



JOURNEY TO IMPACT IN ASIA

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This inaugural report marks our first year as an impact investor focused on Asia. We hope to share our learnings and experience through this report and its future editions.

Join us as we embark on an impact journey across the varied terrains of Asia, catalysing ideas for pathways of sustainable impact and purposeful growth.

Together with our stakeholders, we are keen to grow our collective work through insights from the ground. Let us work towards a better and more resilient Asia together.

Our Year in Review

In the first year of our journey, we have made significant progress in building a diverse portfolio of companies across Asia that help advance our mission - driving change in line with the United Nations Sustainable Development Goals.

Portfolio Snapshot

We have added five companies to our portfolio over the past 12 months, investing across our five themes - Climate & Water Solutions, Better Healthcare & Education, Sustainable Food & Agriculture, Financial & Digital Inclusion and Smart & Liveable Cities. We take pride in the impact these companies are creating for the environment and our society.



SOLAR ENERGY

Based in Singapore

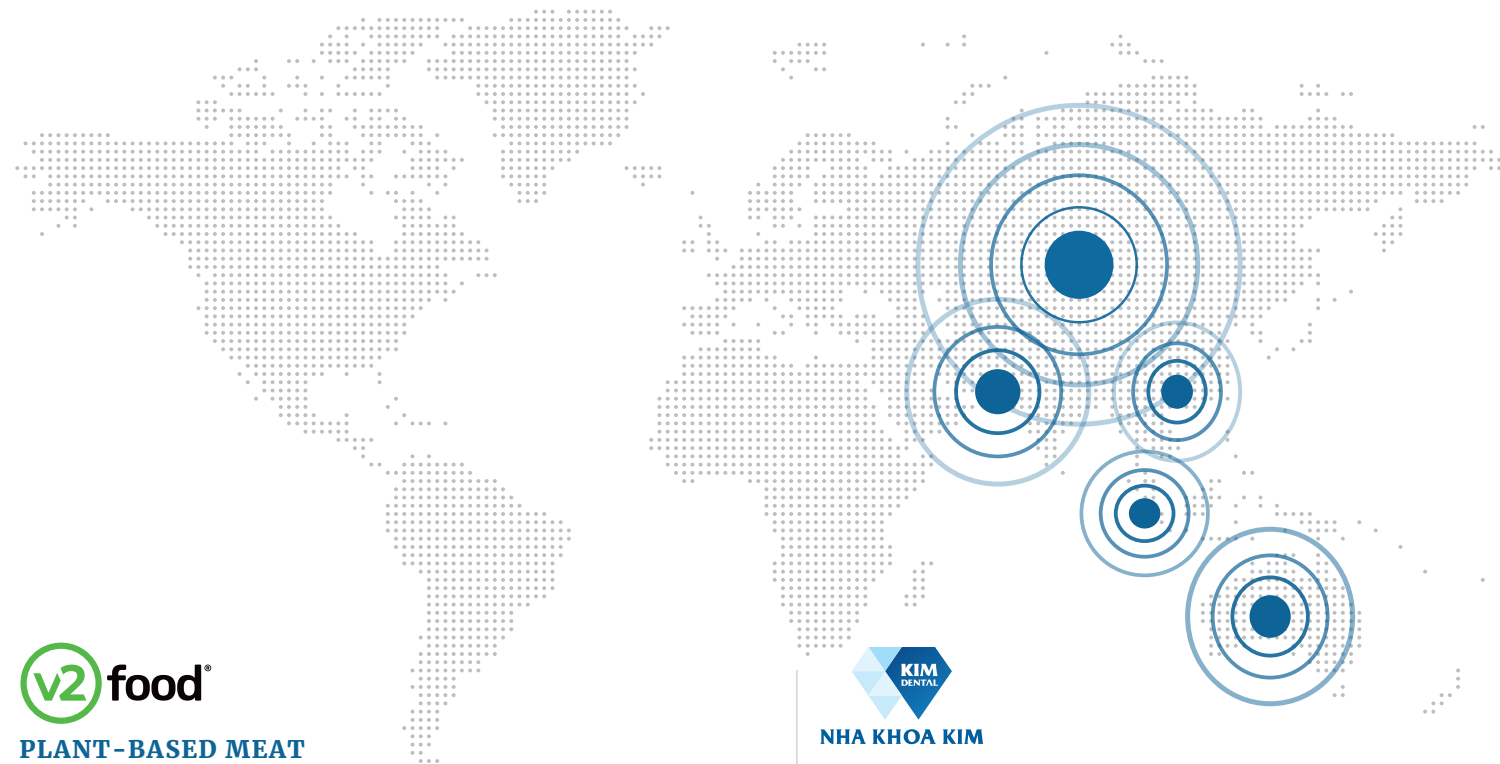
Investment Themes Climate & Water Solutions
Smart & Liveable Cities

About the Company

Largest and most established clean energy solutions provider in Singapore, with regional operations in Asia.

Impact Thesis

Powering homes and businesses with clean energy and reducing GHG emissions.



PLANT-BASED MEAT

Based in Australia

Investment Theme Sustainable Food & Agriculture
Climate & Water Solutions

About the Company

Producer of plant-based meat using protein extracted from legumes.

Impact Thesis

Accelerating consumers' transition to a more plant-rich diet and reducing GHG emissions, water use and land use.



MICROFINANCE

Based in China

Investment Theme Financial & Digital Inclusion

About the Company

Microfinance institution providing financial services to rural populations in China.

Impact Thesis

Providing access to safe and affordable financial solutions to boost economic growth in rural China while reducing poverty and inequalities.



NHA KHOA KIM

ORAL HEALTHCARE

Based in Vietnam

Investment Theme Better Healthcare & Education

About the Company

Dental service provider operating a network of 19 clinics across six cities in Vietnam.

Impact Thesis

Enhancing access to oral healthcare services and prevention efforts in Vietnam to reduce the risks of oral and non-communicable diseases.



AGRI-TECH

Based in India

Investment Theme Sustainable Food & Agriculture

About the Company

Agri-tech platform enabling data-driven farming by connecting all stakeholders in the agri-ecosystem.

Impact Thesis

Improving the productivity and livelihood of smallholder farmers and driving greater efficiency in agri supply-chains.



