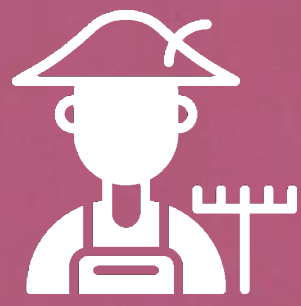
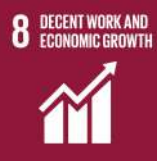


truvalu.



Social Impact Report 2021



Foreword

According to our impact framework, farmer households benefit from thriving SME companies. We invest and strengthen these companies, the companies grow and hence source more and better produce from farmers or supply more and better inputs or services to farmers. In other words, thriving SMEs connect smallholder farmers to markets, giving them an increased income and hence opportunities to serve their families.

While the year 2020 was marred with the impact of Covid, we saw this impact thesis come to life in 2021. The total number of farmers that our investee companies worked with still remained the same, but the actual value paid out to these farmers increased significantly with 43% - a result that makes us proud of all the entrepreneurs that we work with.

This and other impact information is presented in the current report. We briefly present our portfolio, summarize our impact framework and thesis and provide the data and analyses per impact field in the following pages. We close with an addition - a summary of a number of lessons learned over the past years: what have we learned about our approach of co-entrepreneurship that makes our work impactful?

Having produced these impact reports for a number of years now, we find it important to draw lessons on the impact reporting itself too. What actually is 'impact', do we measure the right data and how do we evaluate our own data? Wages paid, for instance, vary widely along the globe, but even within a country. Are we sure that the wages that we report are indeed 'living wages'? What is 'decent'? These questions call for a learning loop, making our own assumptions about impact more explicit, collecting and evaluating data, testing our assumptions and adjusting our assumptions and approach when necessary.

We have been good at collecting and evaluating the data. Our intention now is to improve on making our assumptions explicit and subsequently evaluating and adjusting these where necessary. This will lead our impact reporting in years to come. And we are inviting all readers of this report to join us in this journey and provide us with your feedback and suggestions.

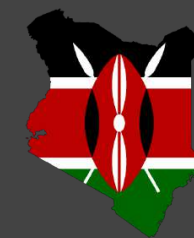
While we mention a growing impact now the covid pandemic has become more of a steady state, it still remains to be seen what the long term effect will be of this crisis on SMEs and their smallholder farmers in emerging markets. We are concerned that it has strongly undermined the capacities of these SMEs to cope with the next crises in climate, strains on energy & global logistics as well as inflation and FX fluctuations. This calls for a continued support to the ambassadors of a sustainable economic change: the entrepreneurs of many SMEs in emerging markets. As a co-entrepreneur to these businesses we are committed to do so and continue to create the social impact reported in this document.



