

Purpose Capital Impact Report

For the year ended 31 March 2024



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Introduction

A note from Purpose Capital's team



*Purpose Capital wins Mindful Money's 2023
Best Impact Investment Fund Award*

Welcome to Purpose Capital's second annual impact report.

We launched the Purpose Capital Impact Fund (PCIF) to create positive environmental and social outcomes, whilst also delivering risk adjusted financial returns. In so doing, we are demonstrating a new way to undertake investment activities, so that impact investing is mainstreamed, and positive outcomes are created.

If you are reading this report, it's likely that, like us, you care about impact. At Purpose Capital, we are very intentional in this regard. The impacts which we seek to achieve through our investments are meaningful, urgent and based on extensive research, analysis and due diligence by our staff, directors and investment committee.

Impact investing is just one of many actions which is required to drive social and environmental change in New Zealand. All of us at Purpose Capital, including our limited partners and investee companies, are proud of our contribution to date.

Enjoy reading, and please get in touch if you have questions or feedback.

Yours Sincerely,

The Purpose Capital team

Philosophy and approach



Sunrise over Lodestone's Kohirā solar farm near Kaitaia

Vision

To demonstrate how financial investment can protect and regenerate the environment, support the low/no carbon transition and provide opportunities for people to flourish, as part of the new economy.

Mission

Use the power of investment to drive social and environmental change and to demonstrate a new way to make money work.

Strategy

We invest in projects and companies that have clear systemic impact potential and intent, an ability to meet the Fund's financial return target and which can achieve liquidity within the Fund's term.

Theory of Change

This is our framework for achieving positive impact through our investments – please see the next page.

Our Theory of Change

Using the power of investment to drive social and environmental change and demonstrate a new way to make money work.



Assumptions

- We recognise that Impact Investing is just one of many actions needed to drive social and environmental change in New Zealand, but we believe that strategic impact investment can play a key role.
- We aim to use knowledge, networks, investment, skills and leadership, working in partnership with others, including the commercial and philanthropic investment sectors and Māori to achieve our Vision.
- The intention is to provide confidence to the investment market so that investment funds flow into impact investments via our Funds, co-investment, syndicated investment and blended finance.
- This will be done intentionally, within the bounds of our Fund's mandates and with rigorous due diligence in the measurement of both financial and non-financial (impact) risk and return.
- We will refine and improve our approach to impact investment and measurement over time.

Impact Measurement

Signatory to:



**Operating Principles for
Impact Management**

**IMPACT
MANAGEMENT
PROJECT**



Impact Measurement and Management (IMM)

We have carefully chosen the Principles, Frameworks, and Standards we incorporate into our practice. These, discussed in more detail in our last Impact Report, include:

- The Operating Principles for Impact Management¹ (Impact Principles), hosted by the Global Impact Investing Network (GIIN)
- The Impact Management Project (IMP)'s Five Dimensions of Impact Framework²
- IRIS+ metrics³

Outcomes and Impact

We report outcomes (finite, immediate, measurable results) with pre-defined metrics and impact (broader, long-term effects) using both qualitative and quantitative evidence. Examples of the outcomes and impact we target are listed in our Theory of Change.

Individual Company Metrics



Apportionment

As is common practice, we report the overall metrics for each investment entity at the company level; however, we present these alongside our level of investment and shareholding.

Outcome Tracking

As much as possible, we track outcomes directly, based on the desired *outcomes* listed in our theory of change. For example, GHG emissions mitigated by upgrading refrigeration equipment.

In some cases, we are currently only able to directly track *outputs*. While this is not ideal, we are on a journey with each of our investee companies and we consider this an acceptable starting position. Over time, the metrics which we use may change as our companies mature and are able to track additional, refined, or other kinds of impact data.

Verity

We rely on self-reporting of data by investees. While we review the information, it is neither independently verified, nor comprehensively audited by us or any other party.



Name
Whakatōhea Mussels Ōpōtiki Limited

Location
Bay of Plenty

Sector
Aquaculture

Stage/Type
Expansion

Date of Investments
30 June 2020
18 May 2022

Amount of Investments
\$2m & \$0.2m as part of a \$6.89m impact syndicate

Ownership Percent
2.96% as part of a syndicate holding 9.13%

Website
<http://www.openocean.co.nz>



Whakatōhea Mussels Ōpōtiki

In partnership with Bay Trust and Trust Horizon, PCIF has invested in Whakatōhea Mussels Ōpōtiki Limited (WMOL) - a New Zealand first and world leading open ocean mussel farm and processing plant - with a goal to bring prosperity back to Ōpōtiki and the Eastern Bay of Plenty.

