,000	150,000,000
Mandate commitment co-investment vehicle EIF					35,000,000	35,000,000
Irrevocable loan commitments		13,600,000				13,600,000
Financial guarantees issued			10,300,000			10,300,000
Irrevocable commitment to pay up EIF equity interest		4,000,000				4,000,000
Total	-	17,600,000	-	10,300,000	185,000,000	212,900,000

Operational risk

Definition	Risk appetite
The non-financial risk of the organisation or its position being adversely affected by incidents and circumstances that have an impact at operational level.	Low: Being a state-held enterprise, Invest-NL wants to operate professionally, which involves limiting operational risks. In this context, NL wants to operate proportionally and accepts that a certain degree of operational risk is part of the operations.

Invest-NL controls operational risks by registering and giving follow-up to risk events. These events are reported each quarter to the management team and the Audit & Risk Committee. In the first year, Invest-NL did not register any risk events with a material impact on the statement of profit and loss.

As well as registering risk events, Invest-NL gives consideration to information security. An important basis in this respect is that Invest-NL periodically informs its employees on safe working practices and secure information processing. Invest-NL makes arrangements with (ICT) suppliers in the form of data processing agreements, SLAs and independent assurance and business continuity standards, which also cover information security.

In addition, Internal Audit conducted a number of audits in 2020, which identified a number of concerns relating to operational risk.



Other notes to the consolidated financial statements

Strategic risk

Definition	Risk appetite
The risk of not following the right route that must be followed step by step in order to achieve Invest-NL's objective. The strategic risk is influenced by assumptions about external events and/or developments in various areas, such as technology, politics, economic cycle, competition, market or consumer behaviour.	Medium: Invest-NL was incorporated with the aim to make an impact and focuses on taking the right steps to achieve this objective. However, Invest-NL operates in a complex and dynamic environment, which entails a certain degree of strategic execution risk.

At the end of the reporting period, Invest-NL updated its strategy in consultation with the Supervisory Board and the supervising ministries. In addition, Invest-NL conducted an initial stakeholder dialogue in 2020.

These consultations support the alignment of the strategy with the external environment, enabling Invest-NL to control the strategic execution risk. However, an inherent strategic risk remains applicable due to the dynamic environment and ambitious objectives.

ESG risk

Definition	Risk appetite
The risk of a deterioration in Invest-NL's position because its activities are exposed to risks relating to the environment, sustainability, social performance and good governance.	Low: Invest-NL was incorporated with the aim to make a positive social impact. A high ESG risk is inconsistent with this. Although Invest-NL will never be able to avoid ESG risks completely in its activities and investments, it wants to carefully weigh up and limit these risks.

Invest-NL performs an ESG assessment for each investment, checking the investment against factors such as exclusion criteria and supply chain responsibility requirements as defined in Invest-NL's CSR policy and the wider CSR policy for state-held enterprises.



Other notes to the consolidated financial statements

Political risk

Definition	Risk appetite
The risk of Invest-NL (or its investments) being adversely affected by local or international political unrest or developments.	Medium: Invest-NL is a state-held enterprise, which means that political risk applies by definition. In controlling this risk, Invest-NL will continue to emphasise the independent structure and long-term objective of Invest-NL. In principle, however, Invest-NL accepts that political changes can and will have an impact on the organisation.

Invest-NL gives consideration to communication and collaboration with various government bodies, based on periodic progress meetings and reports. In addition, it expressly wants to collaborate with the Ministry of Economic Affairs and Climate Policy in the areas of 'deep tech', SME financing and the development of the mandate with the EIF in respect of the Dutch Future Fund. It also maintains close contacts with the Regional Development Companies.

Legislative and regulatory risk

Definition	Risk appetite
The risk that particular consequences will occur because Invest-NL paid no or insufficient heed to current laws and regulations, codes of conduct or self-regulation applicable to (parts of) the organisation.	Very low: As a state-held enterprise, Invest-NL wants to comply with laws and regulations and also assesses its business partners on this point.

