



FOR PURPOSE
INVESTMENT PARTNERS

Disclosure Statement 2025

Operating Principles for Impact
Management

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Operating Principles for Impact Management

For Purpose Investment Partners Ltd ("FPIP" or the "Signatory") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles").

This Disclosure Statement applies to all our advised and managed funds, with total Covered Assets in alignment with the Impact Principles is US\$89.4m as of 30 June 2025.



Michael Traill
Executive Director
For Purpose Investment Partners
30 June 2025

Disclaimer

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

Principle 1

Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

FPIP was established in 2018 to advance health, education, and social and public welfare in Australia. We do this by catalysing, supporting, and funding organisations, programs and other initiatives that have a core purpose of generating positive outcomes (the "Purpose"). This Purpose is legally embedded into all that we do at FPIP through our governing document.

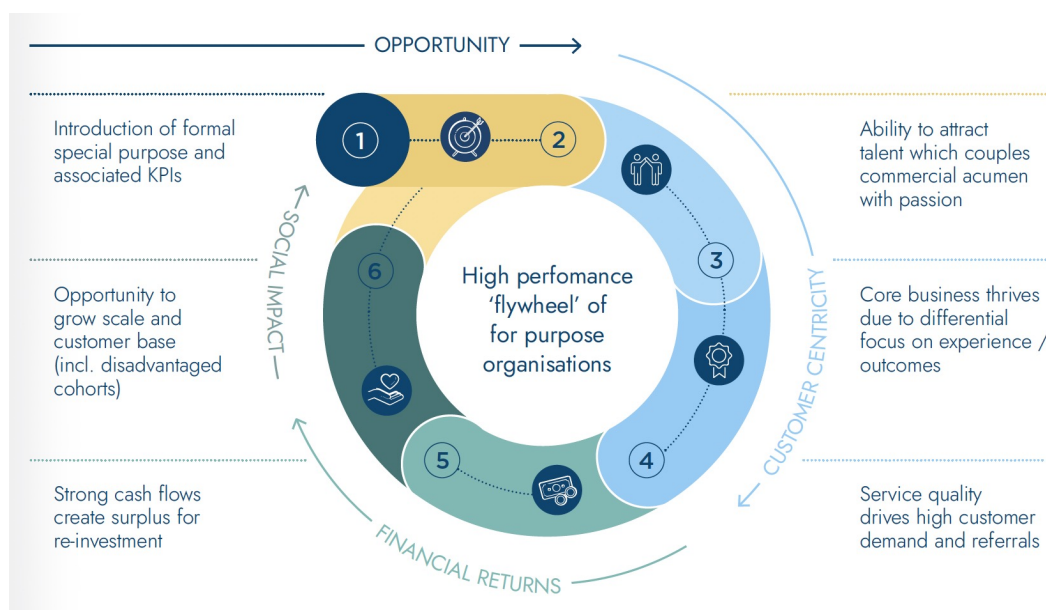
We are a not-for-profit social impact investment manager. We deliver social impact for both FPIP and its portfolio assets, bridging the gap in "For Purpose" investing by sitting at the intersection of business discipline and social impact. We run businesses with efficacy while deeply embedding social purpose at the core of our investments. We pursue both social and financial value without compromise.

At the manager level, our contribution is improving the quality and accessibility of key social services in Australia through the development of social impact investing as a mainstream asset class.

While we focus intently on our investment and fund-level impact objectives, growing this asset class is a strategic intent to create additionality.

Core to our manager-level impact strategy is our theory of change known as the "For Purpose Flywheel" (below). When organisations embed social purpose, they create a powerful cycle of returns. Focusing on customer outcomes attracts mission-driven talent. These values-aligned employees focus intensely on serving customers better, which drives both social impact and financial performance. This success attracts more purpose-driven talent, and the cycle continues.

Our goal is to prove this model works at scale. We believe by demonstrating consistent results, institutional investors will move impact investing from the margins to the mainstream.



Principle 1

Define strategic impact objective(s), consistent with the investment strategy.