The mussel farm – off the coastline of Ōpōtiki – is 3,800 hectares of nutrient rich, clear, open ocean. Mussels are harvested daily and delivered directly to the processing plant.

Employees Earning a Living Wage or Higher
IRIS+ ID: OI4724

187*

(on 31 March 2024)
*100% of the workforce

2023 = 237
2022 = 180
2021 = 50

Percentage of employees from Ōpōtiki

57%*

(on 31 March 2024)
*excludes Pacific Island team members residing full time in Ōpōtiki.

2023 = 56%
2022 = 85%
2021 = 90%

Outcomes

- Increased employment and training
- Using wealth to address social issues
- Stakeholders sharing in investment outcomes

Impact



Social equity

Impact Highlights

- Pioneering deep water aquaculture - the future of aquaculture in New Zealand due to its near zero environmental impact - and catalysing further aquaculture development throughout the Eastern Bay of Plenty and East Coast regions.
- Ōpōtiki is one of New Zealand's most socio-economically deprived towns. Aquaculture training and employment will allow many to move from government assistance to self-sufficiency.
- Addresses an issue of critical importance (economic opportunity) using a solution (aquaculture) identified by stakeholders (Whakatōhea Iwi and the wider Ōpōtiki community) to bring employment and opportunity back to the region.

Impact Update

This year, we are not able to report the company's A+ Score⁴ – a voluntary aquaculture sustainability improvement framework – as they are in the process of recertification and a new score is not available.

Employee welfare, training and advancement continue to be the core of the business.

There are currently 187 employees:

- 62% male and 38% female
- 58% are Māori and 32% Pacific Islanders
- 57% from Ōpōtiki
- 68% from the Eastern Bay of Plenty
- 37 are apprentices
- 22 have achieved their Class 1 licenses with a further 17 in the 2024 programme
- Two deckhands have achieved their skipper's ticket in the past year and now skipper boats, with two other deckhands currently studying for their skipper's ticket.



Name
New Ground Living (Bureta Park) Limited

Location
Bay of Plenty

Sector
Housing

Stage/Type
Expansion

Date of Investment
31 March 2022

Amount of Investment
\$2m as part of a \$4m syndicate

Ownership Percent
50.0% as part of a syndicate holding 100%



Bureta Park Build to Rent

Working closely with New Ground Capital and Mike Greer Homes, Purpose Capital is focused on maximising the positive impact of this new housing development in the central Tauranga suburb of Otūmoetai.

Upon the completion of this development, our investment will have contributed to 89 medium density homes, built to a Homestar 7 (v5) standard and located close to retail, recreational, employment and public transport amenities. In addition, it is intended that approximately 50% of these homes will provide long term certainty of tenure and higher levels of affordability than competing market product.


Number of Housing Units Financed
IRIS+ ID: PI5965

89
(on 31 March 2024)
2023 = 89

Project Status vs Expectations

Delayed due to consent challenges
(on 31 March 2024)



Outcomes	Impact
<ul style="list-style-type: none">• More affordable, quality homes• More healthy, sustainable homes	 <p>Sustainable, secure, affordable housing</p>

Impact Highlights

- Increasing affordable housing stock for both renters and first homebuyers and providing a much-needed example of housing intensification done well for Tauranga city.
- Promoting the 15-minute city⁵ concept of housing: most daily necessities and services can be easily reached by a 15-minute walk or bike ride. This is an important climate consideration given 63% of Tauranga’s carbon emissions come from transport.
- Targeting a Homestar⁶ rating of 7 (v5) – indicating an easier to heat, healthier, cost-effective, and environmentally friendly home - with reduced power bills also improving financial resilience.
- Providing security of tenure: up to 10-year leases.
- Community Housing Providers (CHPs) provide quality, affordable housing to those in need by limiting rent to 30% of household’s income.
- We expect these homes to have better environmental footprints compared to other developments, with anticipated advantages, including: High performance windows / insulation; Future proofing for EV charging; Rainwater harvesting; and Rooftop solar panels.