Key Highlights

\$405M

Capital Raised

\$98M

Invested in 2020

Impact Across Our Portfolio*

Environmental Impact

1.1M

metric tons of CO₂ emissions avoided

Financial Inclusion

460,000

people and microenterprises gained access to credit and financial services

Health & Prevention

129,000

people received oral-health treatment along with prevention

Inclusive Agriculture

1.5M

smallholder farmers globally gained access to customised farming advice and information

*Operational Impact Performance for full 2020

Foreword from our Chairman

The past year has been one of global reckoning. 2020 has presented the world with grave challenges in the form of the COVID-19 pandemic. The ongoing health crisis has precipitated global issues that have impacted our society – in Singapore and worldwide. The adverse health impacts have been and continue to be unprecedentedly severe. The economic impacts likewise are equally severe, given that millions of workers now face hardship arising out of lost wages and jobs.

At the same time, the extreme volatility of financial markets has added to their woes. We are facing a human, economic and social crisis and its consequences are causing the most harm to the most vulnerable among us.



More than ever the world requires the robust and scalable power of finance to support the companies that can drive positive change.

This crisis also points toward the urgent need to address the world's most pressing challenges: climate change, resource scarcity, income inequality and universal health care. Our younger generations are asking whether the costs of our global economy are greater than its benefits. We must recognize our greatest challenges cannot be solved by government and philanthropy alone, business has an important role to play. More than ever the world requires the robust and scalable power of finance to support the companies that can drive positive change.

ABC World Asia was launched in 2019 guided by Temasek's vision of an "ABC World" and a mission to contribute to the United Nations Sustainable Development Goals. Our intention is to generate positive, measurable social and environmental impact alongside a financial return. Our commitment is to prove the model works.

We believe our region offers significant potential for impact investing. Asia has gained significant traction as an economic hotspot in the past decade and many countries have rapidly transitioned from frontier to emerging markets status. A new generation of entrepreneurs is now creating new business models and offering innovative products that aim to address environmental and social issues. Impact investing is a young concept in Asia, but it is growing rapidly. We are excited to be part of the global impact investing community and pleased to share our progress in this report. Such progress would not have been possible without the trust of our investors, the support of our board members and the constant dedication of our staff. I want to thank them all sincerely.

Please keep well and stay safe.

Regards,
Fock Siew Wah
Chairman

Our Journey since Inception



It gives me great pleasure to share the progress and learnings from the first year of our impact investing journey. We raised our inaugural fund in 2019 with a fund size of S\$405m. We are grateful to our investors – in particular Temasek Trust, Temasek Holdings and Pavilion Capital – for their continuous and enthusiastic support.

Since our inception, impact has been at the very core of everything we do and accounts for 100% of our investment activities. That means that each and every one of our portfolio companies must provide a positive impact to the environment or drive inclusive growth in Asia, mapping to the UN SDGs.

As we continue to evolve, we hope that by sharing our insights, we will encourage active dialogue and further adoption of impact investing in Asia.

Our first year on this impact investing journey was marked by significant progress and important milestones. We have evaluated over 200 opportunities – choosing to invest in five businesses, deploying S\$98 million. Sunseap and v2food contribute to reducing carbon emissions and mitigating climate change, one of the greatest challenges of our time. CD Finance and Kim Dental provide vital services to low and middle-income communities in China and Vietnam respectively. CropIn endeavours to assist smallholder farmers build secure and sustainable livelihoods.

Our investments have been made in the midst of the challenges posed by the prevailing COVID-19 pandemic. The unprecedented and global nature of this crisis has resulted in both challenges and opportunities for our portfolio companies. The current crisis only reinforces our conviction that we urgently need to change our way of measuring value and success.

This past year has also been one of learning for our team. We collaborated with industry experts to design an impact framework that aligns to our vision. Showing investors how our investments improve our society requires a systemic approach. We have now integrated impact measurement and management into our end to end investment process. As we continue to evolve, we hope that by sharing our insights, we will encourage active dialogue and further adoption of impact investing in Asia.

In the coming years we will take thoughtful steps in bringing our fund's strategy to life, further test our thematic verticals and monitor impact across our portfolio to validate our assumptions. We look forward to harnessing our financial, human and intellectual resources to grow purpose-driven businesses based on the foundation we've built to date.

Wishing everyone safe health.

Regards,
David Heng
CEO

A Message from Temasek Trust

Temasek Trust was established in 2007 by Temasek, a global investment company headquartered in Singapore, as its philanthropic arm to oversee the financial management of its endowments and other gifts for the community.

Our core role is to be a responsible steward of philanthropic assets, ensuring financial governance and discipline in our investment and asset management to strive for sustainable funding for philanthropic purposes.

At the same time, our journey over the years has been marked by evolution -- not least in the growth of endowments that have been entrusted to us -- but also in the expanded role that we are humbled to embrace. Today, Temasek Trust endeavours also to be a thoughtful advocate for philanthropy, enabling innovation in philanthropy to meet the evolving needs of the community, and an active citizen for social impact, engaging actively with the community, businesses and policy-makers so that purposeful collaboration and partnerships can be formed.



Temasek Trust Conversation 2019 organized by Temasek Trust to facilitate dialogue among thought-leaders and practitioners on the new landscape of philanthropy.

Our Vision for ABC World Asia

In our unceasing aspiration to learn and empower new pathways in philanthropy, Temasek Trust launched our maiden impact fund and fund manager, ABC World Asia, in 2019 with the mission to establish impact investing as an effective lever for sustainable development. Our establishment of ABC World Asia was made possible with the support of Temasek and Pavilion Capital as co-owners of ABC World Asia, along with Mapletree Investments, Seatown Holdings, Sembcorp Industries and SP Group as fellow founding investors of the fund.

We believe that impact investing, which seeks to generate positive social and environmental impact alongside compelling financial return, complements our vision of sustainable philanthropy. With the impact investing industry in Asia still relatively nascent, we hope that ABC World Asia will pave the

way for the impact investing movement in our region, become a proof point that impact investing is a better way to invest responsibly, and advance standards for impact measurement and management.

Capability building in the area of impact measurement and management is a key objective of Temasek Trust in establishing ABC World Asia. There is still much more to be done but we are heartened by ABC World Asia's commitment to impact rigour, the foundation it has laid in developing an impact framework that leverages industry best practices and how it has integrated impact into the heart of its investment and decision making processes.

Going beyond direct impact investing activities, Temasek Trust is keen to play an active role contributing towards field building and standard setting efforts, sharing our learnings and perspectives with other industry players and stakeholders. We are a member of the UNDP SDG Impact Steering Group, a flagship initiative of

United Nations Development Programme (UNDP) to establish global practice standards for SDG-enabling investment. Together with ABC World Asia, we are working with UNDP to pilot the development of SDG Impact Standards that are designed to help bridge the gap between current industry practices and a more sustainable, resilient and inclusive future.

