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Partners' letter

Deepening and widening our impact towards a more sustainable and inclusive world

Dear Friends,

In September 2015, the United Nations agreed on the Sustainable Development Goals (SDGs) and called for global action to ensure a healthy, peaceful and prosperous planet for all. Two and a half years later our world remains plagued by social division, closely intertwined with the environmental crisis. The UNDP reports that developing countries face an annual funding gap of \$2.5 trillion to achieve the SDGs by 2030¹. At the same time, the Global Impact Investing Network (GIIN)² estimates a market of \$114 billion deployed in impact investing assets, of which \$22.1 billion were committed in 2016³. As yet, only 0.2% of global invested assets are allocated to 'impact investments'. At KOIS we believe that private capital, when properly structured and deployed, can contribute to a more sustainable and socially inclusive world. Over the past year, we have taken honest stock of our progress and set ourselves new goals on this path.

2017 was a pivotal year for KOIS, marked by major achievements in all our business lines. In Innovative Finance, we co-structured the world's first Humanitarian Impact Bond with the International Committee of the Red Cross (ICRC) to build rehabilitation centres for people with disabilities in Mali, Nigeria and the Democratic Republic of the Congo. In Asset Management, we closed two rounds of fundraising for Inclusio - an affordable housing fund we founded in Belgium -, taking AuMs to over \$110 million. Through Tara IV and Healthquad, our Indian Private Equity and Venture Capital funds, we currently manage \$70 million in assets and have deployed capital in nine fast-growing social ventures that are profitably re-designing solutions for basic needs for India's low and middle-income groups. Lastly, we strengthened our Partnerships Advisory activity, joining forces with Kite Global Advisors in December 2017 to cofound KiKLab, an initiative offering advisory services to enable and foster aligned partnerships between multinationals and social enterprises to deliver positive societal impact at scale.

2017 has also been a year during which we were able to look back and acknowledge the impact of our first projects and investments. As an illustration, we won the Belgian Sustainable Partnership Award in December 2017, together with Actiris and DUO for a JOB, our partners in the first Belgian social impact bond for job market integration of young immigrants, launched in 2014. Meanwhile, we have taken on new challenges. We are currently structuring two social impact bonds in France on child protection and on providing an alternative to imprisonment for homeless convicts suffering from mental disorders. We are also working on a leasing mechanism to provide long-term assets to the humanitarian sector as well as a development impact bond for one of the most urgent and underfunded issues of our time: providing livelihoods for displaced Syrian refugees in the Middle East. Finally, our ambition is to transform both primary care and access to breast cancer care among low-income populations in India through innovative partnership mechanisms.

Before you is our very first Impact Report. While we are looking forward to learning better, more meaningful and rigorous ways in which to measure our impact (and are humbled by the work done in impact reporting by trailblazers like Anthos, Bridges or KL Felicitas), we are unwavering in our commitment to deriving bold and innovative solutions to tackle today's problems. We are proud to present some of our initiatives in our 2017 Impact Report and hope that you will join us on our journey by sharing your questions, comments and insights.

Kind regards,

Serena, Charles-Antoine and François
KOIS partners

¹ <http://www.undp.org/content/undp/en/home/blog/2017/7/13/What-kind-of-blender-do-we-need-to-finance-the-SDGs-.html> ² The Global Impact Investing Network (GIIN) is a nonprofit organisation dedicated to increasing the scale and effectiveness of impact investing ³ Annual Impact Investor Survey, GIIN, 7th edition, 2017

Who are we?

We are an impact finance firm that aims to scale financing solutions to create a better world for underserved communities across the globe. Through our impact investment and innovative finance advisory businesses, we translate new ideas and financing approaches into tangible investment propositions for our investors and strategic advice for our public and private sector clients.

We know that we cannot effect this change on a global scale without working closely with our many trusted partners. We commit to deploying our collective business and development finance experience, investment expertise and global networks to help them fulfill their missions.

What drives us?



We believe that a radical transformation towards purposeful investment can happen in the private sector



We believe a paradigm shift towards more outcome-orientated KPIs is possible in the public and philanthropic sectors



We believe in collaboration between the private and the public sectors and between the for-profit and not-for-profit sectors as the best way to scale impact solutions

Today, we have an investment focus on Europe and India. From our offices in Brussels, London, Paris and Mumbai, we serve the sectors of Employment & Education, Healthcare and Living Environment, where our contribution has a direct impact on people's lives.



Our ecosystem

We foster and develop collaborations between governments, for-profit organisations, social players, donors and investors to unlock social impact.

Our investors entrust us with financial capital to support promising social enterprises. We are committed to rewarding them with attractive financial returns and generating lasting and positive social and environmental impact



Our portfolio companies create positive change and better the societies and environments in which they operate on a daily basis. We are committed to channeling the financial and non-financial support they need to effectively scale their impact



Our corporate partners provide us with global platforms to experiment and scale innovative solutions. We are committed to enhancing corporate sustainability as a fundamental long-term driver of business success



Our partners in government and civil society look to us as thought partners to help resolve their most pressing development issues. We are committed to developing innovative new ideas that can deliver social and environmental change in a more cost-effective and sustainable way



The people whom our investees and structures serve face many daily challenges. We are committed to building healthier and wealthier lives for those underserved communities and creating hope for a more positive future.



Our history

In 2009, we started building an investment portfolio of high impact businesses, convinced we could generate attractive financial returns while investing in socially and environmentally driven businesses.

This led to the creation of KOIS, motivated by the ambition to deepen and amplify our impact by leveraging our experience in harnessing the power of finance and business to help address the world's most pressing issues.



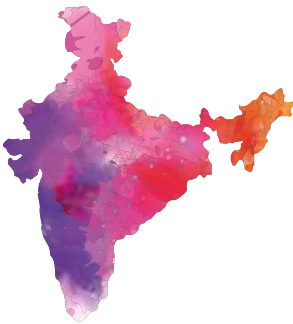
2009...

Build-up of portfolio with high societal and financial returns



2015

First round of funding for Inklusio, an affordable housing fund, with €45 million raised



2015

Launch of KOIS' first private equity fund with IL&FS, Tara IV, with \$60mn under management, focused on impact small and mid-cap businesses in India



2017

Launch of a CHF 26mn Humanitarian Impact Bond with the ICRC, focused on physical rehabilitation in post-conflict contexts



2017

Release of a report on Sustainable Land Use, exploring how to unlock business opportunities in this field with blended finance

2017

Structuring an innovative finance mechanism to improve access to breast cancer care in India



2017

Finalisation of the feasibility study on a leasing facility for refugee camps



2014

Launch of the first Social Impact Bond in continental Europe helping young immigrants to find their first job in Belgium



2016

Launch of Healthquad, a \$10mn venture capital and private equity fund, together with Quadria Capital, focusing on disruptive healthcare businesses in India

DE PURY PICTET
TURRETTINI & CIE SA

2016

KOIS contracted as engagement advisors in Cadmos European Engagement Fund, a responsible shareholder activist investment fund

2017

Completion of the feasibility study for a development impact bond on menstrual hygiene management in India



2017

Structuring phase for a development impact bond on Syrian refugees' livelihoods



2017

Launch of Belgium's second social impact bond to help long-term unemployed people find stable jobs in the Brussels region

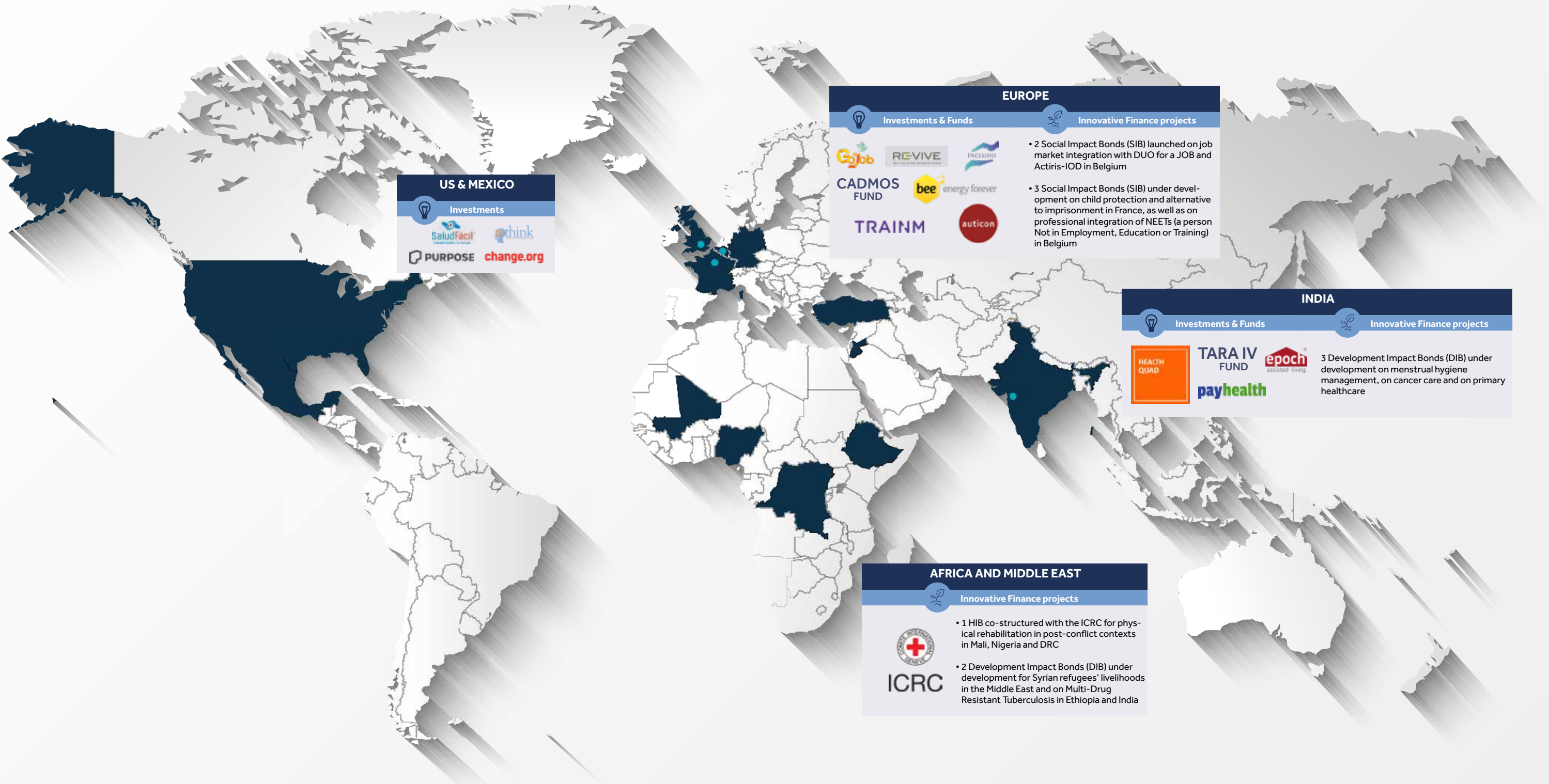


2017

Release of the report "Partnership for good" and launch of KIK Lab in collaboration with Kite Global Advisors

Our geographical reach

We address global issues from our offices in Brussels, Mumbai, London and Paris.



What we do

We leverage our business skills, investment expertise and global networks to help scale sustainable solutions to key social and development issues.

To do so, we develop and invest in projects that have the potential to generate lasting positive impact while fitting the risk-return requirements of their private capital enablers.



ASSET MANAGEMENT



INNOVATIVE FINANCE



PARTNERSHIPS ADVISORY

ASSET MANAGEMENT

We deploy capital directly or through funds that we co-structure and manage with larger financial institutions. Each investment intends to generate scalable societal and environmental impact with the aim of transforming lives, while providing attractive financial returns to investors. Our investment portfolio comprises a variety of companies, with a focus on Employment & Education, Healthcare and Living Environment.

OUR FUND MANAGEMENT ACTIVITY

We have so far co-structured and are currently managing three funds in Belgium and India: Inclusio, Tara IV and Healthquad.

	INCLUSIO	TARA IV	HEALTHQUAD
Type	Investment company	Private equity fund	Venture capital fund
Inception year	2014	2015	2016
Sector focus	Affordable housing	Small and medium enterprises in social segments (education, healthcare, sustainable agriculture, etc.)	Healthcare
Geography	Belgium	India	India
Investment type	Real estate	Private equity, early-to-mid-stage businesses	Venture capital, early-stage, pre-series A
Amount under management	\$110m (€90m)	\$60m	\$10m
Co-founding partners	KOIS, Degroof Petercam, Revive	KOIS, IL&FS	KOIS, Quadria Capital
Portfolio as of end of December 2017	141 affordable housing units under management and 91 under construction	5 investments ¹	4 investments ²
% invested or committed as of end of 2017	63%	33,5%	33%

A SNAPSHOT OF OUR INVESTMENTS AS OF END OF DECEMBER 2017

21
investments

3
funds co-structured

\$220mn
under management

7
countries covered

1
fund advised

5
investments focused on **Education & Employment**

12
investments focused on **Healthcare**

4
investments focused on the **Living Environment**

AGGREGATED IMPACT OF OUR INVESTMENTS



1m+
patients treated



~1,900
jobs created or matched with jobseekers



~13,000
tons of CO₂ emissions avoided



~1,700
housing units and commercial spaces created



including 232
social housing units created or under construction

¹ Two new investments were made by Tara IV early 2018, after the closing of the report: mSupply e-commerce and Heuristix Digital. As of April 2018, Tara IV had committed 53% of its capital and realised seven investments. ² Two new investments were made by Healthquad early 2018, after the closing of the report: Strand life sciences and THB investments. As of April 2018, Healthquad had invested 100% of its capital and realised 6 investments.

INNOVATIVE FINANCE

We design, structure, place and manage innovative financing mechanisms - such as impact bonds and blended finance instruments - to address underexplored challenges. Our strategy is to leverage public, commercial and philanthropic capital to optimise risk-return profiles and attract private investment capital at scale.

