

10 REDUCED INEQUALITIES

3 GOOD HEALTH AND WELL-BEING

11 SUSTAINABLE CITIES AND COMMUNITIES

7 AFFORDABILITY AND CLEAN ENERGY

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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

8 DECENT WORK AND ECONOMIC GROWTH

13 CLIMATE ACTION

COMMUNITY INVESTMENT STRATEGY 2019-2022

OUR VALUES

1

PURPOSE DRIVEN

Our actions deliver a clear, positive outcome.

2

RESPECTFUL

We openly and fairly listen to and consider the opinions of each other and stakeholders.

3

EMBRACE POSITIVE CHANGE AND SEEK CONSTANT IMPROVEMENT

We are willing to challenge the status quo and strive to achieve improved outcomes.

4

INTEGRITY AND HONESTY

We act in good faith and are prepared to be held accountable.

5

CLEAR, CONSTRUCTIVE COMMUNICATION

We create understanding through open and informative engagement.

OUR VISION

A forward thinking, vibrant, connected community

OUR CORE PURPOSE

Growing Investment for our Community

OUR STAKEHOLDERS

The people and communities of the WEL Energy Region in the Waikato

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Haere Mai, Welcome!

We invite you to read this Community Investment Strategy, and to talk with us about how we might work with you and your organisation to ‘unlock the powerful possibilities for our community, now and into the future.’

Last year we introduced a new Mission as part of the WEL Energy Trust’s five-year strategic plan. Our Mission refers to both the Trust’s financial investments (including the Trust’s core investment as 100% shareholder of WEL Networks Ltd), as well as investment in the community through grants and other investments.

Our intentions are simple:

1. To be responsive to our community,
2. To maximise long term impact by being strategic, and
3. To leverage grants through partnerships and collaboration, expanding support beyond grantmaking.

These things haven’t changed.

We continue to believe that this will be best done by backing those who are leading change in our community, by taking an intentional and research-based approach to impact, and by connecting, collaborating, and supporting collective efforts.

We continue to challenge ourselves regarding the role the Trust can and should play in our region’s bright future. We recognise that to move the dial on some of the challenges we see in our communities, we also need to do things differently.

OUR MISSION:

Working together, working smarter, to grow investment and to unlock the powerful possibilities of our Community, now and into the future.

The Trust has developed a General Theory of Change that can be found below. It recognises that change on a community level requires systemic change, and that there is a need to look at new and innovative ideas to achieve this.

- We are moving away from funding categories and are instead focussing on outcomes-based funding - funding and measuring outcomes, not activities.
- We’re partnering to achieve global, national and regional priorities through the Sustainable Development Goals (SDGs).
- We offer a ‘blended finance’ model to link capital with purpose, driving grants and investments to work together to support change makers and to achieve the Trust’s Mission.