Executive Summary



Bolivia



Kenya



Paraguay



Bangladesh

1 Jan 2021 - 31 Dec 2021



Farmers

Number of Farmers Impacted
7,761



Female Farmers
61.5%



Youth Farmers
42.5%



Farmer's Value

Total Farmer's Value
8.4M €

Average Farmer's Value
1,078 €



Jobs

Jobs created and sustained (FTE)
2,358



Youth Employees
66.7%



Female Employees
50.0%

Annual wages paid to employees
2.4M €



Trainings

Individuals Trained
10,298



Trained in Agricultural (sustainable) Practices
19.2%



Trained in Business Practices
88.4%



Trend Analysis



Bolivia



Kenya

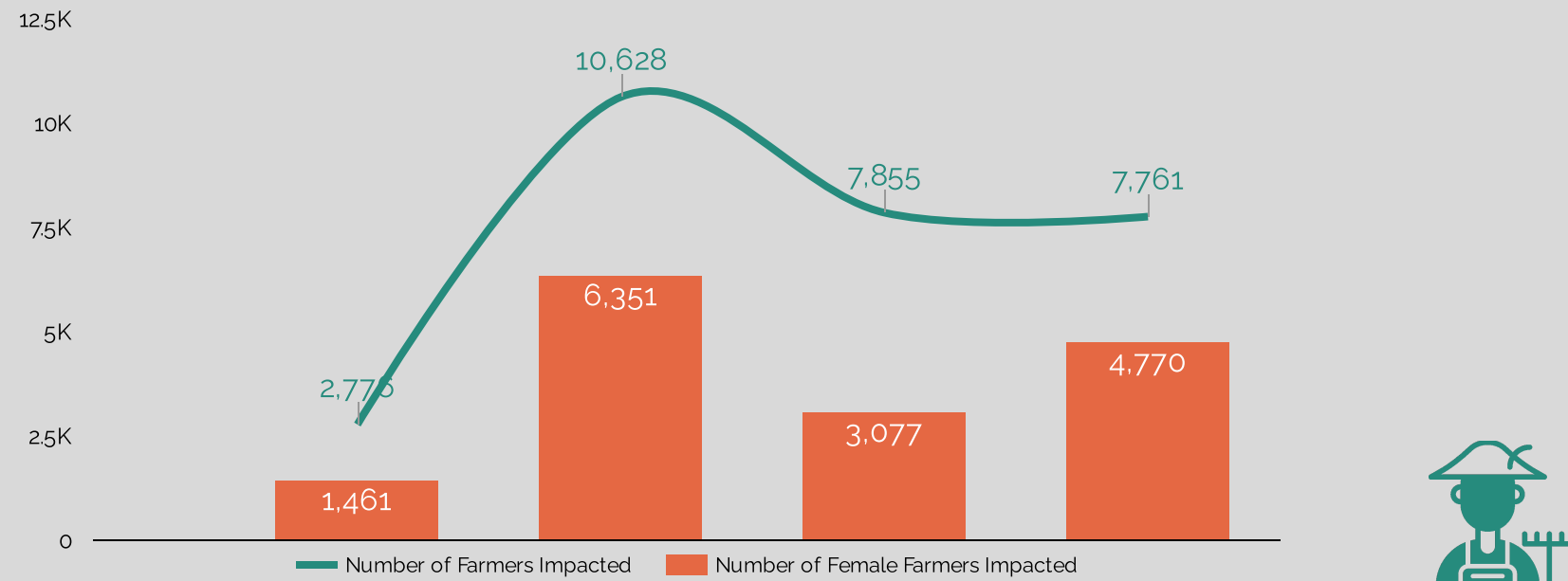


Paraguay

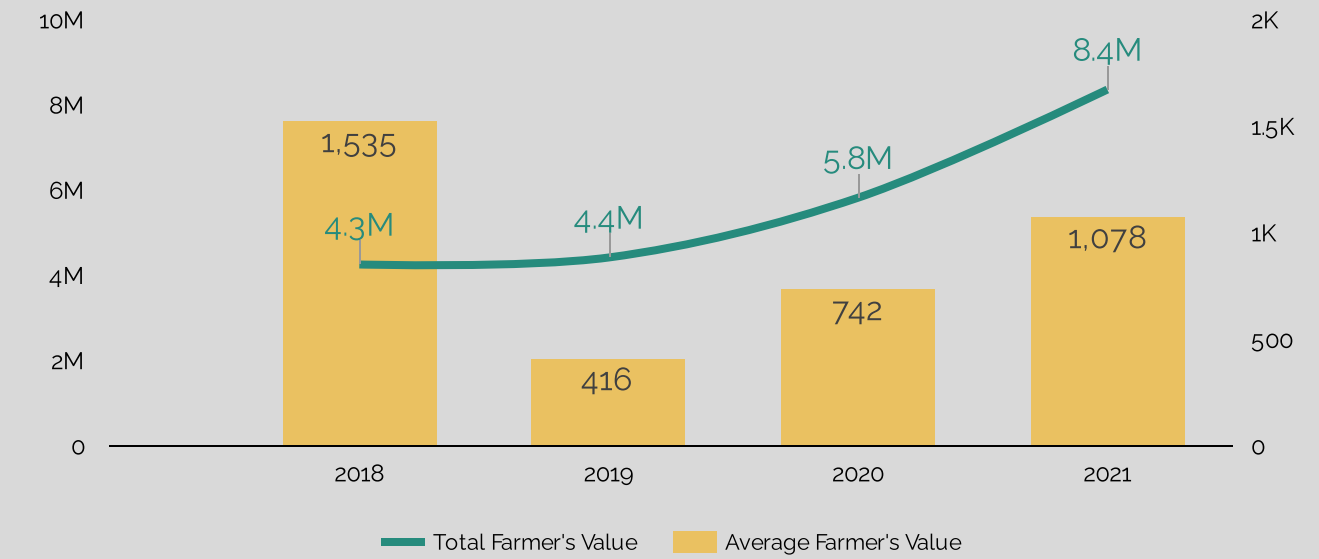


Bangladesh

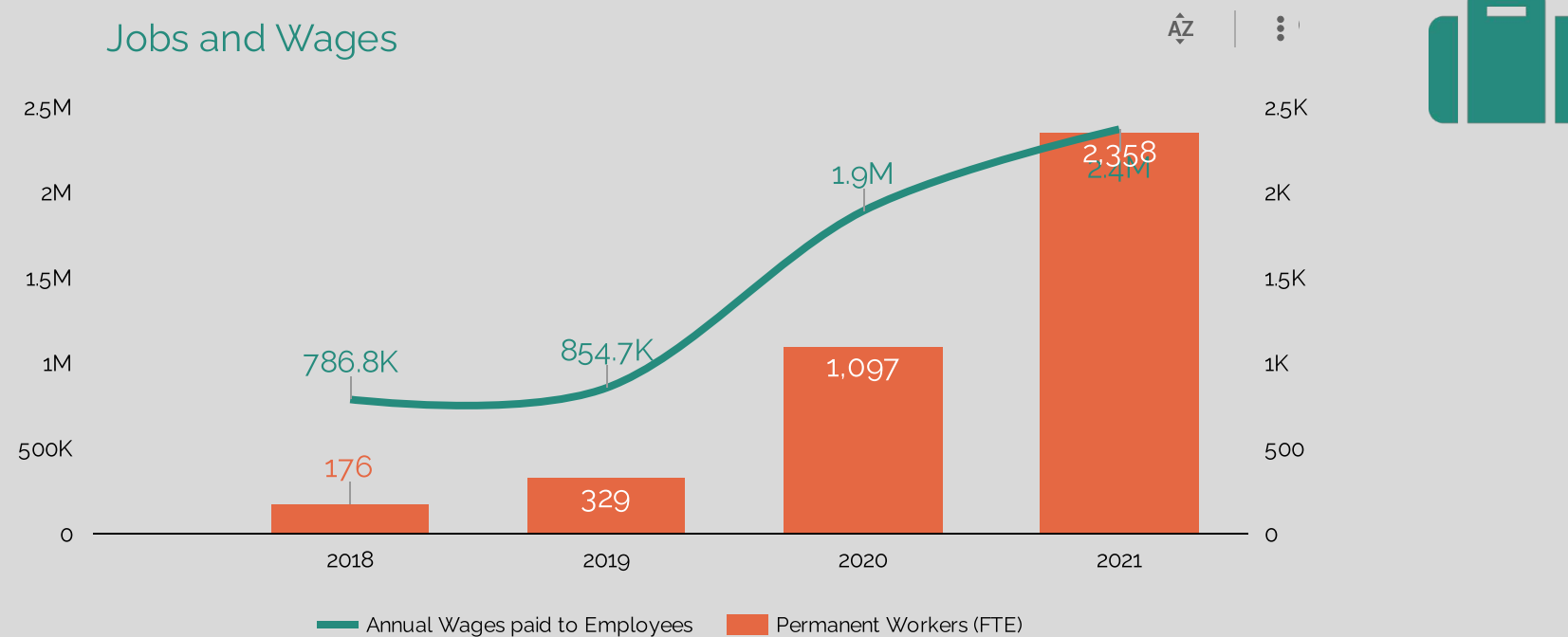
Number of (female) smallholder farmers impacted