We invest in a range of projects and businesses through suitable investment structures, with a preference for not-for-profit structures via subordinated debt instruments. We believe the enshrining of Purpose in the constitutional documents of not-for-profits maintains social impact in the long-term, beyond our investment horizon. We invest in structures where we have control or significant influence. To generate impact additionality with our capital, we need to be able to guide strategic decisions made by the company or partner organisation.

Our fund and investee companies' impact goals are based on our five impact pillars which are broadly applicable to social sector businesses generating positive impact. Our impact pillars are:



Quality – We raise the quality of products and services available in the social sectors.



Access and inclusion - We ensure that people of all backgrounds can access and fully participate in quality products and services.



Great people - We develop great businesses where people have meaningful and fulfilling careers.



Financial sustainability - We work to generate a surplus beyond what is required for obligations to reinvest in the business and fulfil our charitable purpose.



Advocacy - We build a portfolio-wide evidence base that informs social impact practice and leverages insights to advocate for change across the social sectors.

Principle 1

Define strategic impact objective(s), consistent with the investment strategy.

We focus on impact in key social sectors that are characterised by significant gaps in service provision or social infrastructure. These gaps require investment that exceeds the capacity of government alone – while the quality and viability of these services is essential. Each of our focus sectors align with the United Nations Sustainable Development Goals.

Sectors with active investment

Skills Education: Training that prepares people for tomorrow's jobs.

- Critical workforce shortages and automation are reshaping Australia's job market. Workers need new skills to stay employed.
- We invest in training providers who deliver flexible, practical programmes that match real market needs. These programmes help people gain the skills employers want and build sustainable careers.



Aged Care: To deliver exceptional care and meaningful ageing.

- Every Australian deserves dignified care in their later years, regardless of their socio-economic circumstances.
- Our aged care portfolio combines operational efficiency with not-for-profit compassion. Our staff deliver excellent health outcomes while giving residents control over how they live and to celebrate their later years.



Disability Services: Quality support that respects choice and autonomy.

- People with disabilities have the right to access services that match their individual goals and needs.
- We invest in providers who deliver flexible support - from housing in specialist disability accommodation to daily living assistance through meal deliveries - that enables Australians with disabilities to live on their own terms. Our portfolio companies address critical service gaps, particularly in purpose-designed accommodation and community programs that respect individual choice and control.



Principle 1

Define strategic impact objective(s), consistent with the investment strategy.

Sectors we plan to invest in:

Social and Affordable Housing: Safe, secure homes for all people who need them most.

- The housing system in Australia is not delivering on affordability, supply or access.
- We have experience in structuring innovative financing deals that bring governments, developers, and community organisations together to build more homes faster. We will use our expertise to investment and increase the supply of social and affordable housing, directly reducing waitlists and providing stable homes for families, essential workers, and vulnerable Australians.



Early Childhood Education & Care: Quality early learning that sets children up for life.

- Every child deserves access to high-quality early education that nurtures their development, regardless of their family's income or location.
- We will invest in providers that deliver evidence-based programs while remaining affordable for families, and creating a workplace that attracts and retains staff to provide continuity of care. We will seek to expand access in underserved communities, maintain high educator-to-child ratios, and demonstrate measurable improvements.



Principle 2

Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

We pursue five common impact pillars across our portfolio: Quality, Access and Inclusion, Great People, Financial Sustainability, and Advocacy. Given the diversity of our portfolio, we do not set uniform targets. We tailor impact metrics to each investment, recognising that meaningful impact measurement varies significantly between for example, aged care and skills education.

We develop impact metrics in partnership with management teams (see Principle 6), ensuring they track genuine outcomes that are meaningful for their business and aligns with our fund-level goals. Our portfolio level approach to strategic management of impact is guided by:

- 1. Strategic Oversight** – through embedding robust governance processes and the appointment of skilled board members with strategic oversight that guides impact alignment and sets objectives.
- 2. Regular monitoring** – Strong reporting and monitoring framework to track how investments are performing against set impact metrics.
- 3. Performance evaluation** – metrics are analysed, discussed and tested to understand and address areas of underperformance or excellence and apply learnings across the portfolio.
- 4. Risk management** – proactive risk management including assessment of ESG risk to identify and address emerging risk factors.