Impact Update

The project continues to remain in the resource consenting phase due to significant consenting delays. While in the land development phase, the impact outcomes we can report are limited. Future potential social impact metrics include:

- Number of families with multi-year tenancies
- Number of people in safe, warm, dry and healthy homes
- Tenant satisfaction
- Security of tenure / eviction rate
- Proportion affordable housing



Name
Homes for Tamariki Limited

Location
New Zealand

Sector
Housing

Stage/Type
Property

Date of Investment
6 May 2022

Amount of Investment
\$2m as part of a \$2.3m syndicate

Ownership Percent
52.71% as part of a syndicate holding 61.20%

Website
<https://www.newground.co.nz/investments/new-ground-homes-for-tamariki>



Homes for Tamariki

The Homes for Tamariki (H4T) Fund houses some of the most vulnerable children and young adults - young people with a variety of complex needs who are unable to be placed in the care of extended family or foster care.

The fund is the result of a partnership between New Ground Capital (NGC) and Oranga Tamariki (OT).

Children tend to stay for their more high-risk / high-need years (generally 13 – 18 years old). Given the support needs, these homes often cater for one or two children at a time before they re-integrate into society, allowing further children to move in.

Number of Housing Units Financed
IRIS+ ID: [PI5965](#)

5

(on 31 March 2024)
2023 = 4

Number of children and young people with permanent homes
Aligned to IRIS+ ID: [PI4060](#)

7

(on 31 March 2024)
2023 = 5

Outcomes	Impact
<ul style="list-style-type: none">Using wealth to address social issues	 Social equity

Impact Highlights

New Zealand came last in children’s mental well-being and third to last in overall child well-being in a 2020 UNICEF report.⁷ The most vulnerable children – in state care due to a lack of family or it being unsafe for them to be with family – are often in emergency housing or motels due to a lack of other options.

This investment meets our target outcome of increased housing for vulnerable populations, and more broadly, contributes to social equity and the New Zealand government’s child well-being priority, complimenting the work of other agencies supporting these children.

The high-quality homes provided by H4T have flow on benefits through lessened demand on the country’s healthcare, welfare, and justice systems. A 2019 OT report on the social effects of moving children from suboptimal housing to safe and secure housing found:

- School truancy & suspensions decline by 35% & 46% respectively
- Attainment of NCEA level 2+ increases by 49%
- Serious offending declines by 45%
- Hospitalisations decrease by 11%
- Year long employment at age 20 increases by 23%

Impact Update

Over the last year, the number of houses owned increased from four to five, and the number of vulnerable children housed is now seven. While these numbers are low and well below the ambition of the fund, the impact upon the lives of each of these children is huge.

The fund manager, NGC, is looking to bring on an institutional investor later this year to significantly increase the scale and impact of the fund.



Name
Lodestone Energy Limited

Location
Bay of Plenty, Waikato
& New Zealand

Sector
Renewable Energy


Stage/Type
Project

Date of Investments
17 October 2022
21 March 2024

Amount of Investments
\$2m as part of \$10m syndicate
\$1.5m as part of \$7.4m syndicate

Ownership Percent
0.98% as part of a syndicate
holding 4.89%

Website
<https://lodestoneenergy.co.nz>




Lodestone Energy

Lodestone is pioneering Utility-Scale Solar Agri-voltaics in New Zealand - enabling dual land use where farming and solar photo-voltaics co-exist.

In 2022, Purpose Capital raised and led a \$10m equity investment syndicate, followed by a \$7.4m syndicate in 2024.

<h3>Energy Capacity of Product</h3> <p>IRIS+ ID: PD2713</p> <p>Phase 1</p> <p>320 GWh p.a.</p> <p>Assumes 5 sites and a 25+ year lifetime</p> <p>Phase 2</p> <p>486 GWh p.a.</p> <p>Assumes 7 sites and a 25+ year lifetime</p>	<h3>Energy Generated for Sale: Total*</h3> <p>IRIS+ ID: PI8706</p> <p>Phase 1</p> <p>16.8 GWh</p> <p>(1 April 2023 – 31 March 2024)</p> <p>2023 = 0 GWh</p> <p>Phase 2</p> <p>0 GWh</p> <p>(1 April 2023 – 31 March 2024)</p> <p>*Primary Energy Source (IRIS+ ID OI3781): 100% Solar-PV</p>
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Outcomes	Impact
<ul style="list-style-type: none">Decreased GHG emissionsIncreased % of renewable energy	 <p>Mitigating climate change</p>