Invest-NL controls the legislative and regulatory risk through a broad governance structure, in which tasks, responsibilities and policy guidelines have been defined in such a way as to help control this risk.



Other notes to the consolidated financial statements

Reputational risk

Definition	Risk appetite
The non-financial risk of a deterioration in the market position and/or a reduction in additionality to the market because of a bad name, perception or reputation among stakeholders, whether due to risks in the other categories or otherwise.	<p>High: Invest-NL has ambitious objectives and many stakeholders with diverse interests. In addition, Invest-NL receives much public interest. Because Invest-NL operates in an environment with high financial risks and complex impact assessments, negative reports about Invest-NL cannot be avoided completely. For this reason, Invest-NL has a high risk appetite with regard to reputational risks entailed by the execution of its policy and mandate.</p> <p>Low: Invest-NL aims to limit its operational risk through a professional organisation and a proper execution of the consultancy and investment process. For this reason, the risk appetite regarding reputational risks entailed by operational risk events is low.</p>

All the risk categories in this section may result in reputational risks. Therefore, this risk must be controlled primarily through the control measures described in respect of the other risks. Invest-NL monitors media publications on Invest-NL and decides on a case-by-case basis whether it needs to act on or respond to a report. In 2020, there were a number of stakeholder and media reports concerning Invest-NL's pace of development, in particular with regard to the speed of investing. The first reporting period ended with a number of investments and a pipeline for 2021.



Company statement of financial position

as at 31 December, before profit appropriation

in euro	Note	31 December 2020
Assets		
Cash and cash equivalents	22	1,902,768
Participating interests in group companies	23	41,059,068
Investments	24	2,211,190
Property, plant and equipment	4	1,006,145
Right of use	5	1,255,819
Prepayments and other receivables		213,676
Receivable from group companies		52,151
Total assets		47,700,817
Liabilities		
Rental and lease commitments	5	1,427,893
Other liabilities		1,643,525
Accruals		215,332
Total accounts payable		3,286,750
Equity		
Share capital		50,000,000
Share premium reserve		695,334
Cumulative result		(6,281,267)
Equity	11	44,414,067
Total liabilities		47,700,817



Company income statement

for the year ended on 31 December 2020

in euro	Note	31 December 2020
Other result		-
Results of group companies after tax		(6,281,267)
Net result		(6,281,267)



Company statement of changes in equity

for the year ended on 31 December 2020

in euro	Note	Share capital	Share premium reserve	Cumulative result	Total equity
As at 12 December 2019	11	50,000,000	-	-	50,000,000
Payment by shareholder recognised directly in equity	11	-	695,334	-	695,334
Result for the reporting period	11	-	-	(6,281,267)	(6,281,267)
As at 31 December 2020		50,000,000	695,334	(6,281,267)	44,414,067



General notes to the company financial statements

Accounting policies for the company financial statements

In determining the accounting policies for the company financial statements, Invest-NL N.V. makes use of the option offered by Section 2:362(8) of the Netherlands Civil Code. This means that the accounting policies for the company financial statements of Invest-NL N.V. are identical to those applied in respect of the consolidated EU-IFRS financial statements. Under these policies, participating interests over which significant influence is exercised are measured at cost on initial recognition and subsequently on the basis of the equity method. The company financial statements of Invest-NL N.V. include only an abbreviated income statement, in accordance with Section 402(1) of Part 9 of Book 2 of the Netherlands Civil Code.

The first financial year is an extended financial year, starting on the incorporation date, 12 December 2019, and ending on 31 December 2020.

Participating interests in group companies

The participating interests in group companies are measured in accordance with the equity method, with losses only being recognised insofar as the shareholder is obliged to make up these losses.

Results of group companies

The results of group companies are the results after tax. The costs incurred by Invest-NL N.V. are passed on to the group companies. This means that no result is recognised in the company financial statements.



Notes to the company statement of financial position and income statement

22. Cash and cash equivalents

This item comprises the immediately claimable legal payment instruments (current account with Rabobank).