Working Together for a Better Tomorrow

In the 18 months since ABC World Asia's founding, the Board, Investment Committee and Management of ABC World Asia have demonstrated an unwavering commitment towards the impact investing mission, keeping the vision of a better world at the centre of its purpose. While the journey is still young, ABC World Asia's remarkable progress over this time has strengthened our conviction towards impact investing and inspired us that more is possible.

2020 has been a year of unprecedented challenges. Amidst the disruption of the COVID-19 pandemic, ABC World Asia has also stepped forward to lend its direct support to the philanthropic initiatives of Temasek Trust, including its generous contributions towards the oscar@sg fund which offers enabling grants to ground-up projects supporting Singapore communities affected by COVID-19. Temasek Trust reiterates our heartiest congratulations to ABC World Asia for its dedication, drive and an encouraging first 1.5 years of operations. It is our privilege to work with you to advance the impact investing agenda and to build a better tomorrow in the continued journey ahead.



In the face of an unprecedented climate crisis and resource scarcity challenges, efforts for a transition to a low-carbon economy are gaining urgency across the world. Our investments should address our most pressing environmental issues and make a difference for our planet and generations to come.

Protecting and Preserving our Planet

Committed to Impact

ABC World Asia invests in impact-driven companies and partners with them to drive meaningful change in line with the UN SDGs.

The imperative for business involvement in global problem solving

The world is facing daunting challenges: climate change, water scarcity, rising income inequality, overcrowded urban areas, uneven educational opportunities, and inaccessible healthcare. These intractable issues threaten the stability of our societies and habitability of our planet. It has become increasingly apparent that these challenges will not be resolved by governments alone.

The world needs companies that not only integrate sustainability into their operations and business practices, but also provide products and services that can drive positive change at scale. In Asia, a new generation of forward-thinking entrepreneurs is emerging, representing a shift in values and behaviour towards tackling social and environmental challenges through technology and innovative business models. ABC World Asia focuses on investing in these companies and entrepreneurs that drive change in a constructive way.

Contributing to the UN SDGs

Adopted in 2015 by United Nations member states, the 17 SDGs are a call to leave no one behind in the face of global challenges. They provide a framework not just for global governments and corporations, but also for leaders, entrepreneurs, and citizens to focus their collective efforts on vital issues.

The landmark report *Better Business, Better World*, published by the Business and Sustainable Development Commission in 2017, offers a vision for a new, socially focused business model. It makes the case that businesses that actively address the SDGs will enhance financial returns and create additional business value.

“The Global Goals need business: business needs the Global Goals.”

– *Better Business, Better World* report



The SDGs offer a compelling growth strategy for businesses and the world economy – by working towards the goals, businesses can tap into US\$12 trillion worth of market opportunities. Businesses need to pursue social and environmental impact as avidly as they pursue market share and shareholder value.



“ABC World Asia assesses social and environmental impact with the same depth and rigour required of their evaluation of financial performance. Our investment committee assigns both dimensions equal importance, and conducts an in-depth review of the impact diligence findings before making an investment decision.”

Mr Dilhan Pillay,
Chairman, Investment Committee

	TARGET SDGs	CHALLENGE	BUSINESS OPPORTUNITY
Climate & Water Solutions		25% of global CO ₂ emissions are created by Asia's electricity and heat generation sector	US\$300 Bn worth of opportunities in expansion of renewables in Asia
Better Healthcare & Education		75% of deaths in Asia-Pacific are attributable to non-communicable diseases	US\$240 Bn worth of opportunities in health insurance and risk pooling
Sustainable Food & Agriculture		87% of smallholder farmers globally are located in Asia-Pacific	US\$1 Tn worth of opportunities in Asia's food sector spread across production, supply chain, and retail
Financial & Digital Inclusion		1.1 Bn people are 'unbanked' defined as no access to formal financial services	US\$1 Tn worth of opportunities in loans to individuals and businesses delivered through digital channels
Smart & Liveable Cities		7 megacities of the world's top 10 will be based in Asia by 2030	US\$1.5 Tn worth of opportunities in building efficiency, affordable housing and clean mobility

Guided by Temasek's vision to build an ABC World of Active Economies, Beautiful Societies and Clean Earth, our fund focuses on five investment themes that can reframe Asia's biggest environmental and social challenges into growth and development opportunities.

Our Approach

At ABC World Asia, we seek to invest our capital in mission-driven companies whose products and services actively drive positive change for the future. All our investments intend to “Contribute to solutions” and fall under the impact class C according to the [Impact Management Project \(IMP\) classification](#).

We believe that investing with an impact lens demonstrates the positive power of private capital, thereby fostering companies that are more resilient, innovative, and better able to deliver societal benefits in the long run.

Investment criteria

With a focus on our five themes, we develop investment theses based on industry dynamics and opportunities for impact. We identify and select fast-growing companies that offer products or services that create positive social or environmental change at scale. By evaluating companies

on both financial and impact potential, we ensure that our partnerships with our portfolio companies can drive the best performance in both dimensions.

Active ownership

As active and supportive investors, we endeavour to leverage our internal and external network in Asia, as well as our industry and impact management expertise, to help our companies accelerate their commercial success. We also seek to partner with our portfolio companies to design and implement plans that maximise impact during our investment period.

Framework for Impact Evaluation

The ability to translate impact intention into tangible results is pivotal to the success of impact investing. To achieve this, ABC World Asia established an impact management system that provides both rigour and flexibility across various sectors.

Designing a credible impact framework

Impact measurement and management (IMM) has always been at the core of the impact investing industry. However, the difficulty of measuring impact has been a key barrier to the industry's growth since it first emerged in 2007. IMM practices have evolved over the past decade, with an increasing adoption of standard measurement systems and tools across the industry.

Early in our journey, we focused on designing a comprehensive IMM methodology that would inform our investment decision-making and help monitor the impact performance of our portfolio companies.

This framework should help ensure each target company would effectively contribute to advancing the UN SDGs and provide a consistent evaluation of impact regardless of the sector, geography or maturity of the company.

ABC World Asia collaborated with the Bridgespan Group to design a framework that would align with our fund's objectives and allow us to evaluate impact systematically, leveraging evidence-based research and data.

In this process, we reviewed impact management norms and practices. A few approaches emerged as most common among impact investors and consistent with evolving industry standards. Our methodology incorporates four of these best practices in order to ensure we assess impact in a comprehensive, consistent and rigorous manner.

The Impact Management Project (IMP) also appeared as one of the most holistic assessment methodologies and the most relevant approach for our fund. For ABC World Asia, IMP provides the flexibility necessary to analyse the environmental or social impact of our prospective portfolio companies across various countries and industries.