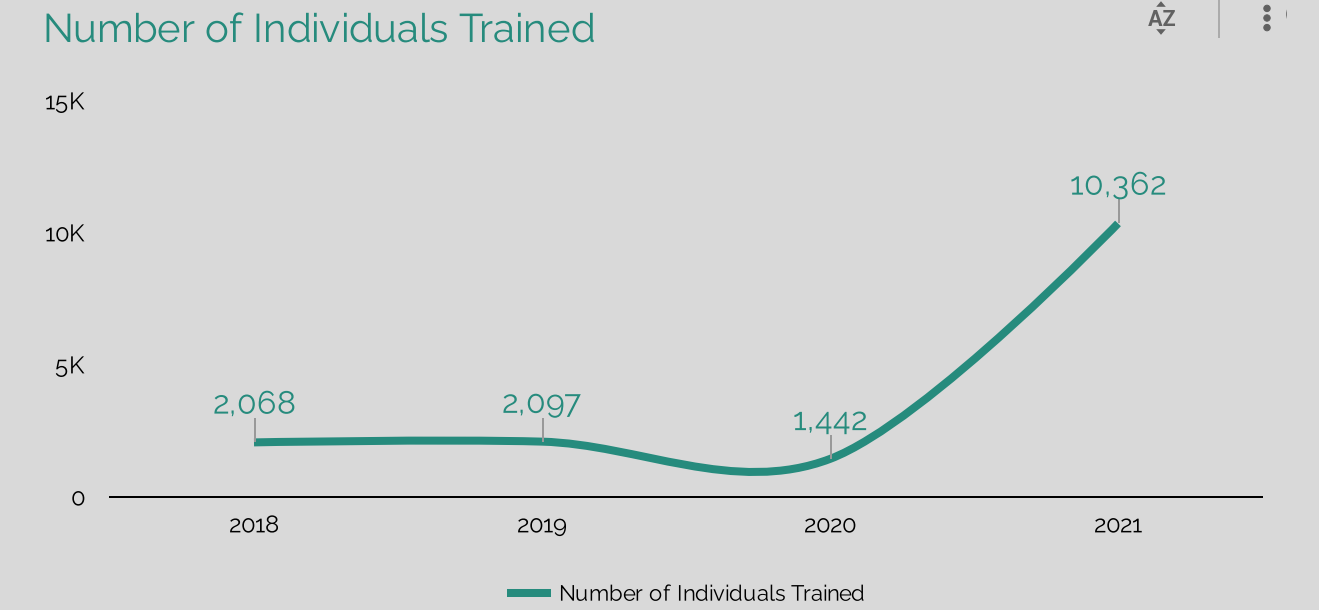
Total farmer's value



Jobs and Wages



Number of Individuals Trained



Introduction and Methodology

This social impact report presents the 2021 impact results of the portfolio of Truvalu Enterprises 1 B.V.. While Truvalu holds a portfolio of over 40 investments this impact report concentrates on nine companies based in Bolivia, Paraguay, Kenya and Bangladesh in this portfolio as these are the selected growth companies.

Data collection has been done since 2018. Reports have been published in 2018 and 2020 (covering 2019 and 2020) This report presents the impact created by our portfolio companies in 2021 but does also contain historical data since 2018. This shows the progress we have made over time. Next to that, this report does also show the 2024 targets. This shows the direction Truvalu is going and what we have achieved so far.

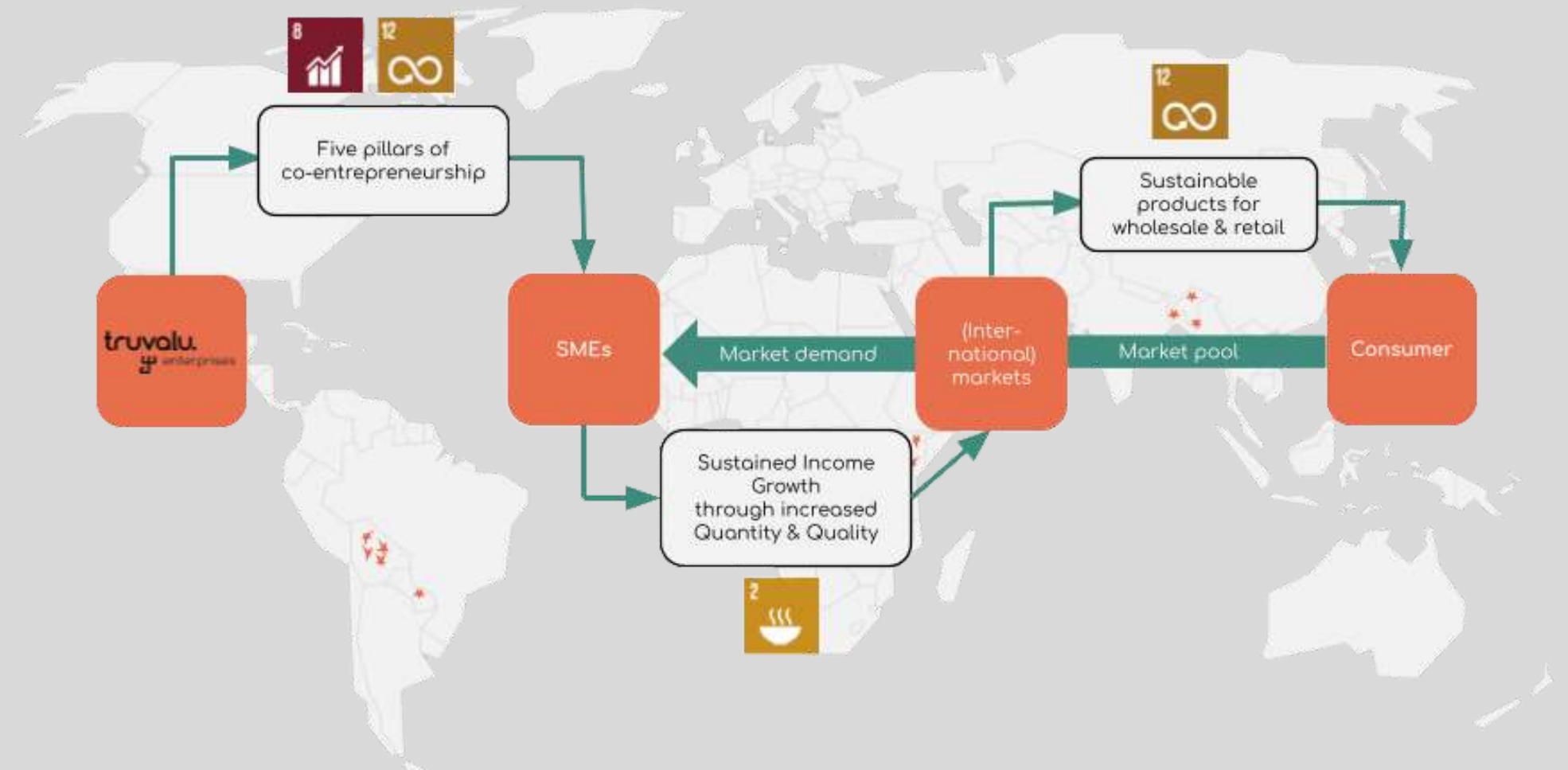
Surveys were distributed among the portfolio companies and a follow-up was given by our local teams. Even though the data provided by the companies was verified and cross-checked, the information in this report is dependent on the accuracy and reliability of the data submitted by the companies and may contain some errors. Outliers in the data have been excluded from this report.

Data was entered in an aggregate Google Sheets and data analysis and visualization was done by Google Data Studio.

We acknowledge that the impact reported in this report cannot be fully attributed to the investment made by Truvalu but we believe that our support and investment has significantly contributed to it.