23. Participating interests in group companies

in euro	
As at 12 December 2019	-
Capital contribution	45,001
Paid-in share premium	47,295,334
Result of group company	(6,281,267)
As at 31 December 2020	41,059,068

The investment in the two subsidiaries consists of the following participating interests in the share capital of:

- Invest-NL Capital N.V.: 100%
- Invest-NL Business Development B.V.: 100%



24. Investments

in euro	
As at 12 December 2019	-
Equity investment in EIF	2,211,190
As at 31 December 2020	2,211,190

The investment relates to a 0.25% equity interest in EIF.

25. Auditors' fees

The auditors' fees concern the reporting period to which the financial statements relate, irrespective of whether the external auditors and the audit firm already performed their activities during the reporting period. The auditors' fees are explained in note 18 to the consolidated financial statements.

26. Tax

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

27. Related-party transactions

Related-party transactions are broken down in note 19, 'information on related parties', of the consolidated financial statements.

28. Information on maturities

For information on the maturities of assets and liabilities in the company statement of financial position, we refer to the 'liquidity risk' section in note 21 on pages 173-174 of the consolidated financial statements.



Notes to the company statement of financial position and income statement

Signing

Amsterdam, 25 May 2021

Management Board

Wouter Bos, CEO

Supervisory Board

Jan Nooitgedagt, Chairman

Karin Bisschop

Marilou van Golstein Brouwers

Ruud Hendriks

Peter Molengraaf



Other Information

Provisions in the articles of association on profit and loss appropriation

Article 30

1. The company will draw up a policy on reserves and profit distributions. The policy will be adopted by the general meeting on the proposal of the Management Board and after approval by the Supervisory Board.
2. Profits will be distributed only after the adoption of the financial statements showing that this is justified.
3. The profits will be at the disposal of the general meeting. The general meeting will decide on the appropriation of the reserved amounts on the proposal of the Management Board and after approval by the Supervisory Board.
4. The company can only make distributions to the shareholders and other parties entitled to the profits available for distribution insofar as its equity exceeds the amount of the issued capital plus the reserves that must be maintained by law.
5. A deficit may only be offset against the statutory reserves insofar as this is permitted by law.
6. In calculating the apportionment of an amount intended for distribution on the shares, the shares that the company holds in its own capital will be disregarded.



Other Information

Article 31

1. Dividends will become claimable four weeks after they were declared, unless the general meeting sets a different date on the proposal of the Management Board.
2. The general meeting may decide that all or part of the dividends will be distributed in a form other than money.
3. Without prejudice to Article 30(4), the general meeting may decide to authorise a full or partial distribution of reserves.
4. The general meeting may decide, on the proposal of the Management Board, which proposal has been approved by the Supervisory Board, to authorise an (interim) distribution from the reserves or the profits of the current financial year (interim dividend).

Expectations are that no profits will be realised in the coming years.



Additional Information

About this Report

In the 2020 annual report, we account for the activities performed in the first financial year since the incorporation of Invest-NL. The first financial year is an extended financial year, starting on 12 December 2019 and ending on 31 December 2020.

Invest-NL's consolidated financial statements were compiled in compliance with International Financial Reporting Standards, as ratified by the European Union (EU-IFRS), and the statutory provisions laid down in Part 9 of Book 2 of the Netherlands Civil Code. Invest-NL is a first-time adopter of IFRS. Based on the opportunity offered in Part 9 of Book 2 of the Netherlands Civil Code, Invest-NL compiles its company financial statements in accordance with the same principles as those applied to the consolidated financial statements.

The integrated annual report has been compiled in accordance with the principles of the Integrated Reporting Framework developed by the IIRC (International Integrated Reporting Council) and in compliance with the 'core option' of the GRI Standards, the international sustainability reporting standards developed by the Global Reporting Initiative.