Integrating ESG (Environmental, Social and Governance)

ESG integration is the practice of incorporating environmental, social and corporate governance considerations into investment decisions, and forms the basis of responsible and sustainable investing. For ABC World Asia, satisfying ESG criteria alone is not enough grounds for eligibility. Our portfolio companies also need to drive significant environmental and social outcomes and comply with our impact thresholds. We believe however that companies aiming to generate positive impact through their products and services should also demonstrate good ESG practices across their operations. ESG is therefore part of our investment criteria and a key component of our due diligence process. As an active investor, ABC World Asia is committed to helping portfolio companies improve both their impact and ESG performance.

Evaluating both the financial and impact potential in our diligence process

We have designed our investment process to integrate social and environmental impact and built a team with the experience and expertise required to conduct commercial and impact diligence with depth and rigor. Both due diligence efforts are conducted in parallel, and both findings are presented to our investment committee and discussed as part of our investment decision.

“The Bridgespan Group is a global non-profit organization that collaborates with mission-driven leaders, organizations, and investors to break cycles of poverty and dramatically improve the quality of life for those in need. We have been privileged to work alongside ABC World Asia as they have developed and implemented this framework. We see it as a compelling example of an investor applying structure and rigor to their decision-making, leading to the deployment of dollars that have a strong likelihood of truly driving social and environmental impact. In doing so, ABC World Asia has stepped into an important leadership role in the Asian market, with the approach they have laid out in this report offering a potential path for others in this rapidly developing market to build from. We applaud the transparency and harbour strong optimism for the future of impact investing in Asia.”

–Stephanie Kater,
Partner



Key Practices for Impact Measurement and Management

1 HOW CAN WE ENSURE WE SELECT THE RIGHT IMPACT COMPANIES?

IMPACT SCREEN

Applying a screen early in the process ensures that potential investments meet baseline impact criteria before engaging in further diligence.

Initial screens can be more or less intensive: from a simple focus sector alignment to the development of an impact thesis and assessment of the target according to impact criteria.

2 HOW CAN WE ASSESS A COMPANY'S CONTRIBUTION TO THE UN SDGS?

IMPACT THESIS

Articulating an impact thesis and logic chain which maps the target company to impact helps ensure that the target company is aligned with the fund's impact objectives.

An impact thesis is initially built upon a series of assumptions that need to be verified during due diligence using company data and evidence-based research.

3 HOW DO WE ENSURE AN INVESTMENT WILL DRIVE 'ENOUGH' IMPACT?

IMPACT SCORING

A scoring system that synthesizes the results of the impact due diligence helps inform an investment committee recommendation.

A scoring system can define minimum threshold for impact and therefore ensures that all deals meet a required baseline for impact.

4 HOW DO WE MEASURE IMPACT IN A CONSISTENT MANNER?

IMPACT KPIS

Identifying a set of metrics and indicators that are tied to the impact thesis and can be tracked over the course of ownership is critical to measure and report the impact performance of an investment.

Whenever possible, indicators should be aligned with standardized industry metrics, such as those identified by the IRIS+ system.



Uplifting and Supporting Communities

We believe active dialogue between businesses and civil society can drive sustainable development. We are committed to meaningful engagement with stakeholders to inform our understanding of social needs and our evaluation of impact. Our investments should contribute to building resilience and promoting inclusivity in communities across Asia.

Impact Measurement & Management

Developing an impact thesis is a key first step in our impact due diligence process.

Screening for Impact

An impact thesis as a tool for screening opportunities

As ABC World Asia invests in companies across various sectors, we develop impact theses for each investment opportunity.

Impact theses can be used to apply logic and continuous improvement for effective impact measurement and management. Crafting an impact thesis for each target company helps us better understand how a particular product or service is making impact in the world.

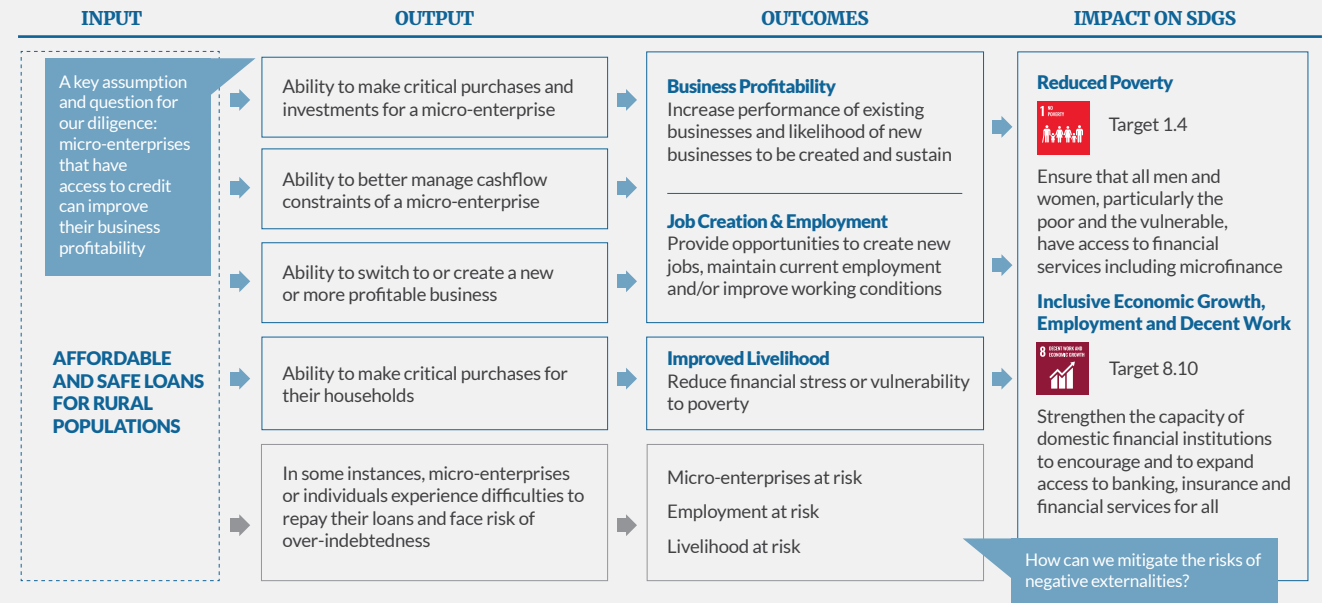
At the screen stage, a clear visual representation of impact enables us to identify underlying assumptions to be verified during our deeper due diligence. It also helps uncover possible negative externalities early in the process.

Our impact theses aim to articulate the company's intended path to delivering impact by identifying strategic elements: inputs, outputs, outcomes, and SDGs. Both positive and negative changes are mapped in the form of "impact pathways" showing the causal relationship and chronological flow between each element.