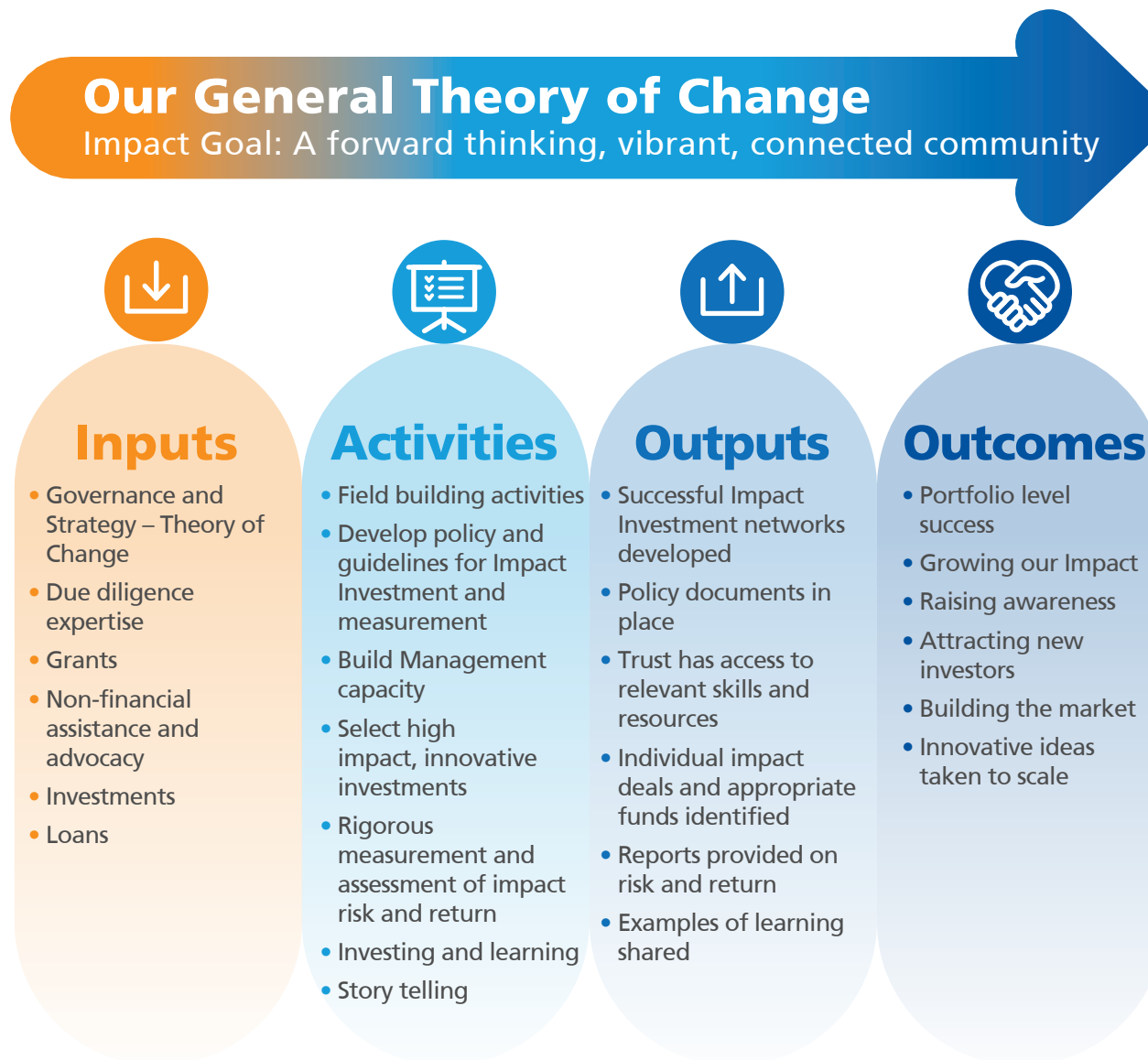
OUR GENERAL THEORY OF CHANGE:

If we make coordinated use of different forms of financial capital and non-financial resources to support innovation and the wider innovation ecosystem, THEN we will begin to see the systemic change required for impact at scale.

OUR GENERAL THEORY OF CHANGE

IF we make coordinated use of different forms of financial capital and non-financial resources to support innovation and the wider innovation ecosystem, **THEN** we will begin to see the systemic change required for impact at scale.

- Our General Theory of Change recognises that change on a community level depends on systemic change and backing new and innovative ideas
- We aim to use knowledge, networks, funding, skills and leadership, working in partnership with others including government, businesses and For-Purpose organisations and other funders to achieve our Vision
- The intention is to enable the coordinated use of different forms of capital (grants and investment funds) as well as non-financial resources to support enterprises, charities and Not-For-Profit organisations that are working to solve complex social and environmental problems
- This will be done intentionally, within the bounds of the Trust Statement of Investment Policies and Objectives (SIPO), and with attention to appropriate due diligence in the measurement of both financial and non-financial risk and return
- We will develop specific Theories of Change around individual Trust priority areas to guide investment decisions