Where we have portfolio companies in the same sector, we align key impact metrics. This creates consistency across similar services and support platform-level monitoring and reporting rather than company by company progress. We track portfolio wide ESG indicators including gender diversity at senior leadership and staff levels, pay equity between male and female staff.

Our investment team manages both financial and social impact performance, accountable to the Board and investors for any negative deviations. We currently link portfolio management incentives to:

- Specific impact KPIs where measurable
- Implementation of impact measurement systems where KPIs are still in development

The investment team does not yet have impact-linked incentives. We plan to introduce these within two years, ensuring compensation reflects both financial returns and social impact achievement.

Principle 3

Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

We document exactly how we contribute to each investment's social impact through both financial and non-financial channels. Every investment has a clear impact narrative backed by evidence.

Our capabilities

Three core strengths make us the partner of choice for social sector businesses:

1. **Innovative deal structuring** - We structure for-purpose acquisitions using social notes through not-for-profit entities, creating ownership models that embed social mission
2. **Genuine impact focus** - As a not-for-profit fund manager ourselves, we bring authentic values alignment that resonates with mission-driven organisations
3. **Sector networks** - We connect portfolio companies with leading not-for-profit partners, unlocking value through relationships traditional investors cannot access

We often convert for-profit businesses into not-for-profit structures, embedding charitable purpose directly into their constitutions. This fundamental shift enables management teams to prioritise impact in every strategic decision. Board meetings and reporting frameworks reflect this change, with social outcomes taking centre stage alongside financial performance.

Pre-Investment Impact Assessment

Before investing, we evaluate both the company's existing impact and our potential to create additionality. We only proceed when confident that our ownership will materially increase the organisation's social outcomes.

Post-Investment Support

We actively support portfolio companies to increase their impact through:

- **Impact workshops** - We facilitate sessions with management teams to clarify and articulate their social impact goals
- **Leadership collaboration** - We bring portfolio company leaders together to share approaches and learn from each other's impact strategies
- **Performance incentives** - We link management remuneration to impact KPIs, implementing changes within the first year of ownership
- **Strategic partnerships** - We leverage our networks to secure partnerships across the for-purpose sector, connecting management teams to thought leaders and innovators
- **Direct support** - Our investment team provides hands-on strategic and operational support, bringing commercial expertise to strengthen social businesses
- **Expert advisors** - We connect companies with high-quality professionals from our network for both one-off advice and ongoing board appointments
- **Impact budgets** - We are developing frameworks to help companies allocate dedicated budgets for impact activities
- **Policy alignment** - We have completed gap analyses across our portfolio and are implementing best-practice policies for diversity, equity and inclusion, Reconciliation Action Plans, and workplace conditions.

Principle 4

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Our Impact Assessment Framework

We assess potential impact during the early stages of every investment using our Impact Investment Framework, aligned to the IMP's five dimensions. This systematic approach ensures we measure meaningful, demonstrable outcomes.

Four critical questions

1. Theory of Change Does this investment have a robust, testable theory of change? We tailor metrics to each investment's specific context because generic measures miss what matters. Our approach: identify clear cause-and-effect relationships, establish measurable milestones, and track progress rigorously. When performance diverges from targets, we intervene quickly.

2. Impact Additionality What happens because of our investment that would not happen otherwise? We create additionality through:

- Capital provision when other funding sources do not exist
- Patient, long-term investment horizons that enable sustainable growth
- Executive expertise and board talent from our networks
- Strategic partnerships unavailable to traditional investors

Without clear additionality, we do not invest.

3. Scale and Depth Can this investment deliver enduring impact at scale? We evaluate multiple scaling pathways:

- Platform development that multiplies impact across sites
- Catalytic funding that unlocks additional investment
- Systems advocacy that drives sector-wide change
- Cross-pollination opportunities across our focus sectors

We prioritise investments with multiple impact channels and deep, lasting benefits for communities.

4. Risk Mitigation What could derail our impact goals? We identify and address:

- Leadership alignment with social mission
- Management incentive structures tied to impact KPIs
- Governance frameworks that protect social purpose
- Early warning systems for performance issues

We make leadership changes when necessary to protect impact outcomes.