National and international guidelines

As a state-held enterprise, we are expected to apply the 'comply or explain' principle in respect of the following guidelines:

- OECD Guidelines for Multinational Enterprises: these guidelines provide points of reference on how to deal with topics such as supply chain responsibility, human rights, child labour, the environment and corruption; we have addressed this in the chapter entitled 'ESG policy'.
- UN Global Compact: ten ethical principles in the areas of human rights, labour, the environment and anti-corruption; we have addressed this in the chapter entitled 'ESG policy'.
- UN Guiding Principles on Business and Human Rights (UNGPR): internationally accepted guidelines on how companies should deal with human rights; we have addressed this in the chapter entitled 'ESG policy'.



About this Report

- Corporate Governance Code: Dutch rules of conduct for listed companies, enshrined in law, which are intended to ensure good governance and protect the interests of shareholders, employees and other stakeholders; we have addressed this in the chapter entitled 'Corporate governance'.

In addition, we subscribe to the following international conventions and guidelines:

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

Transparency guidelines

In the context of transparency, state-held enterprises are expected to abide by the following guidelines:

- Transparency Benchmark: every two years, the Ministry of Economic Affairs and Climate Policy assesses the transparency of reporting. As a state-held enterprise, Invest-NL automatically takes part in this. The outcome of the benchmark will provide Invest-NL with points of reference to further improve its reporting.
- GRI Standards: the internationally recognised sustainability reporting standards. The annual report includes a GRI content index which shows how the GRI reporting standards have been implemented.

Since Invest-NL started operating only in January 2020, our reporting does not yet meet the guidelines set on all points. It is our ambition to report as transparently as possible on value creation and impact, our strategy and the dilemmas we face, and to further improve our reporting in the coming years.

Stakeholders and materiality

As an impact investor, Invest-NL puts social return centre stage. The material topics were discussed in a dialogue with our stakeholders and we received a number of recommendations. These discussions and recommendations have resulted in the materiality matrix. The materiality matrix shows both the relevance of the topics according to the stakeholders and Invest-NL's impact or influence on



About this Report

the topics. We regularly consult our stakeholders in order to stay abreast of what is most important to them, to learn from them and to improve our decision-making and reporting.

Value creation and impact

Our first integrated annual report includes our value creation model, which shows how we use the available resources (input) to create value for our stakeholders (output) and how we add value for society as a whole (outcome).

As indicated in various places, the definitions, indicators and objectives are still being developed and will be given further shape in the coming years. This is explained by the fact that Invest-NL itself was launched only recently and is still very much in the development stage. We are transparent on this point, and share our knowledge, experiences and evolving insights with the outside world. Invest-NL has only just started the process of working out measurable impact objectives and KPIs and providing clarity on how we contribute to relevant SDGs. This framework will be further developed in 2021 and 2022.

Scope and boundaries of the annual report

The boundaries of the report have been determined for now on the basis of the materiality analysis. This implies that we report on the material topics and are guided by the insights provided by the materiality analysis when making choices concerning the depth and boundaries of the report. We do not report on the topics on which Invest-NL has less impact or which our stakeholders consider less relevant.

This annual report for 2020, which covers the reporting period from 12 December 2019 to 31 December 2020 inclusive, contains a limited amount of non-financial information on the calendar year 2020, linked to our mission, strategy and objectives. The information in this report relates to Invest-NL N.V. (holding company), the (investment) subsidiary Invest-NL Capital N.V. ('Capital') and the (development) subsidiary Invest-NL Business Development B.V. ('Business Development'). As indicated earlier, the reporting in respect of non-financial information will be further developed in the coming years.



About this Report

Calculation of CO₂ emissions, R&D impact and FTE impact

To be able to allocate the CO₂ contributions of our financing to Invest-NL, we decided to link up with the principles of the Platform Carbon Accounting Financials (PCAF). We became a member of PCAF in 2020.

PCAF provides a framework and a harmonised carbon accounting methodology that fosters transparency and awareness of greenhouse gas emission (equivalents). In 2020, we already reported on the R&D impact of investments (in EUR million) and the FTE impact of investments (in number of FTEs). In doing so, we proceeded from the PCAF attribution methodology.

The manner in which we define and measure the impact in this area will be refined and standardised in 2021. One of our ambitions in this context is to report on the absolute and avoided CO₂ emissions associated with our investments in 2021.

