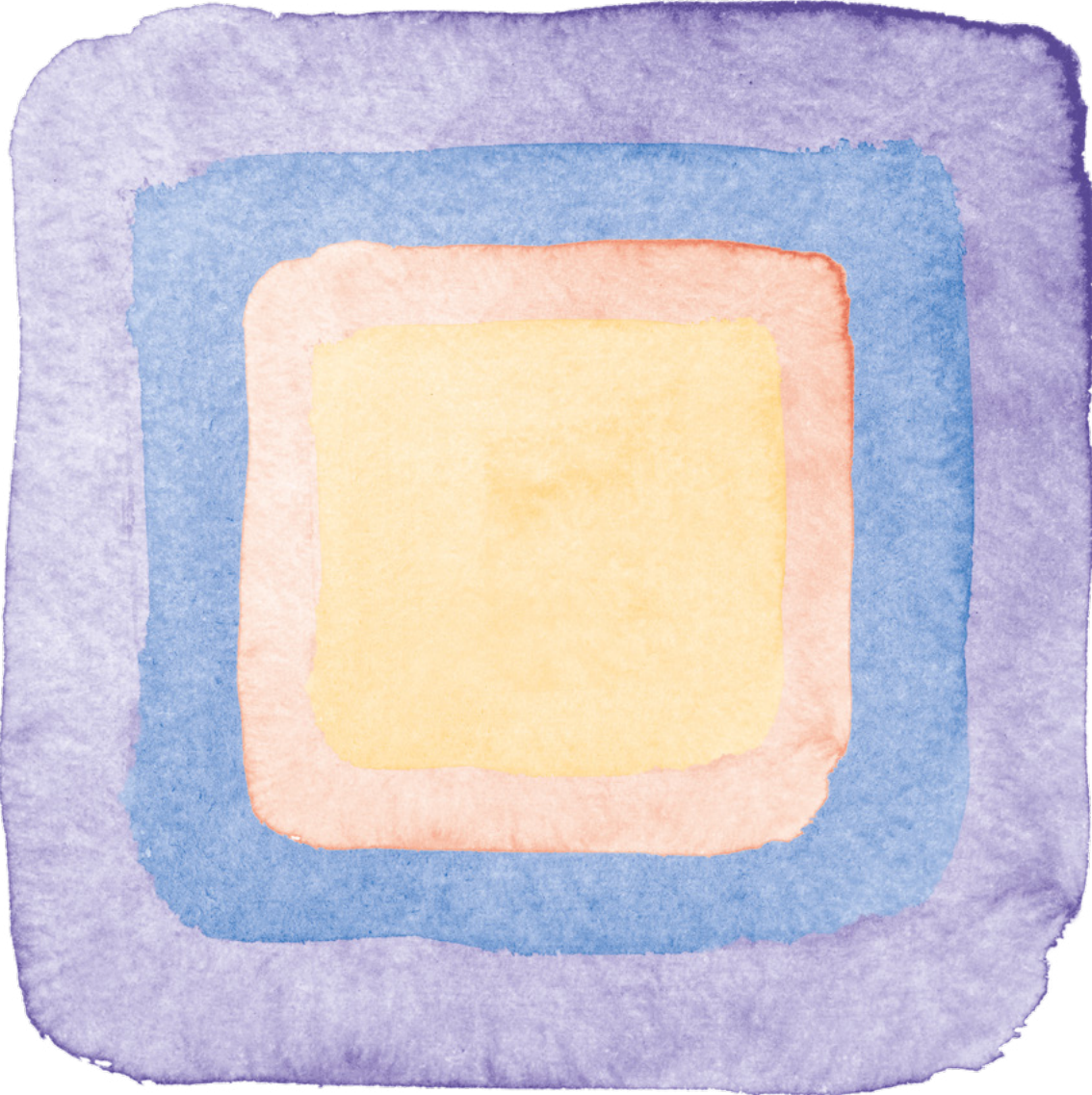


Helenos



IMPACT
REPORT
2022

MEASURING & MANAGING IMPACT: OUR ESG SYSTEM FG

AN ADVANCED SYSTEM TO FULLY INTEGRATE IMPACT IN OUR ACTIVITIES

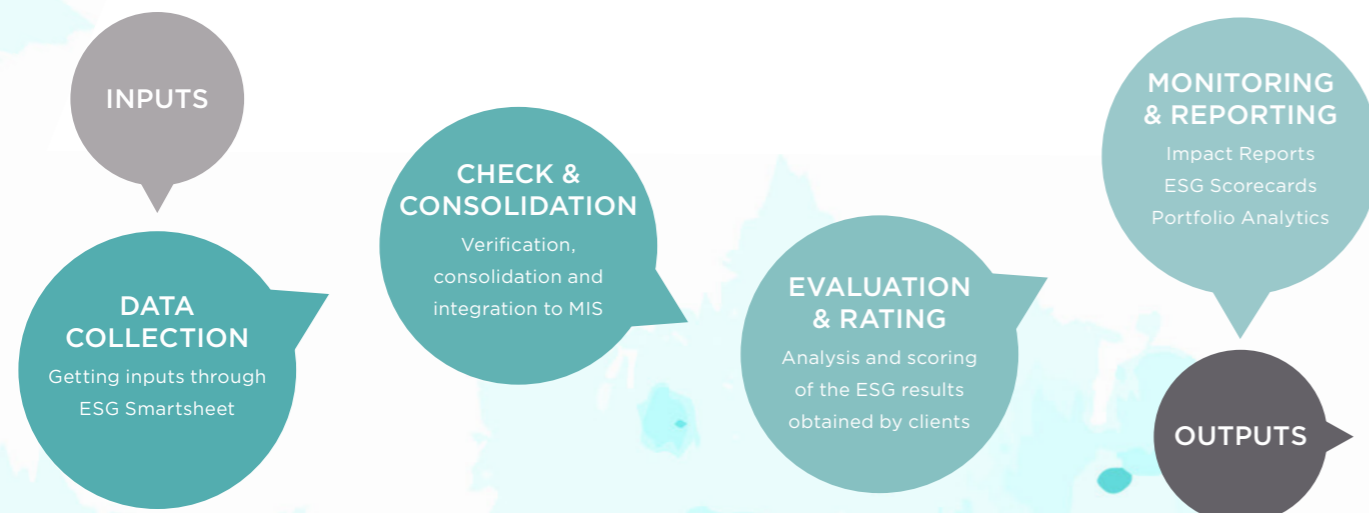
Throughout 2022, we continued to improve our ESG System to assess, monitor and report on non-financial performance. It has been a significant challenge, requiring a constant evolution in methods to ensure coherence with the field and usability for the different users (clients, front office, investment committee). Our system is based on the best global practices for inclusive finance to measure, analyze, follow-up and score economic, social and environmental impact. We apply the UN SDGs as the key language to show our involvement to global sustainable development: we measure and score the level of SDG achievement of our investees. We are aligned with the Universal Standards of the Social Performance (USSPM) Task Force, the Global Investing Network (GIIN-IRIS) guidelines and the Smart Campaign for client protection principles. We evaluate our environmental performance in line with the CERISE SPI4 Green Index and assess the effects of climate change on investees portfolios. Additionally, women empowerment is analyzed more in-depth through the benchmarks used by