WEL ENERGY TRUST COMMUNITY INVESTMENT STRATEGY 2019-2022

Using our Theory of Change to connect capital with purpose, driving grants and investments to work together to achieve the Trust's Mission

SDG INVESTMENT

100% PHILANTHROPY

SOCIAL/IMPACT INVESTMENT

SUSTAINABLE/RESPONSIBLE INVESTMENT

QUICK RESPONSE GRANTS

COMMUNITY SUPPORT GRANTS

VITAL IMPACT GRANTS AND INVESTMENT

IMPACT INVESTMENT

CORE INVESTMENT (WEL)

PORTFOLIO INVESTMENTS

QR GRANTS TO \$15K

1. Staff assessment and recommendation
2. Grants Sub-Committee decision
3. Report to Trust

Online accountability against application

CS GRANTS ABOVE \$15K

1. Staff Due Diligence and recommendation
2. Grants Manager recommendation
3. Trust decision

Online accountability and round table reporting

VI GRANTS / SOCIAL IMPACT INVESTMENTS

1. Staff Due Diligence
2. Investment Sub-Committee Review (including external advisory members with area expertise)
3. Recommendation to Trust against Impact Decision criteria and risk/return matrix
4. Trust decision

Reporting against measures agreed in Impact Model Agreement

IMPACT AND OTHER RESPONSIBLE/ SUSTAINABLE INVESTMENTS FOR FULL FINANCIAL RETURN (INCL. WEL)

1. Staff Due Diligence
2. Investment Sub-Committee Review (including external advisory members with area expertise)
3. Advice taken from external consultants on both financial and social risk/return factors.
4. Recommendation to Trust against Impact Decision criteria
5. Trust decision

Reporting against measures in Impact Model Agreement plus external Review of Investment

NON CORE INVESTMENTS SUCH AS GLOBAL EQUITIES AND BONDS

1. SIPO reviewed annually
2. SAA reviewed at least every three years
3. All parties involved reviewed by Trustees at least every three to five years
4. Trust decision

Quarterly performance reporting against benchmarks



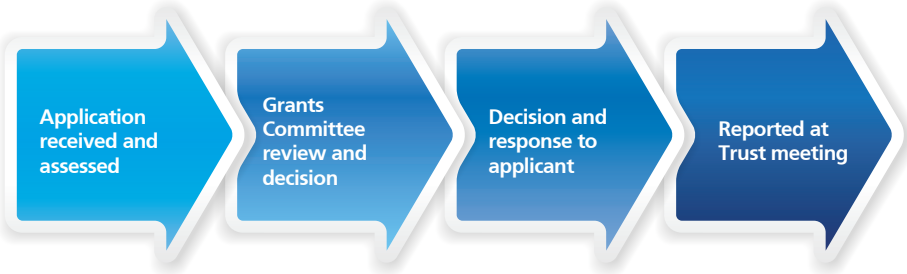
Quick Response Grants (up to \$15,000)*

WEL Energy Trust continues to support our community through regular grants to a wide range of organisations in the WEL Networks region.

These grants for up to \$15,000 are designed to provide a 'quick response' to a range of grassroots organisations, to provide the bit of support needed to get a project or idea moving, or to give a helping hand when needed.

We love seeing the difference these grants can make in supporting community connectedness and the variety of wonderful vibrant community organisations and endeavours we have in our region!

CONVENING AND ORGANISATIONAL DEVELOPMENT GRANTS
 Please speak to us if you have a special project that will benefit many organisations, that brings groups together, or is specifically for organisational development.



(Approximately 6-week turnaround)

There are five closing dates per year which can be found on our website, along with eligibility requirements. The Trust requires a short accountability statement from grantees outlining how the funds have been used, which can be easily done on the online acquittal form.



Community Support Grants (above \$15,000)*

Does your organisation have a research-backed Theory of Change about how you can make a positive impact on our community and region?

Do you know what problem it is you seek to solve, and who the people are who experience it?