OUR ACHIEVEMENTS AS OF END DECEMBER 2017

2 Social impact Bonds

launched in Belgium on job market integration

1 Humanitarian Impact Bond

co-structured with the ICRC in three African countries

1 Development Impact Bond

in the structuring phase in the Middle-East on refugee livelihoods

2 Social Impact Bonds

in the structuring phase on child protection in France and on professional integration of NEETs in Antwerp, Belgium

3 feasibility studies

performed that will lead to the structuring of a leasing facility for refugee camps and two Development Impact Bonds on menstrual hygiene management for adolescent girls and on cancer care in India

2 studies

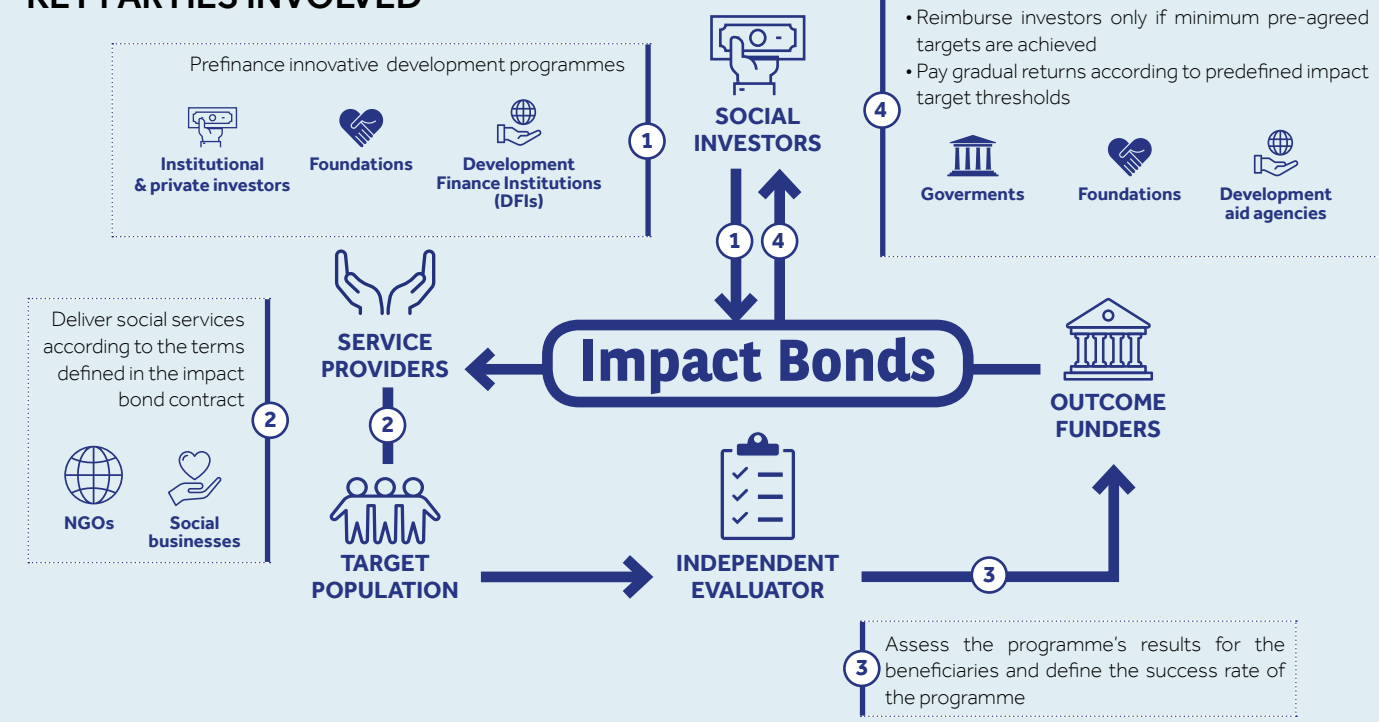
published on sustainable land use (SLU) opportunities and on Holding Companies that will lead to the structuring of a SLU holding company

SPOTLIGHT ON IMPACT BONDS¹

Impact bonds are innovative results-based and multi-stakeholder financial instruments designed to respond to key unaddressed social issues. By bringing in resources at the crossroads of philanthropy and venture capital and tying financial returns to the

achievement of targeted social outcomes, they help bridge the social sector's funding gap, while revolutionising the funding of results-orientated social and development programmes.

KEY PARTIES INVOLVED



KEY BENEFITS

Impact bonds display advantages for all parties involved.



They foster innovation, allowing the financing and scaling of projects that would not have had access to traditional funding otherwise.



They increase the traceability and efficiency of social and development programmes, as well as the accountability of service providers, by introducing comprehensive impact measurement and reporting frameworks.



From an **outcome funder's** perspective, impact bonds enable the transfer of financial and execution risks of innovative programmes to social investors. Since donors only pay for successful initiatives, their value for money is improved and the funding that would have otherwise backed failing projects can be redirected to other programmes.



Social investors are offered the possibility to generate meaningful impact alongside attractive financial returns, as well as investing in products that are uncorrelated with traditional asset classes.



As for the **service providers**, they can increase and diversify their pool of funding by attracting non-traditional donors, while improving their management and processes due to the performance analysis and reporting requirements inherent to the impact bond model.

¹ According to the Brookings Institution and KOIS, as of January 2018, 109 Impact Bonds were live in 25 countries, including 2 Development Impact Bonds, where the outcome funder is a party other than the local government. 3 of them were contracted in low and middle-income countries.

PARTNERSHIPS ADVISORY

We help global corporations shape strategies to accelerate their societal impact by facilitating and fostering their partnerships with social businesses. By doing so, we enable these corporations to build shared value creation initiatives, while unlocking social enterprises' scaling potential.

We are also involved as engagement advisors for the Cadmos European Engagement Fund, a responsible investment fund, which invests in listed European equities based on UN Global Compact and SDG principles.

OUR ACHIEVEMENTS SO FAR

2017

launch of KIKLab

1

fund signed as engagement advisors

20

multinationals engaged in assessment processes

1

report released on Partnership for Good

2

social businesses being structured with corporates

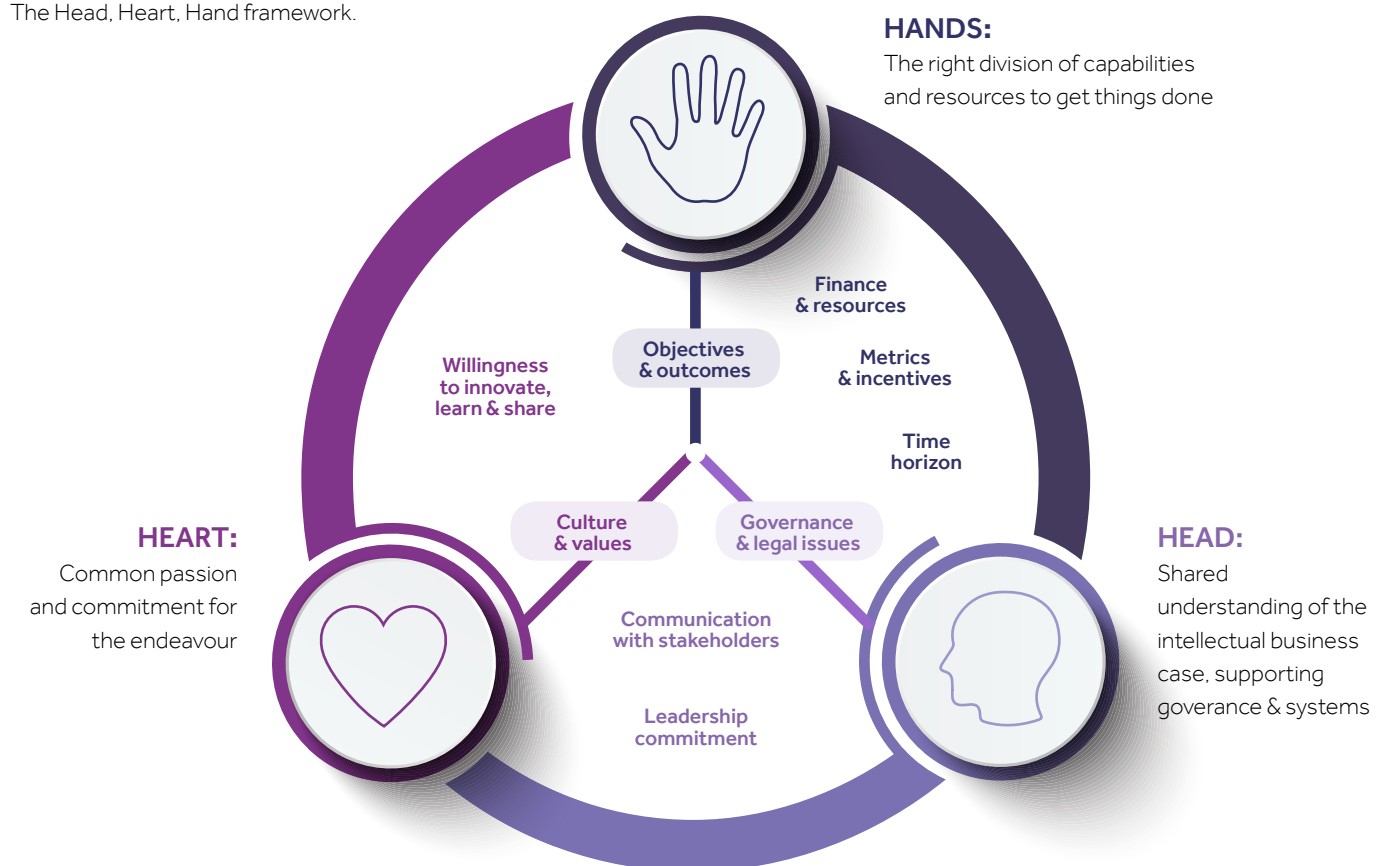
SPOTLIGHT ON KIKLab

KiKLab is a joint initiative between KOIS and Kite Global Advisors, a research and communications firm based in London, Boston and New York. KiKLab was created to enable, empower and inspire

deep, holistically aligned partnerships between corporations and social enterprises to create powerful positive impact in the world, far beyond what is possible when organizations act alone.

THE PARTNERSHIP ALIGNMENT MODEL¹

The Head, Heart, Hand framework.



The Partnership Alignment Model was developed to assess the level of preparedness of corporates to partner with social enterprises and enable them to ask the right questions. First of all, as it is shown **at the intersection** of the three dimensions, partners need to agree and communicate on a common vision and clear goals. **The Head** helps to develop a shared understanding of the

business case for action on social impact and operationalise it into time-framed processes, systems, metrics, governance and legal rules. **The Heart** aims to inspire company leadership and secure their support for and commitment to the endeavour. Lastly, **the Hands** represent the deployment of practices and resources to realize the ambition of the Head and the Heart.

¹ The Partnership Alignment Model was developed through research into the challenges and opportunities of partnerships between corporations and social enterprises. The research was commissioned by the Cadmos Funds and carried out in collaboration with Sattva, a social partnership fund based in India. The research consisted of interviews with experts and practitioners and examined cases of success and struggle in existing impact partnerships. The findings are published in the *Partnership for good* report, co-written by KOIS, Kite Global Advisors and Sattva.



Our Impact



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**Employment
and Education** 22



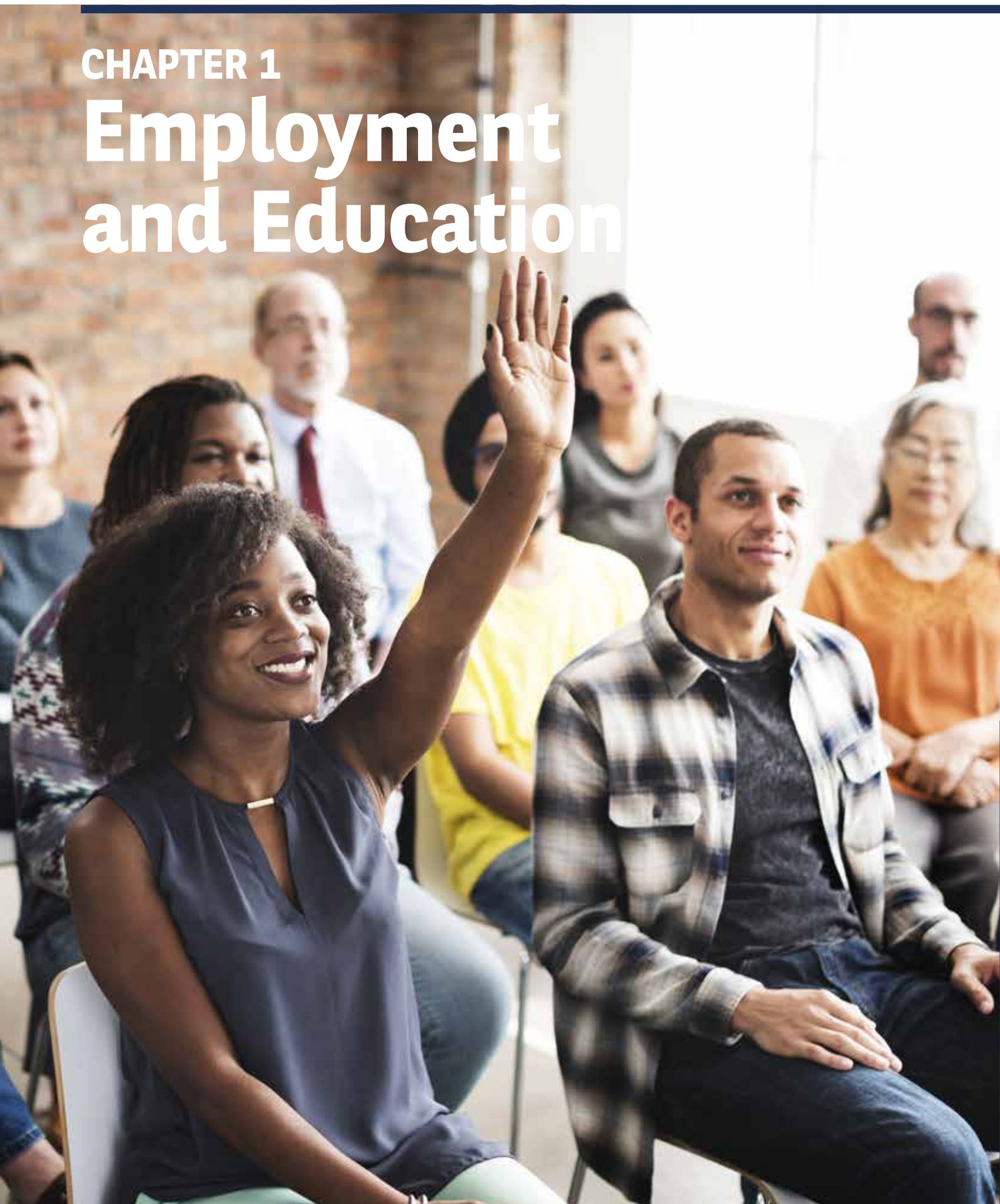
CHAPTER 2
Healthcare 40



CHAPTER 3
**Living
Environment** 58

CHAPTER 1

Employment and Education



Unemployment around the globe remains unacceptably high, particularly amidst youth and women, resulting in conflict and migration, and permanently affecting the potential for economic growth and social cohesion.

Addressing it requires innovative programmes and partnerships to make education more affordable and accessible, and to connect education to employment. Inclusive and quality education, as well as technical and vocational training, will be key to equip young people with relevant employability and entrepreneurial skills, enabling them to build a brighter future for themselves and their families. Moreover, it will enable them to become responsible and active citizens, engaged to promote human rights, peace, gender equality, culture diversity and sustainable development.

At KOIS, we believe Education and Employment readiness are major cornerstones of the development and societal growth processes. We partner with foundations, governments, corporates and service providers to identify and scale the most effective interventions existing in this field through innovative finance. In doing so, we intend to focus on the most vulnerable and marginalised communities. In 2017, we continued deploying our efforts towards this end, launching and designing projects dedicated to job market integration of long-term unemployed and NEETs¹ in Belgium and livelihoods development of Syrian refugees in the Middle East, amongst others.