2xChallenge initiative. Good governance control is heavily inspired by the European Code of Good Conduct for Microcredit provision. Helenos has been granted one more year the Finansol label attributed to ethical savings products based on a double standard of transparency and solidarity. The impact approach has been elaborated in our Sustainability & ESG Policy and translated into practice through our ESG System to assess, select, monitor and report on all our investments. In line with the SFDR Directive, we provide transparent and enhanced information in terms of environmental and social responsibility of our financial products, in particular through the provision quantitative data on non-financial sustainability of our investments. Following the SFDR Directive, the required Annex III has been produced and communicated to every shareholder. An Impact Report is published annually to disclose the non-financial results of Helenos which is a fund targeting 100% sustainable investments (Article 9). You are reading the 2022 version.

PROCESS AND FUNCTIONING OF THE ESG SYSTEM

The system collects client information through the ESG Smartsheet, a matrix of quantitative and qualitative indicators across eight dimensions: 1. Mission, 2. Environmental Performance, 3. SPM Practices, 4. Products & Services, 5. Outreach, 6. Client Treatment, 7. Staff Treatment, 8. Governance. Data are verified to ensure quality and coherence and are then integrated into our MIS. The analysis and scoring of the data results in final outputs, which are used for both internal and external purposes. An ESG Scorecard is issued for every new investment to rate and benchmark the extra-financial performance of a potential

investee on four elements (SDGs, Environment, Gender, and Governance). The main purpose of the scorecard is to help decision makers take investment decisions that are aligned with the mission of Helenos. The analyzed indicators contribute to establishing the impact objectives included in the loan agreements with investees. Finally, data collected through the ESG System serves to produce the present Annual Impact Reporting that publicly discloses positive societal changes brought by the fund. The analysis presented in the next chapters of this Impact Report refers to indicators available thanks to data collected from Helenos investees in 2022.



GENDER IMPACT ANALYSIS



Women entrepreneurs account for 37% of global GDP¹. “From owners of local stores to providers of health- and childcare; to leaders of new technology companies and everything in between, women entrepreneurs are pivotal to expanding our economy”, we read in the foreword to The Mastercard Index of Women Entrepreneurs Report (March 2022). However, according to the Global Entrepreneurship Monitor report 2021/22, less than half of women compared to over half of men agreed that it is easy to start a business in their country (46.6% women vs. 52.3% men).² Women are more likely to start their business due to a lack of employment opportunities and more likely to exit due to personal or family reasons.

At Inpulse, we strongly believe that it is important to support women entrepreneurs and to make efforts to reduce the gender equality gap. With this goal in mind, we have integrated gender impact indicators in our reporting system and monitor the results on an annual basis. The indicators are also included in the ESG scorecard prepared as a part of due diligence for new clients. Collecting statistically valid data is always a challenge. Over the last few years Inpulse has improved the data collection system to better evaluate the impact on gender balance achieved by our investees. The team have also dedicated extra time to discuss reported data with individual institutions to ensure more correct and complete results. Applying a set of indicators aligned with the **2XChallenge**, we attempt to measure and to improve our contribution to reducing the gender gap through our investments.

For 2022, as in 2021, we analyzed and benchmarked the data under the **4 criteria established by the 2XChallenge**:

- > **Entrepreneurship,**
- > **Leadership,**
- > **Employment and**
- > **Consumption**

Apart from showing the 2022 results, we try to add perspective by referring to the data collected in the previous years, while such a comparison is affected by the changing structure of our portfolio.

2XCHALLENGE

The 2XChallenge is an initiative launched by the DFIs of the G7 countries to direct capital towards women and increase access to finance for women-owned, women-led and women-supporting enterprises in developing countries and emerging markets. The 2X Challenge calls DFIs to join together to collectively mobilize \$3 billion in commitment in 2018-2020 and \$15 billion in 2021-2022 that provide women access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access. The 2XChallenge has established five evaluation criteria to track impact and set thresholds to benchmark the achievements of actions to contrast gender gap.

<https://www.2xchallenge.org>

WOMEN ENTREPRENEURSHIP

Women entrepreneurship is generally one of the most challenging dimensions to measure due to the lack of appropriately classified data in the systems of financial intermediaries. As an example, when microfinance services are offered not only to sole entrepreneurs, but also to companies, financial institutions often find it difficult to monitor gender. As of the end of 2022, Helenos investees reported a total of 27,593 loans to women³, representing 34% of total individual loans, a stable figure compared to 2021. At the same time, the number of individual loans to women decreased from 26,289 to 21,069 year-on-year, thus, by 19.9%, while the number of individual loans to men decreased only by 6.7%, from 50,628 to 47,214 in the same period. The result may be explained by difficult macroeconomic

conditions which cause the closure of some business activities or postponing of investment decisions. With the increased importance of digitalisation, some women may be more hesitant to apply for financing via this new channel. The trend should be monitored to determine if new solutions or non-financial services could be of help to increase the number of women entrepreneurs. It should be underlined that **access to financial services is only one element to support women entrepreneurship:** it is also **necessary to create a more enabling ecosystem**, with entrepreneurial education for students/youth, financial education for entrepreneurs of all ages, strong small business development programs, stable legal and tax regulations, and stronger positive attitudes towards entrepreneurship in general.