External assurance

The non-financial information in this report has not been verified by the external auditor. It is our ambition that in the future, as soon as the framework of measurable impact objectives and KPIs has been further developed, an external auditor will issue a (limited) assurance statement in respect of the sustainability information.






Boundaries of the Management Report

The 'risk management' section included in the chapter entitled 'Governance & Risk Management' is part of the Management Report within the meaning of Section 391(3) of Book 2 of the Netherlands Civil Code.



Connectivity

The table below shows the relationship between the strategic pillars and the material topics, as well as the associated key performance indicators.

Strategic pillars	Material topics	Key Performance Indicators ¹⁾	Contribution to SDGs ¹⁾
Making the Netherlands more sustainable	 Climate footprint of external activities	Avoided CO ₂ through investments	  
	Circular economy		
Making the Netherlands more innovative	Innovation and entrepreneurship	R&D impact of investments FTE impact of investments	
	 Better, affordable and accessible healthcare		

¹⁾ The exact definitions and extension of indicators against which impact is measured, plus the associated target, will be worked out in the coming years as part of the annual plans.



GRI Content Index

Ref. no.	Disclosure	Reference	Reason for (partial) omission
Organisational profile			
102 - 1	Name of the organisation	Company information	
102 - 2	Activities, brands, products and services	Profile	
102 - 3	Location of headquarters	Company information	
102 - 4	Location of operations	Profile, Strategy and progress	
102 - 5	Ownership and legal form	Corporate governance	
102 - 6	Markets served	Profile, Strategy and progress	
102 - 7	Scale of the organisation	Profile, Employees and organisation	
102 - 8	Employees	Employees and organisation	
102 - 9	Supply chain	ESG policy	
102 - 10	Significant changes to the organisation and its supply chain	n/a	First annual report since establishment
102 - 11	Application of the precautionary principle	Risk management, ESG policy	
102 - 12	External initiatives	ESG policy	
102 - 13	Membership of associations and/or other interest groups	Employees and organisation	
Strategy			
102 - 14	Statement from senior decision-maker	Foreword CEO	
Ethics and integrity			
102 - 16	Values, principles, standards and norms of behaviour	ESG policy, Corporate governance, Employees and organisation	
Governance			
102 - 18	Governance structure	Corporate governance	
102 - 20	Responsibility for ESG topics	ESG policy	
102 - 21	Stakeholder dialogue on ESG topics	ESG policy	
102 - 22	Composition of the highest governance body	Corporate governance, Management team	
102 - 23	Chair of the highest governance body	Corporate governance, Foreword CEO, Management team	



GRI Content Index

Ref. no.	Disclosure	Reference	Reason for (partial) omission
102 - 24	Nominating and selecting the highest governance body	Supervisory Board report, Corporate governance	
102 - 25	Conflicts of interest	Supervisory Board report	
102 - 35	Remuneration policies	Remuneration report	
102 - 36	Process for determining remuneration	Remuneration report	
102 - 38	Annual total compensation ratio	Remuneration report	
Stakeholder engagement			
102 - 40	List of stakeholder groups	Our stakeholders	
102 - 41	Collective bargaining agreements	Employees and organisation	
102 - 42	Identifying and selecting stakeholders	Our stakeholders	
102 - 43	Approach to stakeholder engagement	Our stakeholders, Materiality	
102 - 44	Key topics and concerns raised in the stakeholder dialogue	Our stakeholders	
Reporting practice			
102 - 45	Entities included in the consolidated financial statements	Policies for consolidated financial statements	
102 - 46	Defining report content and topic boundaries	About this report	
102 - 47	List of material topics	Materiality	
102 - 48	Restatements of information	n/a	First annual report since establishment
102 - 49	Changes in reporting	n/a	First annual report since establishment
102 - 50	Reporting period		
102 - 51	Date of most recent report	n/a	First annual report since establishment
102 - 52	Reporting cycle	Annual	
102 - 53	Contact point for questions regarding the report	Back cover	
102 - 54	Claims of reporting in accordance with the GRI Standards	About this report	
102 - 55	GRI content index	GRI content index	
102 - 56	External assurance	About this report	