Serena Guarnaschelli,
Partner, KOIS, London

KEY FIGURES

-3%

drop in education's share of official development assistance (ODA) since 2002²

263 million

children and youth are out of school, including 61 million children of primary school age. Sub-Saharan Africa and Southern Asia account for over 70 per cent of the global out-of-school population in primary and secondary education³

201 million

people are out of work in 2017⁴

10\$

earnings and health benefits generated for 1\$ invested in an additional year of schooling in low-income countries⁵

1/10

of children of school age in low-income countries will only be on track to gain basic secondary-level skills if current trends continue⁷

1.4 billion

people worldwide are in vulnerable forms of employment⁶

¹ A person who is Not in Education, Employment or Training ² The International Commission on Financing Global Education Opportunity, The Learning Generation report, 2017 ³ UNESCO Institute for Statistics (UIS), June 2016 ⁴ World Employment and Social Outlook, Trends 2017, ILO ⁵ Jamison and Schäferhoff, 2016 ⁶ 42% of total employment in 2017 (World Employment and Social Outlook, Trends 2017, ILO ⁷ The International Commission on Financing Global Education Opportunity, The Learning Generation report, 2017

DUO FOR A JOB

SOCIAL IMPACT BOND

Supporting young immigrants in finding jobs



Young immigrants in Belgium face significant challenges in finding stable jobs. Of all EU member states, Belgium has the second-largest labour participation gap between those born in the country and non-European immigrants. Besides language skills, education and strategies for job applications, many face difficulties in adapting to the local culture and connecting to informal networks. Meanwhile, older Belgians who are (semi)-retired or economically active are willing to commit to supporting young job seekers.

DUO for a JOB is a non-profit organisation that was created to meet the needs of the first group through an innovative mentorship programme. Over periods of six months, young migrants are paired with Belgian mentors aged 50+ with the goal of finding a job. Together they do job searches, perform CV checks, prepare for interviews, etc. Unique to this approach is the fact that the young migrants receive insights into life and work in Belgium from someone with deep knowledge about the country, providing both the mentor and the mentee with valuable intergenerational and intercultural interaction.

In 2013, DUO was looking for funding for its recently launched job mentorship programme. Actiris, the Brussels Employment Office



TERMS OF THE BOND

TARGET POPULATION:

young unemployed immigrants
in Brussels region

TARGET NUMBER OF BENEFICIARIES:

320 unemployed young people

SELECTED IMPACT METRICS:

90+ working days within one year
of the intervention

DURATION: 3 years

AMOUNT: €347,000

EXPECTED RETURN: up to 6% per year

OUTCOME FUNDERS:

Actiris, Brussels unemployment agency

SOCIAL INVESTORS:

HNWIs, a Foundation

SERVICE PROVIDER: Duo for a JOB

was interested in the method, but DUO did not yet have the results to prove the effectiveness of its approach. KOIS proposed a solution in the form of a Social Impact Bond (SIB), then unprecedented in Continental Europe, that would involve three parties: Actiris, DUO for a JOB, and social investors. Actiris would enable innovation without risking taxpayer's money, DUO would have the means to build a track record of its innovative approach, and investors would help drive innovation in a social service with potential financial rewards.

€38,400

total cost of a job seeker for the government / year²

€2,700

total cost invested via the SIB for each of DUO's mentees who found a job (i.e. worked more than 90 days within one year of the intervention)



Although the benefits seemed clear in theory, the nuts and bolts of the partnership required thoughtful alignment of interests and worldviews. Involving private investors in the funding of a social programme implied a significant change in mindset for the public body. Similarly, private investors had to change their ways to invest for social outcomes rather than straightforward financial returns.



François de Borchgrave, Partner, KOIS, Brussels



INTERMEDIARY RESULTS OF THE SOCIAL IMPACT BOND

320

duos created,
meeting the expected
results of the SIB

~40%

of the SIB's first two cohorts worked more than 90 days
the year following the intervention, doing better than
the targeted re-employment objective³

The final evaluation of the SIB will be completed in mid-2018, but the intermediary results are very promising. Actiris committed to sustain funding for DUO for a JOB, and even integrate mentorship into the government's employment strategy. The credibility that DUO gained by establishing its effectiveness through the SIB has contributed to attracting new donors and allowed the organisation to grow exponentially, with new centres established in Antwerp, Ghent and Liège, major Belgian cities.

IMPACT OF DUO FOR A JOB IN 2017 (BEYOND THE SIB)



980

duos created since inception as of December 2017, of which 500 new duos created in 2017



54%

of the mentees found a job within 12 months



19%

of the mentees gained access to an internship or training



91%

re-enrolled mentors



4

offices created in Belgium

¹ In 2016, the unemployment rate in Belgium for the native people was of 6.1% and 21.2% for non EU-28 citizens, according to the SPF (Service public fédéral Emploi, Travail et Concertation sociale). In Brussels, 19.8% of the 15-24-years-old are Not in Education, Employment or Training (NEET). ² European Federation for Services to Individuals (EFSI) and KOIS 3 35% or 1.6x better than the historical success rate of the control group overseen by Actiris (22% in 2014).

INNOVATIVE FINANCE



DUO FOR A JOB

Impact story



At the end of the day, it is giving everyone a chance to take their place, play a role, have a job and be who they are in this country. If we can each add a little drop, perhaps we can create the sea."

boosting confidence throughout the job search. "It's a battle going to interviews and it's stressful, so we support them before and after, whatever the result is," says Marie-France. You learn how the mentees, who are foreigners, experience Belgium and experience the difficulties of being in Belgium, which I was not aware of before coming to DUO. It's like entering a different world and I thank them for letting me enter that world."

Raquel and Marie-France are two months into a 6-month mentorship. Both are optimistic Raquel will soon find a job, return to her Human Resources career and continue building a life in Belgium. "I have someone who gives me support, who is here to help and show me the way to go. This relationship has improved me both in a professional and a personal way," Raquel says. Marie-France believes each DUO contributes to a better society by creating greater understanding and trust between those who have lived in Belgium for a long time and those who have recently immigrated.

Raquel de Assunção Rodrigues came to Belgium from her home in Brazil two years ago but was having difficulties resuming her career in Human Resources. Although she already spoke English along with Portuguese, it was a challenge getting hired without knowing Belgium's official languages. The job search was also challenging because she didn't have a social or professional network.

Unable to find a job in her field, she began working as a babysitter. One of the parents told Raquel about how DUO for a JOB could help, and she signed up for the mentorship programme. "I was excited to start this programme to get back into the working world which isn't easy to enter into if you are from a different culture," Raquel says, sitting at a desk in the DUO office in Brussels beside Marie-France Van Vooren, who is retired from a successful career in

Human Resources with multinational companies in Brussels. "I was at a point where I really needed support."

Marie-France first heard about DUO on the radio and signed up for the three-day training programme to become a mentor. This is Marie-France's second mentorship: she had such a positive experience that she returned to continue sharing her career expertise. "When you are retired I think it's important to still feel useful and do something generous," says Marie-France. "I feel that I've been very fortunate and many people have done things for me, so it's time to give back."

The pair has a weekly meeting, where Marie-France helps Raquel practice French, improve her CV, apply for jobs and practice interviews. Another crucial aspect to the mentorship is providing encouragement and

ACTIRIS - IOD

SOCIAL IMPACT BOND

Helping low-skilled long-term unemployed people find stable jobs



In the Brussels region, there are close to 60,000 long-term unemployed people. Long-term unemployment can have devastating effects for the individuals concerned – causing persistent poverty and reducing self-esteem – and for society as a whole. The longer people are out of work, the more their skills and social networks tend to erode, sending them into a downward spiral that makes it ever harder to find a new job.

In 2017, after a successful experience working together on the DUO for a JOB Social Impact Bond on unemployment amongst young migrants, the Brussels employment agency Actiris selected KOIS to investigate the feasibility of another Social Impact Bond, this time to benefit the long-term unemployed. Together with Actiris, KOIS identified an innovative approach that was being implemented in the municipality of Forest: the IOD (Intervention sur les Offres et les Demandes) methodology. The IOD method was developed in Bordeaux, France, 20 years ago. It is unique because it requires proactively engaging with small and medium-sized enterprises to help create new job opportunities, and acts on specific pain points of professional exclusion such as discriminatory recruitment methods and the surge of short-term and part-time contracts. The pilot for Brussels was launched in July 2015 by the 'Mission Locale pour l'Emploi' of the borough of Forest with a four-people team whose results have been remarkable: 47% of the enrolled participants have signed a long-term employment contract. Most of these positions would not have existed were it not for the IOD team's active engagement with the employers.

KOIS launched what is now Belgium's second social impact bond, allowing Actiris to scale up the IOD programme by adding two teams and covering the whole of Brussels. This will help more individuals within the Brussels Capital Region to re-enter the labour market, breaking the cycle of unemployment and discouragement, paving the way for a sustainable and more effective solution to what has so far been perceived as an unsolvable problem.



TERMS OF THE BOND

TARGET POPULATION:
long-term unemployed people in Brussels

SELECTED IMPACT METRICS:
re-employment rate (90+ working days within one year of intervention)

DURATION: 5 years

AMOUNT: €2.2m

EXPECTED RETURN: up to 7.5% IRR

OUTCOME FUNDER:
Actiris, Brussels unemployment agency

INVESTORS:
HNWIs and Foundations

SERVICE PROVIDER: Mission locale de Forest

14%

probability to find a job within a year among long-term (more than 24 months) and low-skilled unemployed persons when not benefitting from the IOD program¹

68%

expected re-employment rate (i.e. 90+ working days within one year of intervention) among long-term unemployed persons in Brussels benefitting from the IOD program through the SIB



By banning CVs and by helping small enterprises define their recruitment needs, the IOD method precludes discrimination and helps grow the jobs market. Its results fly in the face of those who take for granted the lack of a job market for unskilled workers.



Béatrice Delperdange, Head of Business Development, KOIS, Brussels



EXPECTED IMPACT



750

beneficiaries by the end of the SIB



510

job contracts signed for a period of at least 90 working days by the end of the SIB²



Broad roll-out

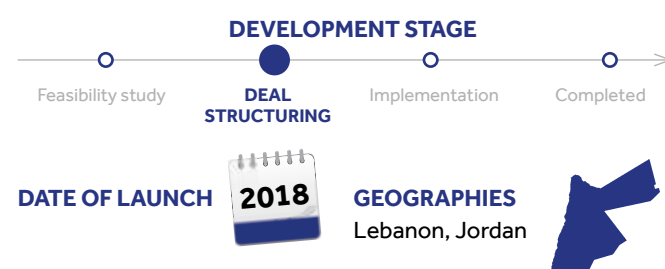
of the method thanks to proof of success via the SIB

¹ Source: Observatoire Bruxellois de l'Emploi ² 69% success rate vs. 19% for the control group

SYRIAN REFUGEES AND VULNERABLE HOST COMMUNITIES

DEVELOPMENT IMPACT BOND

Improving the livelihoods of Syrian refugees and vulnerable host communities



The 7-year Syrian conflict has created the worst humanitarian crisis of our time, displacing more than 11 million Syrians from their homes, including nearly 6 million refugees who have fled to neighboring countries. International humanitarian organisations and host country governments have saved countless lives by taking on the tremendous challenges of meeting refugees' basic needs in and outside camps. Most refugees continue to live in poverty, while host countries face increasing pressures on their social support, infrastructure and education systems. With the belief that refugees are unlikely to leave their host country in the short term¹, the focus needs to be extended from emergency aid to longer term development and the creation of livelihood opportunities.

Livelihoods programmes focused on job market integration are a key aspect of improving economic conditions for host communities and displaced individuals. There is a significant funding gap to meet these long-term needs of refugees. Humanitarian organisations working in the Middle East say that they received only 49% of the funding requested in 2017 (as of October 15)², with the biggest shortfall in the livelihood assistance sector.

Through a grant by the Canadian-based blended finance platform Convergence and IKEA Foundation, KOIS is structuring a Development Impact Bond (DIB) to finance job market integration interventions for Syrian refugees and vulnerable members of host



TERMS OF THE BOND

TARGET POPULATION:
Syrian refugees and vulnerable members of the host population

POSSIBLE IMPACT METRICS:

- # of businesses created and still active after 10 months
- Increase in household consumption after 2 years
- Increase in individual income after 1 year

DURATION: 3 years

AMOUNT: \$10-15m

EXPECTED RETURN: 6% to 9% IRR

POTENTIAL SERVICE PROVIDERS:
NEF, RBK for the first tranches of the DIB, and several other organisations already identified for future tranches

country populations. This will be the first multi-country DIB to provide long-term financing for programmes offering demand-driven job market integration support for Syrian refugees in the Middle East. KOIS is working with high-potential service providers to ensure their interventions will deliver the maximum impact to beneficiaries. These programmes can improve living conditions by securing a stable source of income, and ultimately promote refugee resilience and a better society for everyone living in the country.



We found that access to reliable data was very challenging, in a context with limited existing historical data on Syrian refugees, as well as on job market integration, due to the informal nature of local job markets. As a result, not only did we have to strengthen the reliability of available data but also to develop innovative yet rigorous, ways to capture the impact of livelihood interventions.



Jean le Sage, Analyst, KOIS, Brussels



80%

percentage of Syrian refugees that are hosted in the three neighboring countries³

EXPECTED IMPACT



~3,530

vulnerable people served in Jordan in 3 years through the first tranche of the DIB



~2,350

vulnerable people served in Lebanon in 3 years through the first tranche of the DIB



Among them

50%

are refugees



80%

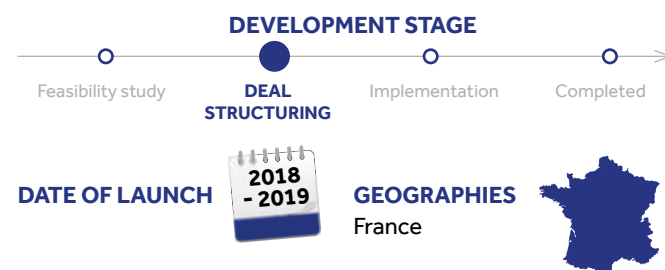
are women

¹ UNCHR ² Convergence Design funding, Grant Portfolio, <https://convergence.finance> ³ Lebanon, Turkey and Jordan

FONDATION APPRENTIS D'AUTEUIL

SOCIAL IMPACT BOND

Preventatively supporting vulnerable families suffering from child educational difficulties



About 284,000 underage children are in the care of child protection services in France¹. Out of the €7bn that are annually dedicated to child protection by the French "Départements", 80% directly finance the placement of children in foster care.

The "Relais Familial" project is an initiative of the Apprentis d'Auteuil Foundation, one of France's oldest foundation which has been committed to helping young people and families in distress over its 150-year history, through education, training and insertion programmes. It aims at re-directing a part of the funds currently channelled to long-term curative programmes towards short-term preventative and intensive ones, based on family empowerment. The "Relais Familial" targets families who are exposed to multiple and significant vulnerabilities - especially child-rearing difficulties. The final objective is to avoid the placement of children at risk in the long term, allowing parents and children to remain a family within a reassuring daily life environment, while working on the strengthening of the parent-children relationships.