Have you got your purpose locked in, and a clear plan to achieve it? If so, a Community Support application might be the one for you.

Community Support grants are designed to provide operational and other support to organisations who are working with others to make a measurable impact in our region.

Recognising that impact takes both time and resource to measure, our Grants Manager and Impact Officer can work with your organisation to identify the decision-useful measurements that can be used to make sure we're on track to achieving outcomes. Accountability is through an online form, and there may also be some opportunity for round table reporting where ideas can be shared with others working towards similar goals.

Priority will be given to organisations whose outcomes are aligned with the target areas for the Trust and that contribute to achieving the Sustainable Development Goals we've focussed on.

MULTI-YEAR FUNDING

If your organisation has received funding from us before, and you would like a conversation about what could be achieved through 'partnership' or multi-year funding, please indicate this on your online application form.

*You can check closing dates and eligibility criteria and make an application through our website. Only one Community Support or Quick Response grant can be received in a calendar year. Please speak to us if you're not sure which is best for your organisation.





Vital Impact Grants and Social Impact Investments

To complement grantmaking, our aim is to have a portion of investment funds highly aligned with Mission, so we can create a focus on using these funds to invest locally in Mission-led Social Enterprises or other Impact Investments. We intend to use the whole spectrum of finance to support the Trust's Mission.

The spectrum of Social Finance:



WEL Energy Trust has recognised the role we can play, not just as an investor in Social and Environmental Impact opportunities, but as an 'ecosystem builder', through leadership and by working with others to build the Impact Investment ecosystem in New Zealand by growing the number of investible opportunities.

SOCIAL IMPACT INVESTMENTS

Are those that intentionally target social objectives with a financial return and measure the achievements of both.

SOCIAL INVESTMENT TASKFORCE FORUM, 2014

VITAL IMPACT GRANTS will be used to identify new ways to use not just grants but investment funds to help secure clear, positive, and measurable social and environmental outcomes. The purpose of the Vital Impact grants is to catalyse new thinking in specific outcome areas.

VITAL IMPACT INVESTMENTS: For greater impact, there is potential to use the grant as part of a **blended-finance model** using our General Theory of Change.

This could be a Social or Impact Investment and could take many forms.

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What are Social and Impact Investments?

“Social Impact investments are those that intentionally target specific social objectives along with a financial return and measure the achievements of both.” Social Investment Taskforce Forum (SIITF, 2014)

Social Investment: With Social Investment there is a trade-off between social impact and financial return. In other words, the Trust may consider a discounted financial return on an investment to achieve a measured social or environmental return.

Impact Investment: An Impact Investment intentionally seeks to achieve market rate financial returns as well as achieving measurable social dividends.

WHAT DO VITAL IMPACT GRANTS AND SOCIAL IMPACT INVESTMENTS LOOK LIKE?	WHO CAN THE TRUST INVEST IN?
<p>We invite Expressions of Interest in Vital Impact Investment through:</p> <ul style="list-style-type: none"> • Grants, including investment-readiness grants • Loans • Patient Capital • Loan Guarantee • Equity Investment • Underwriting • A combination of the above 	<p>The Trust will consider <i>grant funding and Social and Impact Investment</i> in:</p> <ul style="list-style-type: none"> • Not-For-Profit Trusts, Charities and Incorporated Societies <p>The Trust will consider Impact Investment in:</p> <ul style="list-style-type: none"> • Social Enterprise • Mission-aligned investment funds • Mission-aligned Impact Investments <p>NB: The Trust does not provide grant funding to For-Profit enterprises.</p>

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How do I express interest?

We encourage all potential applicants to get in touch with us and we will advise on next steps.