GRI Content Index

Ref. no.	Disclosure	Reference	Reason for (partial) omission
Material topics			
<i>Climate footprint of external activities</i>			
103 - 1	Explanation of the material topic and its boundary	Materiality	
103 - 2	The management approach and its components	Materiality	
103 - 3	Evaluation of the management approach	Materiality	
<i>Circular economy</i>			
103 - 1	Explanation of the material topic and its boundary	Materiality	
103 - 2	The management approach and its components	Materiality	
103 - 3	Evaluation of the management approach	Materiality	
<i>Innovation & entrepreneurship</i>			
103 - 1	Explanation of the material topic and its boundary	Materiality	
103 - 2	The management approach and its components	Materiality	
103 - 3	Evaluation of the management approach	Materiality	
<i>Better, affordable and accessible healthcare</i>			
103 - 1	Explanation of the material topic and its boundary	Materiality	
103 - 2	The management approach and its components	Materiality	
103 - 3	Evaluation of the management approach	Materiality	



Glossary

Carbon-neutral economy

An economy with net zero carbon dioxide (CO₂) emissions, which is achieved by avoiding or compensating for emissions.

The Dutch word for ‘carbon neutral’ is ‘carbonneutraal’. Invest-NL uses the term ‘carbon-neutral economy’ in its mission because we want investments to contribute towards net zero CO₂ emissions.

Circular economy

An economic system intended to maximise the reusability of products and raw materials and to minimise value destruction. This is different from the current linear system, in which raw materials are converted into products that are destroyed at the end of their useful life.

Clean tech

General term for technologies that help increase sustainability, for instance because of more effective and/or more efficient use of depletable sources (gas, oil, coal) or the use of alternative sources such as solar, wind and water power.

Cornerstone investor

An investment party that brings together various parties in an investment round or financing round.

Cradle-to-cradle certification

Certification of a product that contributes towards a circular economy.

Deep tech

‘Deep tech’ and ‘hard tech’ are general terms for innovative technologies, including artificial intelligence, robotics, blockchain, advanced material science, photonics and electronics, biotech and quantum computing.



Glossary

Dutch Future Fund

Fund that will invest in 15 to 20 venture capital and growth funds with strong links to the Netherlands.

European guarantee facility

The EIF guarantee for SME support that is made available by the European Commission from the European Fund for Strategic Investments (EFSI).

European Investment Fund

A European fund, part of the EIB Group, that provides risk capital and guarantees to small and medium-sized enterprises (SMEs) in Europe, whether via local NPBIs or otherwise.

Fund mandate

Invest-NL, in collaboration with the EIF, invests in SME businesses via the fund mandate. The co-investment vehicle itself is not a legal entity.

FTE impact of investments

The number of FTEs created by means of the investments, calculated in accordance with the PCAF attribution method.

Full-time equivalent

Within Invest-NL, 1 FTE is defined as an employee with a 36-hour working week. The equivalent is the employee's weekly number of working hours divided by 36.

FundRight

FundRight is an initiative of Dutch Venture Capital parties and TechLeap, involving a joint endeavour to achieve a more diverse VC ecosystem, which offers fair access to financing and business opportunities. (<https://fundright.nl/>)

Committed investment volume

Capital committed towards an investment.

Mobilised capital

The capital contributed by other investors when an investment is made available.



Glossary

Impact investments

Investments whereby the social return is the principal factor.

Impact investor

An investor who helps achieve social objectives by means of investments and financing.

Integrated Reporting

Reporting framework developed by the International Integrated Reporting Council (IIRC) that results in an integrated report providing insight into value creation: the external environment influencing the organisation, the incoming and outgoing resources and the manner in which the organisation interacts with the external environment. Data is recorded in accordance with the value creation model.

Materiality matrix

Matrix for determining, with input from stakeholders, which subjects are of sufficient importance to be included in the annual report: the 'material' subjects.