60,000€

average annual cost for the placement of a child in foster care



TERMS OF THE BOND

TARGET POPULATION:

- young mothers/single parents suffering from social and family disruption
- families suffering from educational difficulties and from very precarious living conditions
- families suffering from a parental burnout syndrome

SELECTED IMPACT METRICS:

number of placements avoided 12 months and 24 months after the children's arrival in the "Relais Familial"

DURATION: 4 years

AMOUNT: up to €7.5m

EXPECTED RETURN: up to 3.5% IRR

POTENTIAL OUTCOME FUNDERS: French "Départements" authorities

SERVICE PROVIDERS: Apprentis d'Auteuil Foundation



Having the different parties of the Project around the same table is challenging but also thrilling and inspiring! It is rare to be able to gather people with such different backgrounds: NGOs, Investors, Public Administration (...) and try to find a new solution to an identified issue. Prejudices tend to quickly disappear to enable each party to bring its own expertise to the project.



Ladislav de Guerre, Manager, KOIS, Paris



KOIS is leading the structuring of three Social Impact Bonds (SIBs) to finance three "Relais Familial", operated by Les Apprentis d'Auteuil Foundation, in three French regions. Each "Relais Familial" is composed of six flats aiming at accommodating the families admitted to the social programme for an average stay of 9 months. It is managed by a small and pluri-disciplinary team (a manager, a social and home economics advisor, an educator and a psychologist), delivering socio-educational services. It will offer parents a range of activities allowing them to improve their educational skills while being supported by professionals: peer-to-peer discussions, help for homework, help for budget management, cooking trainings, meetings for one-to-one or group discussions, family group conferences, etc. The French "Départements" will reimburse the social investors.

8/10

out of every 10 children with officially recognised education problems, 8 are about educational deficiencies without any physical violence, hence the interest for deploying alternatives to child placements (ONED)

EXPECTED IMPACT



200

number of underage children hosted in the "Relais Familial" over 4 years



Up to 200

placements in foster care avoided thanks to the intervention



up to 19mn€

savings for the three French "Départements" thanks to the intervention

¹ Observatoire National de la Protection de l'Enfance, 2014

AUTICON

INVESTMENT

auticon

Employing people on the autism spectrum to become IT consultants

INCEPTION YEAR

2011

INVESTMENT YEAR

2012

GEOGRAPHIES

Germany, France, UK,
Switzerland, USA

TARGET POPULATION:
unemployed adults diagnosed
with autism

People on the autism spectrum are known to have distinct professional qualities, like exceptional attention to detail, sustained concentration and distinctive logical and analytical abilities. Despite these qualities, they often find everyday communication and social interactions in the workplace challenging. For example, only 10 to 15% of adults with Asperger syndrome are in qualified employment.

In 2007, Dirk Müller-Remus' son Ricardo was diagnosed with Asperger syndrome at the age of 14. A year later Mr Müller-Remus and his wife attended a talk at which 25 people with autism spoke about their struggles to find work. All of them were unemployed despite most of them being highly educated. Mr Müller-Remus was shocked and decided to take action to tackle this issue. He started a company focusing on the strengths of technically skilled people with autism: Auticon.

Auticon was the first company in Germany to employ autistic people as IT consultants. Their distinctive traits are converted from disabilities to advantages by creating the right working environ-

ment. Auticon trains its consultants and continues to assist them during their work placements. The company also informs the client about any particular behavioural traits of their future project team members, thereby managing expectations for all parties. Under the leadership of its CEO, Kurt Schoffer, the company succeeded in attracting as clients, over one third of the German Stock Index (DAX), including blue chip companies such as Siemens, Infineon and Allianz, as well as a growing number of SMEs.

KOIS invested in Auticon in 2012, when it only had seven consultants, as part of its mission to increase the employability of marginalised populations. By unlocking business opportunities that match the strengths of autistic people, Auticon is transforming lives, while creating a positive and lasting impact on the economy and society as a whole. In 2014, the company obtained the award for the Best Digital Life Innovation in the B2B category at the Bitkom Trendkongress. After expanding to France and the UK, Auticon won the "One to Watch" category at the UK Social Enterprise Awards in 2017.



Less than
15%

of the 800,000 autistic
adults are in full-time
employment in Germany

Impact story



I see the world in details. When I see something, I create trees of relationships and patterns. I don't see emotions on someone's face, I see face parts. If the sides of someone's mouth are curved, they say it means that someone is happy. I don't feel empathy but I learned it, through careful formulas and patterns.

Martin has been diagnosed with Asperger syndrome and started working at Auticon in November 2012. In previous jobs, Martin often felt stressed. He only spent 30% of his time on actual work, the rest of the time he had to spend talking to people, trying to be polite and getting the right information. "I don't see people, I see roles and responsibilities. If I don't know someone's role and responsibility, I cannot put them in a pattern. If I cannot see a pattern, it's disturbing. When I ask people what their role is and how they're contributing to the work, in 50 percent of the cases they don't know. I cannot work that way."

Martin's project manager from Auticon knows his sensitivities on the work floor and meets the client in advance to ensure that potential issues are addressed proactively. On his Auticon missions, Martin can focus nearly 100% of his time on

getting the actual job done. When there remains ambiguity on colleagues' roles and responsibilities, Martin has learned to ask. Clients have been very satisfied with Martin's work and have said that his questions have created clarity on the workflow far beyond the IT job he had come to do.



IMPACT 2017



105

autistic consultants employed¹



77%

formerly jobless consultants



170+

projects



8,000+

consultant days per project

¹ 75 in Germany, 30 in France and UK. With expansion in Switzerland and the USA started in 2018, the number of autistic consultants has increased from 105 to about 150 as of June 2018.

PURPOSE

INVESTMENT



Empowering people to take action and influence the political process

INCEPTION YEAR



INVESTMENT YEAR



TARGET POPULATION:

citizens throughout the world

GEOGRAPHIES

Global, USA based



The systemic changes needed to create a more inclusive and sustainable world will be driven by effective civic movements. Through strategic communication mission-driven movements can unlock the collective action that is needed for change.

Purpose builds movements and new power models from the bottom up to tackle the world's problems, using technology as an innovative means for freedom of speech and organised actions. Through public mobilisation and storytelling, it helps leading organisations, activists, businesses and philanthropists in their fight for a better world. It creates campaigning labs and new initiatives that can shift policies and change narratives. From access to clean energy, to refugee empowerment, to building a sharing economy, these are all topics where *Purpose* has a proven track record of changemaking. Its clients have included Unilever, Oxfam and UNICEF. It is also a B-Corp certified company.

KOIS invested in *Purpose* because its approach to mobilising citizens and consumers around the world has the potential to create more enabling environments, in particular at the regulatory level, to foster societal and environmental change, which underpins other activities of our impact portfolio.



IMPACT 2017



52mn

people engaged¹

1,251

organisations involved with the project
(clients, partners, etc.)

888

influencers covering campaigns



425

organisations whose social
missions were developed
or advanced

¹ x4 compared to 2016

CHANGE.ORG

INVESTMENT

change.org

Empowering people to create the change they want to see

INCEPTION YEAR



INVESTMENT YEAR



TARGET POPULATION:

citizens throughout the world

GEOGRAPHIES

Global, USA based



There was a time when if someone wanted to create a petition, it meant collecting each pen-and-ink signature on pieces of paper before delivering them in a box to decision makers.

Since 2007, Change.org has allowed more than 210 million people to sign petitions online through their collective action platform aimed at empowering citizens to take action. The platform enables anyone to start a petition for free, on topics ranging from gay marriage to women's rights to animal protection. Both petition starters and signers can share it with friends, family or prospective supporters, allowing the initiative to gain momentum. Decision makers then have the opportunity to react and engage with the issue, allowing those who formulated it to declare victory as soon as a solution is found. Change.org is a certified B Corporation and has its social mission written into its bylaws.



Similarly to *Purpose*, KOIS invested in Change.org in 2013, believing in its ability to empower citizens in the world with innovative and effective tools to make change happen on a systemic and regulatory level. Change.org has the potential to ultimately create a more enabling environment for our other investments to achieve impact success.

IMPACT 2017



Nearly 45mn

people participated in ...

in

... more than 4,700

victories in 2017



235mn+

people taking action since the
platform's origin

1,075

Decision Makers issued
answers on the Platform

RETHINK AUTISM

INVESTMENT

Developing online treatment tools and training for individuals with development disabilities



TARGET POPULATION:
individuals with development disabilities and caregivers

One out of six children is diagnosed with a developmental disability, including autism, developmental delays, intellectual or learning disabilities, speech/language problems, etc. There is a significant gap between research and practice in the field of special education. This puts a burden on parents who need to make sure that their child receives the right treatment and exercises, while also managing their own work lives.

Rethink Autism bridges this gap by offering an online video-based programme that offers best practice treatment solutions. Through its platform Rethink makes effective and affordable treatment tools available to professionals and parents worldwide. It also offers a wide range of online-based tools and exercises for parents and children together. This painless, efficient and cost-effective programme can improve learning for the child and reduce job absenteeism and stress for parents.

KOIS invested in Rethink Autism, when it was initially focused on autism, to respond to the lack of autism treatment providers in a context of autism growth and as part as its human capital area of work.

IMPACT 2017



GOJOB

INVESTMENT

Offering temporary assignments to temporary workers



TARGET POPULATION:
unemployed people, temporary workers

Some people make great employees but are unable to produce an impressive CV. This can lessen their potential to contribute to society, their quality of life and their self-esteem.

Alarmed by the high rate of unemployment in France, entrepreneur Pascal Lorne founded GoJob in 2015 as an online employment platform that connects motivated employees with companies looking for competent temporary staff. GoJob focuses on experience-based recruitment, as opposed to traditional CV-based applications. Companies can assess potential employees based

on criteria such as punctuality, the capacity to work in a team, and competency in completing desired tasks. This gives people a fair chance at finding work regardless of their CVs.

In 2016, KOIS invested in GoJob, convinced that its innovative model provides a promising answer to the employment crisis in developed countries.

IMPACT 2017



CHAPTER 2

Healthcare



At KOIS, we believe that achieving universal access to quality health services is possible if we collectively leverage our financial capacities and technical knowledge, by harnessing the power of the public, philanthropic and private sectors.

The science and technology to create affordable and mobile healthcare solutions available to everyone already exist. Capital is available. Innovative business models and financing schemes need to be developed further in order for the greatest entrepreneurs, healthcare workers, techies and scientists to deliver their promise to the world population while generating attractive returns for investors. From our office in Mumbai, we are witnessing a groundbreaking virtuous circle

emerging in India. I believe it will be exported to all low-income and low-healthcare-infrastructure countries in the world.

KOIS is passionately serving this flourishing ecosystem that offers hope to all families around the globe. In India and in other countries, we are putting all our efforts into building a bridge between the for-profit and not-for-profit sectors, by designing innovative financial instruments to address key health issues and increase access to affordable healthcare for all.



Charles-Antoine Janssen,
Founder and Managing Partner,
KOIS, Mumbai

KEY FIGURES

At least half of the world's

7.3 billion

people (3.8 to 5 billion people)
do not receive the essential
health services they need¹

46/100,000
& **23/100,000**

Death rates owing to the lack of WASH (i.e. safe water, sanitation and hygiene) services in Sub-Saharan Africa and Central/Southern Asia respectively, compared to 12 per 100,000 people globally in 2012³

About **100 million**

people are pushed into extreme poverty because of their healthcare expenses and 800 million experience financial hardship (spending at least 10% of their budget) to pay for healthcare²

<1/1,000

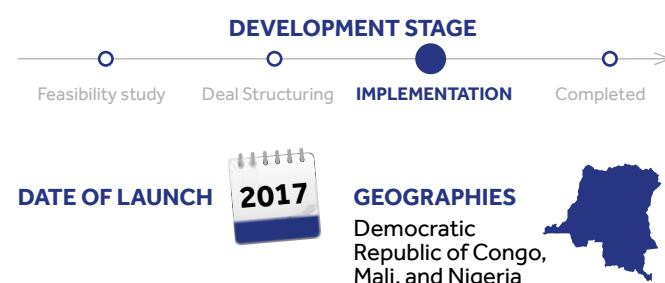
number of physicians per 1,000 people in over 40% of all countries, as stated by available data from 2005 to 2015. Around half of these countries have fewer than 3 nurses or midwives per 1,000 people. In India, there are 0.7 physicians and 1.4 nurses per 1,000 people⁴

¹ Tracking universal health coverage, Global Monitoring Report, Joint WHO/World Bank Group report, December 2017 ² Tracking universal health coverage, Global Monitoring Report, Joint WHO/World Bank Group report, December 2017 ³ UN, Report of the Secretary-General, "Progress towards the Sustainable Development Goals" ⁴ Ibid.

PHYSICAL REHABILITATION IN POST-CONFLICT AREAS

HUMANITARIAN IMPACT BOND

Building and operating three physical rehabilitation centres in conflict-affected areas



Around 90 million people in the developing world suffer from a physical disability. Their condition is a barrier to accessing education or employment, giving them little to no chance of sustaining decent livelihoods, particularly in (post)-conflict areas. This results in social exclusion and long-term poverty for a segment of the population that is especially vulnerable. It can be difficult for even the largest humanitarian organisations, such as the International Committee of the Red Cross (ICRC) to find funding for projects that help these people, considering the risks involved.

In September 2017, KOIS became part of innovative finance history by finalising the co-structuring the world's first Humanitarian Impact Bond (HIB) together with the ICRC with the goal of funding improvements in rehabilitation centres for people with physical disabilities in post-conflict zones. The Programme for Humanitarian Impact Investment (PHII) is a CHF 26 million (US \$27 million) impact bond that will fund the construction, in the Democratic Republic of Congo, Mali, and Nigeria, of three innovative physical rehabilitation centres, the training of local staff, the centres' first two years of operations, as well as the testing of efficiency initiatives in existing centres of the ICRC.

Besides being one of the largest impact bonds ever launched, it is also the first to operate in multiple countries. In addition, it is also the first impact bond that unites several European Ministries of Foreign Affairs, a development aid agency and a large private foundation as outcome funders. This impact bond has been a landmark transaction that will hopefully drive further private investments towards underfunded humanitarian and development issues.



TERMS OF THE BOND

TARGET POPULATION:
people with physical disabilities in post-conflict areas

SELECTED IMPACT METRICS:
staff efficiency ratio (i.e number of beneficiaries having regained mobility per local rehabilitation professional)

DURATION: 5 years

AMOUNT: CHF 26 Million (US \$27 million)

EXPECTED RETURN: up to 7% IRR

MAXIMUM LOSS:
40% of social investors capital invested

OUTCOME FUNDERS:
the Belgian, Swiss and Italian Ministries of Foreign Affairs, DFID, La Caixa Foundation

SOCIAL INVESTORS:
Munich Re and private clients

SERVICE PROVIDER: the ICRC

less than 20%

of people with disabilities in developing countries are employed¹



As part of the structuring process of the HIB, we spent several days in a physical rehabilitation centre in Dar Es Salaam (Tanzania) supported by the ICRC's Special Fund for the Disabled. We had the opportunity to follow a little boy who came to the centre to receive two new trans-tibial mobility devices. We witnessed the dedication of the local teams - supported by the ICRC's orthopaedic and physiotherapy staff - during his journey at the centre. When the mobility devices were finalised, the little boy came back to the centre wearing his finest clothes. He eagerly put on his new mobility devices and frolicked all around the centre. He was beaming with pride and had a huge smile on his face - his dignity was restored. It was at this point that we realised how life-transforming it was for individuals suffering from physical disabilities in difficult contexts to have access to comprehensive rehabilitation services and how instrumental the HIB could be in increasing physical rehabilitation coverage in countries lacking the adequate infrastructure and human resources.