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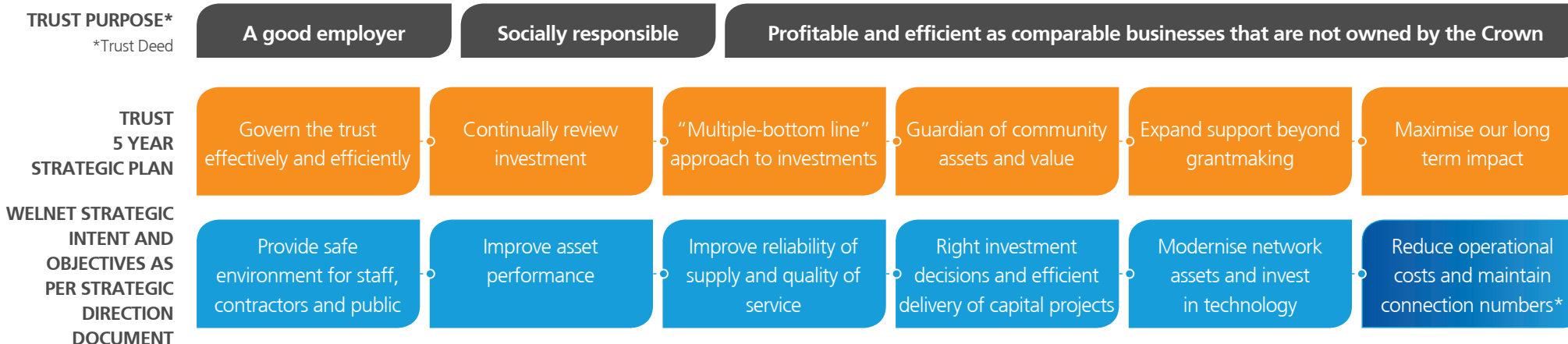
Core Investment in WEL Networks Ltd

WEL Energy Trust is proud to be the 100% shareholder of WEL Networks Ltd (WELNET), and Trustees hold these shares on behalf of the community. The Trust's intention is to be an active and responsible asset owner, adopting investment strategies to sustain and grow assets for people today and for future generations.

WELNET, like WEL Energy Trust, aims to support a connected and resilient community. WEL Energy Trust continues to support WELNET in the diversification of investments into areas that will enhance the region's economic and social growth, including WELNET's investment in a world class fibre network that reinforces its position as an innovative and future-focussed investor in infrastructure.

WELNET has developed in-house data analytics expertise to enable better customer services, as well as lower operational costs. This has enabled the development of a retail capability (OurPower) designed to deliver a low-cost energy solution to our region.

WEL Energy Trust has set clear strategic intentions and expectations of WELNET.



*Ultra-Fast Fibre Ltd

The Trust's investment in WELNET is the key to achieving our top two outcomes for our community:



Ensuring access to affordable, reliable, sustainable and modern energy for all.



Building resilient infrastructure, promoting inclusive and sustainable development and fostering innovation.



Financial Portfolio Investments

WEL Energy Trust has a small portion of investments managed in a financial investment portfolio. The Trust's intention is to move towards a more Responsible Investment Strategy including:

1. Negative/exclusionary screening
2. Positive/best-in-class screening
3. Norms-based screening
4. Integration of ESG Factors
5. Sustainability-themed investing
6. Impact/Community investing
7. Corporate engagement and shareholder action