GENDER ANALYSIS - HELENOS

OUR INDICATORS

- Women in the **staff** (%)
- Investees with policies including gender **non-discrimination in the workplace** (%)

60%
85%

2XCHALLENGE INITIATIVE

CRITERIA	THRESHOLD
Women in the workforce	40%
Existence of policy/program to advance women condition in the workforce	Fully or partially in place

In 2022, **71% of our investees had fully implemented policies or contractual agreements that include gender non-discrimination** and prevention of gender-based violence in the workplace, and further 14% reported that they had such policies implemented **partially**. In terms of the number of institutions, in fact only 2 did not report any relevant policies in place. This may be linked to a small size of the company which is in the

process of creating policies and procedures, or to their opinion that all such matters are covered in the labor code and general regulations covering employment contracts. The Inpulse team plans to work with the investees to improve this result. On a positive side, **29%** of the Helenos investees reported that **the institution provides additional benefits to improve women's condition of employment** (up from 18% in 2021).

FINANCIAL SERVICES TO WOMEN

In 2022, **93% of Helenos investees had a client gender equality policy** (vs. 81% in 2021). We are very happy to see this improvement. While a few of the investees who reported not having a client gender equality policy in place pointed out that gender inclusion was integrated in their corporate culture, **Inpulse considers the existence of written policies as an important sign of formalization**. Additionally, **100%** of the Helenos investees reported that they had a **Code of Conduct**, displaying the organizational values and standards of professional conduct that are expected from all employees.

In 2022, 21% of the investees had a specific financial product for women. While this is a small percentage, further **36% of the institutions are interested in developing such a product**. Inpulse believes that more technical assistance in this area would be very useful to support financial institution in developing adequate dedicated products. As one of the marketing managers stressed, women would be more incentivized to apply for financing if they saw a special offer tailored for them.

GENDER ANALYSIS - HELENOS

OUR INDICATORS

- Investees with **specific financial products** for women (%)
- Investees with a **client gender equality policy** (%)
- Bancarisation** of women (#)

21%
93%
5,523

2XCHALLENGE INITIATIVE

CRITERIA	THRESHOLD
Products/services specifically or disproportionately benefits women	At least one product/service specifically addressed to women
Customers who are female	Women must comprise the majority of customers

The number of women borrowers remains relatively low. It should be noted that we do not have data on women using other financial services (accounts, deposits, microinsurance, payments) offered by some of our investees. The Inpulse team will aim to include non-borrowing clients in the data collected in the next years.

On the positive side, in 2022, the number of women who accessed a loan from the Helenos investee for the first time increased to **5,523, which is 28.5% increase** vs 4,298 in 2021. We are very happy to see this result and looking forward to the continuation of this trend.

GENDER ANALYSIS - HELENOS

OUR INDICATOR

- Businesses founded** (or maintained) by women (%)

27,4%

2XCHALLENGE INITIATIVE

CRITERION	THRESHOLD
Women ownership or business founded by a woman	51%

WOMEN LEADERSHIP

Women's leadership globally remains very low, with the proportion of women in leadership roles projected to reach 31% by 2030.⁴ Few women reach leadership positions in financial services companies across the world. In this context, women participation in management and administration of the Helenos investees is encouraging. In 2021, out of 95 senior managers of the institutions in the Helenos portfolio, 57 were women, which was **60%** of total senior management – a clear improvement compared to 2020 (43%).

In 2022, out of 118 senior managers of the institutions in the Helenos portfolio, 74 were women, constituting 63% of the total.

As regards the balance in Boards of Directors of the Helenos investees, we see room for improvement.

In 2021, out of the 49 members in the Board of Directors among the Helenos investees, 15 were women. Thus, women represented **31%** of the total (versus 32% in 2020). In 2022, out of the 68 members in the Board of Directors, 20 were women, which translates into **29% of women Board members**. These fluctuations may be explained by the changes in the number of Helenos investees, as well as changes in the composition of the Boards due to a variety of factors, such as end of terms or resignations. The results presented above are very positive as they represent high gender balanced distribution compared with the threshold set by 2XChallenge for the financial services sector and others global standards (for instance the study of Oliver Wyman 2019 identified globally a representation of 23% of women on boards⁵, with the conclusion that it was not sufficient).

GENDER ANALYSIS - HELENOS

OUR INDICATORS

- Women in **senior management** positions (%)
- Women on the **Board of Directors** (%)

63%
29%

2XCHALLENGE INITIATIVE

CRITERIA	THRESHOLD
Women in senior leadership or women on the Board	25%
Women on the Board or Investment Committee	30%

WOMEN IN THE WORKFORCE

More and more women are highly educated, enter the workforce, and become an **extremely attractive labor segment** for a range of employers, including the financial sector. Regarding women on the staff, in 2021, our investees reported a total of 981 employees, of which 549 were

women, representing 56% of the workforce (vs 46% in 2020). **In 2022 out of the total numbers of 1,087 employees, 60% were women (648 employees).** These **results exceed the 40% benchmark established by the 2XChallenge** for the financial services sector.

ENVIRONMENTAL PERFORMANCE ANALYSIS



THE E-MFP GREEN INDEX & SPI4

The Green Index is a tool developed and implemented by the e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF AG) since 2014. The Green Index assesses green inclusive performance of finance sector.

The European Microfinance Platform (e-MFP) is the leading network of European organizations and individuals active in the microfinance/financial inclusion sector in developing countries. SPI4 is one of the most widely used social assessment tools. An Excel questionnaire helps financial services providers evaluate their level of implementation of the Universal Standards for Social Performance Management, including the Smart Campaign Client Protection Principles. The SPI4 social audit tool enables institutions to assess their performance against the six major dimensions of social performance management defined by the SPTF.

The SPI4 tool also includes a module which enables MFIs which use the tool to assess their environmental performance. This module contains the four dimensions of the Green Index, which has been developed with the Environment Action Group of the European Microfinance Platform.

SPI4 has been developed by CERISE and its partners since 2001, with constant feedback from SPI users using an iterative and collaborative approach. CERISE is an organization “dedicated to responsible and ethical finance, willing to find solutions for mission-driven organizations.”

Impact tracking and sustainable financing are part of Helenos DNA. This implies for the Fund and its AIFM (Inpulse Investment Manager) the monitoring of extra-financial (social and environmental) performance indicators with the same rigor as financial indicators. In this chapter we will analyze the results of the environmental performance of Helenos microfinance investees during 2022.⁶

The tool used for this evaluation is the **ESG system (tool developed in-house by Inpulse) in which there is an environmental dimension composed of 5 standards and 17 quantitative and qualitative indicators.** Four of these standards are aligned with the Green Index 2.0⁷ and the fifth standard⁸ corresponds to our investees’ perception of the effects of climate change on their final beneficiaries and portfolio. To evaluate the quality of our results, we compare them with the Green Index 2.0 scores⁹ produced by Cerise-SPI4 in 2022.