IMPACT THESIS 1

A microfinance institution serving rural populations

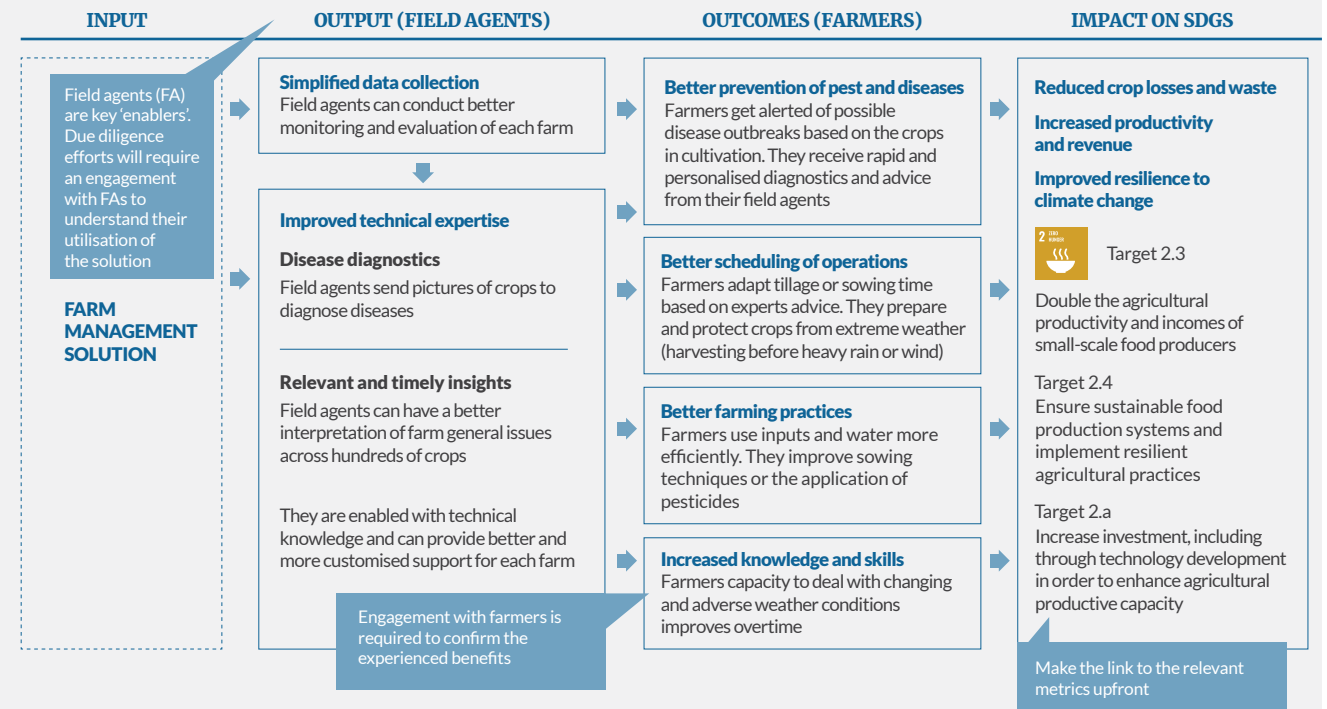
- This impact thesis intended to integrate all the pieces of a complex theory of change into a single narrative.
- By crafting a clear and coherent impact thesis, our team was able to better pinpoint key underlying assumptions for impact. In the case of microcredit, a key question for our due diligence was: What is the evidence that access to financing helps micro-businesses increase productivity and profitability?
- Our impact thesis was developed early in the investment process to help us identify and consider negative externalities and risks related to over-indebtedness for microfinance. However, our thesis continued to evolve as our team collected and reviewed data and evidence over time.



IMPACT THESIS 2

A digital farm management platform for agribusinesses and smallholders

- Some companies may offer a broad range of services and target different customer groups across various regions. Our impact thesis aided in identifying a specific product, or a target population through which we intend to deliver impact.
- In the case of a shared platform for agribusinesses and smallholder farmers, our thesis helped demonstrate that field agents who visit farms on a regular basis, will play a critical role in the delivery of impact. Without them, farmers are a lot less likely to adopt new farming practices and follow experts' recommendations.
- As a result, we ensured that our diligence work would capture the feedback of field agents and their utilisation of the technology.



Sourcing and evaluating companies based on impact criteria

Environmental and social impact is the common thread across the various sectors, geographies, and maturity stages of our portfolio companies. Though this diversity can make the selection of standard impact criteria challenging, we identified a few key questions to consider early when engaging with potential investee companies. One of them is related to intentionality.

Intentionality matters

Assessing an entrepreneur's intentionality and commitment to impact is important for us to ensure a company is able to balance the dual purposes of social or environmental change with financial return. Over time, this alignment becomes especially crucial when decisions, weighing commercial and impact outcomes simultaneously, need to be made. We need to know that a management team will respond to such situations with the right commitment to the dual purposes for which they secured funding.

“During the due diligence phase, we invest time to evaluate the motivations of the management team to continuously monitor and improve their social or environmental impact over the years. This is an important gauge to ensure our investee companies share similar objectives with ABC World Asia and our partnership will be successful.”

Sugandhi Matta, Managing Director



Assessing the five dimensions of impact

In the next stage of our due diligence process, we conduct an in-depth assessment of our target companies to validate our initial impact thesis, identify key drivers for positive outcomes, and estimate how much of the target impact can grow over the coming years. We incorporate third-party data sources and desktop research to inform our internal views on the impact potential of target companies.

The in-depth nature of our impact due diligence helps us determine the impact mandate and objectives of the investee company before an investment decision is made. Post-investment, we monitor the company's impact performance to ensure adherence to agreed impact objectives.



“The five dimensions of impact embedded in our framework help us structure our due diligence questions and data by focusing on elements that are mutually exclusive and linked explicitly to evaluation criteria. IMP is at the heart of our evaluation and our reference point to see how each piece fits into the whole picture of impact.”

Isabelle Morin, Impact Director

IMPACT MANAGEMENT PROJECT

The Impact Management Project (IMP) provides a forum for building global consensus on how to measure, manage and report impacts on sustainability. It is relevant for enterprises and investors who want to manage environmental, social and governance (ESG) risks, as well as those who also want to contribute positively to the global goals.