Impact Highlights

- Contributing significantly to the national effort to decarbonise New Zealand’s energy sector and meet our 2050 zero carbon goal.⁸

Impact Update

- As of 31 March 2024, Lodestone has generated 16.8GWh of renewable electricity to date between the Kaitaia and Edgecumbe sites. For context, these two sites alone are expected to generate enough electricity to power approximately 15,000 Kiwi homes each year.
- Lodestone’s Kaitaia site was the first utility-scale solar farm to bid into the market and at the time of this report (June 2024) is the largest solar farm operating in New Zealand.
- Construction of all five farms in Phase 1 is expected to be completed before the end of 2025.
- The company is likely to scale well beyond the initial defined impact of five sites (Phase 1), with Phase 2 expected to be about 50% larger. Phase 1 + 2 together will represent approximately 2% of New Zealand’s total electricity market.
- The company remains on track to achieve the anticipated impact.

Risk of negative unintended consequences

- The solar panel supply chain is at risk of exposure to forced labour and exploitation due to the mining of polysilicon particularly in China’s Xinjiang province.
- Lodestone conducts regular visits to the factories of their supplier, Trina, in China who has advised that that they now exclusively source silicon raw materials from a supplier who is not located in the Xinjiang province.
- We are working with Lodestone to confirm they have adopted best practice policies and supplier requirements.



Name
Cool Group Limited

Location
Waikato

Sector
Manufacturing

Stage/Type
Expansion

Date of Investments
29 August 2023
1 March 2024

Amount of Investments
\$3m equity
\$1m convertible note

Ownership Percent
37.50%

Website
<https://www.coolsense.co.nz>



Cool Group

Cool Group Limited is a Hamilton headquartered manufacturer specialising in milk chilling solutions for dairy farms. The company's refrigeration systems utilise low Global Warming Potential (GWP) refrigerant and next-generation refrigeration technology that is more efficient, cost-effective and environmentally friendly. Delivering transparent data reporting and allowing real-time, remote monitoring.

Purpose Capital's investment provided the equity capital in an innovative partnership with Fonterra and New Zealand Green Finance (NZGIF). The partnership allows Fonterra farmers to lease the cooling systems through a "Pay As You Save" (PAUS) programme.

Greenhouse Gas (GHG) Emissions Avoided*

IRIS+ ID: [PI2764](#)**

3,834
tonnes CO₂e

Based on actual units sold between 1 September 2023 to 31 March 2024.

Potential GHG Emissions to be Avoided*

100,000
tonnes CO₂e

Based on estimated units (736) to be sold from 1 September 2023 to 31 March 2030

* Estimates based on Total Equivalent Warming Impact (TEWI)⁹ figures from units sold during the period 1 September 2023 to 31 March 2024. Assumes a 15-year product lifetime. Does not include emissions related to manufacture or transport.

** **Greenhouse Gas Emissions Mitigation Types (IRIS+ ID: [OI9839](#)):**

GHG emissions avoided from product replacements

Outcomes	Impact
<ul style="list-style-type: none"> Decreased GHG emissions Decreased energy & resource demand 	 <p>Mitigating climate change</p>

Impact Highlights

- Refrigerants represent a huge climate problem of which most people remain unaware. Due to the high Global Warming Potential (GWP) of refrigerants, [Refrigerant Management](#) & [Alternative Refrigerants](#) are described as top solutions to mitigating climate change.¹⁰ For this reason, PCIF actively sought an investment in this sector.
- We believe that the cumulative risk from New Zealand's legacy on-farm milk chilling systems is a significant climate liability. Many of New Zealand's 10,000 dairy farms' use R404a milk chilling systems, each with an annual leakage equivalent to the emissions of up to 7 cars.*
- Cool Group's solutions use refrigerant that has significantly lower GWP than legacy systems (466 GWP vs up to 3,920 GWP) and much less refrigerant (7kg vs 30kgs on average).
- Traditional systems also leak at an estimated 15% per annum, while leakage of the Coolsense systems is estimated to be negligible due to the nature of the design and CoolCare remote, real-time monitoring.
- Coolsense's milk chilling systems can result in up to 30% reduction in overall dairy shed energy usage, resulting in decreased energy & resource demand.