At Inpulse, we believe that improving environmental performance can help our investees to strengthen their financial and social management. Monitoring or being aware of the environmental dynamics related to its final beneficiaries will protect our investees from risks in the medium and long term, for example, from defaults on credit payments. It could also help them develop new green products based on the new needs of the sector, for example, loans for renewable energies, sustainable agriculture and Ecomobility. **However, our investees (traditional MFIs and more recently Crowdfunding and Digital lending platforms) are mostly small financial institutions for which investment in human resources or money for environmental management represents a significant additional effort that must be widely recognized. Indeed, 60% of Helenos partner institutions have less than 20 staff at disbursement; 18% have even less than 5 employees.**

Many of these institutions struggle, within the context of pandemics, war and conflicts, to close large social gaps such as gender inequality, the lack of financing for small farmers, or the financial inclusion of migrants and youth people (important aspect in Poland and Spain investees). High priorities that represent urgent social needs.

Therefore, it is logical that for some of these partner institutions it is still a difficult task to consider environmental management in their strategic orientation or to allocate human resources for the monitoring and evolution of these indicators. It is also important to consider that for other of our investees, there is a commitment to generate the least possible environmental impact in their actions without

this implying that their mission is to become providers of green financial and non-financial services. In these cases, its mission is more focused on social aspects through, for example, the financial inclusion of women with the offer of technological solutions. Another approach that also adds value to ESG management.

Immigrants and especially smallholder farmers, are often in the first line of climate change, their lives and livelihoods are vulnerable to environmental impacts.¹⁰ Almost six thousands of Helenos’ investees end-beneficiaries correspond to these categories of people. Context in which it is undeniable that inclusive finance intermediaries are key players in promoting

practices, products and services that contribute to adaptation to climate change. Just as relevant is the role of stakeholders in guiding towards sustainable environmental practices, monitoring, and analysis of environmental indicators, and, for institutions that wish to do so, guiding in the construction of new environmental products.

The purpose of the analysis that follows is to disclose the environmental performance of our investees during 2022, and based on these results, to reflect on Helenos contribution in their adaptability and environmental resilience and the improvements to be made.

STANDARD 1: STRATEGY, DIRECTION, AND COMMUNICATION OF ENVIRONMENTAL MANAGEMENT

Helenos registered a score of 39% for this standard, the same as the Green Index for 2022. 57% of our investees have established environmental objectives and/or indicators in a formal environmental policy, which represents an improvement compared to the previous year. However, the use of these objectives to give strategic direction to the institution was achieved for 21% of the investees (2021: 36%). This indicator is relevant so that the environmental objectives are not merely established within the institutions, but also helps their orientation. This trend denotes that the strategic orientation in some institutions has been directed

primarily towards the reinforcement of social objectives. In some cases, due to recovery from the COVID-19 pandemic, or to address the side effects of the war in Ukraine and other geopolitical conflicts, situations that clearly merited this focus on social strategies.

On the other hand, during 2022 the assignment of specific persons to manage environmental performance was reported by 36% of the investees and the communication of environmental performance was higher than in previous years, reported by 43% of them, being the internal publication the most used form (36%).

GREEN ANALYSIS - HELENOS

OUR INDICATORS

- ▣ The investees have **environmental goals, targets and/or indicators** to provide strategic direction
- ▣ The investees **appoint a specific person to manage environmental issues**
- ▣ The investees **report on its environmental performance and practices**

39%

GREEN INDEX - SPI4

STANDARD

The institution defines, manages and monitors its environmental strategy

39%

AVG SCORE

STANDARD 2: INTERNAL ENVIRONMENTAL RISK MANAGEMENT

43% of our investees reported implementing actions to reduce and monitor their internal environmental risks.

Our investees have developed specific green initiatives for reducing their ecological footprint (in most of them these are not formalized in environmental policies or procedures). These actions are mainly focused on the efficient use of electricity, paper reduce and reuse, water saving initiatives,

and reduce fuel consumption. Some institutions have maintained teleworking and increased digitization of processes to reduce travel by employees and end customers. Besides, for our investees that are in the digital lending sector, the monitoring and reduction of their carbon emissions began to be a relevant issue in 2022.

GREEN ANALYSIS - HELENOS

OUR INDICATORS

- ▣ The investees implement **actions to reduce their internal environmental impact**
- ▣ The investees implement **actions to monitor their internal environmental impact**

43%

GREEN INDEX - SPI4

STANDARD

The institution implements actions to reduce its internal ecological footprint

42%

AVG SCORE

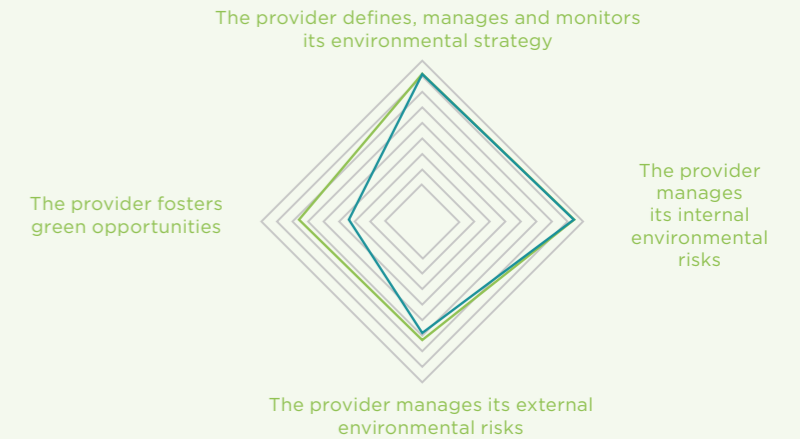
STANDARD 3: EXTERNAL ENVIRONMENTAL RISK MANAGEMENT

28% of Helenos investees manage their external environmental risks. This standard represents big challenges for inclusive finance providers. On the one hand, because it considers the evaluation of external environmental impacts generated by the activities of their clients. Analysis that was carried out (through different strategies and tools) by 29% of our investees. This type of analysis requires many resources as well as a strong institutional environmental commitment that includes the training of their employees in the understanding of the environmental factors and the negative environmental effects generated by different financed activities (agriculture, livestock, business, etc). **For achieving this, 64% of Helenos investees have an explicit policy or exclusionary list to avoid the financing of**

activities with potentially negative environmental effects. But it could be opportunities of improvement considering that only 5% of them provided training to their employees on how to assess environmental risk and 14% of them provided non-financial services to their clients to raise awareness about environmental impacts/risks. To increase coherence between environmental exclusion policies/lists (an indicator for which very good results were obtained), it is necessary to strengthen support in our partner institutions through Technical Assistance for training their staff and clients on environmental risks. This is an opportunity for the different actors in the microfinance sector to contribute significantly to the positive management of external environmental impacts.