IMPACT DIMENSION	CATEGORY	STAGE	HOW WE ASSESS AND SCORE	SCORE
WHAT WHAT tells us what outcome the enterprise is contributing to, whether it is positive or negative, and how important the outcome is to stakeholders.	SDG alignment	Screen	Not aligned with the UN SDGs → Fully aligned with the UN SDGs	WHAT SCORE WEIGHTED 20%
	Importance to stakeholders	Due diligence	Outcome is not important to stakeholders → Very important to stakeholders	
	Evidence	Due diligence	No evidence-backed link to target outcomes → Rigorous researched-backed link	
WHO WHO tells us which stakeholders are experiencing the outcome and how underserved they are in relation to the outcome.	Stakeholder needs	Due diligence	Company addresses limited stakeholder need → Highly pressing stakeholder needs	WHO SCORE WEIGHTED 20%
	Characteristics	Due diligence	Stakeholders are not in a target demographic → 100% stakeholders in a target demographic	
HOW MUCH HOW MUCH tells us how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced the outcome for.	Scale	Due diligence	Few stakeholders affected → Many stakeholders affected	HOW MUCH SCORE WEIGHTED 20%
	Depth	Due diligence	Low degree of positive change → High degree of positive change	
CONTRIBUTION CONTRIBUTION tells us whether an enterprise's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise.	Depth counterfactual	Due diligence	Low degree of change compared to baseline → High degree of change compared to baseline	CONTRIBUTION SCORE WEIGHTED 20%
	Competition	Due diligence	Many players providing comparable product/service → Company is sole provider of a given solution	
RISK RISK tells us the likelihood that impact will be different than expected.	Negative externalities	Screen	Multiple risks affecting delivery of impact → No known risk affecting delivery of impact	RISK SCORE WEIGHTED 20%
	Risk type and level	Due diligence	No known risk mitigation strategy → Clear risk mitigation strategy	

The Impact Management Project (IMP) provides a consistent method of assessing the impact performance of different investments, using five dimensions of impact: WHAT, WHO, HOW MUCH, CONTRIBUTION & RISK.

These dimensions reflect an emerging consensus for impact measurement in the industry and have been designed to be applied flexibly by funds. Our approach to impact evaluation incorporates the work of the IMP.

In the following pages, we illustrate how our assessment framework is applied to gauge the impact potential of our investments. We use portfolio companies as case studies to contextualise the process of evaluation for each dimension.

Case Study

Impact Dimension

WHAT



Agri-tech platform enabling data-driven farming by connecting all stakeholders in the agri-ecosystem.

IMPACT THESIS

Improving the productivity and livelihood of smallholder farmers and driving greater efficiency in agri supply-chains.

PRIMARY IMPACT



SECONDARY IMPACT



THE CHALLENGE

Information asymmetry creates inefficiencies in the agri food system

Nearly 80% of our food production is dependent on an estimated 500 million smallholder farmers. Most of them live in Asia and earn less than \$2 a day from cultivation. To ensure our food security, there is an urgent need to empower smallholder farmers and improve both productivity and livelihoods.

The SDG target 2.3 aims to double the agricultural productivity and incomes of small scale food producers by 2030. Target 2.4 aims to ensure sustainable food production systems and implement resilient agricultural practices.

The agri food sector is characterized by long and complex value chains with many intermediaries and imperfect information. Farmers face three main challenges: a limited access to capital pre-season, a limited access to quality inputs and agronomic information in-season, and limited access to markets post harvest. At the same time, agri service providers and other key stakeholders in the ecosystem struggle to provide relevant support to farmers as they lack basic farm level information.

THE SOLUTION

Empowering smallholder farmers is key to ensuring the sustainability of our food system.

The digitisation of the agri food value chain will connect various stakeholders and help farmers overcome several of these challenges.

CropIn's farm management solution, SmartFarm, is able to provide immediate and long term benefits for smallholder farmers and drive greater efficiency in agri supply chains.

SmartFarm simplifies farm level data gathering through a smartphone app that records activities and key milestones. The data is analysed alongside satellite based information to provide actionable insights to companies, whose field agents can provide customised and timely recommendations for each farm. As a result, farmers are able to follow good farming practices, use inputs and resources more efficiently, prevent or diagnose pest infestations and diseases, and better schedule farming operations to account for harsh weather conditions.

ASSESSING THE WHAT DIMENSION

Importance to stakeholders



The World Bank's Sustainable Livelihoods and Adaptation to Climate Change project, conducted with over 4,000 smallholder farmers in 200+ villages in India over two years, demonstrated that farmers using CropIn's solutions averaged 37% higher earnings and approximately 30% increased farm yields compared to the district average. These reported benefits are important for farmers.

Evidence



As CropIn worked closely with non-profit organisations to test its farm management solution with smallholder farmers, the company had reliable third-party data and research to share and support our assessment of impact.

The quality of data was assessed in accordance with [NESTA standards of evidence](#).



68%

of farmers experienced **REDUCED LOSSES FROM PESTS AND UNEXPECTED WEATHER EVENTS**

30%

INCREASE IN YIELDS reported by farmers

37%

of smallholder farmers reported **HIGHER EARNINGS**

Case Study

Impact Dimension

○ WHO



NHA KHOA KIM

Kim Dental is a dental service provider operating a network of 19 dental clinics across six cities in Vietnam.



IMPACT THESIS

Increasing access to oral healthcare services and prevention efforts in Vietnam to reduce the risks of oral and non-communicable diseases.

PRIMARY IMPACT



THE CHALLENGE

Oral health is one of the most neglected global health issues

Oral diseases affect over 3.5 billion people worldwide and represent a major public health challenge. As oral health is rarely prioritized in the national health policies of low- and middle-income countries, poor oral health is a silent epidemic.

Oral diseases disproportionately burden disadvantaged communities, affecting people throughout their lifetime, causing pain, discomfort, disfigurement and even death.

The SDG target 3.4 aims to reduce premature mortality from non-communicable diseases (NCDs) by a third by 2030.

Oral diseases are among the most common and preventable NCDs worldwide. Poor hygiene, diets high in sugar, tobacco or alcohol use are some of the main underlying risk factors both for oral diseases and other NCDs (such as diabetes, cancer and cardiovascular diseases).

In Southeast Asian countries, including Vietnam, the incidence of oral cancer remains one of the highest in the world with a low five-year survival rate. There is an urgent need to reprioritize oral health and increase prevention efforts.

THE SOLUTION

Oral health as a key element of Universal Health Coverage (UHC)

In 2019, the World Health Organisation (WHO) called to accelerating action towards achieving oral health for all through Universal Health Coverage. To support the United Nations and the WHO's efforts for improving oral health in low-middle income communities, the private sector has an important role to play.

With a large panel of solutions ranging from affordable 'basic services' to high-end procedures, Kim Dental is able to reach an underserved population and meet the needs of an emerging middle class in key locations in Vietnam. Its safe infrastructure and competent workforce will contribute to increasing the quality and demand for oral health services throughout the country.