Theory of Change and Sustainable Development Goals

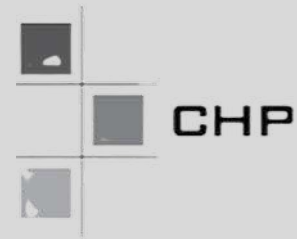
Our Theory of Change is that growing early-stage SMEs in their value chains connect smallholder farmers to market demand. A mature and scaled local business connects larger groups of farmers to the market and hence secures income for these farmers. Meanwhile their (food) products are fair and sustainably sourced and produced and hence give consumers options for responsible consumption.



Truvalu's work contributes to the Sustainable Development Goals, primarily to:
SDG 2 Zero Hunger
SDG 8 Decent Work and Economic Growth; and
SDG 12 Responsible Production and Consumption.

Portfolio companies of Truvalu Enterprises 1 B.V.

Bangladesh



Classical Handmade Products produces home decoration products, such as rugs and baskets, from natural fibers for the international market. The company is founded and led by Tauhid Bin Abdus Salam. He believes in production units in the villages to create employment for rural workers, mostly women. Through a combination of visionary entrepreneurship and creative designer skills, Tauhid has grown his company to a scale, now able to produce for international brands.



NF Coir Ltd, operating under the name Natural Fibers is owned and managed by Mozahid Ahmed and Mostafiz Ahmed. Located in Bagerhat, the coconut triangle of Bangladesh, the company produces products out of the fibers and peat of the coconut husks. And thus providing employment opportunities and eco-friendly products. Coming from fiber mattresses, the company is now producing and exploring a range of new products.

GOSHEN FARM EXPORTERS LIMITED



Alex Mutua and his mother are founders of Goshen Farm Exporters, based in Machakos, Kenya, south-east of Nairobi. The company sells fresh and processed fruits and vegetables to the local and international market, sourced from contracted rural smallholder farmers. Goshen is active on the local and the international market (Middle East and Europe).



The Big Thunder used to buy undersized macadamia kernels from processors and sell it to clients who process it into oil. They also buy macadamia shells and sell these as biomass to processing companies to fuel their boilers. Led by Moses Maingi Wachira, the founder and managing director, and with Truvalu's investment, they will start processing the nuts into oil themselves, greatly adding value and giving the opportunity to source from farmers directly.



GrowPact Kitale is a nursery farm producing seedlings for a variety of crops for farmers. Better seedlings lead to improved yields at farmer level and hence a better income and improved food security. The company is owned and led by a Kenyan couple, Joshua Mugendi and Mercy Njiru. The company received financial and technical support from Visser/ Viscon, a Dutch entrepreneur and company.

Kenya



Portfolio companies of Truvalu Enterprises 1 B.V.

Bolivia



Alimentos Liofilizados Natur SRL produces Freeze Dried (super) fruits, such as Acai powder and freeze dried tropical fruits for the local, regional and international market. The company operates a unique, energy-efficient form of freeze drying, developed by the entrepreneur, André Luiz Napravnik.



Fruta de mi Tierra is a Bolivian company established in 1999 with experience in the production and marketing of quality fruit seedlings to farmers and the sale of fresh peaches and apples in the Bolivian market. With the support from Truvalu, the company acquired a fruit selection and packaging line which increases the efficiency of the production process and enables the company to serve the needs of different customers.

Paraguay



Manduvira is a cooperative that sources organic sugar cane from more than 900 smallholder farmers in Paraguay. With the support of Truvalu, the cooperative has set up a new business line through which the organic refined sugar is sold to the retail market in addition to the existing bulk market. Manduvira has obtained various important organic and fairtrade certifications giving the a strong position in international markets.



Frutalia was established in 2007 and is active in processing oranges, passion fruit and grape fruit into natural juices. These juices are sold on the domestic markets, mainly to private schools and restaurants.





Chapter 1 | Number of smallholder farmers impacted



Actual and targeted number of smallholder farmers impacted
(expand table to view per company)

	Year / 01. Total number of smallholder farmers impacted				
+ Country	2018	2019	2020	2021	2024
Paraguay	865	890	865	882	980
Kenya	1,709	6,760	2,869	4,358	7,869
Bolivia	202	178	199	186	290
Bangladesh	-	2,800	3,922	2,335	14,411
Grand total	2,776	10,628	7,855	7,761	23,550

Analysis

The number of smallholder farmers impacted has remained almost similar compared to 2020. The distribution among the countries changed however. The number of Bangladeshi farmers impacted has been reduced while more Kenyan farmers have been impacted compared to the previous year. The reduction in the number of farmers in Bangladesh can be attributed to a more accurate measurement unit. In the past CHP relied on the data provided by local traders. Starting mid of last year, the company has started collecting the number of smallholder farmers procedurally as it is a requirement from the international buyers the company works with.

The average number of farmers impacted ranges between 183 farmers per company in Paraguay to 2,192 smallholder farmers in Kenya.

Except for the company GrowPact Kitale (Kenya) which is supplying smallholder farmers with seedlings, all the other companies source their raw materials from smallholder farmers. In both cases the income of farmers increases through their interaction with the companies.



01. Total number of smallholder farmers impacted
7,761

61.5%

42.5%



366



882



4,358



2,335

Data Control

Year: 2021

(1)

Country

01a. Number of smallholder farmers involved as supplier
5,507

01b. Number of smallholder farmers involved as client
2,253

Definition

Youth is defined as individuals aged between 15 and 35 years





Chapter 2 | Total farmer's value



Actual and targeted total farmer's value over the years per country (expand table to view per company)