Impact Update

- The company has sold 28 units since investment. These unit sales correlate directly with impact at an estimated average CO₂e abatement of 137 tonnes per unit.
- Due largely to a delay in obtaining critical testing equipment, gas recovery and destruction is now getting underway. In FY 2025, we expect the company to report to us on leakage as well as refrigerant recovery, collection and destruction activities.

* Our calculations use the average CO₂e emissions of a New Zealand car (0.171kg CO₂e/km) and the average distance travelled by a New Zealand car (12,000km/year), resulting in an average carbon footprint of ~2 tonnes/year.

Hearing from our companies



Chris Jewell addresses stakeholders at the groundbreaking ceremony for Lodestone's Rangitaiki Solar Farm in Edgecumbe where local kaumātua from Ngāti Awa blessed the site in preparation of the groundbreaking.

Voices from the field

As a fund manager, our team has the privilege of being inspired by individuals and businesses who are creating positive impact across a broad spectrum of sectors.

We are especially encouraged by the people getting big things done – like building the country's first utility scale solar farms or vastly reducing the GWP of refrigerants used on dairy farms.

For this year's impact report, we are incorporating the voices and perspectives of individuals from two of our portfolio companies: Chris Jewell, CFO of Lodestone Energy Limited and Allan Steele, CEO and founder of Cool Group Limited.

Through these interviews, we sought to better understand the less tangible effects of our investment, as well as how we could better support these remarkable companies in the challenges they face.

We hope that reading their responses gives you a better sense of their missions and the role that impact investment has played in their journey.

Lodestone Energy – Q & A

New Zealand is fortunate to have high levels of renewable electricity generation. How long do you think it will take for us to reach 100%?

- It is likely that New Zealand will reach close to 100% renewable electricity production within the next decade. New Zealand's hydro dominated electricity system and limited storage means there will still be challenges in low rainfall years where we will continue to need thermal plants to provide that cover. We shouldn't worry about that. The biggest climate prize is to use the highly renewable electricity system to decarbonise other energy vectors such as transport, industrial heating, and residential gas usage. The New Zealand energy system is only 40% renewable, and we can see a path to getting this to 60% by continuing to build out renewable energy and supporting customers to transition to renewable technology such as EV's and electric heat pumps.

When establishing Lodestone, how much of your business plan was based upon creating impactful outcomes as well as attractive financial returns? Was the sustainability of the business platform intentional or purely incidental?

- We have a passionate group of people who believe in decarbonising the globe and our purpose is to "accelerate New Zealand's electrification". Grid-scale solar is now a competitive form of renewable electricity and we had predicted this would be the case. You need the technology to stand on the economics first to attract customers and build a sustainable business. However, we do think about sustainability in its broadest sense in terms of communities we operate in, the climate, and our company.

What impact is your company aiming to achieve?

- We are targeting electricity market share of 4-5% - all delivered through new renewables. In doing this, we are also creating economic prosperity through local jobs, replanting native trees, and developing the land in a way that allows mixed use solar and agriculture. It is a widely held view that for New Zealand to remain competitive on a global stage, we need to deliver on our Paris climate commitments. Lodestone is playing a very important role in helping New Zealand achieve this.
- Renewable electricity is the cheapest form of energy. Both wholesale and retail electricity prices have been rising over the past five years. This is concerning for all New Zealand businesses and homes, and is simply, a function of rising fossil fuel and carbon prices. A rapid build out of renewable electricity will in time arrest this trend, whilst also ensuring New Zealand retains a much higher degree of energy independence. The less coal and fuel we need to import, the more resilient the New Zealand economy will become to changing exchange rates and international energy shocks.

How is Lodestone tracking from a sustainability perspective and what other opportunities or initiatives will Lodestone be pursuing in the short to medium term?

- We recently had the handover of our first site at Kaitaia, with Edgecumbe very close behind. We now have different forms of agriculture and horticulture that can co-exist with the solar farming. Our big opportunity over the next few years is to bed down the preferred mix for each site. This is new in New Zealand, and we are planning to partner with other experts to find the best options for the land.