ASSESSING THE WHO DIMENSION

Stakeholder need

Company addresses limited stakeholder need Highly pressing stakeholder needs



The burden of oral diseases constitutes a major public health challenge in Vietnam while the accessibility of oral health services is restricted.

In Southeast Asia, tooth decay and cavities affect 70% to 95% of school-aged children while 45% of people aged 35 to 44 years suffer from severe or advanced periodontal disease.

Characteristics

Stakeholders are not in a target demographic 100% stakeholders in a target demographic



Our initial impact thesis for Kim Dental relied on the key assumption that the company, through its affordable package of 'basic services', could reach a population that had not yet received appropriate oral health care.

A key element in our impact due diligence work consisted in interviewing a sample of 300 patients across various age groups and locations. This survey helped demonstrate that 46% of customers were 'first-time patients', substantiating our hypothesis that that Kim Dental was targeting an underserved population.



46%

of patients are **ACCESSING DENTAL SERVICES FOR THE FIRST TIME**

75%

of patients **FEEL MORE INFORMED ABOUT HOW THEIR BEHAVIOUR AFFECTS THEIR ORAL HEALTH**

78%

of patients **TAKE REGULAR ACTION TO IMPROVE THEIR ORAL HEALTH**

Case Study

Impact Dimension

HOW MUCH



Producer of plant-based meat using protein extracted from legumes.



IMPACT THESIS

Accelerating consumers' transition to a more plant-rich diet and reducing GHG emissions, water use and land use.

PRIMARY IMPACT



SECONDARY IMPACT



THE CHALLENGE

An inefficient food system and rising demand for meat

As the world's population moves toward 10 billion and an emerging middle class continues to grow and urbanise, meat consumption is projected to increase by 78% in the Asia Pacific from 2017 to 2050.

At the same time, the agri-food industry is struggling to keep up. Multiple issues demand simultaneous attention: increasing productivity, improving resource efficiency, and reducing waste along the supply chain. One important form of waste that needs to be addressed upstream is the low feed conversion ratios in livestock production.

Farmed animals typically consume significantly more protein than they produce, with ratios up to 25x for cows and 9x for pigs.

Animal agriculture is also a leading cause of greenhouse gas emissions, land degradation, water scarcity, and biodiversity loss.

The SDG target 12.2 aims to achieve the sustainable management and efficient use of natural resources. Target 12.3 aims to reduce food losses along production and supply chains.

THE SOLUTION

Accelerating the transition to plant-rich diets

v2food produces soy-based meat products that are intended to appeal to meat eaters. Based on consumer insights from the United States, plant-based meat products that look and taste like animal meat are mainly consumed by meat eaters in view of replacing animal-based products, contributing to the growing flexitarian trend. A survey conducted in China also demonstrated that 75% of consumers are likely to purchase plant-based meat regardless of their current diet, whether vegetarian or meat eaters.

Our impact thesis thus relies on the assumption that v2food's products will be purchased and consumed instead of animal-based meat. The production of v2food's plant-based meat emits less carbon and requires less land and water compared to beef and pork. This helps to reduce the adverse environmental impacts of our food system.

ASSESSING THE HOW MUCH DIMENSION

Depth



Assuming that v2food's plant-based meat products replace 0.05% of beef consumption in Asia Pacific over the next few years, v2food would offset 2 million metric tons of GHG emissions, save 17 billion litres of water, and save 1.5 million hectares of land use.

In order to quantify these environmental benefits, we relied on publicly available lifecycle assessments of the beef value chain. We developed baseline calculations for the environmental impacts of the meat industry across several factors: greenhouse gas emissions, water use, and land use. The results were then compared with similar data for v2food products.

As we compared both lifecycle assessments, we found no significant differences in impact between animal-based and plant-based products at the processing, packaging, or distribution stages. Most of the benefits on the environmental impact can be attributed upstream.

Note: When the planet is the stakeholder, the 'scale' category is not relevant for the assessment of the HOW MUCH dimension.



90%

Plant-based meat production
CREATES 90% LESS CO² EMISSIONS THAN BEEF

93%

Plant-based meat production
REQUIRES 93% LESS LAND THAN BEEF

99%

Plant-based meat production
REQUIRES 99% LESS WATER THAN BEEF

Case Study

Impact Dimension + CONTRIBUTION



CD Finance is a microfinance institution providing financial services to rural populations in China.



IMPACT THESIS

Providing access to safe and affordable financial solutions to boost economic growth in rural China while reducing poverty and inequalities.

PRIMARY IMPACT



SECONDARY IMPACT



THE CHALLENGE

Rural poverty in China remains problematic

Despite experiencing rapid economic growth that lifted millions of people out of poverty, China has the world's largest unbanked population of nearly 225 million people, with 200 million living in rural areas. The lack of access to comprehensive and affordable financial services for households and micro-enterprises is a key barrier to poverty alleviation and economic development in rural China.

The SDG target 1.2 aims to reduce the number of men, women and children of all ages living in poverty. Target 1.4 aims to increase access to appropriate financial services, including microfinance.

Micro, small and medium enterprises (MSMEs) are the backbone of China's economy and account for 97% of registered businesses and 82% of employment.

The limited access to bank credit for these MSMEs is a structural problem. The MSME financing gap in China is estimated at 43%. The financial inclusion of small businesses is key to reducing poverty and inequalities.

THE SOLUTION

Bringing banking to rural China

CD Finance was originated in 1996, as one of the first non-profit organizations to offer microfinance in China. It was established as an independent enterprise in 2008 with a vision to provide accessible and sustainable financial services in rural areas. The company provides affordable, safe and rapid financing solutions to populations across 20 provinces.

More than 87% of CD Finance customers invest in their micro-enterprises as a means to expand their business, secure employment, create new jobs and ultimately improve the standards of living for their families.

The company is now entering a new chapter by "going digital" and delivering loans through mobile phones. This digital transformation will improve the company's ability to connect with hard-to-reach segments of the population and open new opportunities for financial inclusion.

ASSESSING THE CONTRIBUTION DIMENSION

Depth counterfactual

Low degree of change compared to baseline

High degree of change compared to baseline



In the absence of formal credit, some entrepreneurs are forced to rely on underground lending with annual interest rates between 60 and 180%. These entrepreneurs often step into an intractable debt cycle, putting their business and family at risk.

50% of CD Finance's customers are first time borrowers reporting a lack of trust in other organisations (60%) or a lack of transparency with the lending conditions and interest rates of other organisations (30%).