SMEs

Small and Medium-sized Enterprises, businesses that employ fewer than 250 persons and whose annual revenue does not exceed EUR 50 million or whose annual balance sheet total does not exceed EUR 43 million. This is the definition applied in the EU.

National Promotional Banks or Institutions

Legal entities that finance, invest and develop markets in accordance with a government mandate.

(New) Green Deal or European Green Deal

A set of policy initiatives of the European Commission with the overarching aim to make Europe climate neutral by 2050.

Platform Carbon Accounting Financials

The Platform Carbon Accounting Financials (PCAF) has developed a measuring method that shows the CO₂ impact and FTE impact of investments and financing.



Glossary

Risk capital

Capital provided for investments with a higher risk profile. In general, investments with risk capital do not involve security such as a repayment schedule with interest. Risk capital can take various forms (equity or debt capital), such as shares, convertible loans or subordinated loans.

R&D impact of investments

The contribution to R&D (in euro) created by means of the investments, calculated in accordance with the PCAF attribution method.

Scale-up

A business providing a commercially tested product (or service) that is on the brink of large-scale commercialisation. The business already has customers and revenue, but is usually still making a loss. It is expected to become profitable within a reasonable period.

SDE subsidy

The Renewable Energy Production Incentive Scheme (SDE, later SDE+ and from 2020 SDE++) is a ministerial scheme to stimulate the production of clean and renewable energy.

Sustainable Development Goals

SDGs, launched in 2015, are objectives drawn up by the United Nations with the aim to provide a new indicator framework for sustainable development.

Spin-off

A split-off from an existing (knowledge) institution or business.

Start-up

An organisation looking for a scalable business model with recurring revenue. In general, a start-up provides a (fully) developed product (or service) but does not yet generate material revenue. The business is making a loss and there is great uncertainty about eventual demand for the product (service).



Glossary

Thermal storage system

Storage system for heat, for instance from solar power.

Variable Air Volume

An air system with a variable air supply, unlike existing technologies whereby a constant air supply is heated or delivered.

Venture Capital

Capital provided to start-up businesses and SMEs that are expected to have a high potential for growth.

Investment volume made available

Capital made available for investment.

UN Global Compact

A United Nations initiative relevant for businesses that want to operate and report in a socially responsible manner. It consists of ten principles in the areas of human rights, working conditions, the environment and anti-corruption.

UN Guiding Principles (on Business and Human Rights)

The United Nations standards ('guiding principles') with regard to human rights and the resulting responsibilities for businesses, governments and investors.

Value creation model

See 'Integrated Reporting'.



Abbreviations

DFF	Dutch Future Fund
EBN	Energie Beheer Nederland
EIF	European Investment Fund
ELTI	European Long-Term Investors Association
ESG	Environmental, Social and Governmental
ETFF	Energy Transition Financing Facility
EZK	Ministry of Economic Affairs and Climate Policy
LSH	Life Sciences & Health
CSR	Corporate Social Responsibility
NGO	Non-governmental organisation
NPB(I)	National Promotional Bank or Institution
OECD	Organisation for Economic Cooperation and Development
PCAF	Platform Carbon Accounting Financials
RSW	Regional Heat Structure (<i>Regionale Structuur Warmte</i>)
SASB	Sustainability Accounting Standards Board
SDE	Renewal Energy Production and Climate Transition Incentive Scheme (<i>Stimuleringsregeling Duurzame Energieproductie en klimaattransitie</i>)



Abbreviations

SDGs	Sustainable Development Goals
TOPSS	Temporary Bridging Loan Programme for Innovative Start-ups and Scale-ups (<i>Tijdelijk Overbruggingskrediet Programma Innovatieve Start- en Scale-ups</i>)
UN	United Nations
VC	Venture Capital

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Questions and comments

If you have any questions and/or comments regarding our annual report, please do not hesitate to contact us via pers@invest-nl.nl.

This annual report was originally written in Dutch and translated into English.

In the event of any discrepancies between the English translation and the original Dutch version, the latter will prevail.

INVESTNL