HELENOS ENVIRONMENTAL PERFORMANCE COMPARED TO SPI4 GREEN INDEX SCORES

■ Helenos
■ SPI 4 Green Index (N = 104)



Helenos investees have an aggregated score of 32 compared to 36 for the SPI4-Cerise benchmark.

The investees had good performance defining, managing, and monitoring their environmental strategy and managing their internal environmental risks. However, regarding the external management of environmental risks and the provision of green financial and non-financial products our result is lower than the benchmark. This is because our

investees mainly have a social mission. And that due to this, in the face of the urgent social needs that the recovery from the Covid-19 crisis and the effects of the war in Ukraine and other geopolitical conflicts presented in 2022, the investment towards green financial products was slightly reduced and investees focused more on financial products aimed at the economic recovery of the final beneficiaries.

STANDARD 5: PERCEPTION OF OUR INVESTEES ABOUT THE EFFECTS OF CLIMATE CHANGE

The perception of climate change by our investees has been measured through three criteria. **The first criteria was the investees perception of the negative effects of climate change.** The institutions indicated more presence of droughts (50%), floods (29%) and extreme in heat and frost (14%) between their clients and activities. For the **second criteria, related to the perceived damage to final beneficiaries'**

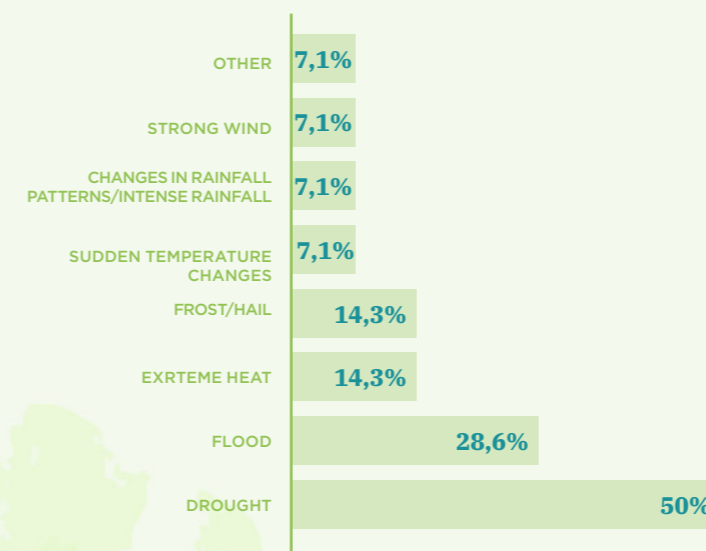
activities due to climate factors, some investees pointed to crop damage (57%), crop failure (43%) as loss of productivity (29%) as the main damage. And consequently, for **the third criterion, which sought to determine the impact of these effects on the portfolio of our investees,** the perception is that the products most affected are those oriented towards agriculture/livestock and businesses.

STANDARD 4: GREEN FINANCIAL AND NON-FINANCIAL PRODUCTS

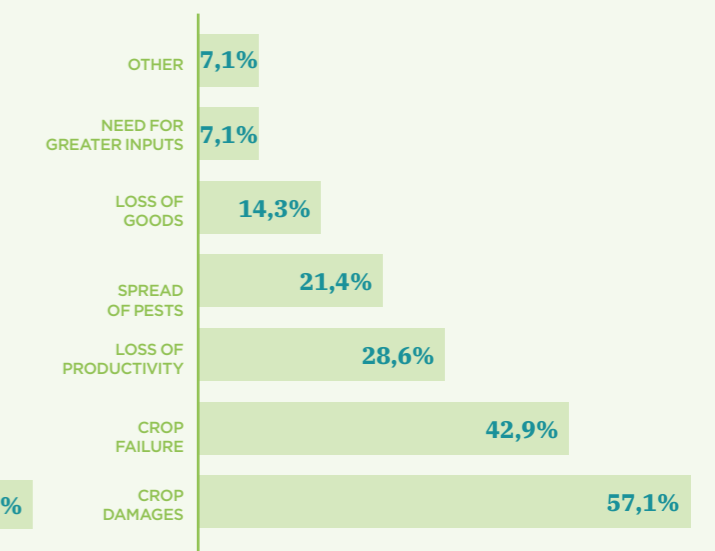
A total of **3,918 green loans were disbursed with a total portfolio allocation of 10%.** This result is lower than last year because the former partner institutions of Helenos did not increase the number of green credits, some of them even slightly reduced financing for renewable energy, likewise the partners that joined the Fund family in 2022 do not have the specific mission of offering green products. However, the Helenos investees continue to make important contributions towards renewable energies and efficiency energies (2,190 loans), sustainable agriculture/livestock (555

loans), Ecomobility (328), water management (294 loans), and construction/adaptation of sustainable houses (154 loans). Investees that offered agricultural/climate microinsurance products almost doubled compared to 2022 (reaching 14%). In contrast, the offer of non-financial services to raise clients' awareness on environment-friendly practices, green businesses or sustainable practices decrease (14%) as well as the initiatives to develop new green financial products (36%).