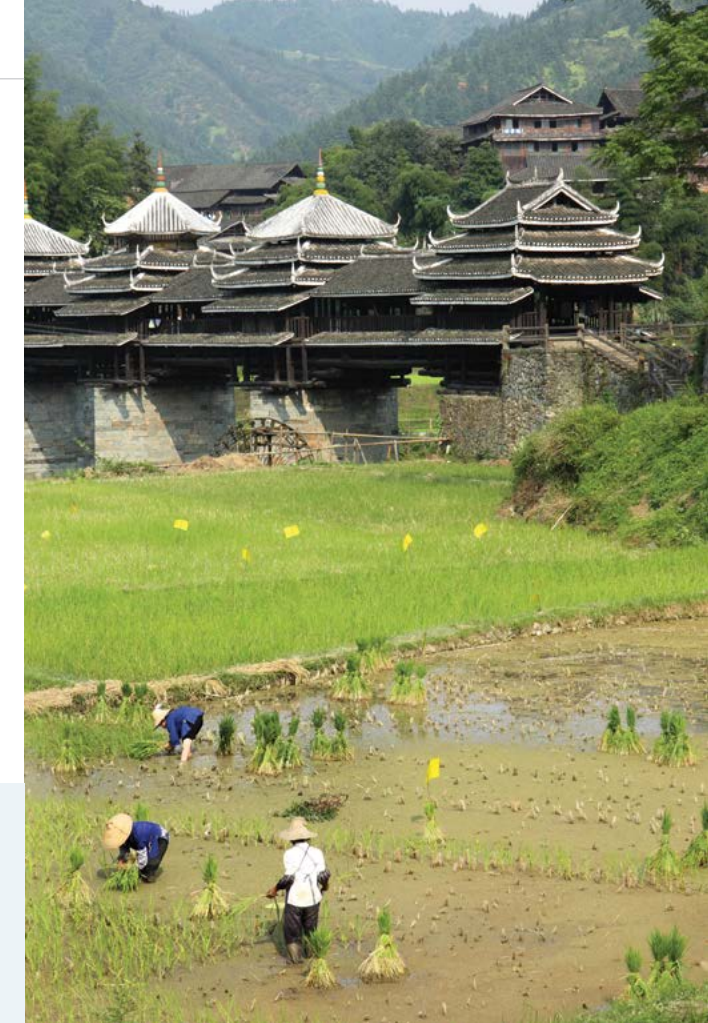
Competition

Many players providing comparable product/service

Company is sole provider of a given solution



A key element of our impact diligence work was the engagement with CD Finance's loan officers, customers but also competitors on the ground. It appeared clear that CD Finance is driving positive outcomes that would have been unlikely to happen otherwise due to a lack of comparably safe and affordable lending services in rural China.



Underground lenders in China will charge up to

180%

ANNUAL INTEREST RATES

A woman wearing a yellow shawl and a floral sari is kneeling on a large pile of red chili peppers, sorting through them. She is wearing several bangles on her wrists. The background is a vast field of red chili peppers.

Building Active and Resilient Economies

The SDGs encourage sustainable economic growth and technological innovation to drive progress, create decent jobs and improve living standards. We support transformative businesses and entrepreneurs in Asia by leveraging our network, resources and capabilities.

Active Partnership



ABOUT THE COMPANY

Sunseap addresses the decarbonisation challenge by aiding the region's transition from emissions-intensive energy sources to non-polluting solar energy, which generates no carbon dioxide or particulates.

Sunseap's utility-scale, rooftop and floating solar projects provides increased access to affordable, clean energy, contributing to a significant reduction in greenhouse gas emissions, which in turn results in reduced risks of climate change and associated extreme weather events. Sunseap's solar energy generation can also contribute to the improvement of air quality in the locations of their projects and in turn, reduce emissions-related illnesses in populations.

Powering homes and businesses with clean energy and reducing GHG emissions.

IMPACT METRICS

1.1 Million M.T.

(metric tons) of CO₂ avoided during the lifetime of solar panels installed in 2020

SUSTAINABLE DEVELOPMENT GOALS

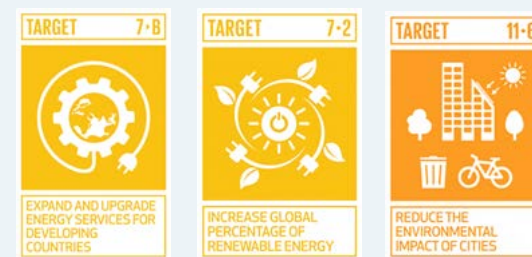


Photo credit: Zen Nuntawinyu/ADB



Lawrence Wu, President and Executive Director, Sunseap

“ABC World Asia is an important strategic partner as we work on our goal of providing affordable and reliable clean-energy solutions to the masses. Its investment helps fund our 1.7 GigaWatt-peak of renewable energy and sustainability projects that are in operation or under development around the region, including Singapore, Southeast Asia, China, Taiwan, and Japan.

More importantly, with ABC World Asia's focus on impact investing, Sunseap has found a like-minded, supportive partner to exchange ideas and develop solutions to foster sustainability and fight climate change in new markets. Our collaboration helps drive innovation to bring about a greater positive impact on the environment in Singapore and elsewhere in Asia.”



Tan Shao Ming, Managing Director

“Climate change is a key global challenge. As the first investment of ABC World Asia, we see Sunseap as a partner to accelerate Asia's decarbonisation and transition to clean energy. Sunseap's clean energy solutions contribute meaningfully to reducing greenhouse gas emissions. We are also encouraged by the sustainability targets that Sunseap has committed to publicly earlier this year, including a commitment to recycling end-of-life solar panels. We look forward to our continued partnership with Sunseap to bring about transformative change to the region and to safeguard our environment.”



Photo credit: Apple

Since the early 2000s, Asia has been the dominant source of CO₂ emissions globally, reaching almost three times the level of the Americas and four times that of Europe. 25% of global CO₂ emissions is created by Asia's electricity and heat generation sector alone.

In Southeast Asia in particular, the growth in electricity demand has been among the fastest in the world. Oil is now the largest element in the regional energy mix and coal, mostly for power generation, has been the fastest growing. While this demand has underpinned the region's development, it has also significantly driven up energy-related CO₂ emissions.

Climate change is a critical challenge that Southeast Asia must confront as the region seeks to expand its economy.

With its large and growing population, its long coastlines and low-lying areas, its economically important agricultural sector, and its high dependence upon natural resources for development, Southeast Asia will potentially face more severe consequences of climate change than the rest of the world.

The consequences of energy-related air pollution for human health are already severe. The WHO estimates that every year, 7 million premature deaths occur worldwide due to outdoor air pollution in both cities and rural areas – over two-thirds of these deaths occur in Asia.

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