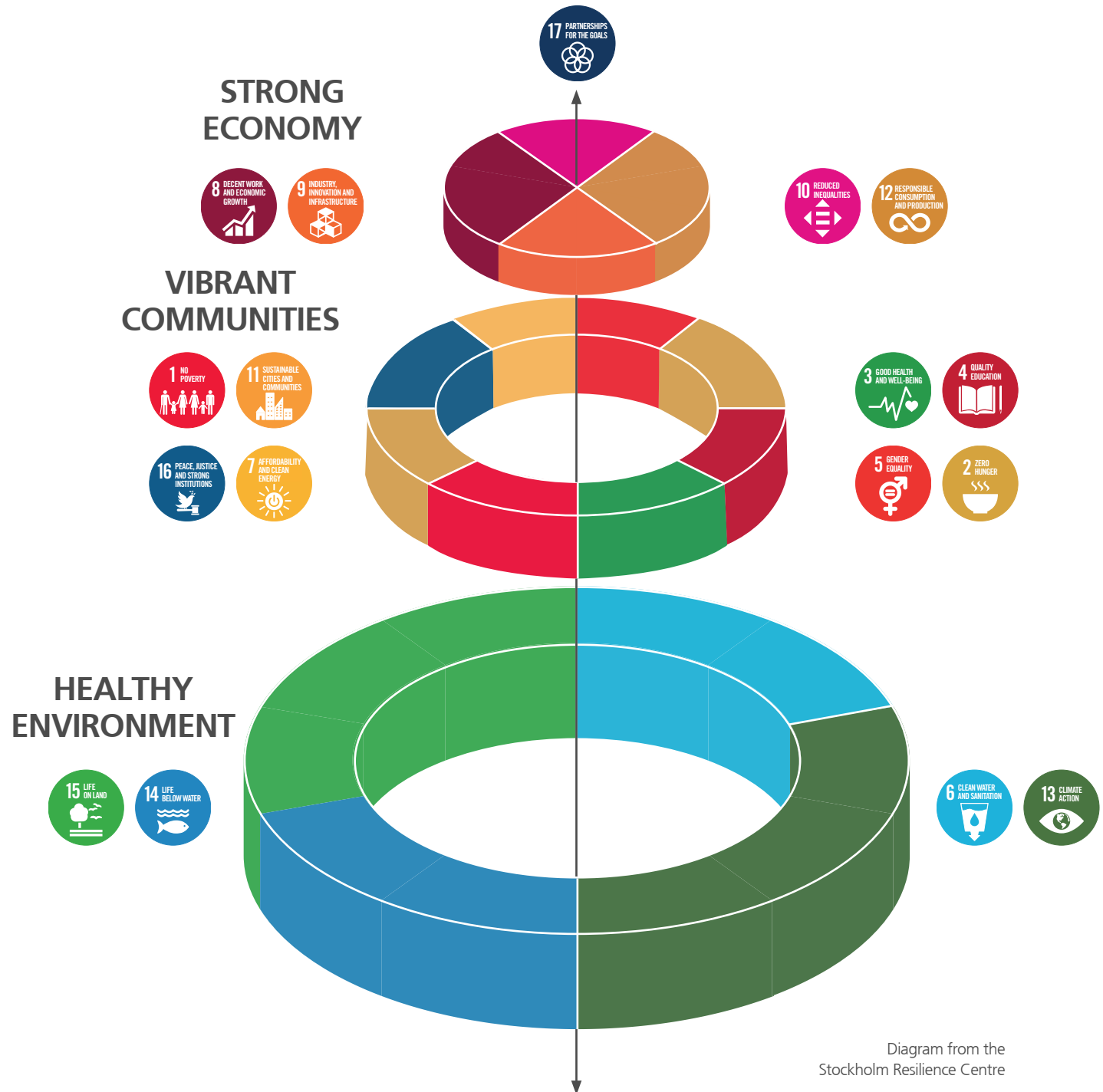
FOCUS ON OUTCOMES

Our Waikato and the UN Sustainable Development Goals (SDGs): Thinking Globally, Caring Locally.

The SDGs include 17 goals, 169 targets and over 250 indicators. The 17 goals can be grouped into economic, social and environmental goals.

Embedding our Community Investment targets/focus areas in the SDG framework, with consideration also to Vital Signs and current Trust strengths, is a perfect way to ensure:

- We are contributing to global, national and regional priority areas
- That we are speaking the same language as others in the Impact Investment ecosystem, locally, nationally and internationally
- We can attract co-investment from other investors, including Government, who are committed to working with others to achieve the SDGs by 2030
- We can select meaningful impact targets and measures, and benefit from existing data sets to gauge progress



Partnership for the Goals

Traditionally, we have looked at ‘focus areas’ for funding and an organisation’s inputs (time and dollars spent for example) and activities (services provided, people served). Now it is the time and place to focus on outcomes – the tangible results of these interventions. Tracking outcomes is a critical element of the paradigm shift that impact brings.