PERCEIVED NEGATIVE EFFECTS OF CLIMATE CHANGES



MAIN DAMAGES PERCEIVED ON CLIENT ACTIVITIES



GREEN ANALYSIS - HELENOS

OUR INDICATORS

- ❑ The investees **evaluate the external environmental risks and provide training to employees**
- ❑ The investees have an **explicit policy or exclusionary list to avoid environmental adverse effects**
- ❑ The investees **provide non-financial services to raise clients' awareness on environmental impact/risks**

28%

GREEN INDEX - SPI4

STANDARD
The institution manages its external environmental risks

30%
AVG SCORE

GREEN ANALYSIS - HELENOS

OUR INDICATORS

- ❑ The investees offer **specific loan products to finance renewable energy & energy efficiency, sustainable agriculture, green loans and insurance products**
- ❑ The investees offer green financial and non-financial products to promote sustainable practices

17%

GREEN INDEX - SPI4

STANDARD
The institution fosters green opportunities

32%
AVG SCORE

SDGs IMPACT ANALYSIS



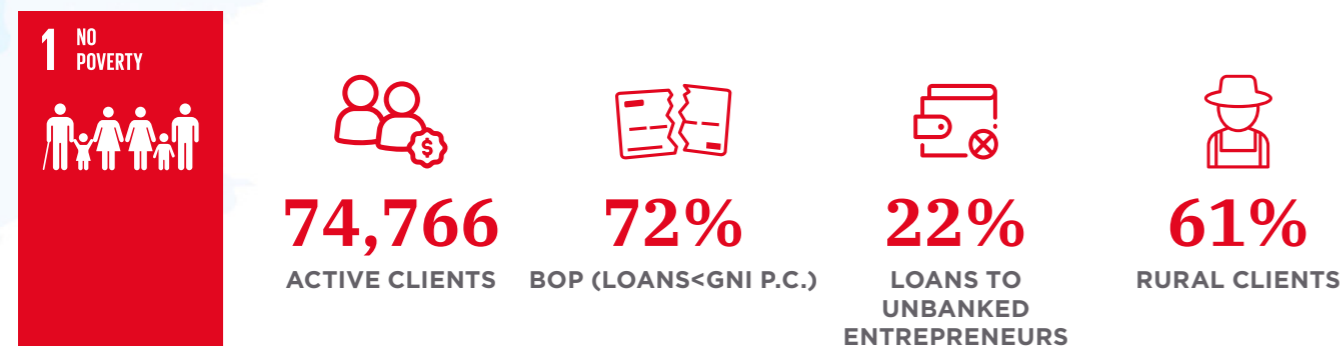
The Sustainable Development Goals (SDG) impact analysis refers to the activities carried out in 2022 and is built on the extensive feedback received by our investees. The results show that **Helenos contributes to the generation of positive social impact for seven SDGs as detailed below.**

SDG 1: NO POVERTY

More than four years of progress against poverty has been erased by COVID-19. In addition, the rising inflation and impacts of war in Ukraine further derailed the progress (according to the IMF the war in Ukraine may contribute to concerning divergence between developing, emerging and advanced economies).¹¹ **The number of people living in extreme poverty in 2022 increased by 16%**, compared to before the pandemic.¹² The shares of people at risk of poverty or social exclusion varied across the EU countries in 2022. The countries with the highest values above the European average were Romania, Bulgaria, Greece, Spain, Latvia, Estonia, Lithuania and Italy.¹³

As a reminder, Helenos is active Romania, Spain, Latvia, Estonia and Lithuania and since 2023 in Greece as well; so in 6 out of the top 8 where people at risk of poverty is the highest in Europe.

Helenos contributes to SDG 1 by increasing financial inclusion, which is a crucial enabler to reduce extreme poverty and foster shared prosperity.¹⁴ To capture this outcome, we assess the financial inclusion of traditionally underserved groups as well as people without prior access to credit. In 2022, **72% of the investments made by our investees addressed the Bottom of the Pyramid (BoP)**, meaning clients with loan amount below the GNI per capita for each respective country. Furthermore, **the total outstanding portfolio of fund's investees increased to 22,3% of unbanked people (2021: 18,6%).**



In addition, 28% of loans are dedicated to woman and 58% of portfolio was located in rural clients. These results support Helenos' strategy of concentrating on the most vulnerable and defenseless financial beneficiaries. Many of these beneficiaries are in countries with difficult **socio-economic contexts such as Poland, which has received the second most refugees from Ukraine.**¹⁵ This further reflects the urgency of supporting local institutions and contributing to social integration in the coming years.

SDG 2: NO HUNGER

According to the study of the World Food Program and the Food & Agriculture Organization of the United Nations, **up to 205 million people are expected to face acute food insecurity and to be in need of urgent assistance.**¹⁶ This is the highest number recorded in the seven-year history of their research. In the European context, the war in Ukraine poses an additional threat to food insecurity, with the potential to provoke a surge in levels of hunger and malnutrition, especially among the poorest and most vulnerable. According to a study by the United Nations, more than two thirds of the countries identified business and agricultural censuses as the areas that will face the most significant funding shortages. **Small-scale farmers are frequently among the most vulnerable groups in rural areas. However, they are the backbone of agriculture and have a high importance in combating hunger.** Investment in the agriculture sector is critical for reducing hunger and poverty, creating employment, improving food security, and building resilience against shocks and disasters.¹⁷

In 2022, Helenos contributed to food security by supporting local rural activities and the financial inclusion of underserved rural populations, such as smallholders farmers and agricultural microenterprises. **A total of 50,547 rural loans were disbursed by our investees, almost 10% more than last year.** Furthermore, 19% of the outstanding portfolio was dedicated to the development of agriculture and livestock activities. Finally, a total of 2,930 loans were addressed to smallholders.