Marie-Elodie Bazy, Principal, KOIS, Paris



EXPECTED IMPACT



+80%

expected efficiency increase of centres relative to current regional benchmark averages (ICRC field estimations)



More than 3,600

disabled people served by the end of the impact bond if efficiency of centres increases by 80%



About 40,000 over 20 years

(expected lifetime of centres), provided level of efficiency is maintained



Increased access to education and mobility



Livelihoods improvement



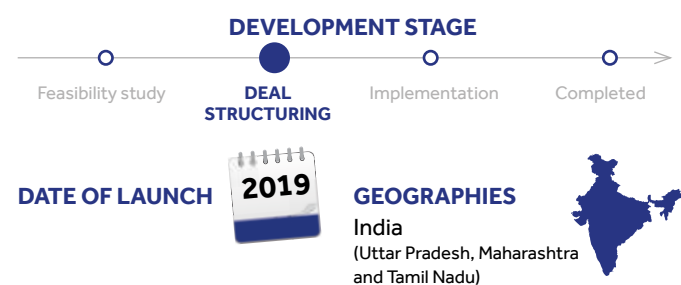
Local economic growth

¹ Source: ILO

MENSTRUAL HYGIENE MANAGEMENT

DEVELOPMENT IMPACT BOND

Empowering adolescent girls with comprehensive menstrual hygiene management practices

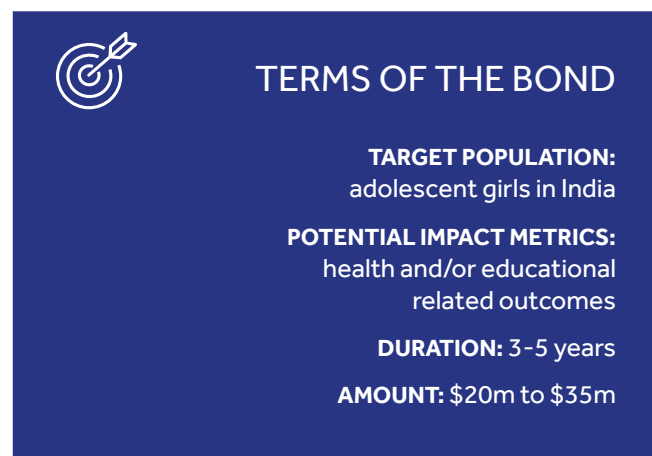


Menstruation is a key component of a woman's life. Yet it remains a taboo in many cultures, including in India, where the issue has been consistently overlooked, underestimated, and underfunded. 52% of adolescent girls learn about menstruation after menarche from an older sister or peers at school. Due to lack of awareness, many girls adopt unhygienic practices to manage their menstruation, which can have negative impacts on their health. Girls feel less confident because of the lack of sanitary facilities at schools and of the unavailability of better sanitary products. This contributes to decline in school attendance and eventually, negative impacts on their school performance.

Menstrual Hygiene Management (MHM) involves action on multiple levels: raising awareness, creating access to quality and affordable sanitary products, building toilets and disposal services. A growing body of evidence shows that holistic MHM has a positive influence on education, health, gender equality, as well as society at large. Better-educated girls become empowered women that invest in their families and contribute actively to economic growth and political stability, breaking the vicious circle of poverty.

23%

percentage of girls in India that drop school on reaching puberty¹



70%

increased likelihood of Reproductive Tract Infections (RTIs) incidence among women using unhygienic sanitary material compared to others²

KOIS initiated a feasibility study for the creation of a Development Impact Bond in technical partnership with the Water Supply and Sanitation Collaborative Council (WSSCC), a UN entity that is a global advocate for adequate and equitable sanitation and hygiene for all, as well as paying special attention to the needs of women and girls including MHM. The objective is to empower adolescent girls by implementing a holistic MHM programme, comprised of three interventions: awareness raising, access to affordable sanitary products and building MHM-friendly sanitary infrastructure.



There is a need to tackle and counteract the stigma associated with menstrual hygiene, among both boys and girls, to enable India's girls to remain in school, with dignity and self respect. We are striving to ensure that access to wash and menstrual hygiene is no longer the factor keeping them out of schools and out of our workforce.



Pallavi Chadha, Senior Analyst, KOIS, Mumbai



EXPECTED
IMPACT



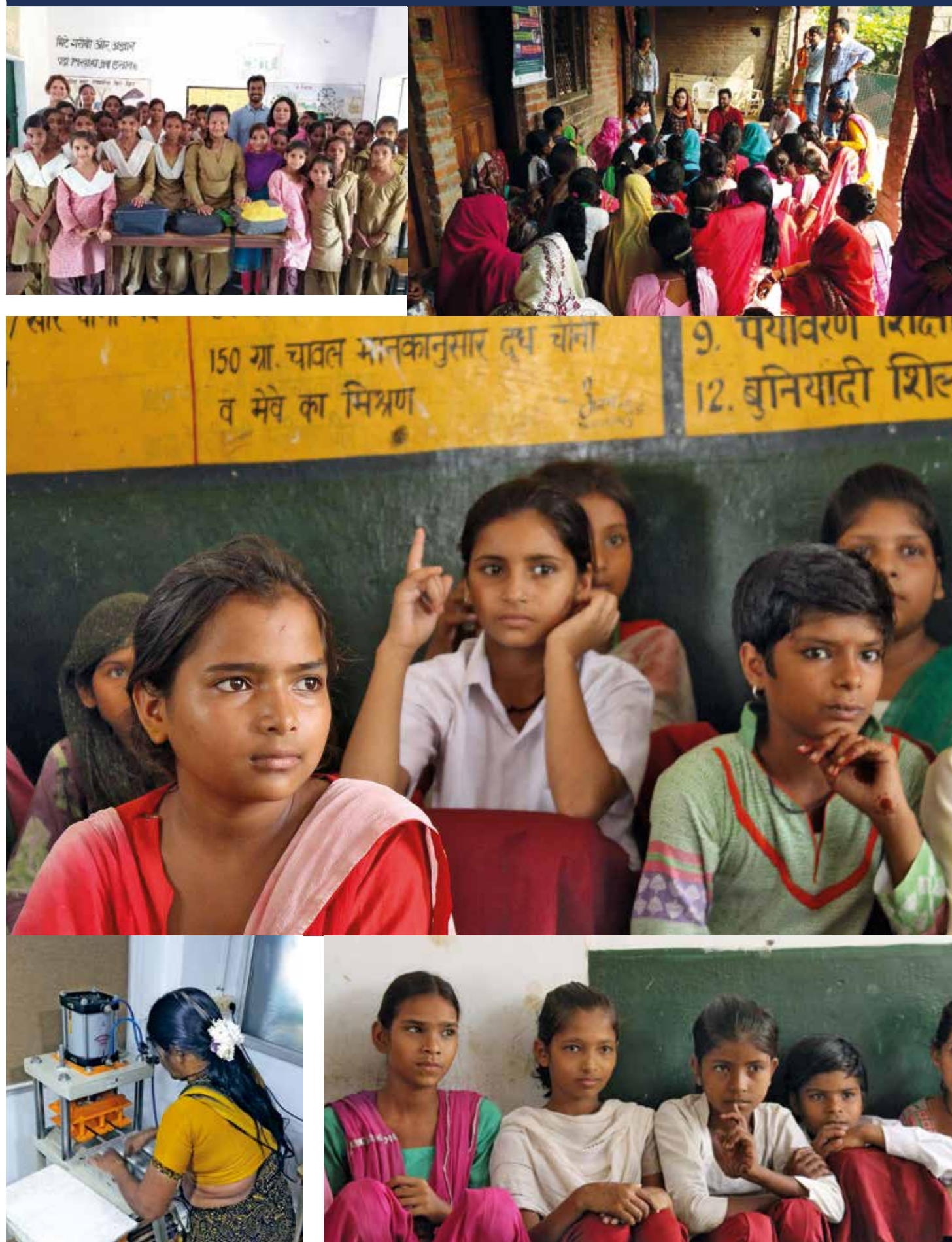
200 to 300k

adolescent girls in rural India served



Increase in dignity, self-esteem and confidence of girls

¹ Source: Dasra Foundation, Dignity for her report ² Source: menstrualhygieneday.org



MENSTRUAL HYGIENE MANAGEMENT

Learnings from the field

In late July of 2017, WSSCC and KOIS teams went on a field visit to Amroha and Saharanpur, Uttar Pradesh, to understand the WASH, Health and Education systems under government supervision and to assess the high-level potential of the region with respect to the impact bond. The field visit provided an opportunity to meet with district administration authorities, key government department heads in Health, WASH and Education, as well as key NGOs working in the region on MHM and the Swachh Bharat Mission (SBM)¹ district team. We also visited government schools and interacted with adolescent girls and boys, teaching and non-teaching staff, as well as with Accredited Social Health Activists (ASHAs), Anganwadi workers and Auxiliary Nursing Midwives (ANMs). Lastly, we visited Open Defecation Free (ODF) and non-ODF villages to interact with women and girls.

We identified, both in Amroha and Saharanpur, a critical need for awareness around MHM for adolescent girls. Indeed, Uttar Pradesh figures among the most conservative states of India and mothers are generally not the main source of information on menstruation for their daughters, as it remains a taboo. As a result, girls' understanding of menstruation is limited to the use of a sanitary napkin/cloth but does not include any knowledge around

the biological process underlying menstruation and why it occurs. For example, most young women and girls thought that periods occur for cleaning the body of its impurities. No woman in this study had an idea of correlation of periods to reproduction and childbirth.

Our team held another conversation with young women whose mothers had never allowed them to go to temples while on their periods. Indeed, women on their periods are seen as 'ashudhh' or 'not pure' and face restrictive customs during their menstruation. Moreover, many of them told us they faced menstrual pain, but to avoid visiting local health centres, usually run by males, they would prefer to take rest or practice self-medication.

Some schoolgirls complained during the community-focused group discussions about the quality of sanitary pads that are distributed free-of-charge at school, while some mentioned that they did not receive any from their school. Some of them admitted that they sometimes shared it with their mothers and sisters. Most women in villages use old cloth while young girls told us they use a combination of both cloth and pads, the latter being used when leaving the household. However, in some schools where separate toilets for girls are available, schoolgirls still do not change pads while



at school, because of filthy toilets and lack of both water and disposal options.

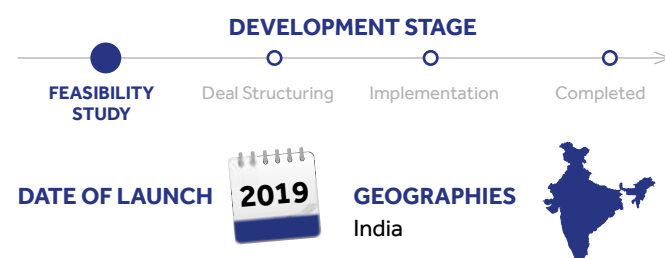
In fact, disposal of sanitary pads or cloth remains a critical issue. The used sanitary pads or cloth at school are being disposed of in dust bins or school toilets and then thrown into pits, while in villages, they are being thrown in the open air or burned. The health, WASH and education officials all recognise the growing health and environmental hazard from incorrect disposal of pads and are keen to address this problem.

¹ The Swachh Bharat Mission was launched by the Prime Minister of India in October 2014 to accelerate the efforts toward achieving universal sanitation coverage and achieving a 'Clean and Open Defecation Free' (ODF) India by October 2019

BREAST CANCER

DEVELOPMENT IMPACT BOND

Improving the standards of breast cancer treatment for lower-income women across India



Breast cancer is the most frequent type of cancer in women accounting for ~25% of female cancer patients. Indian women show a lower incidence of breast cancer than their western counterparts, however, India has the highest number of deaths from breast cancer in the world¹, due to lower awareness, a lower equipment rate in screening infrastructure as well as less efficient treatments. The survival rate for women with breast cancer in India is 66%, while the US and Australia have survival rates of 90%².

1 out of 5 women with breast cancer exhibit the HER-2 variation, which is more aggressive, growing and spreading faster. However, it also has lower mortality rates if identified early and treated adequately. Treatments that target HER-2, including biosimilars, are highly effective and lead to very good prognosis. However, of the 38,000 estimated Indian women diagnosed with HER-2+ positive breast cancer per year, fewer than 1 in 4 are able to access biosimilar treatment due to a lack of standardisation of the HER-

2 testing protocols across centres and the cost of the treatment. Across India, quality of HER-2+ breast cancer treatment is very uneven.

Only 30%
of patients diagnosed
in early stages in India

A Development Impact Bond would allow social investors to fund the transmission of best practices to government hospitals spread across India. We roughly estimate that HER-2+ breast cancer treatment success rate could increase from 40% to 70%-75% in selected government hospitals³, saving numerous lives. Furthermore, the DIB could prove the economic and educational benefits (for children of the treated mother) of HER-2+ gold standard breast cancer treatment, and provide a blueprint for the medical community in India, and worldwide, on how to roll out the highest standards of care in breast cancer.



TERMS OF THE BOND

TARGET POPULATION:
HER-2+breast cancer patients
from lower-income communities in India

SELECTED IMPACT METRICS:
percentage of patients who are adequately
treated⁴

DURATION: 5 years

AMOUNT: \$35 to 40m

POTENTIAL SERVICE PROVIDERS:
6 to 8 hospitals across India with support
from the Tata Memorial Hospital for breast
cancer treatment protocol and know-how



While immensely complicated, three big challenges and learnings stood out for us from the cancer care project. First of all, we learned that it is difficult but not impossible to make capitalism work for even the poorest of the poor. Big Pharma has the skills and resources to play a major role in public health improvements. It is increasingly keen to do so. Secondly, we realised that attempting change at scale equals an immense level of stakeholder complexity. At times we need to make difficult choices to leave a few behind at the expense of additional impact. Lastly, we have found that a doctor saving lives on a daily basis in severely overburdened hospitals has little time for strategic speak, process improvements, and innovative finance. It is crucial to make them believe in the immediate on-the-ground impact that comes with such long-range strategic efforts.