Principle 4

Contribution to Systems Change

We analyse each social challenge within its Australian context, examining market failures, service gaps, and unmet demand. This evidence base helps us identify where our capital creates maximum benefit.

Beyond direct impact, we assess systemic opportunities and how investments might shift industry practices, influence policy, or demonstrate new models for the sector.

Decision Framework

Our due diligence process considers both financial and impact considerations. In progressing a prospective investment to the Investment Committee both dimensions are included to inform investment decisions.

Principle 5

Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

We identify and manage ESG risks through our documented ESG Framework, applied from initial assessment through ongoing portfolio management.

- **Governance** We strengthen portfolio company boards with experienced non-executive directors immediately post-acquisition. Our not-for-profit structure aligns our interests with social purpose, eliminating profit-maximisation pressures.
- **Environmental and Social Balance** We assess environmental risks during due diligence, including land contamination in property investments. When environmental and social objectives conflict, we document our decisions. For instance, Able Foods retained plastic packaging after testing showed eco-friendly alternatives prevented customers with disabilities from opening meals independently – we prioritised accessibility over environmental considerations.
- **Monitoring and Reporting** Board papers and Investment Committee materials systematically track ESG risks and performance. We monitor portfolio companies quarterly and support them in achieving third-party certifications like B Corp status.

We continue strengthening our ESG processes, particularly in standardising assessment tools and developing sector-specific frameworks across the portfolio. With Australia's mandatory climate-related financial disclosure requirements being implemented, we are mapping our portfolio companies to assess exposure to this regime.

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Impact Measurement and Management Framework

We co-develop impact measurement frameworks with portfolio companies soon after investment. This collaborative process ensures both parties align on meaningful metrics that track genuine social outcomes.

Our Seven-Step Process

- 1. Stakeholder Mapping** Identify key stakeholders, understand their needs, and document the operating context
- 2. Theory of Change** Define the social issues we address, our interventions, desired outcomes, and evidence base for effectiveness
- 3. Measurement Framework** Prioritise outcomes and select appropriate indicators and measurement tools
- 4. Data Collection** Implement systems to capture required metrics while minimising administrative burden. We audit existing data collection and add only essential new measures
- 5. Data Analysis** Establish protocols for interpreting results and demonstrating impact
- 6. Communication and Reporting** Create stakeholder-specific reporting schedules that prioritise transparency and education
- 7. Measurement Culture** Embed impact measurement into organisational DNA, connecting every staff member to social purpose

Implementation and Monitoring

Portfolio companies progress through these steps at different rates, depending on their maturity and complexity. Companies collect data while we analyse and present findings to investors through quarterly reports. These reports track both financial and social performance against the original theory of change.

Impact metrics feature prominently in board meetings and management discussions, ensuring social outcomes receive equal priority with financial performance. We compare results against previous periods rather than pre-investment targets, tracking whether our impact thesis unfolds as expected. Where available, we benchmark against industry standards. We also

- **Cross-portfolio Learning** – Leadership Forums facilitate knowledge sharing between investments at different stages. Companies further along the measurement journey share insights with newer investments, accelerating implementation across the portfolio.
- **Performance Management** – Established impact KPIs are linked to management remuneration. We design incentives carefully to avoid perverse outcomes for e.g., cherry-picking cohorts to boost metrics at the expense of more vulnerable cohorts.
- **Governance and Accountability** – the Investment Committee and Board review impact performance regularly through structured deep dives on individual investments. We address underperformance promptly and maintain focus on both financial returns and social impact.

Principle 7

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Maintaining Impact Beyond Exit

Since our first investment in April 2021, we have not yet exited any portfolio companies. However, we have established a comprehensive Impact Beyond Exit policy that protects social outcomes if we eventually sell investments.