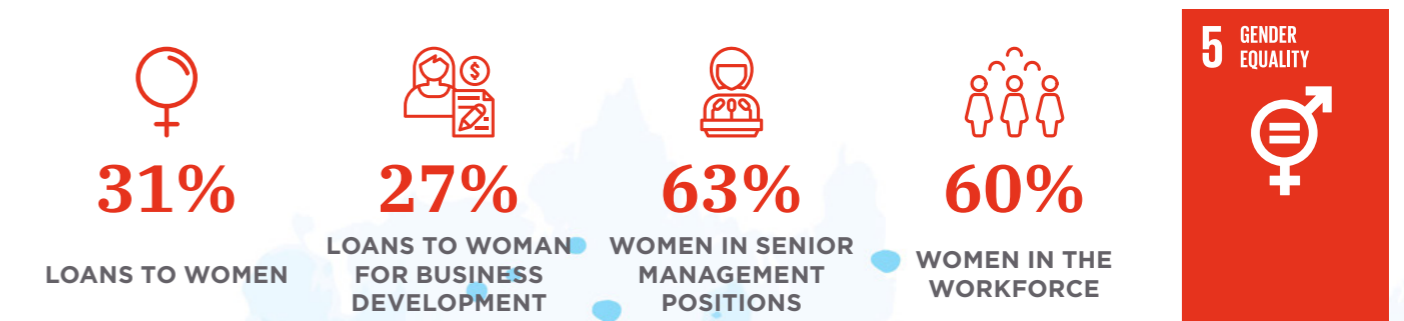


SDG 5: GENDER EQUALITY

Increasing women's participation in the labor market has a strong, positive impact on the economy, notably in the context of a shrinking workforce and skills shortages.¹⁸ However, the world is not on schedule to achieve gender equality by 2030. This challenge is more apparent for woman seeking secure employment and earning a living in less developed regions.¹⁹ Moreover, according to the World Bank, **Malta and Romania have the lowest rates of female labor force participation** in Europe.²⁰ Helenos' final investees supported gender equality by granting 27,593 loans to women in 2022, representing 31% of the loans. Among our investees, **woman staff accounted for 60% of the workforce. Furthermore, 63% of the highest levels of corporate leadership were held by women, which is a significant result considering the worldwide average of 32%**²¹. Additionally, 36% of outstanding portfolio represent business founded or maintained by women.

Moreover, **93% of our investees implemented a client gender equality policy, 71% of them even applied gender non-discrimination policies and prevention of gender-based violence in the workplace** and 29% offered additional benefits to improve work-life balance. Some of these benefits included flexible work hours, additional leave days to mothers or single parents with children up to three years old and persons with disabilities, additional daily breaks for breastfeeding employees and ensuring full salary payment to all female employees on maternity leave (despite the national government of the investees stipulates only a portion of the salary).

Despite the different international crisis, our indicators on the contribution to gender equality remained quite positive. A further upward trend is observed on some metrics, especially woman in the workforce and in senior management positions are already at a higher level compared to pre-pandemic conditions. However, it is also evident that the crisis has affected women's entrepreneurship and leadership opportunities. For example, we identified that loans for business development to women (27%) and the amount of loans to women clients in general (31%) had a less positive trend compared to the previous year. The women empowerment remains high on our management's agenda.



SDG 8: DECENT WORK AND ECONOMIC GROWTH

According to the World Bank, the projected growth rate will fall in Europe and Central Asia (excluding Russia and Ukraine) from 4.7% in 2022 to 2.4% in 2023. It reflects the persistent inflation, the impact of tighter conditions and the subdued external demand. For example, Lithuania's economy was growing fast. However, Russia was their main trading partner, whereby the war caused a tight labor market with shrinking workforce, emigration of skilled young people and a high structural employment. Additionally, their inflation soared to one of the highest levels in Europe²².

In order to accelerate the road to recovery and development, Helenos **sustains SDG 8 by strengthening the capacity of domestic financial institutions to encourage the offering of technical assistance and the supply of loans for the creation of jobs and businesses**. In 2022, our investees supported the creation and maintenance of 48,657 jobs and 7,377 new businesses, representing significant growth of respectively 14% and 29% compared to last year. Additionally, the outstanding portfolio allocated 28% towards new and existing businesses, 47% towards income generating activities, both improving 8% in comparison to 2021, and 39% towards housing. Last but not least, 6% of the outstanding portfolio is lent to fight climate change and contribute to a greener environment.



SDG 10: REDUCED INEQUALITIES

In 2021, the **total number of refugees worldwide increased to its highest level ever** and even more people are being displaced from their homes as a result of the war in Ukraine.²⁴ The UN Refugee Agency estimates that **117.2 million people will be forcibly displaced or stateless in 2023**.²⁵ An unprecedented flow of refugees entered the CEE region. For instance, Poland took in about 100,000 refugees during the course of the preceding 30 years before taking in almost 2 million in the first three weeks of the conflict. This was made possible by a massive outpouring of public support for the refugees, including hundreds of thousands of Poles who offered their homes to Ukrainian refugees.²⁶

In 2022, Helenos contributed modestly but resolutely to financial inclusion and the reduction of inequities through our investees. **14,638 loans were distributed to vulnerable groups**, such as youth, immigrants, refugees, smallholder farmers and people with physical or intellectual disabilities. In total, 18,700 loans were disbursed to previously unbanked individuals, 8,073 loans were granted to young (people under the age of 35) and 3,878 immigrants and/or ethnic minorities were financed. These are remarkable results that surely contributed to the creation of a cohesive and resilient society.



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION SDG 13: CLIMATE ACTION

The risk of a triple global catastrophe of climate change, biodiversity loss and pollution are caused by unsustainable patterns of production and consumption. Human well-being is threatened by these problems and the associated environmental deterioration. The Earth's finite capacity won't be able to support the livelihoods of current and future generations if we continue the current development track. A sustainable future depends on changing our interaction with the natural world. Governments and citizens should take advantage of the chance to work together in order to increase resource efficiency, lessen waste and pollution, and create a new circular economy.²⁷ According to the European Commission, a staggering part of Europe was experiencing warning and alert drought levels in 2022. For example, in Spain, the volumes of water stored in reservoirs was 31% lower than the 10-year average.²⁸

Helenos contributes to SDG 12 and SDG 13 by supporting the development of green financial products and monitoring the environmental performance of its investees. In total, **3,918 green loans were disbursed and 36% of our investees carried out actions to develop green financial products**. 57% of the investees have set an environmental goal, targets, and indicators, which are included in a formal environmental policy or operational plan. Furthermore, 64% established an environmental exclusion list to avoid the financing of activities with potentially adverse environmental effects. 43% implemented actions to monitor and/or reduce their internal environmental risk (ecological footprint). Lastly, 57% of our investees used environmental performance data to provide strategic direction to the institution. Through its investment, Helenos demonstrates its commitment to play a role as guideline for its investees setting up a framework to put in place new green services.



GOVERNANCE ANALYSIS



In line with the new developments of the internal ESG System, in 2022 Inpulse conducted an **in-depth evaluation of governance performance** of its investees. Similarly than last year, the evaluation considered 24 indicators (quantitative and qualitative) grouped in four key dimensions: 1. Business Planning, 2. Board Effectiveness & Independence, 3. Management, HR & Operational Manuals, 4. External Accountability.