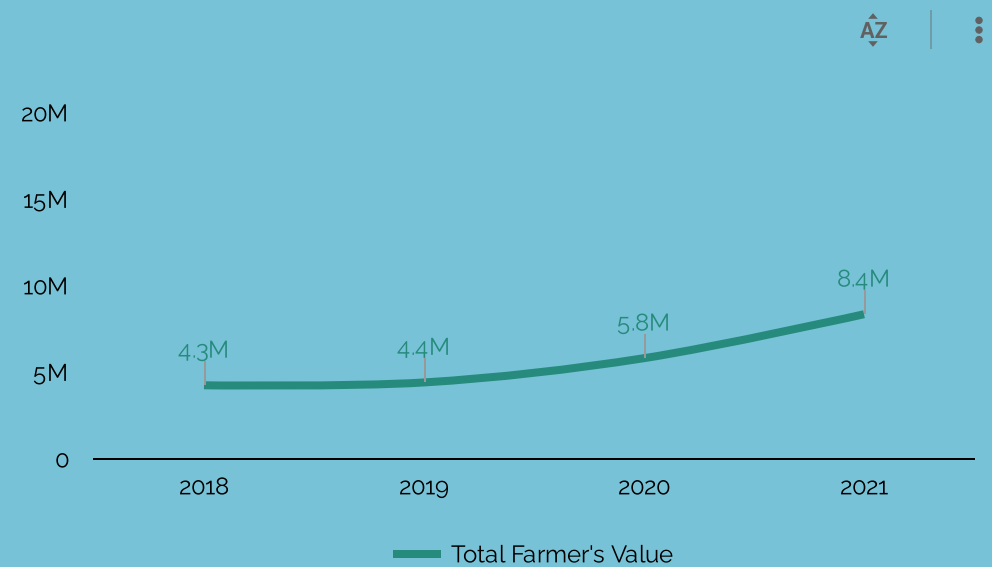
Country	Year / Total Farmer's Value				
	2018	2019	2020	2021	2024
Paraguay	3,591,300	3,584,740	4,171,115	4,743,000	5,428,080
Kenya	354,228	491,073	321,163	354,099	3,323,989
Bolivia	315,272	314,157	209,800	401,250	464,514
Bangladesh	-	35,001	1,125,453	2,869,389	6,539,210
Grand total	4,260,800	4,424,971	5,827,531	8,367,738	15,755,793

Analysis

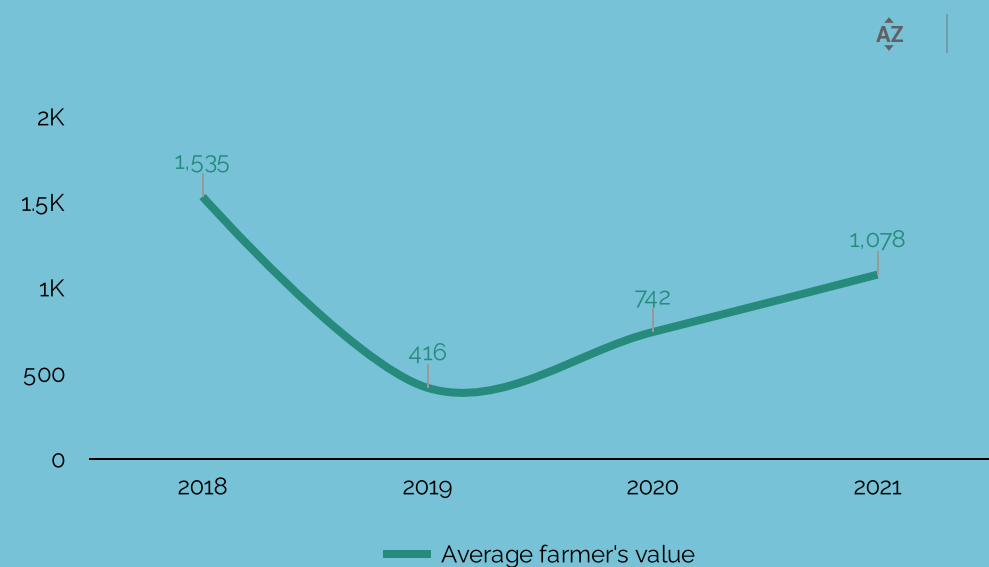
The increasing trend that started in 2020 has become even steeper in 2021. Where we reported an increase of 30% in farmer's value in 2020 compared to 2019, the farmer's value has increased by more than 43% in the last year. The biggest contributor is Classical Handmade Products (Bangladesh), growing from € 1.1M to almost € 2.9M. The company Natur (Bolivia) doubled its impact. By excluding CHP, the increase is still 17%.

Looking at our entire portfolio the average value per farmer has increased to € 1,078 per year. By excluding CHP, the average value per farmer has decreased slightly despite the increase in total farmer's value, indicating that the number of farmers has grown relatively faster than the total farmer's value. With an overall increase of 25% year over year, the target value of € 15,7M will be reached in 2024.

Total farmer's value



Average value per farmer



Definition

Farmer's Value for Suppliers
8,191,262

Farmer's value can be defined as 'money in the pockets of the farmers' generated either through the sale of raw materials to our portfolio companies (suppliers) or through increased yields as a result of better inputs sold by our portfolio companies (clients).

Farmer's Value for Clients
176,476

Data Control

Select a country and / or Company to view detailed statistics

Country Company





Chapter 3 | Jobs created and sustained



Actual and target number of jobs created and sustained over the years
(expand table to view per company)

Country	Year / Jobs created and sustained				
	2018	2019	2020	2021	2024
Paraguay	105	108	111	116	121
Kenya	43	48	34	42	117
Bolivia	28	23	25	26	42
Bangladesh	-	150	927	2,174	3,354
Grand total	176	329	1,097	2,358	3,634

Analysis

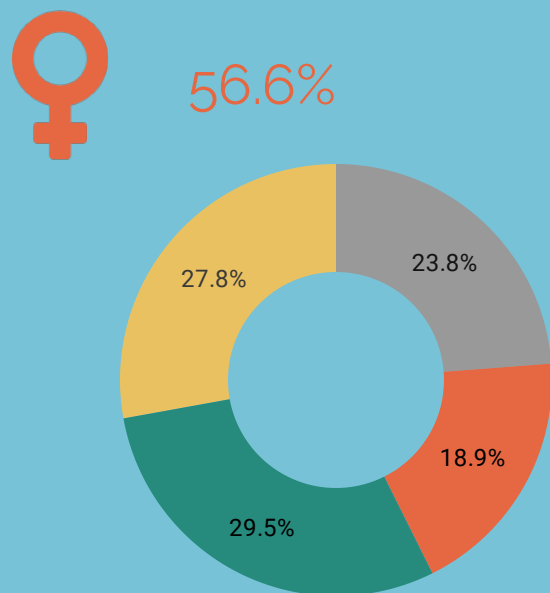
Whereas the primary impact of Truvalu focuses on smallholder farmers, portfolio companies do also create and sustain employment.

The number of permanent employees has majorly increased in 2021. This is attributable to the enormous growth by one of our portfolio companies in Bangladesh. This company's main impact is on creating employment for female workers (rather than working with smallholder farmers). The other portfolio companies have remained their workforce compared to last year, except for Natural Fibers (Bangladesh) that was forced to half its workforce.

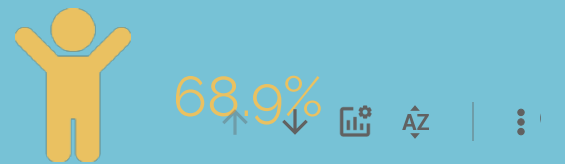
As a result of the recruitment of so many employees by CHP, the total annual wages have also significantly increased. Due to the relatively low living wage in the rural areas of Bangladesh the overall average wages reduced to € 627 per year per employee. In this report, we have excluded the casual workers of CHP as we have not included such jobs on our framework. Should we have included the casual workers, total value of wages paid would increase with ~30%.