Embedding Impact Through Structure

We will safeguard impact through three mechanisms:

- **Business Model Alignment** We invest exclusively in sectors where operational excellence drives social impact. High-quality service delivery directly correlates with positive social outcomes - poor operators cannot deliver meaningful impact. When we acquire less than 100% ownership, we verify that co-investors share our impact priorities before proceeding.
- **Structural Protection** We structure most investments through not-for-profit companies limited by guarantee, embedding social purpose directly into founding constitutions. This legal structure ensures continuity of impact regardless of future ownership changes. For investments requiring traditional structures, we secure impact through shareholder agreements and board representation.
- **Exit Management** We will follow a strict exit hierarchy that prioritises impact preservation. Our policy requires us to seek impact-aligned buyers first, accepting lower returns only when price differentials become material. This disciplined approach prevents our social gains from being unwound by purely profit-driven acquirers.

Our Exit Hierarchy

Our Impact Beyond Exit policy ranks exit options by their likelihood of preserving social impact for not-for-profit structures:

1. **Refinance and retain control** - Replace equity with debt while maintaining governance
2. **Transfer to aligned impact investors** - Ensure new owners share our social mission
3. **Sell to mission-compatible buyers** - Verify commitment to maintaining social outcomes

For for-profit structures, where a whole of portfolio option with FPIP remaining as manager is not available, we would seek to sell individual investments or a portfolio to investors that are aligned on impact, subject to there not being a material impact on returns from doing so.

Our policy is we would only pursue non-impact buyers after exhausting all impact-preserving options. This hierarchy protects the communities we serve while ensuring responsible stewardship of investor capital.

Any exit decision would balance impact preservation with fiduciary duty, guided by clear policies.

Principle 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Learning from Impact Performance

We systematically review and document impact performance across our portfolio, using these insights to strengthen both investment decisions and portfolio management. Our structured approach ensures continuous improvement while maintaining rigorous oversight.

Regular Communication

Our weekly team meetings dedicate approximately 20-25% of time to deep-diving individual portfolio companies and prospective investments. These sessions examine:

- Emerging risks and opportunities
- Process improvements and innovations
- Positive outcomes worth replicating
- Negative or unintended consequences requiring intervention

This operating rhythm ensures as a team we identify and communicate issues early to support continued success across our portfolio.

Board-Level Scrutiny

Quarterly board meetings also feature comprehensive deep dives on one portfolio company, providing directors opportunity to interrogate both impact performance and lessons learned. These sessions complement our quarterly dashboard reporting, which balances social impact metrics with financial performance indicators. Directors ensure we are accountable for process improvement.

Data Collection

We aim to measure outcomes alongside outputs, though this creates practical challenges. Capturing behavioural change or quality-of-life improvements requires more complex data collection than counting service volumes. We use beneficiary surveys where feasible, though response rates vary and mandatory participation is often inappropriate for vulnerable populations.

Impact Reporting Journey

- Our Impact Report 2023 established baseline measurements and revealed three areas for improvement: data consistency, collection frequency, and beneficiary feedback mechanisms. We addressed these systematically.
- The Impact Report 2024 demonstrated portfolio growth and stronger data collection, particularly from mature investments. This growth highlighted the need for platform-level analysis rather than company-by-company reporting.
- The latest Impact Report 2025 implements this platform approach, incorporating external benchmarks where available. This evolution allows investors to assess our performance against sector standards, not just internal targets.

We continue refining our approach based on stakeholder feedback, ensuring our reporting serves both accountability and learning objectives. Each iteration strengthens our ability to demonstrate our performance while identifying areas for improvement.

All reports are available on [our website](#).

Principle 9

Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement outlines the alignment of our impact management systems with the Impact Principles and will be updated on our website on a regular basis.

In 2024, we engaged BlueMark, a wholly owned subsidiary of Tideline Advisors LLC as its external, independent advisor.

BlueMark is the leading provider of independent impact verification and intelligence for the impact and sustainable investing market. BlueMark's verification methodologies draw on a range of industry standards, frameworks, and regulations, including the Impact Management Project, the Operating Principles for Impact Management, the Principles for Responsible Investment, SDG Impact, and the Sustainable Finance Disclosure Regulation. BlueMark has office locations in London, UK; New York, NY; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011.

Our website presents the latest independent verification report from 2024 regarding our alignment of practices with the Operating Principles for Impact Management. Our verification statement can be found on [our website](#) (under Impact).

We plan to conduct an independent verification of our impact management systems at least every two years or following a material change to our processes.