Prabu Thiruppathy, Manager, KOIS, Mumbai

**EXPECTED
IMPACT
OF THE DIB**

**10,000
to
20,000**
patients treated
over 5 years

2 million
women screened
over 5 years

¹ In 2012, China had 187,000 detected cases but only 48,000 deaths as compared to India which saw 145,000 cases but 70,000 deaths ² Global surveillance of trends in cancer survival 2000-14 (CONCORD-3), The Lancet, 2018 ³ World Health Organization website, Time of India/EY reports, and KOIS estimates ⁴ e.g., % increase in patients with access to defined standard of care, five-year survival rates)

ASSET MANAGEMENT

HEALTHQUAD

FUND

Creating the next generation of Healthcare businesses

DATE OF LAUNCH

2016

GEOGRAPHIES

India

NUMBER OF INVESTMENTS
AS OF END OF 20174¹

In India, healthcare accessibility, affordability and quality is an issue for nearly 700 million citizens, as 80% of hospitals are located in large urban areas². By 2025, the sector would require investments of \$200 billion to further develop current healthcare infrastructure: 1.8 million beds need to be added³, as well as 1.5 million doctors and 2.4 million nurses to support the load.

To address this issue, KOIS and Quadria Capital – a private equity firm focused on healthcare in Asia – created HealthQuad, an Indian Venture Capital fund, in 2016. The fund specialises in disruptive healthcare businesses in India. It invests in delivery services and products with the potential to dramatically increase healthcare productivity, affordability and accessibility, while improving patient health and fostering innovation.

Since its creation, HealthQuad has invested in four early-stage businesses, including a hospital group in Uttar Pradesh focused on providing affordable healthcare to low and middle-income patients, a leading high-end renal sciences hospital in South India, a telemedicine solution provider with an extensive rural network across India and a doctor recruitment company based in Noida.

FUND CHARACTERISTICS

AMOUNT UNDER MANAGEMENT: \$10m

INVESTMENT TYPE: venture capital

SIZE OF INVESTMENT: \$450,000 to \$1.8m

TARGET RETURN: 3x contributed capital


EQUITY PARTICIPATION:
significant minority stakes (from 20 to 50%)

INVESTMENT STAGE: early stage, pre-series A

IMPACT 2017



200,000
outpatients and



500+
free surgeries carried out



50,000+
teleconsults carried out



30,000+
inpatients treated
across 5 hospitals



500+
doctors and other
employees trained across
portfolio companies



300+
female employees
hired across portfolio
companies



64
beds allocated to
needy patients at
subsidised prices

¹ Two new investments were made by Healthquad early 2018, after the closing of this report: Strand life sciences and THB investments. ² World Bank ³ The Number of hospital beds per 1,000 population of 0.9 (vs 8.3 in the US and 5.1 in Western Europe) is the lowest among BRIC nations (Source: World bank)

INVESTMENT

ASIAN INSTITUTE OF NEPHROLOGY AND UROLOGY



Providing high-quality renal sciences across India

INCEPTION YEAR: 2013

INVESTMENT YEAR: May 2016

TARGET POPULATION: Patients suffering from a urological disease

GEOGRAPHIES: Hyderabad, Telangana (India)

Asian Institute of Nephrology and Urology is a renal sciences hospital operating 100 beds in Hyderabad. Willing to replicate its model in multiple Indian cities, it aims to provide renal science services and minimally invasive robotic-assisted surgeries to diabetes capital of the world (India is home to over 50mn diabetic people).

IMPACT 2017:

- 45,000+ outpatients treated
- 5,000+ inpatients treated
- 18 kidney transplants carried out
- 3 healthcare camps carried out in peripheral locations
- 50% generic drugs used
- 20 new jobs created
- 35 female employees hired

INVESTMENT

NEUROSYNAPTIC COMMUNICATIONS



Providing turnkey telemedicine solutions

INCEPTION YEAR: 2002

INVESTMENT YEAR: September 2016

TARGET POPULATION: Patients living in remote areas in particular

GEOGRAPHIES: Bengaluru, Karnataka (India)

Neurosynaptic Communications provides turnkey telemedicine solutions to its clients across India and abroad. It is present in over 2,000 villages in India and other geographies, covering over 50 million persons to date, often living in remote areas with low healthcare penetration. Its telemedicine platform, ReMeDi Nova, offers over 35 point of care diagnostics and enables professionals to perform teleconsultations, teleradiology, patient screenings and health camps in rural areas at extremely low bandwidths.

IMPACT 2017:

- 9 telemedicine platforms sold
- 50,000+ teleconsults done
- 350,000+ people touched
- 2000+ village deployments across India

INVESTMENT

HI-IMPACT CONSULTANTS



Identifying and placing doctors in hospitals and medical colleges

INCEPTION YEAR: 2011

INVESTMENT YEAR: May 2016

TARGET POPULATION: Healthcare professionals, hospitals and medical colleges especially in Tier 2 and 3 cities

GEOGRAPHIES: Noida, Uttar Pradesh (India)

Hi-Impact consultants identifies and places doctors in over 300 hospitals and 70 medical colleges across the country. The company has also added non-clinical hiring to its portfolio of services and expanded its focus to a comprehensive manpower solution for new hospital project hiring. Hi-Impact Consultants plays a vital role in managing the talent pool across the country.

IMPACT 2017:

- 240+ doctors placed
- 360+ offers rolled out to candidates
- 25+ employees trained
- 150+ hours spent in manpower training
- 25 new jobs created
- 20 female employees hired

INVESTMENT

REGENCY HEALTHCARE



Providing multi-specialty, single-specialty and secondary healthcare services across a network of hospitals

INCEPTION YEAR: 1995

INVESTMENT YEAR: February 2017

TARGET POPULATION: All patients

GEOGRAPHIES: Kanpur, Uttar Pradesh (India)

Regency Healthcare operates more than 500 beds across 5 hospitals located in Kanpur, Uttar Pradesh, one of India's most underserved areas in terms of quality healthcare facilities. Hospitals are multi-specialty, single-specialty (renal science and oncology) or secondary services focused. The company continues to focus on providing affordable healthcare to low and middle-income patients.

IMPACT 2017:

- 460 beds across 5 facilities
- 150,000+ outpatients treated
- 28,000+ inpatients treated
- 549 free surgeries done
- 64 beds allocated to needy patients at subsidised prices
- INR 30M discounts given to underprivileged
- 700+ doctors/other manpower trained
- 250+ female employees hired

ASSET MANAGEMENT

TARA IV

FUND

TARA IV

Realising value in India by targeting impact small and mid-cap companies

DATE OF LAUNCH

2015

GEOGRAPHIES

India

NUMBER OF INVESTMENTS
AS OF END OF 20175¹

Over the last few decades SMEs have emerged as highly vibrant and dynamic engines of the Indian economy. These companies play a crucial role in providing employment opportunities at relatively low capital cost. They also contribute to industrialising rural areas, ensuring a more balanced and equitable distribution of national income and wealth.

Tara India Fund IV is a private equity fund, created in 2016. The fund has raised \$60 million and had invested, as of end December 2017, in five technology-enabled and innovation-orientated SMEs, in fast-growing impact sectors: healthcare, education, alternative energy, ICT and financial inclusion, food and agriculture,

and logistics. KOIS works with IL&FS, a leading infrastructure development and financial services group in India, with whom it has set up this fund. Limited partners of the fund include DFID and SFPI-FPIM, the Belgian sovereign wealth fund, amongst others.

FUND CHARACTERISTICS

AMOUNT UNDER MANAGEMENT: \$60m

INVESTMENT TYPE: Private equity

SIZE OF INVESTMENTS: \$1 to \$7m

TARGET IRR: 20% (net) in INR

EQUITY PARTICIPATION:
minority stakes with strong control provisionsINVESTMENT STAGE:
early to mid-stage businesses targeting large
addressable markets

¹ Two new investments were made by Tara IV early 2018, after the closing of this report: mSupply e-commerce and Heuristix Digital.

INVESTMENT

NEONATAL CARE & RESEARCH INSTITUTE (OVUM)



Providing high-quality and affordable maternal and childcare to reduce the mortality and morbidity rate of newborns

INCEPTION YEAR: 2011

INVESTMENT YEAR: July 2016

TARGET POPULATION: Young mothers
and their babies

GEOGRAPHIES: Bengaluru, Karnataka

Ovum is a maternity and childcare specialty hospital focused on affordable high-quality neonatal care. It was founded by a team of four doctors to meet the growing demand for specialised care at state-of-the-art facilities to serve India's expanding low-to-mid-income group. The lack of quality mother & child care services and non-availability of fully equipped NICUs (Neonatal Intensive Care Unit) in the country causes over 1 million neonatal deaths per annum and high premature delivery rates. At the time of investment, Ovum had two hospitals with 36 beds, 10 NICU beds and an IVF centre in Banaswadi. It also provided NICU coverage to Milann Fertility Centre and Chinmaya Mission Hospital.

IMPACT 2017:

- 1000+ healthy babies delivered
- 500 babies provided with Neonatal Intensive Care
- 99,6% neonatal survival rate
- 400+ pregnant women treated

INVESTMENT

LILAC INSIGHTS



Providing prenatal screening and genetic services to improve pregnancy outcomes

INCEPTION YEAR: 2011

INVESTMENT YEAR: June 2017

TARGET POPULATION:

Pregnant women and their babies

GEOGRAPHIES: Navi Mumbai, Ludhiana, Chandigarh

Founded by a team of three healthcare professionals and advised by leading gynaecologists who have extensive prenatal expertise, Lilac provides prenatal screening and genetic services to improve the pregnancy outcomes by offering early insights into the health of babies before their birth. Lilac presently operates through its main genetic laboratory at Navi Mumbai and satellite laboratories at Ludhiana and Chandigarh and has relationships with more than 700 maternity homes and doctors.

IMPACT 2017:

- About 40,000 prenatal screenings conducted between June 2017 (investment date) and September 2017

INVESTMENT

PANACEA MEDICAL TECHNOLOGIES



Manufacturing affordable radiotherapy equipment for cancer treatment

INCEPTION YEAR: 1999

INVESTMENT YEAR: January 2017

TARGET POPULATION: Cancer patients

GEOGRAPHIES: Bengaluru, Karnataka

Panacea Medical Technologies is the only Indian company manufacturing radiotherapy equipment, building an affordable linear accelerator that is half the cost of the competition. At its state-of-the-art research facility in Bengaluru, the company builds products with advanced technology at par with major global manufacturers, driven by a lean research and development system. Apart from its India operations, the company has presence in 25 countries globally through direct employees and channel partners, and has already mapped the market for the linear accelerator across India, Africa and South-East Asia for the large underserved market for cancer treatment in emerging markets.

IMPACT 2017:

- 60+ units sold
- 800,000+ patients treated

EPOCH ELDER CARE

INVESTMENT

Offering assisted living homes for Indian seniors



The population of elderly people in India will triple by 2050¹ and the country now faces the challenge of taking care of such a large senior population. Many elderly people already experience a lack of adequate access to quality healthcare and social isolation. Moreover, the advent of nuclear families (families comprising only parents and their children) further complicates the issue, as many senior Indian people have no one to turn to when in need of help.

Epoch Elder Care was founded in 2011 with the aim of helping to bridge the gap between elder care demand and supply in India. Epoch offers assisted living homes in India for seniors who require help with day-to-day living but are not yet in need of 24/7 medical attention. These homes provide high quality housing and include basic nursing care, as well as care for people with dementia and other neurological conditions. Epoch Elder Care owns two assisted living homes, in Gurgaon, in the north of India, and in Pune, in the western part of the country. The Vermeer House in Gurgaon

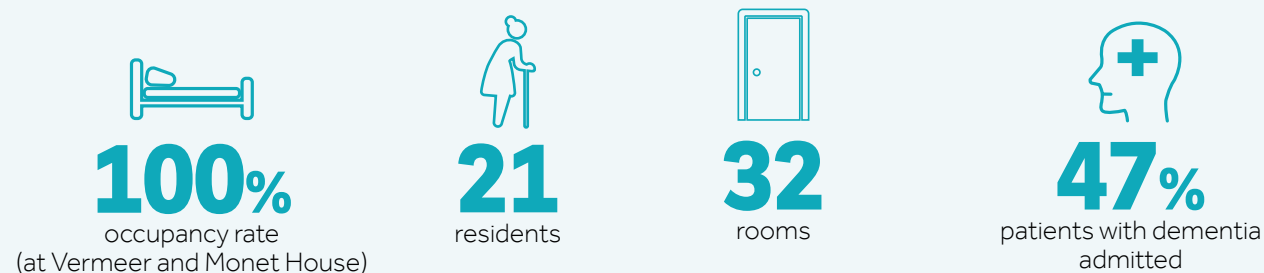
is a high quality home with 14 beds (12 bedrooms) that welcomes both seniors who are still socially active and those that are in need for psychological and/or physical (e.g. mobility) assistance. The Monet House in Pune has 7 individual bedrooms and is dementia-orientated as it is equipped with specialist dementia facilities that allow for individual dementia care programmes and follow-up.

In 2013, KOIS invested in Epoch, which opened its first home in July 2014. In 2017, Epoch has hit a 100% occupancy rate in its first two assisted living homes. It has also recently opened another home in a secure gated community in Gurgaon, continuing its mission to provide holistic, person-centred care that enable seniors to have the highest quality of life.

TARGET POPULATION:
seniors in need of help with day-to-day living but not yet in need of 24/7 medical attention



IMPACT 2017



¹ The Wire, India Needs to Start Addressing Issues Concerning Its Growing Elderly Population, June 2017

SALUD FACIL

INVESTMENT

Providing low-income patients with low-cost credit to access healthcare services



TARGET POPULATION:
Mexican low-income patients, doctors, hospitals and clinics



Many people in Mexico suffer from a severe lack of healthcare access. Estimates show that current government-owned healthcare services should be three times larger to address these existing needs. This situation leads to substantial delays, with many people going untreated each year. The OECD reported that Mexico displays one of the lowest ratio of hospital beds per 1000 population ratio, at 1.7 compared to the OECD average of 5.



Salud Fácil serves as an intermediary between low-income populations, low-cost but quality private hospitals and clinics and financial institutions. It offers a credit marketplace providing individuals with low-cost credit to allow them to enter hospitals and clinics with excess capacity. Salud Fácil has partnered with government-owned institution InFonacot, providing a credit application process to low-income populations, through which they may be eligible for low-cost financing from InFonacot. More recently, Salud Fácil has launched a new healthcare equipment leasing service for doctors, clinics and hospitals, which is expected to keep on growing rapidly. The leasing model focuses on dental, ophthalmology, imaging and physical rehabilitation equipment, allowing healthcare professionals to offer their patients best-in-class diagnosis equipment.

KOIS invested in Salud Fácil in 2016 because it addresses the growing need at the bottom of the pyramid for affordable yet high-quality healthcare. Indeed, Salud Fácil model impacts low-income patients both directly and indirectly, by financing more and more doctors and hospitals to enable them to upgrade their equipment and provide better quality healthcare services. Furthermore, to drive even more impact, doctors and clinics are encouraged to identify and approve low-income patients as potential beneficiaries for Salud Fácil, to get payment discounts on their equipment.

IMPACT 2017



TRAINM

INVESTMENT

TRAINM

Providing personalised therapy to patients from the severely neurologically impaired to those recovering from orthopedic and sports injuries

INCEPTION YEAR **2016** INVESTMENT YEAR **2016**

GEOGRAPHIES

Belgium (Antwerp)



TARGET POPULATION:
children and adults suffering from neurological and orthopedic disabilities



those affected, their social environment and on health care systems is enormous².