“When weighing business and investment decisions, we must adopt a new paradigm of risk-return-impact” Sir Ronald Cohen.

It is intended that the same robust methodology be applied to investments in the ‘Vital Impact Grants and Investment’ space, whether it be a grant, or a Social or Impact Investment.

In line with our Mission which involves “working together, working smarter”, WEL Energy Trust aims to be both research-informed and collaborative in our approach.

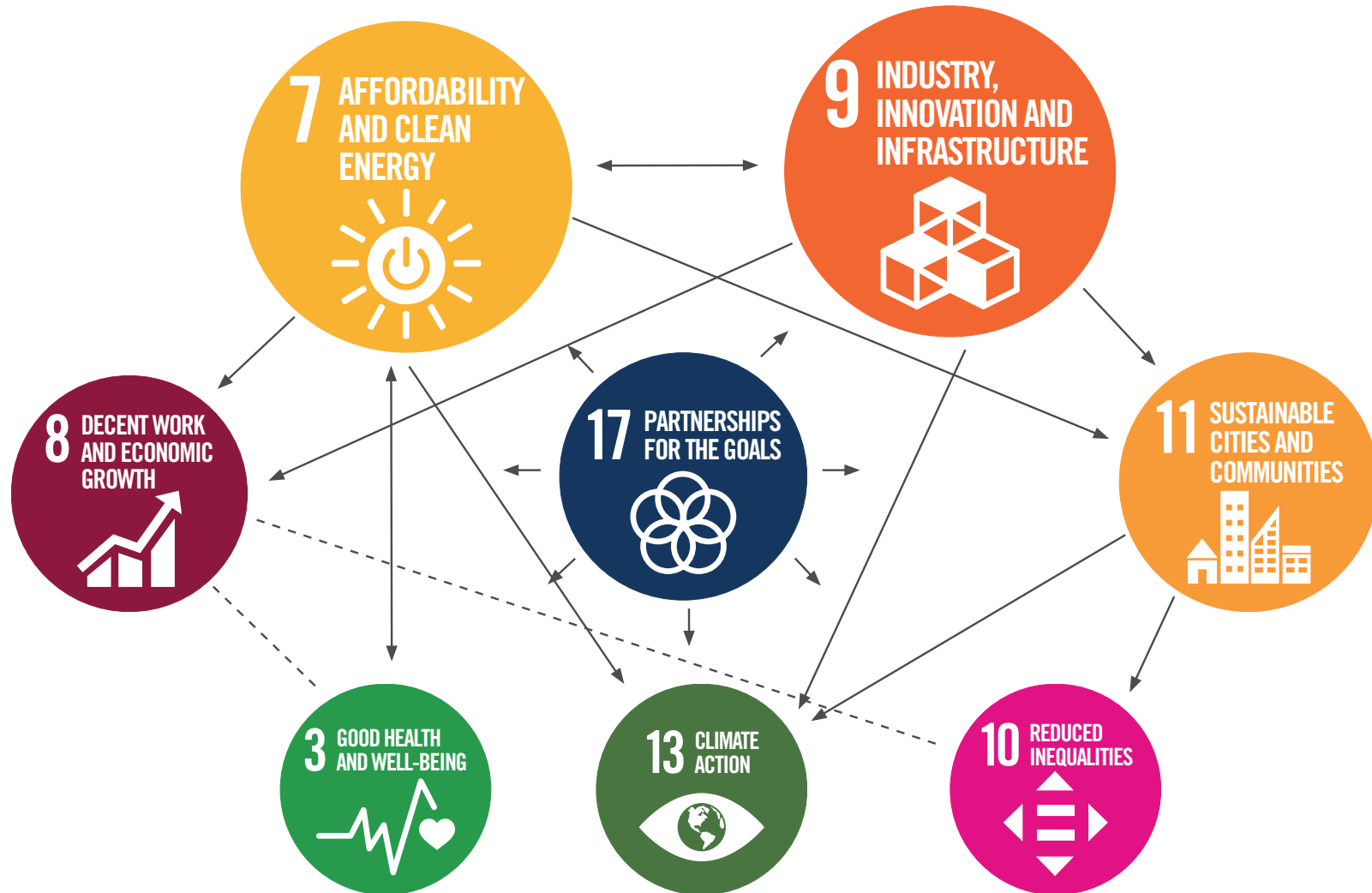
We’ve taken a ‘core business’ perspective on prioritising the SDGs in line with our long-term plan to be responsive to our community, to maximise long-term impact by being strategic and to leverage grants through partnerships and collaboration, expanding support beyond grantmaking.