The number of female employees is high, contributing to SDG 5 Gender Equality. Next to this, the number of youth employees is equally high.

Female employees



Young employees



Period

- Kenya
- Paraguay
- Bolivia
- Bangladesh

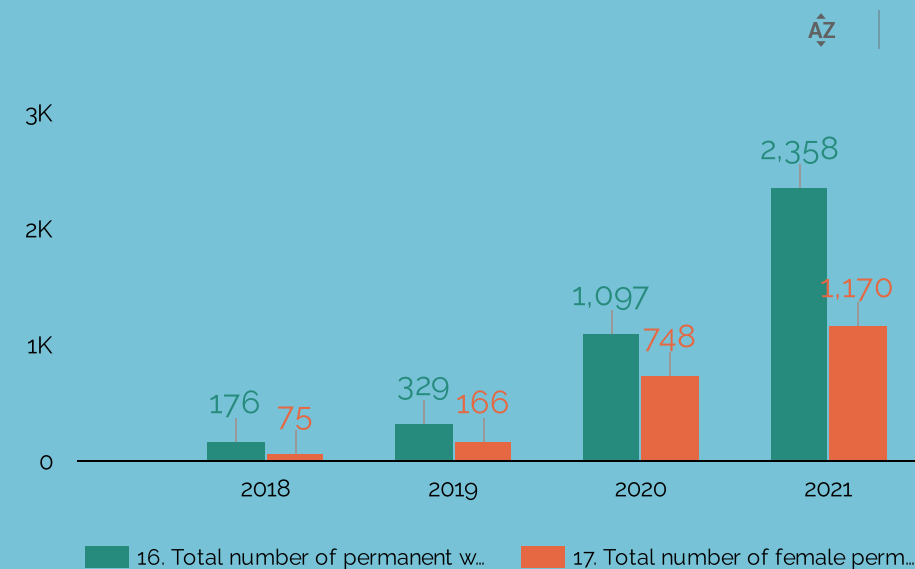
Data Control

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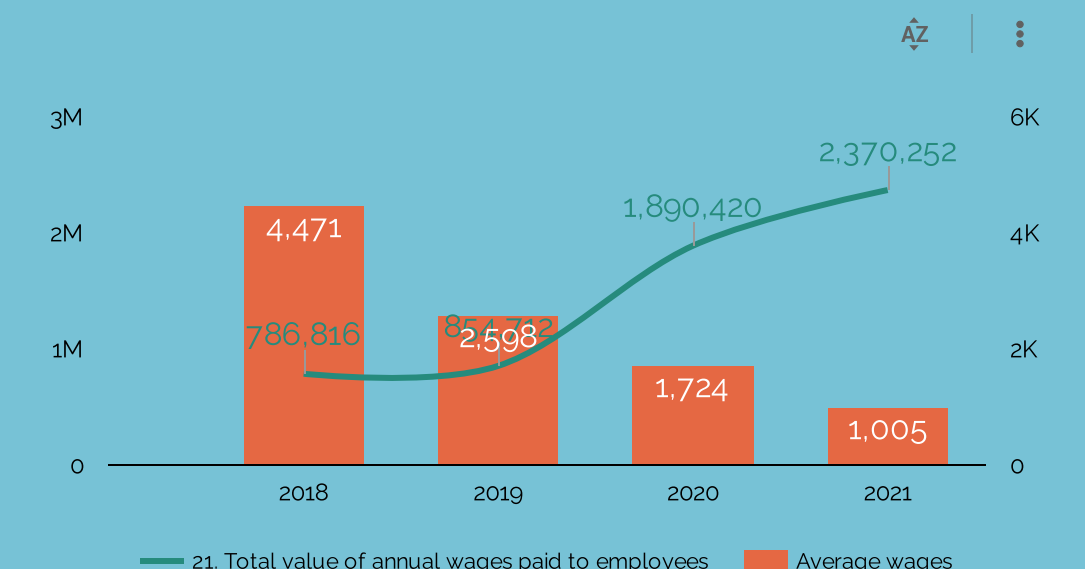
Country

Company

Total number of permanent (female) employees



Annual wages paid to permanent employees





Introduction

Goshen Farm Exporters Limited was established in 2010. This social enterprise is actively providing resilient and sustainable markets to thousands of smallholder farmers (of which 62% are women) in Lower Eastern and Coastal regions of Kenya.

Founded as a fresh produce export company, the initial years of the company were focused on exporting fresh fruits and vegetables to markets in the EU and Middle East. In order to find a more sustainable business model, Goshen Farm Exporters Limited established a value-added products division where it focuses on purchasing fruits from farmers, while saving them from market glut which are processed into premium healthy dried natural fruit snacks.

The Entrepreneurs

Goshen Farm Exporters is a woman founded and majority owned enterprise. The owner has a background in Business Administration. The founder resigned from a Western Kenya based NGO that provided water to communities to venture into entrepreneurship where she became a mango and orange farmer. At that time, she realized that during the high season a lot of the produce goes to waste because there is too much supply for the market. That is why she started Goshen Farm Exporters, to help link farmers from her local community in Lower Eastern Kenya to the markets. The successor CEO is her co-founder and son, Alex Muli (35) a Global Executive Master of Business Administration graduate at United States International University in Kenya.

Social Impact

The Lower Eastern Kenya and Coastal Kenya areas are semi-arid regions characterized by serial rain failure. This makes it difficult for farmers to grow Kenyan staples like Maize and Beans. The increased focus on value addition results in higher volumes that farmers can offload into the market. This guarantees them a stable market while still enjoying access to free extension services, arrangements for input issuance on credit and trainings, including and not limited to Climate Smart Technology dissemination, good agricultural practices, Gender Action Learning Systems and small business skills trainings.

Food

Goshen is seeking to feed global communities through a focus on food loss reduction, through processing fresh tropical fruits into premium dried fruit snacks, hence elongating shelf life and averting losses that could have taken place fruits are highly perishable. Goshen is on a mission to feed people with healthy food. The company is on course into becoming Kenya's pioneer organic dried fruit exporter. This will be achieved by the end of June 2022. The company seeks to be Eastern Africa's largest dried tropical fruit exporter by 2025 in size, volumes and number of contracted smallholder farmers.