Nilofar Niazi and her husband Edward Schietecatte gave up their career in the US to start TrainM when they found out that the chances that their son, affected by cerebral palsy, would ever walk, talk or see were close to zero³. TRAINM is an outpatient neuro-rehabilitation clinic for children and adults with a broad range of neurological and orthopedic disabilities, such as stroke, multi-sclerosis and Parkinson. Therapy is based on neuroplasticity, reducing neurological deficits from injuries to the brain, spinal cord, optic nerve and the retina. Patients receive on average 1,000 movements per session, 20 times more than conventional physical therapy. Therapies include personalised high-intensity therapy, coupled with non-invasive brain stimulation, neuro-technology, virtual reality, neuro gaming, artificial intelligence and robotics. Patients who do not have the financial means to receive outpatient treatment at TRAINM may be eligible to receive assistance from the TRAINM Foundation.

Specialists state that up to 1 in 3 Europeans will suffer at least once in their lifetime from a disease affecting the neurological system¹. This leads to great human suffering and restricts the independence of those suffering from these diseases as a result of disability and the need for care. The financial and non-financial burden on

In 2016, KOIS invested in TRAINM because of its potential to offer life-changing therapy to people who otherwise would not have a viable chance of recovery. Initiatives like TRAINM bridge the gap between discoveries made in research laboratories and the patients' needs.

IMPACT 2017



171
patients



5,000+
robotics sessions



850+
neuro-modulation sessions

¹ European Brain Council, Institut de la Moëlle Epinière ² EAN, Amsterdam 2017, Neurological diseases on the rise: European collaboration in research essential ³ De Tijd, 7 november 2017

PAYHEALTH

INVESTMENT

payhealth

Offering easy and affordable health financing

INCEPTION YEAR **2017** INVESTMENT YEAR **2017**

GEOGRAPHIES

India



TARGET POPULATION:
low-income Indian patients, doctors, hospitals and clinics

Economic deprivation in a large segment of the Indian population results in poor access to healthcare. Only 10% of middle-income Indians have health insurance cover and the estimated share of out-of-pocket expenditure in total health spending is one of the highest in the world.

Payhealth bridges the gap for patient access by providing affordable, convenient and timely health financing. Two types of loan are offered to patients with very competitive interest rates (from 0% up to 5-8%) with ticket sizes ranging from \$400 to 15,000.

KOIS invested in Payhealth in 2017¹ as part of its mandate to increase access to affordable and quality healthcare for all and because of its innovative approach in doing so in India. Indeed, Payhealth is currently developing a model to quantify and price the medical outcome risk to increase credit approval rates as well as boost lending to the lower-income segments.



EXPECTED IMPACT

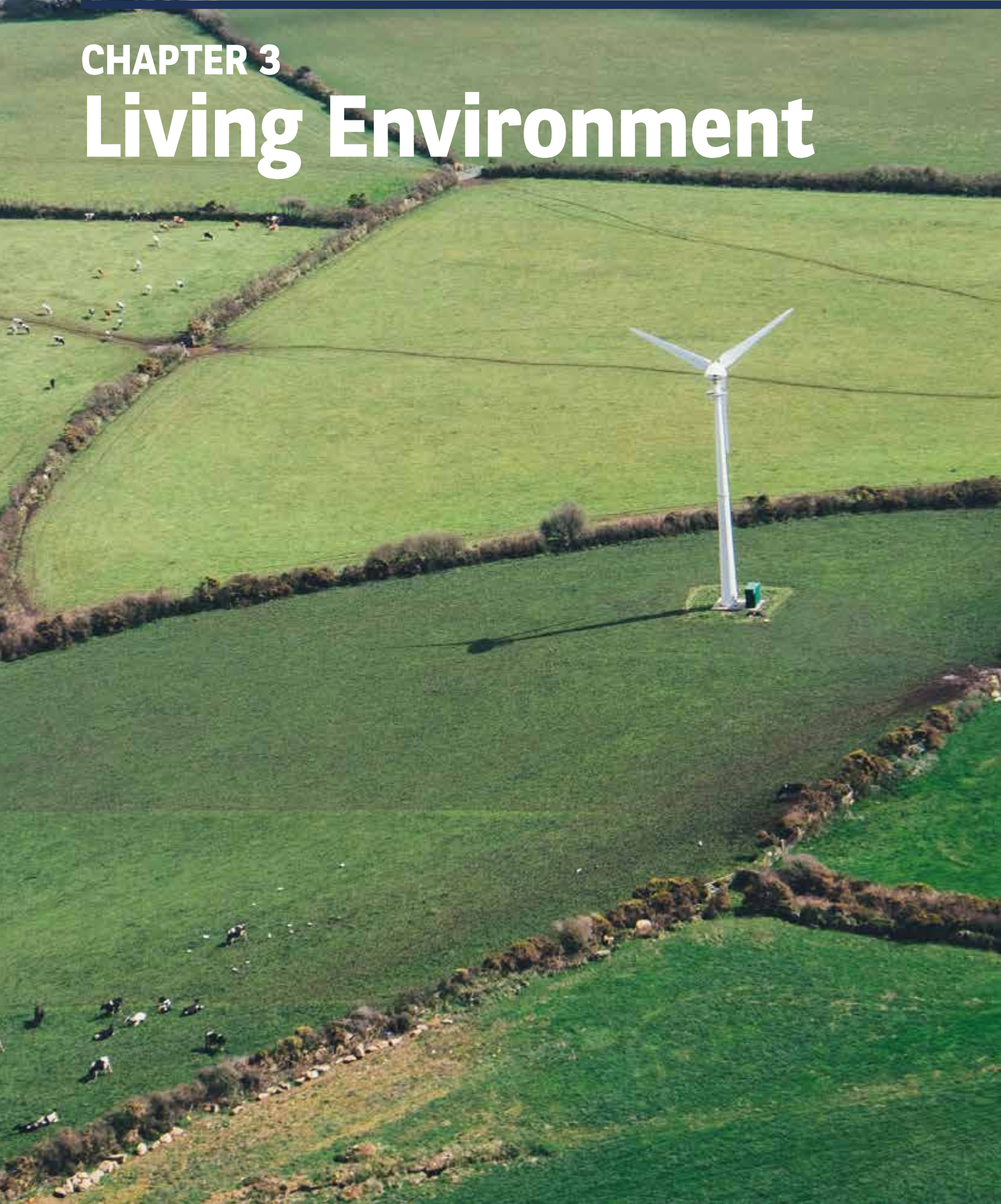


50k
patients reached per year

¹ Payhealth had issued 4 loans issued worth about \$10k as of April 2018

CHAPTER 3

Living Environment



At KOIS, we believe our times require a fundamental shift in the manner in which our lifestyle relates to the planet. Climate change, ocean plastics pollution, decrease in biodiversity, air pollution: numerous are the plagues that our way of life has brought to our environment, and thereby to us humans (ourselves, our children, our relatives, our friends...).

Impact Investing has a role to play to tackle these challenges - and innovative environmental finance can unlock capital for projects where it was not deemed relevant before. In the "Sustainability" space, we put emphasis on the one big challenge facing our world in the decades to come: climate change. As a consequence, we will pursue more work in the sustainable land use space, as we believe that avoiding deforestation and planting trees is one of the efficient ways to absorb carbon emissions. Additionally, we want to support renewable energy production and usage, as this is also a space where we have to make a dent to ensure a future free from the hassles of climate change.

These sectors are obviously already covered by other actors. That is why, at KOIS, we will focus on areas where creativity can really add value and unlock capital (as opposed to investments in solar farms, for example, where the business model is now proven and tested at scale). Another angle of our focus will be where environmental impact meets social impact: for example, by providing access to energy to underserved groups while at the same time producing that energy in a sustainable manner, or ensuring sustainable use of forests while at the same time giving access to land ownership to smallholder farmers, or by putting new and energy-sufficient social housing buildings on the market.

We want to avoid becoming a generation that did not do much to tackle this major threat.



François de Borchgrave,
Founder and Managing Partner,
KOIS, Brussels

KEY FIGURES

3%

Earth's land surface occupied by cities, which account for 60-80% of energy consumption and 75% of carbon emissions¹

30%

proportion of the world's available energy consumed by modern food systems, which also account for 20% of the world's greenhouse gas emissions (fao.org)

18.7 million acres

size of forests that is lost each year due to deforestation, equivalent to 27 soccer fields every minute (WWF)

21.5 million

number of people that have been forcibly displaced due to climate changed-related weather hazards between 2008 and 2015 (UNHCR)

10%

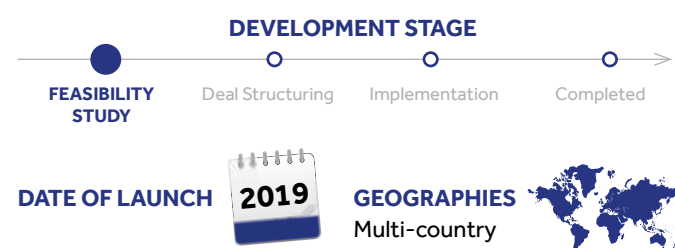
proportion of EU households in fuel poverty²

¹ 17 goals to transform our world, un.org ² The State of Housing in the EU 2017, Housing Europe review

LONG-TERM RENEWABLE ENERGY ASSETS FOR THE HUMANITARIAN SECTOR

LEASING MECHANISM

Helping humanitarian organisations generate cost savings by allowing them to invest in assets with high upfront costs and a longer lifespan with a focus on renewable energy production in refugee camps



In 2016, more than 65 million people were forcibly displaced from their homes, of which 11.6 million for more than 5 years and 2.6 million living in refugee camps for over 5 years. In this context, humanitarian organisations typically provide material assistance in terms of shelter, energy and WASH. However, these assets and solutions are usually not adapted to protracted displacement: they are expensive, harm the environment and provide poor living conditions when used over extensive periods of time. More sustainable solutions exist (e.g. solar PV systems) and have a high potential from both a cost-saving and social/environmental impact perspective. However, they require a higher upfront investment, which do not meet the budgetary constraints of humanitarian organisations. Annual budget cycles and ad-hoc fundraising from donors prevent humanitarian agencies from committing to multi-year financing agreements and from purchasing long-term assets with higher upfront costs, as they take several years to recoup and generate significant cost savings. In addition, although donors have never been as generous as today, the humanitarian financing gap is estimated at around US\$15 billion.

As a consequence, there is a general call for the private sector to help bridge the financing gap through innovative financing mechanisms. A leasing mechanism allows spreading high upfront costs over multiple years, thereby making it possible for humanitarian organisations to procure longer-term assets that provide enhanced services and generate cost savings over the years, while complying with their budget constraints thanks to the yearly payments. This also helps to bridge the humanitarian-development nexus.

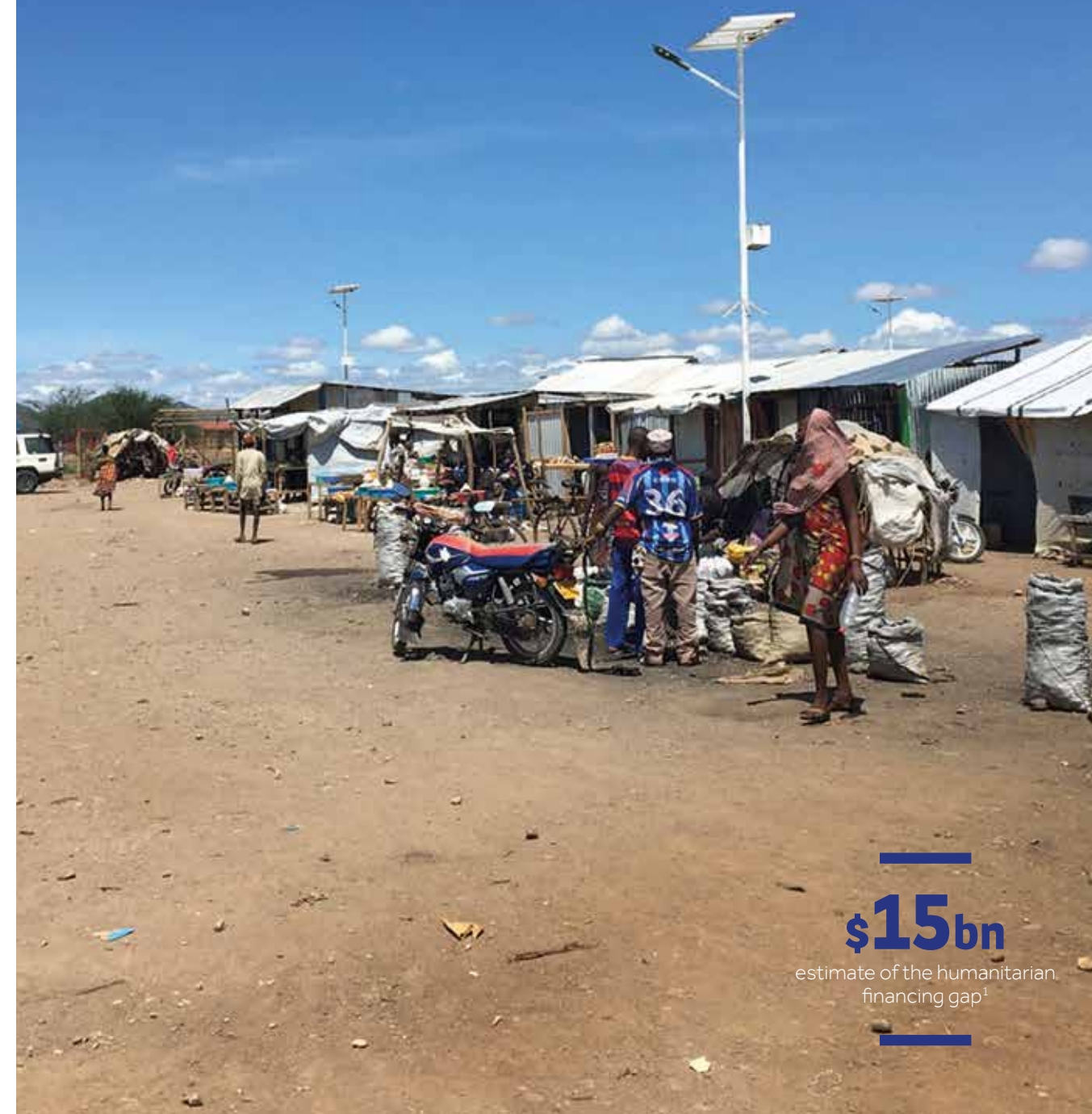
In 2017, our feasibility study, funded by the Rockefeller Foundation, demonstrated the potential to set up a multi-hundred-million-dollars leasing facility for the humanitarian sector with a primary focus on solar-powered pumping installations and (hybrid) solar electricity production for camp offices and infrastructure. This facility can then be further extended to mini-grids for the provision of electricity to small businesses and households in camps as well as to surrounding local communities.



Humanitarian crises have become increasingly protracted in nature. Yet, humanitarian organisations have yearly budgets that prevent them from planning for multiple years. Innovative finance can help humanitarian agencies overcome this budgetary constraint and provide more cost-efficient and adapted services to displaced populations.