Lodestone Energy – Q & A *continued*

Before Purpose Capital came onboard, how aware were you of impact investment? What have you learnt?

- Purpose Capital asks us questions that other investors don't. Those questions filter through our business and force us to think differently. The questions also force us to consider performance across a broader range of metrics.

How important is it to Lodestone to have impact investor/s on the company's share registry?

- Having a diverse mix of active investors is an excellent recipe for building a sustainable business. An impact investor brings different perspective to the table, which forces us to think more broadly. We have really enjoyed and valued having Purpose Capital on our register.

What value do impact investors bring to a business like Lodestone?

- Purpose Capital has a strong profile in the impact investing community. This profile has helped to bring other investors into the Purpose Capital syndicates, which benefits Lodestone also. Whilst we have a small number of shareholders on our register, we are now widely held through funds like Purpose Capital and other institutional capital. It is very rewarding to know that many New Zealanders have an interest in Lodestone.
- Whilst we are building solar farms, new customers willing to purchase our output are also very important for us. There is natural alignment between investors we one day hope will also be customers, as we continue to build out our commercial and residential product offerings.

What's the biggest milestones the company is focused on achieving?

- In the next 12 months, we will complete construction on two sites, and start construction on a further five sites. We expect to see another two to four large customers taking offtake from these sites. We are soon to start our Series D capital raise which will fund the second phase of the business. With operating sites and customers being supplied, we are no longer a start-up – but we are still in a very high growth phase. As the business matures, we expect to see the business become increasingly vertically integrated between our generation and retail segments, which will involve new systems and capability. In parallel, we continue to build out our team, and whilst our head office is in Auckland, we now have employees located in multiple sites across both the North and South Islands, as well as onsite contracting teams overseeing the maintenance.

How could impact investment provide further assistance to Lodestone?

- Long-term community acceptance (and advocacy) of grid-scale solar and Lodestone will be a function of how well we collectively tell the story about the benefits that the technology brings, and the opportunity New Zealand has to decarbonise its energy system. People in the community are involved in consenting decisions, working in lines companies, and many work at potential customers. It is great when our investors understand and can continue to tell the story. **We value our investors asking us the hard questions, and we really like it when investors introduce us to other opportunities – be it customers, interesting business or community opportunities, or great talent who may want to join us.** We recently had two graduates introduced to us by investors who worked for us over summer.

Cool Group – Q & A

What are the big issues with commercial refrigeration from an environmental perspective?

- The use of Hydrofluorocarbon (HFC) in refrigeration presents significant environmental concerns. Refrigerants with high global warming potential (GWP) are often more effective, while those with lower GWP tend to have a reduced latent heat of evaporation, resulting in decreased efficiency. The transition to low-GWP refrigerants is met with reluctance due to the substantial impact on system performance. The fluorinated gas (F-gas) importation phase down* is accelerating much faster than the industry can keep up with. In 2025, F-gases are set to be reduced by a CO₂ equivalent of 28%. This is a huge challenge for the industry.

How is Cool Group tackling these issues?

- We are the first to bring Hydrofluoroolefin (HFO) refrigerants to market, emphasising efficient refrigerant charge. Our refrigerants not only feature a low Global Warming Potential (GWP) of 466 (compared to typical HFC refrigerant GWP of 5,000+), but we also utilise significantly smaller quantities. Additionally, all our refrigerants have zero Ozone Depletion Potential (ODP).

Cool Group is a market leader in delivering more environmentally friendly refrigeration technology. What events or circumstance led you down this path?

- Our initial focus was to be the most innovative refrigeration technology company in New Zealand. As I delved deeper into research, I was shocked by the data on the [IPCC website](#), especially the alarming projections of global warming and what a huge role refrigerants play.

How is Cool Group tracking from a sustainability perspective and what other opportunities or initiatives will Cool Group be pursuing in the short to medium term?

- We anticipate adopting a hybrid approach that combines even lower GWP refrigerants with reduced quantities of these refrigerants. Our focus is on optimising our machines for mass market adoption rather than solely aiming for the highest performance standards. We have set a target of using 4kg of refrigerant to chill 12,000 litres of milk per day. Our ambitious environmental goal is to ensure that the average dairy farm uses less refrigerant at a significantly lower GWP than the average household.**

Before Purpose Capital came onboard, how aware were you of impact investment? What have you learnt?