Good governance is a key element in the sound development of any institution, and therefore fundamental to analyze in the framework of an impact report. As explained by Guberna, the Belgian Institute of Good Governance, “governance has to do with management, accountability, supervision and control. The main goals include making an organisation’s governance structures and decision-making processes more efficient, objective and transparent.”²⁹

Regarding the Business Planning dimension, we are really satisfied by the achievement of our investees: 100% of them have strategic documents, regularly reviewed in 93% of the cases. Moreover, **86% of our investees included social goals, at least partially, in their bylaws and business plans.**

Regarding the Board Effectiveness and Independence, 98% of Helenos’ investees board members are actively involved and participate to the board meetings. This demonstrates the commitment of the people involved around the Helenos investees. As last year, we still would like to see more women representation (29%). Inpulse team is raising this point at adequate occasion, as it has been demonstrated that it is simply better for the investees. We are however satisfied to see that 63% of the managerial position of Helenos investees’

are held by women, which represents a clear improvement compared to previous years (2020: 43%; 2021: 60%). The majority of the board members are independent from the management and **100% of our investees have put in place an audit or internal control committee** independent from the management.

Regarding Human Resources and Operations, 57% of our investees have a succession plan; although this figure may appear as low, it needs to be put into perspective as 60% of Helenos’ investees have a balance sheet lower than EUR 20M (at time of disbursement). 1,604 staff received a training during 2022, demonstrating the indirect effect of Helenos investees on the inclusive financial sector in Europe. **100% of investees have an internal code of conduct** displaying the organizational values and standard of professional conduct expected by all employees. 86% of the investees performed an employee satisfaction survey in 2022: in 80% of the cases the employees evaluated their satisfaction over 85/100, which shows a stable figure compared to 2021 (85/100). On the side of client treatment, 86% of our investees assess their clients’ satisfaction and 100% of them take into account client feedbacks to improve their products and processes. Regarding transparency and accountability, 100% of Helenos investees are audited by an external auditor on annual basis. Moreover, internal audits taking also into account social performance are carried out by 79% of our investees. 55% of Helenos investees have signed up the European Code of Good Conduct, and 2/3 of them have already be evaluated externally, obtaining the compliance certificate.



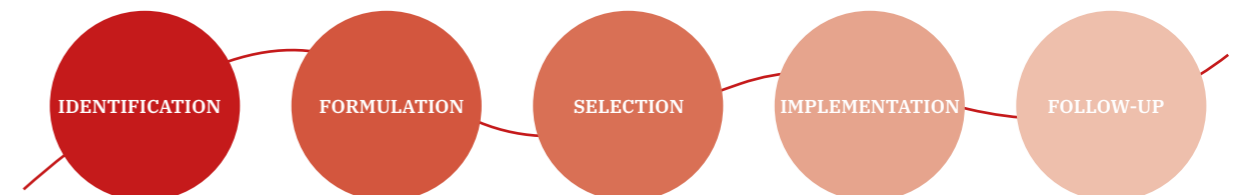
TECHNICAL ASSISTANCE

Since 2022, a Technical Assistance Facility (TAF) is available for Helenos investees to sharpen their impact strategies and to collect meaningful data. In practice only some investees have skilled HR with knowledge and competences to develop or upgrade their policies and practices regarding IMM (impact measurement and management). This situation is more evident for the smaller (and in some cases non-MFI) institutions in the Helenos portfolio. Investees are more and more conscious of the importance to integrate IMM into their business but they are not able to implement the necessary actions to reach the desired organizational changes. In this regard, the main goal of Helenos TAF is providing technical expertise to help them set up/reinforce IMM systems, thus,

enabling them to improve their actions to achieve greater impact. The experts will provide coaching and training to develop tailored tools to implement impact management into day-to-day operating practices. In 2022, Inpulse dedicated a portion of its management fees to fund Helenos TAF which, for the moment, exists and operates thanks to our strong commitment.

The envisioned projects will help to develop monitoring grids, key performance indicators (KPIs), and dashboards to assess impact and to guide strategic development. If relevant, the TA can also support client beneficiaries in their certifications process (B Corp, Smart Campaign, etc.).

HAND-IN-HAND THROUGHOUT THE ENTIRE PROCESS



The Technical Assistance’s team provides support to the investees throughout the different steps of the process. Once a partner has expressed needs for an intervention, the scope of the mission is jointly defined. For each new project, **the TA team defines clear objectives, activities and financial engagements with investees before contracting** the implementation experts. The experts are carefully selected in

agreement with our investees. Such an approach guarantees that each mission is adapted to our client’s needs and fully meets their expectations. Through the implementation phase, the team ensure a follow-up in order to adapt the guidelines to meet additional needs or help with any contingencies that may occur. Reactivity and adaptability are the key characteristics guiding our TA facilities.

2022: FIRST PROJECT SUPPORTED

The first project implemented in 2022 by Helenos TAF was to implement from scratch an impact measurement and management for a Danish partner institution. The activities focused on building competences and understanding the value of having an IMM system in place, well integrated with operations. Based on the Theory of Change methodology a series of key impact objectives were identified to be

integrated in the long-term business strategy. As key outcome, we supported the institution with a ready-to-use **impact infographics**, ensuring visual consistency with the company’s branding. Inpulse team believes that the real fruit of this first TA will be seen in the years to come, as the impact aspects will be more and more embedded into the commercial activities of this partner institution.

NOTES

- <https://www.mastercard.com/news/media/phwevxcx/the-mastercard-index-of-women-entrepreneurs.pdf>
- <https://www.gemconsortium.org/reports/womens-entrepreneurship>
- We calculate this metric using our business loans data, as we assume that these loans can contribute to the foundation, as well as maintenance, of a business by a woman entrepreneur.
- For more information see: "Within reach? Achieving gender equity in financial services leadership", in: <https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/financial-services/lu-women-in-fsi-leadership-roles.pdf?nc=1>
- For more information see "Women in financial services 2020" in <https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2019/November/Women-In-Financial-Services-2020.pdf>
- The analyzed sample corresponds to a total of 27 clients, from the CoopMed, CoopEst, and Helenos funds.
- "The Green Index 2.0, An innovative tool to assess environmental performance in the microfinance sector" (2016) European Microfinance Platform.
- This standard is aligned with the Green Index 3.0, but since it began to be implemented in 2022, and there are no scores for its application yet, our analysis is based on version 2.0.
- See more about the SPI4's benchmarks in: <https://cerise-spm.org/en/spi4/benchmarks-spi4/>
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- <https://www.guberna.be/en/what-good-governance>

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