Aline Buysschaert, Senior associate, KOIS, Brussels



\$15bn

estimate of the humanitarian financing gap¹

¹ Source: World Humanitarian Summit, 2016

SUSTAINABLE LAND USE

REPORT

Unlocking business opportunities in sustainable land use with blended finance

DATE OF LAUNCH

2017

GEOGRAPHIES

Multi-country



SUSTAINABLE LAND USE

Sustainable Land Use (SLU) protects the climate by reducing carbon emissions and preserving nature's vital carbon sinks by averting or mitigating deforestation, degradation and carbon-intensive agriculture, while providing safeguards for meeting increasing human needs for food and fibre, as well as a habitat for biodiversity.



24%

of GHG Emissions worldwide in 2010 were attributed to the Agriculture, Forestry and other Land Use (AFOLU) sector²

Agriculture, forestry and other land use (AFOLU) sectors still remain major contributors of Greenhouse Gas (GHG) emissions. Worldwide, growing demand for food and energy is putting increasing pressure on land, threatening our planet's natural resources. Studies show that inaction could generate tremendous economic and social costs, due to reduced food security, an increased rate of climate-change-related natural disasters and damages. There is an urgent need to shift towards "natural climate solutions" and sustainable land use practices, in particular forest conservation and sustainable agriculture activities, which have great carbon mitigation potential. For instance, halving deforestation rates by 2030

would enable to reduce GHG emissions by 1.5 to 2.7 gigatons CO₂ and avoid more than \$3.7 trillion in damages from climate change¹. To tackle this issue, attracting private capital at scale is key.

In 2017, commissioned by the Blended Finance Taskforce, KOIS conducted an in-depth study on SLU with two aims: highlighting SLU investment opportunities for the private sector as well as demonstrating the essential role of blended finance instruments in unlocking these opportunities. The working paper was released in January 2018 and outlined a spectrum of concrete opportunities in SLU, both for private and public investment, presenting attractive risk-adjusted returns, from quick wins to medium and long-term opportunities, all of them with specific needs in terms of blended finance.



68%

carbon mitigation potential of forest-related activities vs. total carbon mitigation potential of nature climate solutions



For sustainable land use to reach scale and deploy its full mitigation potential, there is a need for private sector investors to adopt higher risk and more patient investment profiles which are inherent to the sector. In return, they will be able to capture significant value from long-term growth enabled by catalytic blended finance tools from public and philanthropic funds.



Benhan Limketkai, Principal, KOIS, London

HOLDING COMPANIES REPORT

In 2017, supported by a grant from the Mac Arthur Foundation, we interviewed 71 asset owners, advisers and fund managers across the US and Europe as well as 14 impact companies across a number of sectors and geographies to test the desirability and feasibility of an impact holding company ("Holdco") which incorporates asset aggregation and public flotation.

Within the impact investing context, investors and investees have commented that the traditional fund structure cannot always sufficiently preserve long-term impact:

- For investees, the process of finding the right investors and raising patient/flexible capital – over multiple financing rounds – to support long-term growth is often too onerous a challenge and takes away from growing the business
- For investors, fixed-life funds are not always conducive to maximising long-term value creation and preserving impact; traditional management fees and lack of transparency are additionally sub-optimal when taken over the long term.

Our research concluded that Evergreen/HoldCo models – which have no end life – may be a relevant alternative, but only in instances where there is:

- High need for impact protection (there is high risk of mission drift as organisations change ownership from one investor to the next)
- Long-term financial value to be gained for the long term view.

Examples are to be found in both real assets (e.g., social real estate and sustainable agriculture and forestry) and private equity (e.g., special mission companies and platforms for long-term build-up around a social mission).

KOIS will in the future pursue a HoldCo model in the following thematic areas as it sees that these sectors match a lot of the good reasons to do a HoldCo:

- Sustainable agriculture and forestry, with an eye on climate change
- Low-income hospitals platform in India.

¹ Eliasch review, Climate Change: Financing Global Forests, 2008 ² Intergovernmental Panel on Climate Change

INCLUSIO

FUND



Improving access to affordable and energy-efficient housing for marginalised communities

DATE OF LAUNCH

2015

GEOGRAPHIES

Belgium



NUMBER OF INVESTMENTS SO FAR

16

residential real estate assets/projects

As Belgium's residential property rental prices continue to rise (average rent has increased by 20% between 2004 and 2013), it is becoming increasingly difficult for people with low incomes to find suitable and affordable housing. There is a shortfall of 183,000 units of affordable housing in the country, putting many families and individuals on long waiting lists. A lack of affordable housing can lead to high levels of debt for low-income families, causing financial stress and sometimes even homelessness. This problem is particularly acute for vulnerable populations, such as people with psychiatric difficulties, former homeless people and single-parent families. For these populations, community inclusion and active social support is crucial. However, governments lack the resources to meet current and future needs. The financial problem for tenants is made even more acute when buildings are not energy efficient, thereby leading to high monthly utility bills - on top of the negative environmental impact.

KOIS, together with Degroof Petercam (the largest private bank in Belgium) and real-estate developer Revive, co-founded In-

FUND CHARACTERISTICS

AMOUNT UNDER MANAGEMENT: €90mn

INVESTMENT TYPE: real estate

SIZE OF INVESTMENTS: €8-15m

TARGET YIELD: 3.5% target yield

TARGET SIZE:
about €125mn asset portfolio by end of 2020
(600 housing units)

EXPECTED EXIT: IPO in 2020

clusio, a privately-funded investment company that provides affordable high-quality rental housing for people with low incomes. It does so, through predominantly developing energy-efficient buildings, to lighten the environmental footprint but also decrease tenants' running costs. It buys, constructs or renovates housing units and rents them to public social real estate agencies. These, in turn, rent the housing units to low-income tenants. The agencies take a long-term lease of at least nine years, decreasing Inclusio's leasing risk by guaranteeing complete occupancy. Inclusio was launched in 2015 and has raised to date, €90 million from institutional and private investors in Belgium.

Approximately 25% of units are reserved for particularly vulnerable populations. Inclusio partners with social service providers with effective reinsertion methods. For instance, Infirmiers de Rue, an organisation which helps homeless people in their rehabilitation, helps them settle in their new home and ensure that they are doing well and have a support network in place.

Inclusio is a certified B-corp, meeting rigorous social and environmental performance standards, accountability, and transparency.



IMPACT 2017



141

affordable housing units under management



91

housing units under construction



375

residents



€507

average monthly rent

TARA IV

FUND

TARA IV

Realising value in India by targeting small and mid-cap companies

DATE OF LAUNCH

2015

GEOGRAPHIES

India

NUMBER OF INVESTMENTS
AS OF END OF 20175¹

See presentation of Tara IV in page 52.

FUND CHARACTERISTICS

AMOUNT UNDER MANAGEMENT: \$60m

INVESTMENT TYPE: Private equity

SIZE OF INVESTMENTS: \$1 to \$7m

TARGET IRR: 20% (net) in INR

EQUITY PARTICIPATION:
minority stakes with strong control provisionsINVESTMENT STAGE:
early to mid-stage businesses
targeting large addressable markets

FUND

TRANSERVE
TECHNOLOGIESDeveloping geospatial solutions
for urban planning & development

INCEPTION YEAR: December 2009

INVESTMENT YEAR: August 2017

TARGET POPULATION: Indian cities and their
citizens, private-sector organisations

GEOGRAPHIES: Several states in India, Goa-based

Transerve Technologies provides geospatial solutions for urban planning and development, through location-based information software to empower decision makers to develop smart cities. This technology covers different modes of data collection, data management for workflow management and visualisation. It has diverse applications, including property tax, city revenue modules, utilities, air, water and noise pollution. Transerve's solutions helps for example, local urban planning bodies plug leakages in tax revenue and be efficient in resource management.

IMPACT 2017:

- **Rs5m+** increase in revenues from tax collection for the Corporation of the City of Panaji (CCP), through location of illegal properties that were not under the tax collection system

FUND

GS FARMTAAZA
PRODUCEOptimizing the fresh produce supply
chain in India

INCEPTION YEAR: June 2015

INVESTMENT YEAR: September 2017

TARGET POPULATION: Farmers and business
customers (retails, hotels, restaurants,
institutions)GEOGRAPHIES: South India (Karnataka, Tamil Nadu,
Andhra Pradesh and Telangana)

GS Farmtaaza Produce sources and distributes fresh fruits and vegetables in South India, procuring directly from farmers and distributing to both modern retail (hotels, restaurants and caterers) and traditional stores. Using proprietary technology and analytics to build solutions for the supply chain, Farmtaaza provides visibility and timely payments to farmers in ten collection centres. Therefore, the Company's technology solution helps bring down the wastage levels, reduce the number of middlemen, increase the profits for the farmer, bring in traceability of produce and improve the fill-rate at the desired quality by consumers.

IMPACT 2017:

- **10** collection centres served
- **800+** farmers supported through direct sourcing (with the objective to impact **4,000** farmers by 2019)
- **30,000+** customers served including kirana stores, small restaurants & caterers, in addition to large HoReCa players

¹ Two new investments were made by Tara IV early 2018, after the closing of this report: mSupply e-commerce and Heuristix Digital.

RE-VIVE BROWNFIELD FUND II



INVESTMENT

Regenerating former industrial brownfield sites through sustainable real estate projects



TARGET POPULATION:
**environmentally minded residents
(priority given to middle-income and
young families)**

There are thousands of unused polluted sites in Belgium. Polluted soil destroys local vegetation. This amplifies the effects of climate change, and also causes chronic health issues to people in surrounding areas. At the same time, demand for affordable and high quality residential areas keeps rising.

Re-vive acquires, regenerates and builds sustainable real estate on former industrial brownfield sites. Re-Vive Brownfield Fund II (RBF II) was founded in 2012 to invest in real estate projects led by Re-Vive. It transforms the existing urban fabric and reduces pressure on scarce green spaces. Sustainability is implemented in every segment of the project, from its building materials to appliances and renewable energy used. Once the buildings are inhabited, Re-Vive continues to create awareness on how residents can reduce their personal CO₂ footprint. For instance, electric charging stations and car-sharing parking places are provided, whereas regular parking spots are reduced. Re-Vive's mission is to allow for people with different social and demographic backgrounds (priority

given to middle-income and young families) to inhabit newly-built houses and interact with one another, notably thanks to the development of green spaces that accompany almost every project. The Re-Vive residences are very popular due to their high-energy efficiency. It was the first company in Belgium to be awarded the B-Corp accreditation, which testifies to its sustainable and transparent way of working.

In 2013, KOIS invested in the Re-vive Brownfield Fund II as part of its Living Environment focus. The company's strong market knowledge, combined with an attractive network, provides Re-Vive Brownfield Fund II with all it needs to achieve its objectives, deliver above-market-level financial returns to investors and generate a powerful social and environmental impact. This successful investment paved the way for a future partnership in which KOIS and Re-vive, together with Bank Degroof Petercam, co-founded Inclusio, the Belgian leader in privately funded affordable housing.

IMPACT 2017

1,466
Housing/commercial spaces in total (sold out, under construction, in development, to be developed)

-25%
Average reduction in carbon impact based on the Energy Performance of Buildings (EPB) standards, an energy efficiency certificate for European buildings ranging from A (good) to G (bad)



BELGIAN ECO ENERGY



INVESTMENT

Producing and supplying locally generated sustainable energy



TARGET POPULATION:
**companies and authorities that are
producers or consumers of locally
produced sustainable energy**

Climate change and the diminishing of fossil fuel reserves are amongst the greatest challenges facing our world today. Our renewable energy capacity must be increased in order to transition to economies that serve present and future generations alike. With energy-intensive industrial and residential sectors in Belgium, results in this direction will only be achieved by changing technical and social norms.

Belgian Eco Energy (BEE) is an integrated energy company, which specialises in the development, construction, and operation of renewable energy projects (wind, biomass, solar energy and combined heat and power), as well as the supply of locally generated

and sustainable gas and electricity to industrial customers at a very competitive price. The list of BEE's ongoing and future projects is long, including mostly wind turbine farms and two biomass plants.

KOIS invested in BEE in 2012, two years after it was created by three founders with extensive experience in the energy sector (ex-management of Eneco, Electrabel, and Essent - Belgium local leading energy utilities). BEE has the potential to help Belgium transition towards renewable energy sources, contributing to the country's efforts to reduce greenhouse gas emissions by 2020 and reach the climate change target set by the European Union.

IMPACT 2017

2
projects currently in operation

130MW
capacity of renewable energies under development

4,600
tons of CO₂ avoided in 2017

28
projects in pipeline
(i.e. under construction, permitting, development or contracting)

Impact summary

Our work on innovative finance aims to create tailor-made financial solutions that bring together diverse stakeholders to significantly boost social and environmental impact in challenging contexts. We are proud of the successes we have achieved so far through our investments and innovative finance projects. In 2018 and beyond, we expect to scale up our impact as existing projects gather momentum and new opportunities materialize.



Going forward



...2018

Exploring solutions to improve primary healthcare in India



Launch of a European Private Equity Fund



Exploring opportunities to offer alternative to imprisonment in France



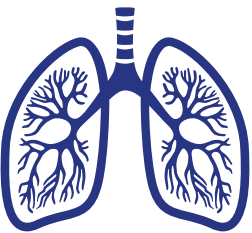
Investigating the issue of primary healthcare in Kenya



Expanding in Africa, work on Menstrual Hygiene Management started in India



Launch of a social impact bond on professional integration of NEETs in Antwerp, Belgium



Exploring nationally scaling-up multi-drug resistant tuberculosis (MDR-TB) treatment and care in India and Ethiopia

Working on improving young women's livelihoods in Sub-Saharan Africa



Our Team

At KOIS, we believe in individuals and we strive to develop their potential. We have innovative approaches to business and our management techniques are no exception. Everyday, we work harder to create an environment that will attract the best talents.



INCLUSIO TEAM

- François de BORCHGRAVE - Member of the Board and the Investment Committee
- Xavier MERTENS - Chief Executive Officer and member of the Investment committee
- Jacques NINANNE - Chief Financial Officer
- Lionel VAN RILLAER - Chief Development Officer
- Benoit DESUTTER - Acquisition Manager
- David VANDERMULLEN - Acquisition Manager

TARA IV TARA IV TEAM

- Charles-Antoine JANSSEN - Member of the Investment Committee and Senior Investment Advisor
 - Mark SILGARDO - Member of the Investment Committee and Senior Managing Partner
 - Kamalesh SARANGI - Managing Partner
 - Rajesh ADHIKARY - Partner
 - Rumen BARJATYA - Senior Manager
 - Rajini VISLAVATH - Senior Manager
 - Meeta NARSINGHANI - Assistant Director
- and members of the KOIS team in Brussels and Mumbai*



HEALTHQUAD TEAM

- Charles-Antoine JANSSEN - Member of the Investment team, member of the Investment Committee and member of the Advisory Board
- Dr. Pinak SHRIKHANDE - Principal
- Manish JHA - Vice President
- Divya GULATI - Analyst



Designed by The Crew Communication s.a.

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