- I was not familiar with impact investment prior to Purpose Capital's involvement. I have since learned that successful impact investments have two essential components: they must be financially viable and generate profits, while also making a significant positive environmental impact. Without profitability, further investment is unlikely, limiting the potential for continued environmental benefits.

* More information on New Zealand's phase down of F-gases, in line with The Kigali Amendment to the Montreal Protocol can be found [here](#).

** One average home heat pump alone has about 2.2kgs of refrigerant.

Cool Group – Q & A *continued*

What is different about having an impact investor like Purpose Capital as a shareholder?

- As a family-owned company, driven by my passion for our mission, Purpose Capital's approach has been notably collaborative and supportive. They understand and respect our values, joining us without imposing their own directives. From the beginning, it felt like an excellent partnership.

What value do impact investors bring to a business-like Cool Group?

- Purpose Capital's investment significantly enhances our credibility, as does our achievements selling 54 chilling systems to the largest corporate farming group and forming partnerships with NZGIF and Fonterra. This credibility is invaluable when engaging with potential partners as it demonstrates our genuine commitment to achieving substantial environmental impact. Additionally, having a values-aligned shareholder provides us with strategic advice, introductions, and support in negotiations, further strengthening our position and potential for growth.

What's the biggest milestones the company is focused on achieving?

- Our foremost objective is to increase production capacity to meet rising demand. We are dedicated to maximising production output while upholding our commitment to delivering exceptional product quality and customer experiences. After all, our ability to make a meaningful impact is contingent upon our ability to effectively deliver our products to market.

How could impact investment provide further assistance to Cool Group?

- Additional capital infusions will be required. Money is like fertiliser; you need it to grow. Without sufficient financial resources, our expansion trajectory remains constrained. While our market potential is vast, we are only beginning to tap into it, hindered primarily by capital limitations. Moreover, the pace of deploying new systems fails to keep pace with the phase-down limits for HFCs, highlighting the urgent need for increased investment to accelerate our efforts.



Allan Steele, CEO and founder, Cool Group

Encouraging Impact Investing

\$21.7m

PCIF Fund Size

\$42.6m

Total assets under
management

Being one of the first impact investment funds in New Zealand, we use our experience to encourage others to invest for impact.

Leading Investments

We take on the due diligence, term negotiation and first investment commitment to give others the confidence to invest for impact along side us.

Syndication

For those who co-invest with us, we offer syndication services which include due diligence, post investment management, investment updates and valuation.

Thought leadership

We share our learnings and research through regular posts, white papers, contributions to publications, and speaking engagements. We support the development of the Impact Investing ecosystem in New Zealand through involvement with the Impact Investing Network, Mindful Money, Responsible Investment Association Australasia, and The Centre for Sustainable Finance Toitū Tahua.

Performance

Through demonstrating the effectiveness of our approach, Purpose Capital aims to increase the amount of capital invested in impact investments from asset and fund managers as well as private and philanthropic wealth.

Organisational Impact

Awards / Recognition

Purpose Capital Limited is proud to have received industry recognition this year:

- 2023 Mindful Money Awards “Best Impact Investment Fund”
- Responsible Investment Association Australasia (RIAA) Responsible Investment Leader 2023



Carbon measurement

Our FY 2023 business operation's Scope 1, 2, and 3 emissions footprint was 7.50 tCO₂e. This is higher than our FY 2022 footprint as we resumed travel after the pandemic. In FY 2025, we have committed to increasing our work from home ratio, reducing our office footprint, and implementing a carbon budget for business travel.

We have offset 120% of our remaining carbon footprint with certified carbon credits. For FY 2023, we chose credits from the Flax Hills Permanent Restorative Forest Project in Kaikōura to support the reversion of retired grazing land to native forest.

To date, identifying and measuring the impact of each of our investee companies has been our priority. We aim to include wider metrics in future impact reports, for example, those that relate to our portfolio companies' carbon measurement.



Flax Hills Permanent Restorative Forest Project in Kaikōura, Canterbury



References



1. The Operating Principles for Impact Management: <https://www.impactprinciples.org/9-principles>
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