People

Goshen has also adapted the all-inclusive business model where produce is sourced 100% from smallholder farmers, thus onboarding thousands of smallholder farmers who have found a sustainable and resilient market in Goshen Farm Exporters Ltd. People have been impacted through stimulated additional jobs which have been created indirectly ranging from service providers, agrovets, aggregators who work with the smallholder farmers and giving them support to ensure they optimize their yield. The company is on course to onboarding 10,000+ farmers to supply the company by 2025.





TruStory

Community

The company has created jobs for rural households, mainly for rural women located around its factory in rural Makueni who are employed by the company. This is reducing rural urban migration in a region characterized by drought, thus giving a lifeline to the social and economic wellbeing of the locality.

Planet

Goshen Farm Exporters Ltd seeks to adapt 90% by sea freight by Mid 2023 from Airfreight hence significantly reducing carbon footprint. The company is actively recruiting new farmers to plant fruit trees, hence seeking to put over 10,000 acres under fruit tree cover by 2028, hence reducing the impact of deforestation and reducing the carbon footprint significantly.

Certifications

Goshen Farm has several crucial certifications. It has a valid trading export licence issued by the Horticultural Crops Directorate. Besides that, the company has also been certified by the Kenya Bureau of Standards which validates it to trade in its Fruitee local retail brand. The company is also organically certified for export EU, USDA/NOP and JAS of avocados and is finalizing a certification for tropical dried fruit for the three authorities too. Lastly, Goshen Farm is on course on being certified for the British Retail Consortium (BRC) packhouse certification.

Future Plans: Scaling Opportunities

The company is seeking to become Eastern Africa's leading dried fruit exporter. This will be achieved by completion of its new, 9,000 metric tonnes capacity per annum state-of-the-art processing factory warehouse to process dried fruit for export to its buyers in the EU. The company is in negotiation with various buyers to sign exclusive rights. Completion of this facility is expected end of July 2022.



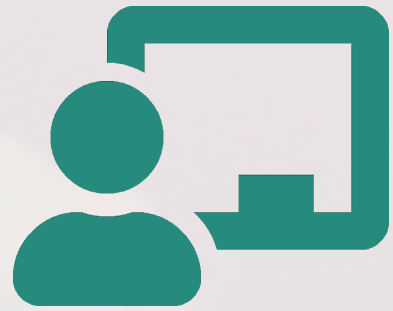
Circularity

Apart from upcycling fruits into value added products, the company is in the process of acquiring a biogas system to make its production and energy source more sustainable. The waste coming from the processing will be recycled in this way and hence it reduces the waste streams coming from the facility.

Co-entrepreneurship

- Truvalu invested in Goshen in 2018 through a convertible loan, which has been converted into equity in 2022.
- Truvalu has also injected additional funds, which are used for further expansion and increasing the drying capacity.
- Truvalu is a member of the board of directors.
- Based on the convertible loan from Truvalu, the company was also able to acquire a working capital loan from Rabo Foundation.
- Truvalu supports access to European buyers.
- Truvalu was able to find a consulting firm to undertaking market research and pool potential buyers in the EU. Based on outcomes of this research, e-meetings were organized where Goshen was able to engage with buyers.
- Later in start of Q2 2022, Truvalu facilitated for physical meetings with buyers in the EU. Goshen's representatives along Truvalu met the potential buyers, who expressed their willingness and interest to buy assorted tropical dried fruits from the company.
- Truvalu supported in financial modelling which set the runway for the next round of investments for the envisaged expansion due for completion in July 2022.





Chapter 4 | Individuals trained



Total number of Individuals Trained over the years per country (expand table to view per company)

Country	Period / 10. Number of Individuals Trained				
	2018	2019	2020	2021	2024
Paraguay	547	505	550	712	637
Kenya	1,159	1,140	606	1,876	6,840
Bolivia	137	110	145	74	170
Bangladesh	-	2	2	7,636	650
Grand total	1,843	1,757	1,303	10,298	8,297

Analysis

The total number of Individuals trained increased tremendously in 2021 to over 10,000 individuals. Even though many individuals (7,636) were trained by the company Classical Handmade Products in business practices also the other companies doubled the number of individuals trained. If we exclude CHP from the analysis we see that mostly Kenyan individuals have been trained, followed by Paraguayan individuals. Without considering CHP, more individuals received training in (sustainable) agricultural practices compared to business practices.

From the year 2020 onwards, we started to collect specific information about the subjects of the training so this data is not available for previous years. Individuals who received training in business practices as well as in agricultural practices were counted both for indicator 10.1 and 10.2.