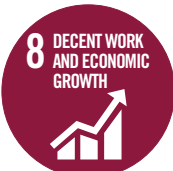

This SDG network model identifies eight SDGs classified into three levels of priority and maps the direct and indirect relationships between them (signified by solid and dotted lines). It also shows how the Trust’s investments and strategy contributes to SDG 7 and 9, and how these relate to other SDGs.





**TO GIVE YOUR ORGANISATION
THE BEST CHANCE OF SUCCESS,
OUR IMPACT OFFICER IS
AVAILABLE TO SPEAK WITH YOU
ABOUT OUTCOMES AND IMPACT
MEASUREMENT AND REPORTING.**



PRIORITISING THE SDGS



SDG	PRIORITIES FOR ACTION (TARGETS)	EXAMPLE MEASURES OF OUTCOME SUCCESS (Waikato Progress Indicator or other measure)
	<p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>	<ul style="list-style-type: none"> • Total SAIDI (System Average Interruption Duration Index), rural and urban • Total cost of power/utilities for residential customers • Use of Electric Vehicles in the Region
	<p>Build resilient infrastructure, promote inclusive and sustainable development and foster innovation.</p>	<ul style="list-style-type: none"> • Access to the internet, reduced digital divide • UFF connection numbers • 'Smart City' innovations developed
	<ul style="list-style-type: none"> • Develop the economy in a way that benefits all people, by reducing the income gap and providing access to quality employment • Engage with employers to reduce the number of youth not in employment, education or training (NEETs) • Telling the Waikato Story 	<ul style="list-style-type: none"> • Median household income above NZ average • Increasing productivity – annual value added per capita • Reduced NEET rate • Regional Net Promoter Score
	<p>Working together to improve community connectedness and to achieve the SDGs.</p>	<ul style="list-style-type: none"> • Social connectedness - percentage of people who feel a sense of community in their neighbourhood

SDG	PRIORITIES FOR ACTION (TARGETS)	EXAMPLE MEASURES OF OUTCOME SUCCESS (Waikato Progress Indicator or other measure)
	<p>Promote innovative thinking and collaborative action to enhance access to affordable, quality housing, including social housing and rental accommodation.</p>	<ul style="list-style-type: none"> • Improved housing affordability • No homeless people • Improved quality of housing (insulation, dampness, etc) • Community Pride – people’s sense of pride in how their city/town looks/feels
	<p>Reduce inequalities to access to healthful activities including sport and recreation and the arts, including for Maori and Pacific people, children, and older adults.</p>	<ul style="list-style-type: none"> • Perceived health and wellbeing • Quality of Life survey • Participation rates in sports • Participation rates in the arts/culture
	<p>Protect and restore our natural resources so that they can continue to provide the benefits that our economy and people’s wellbeing depend on (including life on land and life below water).</p>	<ul style="list-style-type: none"> • River water quality • Regional total greenhouse gas emissions
	<p>Create an inclusive society where differences are respected, people feel valued, and all individuals are able to access work, services and community.</p>	<ul style="list-style-type: none"> • Quality of Life survey