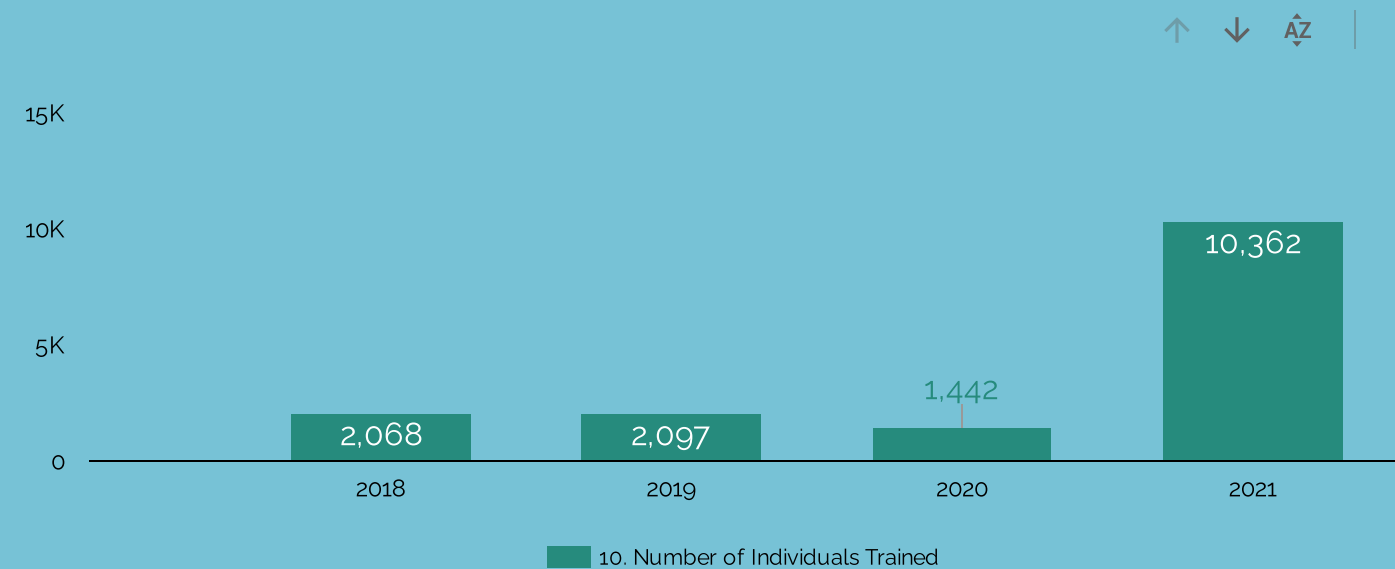
Data Control

Select a country and / or Company to view detailed statistics

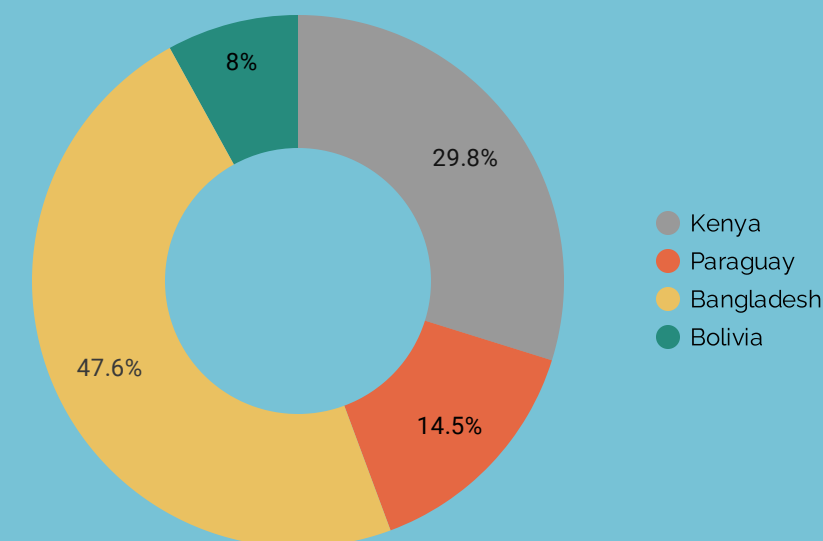
Country ▾

Company ▾

Total number of Individuals Trained



Distribution of Individuals Trained among the countries



Type of trainings

Period ▾



Agricultural (sustainable) practices* 23.2%



Business practices* 85.3%

Lessons-learned (I)

Entrepreneurial perseverance is important for the success of an entrepreneur; to have a skin in the game and keep trust in their own vision. The risks that an entrepreneur takes can be very large. In retrospect, Truvalu could have financed more generously in Goshen Ltd. (Kenya) in a first round but was rather restrained, which limited the company in accelerating its growth. Truvalu thought that risks were too big at the time. The commitment of the entrepreneurs has created a great deal of confidence. A strong buy-in from the founders is a good indicator of success. This is one of the reasons why more investment will be made in this company in the coming years, while there are still uncertainties on the market. Our lesson learned is: **Don't give up too quickly**, even when entrepreneurs go through deep waters. Dare to invest and keep supporting entrepreneurs and believe in them. This is also very encouraging for them as they can feel very lonely in periods of tough times.

The vulnerability of investments in the agri-sector is challenging. For example, companies are dealing with drought, insects, diseases, and the Covid-19 pandemic showed how vulnerable we are on a global scale and how interdependent. At the same time, the agricultural sector is the sector on which everyone depends (everyone needs to eat), is a growing sector with a growing population and urbanization and a sector where fantastic innovations take place. So the opportunities are enormous. As an entrepreneur and investor, you have to continuously **balance between risks and returns**.

Another challenge for many agri-entrepreneurs aiming for sustainability impact is pricing. A company focusing on **quality** of its product and **affordable or competitively priced products and good/ fair labour conditions** of its employees and smallholder farmers. With higher costs, it is very challenging to get to scale while competing in an international market with giant players. These companies need to identify the **right niche**, while **telling the story** behind the product to generate a relationship with conscious consumers.

Truvalu's investment portfolio developed from a focus on **"promising cocoons to rising stars"**. We recognize that small can be beautiful, but often the impact of very small enterprises is small. Operational excellence is often an obstacle for the smaller companies that aim to grow and have impact at scale. Next, an entrepreneur needs to explicitly aim at professionalizing her/ his business and dare to go **"beyond him/herself"** in order to make this steps towards scalability. At the same time, investors should dare to take the risk to support that step, otherwise a small-sized businesses will remain small, limiting its social impact. If all these requirements are in place, companies can move to **scale**, after serious **professionalization** of the company, creating rapidly more impact by for example hiring large numbers of new employees.



Lessons-learned (II)

We see a lot of non-profit actors (development cooperation, governments) supporting micro and small enterprises, with no potential for scale and hence limited impact. The value for money from an impact perspective in these approaches is therefore low. We have seen that many programs financed by the development cooperation and government might have a business approach, but are not conducted by stakeholders that have a skin in the game approach or really understand the management of a company. In that sense, Truvalu has developed important experience to complement the development cooperation and government sector to jointly implement programs with bigger impact.

A **collaboration** with, for example, NGOs or a government provides the opportunity to **make companies investment-ready**. We have seen that entrepreneurship and income can convince young people to not migrate to the city but stay in the rural areas. Entrepreneurship, even though usually small-scale, often gives them a certain status as entrepreneurs. Their companies are cash poor. Investable cases for an impact investment fund are often lacking. The businesses are usually not yet solid and therefore too expensive. By creating partnerships with external funders, the right support can be provided to the right type of businesses to achieve the level of structure and organization required by investors.

Blended programming gives us, as impact investor, opportunities and entry points to achieve more impact. Without the blending of finance and programming in the Rural Paz program in Colombia, it would not have been possible for Truvalu to work in a complex, post-conflict area. And the other side of the coin is that without Truvalu, the NGO activities in the region would stop when the project ends, were it not for continuation of the activities after through the companies in which Truvalu invested. The social impact is more sustainable since SMEs are involved to pull smallholders as permanent suppliers or to establish better conditions linked to the progress of the SMEs.

Even though impact is the main reason for our investors to invest, they still want to see a profitable business model and a potential upside even when they are not really interested in the return on investment for themselves. It demonstrates to them the entrepreneurship and feasibility of the approach and combined with our 'skin in the game', it convinces them to invest. As impact investors we need to quantify these expectations of the investors, monitor the impact and be consistently accountable. Measuring impact, as also indicated in this e-learning, is a powerful way to assess the intended impact of the opportunities we see as well as the ongoing impact of our investment portfolios. Finally, a feedback loop not only to investors, but also to the investees and ultimately to their employees and farmers/ cooperatives will make the quantification of expectations and impact and way to be transparent and accountable to our main stakeholders.





truvalu.
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Thank you!

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